

**Report of the Directors and
Financial Statements
for the Year Ended
31 December 2020
for
TRACR Hematology Limited**

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COMPANIES HOUSE

Kirk Rice LLP
Accountants and Registered Auditors
The Courtyard
High Street
Ascot
Berkshire
SL5 7HP

TRACR Hematology Limited

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for the Year Ended 31 December 2020**

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TRACR Hematology Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

Prof. R Novak
M Tomsicek

REGISTERED OFFICE:

The Old Bakehouse
Course Road
Ascot
Berkshire
SL5 7HL

REGISTERED NUMBER:

08859577 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Graham Jennings

AUDITORS:

Kirk Rice LLP
Accountants and Registered Auditors
The Courtyard
High Street
Ascot
Berkshire
SL5 7HP

TRACR Hematology Limited

Report of the Directors for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

REVIEW OF BUSINESS

TRACR Hematology Limited, is a biopharmaceutical company and is part of a group that is focused on translating CRISPR-Cas9 gene-editing technology into transformative medicines for serious human diseases. The company incurred costs in the period for licenses relating to the use of CRISPR-Cas9 for the treatment of hemoglobinopathies.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

Prof. R Novak has held office during the whole of the period from 1 January 2020 to the date of this report.

Other changes in directors holding office are as follows:

J Jones - resigned 30 June 2020

M Tomsicek - appointed 30 June 2020

POST BALANCE SHEET EVENTS

In June 2021, the board decided to proceed with the liquidation of TRACR Hematology Ltd ("TRACR"). All the assets of the company are to be transferred to its parent company, CRISPR Therapeutics AG ("CRISPR AG"), at fair market value in exchange for an inter-company note ("Note") and then TRACR will distribute the Note to CRISPR AG. After which TRACR will be formally liquidated. This is expected to be finalised by December 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

TRACR Hematology Limited

**Report of the Directors
for the Year Ended 31 December 2020**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Michael Tomsicek
.....
M Tomsicek - Director

Date: 28/09/2021
.....

Report of the Independent Auditors to the Members of TRACR Hematology Limited

Opinion

We have audited the financial statements of TRACR Hematology Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 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.

Emphasis of matter

We draw attention to the disclosure made in Note 2 to the financial statements, which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

Report of the Independent Auditors to the Members of TRACR Hematology Limited

Matters on which we are required to report by exception (continued)

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 a Report of the Auditors 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:

Detecting irregularities

Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken by management and by service organisations, and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit risks and planned our audit approach accordingly.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006 and FRS 102.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- Agreement of the financial statements disclosures to underlying supporting documentation;
- Making enquiries of service organisations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

**Report of the Independent Auditors to the Members of
TRACR Hematology Limited**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Kirk Rice LLP

Graham Jennings (Senior Statutory Auditor)
for and on behalf of Kirk Rice LLP
Accountants and Registered Auditors
The Courtyard
High Street
Ascot
Berkshire
SL5 7HP

Date: 29/09/2021

TRACR Hematology Limited

**Income Statement
for the Year Ended 31 December 2020**

	Notes	31.12.20 £	31.12.19 £
TURNOVER		-	-
Administrative expenses		<u>67,392</u>	<u>396,743</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(67,392)	(396,743)
Tax on loss	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(67,392)</u>	<u>(396,743)</u>

The notes form part of these financial statements

TRACR Hematology Limited

**Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	31.12.20 £	31.12.19 £
LOSS FOR THE YEAR		(67,392)	(396,743)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(67,392)</u>	<u>(396,743)</u>

The notes form part of these financial statements

TRACR Hematology Limited (Registered number: 08859577)

Statement of Financial Position
31 December 2020

	Notes	31.12.20 £	£	31.12.19 £	£
FIXED ASSETS					
Intangible assets	5		1		1
CURRENT ASSETS					
Debtors	6	6		6	
CREDITORS					
Amounts falling due within one year	7	<u>1,494,617</u>		<u>1,427,225</u>	
NET CURRENT LIABILITIES			<u>(1,494,611)</u>		<u>(1,427,219)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,494,610)</u>		<u>(1,427,218)</u>
CAPITAL AND RESERVES					
Called up share capital	8		6		6
Retained earnings	9		<u>(1,494,616)</u>		<u>(1,427,224)</u>
SHAREHOLDERS' FUNDS			<u>(1,494,610)</u>		<u>(1,427,218)</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 28/09/2021 and were signed on its behalf by:

