

ASTEX THERAPEUTICS LIMITED
Company Registration Number - 03751674

Annual Report and Financial Statements
For the year ended 31 December 2020

ASTEX THERAPEUTICS LIMITED

REGISTERED NUMBER 03751674

DIRECTORS

T Sudo
H Jhoti
M Azab
T Blundell
R McQuade

COMPANY SECRETARY

N Jones

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

REGISTERED OFFICE

436 Cambridge Science Park
Milton Road
Cambridge
CB4 0QA

STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be fragment-based drug discovery using a range of high- throughput biophysical and computational techniques, including x-ray crystallography. The company's unique approach - Pyramid™ - has enabled the generation of a pipeline of novel small molecule drug candidates which the company is advancing through collaborations.

SECTION 172 STATEMENT

The directors ensure that the company runs on the core values of its ultimate holding company, Otsuka Holdings Co., Ltd which are:

Creativity – Sozosei – Resisting the urge to copy and pursuing that which only Otsuka is capable of delivering.

Actualisation – Jissho – Self actualisation through achievement, completion and discovery of truth.

Commitment – Ryukan-Godo - by sweat we recognise the way. The process of discovering the core substance of something through hard work and practice.

The directors of all UK companies must act in accordance with a set of general duties. These duties are detailed out in section 172 of the UK Companies Act 2006. The Board of Directors, both individually and together, consider that they have acted in a way they consider good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard, amongst other matters, to:

The likely consequences of any decision in the long term

The business philosophy of the company is to provide long term value for both scientific collaborators and shareholders alike. We invest in both high calibre individuals who will grow with us over the long term and scientific innovation and rigour to ensure long-term success of the company.

The interests of the company's employees

The company is committed to diversity and inclusion and offering equal opportunities to all people in their recruitment, training, and career development. Monthly company meetings keep the employees informed of all key decisions and developments. There has been continued support for all employees during the year, with help and assistance available for physical and mental wellbeing as well as covid secure working conditions on return to the workplace.

The need to foster the company's business relationships with suppliers, customers and others

The company's reputation depends on good business relationships with suppliers and scientific collaborators. We continue to pay our suppliers on or before the due date.

The company has a rigorous process to ensure stakeholders are included in the decision-making process. The Board of Directors, Scientific Advisory Board, affiliate companies and employees are all included throughout the year with regular and continuous communication and scientific interactions.

The impact of the company's operations on the community and the environment

The company considers the impact on the wider community and environment of its business activities with future success being based on achieving balance and sustainability with regard to our economic, social and environmental goals.

ASTEX THERAPEUTICS LIMITED

The desirability of the company maintaining a reputation for high standards of business conduct

As part of the Otsuka group, the company strives to maintain high standards of business conduct in all actions in relationships with both scientific collaborators and suppliers by following all of Otsuka's codes of conduct and compliance policies.

The need to act fairly between members of the company

As a wholly owned subsidiary with an ultimate holding company of Otsuka Holdings Co., Limited, the interests of the company are aligned with those of its ultimate parent company.

REVIEW OF THE BUSINESS

The company continues to progress its discovery portfolio with the key objective of producing clinical candidates.

The company's key financial performance indicators during the year were as follows:

	2020	2019	Change
	£	£	%
Turnover	81,506,711	76,516,397	7%
Operating costs	46,792,844	42,946,851	9%
Profit after taxation	29,862,670	28,999,130	3%

Company turnover has increased by 7%. This is primarily due to increased royalty payments in respect of the research collaborations with Novartis and Janssen and no milestone revenue payments in respect of collaborations compared to 2019.

The operating costs increased by 9% due to an increase in overall research activities.

As a result of the above the company's profit after taxation has increased by 3%.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are:

Scientific Risk

The company is producing novel, small molecule therapeutics and as such there is an inherent risk in relation to the success of the science. The company believes that the use of its unique approach reduces the standard industry risks in relation to the project failures before and during the clinic, but recognises that there are still significant risks in getting clinical candidates to market.

Regulatory Risk

The pharmaceutical sector is regulated by relevant authorities in the EU, US and the rest of the world. There is a risk that the company may not be able to agree study designs with regulatory authorities that are mutually acceptable or that the regulatory requirements may change during the course of the study, rendering the results of the study unusable.

Operational Risk

The Covid-19 pandemic has caused ongoing operational issues with reduction in site capacity required in order to keep employees safe. The company has mitigated this operational risk by reviewing and expanding its capabilities with third party providers where possible. It is expected there will be no overall material impact.

The risk around the UK leaving the EU on 31 January 2020 and the full implications of the new trade deal continue to be considered with all possible actions being taken to mitigate the risk, especially in respect to recruitment. No material risks have been identified so far.

ASTEX THERAPEUTICS LIMITED

Foreign Currency Risk

The company buys and sells goods and services denominated in currencies other than sterling. As a result, the value of the company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and in US Dollar and Euro rates in particular.

