

**SUMMIT THERAPEUTICS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**  
**Registered No. 05197494**



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**COMPANY INFORMATION**

**Directors** R W Duggan  
A Dhingra

**Company Number** 05197494

**Registered Office** 136A Eastern Avenue Milton Park  
Abingdon  
Oxfordshire  
OX14 4SB  
United Kingdom

**Independent Auditors** PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH  
United Kingdom

**DIRECTORS' REPORT**

**For the year ended 31 December 2022**

**GENERAL INFORMATION**

Summit Therapeutics Limited is a private company limited by shares and incorporated and domiciled in the United Kingdom.

**PRINCIPAL ACTIVITIES OF BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the Company is a holding company for its subsidiaries, which is not expected to change in the foreseeable future.

**RESULTS AND DIVIDENDS**

The company made a loss for the year ended 31 December 2022 of \$280,650,723 (year ended 31 December 2021: \$20,538,224).

The Directors do not recommend the payment of a dividend (year ended 31 December 2021: \$nil).

**DIRECTORS**

The Directors who served during the year and up to the date of signing the financial statements were:

R W Duggan  
A Dhingra (appointed 18 August 2022)  
J Maranian (resigned 21 January 2022)  
C Hair (resigned 10 August 2022)

The Company maintains appropriate insurance cover in respect of actions taken against the Directors, as well as against material loss or claims against the Company. The insured values and type of cover are comprehensively reviewed on an annual basis.

**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 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 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 also 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.

## **GOING CONCERN**

The financial information in these financial statements has been prepared on a going concern basis due to the continued financial support of the ultimate parent company, Summit Therapeutics Inc., the cash held by the Company and the future forecasted net operating cash flows. The Directors have received confirmation that Summit Therapeutics Inc. intends to support the Company for at least the next 12 months from the date of issuance of these financial statements.

As noted in the Summit Therapeutics Inc. consolidated accounts, the Group's existing cash resources and research and development tax credits receivable are expected to be sufficient to enable the Group to fund its current operating plans into the third quarter of 2024. As noted in the consolidated accounts, the Group received a \$100 million promissory note ('Duggan September Note') from a related party on 6 December 2022. The Duggan September Note, including all accrued interest, will mature and become due on 6 September 2024. In addition, the Group is not intending to call the liabilities which are currently short-term and due on demand. The Group plans to raise additional funding in order to support the clinical development of ivonescimab. As at the date of these financial statements, this additional funding has not yet been secured.

The Group continues to evaluate options to further finance its operating cash needs for its product candidates through a combination of some, or all, of the following: equity and debt offerings, collaborations, strategic alliances, grants and clinical trial support from government entities, philanthropic, non-government and not-for-profit organizations, and marketing, distribution or licensing arrangements. There is no assurance, however, that additional financing will be available when needed or that management of the Group will be able to obtain financing on terms acceptable to the Group. If the Group is unable to obtain funding when required in the future, the Group could be required to delay, reduce, or eliminate research and development programs, product portfolio expansion, or future commercialization efforts, which could adversely affect its business prospects.

Until the additional funding is secured, the above circumstances indicate the existence of a material uncertainty about the Group's ability to repay the Duggan September Note in September 2024 which may cast significant doubt about the Company's ability to continue as a going concern thereafter. These financial statements do not contain any adjustments that might result if the Company was unable to continue as a going concern.

## **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP has expressed its willingness to be appointed to office as auditors for the year.

## **DIRECTORS' CONFIRMATIONS**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have 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 auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has also taken advantage of the small companies exemption from preparing the strategic report.

This report was approved by the board on 7 August 2023 and signed on its behalf.



