

Company registered number: 04512301

Oxitec Limited
Annual report and financial statements
for the year ended 31 December 2021

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Oxitec Limited

Company Information

Registered no: 04512301

Directors

Grey Frandsen
Theodore Fisher
Doit Koppler

Independent Auditors

RSM UK Audit LLP
Davidson House
Forbury Square
Reading
RG1 3EU

Bankers

Santander Corporate and Commercial Banking
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OX14 4RQ

**Annual report and financial statements for the year ended 31
December 2021**

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Oxitec Limited

Statement of directors' responsibilities in respect of the financial statements for the year ended 31 December 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Oxitec Limited

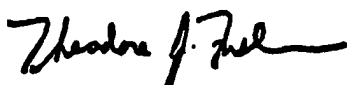
Balance Sheet as at 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
Assets			
Fixed assets			
Intangible assets	3	367	-
Property, plant and equipment	4	1,120	1,538
Investments	5	-	-
		<u>1,487</u>	<u>1,538</u>
Current assets			
Trade and other receivables	6	1,638	1,079
Cash and cash equivalents		263	928
		<u>1,901</u>	<u>2,007</u>
Creditors: amounts falling due within one year	7	(2,498)	(3,333)
Total assets less current liabilities		<u>890</u>	<u>212</u>
Net assets		<u>890</u>	<u>212</u>
Equity			
Called up share capital	8	20	15
Share premium account		86,718	75,531
Capital contribution reserve		3,285	3,285
Accumulated Losses		(89,133)	(78,619)
Total equity		<u>890</u>	<u>212</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 2 – 15 were approved by the board of directors on 14 November 2022, and were signed on its behalf by:



Theodore J Fisher

Director

Company registered number: 04512301

Oxitec Limited

Statement of Changes in Equity
For the year ended 31 December 2021

	Called up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2021	15	75,531	3,285	(78,619)	212
Equity issue	5	11,187	-	-	11,192
Share based payment charge	-	-	-	-	-
Loss for the financial year	-	-	-	(10,514)	(10,514)
At 31 December 2021	20	86,718	3,285	(89,133)	890

	Called up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2020	13	71,496	3,325	(75,685)	(851)
Equity issue	2	4,035	-	-	4,037
Share based payment charge	-	-	(40)	-	(40)
Loss for the financial year	-	-	-	(2,934)	(2,934)
At 31 December 2020	15	75,531	3,285	(78,619)	212

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

General information

Oxitec Limited works in the field of research & development, the company's principal activity during the year continued to be to develop safe, highly effective biologically-engineered solutions to control disease-transmitting and crop-destroying insects globally.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 71 Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RQ.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Exemption from the preparation of consolidated financial statements

These financial statements present information about the company as an individual undertaking and not about the group. As a parent company that qualifies as small, the company has taken exemption not to prepare group accounts according to Companies Act 2006 s 399(2A).

Going concern

The financial information in these financial statements has been prepared assuming the company will continue on a going concern basis.

As at the date of signing of the financial statements the company had cash of £1.4m which, together with contracted grant and collaboration funding, is expected to fund the company's and its immediate parent company's planned operations until approximately March 2023 which is less than 12 months from date of signing of the financial statements. Accordingly, the company and its immediate parent company require additional funding from its ultimate parent company, TS Biotechnology Holdings, LLC. Whilst the directors expect the parent company to continue to provide support based on previous practice, funding is typically provided to fund operations for the following three to six months and any future amounts are not contractually committed.

These circumstances represent a material uncertainty which may cast significant doubt on the company's and group's ability to continue as a going concern. These financial statements do not contain any adjustments that might result if the company was unable to continue as a going concern.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable of services rendered less value added taxes.

The company generates revenue from funded research and development programs. Amounts receivable in respect of milestone payments are recognised in the period in which related costs are incurred or over the estimated period to completion of the relevant phase of research. Where amounts are receivable on achievement of specified milestones, revenue is only recognised when it is probable the specific conditions stipulated in the agreement will be met. Where payments are received upfront, these payments are initially recorded as deferred income.

Other operating income

Government and other grants of a revenue nature including RDEC are credited to the profit and loss account in the same period as the related expenditure is incurred. Where there is significant uncertainty over the timing or amount of grant income, this is recognised on a receipt basis.

Foreign currency

The functional currency is UK sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Pensions and other post-employment benefits

The company operates a defined contribution scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

Share based payments

Following the change in the ultimate parent and controlling party, all unvested share options and restricted stock units in Precigen, Inc. (formerly known as Intrexon Corporation) were cancelled.

