Registered number: 10167668

ACHILLES THERAPEUTICS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

Achilles Therapeutics UK Limited
Annual report and financial statements
Contents

COMPANY INFORMATION

Directors
Iraj Ali
Robert Coutts

Company secretaries
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Independent auditor
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245 Hammersmith Road
London
W6 8PW

Registered number
10167668

Achilles Therapeutics UK Limited
Registered number: 10167668
Strategic Report

All references in this Annual Report to "Achilles," the "Company", "we," "us" and "our" refer to Achilles Therapeutics UK Limited. The Company was incorporated on 6 May 2016. The Company is a wholly owned subsidiary of Achilles Therapeutics Holdings Limited, which in turn is a wholly owned subsidiary of Achilles Therapeutics plc, or the "Parent Company", a public limited company listed on the Nasdaq Global Select Market, or "Nasdaq". These companies, together with the US operating entity, Achilles Therapeutics US, Inc., form the Achilles Group, or the "Group". Achilles Therapeutics UK Limited is the UK operating entity of the Group. The Directors present their Strategic Report on the affairs of the Company for the year ended 31 December 2023.

Principal Activities

We are a clinical stage immuno-oncology biopharmaceutical company developing precision T cell therapies to treat multiple types of solid tumors. We are focused on advancing cancer therapies through our pioneering work in the field of tumor evolution and our belief that clonal neoantigens represent the most specific class of cancer cell targets and address a long standing and fundamental issue in oncology drug development, how to target tumor cells and spare healthy tissue. Our platform enables us to identify mutations formed early in the development of a cancer that give rise to antigens that are expressed by all of a patient's cancer cells but are absent from healthy tissue, something that has not been possible until now. We refer to this novel class of solid tumor targets as clonal neoantigens. To identify clonal neoantigens in a patient, we have developed a proprietary AI-powered bioinformatics platform called PELEUS, which is based on the patented ClonalX module. This platform employs advanced computational methods with AI and machine learning and is not limited to *in-silico* prediction but has been validated with real world patient tumor genetic data derived from our exclusive commercial license to data from the TRACERx study, which analyzed tumor samples from 814 non-small cell lung cancer, or NSCLC, patients. Once we have identified the clonal neoantigens, our proprietary manufacturing process, VELOS, uses the patient's T cells and blood-derived dendritic cells to create a clonal neoantigen-reactive T cell, or cNeT, therapy that specifically targets multiple clonal neoantigens to eradicate the tumor or tumors. Furthermore, the clonal neoantigens identified by PELEUS can be targeted with a number of different therapeutic modalities beyond cNeT from our current VELOS process, including mRNA-based vaccines, TCR-T, and clonally activated T cells sourced from patients' blood.

General Business Review
During the period Achilles continued investing in the research and development of T cell based therapies advancing our clinical programmes in NSCLC and melanoma. As the Company is in a research and development phase, we do not capitalise these costs and have reported a loss for the financial year ended 31 December 2023 totalling £56.1M. The loss for the year ended December 2022 was £58.0M.

The team that is being built to support this research and development encompasses specialists in the fields of scientific research, translational development, GMP manufacturing, clinical operations and business development.

Key Performance Indicators
The Directors and Management regularly review the Company's total liquidity position and gross monthly cash burn as part of the management of overall liquidity, financial flexibility and capital structure. Total liquidity is the total cash at bank and gross monthly cash burn rate is defined as cash-flows before financing income. At 31 December 2023 the total liquidity position was £30.5M (Dec 2022: £38.4M) and the average monthly cash burn was £3.5M (Dec 2022: £4.0M).

Principal Risks and Uncertainties

The Company's ability to implement its business strategy is subject to numerous material and other risks. These risks include, among others:

Risks Related to our Financial Position and Capital Needs

- We have incurred significant losses since inception, and we expect to incur losses over the next several periods and may not be able to achieve or sustain revenues or profitability in the future.
- We will need substantial additional funding to achieve our goals, and a failure to raise additional capital when needed on acceptable terms, or at all, could force us to delay, reduce or eliminate our product development programs or commercialisation efforts.

Risks Related to the Development of our Programs

- We are early in our development efforts. Our business is dependent on the successful development of ATL001 and future product candidates. If we are unable to advance our current programs, additional follow-on indications for ATL001 or any future product candidates into and through clinical trials, obtain marketing approval and ultimately commercialise some, any or all of the product candidates we develop, or experience significant delays in doing so, our business will be materially harmed.
- Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future clinical trial results. We may encounter substantial delays in clinical trials, or may not be able to conduct or complete clinical trials on the expected timelines, if at all. If our research activities and clinical trials are not sufficient to support regulatory development and approval of some, all or any of our programs for ATL001 or any future product candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such program or product candidate.
- Our business is highly dependent on the success of our product candidate, ATL001, which was developed based on our PELEUS AI-powered platform and utilising our VELOS manufacturing process. All of our future product candidates are based, or will be based, on the same technologies and the failure of ATL001 may adversely affect their development.
- ATL001 or any of our future product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, require expansion of the trial size, limit their commercial potential, or result in significant negative consequences.

Risks Related to our Approach to Product Development

- Our approach to the identification and manufacture of product candidates represents a novel approach to cancer treatment, which creates significant challenges for us. Generation of any cellular therapy, including our clonal neoantigen-reactive T-cell therapy, or cNeT, that specifically targets multiple clonal neoantigens to eradicate the tumor of an individual patient requires several weeks, in part reflecting the need to generate patient-specific genomic data and perform the bioinformatic analyses prior to initiation of manufacture. During the period from procurement of tumor and blood to completion of manufacturing, patients continue to receive standard of care therapies. In cases where disease progression is rapid, clinical deterioration of a patient's condition during the manufacturing period may mean that the patient is no longer able to receive our cNeT.