Ankur Dhingra (Aug 7, 2023 13:49 PDT)

**A Dhingra**  
**Director**

# Independent auditors' report to the members of Summit Therapeutics Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Summit Therapeutics Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of financial position as at 31 December 2022; Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. At the date of approval of the financial statements, the Company, with the Group's support, has available cash resources and research and development tax credits receivable that the Directors believe are sufficient to fund its current operating plans into the third quarter of 2024. The Directors have concluded that the Group will be able to secure sufficient financing to support the Company beyond this date and have therefore prepared the financial statements on a going concern basis; however, this Group financing is not secured at the date of approval of these financial statements. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### **Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the unauthorised extraction of cash. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance and the entity's external legal counsel around known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings with the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that represent a risk of material misstatement due to fraud;
- Evaluation of management controls designed to prevent and detect irregularities;
- Review bank statements for irregular or unusual payments for any evidence of fraud; and
- Review of the financial statement disclosures for compliance with the Companies Act 2006.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Fiona Hornsby (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

7 August 2023



**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2022**

		<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Administrative expenses		(3,385,645)	(1,330,677)
Impairment of investments in subsidiaries	7	(296,130,260)	-
Impairment of intercompany balances	8	-	(19,207,547)
Reversal of impairment of intercompany balances	8	18,865,182	-
<b>Operating loss</b>	<b>4</b>	<b>(280,650,723)</b>	<b>(20,538,224)</b>
Tax on loss	6	-	-
<b>Loss and total comprehensive loss for the financial year</b>		<b>(280,650,723)</b>	<b>(20,538,224)</b>

The notes on pages 11 to 20 form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

		<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>			
Investments	7	349,523,876	219,609,325
		<b>349,523,876</b>	<b>219,609,325</b>
<b>Current assets</b>			
Prepayments and other receivables	8	684,850	41,521,492
Cash		924,387	1,432,040
		<b>1,609,237</b>	<b>42,953,532</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	9	(3,511)	(57,066,537)
		<b>(3,511)</b>	<b>(57,066,537)</b>
<b>Net current assets / (liabilities)</b>		<b>1,605,726</b>	<b>(14,113,005)</b>
<b>Net assets</b>		<b>351,129,602</b>	<b>205,496,320</b>
<b>Equity</b>			
Called up share capital		5,507,972	4,564,927
Share premium account		483,491,551	184,434,596
Share-based payment reserve		4,929,598	4,892,858
Merger reserve		-	6,649,363
Special reserve		32,713,462	32,713,462
Exchange presentation reserve		(7,882,444)	(7,882,444)
Capital contribution reserve		126,247,265	-
Accumulated losses		(293,877,802)	(19,876,442)
<b>Total equity</b>		<b>351,129,602</b>	<b>205,496,320</b>

The notes on pages 11 to 20 form an integral part of these financial statements

The financial statements on pages 8 to 20 were approved by the board and authorised for issue on 7 August 2023 and signed on its behalf by



Ankur Dhingra [Aug 7, 2023 13:49 PDT]

**A Dhingra**  
**Director**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2022**

	Share capital	Share premium account	Share-based payment reserve	Merger reserve	Special reserve	Exchange presentation reserve	Capital contribution reserve	Retained earnings / (Accumulated losses)	Total shareholders' equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2022	4,564,927	184,434,596	4,892,858	6,649,363	32,713,462	(7,882,444)	-	(19,876,442)	205,496,320
Loss and total comprehensive loss for the year	-	-	-	-	-	-	-	(280,650,723)	(280,650,723)
Total comprehensive income for the year	-	-	-	-	-	-	-	(280,650,723)	(280,650,723)
New share capital issued	943,045	299,056,955	-	-	-	-	-	-	300,000,000
Share-based payment	-	-	36,740	-	-	-	-	-	36,740
Capital contributions	-	-	-	-	-	-	126,247,265	-	126,247,265
Impairment of investments in subsidiaries	-	-	-	(6,649,363)	-	-	-	6,649,363	-
At 31 December 2022	5,507,972	483,491,551	4,929,598	-	32,713,462	(7,882,444)	126,247,265	(293,877,802)	351,129,602

	Share capital	Share premium account	Share-based payment reserve	Merger reserve	Special reserve	Exchange presentation reserve	Capital contribution reserve	Retained earnings / (Accumulated losses)	Total shareholders' equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2021	4,564,927	184,434,596	4,843,723	6,649,363	32,713,462	(7,882,444)	-	661,782	225,985,409
Loss and total comprehensive loss for the year	-	-	-	-	-	-	-	(20,538,224)	(20,538,224)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(20,538,224)	(20,538,224)
Share-based payment	-	-	49,135	-	-	-	-	-	49,135
At 31 December 2021	4,564,927	184,434,596	4,892,858	6,649,363	32,713,462	(7,882,444)	-	(19,876,442)	205,496,320

In September 2022, Summit Therapeutics Inc. made capital contribution investments in the Company of \$126,247,265, accordingly a capital contribution has been recorded in the Statement of Changes in Equity.