Leases

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

Corporation tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognized when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development expenditure which is not eligible for reimbursement under the tax credit regime applicable to small and medium sized companies may be reimbursed under the UK Research and Development Expenditure Credit ("RDEC") scheme. Receipts under the RDEC scheme are presented within other operating income as they are similar in nature to grant income.

Property, plant and equipment

Property, plant and equipment are stated at cost to the company less accumulated depreciation and any impairment loss. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on all property, plant and equipment, from the time the assets are available for use, on a straight-line basis over the estimated useful life as follows:

- | | |
|-----------------------------------|--------------------------------|
| - Leasehold improvements | - over the period of the lease |
| - Fixture, fittings and equipment | - 3 to 8 years |

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

Intangible assets – computer software

Computer software is stated at cost to the company less accumulated amortization and any impairment loss. Computer software is amortised over 3 to 5 years.

Intangible assets – capitalized development costs

Development costs are stated at cost to the company less accumulated amortisation and any impairment loss. The development costs represents costs capitalized in the development of an App which Directors expect will provide future economic benefit to the company. Development costs are amortised over 3 years.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables, amounts due from group undertakings, cash and bank balances and accrued income, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

Financial assets (continued)

At the end of each reporting period financial assets measured at amortised costs are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account. If there is a decrease in impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account. Other financial assets are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, amounts due to group undertakings and accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It has taken advantage of exemption in FRS and does not disclose transactions with members of the same group that are wholly owned.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Employees

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

	2021 numbers	2020 numbers
Research	65	44
Business Development and Regulatory	4	5
Administration	9	7
	78	56

3. Intangible assets

	Development costs £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2021	-	1,022	1,022
Additions	389	-	389
At 31 December 2021	389	1,022	1,411
Accumulated Amortisation			
At 1 January 2021	-	1,022	1,022
Provided during the year	22	-	22
At 31 December 2021	22	1,022	1,044
 NBV as at 31 December 2021	 367	 -	 367
NBV as at 31 December 2020	-	-	-

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Notes to the financial statements for the year ended 31 December 2021 (continued)

4. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2021	2,973	1,020	3,993
Additions	20	131	151
At 31 December 2021	2,993	1,151	4,144
Accumulated Depreciation			
At 1 January 2021	1,866	589	2,455
Provided during year	392	177	569
At 31 December 2021	2,258	766	3,024
NBV as at 31 December 2021	735	385	1,120
NBV as at 31 December 2020	1,107	431	1,538

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Investments

	2021 £'000
Cost	
At 1 January 2021 and 31 December 2020	<u>1,632</u>
Impairment provision	
At 1 January 2021 and 31 December 2020	<u>(1,632)</u>
	<u>-</u>
Carrying amount at 31 December 2021 and 31 December 2020	<u>-</u>

During the prior year the directors reviewed the carrying value of the investment in Oxitec do Brasil Tecnologia de Insetos Ltda and have fully impaired the investment. This was required due to a change in the company's business strategy for commercialising the Oxitec Limited developed technology targeting *Aedes Aegypti* mosquito, resulting in a lack of projected cash flows to support the carrying value of the investment.

All subsidiaries and their associated holding are listed below:

Company name	Principal activity	Country of Incorporation	Equity interest
Oxitec do Brasil Tecnologia de Insetos tda	Field trials in insects	Brazil	100%
Oxitec Sdn Bhd	Dormant	Malaysia	100%
Mosquito Technologies Limited	Dormant	Mexico	99%
Precision Biological Innovation, S.R.L	Dormant	Costa Rica	100%

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Investments (continued)

Registered addresses:

Oxitec do Brasil Tecnologia de Insetos Ltda, Avenida Alexander Grahn Bell, 200 Bloco C, Modulo 3, Techno Park, CEP 13069-310, Campinas, SP, Brazil

Oxitec Sdn Bhd, Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia

Mosquito Technologies Limited, Bosque de Circuelos 1800 PP, Bosques de las Lomas, Michael Hidalgo, Mexico City 11700, Mexico

Precision Biological Innovation, S.R.L. San Jose Downtown, Calle 7, Avenidas 7 y 9, Edificio #751, Barrio Amon, San Jose, Costa Rica

In Q4 2019 Oxitec Limited took a decision to close all of its overseas subsidiaries except Oxitec do Brasil Tecnologia de Insetos Ltda.

Oxitec Australia Pty Ltd was closed on 10 March 2020 and Oxitec Singapore pte was struck off on 4 February 2020. All balances relating to Oxitec Australia and Oxitec Singapore had been provided for so there was no gain/loss on disposal of subsidiary.