RESEARCH AND DEVELOPMENT

Expenditure on research and development during the year amounted to £40,975,530 (2019: £38,254,151), all of which has been charged to the income statement.

FUTURE DEVELOPMENTS

The company has made further progress in developing and progressing its clinical candidates towards and into the clinic. It is expected that the company will be able to continue to develop additional clinical candidates and to progress its current portfolio.

Approved by the Board of Directors
and signed on behalf of the Board on 11 February 2021

N Jones
Company Secretary

ASTEX THERAPEUTICS LIMITED

DIRECTORS' REPORT

The directors present the annual report and audited financial statements of Astex Therapeutics Limited (the "company") for the year ended 31 December 2020. Under Section 414C (11) of the Act, the directors may include in the strategic report such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider are of strategic importance to the company. This includes principal risk and uncertainties, research and development and future developments of the business.

RESULTS AND DIVIDENDS

The retained profit for the year amounted to £29,862,670 (2019: £28,999,130), which remains to be set against reserves. The directors approved the payment of a £25m dividend during the year (2019: £25m) with no further dividends proposed.

CAPITAL MANAGEMENT

The primary objective of the company's capital management is to ensure appropriate liquid resources are available to fund the daily operations of the business. The company finances its activities with a combination of revenues from collaborations and the MSA with Otsuka Pharmaceuticals Co., Ltd an affiliate company.

ENERGY AND CARBON REPORT

In the year we continue to review sustainable energy within the company such as the current solar panels which produce on average 85,000 kWh per year. Energy usage in kWh in the year was 11,395,210 with associated greenhouse gas emissions amounting to 2,657 Tonnes CO₂ equivalent resulting in an intensity ratio of 0.37 tonnes per m² of floor space.

UK energy use covers research and development activities.

Associated greenhouse gases have been calculated using Greenhouse gas reporting conversion factors from Department for Business, Energy and Industrial strategy. The factor is based on the carbon emissions generated by the current UK power stations per kWh generated.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operation for the foreseeable future, being at least twelve months from the date of approval of the financial statements and detailed in note 2.

The company continues to invest in its products which will incur future costs. Its ability to carry through its research and development programmes is dependent on the MSA with Otsuka Pharmaceutical Co., Ltd which provides funding to the company on a cost-plus basis for all agreed research and development expenditure on an annual basis.

DIRECTORS AND THEIR INTERESTS

The following directors served from 1 January 2020 to the date of this report unless otherwise noted:

T Sudo
A Bodnar - resigned 31 Dec 2020
H Jhoti
M Azab
T Blundell
R McQuade

None of the directors held interests in the shares of the company at any stage during the year.

ASTEX THERAPEUTICS LIMITED

SECTION 172

The directors have considered Section 172 as detailed in the strategic report.

DIRECTORS' INDEMNITY INSURANCE

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.

POLITICAL CONTRIBUTIONS

No political donations were made during the year (2019: £nil)

FINANCIAL INSTRUMENTS

The company's principal financial instruments are restricted to cash and cash equivalents. The main purpose of the financial instruments is to fund the company's operations. Disclosures in relation to these financial instruments are detailed in note 20 of these financial statements.

APPOINTMENT OF AUDITOR

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in general meeting and the appointment of auditor's annually are currently in force. Deloitte LLP will not be reappointed as Company Auditors, the directors are currently looking to appoint a new firm, following a global audit tender process.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were members of the board at the time of approving the Directors' Report are listed on page 2. Each person who is a director at the date of approval of this annual report confirms that:

So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on 11 February 2021.

N Jones
Company Secretary

ASTEX THERAPEUTICS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. 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 the profit or loss of the company for that period. In preparing those financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;

- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- Make an assessment of the company's ability to continue as a going concern

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 company's 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.

ASTEX THERAPEUTICS LIMITED
INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTEX
THERAPEUTICS LIMITED**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Astex Therapeutics Limited (the 'company');
give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit
for the year then ended;
have been properly prepared in accordance with International accounting standards in conformity with
the requirements of the Companies Act 2006; and
been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and
international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and
applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities
for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of
the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and
we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit
evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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

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

Other information

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

ASTEX THERAPEUTICS LIMITED INDEPENDENT AUDITOR'S REPORT

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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK Corporation Tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included UK Health and Safety legislation, UK Anti Bribery and Corruption Act, and UK Anti Money Laundering and Terrorist Financing regulations, UK Data Protection legislation, and UK's environmental reporting regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

ASTEX THERAPEUTICS LIMITED INDEPENDENT AUDITOR'S REPORT

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are described below:

Revenue recognition, specifically related to royalty income. This is due to the material nature of the revenue stream and the estimation required in relation to the revenue to be accrued for the final quarter of the year, which is not finalised until 2021. To address the risk associated with inappropriate revenue recognition we have (i) performed walkthroughs and assessed the design and implementation of the controls over the royalties revenue stream (ii) performed substantive audit procedures over royalties payments during the year by agreeing the receipt to the third party confirmation and bank statement; and (iii) for the Q4 accrual specifically, we performed a separate assessment reviewing third party analysts' estimations of the sales for Q4 and challenging management's estimate of the accrued revenue balance.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

enquiring of management legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

ASTEX THERAPEUTICS LIMITED
INDEPENDENT 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.