In December 2022, the Company agreed to allot 78,125,000 ordinary shares of 1p to Summit Therapeutics Inc. for \$300,000,000 consideration.

During the year ended 31 December 2022, the Company had an impairment assessment triggering event in respect the Company's investment in Discuva Limited, see note 7 for further details. Due to these events, management concluded that the investment should be impaired and an impairment charge of \$28,259,708 was recorded in the Statement of Comprehensive Income. Subsequently, an adjustment of \$6,649,363 was made in the Statement of Changes in Equity between accumulated losses and the merger reserve relating to the acquisition of Discuva Limited arising in a previous financial year.

The notes on pages 11 to 20 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS****1 COMPANY INFORMATION**

Summit Therapeutics Limited, ('the Company') is a holding company.

The Company is incorporated and domiciled in the United Kingdom and the registered office is noted on the Company information page of these financial statements.

**2 BASIS OF ACCOUNTING**

The principal accounting policies adopted by Summit Therapeutics Limited in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation**

The financial statements of Summit Therapeutics Limited have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using the Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' ('FRS 101').

The Company's functional currency during the year ended 31 December 2021 was the Pound Sterling (£). The Company's functional currency during the year ended 31 December 2022 was US Dollars. Management have performed an assessment of the Company's functional currency and concluded that effective 1 January 2022 the Company's functional currency had changed, since the activities of the Company are carried out as an extension of Summit Therapeutics Inc. for which the functional currency is US Dollars. This change in functional currency has been accounted for prospectively from 1 January 2022.

These financial statements are presented in US Dollars (\$). The financial statements for the year ended 31 December 2021 were presented in the Pound Sterling (£). For the year ended 31 December 2021, management have chosen to translate the components of equity from the Company's functional currency for that year (Pound Sterling) to the presentational currency (US Dollars) at the historic rate, the balancing amounts have been reported as a currency translation adjustment and recorded within the exchange presentation reserve in the Statement of Changes in Equity.

**Going concern**

The financial information in these financial statements has been prepared on a going concern basis due to the continued financial support of the ultimate parent company, Summit Therapeutics Inc., the cash held by the Company and the future forecasted net operating cash flows. The Directors have received confirmation that Summit Therapeutics Inc. intends to support the Company for at least the next 12 months from the date of issuance of these financial statements.

As noted in the Summit Therapeutics Inc. consolidated accounts, the Group's existing cash resources and research and development tax credits receivable are expected to be sufficient to enable the Group to fund its current operating plans into the third quarter of 2024. As noted in the consolidated accounts, the Group received a \$100 million promissory note ('Duggan September Note') from a related party on 6 December 2022. The Duggan September Note, including all accrued interest, will mature and become due on 6 September 2024. In addition, the Group is not intending to call the liabilities which are currently short-term and due on demand. The Group plans to raise additional funding in order to support the clinical development of ivonescimab. As at the date of these financial statements, this additional funding has not yet been secured.

The Group continues to evaluate options to further finance its operating cash needs for its product candidates through a combination of some, or all, of the following: equity and debt offerings, collaborations, strategic alliances, grants and clinical trial support from government entities, philanthropic, non-government and not-for-profit organizations, and marketing, distribution or licensing arrangements. There is no assurance, however, that additional financing will be available when needed or that management of the Group will be able to obtain financing on terms acceptable to the Group. If the Group is unable to obtain funding when required in the future, the Group could be required to delay, reduce, or eliminate research and development programs, product portfolio expansion, or future commercialization efforts, which could adversely affect its business prospects.