6. Trade and other receivables

	2021 £'000	2020 £'000
Due within one year		
Amounts owed by parent undertaking	-	-
Research and development tax credit receivable	722	307
VAT recoverable	97	88
Other receivables	4	101
Prepayments and accrued income	815	583
	1,638	1,079

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Notes to the financial statements for the year ended 31 December 2021 (continued)

6. Trade and other receivables (continued)

In the prior year the directors considered the recoverability of the amounts owed by group undertakings and have previously fully provided against amounts owed by Oxitec Sdn Bhd, Oxitec Singapore pte and Oxitec Cayman Limited.

In the current year Oxitec Singapore pte was struck off and Oxitec Australia Pty Ltd was closed. All intercompany balances have been written off. In addition, the directors have provided fully for the remaining amount owed by group undertakings arising during the year relating to Oxitec do Brasil Tecnologia de Insetos Ltda for £7,318,615 (2020: £2,046,794).

In respect of the amounts owed by group undertakings, an amount of £4,895,000 is interest bearing (six-month USD LIBOR +3%), an amount of £6,000,000 interest bearing (six months GBP libor + 3%), the remaining amount of £23,030,061 is interest free. There is also £1,262,747 of accrued interest on the above-mentioned loans. All amounts are unsecured and are repayable on demand after one year and at the latest five years after the instalment was made, or convertible into equity of the borrowing company.

The amounts owed by the parent company are all trading balances, and unsecured, interest-free and are repayable on demand.

7. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	124	61
Taxation and social security	259	194
Other creditors	40	4
Amounts owed to parent undertakings	352	148
Accruals and deferred income	1,723	2,926
	2,498	3,333

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Notes to the financial statements for the year ended 31 December 2021 (continued)

8. Called up share capital

	2021 No.	2021 £'000	2020 No.	2020 £'000
Allotted and fully paid				
At 1 January	1,501,563	15	1,330,135	13
Issued during year	508,304	5	171,428	2
At 31 December	2,009,867	20	1,501,563	15

Ordinary shares of £0.01 each.

On 24 February 2021, the company issued 79,734 for £1,753,175.

On 6 May 2021, the company issued 79,734 for £1,726,125.

On 13 August 2021, the company issued a further 83,056 for the sum of £1,807,605, also 159 468 shares on 13 October 2021 for £3,521,621 and 106,312 shares on 16 November 2021 for £2,382,094

On 10 February 2020, the company issued 35,216 shares for £820,722.

On 25 June 2020, the company issued a further 83,056 shares for £2,012,146, also 53,516 shares on 10 December 2020 for £1,200,890.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

9. Obligations under operating leases

The company had the following future minimum lease payments under non-cancellable operating leases.

	2021 £'000	2020 £'000
Within one year	149	149
Later than one year but not later than five year	317	420
Later than five years	-	46
	466	615

The company had no capital or other commitments at 31 December 2021 (2020: £Nil).

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Notes to the financial statements for the year ended 31 December 2021 (continued)

10. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Oxitec Insect Holdings Limited (formerly, Intrexon UK Insect Holdings Limited). The ultimate parent undertaking is TS Biotechnology Holdings, LLC based in Virginia USA.

11. Post balance sheet events

On 7 January 2022, the company received additional funding by way of issuing 172,757 shares to Oxitec Insect Holdings Limited for the sum £3,872,274 (\$5,200,000).

On 18 March 2022, the company received further additional funding by way of issuing 59,801 to Oxitec Insect Holdings Limited for the sum £1,370,645 (\$1,800,000).

On 8 June 2022, the company received further additional funding by way of issuing 83,056 to Oxitec Insect Holdings Limited for the sum £1,983,257 (\$2,500,000).

On 14 July 2022, the company received further additional funding by way of issuing 79,734 to Oxitec Insect Holdings Limited for the sum of £1,975,999 (\$2,400,000).

On 23 August 2022, the company received a further additional funding of £3,121,035 (\$3,800,000).

On 21 March 2022 the company entered into a new grant agreement to undertake *Aedes aegypti* field trials of two self-limited strains for mosquito suppression in the Horn of Africa and in Meso-America.

12. Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company and its immediate parent company requires additional funds to be provided by its ultimate parent company TS Biotechnology, LLC. which are not contractually committed. As stated in note 1 these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

The auditor's report was unqualified.

The senior statutory auditors was Mayulee Pinkerton CA.
The auditor was RSM UK Audit LLP.