Kevin Thompson (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 February 2021

ASTEX THERAPEUTICS LIMITED

INCOME STATEMENT

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Revenue	4	81,506,711	76,516,397
Research & development costs		(40,975,530)	(38,254,151)
Administrative expenses		<u>(5,817,314)</u>	<u>(4,692,700)</u>
Operating profit	6	34,713,867	33,569,546
Finance revenue	9	75,291	132,827
Finance costs	10	<u>(1,419,477)</u>	<u>(1,102,178)</u>
Profit before taxation		<u>33,369,681</u>	<u>32,600,195</u>
Tax (charge)	11	<u>(3,507,011)</u>	<u>(3,601,065)</u>
Profit for the year		<u>29,862,670</u>	<u>28,999,130</u>

All figures relate to continuing activities.

There are no recognised gains or losses other than the gains attributable to the shareholders of the company of £29,862,670 (2019: £28,999,130) and consequently no separate statement of comprehensive income has been presented.

ASTEX THERAPEUTICS LIMITED

BALANCE SHEET

For the year ended 31 December 2020

		2020 £	2019 £
Non-current assets			
Property, plant and equipment	12	23,473,550	14,921,123
Intangible assets	14	249,862	187,448
Right-of-use assets	13	20,150,480	22,087,559
Rent deposit	13	2,049,024	2,049,024
Investments	15	4,089,320	3,496,619
Deferred tax asset	11	<u> </u>	<u>1,106,562</u>
		50,012,236	43,848,335
Current assets			
Trade and other receivables	16	18,780,901	11,120,781
Income taxes	11	<u>2,484,260</u>	<u>2,643,713</u>
Cash and cash equivalents	17	17,706,970	23,936,010
		<u>38,972,131</u>	<u>37,700,504</u>
Total assets		88,984,367	81,548,839
Current liabilities			
Trade and other current liabilities	18	<u>(6,048,383)</u>	<u>(4,703,138)</u>
Corporation tax		(361,229)	(1,110,944)
Lease liabilities	18	(2,085,155)	(2,101,362)
		<u>(8,494,767)</u>	<u>(7,915,444)</u>
Non-current liabilities			
Lease liabilities and other	19	<u>(19,516,305)</u>	<u>(20,057,987)</u>
Deferred tax liability	11	(2,535,217)	-
		<u>(30,546,289)</u>	<u>(27,973,431)</u>
Total liabilities			
		58,438,078	53,575,408
Net assets			
Capital and reserves			
Share capital	21	<u>100</u>	<u>100</u>
Retained earnings		58,437,978	53,575,308
Total equity		58,438,078	53,575,408

These financial statements for Astex Therapeutics Limited, company registration No. 03751674 were approved by the Board of Directors and signed on its behalf on 11 February 2021 by:

H Jhoti
Director

ASTEX THERAPEUTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Note	Share Capital £	Capital Contribution £	Retained Earnings £	Total Equity £
At 1 January 2019		100	1,251,037	48,325,141	49,576,278
Profit for the year		-	-	28,999,130	28,999,130
Dividend Paid	21	-	(1,251,037)	(23,748,963)	(25,000,000)
At 31 December 2019		<u>100</u>	<u>-</u>	<u>53,575,308</u>	<u>53,575,408</u>
Profit for the year		-	-	29,862,670	29,862,670
Dividend Paid	21	-	-	(25,000,000)	(25,000,000)
At 31 December 2020		<u>100</u>	<u>-</u>	<u>58,437,978</u>	<u>58,438,078</u>