Until the additional funding is secured, the above circumstances indicate the existence of a material uncertainty about the Group's ability to repay the Duggan September Note in September 2024 which may cast significant doubt about the Company's ability to continue as a going concern thereafter. These financial statements do not contain any adjustments that might result if the Company was unable to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2 BASIS OF ACCOUNTING (continued)****Use of estimates**

The preparation of the financial statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 'Critical accounting judgements and key sources of estimation uncertainty'.

**Parent and ultimate parent company**

The Company is a wholly owned subsidiary of Summit Therapeutics Inc. which prepares publicly available consolidated financial statements. The Company is included in the consolidated financial statements of Summit Therapeutics Inc. for the year ended 31 December 2022 and therefore, the Company is exempt under Section 401 of the Company Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are available at the Company's registered office or from the investor section of the ultimate parent company website, [www.summitxinc.com](http://www.summitxinc.com).

**Disclosure exemptions**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation) and the requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2 BASIS OF ACCOUNTING (continued)****Investments**

The Company holds 100% ownership of the subsidiaries detailed in Note 11 'Subsidiaries'; these are held at cost. The carrying value of the subsidiaries is reviewed annually by management for any indicators of impairment. In the event that the subsidiaries are considered by management to be impaired, the recoverability of any intercompany balances may be restricted.

**Impairment of financial assets**

Under IFRS 9 '*Financial instruments*', intercompany receivable balances are required to be considered for impairment under the general approach model. The Company is required to recognise lifetime expected losses, which is assessed on the ability of the Group's undertakings to repay. The Company has deemed that the most appropriate measure to use to assess the recoverability of intercompany receivables is to use the cumulative probability of achieving key development milestones based on industry standards for each undertaking.

**Share-based payments**

Prior to September 2020, Summit Therapeutics Limited (formerly Summit Therapeutics plc) issued share options and restricted stock units ('RSUs') to attract, retain and incentivise its non-executive directors and employees of its subsidiaries. The non-executive directors of the Company provided services to the Company and therefore the Company records the fair value of those services received in exchange for the grant of the share options and RSUs as an expense. The expense is based upon a number of assumptions as disclosed in Note 12, Share based payment. The selection of different assumptions could affect the future results of the Company. The employees of its subsidiaries provided services to the subsidiaries, this is treated as a capital contribution investment and the share-based payment reserve is borne on behalf of the underlying subsidiaries.

In accordance with IFRS 2 '*Share-based payment*', share options and RSUs are measured at fair value at their grant date. The fair value for the majority of the share options and RSUs is calculated using the Black-Scholes formula and charged to the Statement of Comprehensive Income on a straight-line basis over the expected vesting period. For those options issued with vesting conditions other than remaining in employment (for example, those conditional upon the Group achieving certain predetermined financial criteria), a simulation model has been used. At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. This estimate is not revised according to estimates of changes in market-based conditions.

The share-based payment reserve reduces and transfers to accumulated losses reserve as share options are exercised, lapsed or surrendered, and the impact of the subsequent dilution of earnings crystallises.

**Warrants**

Summit Therapeutics Limited has issued warrants to consultants in exchange for services provided to its subsidiary Summit (Oxford) Limited. The fair value of the services received in exchange for the grant of the warrants is recognised as a capital contribution investment and the warrant expense reserve is borne on behalf of the underlying subsidiary. Such warrants are not remeasured at fair value in subsequent reporting periods. Warrants issued in which external services are received as consideration for equity instruments of the company should be measured at the fair value of the goods or services received. Only if the fair value of the services cannot be measured reliably would the fair value of the equity instruments granted be used.

The warrants have an exercise price of \$1.44 and vest quarterly over three years. If the consulting agreement terminated prior to three years after the date of the grant, all unvested warrants will be deemed cancelled. On June 30, 2020, the consulting agreement was terminated and 2,798,945 warrants cancelled immediately. The remaining 559,787 of outstanding warrants are held by Dr. Maky Zanganeh and Dr. Elaine Stracker.