.....
M Tomsicek - Director

TRACR Hematology Limited

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	6	(1,030,481)	(1,030,475)
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(396,743)</u>	<u>(396,743)</u>
Balance at 31 December 2019	<u>6</u>	<u>(1,427,224)</u>	<u>(1,427,218)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(67,392)</u>	<u>(67,392)</u>
Balance at 31 December 2020	<u><u>6</u></u>	<u><u>(1,494,616)</u></u>	<u><u>(1,494,610)</u></u>

The notes form part of these financial statements

TRACR Hematology Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

TRACR Hematology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Not on a going concern basis

The directors consider that the company will not continue as a going concern, as the company is planned to be formally liquidated by 31 December 2021.

Intangible fixed assets

Intangible fixed assets are costs incurred with a licence to perform research and development and are capitalised at cost. After initial recognition, intangible assets are measured at cost less any accumulated impairment losses. The carrying value of intangibles are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable, and then written down to their recoverable amount. The recoverable amount is the higher of its fair value less cost to sell and its value in use.

Intangible assets comprise of patent and licence costs. They are capitalised at cost. However, given the nature and uncertainty of these assets, the directors believe that both value in use and fair value less cost to sell are close to zero, so immediately impair to a nominal holding of £1.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

3. OPERATING LOSS

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

	31.12.20	31.12.19
	£	£
Patents and licences amortisation	-	316,111
Auditor remuneration	9,730	9,574
Foreign exchange differences	<u>(25,599)</u>	<u>(39,708)</u>

4. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

TRACR Hematology Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

5. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2020	708,425
Additions	<u>70,686</u>
At 31 December 2020	<u>779,111</u>
AMORTISATION AND IMPAIRMENT	
At 1 January 2020	708,424
Impairments	<u>70,686</u>
At 31 December 2020	<u>779,110</u>
NET BOOK VALUE	
At 31 December 2020	<u><u>1</u></u>
At 31 December 2019	<u><u>1</u></u>

The company has impaired the net book value of Intangible fixed assets to £1 in view of the upcoming hive up to CRISPR Therapeutics AG and the subsequent liquidation of the company.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Called up share capital not paid	<u>6</u>	<u>6</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Trade creditors	4,487	912
Amounts owed to group undertakings	1,481,790	1,419,363
Accrued expenses	<u>8,340</u>	<u>6,950</u>
	<u><u>1,494,617</u></u>	<u><u>1,427,225</u></u>

8. CALLED UP SHARE CAPITAL

Allotted and issued:				
Number:	Class:	Nominal	31.12.20	31.12.19
		value:	£	£
5,600	Ordinary	0.001	<u>6</u>	<u>6</u>

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

TRACR Hematology Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2020

9. RESERVES

	Retained earnings £
At 1 January 2020	(1,427,224)
Deficit for the year	<u>(67,392)</u>
At 31 December 2020	<u>(1,494,616)</u>

10. POST BALANCE SHEET EVENTS

In June 2021, the board decided to proceed with the liquidation of TRACR Hematology Ltd ("TRACR"). All the assets of the company are to be transferred to its parent company, CRISPR Therapeutics AG ("CRISPR AG"), at fair market value in exchange for an inter-company note ("Note") and then TRACR will distribute the Note to CRISPR AG. After which TRACR will be formally liquidated. This is expected to be finalised by December 2021.

11. ULTIMATE CONTROLLING PARTY

CRISPR Therapeutics AG (incorporated in Switzerland) is regarded by the directors as being the company's ultimate parent company.

12. PARENT COMPANY

CRISPR Therapeutics AG, a company incorporated in Switzerland, is the parent company, by virtue of holding 100% of the issued share capital of the company and is also the parent of the smallest group for which consolidated financial statements are drawn up, of which CRISPR Therapeutics Limited is a member. CRISPR Therapeutics AG draws up the consolidated financial statements and its address is Aeschenvorstadt 36, CH-4051, Basel, Switzerland.