ASTEX THERAPEUTICS LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2020

	2020 £	2019 £
Operating activities		
Profit before taxation	33,369,681	32,600,195
Interest receivable	(75,291)	(132,827)
Interest payable	667,644	714,669
Fair value loss on investment	751,833	387,509
	<hr/>	<hr/>
Total operating profit	34,713,867	33,569,546
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	4,765,022	4,350,719
Loss on disposal of property, plant and equipment	-	2,787
Amortisation and impairment of intangible assets	82,116	96,301
Working capital adjustments:		
(Decrease)/increase in trade and other receivables	(5,237,111)	1,155,963
Increase in trade and other payables	2,997,169	978,237
	<hr/>	<hr/>
Net cash flows from operations	37,321,063	40,153,553
Net income tax paid	(614,947)	(790,929)
	<hr/>	<hr/>
Net cash flow generated by operating activities	36,706,116	39,362,624
	<hr/>	<hr/>
Investing activities		
Purchase of property plant and equipment	(13,643,927)	(2,554,382)
Purchase of intangible assets	(144,530)	(75,271)
Investments paid	(1,344,534)	(1,617,379)
Interest received	75,291	132,827
Interest paid	(667,644)	(714,669)
	<hr/>	<hr/>
Net cash flow used in investing activities	(15,725,344)	(4,828,874)
	<hr/>	<hr/>
Financing activities		
Dividends paid	(25,000,000)	(25,000,000)
Principal elements of lease payments	(2,209,813)	(2,207,447)
	<hr/>	<hr/>
Net cash flow used in financing activities	(27,209,813)	(27,207,447)
	<hr/>	<hr/>
(Decrease)/Increase in cash and cash equivalents	(6,229,040)	7,326,303
Cash and cash equivalents at the beginning of the year	23,936,010	16,609,707
	<hr/>	<hr/>
Cash and cash equivalents at the year end	17,706,970	23,936,010

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Corporate information

Astex Therapeutics Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. It is a 100% subsidiary of Otsuka America, Inc.

The financial statements are presented in pounds sterling and are prepared on a historical cost basis except for investments which are measured at fair value. The principal accounting policies adopted are set out below.

2. Basis of preparation and statement of compliance

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The company's financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

The 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 year. The nature of estimation means that actual outcomes could differ from those estimates. The company do not believe there are any significant judgements, estimates or assumptions that require separate disclosure.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operation for the foreseeable future, being at least twelve months from the date of approval of the financial statements.

The company continues to invest in its products which will incur future costs. Its ability to carry through its research and development programmes is dependent on the MSA with Otsuka Pharmaceutical Co., Ltd which provides funding to the company on a cost-plus basis for all agreed research and development expenditure on an annual basis.

The Company has a strong balance sheet, including a cash balance of £17.7m as at 31 December 2020, and no debt. The directors have prepared forecasts for the foreseeable future, which show continued future profitability and positive cashflow coupled with the lack of debt. The Directors have also considered Otsuka Pharmaceutical Co., Ltd.'s ability and willingness to continue funding through the master services agreement when considering going concern.

3. Summary of significant accounting policies

Property, plant and equipment

All property, plant and equipment are carried at cost less depreciation

Depreciation

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost to the estimated residual value of each asset over its expected useful life on a straight-line basis, as follows:

Leasehold improvements	- over the useful economic life or the remaining life of lease, whichever is shorter
Computers and office equipment	- 3 to 5 years
Plant and equipment	- 5 to 8 years
Motor vehicles	- 5 years

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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

Assets under construction

All assets under construction are held at cost and are not depreciated.

Intangible assets

All intangible assets are carried at cost less amortisation.

Amortisation

Amortisation is provided on all intangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life on a straight-line basis, as follows:

Computer software - 3 years

The carrying values of intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments – Financial assets at fair value through profit or loss

Financial asset investments are held at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at the fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Inventories

Inventories are written off to the income statement as incurred.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is remeasured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12 month expected losses. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Research and development

Research and development expenditure is charged to the income statement as incurred. The conditions required for capitalisation of research and development expenditure have not been deemed to have been met.

Operating leases

For short term and low value leases rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

Right-of-use assets

The company leases R&D laboratories, offices and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the company under residual value guarantees
- The exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company used third-party financing organisations to provide current borrowing rates for leases similar to the company's leases.

Pensions

Defined contributions are made by the company to certain individual employees' personal pension plans. The pension cost charge represents contributions payable in the year.

Cash-settled share-based payment plan

The Group has adopted equity-linked compensation entitlements as a cash-settled share-based payment plan. For the cash-settled share-based payments, the fair value of payments is recognised as a liability, and any changes in the fair value of the liability are recognised as profit or loss until the liability is settled.

Revenue recognition

Revenue principally consists of income received through the MSA with Otsuka Pharmaceutical Co., Ltd. together with income received from clinical and development milestones and royalties. These are stated net of trade discounts, VAT and other sales related taxes.

The clinical and development milestone payments when a corporate partner achieves key stages in development are only recognised as revenue on completion of the relevant milestone and formal agreement of completion by the corporate partner. The royalties are recognised in the same period as when the revenue for which the royalties relate to are recognised by the collaboration partner.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary timing differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements:

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are charged or credited to equity. Otherwise income tax is recognised in the income statement.

Foreign currencies

The functional and presentational currency of the company is pounds sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of 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.

Finance revenue and costs

Finance revenue is recognised as interest accrues using a straight-line basis over the length of the contract.

Finance cost is recognised on the same basis as is highlighted in the appropriate contracts which equates to the effective interest method.

New standards and interpretations applied in the year

There have been no new standards implemented during the year.