**Current taxation**

Income tax is recognised or provided at amounts expected to be recovered or paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2 BASIS OF ACCOUNTING (continued)****Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Financial Statements requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that would have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Critical Judgements in Applying the Company's Accounting Policies***Impairment of investments*

In accordance with IAS 36, the Company is required to exercise judgement as to whether there is any indication that its investments in subsidiaries have suffered an impairment loss when reviewing the carrying value of those assets. See Note 7 'Investments' for further details.

*Impairment of financial assets*

In accordance with IFRS 9, the Company is required to exercise judgement as to whether there is any indication that an expected credit loss is required for its amounts owed by Group undertakings. See Note 8 'Trade and other receivables' for further details.

**4 OPERATING LOSS**

The operating loss is stated after charging/(crediting):

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	\$	\$
Audit fees payable to the Company's auditors		28,445	31,640
Impairment of investments in subsidiaries	7	296,130,260	-
Impairment of intercompany balances	8	-	19,207,547
Reversal of impairment of intercompany balances	8	(18,865,182)	-

**5 EMPLOYEES AND DIRECTORS' EMOLUMENTS**

The Directors were remunerated by either Summit (Oxford) Limited or Summit Therapeutics Sub Inc., other group companies, and no recharge was made as it is not practicable to allocate these fees between the Company and other group companies.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5 EMPLOYEES AND DIRECTORS' EMOLUMENTS (continued)**

The monthly average number of Directors of the Company during the year was:

	Year ended 31 December 2022	Year ended 31 December 2021
Directors	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

The Company had no employees in the current or previous financial years.

**6 TAX ON LOSS**

The tax assessed on the loss on ordinary activities for the year is lower (year ended 31 December 2021: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The differences are explained as follows:

	Year ended 31 December 2022 \$	Year ended 31 December 2021 \$
Loss before taxation	<u>(280,650,723)</u>	<u>(20,550,216)</u>
Tax thereon at 19%	(53,323,637)	(3,904,541)
Change in unrecognised deferred tax	686,595	283,457
Income not deductible for tax purposes	(3,671,866)	-
Expenses not deductible for tax purposes	56,271,869	3,649,435
Share options	<u>37,039</u>	<u>(28,351)</u>
<b>Tax charge for the year</b>	<u>-</u>	<u>-</u>

**Unrecognised deferred tax**

There is an unrecognised deferred tax asset in relation to the trading losses carried forward of \$1,918,272 (31 December 2021: \$6,544,651) and \$117,457 (31 December 2021: \$14,053) in relation to future exercisable share options.

The unrecognised deferred tax asset would be recovered against future Company taxable profits. In the opinion of the Directors, there is insufficient evidence that the asset will be recovered, as such the deferred tax asset has not been recognised in the financial statements.

In the Spring Budget 2021, the Government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. As this was substantively enacted on 24 May 2021, unrecognised deferred tax balances at 31 December 2022 have been remeasured at a rate of 25%.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7 INVESTMENTS

	Investments in subsidiaries	Capital contributions for share options recharge	Total
	\$	\$	\$
<b>Cost</b>			
At 1 January 2022	226,388,123	17,960,873	244,348,996
Additions	426,204,365	207,840	426,412,205
Disposals	-	(366,044)	(366,044)
<b>At 31 December 2022</b>	<b>652,592,488</b>	<b>17,802,669</b>	<b>670,395,157</b>
<b>Accumulated impairment</b>			
At 1 January 2022	(24,563,486)	(176,185)	(24,739,671)
Impairment	(283,295,784)	(12,835,826)	(296,131,610)
<b>At 31 December 2022</b>	<b>(307,859,270)</b>	<b>(13,012,011)</b>	<b>(320,871,281)</b>
<b>Net book value</b>			
At 31 December 2021	201,824,637	17,784,688	219,609,325
<b>At 31 December 2022</b>	<b>344,733,218</b>	<b>4,790,658</b>	<b>349,523,876</b>

**Investments in subsidiaries**

In December 2022, the Group entered into a Collaboration and License Agreement (the "License Agreement") with Akeso, Inc. and its affiliates ("Akeso") pursuant to which the group is partnering with Akeso to in-license its breakthrough bispecific antibody, ivonescimab. The entry into the License Agreement represents a significant change in the Group's strategy. Following these events, the Company acquired 78,125,000 common stock of \$0.01 nominal value in Summit Therapeutics Sub Inc. for \$300,000,000 consideration which was used to pay part of the upfront payment payable to Akeso in exchange for the rights to develop and commercialise ivonescimab in the United States, Canada, Europe and Japan.