4. Revenue

Revenue recognised in the income statement is analysed as follows:

	2020	2019
	£	£
Otsuka Pharmaceutical Co., Ltd.	47,862,382	44,907,970
Research and development services	30,543,818	28,968,467
Research and development expenditure credit (RDEC)	2,484,260	2,437,517
Other income	616,251	202,443
	<u>81,506,711</u>	<u>76,516,397</u>

5. Geographical analysis of revenue

An analysis of turnover by geographical market is provided below.

	2020	2019
	£	£
Turnover by destination		
Japan	47,862,382	44,907,970
Europe	33,644,329	31,608,427
	<u>81,506,711</u>	<u>76,516,397</u>

ASTEX THERAPEUTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

6. Operating profit

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation of property, plant and machinery (note 12)		
Depreciation of right-of-use assets (note 13)	2,827,943	2,414,690
	1,937,079	1,936,029
Amortisation of intangible assets (note 14)	82,116	96,301
Total depreciation and amortisation expenses	<u>4,847,138</u>	<u>4,447,020</u>
Staff costs (see note 8)	16,665,160	14,971,144
Finance cost (see note 10)	1,419,447	1,102,178
Net foreign currency loss	650,358	73,005
Lease liability payments	2,209,813	2,209,813

7. Auditor's remuneration

The company charged the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the company

	2020 £	2019 £
Audit fees for statutory audit of financial statements and group requirements	40,425	44,500
Non-audit fees to auditor:		
- taxation compliance	1,588	26,150
	<u>42,088</u>	<u>70,650</u>

8. Staff costs and directors' emoluments

(a) Staff costs

	2020 £	2019 £
Wages and salaries	13,282,629	11,815,873
Social security costs	1,696,021	1,547,627
Other pension costs	1,686,510	1,607,644
Total wages and salaries	<u>16,665,160</u>	<u>14,971,144</u>

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

The average monthly number of employees during the year was made up as follows:

	2020 No.	2019 No.
Research and development	115	114
Administration	27	26
	<u>142</u>	<u>140</u>

(b) Directors' emoluments

	2020 £	2019 £
Directors' emoluments	<u>1,360,862</u>	<u>1,045,017</u>

There are no members of defined contribution pension schemes.

The amounts in respect of the highest paid director are as follows:

	2020 £	2019 £
Emoluments	<u>1,310,862</u>	<u>995,017</u>

9. Finance revenue

	2020 £	2019 £
Bank interest receivable	<u>75,291</u>	<u>132,827</u>

10. Finance costs

	2020 £	2019 £
Fair value loss on investment	751,833	387,509
Right of use asset interest cost	667,644	714,669
	<u>1,419,477</u>	<u>1,102,178</u>

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

11. Taxation

(a) Tax on continued operations

	2020	2019
	£	£
Current tax:		
Current year charge on RDEC	472,009	457,414
Under provision for earlier year (2018)	13,928	-
Under provision for earlier year (2019)	(732,099)	-
Current year charge on other income	583,403	1,901,873
	<u>337,241</u>	<u>2,359,287</u>
Deferred tax:		
Current year charge on RDEC	(472,009)	(457,414)
Current year debit on other temporary differences	3,090,835	1,679,982
Effect of rate change from 17% to 19%	(58,486)	-
Over provision deferred tax prior year	609,430	19,210
	<u>3,169,770</u>	<u>1,241,778</u>
Total tax charge/(credit)	<u>3,507,011</u>	<u>3,601,065</u>

(b) Reconciliation of the total tax charge

The tax charge in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020	2019
	£	£
Profit before taxation	<u>33,369,681</u>	<u>32,600,195</u>
Tax calculated at UK standard rate of Corporation tax of 19% (2019: 19%)	6,340,239	6,194,038
Effect of:		
Permanent differences	(2,666,001)	(2,414,537)
Adjustment in respect to prior years	-	-
Over provision deferred tax prior year	609,430	19,210
Impact of rate change	(58,486)	(197,646)
(Over)/under provision in earlier years	(718,171)	-
Tax charge for the year in the income statement	<u>3,507,011</u>	<u>3,601,065</u>

The current tax asset is £2,484,260 (2019 £2,643,713) which relates to RDEC. The current rate of corporation tax is 19% (2019 19%).

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

(c) Deferred tax

The deferred tax provided or un-provided at 19% (2019: 17%) is as follows:

	Provided 2020	2019	Un-provided 2020	2019
	£	£	£	£
Deferred tax liability				
Accelerated capital allowances	4,358,653	2,021,934	-	-
Deferred tax liability	<u>4,358,653</u>	<u>2,021,934</u>	<u>-</u>	<u>-</u>
Deferred tax asset				
Tax losses carried forward	(1,609,852)	(3,034,593)	-	-
Research & Development tax credits	-	-	-	-
Other temporary differences	(213,584)	(93,903)	-	-
Deferred tax asset	<u>(1,823,436)</u>	<u>(3,128,496)</u>	<u>-</u>	<u>-</u>
Total deferred tax	<u>2,535,217</u>	<u>(1,106,562)</u>	<u>-</u>	<u>-</u>