In September 2022, the Company made capital contribution investments of \$75,283,815, \$40,500,000 and \$10,420,550 in Summit (Oxford) Limited, Summit Therapeutics Sub Inc. and Discuva Limited respectively. Accordingly, a capital contribution has been recorded in the Statement of Changes in Equity. No such transactions occurred during the year ended 31 December 2021.

**Capital contributions for share options recharge**

The charge for share-based payments financed by the Company and recognised in the form of a capital contribution in the accounts of the underlying subsidiaries.

**Impairment assessment of investments**

During the year ended 31 December 2022, the Company had an impairment assessment triggering event when the Group announced that it would seek partners or a divestiture of ridinilazole, the lead product candidate for treating patients suffering from *Clostridioides difficile* infection, also known as *C. difficile* infection, or CDI, as the path forward for the clinical development of the asset. As a result of this determination, the Group discontinued its only active study for ridinilazole, a pediatric clinical trial evaluating ridinilazole for treating adolescent patients with CDI. The Group is currently involved in activities related to closeout of ridinilazole clinical trials. These events led to a significant decrease in the Group's market capitalization. The intellectual property for ridinilazole resides in Summit (Oxford) Limited. Due to these events, management assessed the carrying amounts of its investment in Summit (Oxford) Limited in accordance with IAS 36 and concluded that the investment should be impaired in full and an impairment charge of \$267,870,552 was recorded in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****7 INVESTMENTS (continued)**

The Company had a further impairment assessment triggering event in respect of the year ended 31 December 2022, when the Group announced that in light of the significant change in the group's strategy and shift in focus to the therapeutic area of oncology (as discussed above), the Group is re-prioritizing its investments and financial resources towards the development of ivonescimab. It was also disclosed that this will result in reduced investment in the Group's infectious diseases programs, including reducing research and development employee compensation-related costs and facility-related costs incurred with respect to our laboratory and office space in Cambridge, UK. Due to these events, management assessed the carrying amounts of its investment in Discuva Limited in accordance with IAS 36 and concluded that the investment should be impaired down to the carrying value of the net assets of Discuva Limited. As such, an impairment charge of \$28,259,708 was recorded in the Statement of Comprehensive Income. Subsequently, an adjustment of \$6,649,363 was made in the Statement of Changes in Equity between accumulated losses and the merger reserve relating to the acquisition of Discuva Limited arising in a previous financial year.

During the year ended 31 December 2021, the Company had an impairment assessment triggering event when the Group announced its top-line results for the Phase III ridinilazole trial which led to a significant decrease in the Group's market capitalization. Due to this event, management assessed the carrying amounts of its investments in accordance with IAS 36 and concluded no impairment charge was needed.

See Note 8 'Prepayments and other receivables' for management's assessment of the carrying value of amounts owed by Group undertakings. See Note 11 'Subsidiaries' for a listing of the interests the Company had in subsidiaries at 31 December 2022.

**8 PREPAYMENTS AND OTHER RECEIVABLES**

	31 December 2022	31 December 2021
	\$	\$
Other receivables	4,701	5,392
Prepayments	-	23,817
Amount owed by group undertakings	680,149	41,492,283
	<u>684,850</u>	<u>41,521,492</u>

Amounts owed to the Company by Group undertakings are unsecured, interest free and repayable on demand.