Deferred tax movement

	Accelerated capital allowances	Tax losses carried forward	Research & Development tax credits	Other temporary differences	Total
	£	£	£	£	£
Deferred tax (asset)/liability					
At 1 January 2020	2,021,934	(3,034,592)	-	(93,904)	(1,106,562)
Current year charge/(credit)	1,668,768	1,533,403	-	(111,336)	3,090,835
Prior year charge	384,805	222,207	-	2,418	609,430
Effect of interest rate change	283,146	(330,869)	-	(10,763)	(58,486)
At 31 December 2020	<u>4,358,653</u>	<u>(1,609,851)</u>	<u>-</u>	<u>(213,585)</u>	<u>2,535,217</u>

There are tax losses of approximately £8.5m (2019: £17.8m) available to carry forward against future trading profits, subject to potential restriction.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

12. Property, plant and equipment

	Motor Vehicles £	Leasehold improvements £	Computer & office equipment £	Plant and equipment £	Total £
Cost:					
At 1 January 2019	16,799	7,981,391	2,731,572	15,848,425	26,578,187
Additions	-	955,860	359,459	1,239,063	2,554,382
Assets under construction	-	2,263,557	-	-	2,263,557
Disposals	-	-	(1,045,863)	(2,357,048)	(3,402,911)
At 31 December 2019	16,799	11,200,808	2,045,168	14,730,440	27,993,215
Additions	-	3,163,140	856,213	9,624,574	13,643,927
Assets under construction	-	(2,263,557)	-	-	(2,263,557)
Disposals	-	-	-	-	-
At 31 December 2020	16,799	12,100,391	2,901,381	24,355,014	39,373,585
Depreciation and impairment:					
At 1 January 2019	15,119	2,322,963	1,812,666	9,906,777	14,057,525
Provided during the year	1,680	561,560	312,631	1,538,819	2,414,690
Disposals	-	-	(1,045,863)	(2,354,260)	(3,400,123)
At 31 December 2019	16,799	2,884,523	1,079,434	9,091,336	13,072,092
Provided during the year	-	765,416	421,316	1,641,211	2,827,943
Disposals	-	-	-	-	-
At 31 December 2020	16,799	3,649,939	1,500,750	10,732,547	15,900,035
Net book value at 31 December 2020	-	8,450,452	1,400,631	13,622,467	23,473,550
Net book value at 31 December 2019	-	8,316,285	965,734	5,639,104	14,921,123
Net book value at 1 January 2019	1,680	5,658,428	918,906	5,941,648	12,520,662

As at 31 December 2020, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £719,010 (2019: £8,259,259).

ASTEX THERAPEUTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

13. Right of use assets

This note provides information for leases where the company is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	ROUA Buildings £	ROUA Vehicles £	ROUA Total £
Cost:			
At 1 January 2019	-	-	-
Additions	24,017,363	6,225	24,023,588
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2019	24,017,363	6,225	24,023,588
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	24,017,363	6,225	24,023,588
	<hr/>	<hr/>	<hr/>
Depreciation and impairment:			
At 1 January 2019	-	-	-
Provided during the year	1,933,765	2,264	1,936,029
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,933,765	2,264	1,936,029
Provided during the year	1,934,747	2,332	1,937,079
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,868,512	4,596	3,873,108
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2020	20,148,851	1,629	20,150,480
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2019	22,083,598	3,961	22,087,559
	<hr/>	<hr/>	<hr/>
Net book value at 1 January 2019	-	-	-
	<hr/>	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

Lease Liability Maturity Analysis:

	2020 £
2021	2,262,384
2022	2,313,996
2023	2,313,996
2024	2,313,996
Thereafter	14,818,585
Less: unearned interest	<u>(3,545,624)</u>
	20,477,335

Lease liabilities are presented in the statement of financial position as follows:

Lease liabilities

	Notes	2020	2019
Current	18	(2,085,154)	(2,101,362)
Non-current	19	(18,392,181)	(19,918,143)
		<u>(20,477,335)</u>	<u>(22,019,505)</u>

The total amount of payments made in the year amounted to £2,209,813 (2019: £2,209,813).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

There are no short-term leases within the Company.

There is a rental deposit with the landlord of £2,049,024 which will be repaid at the end of the lease.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

14. Intangible assets

Cost:	Software £
At 1 January 2019	620,458
Additions	75,271
Disposals	(234,124)
At 31 December 2019	461,605
Additions	144,530
Disposals	-
At 31 December 2020	606,135
Depreciation and impairment:	
At 1 January 2019	411,980
Provided during the year	96,301
Disposals	(234,124)
	274,157
At 31 December 2019	
Provided during the year	82,116
Disposals	-
At 31 December 2020	356,273
Net book value at 31 December 2020	249,862
Net book value at 31 December 2019	187,448
Net book value at 1 January 2019	208,478

As at 31 December 2020, amounts contracted for but not provided in the financial statements for the acquisition of software amounted to £nil (2019: £nil).

15. Investments

Cost:	£
At 1 January 2019	2,266,749
Additions	
Return of Investment	1,617,379
	-
Fair value adjustment	(387,509)
At 31 December 2019	3,496,619
Additions	1,344,534
Fair value adjustment	(751,833)
At 31 December 2020	4,089,320

The investment is with the Dementia Discovery Fund which is run by SV Life Sciences. The fund has a 15-year term to October 2031. The company is committed to invest a total of £12,206,634 into the fund, with a total £5,535,437 (2019: £4,190,903) having been drawn down at the end of the year. Any adjustments to fair value are recognised in the finance cost line within the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

16. Trade and other receivables	2020 £	2019 £
Trade receivables	6,197,665	3,717,917
Prepayments and other debtors	1,720,018	1,727,248
Accrued income	9,859,340	4,693,710
VAT recoverable	714,687	608,794
Deposit for Fixed Assets	289,191	373,112
	<u>18,780,901</u>	<u>11,120,781</u>

As at 31 December, the ageing analysis of trade receivables is as follows:

Carrying amount		Of which neither impaired nor past due on the reporting date	Of which: not impaired on the reporting date and past due in the following periods		
			less than 30 days	between 30 and 60 days	between 61 and 90 days
		(£)	(£)	(£)	(£)
Trade receivables	As at 31 Dec 2019	3,717,917	-	-	-
Trade receivables	As at 31 Dec 2020	6,197,665	-	-	-

As at 31 December 2020 there was £nil (2019: £nil) amount of the trade receivables which were denominated in a foreign currency.

17. Cash and cash equivalents	2020 £	2019 £
Cash at bank and in hand	<u>17,706,970</u>	<u>23,936,010</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. There were no differences between the book value and fair value of cash and cash equivalents at each balance sheet date.

18. Current liabilities	Notes	2020 £	2019 £
Trade payables		1,205,985	893,054
Other payables		276,010	121,277
Taxation and social security costs		822,855	334,815
Accruals		1,441,214	927,343
Accrued bonuses		2,167,979	2,415,557
Lease liabilities	13	2,085,154	2,101,362
VAT payable		134,341	11,091
Corporation tax		361,229	1,110,944
Current liabilities		<u>8,494,767</u>	<u>7,915,444</u>

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

Outstanding amounts in respect to the defined contribution pension scheme payable at the balance sheet date were £nil (2019: £nil).

As at 31 December 2020 there were £311,374 (2019: £40,426) of creditors which were denominated in foreign currency, being a mixture of US dollars, Euros and Swiss Francs.

19. Non-current liabilities

	Notes	2020 £	2019 £
Non-current liabilities			
Lease liabilities	13	18,392,181	19,918,143
Share based payments	22	640,474	139,844
Remuneration accruals		483,650	-
		<hr/>	<hr/>
		19,516,305	20,057,987
		<hr/>	<hr/>

The Company does not face a significant liquidity risk with regards to its lease liabilities.

20. Financial instruments

The company's principal financial instruments are restricted to cash and cash equivalents. The main purpose of these financial instruments is to fund the company's operations. The company has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. The company does not enter into derivative transactions in its trading arrangements.

The main risks arising from the company's financial instruments are credit risk, liquidity risk and foreign currency risks. The Board reviews and agrees policies for managing each of these risks.

Credit risk

The company manages credit risk in relation to its cash and liquid resources by predominantly using a limited number of major UK financial institutions who meet the company's credit criteria.

The only other area of material credit risk is attributable to trade receivables. The company's customers are made up of substantial blue-chip organisations or their subsidiaries. The total allowance for bad debts that was charged to the income statement in the year was £nil (2019: £nil).

Liquidity risk

The company's objective is to maintain a positive cash balance at a level adequate for daily operations. The company finances its activities with a combination of revenues from collaborations and the MSA with Otsuka Pharmaceuticals Co., Ltd.

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern. At present it has no debt or externally imposed capital requirements.

Foreign currency risk

The company makes sales and purchases in a number of overseas territories and therefore has transactional currency exposures. Such exposures arise from sales and purchases made in currencies other than the company's functional currency of sterling. The company tries to reduce this risk by maximising the number of contracts with sterling denomination.

The table below shows the company's currency exposures which comprise the monetary assets and monetary liabilities at the company that are not denominated in sterling, being the operating (or 'functional') currency of the company.

ASTEX THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

As at 31 December, these currency exposures were as follows:

	Net Foreign US dollar £	Currency Euro £	Monetary Assets Total £
2020	17,078,921	396,311	17,475,232
2019	9,478,383	451,251	9,929,634

The following table demonstrates the sensitivity to a reasonable possible change in Sterling against Euro and US Dollar exchange rates with all other variables held constant, of the company's equity.