In September 2022, the Company made capital contribution investments of \$75,283,815, \$40,500,000 and \$10,420,550 in Summit (Oxford) Limited, Summit Therapeutics Sub Inc. and Discuva Limited respectively. Subsequently, the Company agreed to set-off the payables of these amounts with amounts owed by the Group undertakings respectively. As such, amounts owed by Group undertakings of \$18,863,847, that had previously been impaired, were deemed recoverable and a reversal of previous impairment losses was recognised. No such transaction occurred for the year ended 31 December 2021. During 2022, the Company applied to dissolve Summit (Wales) Limited, a wholly-owned dormant subsidiary. As part of the financial close down of Summit (Wales) Limited, amounts owed by Group undertakings of \$1,335, that had previously been impaired, were deemed recoverable and a reversal of previous impairment losses was recognised.

Annually in accordance with IFRS 9 'Financial Instruments' management assesses the recoverability of the amounts owed to the Company by Group undertakings. As at 31 December 2021, Summit (Oxford) Limited had Phase III clinical trials with ridinilazole which closed out in August 2021 and the top-line results were presented in December 2021. An expected credit loss ('ECL') was based on the industry standard cumulative probabilities of achieving approval of 59.4%. Given there is still the possibility of approval by a regulatory authority, management concluded it was reasonable to impair the amounts owed by undertakings with Summit (Oxford) Limited by \$16,674,008. For Discuva Limited as at 31 December 2021, management assessed the ECL based on probability of taking a drug from preclinical to approval, which is 13.2%. As a result of this assessment, management concluded it was reasonable to impair the undertakings with Discuva Limited of \$2,189,839. As at 31 December 2022, management have concluded that there are no such impairments of the amounts owed to the Company by Group undertakings and, as noted above, the impairments of the undertakings with Summit (Oxford) Limited and Discuva Limited were reversed during 2022.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****9 TRADE AND OTHER PAYABLES**

	31 December 2022	31 December 2021
	\$	\$
Other creditors	3,511	3,511
Accruals	-	51,248
Amounts owed to group undertakings	-	57,011,778
	<u>3,511</u>	<u>57,066,537</u>

Amounts owed to Group undertakings are unsecured, interest free and payable on demand.

In September 2022, Summit Therapeutics Inc. made capital contribution investments in the Company of \$126,247,265, which included capitalising \$57,000,000 included in amounts owed to group undertakings as at 31 December 2021.

**10 CALLED UP SHARE CAPITAL**

	31 December 2022	31 December 2021
	\$	\$
<b>Authorised, allotted, called up and fully paid</b>		
414,284,511 (31 December 2021: 336,159,511) ordinary share of 1p each	<u>5,507,972</u>	<u>4,564,927</u>

On 22 December 2022, the Company agreed to allot 78,125,000 ordinary shares of 1p to Summit Therapeutics Inc. for \$300,000,000 consideration.

All new ordinary shares rank *pari passu* with existing ordinary shares.

**11 SUBSIDIARIES**

Company name	Country of Incorporation	Registered address	Percentage shareholding	Description
Summit (Oxford) Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	1,001 £1 ordinary shares
Discuva Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	832,244,257 ordinary 0.1p shares 1 Z ordinary 0.1p share
Summit Therapeutics Sub Inc.	United States of America	2882 Sand Hill Road, Suite 106, Menlo Park, California 94025, USA	100%	78,130,000 \$0.01 ordinary shares
Summit Corporation Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	1 £1 ordinary shares
Summit (Wales) Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	1,000 £1 ordinary shares
Summit (Cambridge) Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	109,599,000 ordinary 1p shares
Summit Discovery 1 Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	1,000 £1 ordinary shares
Summit Corporation Employee Benefit Trust Company Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	1 £1 ordinary shares
MuOx Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	20,000 £1 ordinary shares
Summit Infectious Diseases Limited	England and Wales	136A Eastern Avenue, Milton Park, OX14 4SB	100%	1,000 £1 ordinary shares

All subsidiary companies are directly held.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11 SUBSIDIARIES (continued)**

The principal activity of Summit (Oxford) Limited, Summit Therapeutics Sub Inc. and Discuva Limited is proprietary drug discovery research and development.

Summit Therapeutics Inc. (the ultimate parent undertaking) is incorporated in Delaware and operates from an office in Menlo Park, California. It is the Group's authorised representative in the United States.