	Movement in exchange rate (%)	Increase / (Decrease) profit before tax (£)
2020		
Dollar strengthening	10%	1,897,658
Dollar weakening	(10)%	(1,552,629)
Euro strengthening	10%	44,035
Euro weakening	(10)%	(36,028)
2019		
Dollar strengthening	10%	1,053,154
Dollar weakening	(10)%	(861,671)
Euro strengthening	10%	50,139
Euro weakening	(10)%	(41,023)

Fair values of financial assets and financial liabilities

Short-term investments and short-term deposits are made on fixed rate terms and are receivable within one year of each balance sheet date. Cash is available on demand at each balance sheet date and is subject to floating interest rates.

The company has an investment in the Dementia Discovery Fund which is run by SV Life Sciences which is held as a fair value through profit and loss investment.

The book values of the company's financial assets and financial liabilities are set out below. There is no material difference between the book value and fair value of the company's financial instruments at each balance sheet date.

All financial assets and liabilities apart from the investment are considered to be level 1 in the fair value hierarchy, as all such items are measured at fair value from observable inputs. The investment is a level 3 in the fair value hierarchy. The valuation is received from the fund managers based on the last valuation event. Movements in the year can be seen in note 15.

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for the year ended 31 December 2020

	2020	2019
	£	£
Financial assets:		
Fair value through profit or loss	4,089,320	3,496,619
Financial assets at amortised cost:		
Cash	17,706,970	23,936,010
Trade receivables	6,197,665	3,717,917
Accrued income	9,859,340	4,693,710
Deposits	2,338,215	2,422,136
	<u>40,191,510</u>	<u>38,266,392</u>
Financial liabilities at amortised cost:		
Trade payables	1,205,985	893,054
Accruals	1,441,214	927,343
Lease liabilities	20,477,335	22,019,504
	<u>23,124,534</u>	<u>23,839,901</u>

21. Share capital

	2020	2019
	No.	No.
Ordinary shares of 0.1p each:		
- authorised, allotted, called up and fully paid	<u>100,000</u>	<u>100,000</u>

During the year there was a dividend payment of £25m (2019: £25m), which equates to a payment of £250 per share (2019: £250 per share).

22. Share based payments

The Company has adopted equity-linked compensation entitlements as a cash-settled share-based payment plan for certain employees. The Company grants the entitlements to employees who have the rank as of the time of the grant and makes the payment in cash, taking into account the level of achievement of group performance targets and the group share price during the five year plan.

Share-based payment expenses

The breakdown of share-based payment expenses is as follows:

	2020	2019
	£	£
Cash Settled	<u>500,630</u>	<u>139,844</u>

The carrying amount of liabilities arising from share-based payment transactions is £640,474 (2019: £139,844)

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for the year ended 31 December 2020

23. Employee benefits – post employment benefits

The company has a defined contribution plan covering substantially all its employees, which requires contributions to be made into a separately administered fund. Details of contributions made by the company in each accounting period are described in note 8. As at 31 December 2020 there was an outstanding contribution of £nil (2019: £nil).

24. Other commitments

The company's total commitments as at 31 December 2020 were £7,390,207 (2019: £16,274,990).

The company is committed to making further investments of up to £6,671,197 (2019: £8,015,731) in the Dementia Discovery Fund which has a 15-year term to October 2031.

The remaining other commitments of £1,154,670 (2019: £8,259,259) relate to fixed assets which will be finalised within 12 months.

25. Related party transactions

On 1 January 2014, the company signed an MSA with Otsuka Pharmaceuticals., Ltd who are the parent company of Otsuka America, Inc. who are in turn the parent company of Astex Therapeutics Limited. During the year the value of revenue was £47,862,382 (2019: £44,907,970) with a year-end open receivable of £5,373,836 (2019: £3,717,917).

Astex Therapeutics Limited have collaboration agreements to work on targets with Taiho Pharmaceutical Co., Ltd, who both have Otsuka Holdings Co., Ltd. as their ultimate holding company. Both companies are responsible for their own costs on the projects with future revenue share based on the costs and expenses arising from the research, development and commercialisation costs.

26. Ultimate parent company

Otsuka America, Inc., with registered office of 1 Embarcadero Center #2020, San Francisco, CA 94111, United States, is the 100% owner of the share capital in Astex Therapeutics Limited. Otsuka Holdings Co., Limited, a company incorporated in Japan, is regarded as the ultimate parent and controlling party and both the smallest and largest group within which the results of the company are included, and for which consolidated financial statements are prepared. Copies of these financial statements may be obtained from its registered address, 2-9 Kanda Tsukasa-Choi, Chiyoda-Ku, Tokyo 101-8535, Japan.

27. Post balance sheet events

There has been a 3rd national lockdown since 6th January 2021 and there continues to be restricted access to the facilities over this lockdown resulting in no material financial impact.

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