Summit Discovery 1 Limited, Summit Corporation Employee Benefit Trust Company Limited, Summit Corporation Limited, Summit (Cambridge) Limited, Summit (Wales) Limited, MuOx Limited and Summit Infectious Diseases Limited are dormant companies.

**12 SHARE BASED PAYMENT**

The movement in the number of share options is set out below:

	Weighted average exercise price	Number
Outstanding at 1 January 2022	\$ 2.36	440,613
Number of options outstanding at 31 December 2022	<u>\$ 2.36</u>	<u>440,613</u>

  

	Weighted average exercise price	Number
Outstanding at 1 January 2021	\$ 2.70	695,159
Granted during the year	\$ 3.30	(104,546)
Lapsed during the year	\$ 3.30	(150,000)
Number of options outstanding at 31 December 2021	<u>\$ 2.36</u>	<u>440,613</u>

As at 31 December 2022, 290,613 share options were capable of being exercised (31 December 2021: 190,613). The options outstanding at 31 December 2022 had a weighted average exercise price of \$2.36 and a weighted average remaining contractual life of 4.4 years. Share based payment expense was recognised in the Statement of Comprehensive Income for the year ended 31 December 2022 of \$194,942 (year ended 31 December 2021: \$49,135).

The fair value per award granted and the assumptions used in the calculations are as follows:

Date of grant	Type of award	Number of shares	Exercise price (\$)	Share price at measurement date (\$)	Fair value per option (\$)	Award life Years	Risk free rate %
23 December 2019	Unapproved	200,000	1.37	1.37	0.49	4.0	0.5%
1 May 2020	Unapproved	27,273	3.30	3.30	2.05	5.5	0.1%
13 July 2020	Unapproved	200,000	3.16	3.16	2.01	6.3	0.0%
13 July 2020	Unapproved	13,340	3.16	3.16	1.91	5.2	0.0%
		<u>440,613</u>					

The key assumptions used in calculating the share-based payments are as follows:

- Black-Scholes valuation methodology was used for all share options.
- Figures in the range of 56-73% have been used for expected volatility. This has been derived from historic share price performance, weighted to exclude periods of unusually high volatility.
- Expected dividend yield is nil, consistent with the Directors' view that the Company's business model is to generate value through capital growth rather than the payment of dividends.
- The risk-free rate is equal to the prevailing UK Gilts rate at grant date that most closely matches the expected term of the grant.
- Share options are assumed to be exercised immediately on vesting.
- The fair value of options awarded where there are different vesting instalments is the average of the fair values calculated per instalment.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****12 SHARE BASED PAYMENT (continued)**

The movement in the number of restricted stock units ('RSUs') during the year ended 31 December 2021 is set out below:

	Weighted average exercise price	Number
Outstanding at 1 January 2021	£ 0.07	26,923
Vested/Exercised during the year	£ 0.07	(26,923)
Number of RSUs outstanding at 31 December 2021	£ -	-

There were no issuances of RSUs or transactions relating to RSUs during the year ended 31 December 2022. As at 31 December 2022, no RSUs were outstanding (31 December 2021: no RSUs). Share based payment expense recognised for the years ended 31 December 2022 and 2021, was \$nil.

**13 CAPITAL COMMITMENTS**

At 31 December 2022 the Company had capital commitments of \$nil, primarily due in the next year (31 December 2021: \$205,496).

**14 RELATED PARTY TRANSACTIONS**

As permitted by FRS 101 related party transactions with wholly owned members of Summit Therapeutics Inc have not been disclosed. The Company had no other related party transactions during the year ended 31 December 2022.

**15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent undertaking and controlling party is Summit Therapeutics Inc. which is incorporated in Delaware, United States and has a registered address of 2882 Sand Hill Road, Suite 106, Menlo Park, California 94025.

The Financial Statements of Summit Therapeutics Inc. are the smallest and largest group financial statements incorporating the Company. A copy of the Group Financial Statements can be obtained from the registered office of Summit Therapeutics Inc. or from the investor section of the ultimate parent company website, [www.summitxinc.com](http://www.summitxinc.com).