Risks Related to Manufacturing and Supply

- We have no experience manufacturing ATL001 at commercial scale. Manufacturing and administering ATL001 is complex and we may encounter difficulties in production, particularly

with respect to scaling up our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our cNeT for clinical trials or for commercial purposes could be delayed or stopped.

- Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, trade restrictions, increases in the cost of raw materials or disruptions at a key supplier which could seriously harm our development efforts, increase our costs and expenses and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Sales, Marketing and Competition

- We face substantial competition, which may result in others discovering, developing or commercialising products before or more successfully than we do.

Risks Related to Protecting our Intellectual Property

- If we fail to comply with our current or future obligations in any agreements under which we may licence intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our current or future licensors, we could lose licence rights that are important to our business.
- If we are unable to obtain and maintain sufficient patent and other intellectual property protection for ATL001 and any future product candidates and technologies, our competitors could develop and commercialise products and technologies similar or equivalent to ours, and we may not be able to compete effectively in our market or successfully commercialise any product candidates we may develop.

Risks Related to our Business Operations and Growth

- We will need to grow the size of our organisation, and we may experience difficulties in managing this growth.
- Geopolitical events and disruptions of global financial markets, including as a result of the COVID-19 pandemic, the ongoing military conflict between Russia and Ukraine and the related sanctions imposed against Russia, the unrest in the Middle East resulting from Israel's ongoing war against Hamas and other global macroeconomic factors such as inflation, increases in commodity prices, energy and fuel prices, credit and capital markets instability and supply chain interruptions could reduce our ability to access capital, which could, in the future, negatively affect our business.

Brexit Risk

On June 2016, the electorate in the UK voted in favor of leaving the EU (commonly referred to as "Brexit") and the UK officially withdrew from the EU on January 31, 2020. Pursuant to the formal withdrawal arrangements agreed between the UK and the EU, the UK was subject to a transition period until December 31, 2020, during which EU rules continued to apply. The EU and the UK have since concluded a trade and cooperation agreement, or TCA, which was provisionally applicable since January 1, 2021 and has been formally applicable since May 1, 2021. The TCA includes specific provisions concerning pharmaceuticals, which include the mutual recognition of GMP, inspections of manufacturing facilities for medicinal products and GMP documents issued, but does not provide for wholesale mutual EU legislation on the marketing, promotion and sale of medicinal products through the Human Medicines Regulations 2012 (as amended) (under the Northern Ireland Protocol, the EU regulatory framework continues to apply in Northern Ireland). The regulatory regime in Great Britain therefore largely aligns with current EU medicines regulations, however it is possible that these regimes will diverge in future now that Great Britain's regulatory system is independent from the EU and the TCA does not provide for mutual recognition of UK and EU pharmaceutical legislation. For example, the new Clinical Trials Regulation which became effective in the EU on January 31, 2022 has not been implemented into UK law, and a separate application will need to be submitted for clinical trial authorisation in the UK. However, notwithstanding that there is no wholesale recognition of EU pharmaceutical legislation under the TCA, under a new framework mentioned below which will be put in place by the MHRA from January 1, 2024, the MHRA has stated that it will take into account decisions on the approval of marketing authorizations from the EMA (and certain other regulators) when considering an application for a Great Britain marketing authorization.

On February 27, 2023, the UK government and the European Commission announced a political agreement in principle to replace the Northern Ireland Protocol with a new set of arrangements, known as the "Windsor Framework". This new framework fundamentally changes the existing system under the Northern Ireland Protocol, including with respect to the regulation of medicinal products in the UK. In particular, the MHRA will be responsible for approving all medicinal products destined for the UK market (i.e., Great Britain and Northern Ireland), and the EMA will no longer have any role in approving medicinal products destined for Northern Ireland. A single UK-wide marketing authorization will be granted by the MHRA for all medicinal products to be sold in the UK, enabling products to be sold in a single pack and under a single authorization throughout the UK. The Windsor Framework was approved by the EU-UK Joint Committee on March 24, 2023, so the UK government and the EU will enact legislative measures to bring it into law. On June 9, 2023, the MHRA announced that the medicines aspects of the Windsor Framework will apply from January 1, 2025.

The MHRA has introduced changes to national licensing procedures, including procedures to prioritize access to new medicines that will benefit patients, an accelerated assessment procedure and new routes of evaluation for novel products and biotechnological products. All existing EU marketing authorisations for centrally authorized products were automatically converted (grandfathered) into UK marketing authorizations free of charge on January 1, 2021. Until January 1, 2024, the MHRA may rely on a decision taken by the European Commission on the approval of a new marketing authorisation in the centralised procedure, in order to more quickly grant a new Great Britain marketing authorisation. The MHRA will put in place a new international recognition framework from January 1, 2024, which will have regard to decisions on the approval of marketing authorizations made by the EMA and certain other regulators when determining an application for a new Great Britain marketing authorization. There is now no pre- marketing authorization orphan designation in Great Britain. Instead, the MHRA reviews applications for orphan designation in parallel to the corresponding MAA. The criteria are essentially the same, but have been tailored for the Great Britain market, i.e., the prevalence of the condition in Great Britain (rather than the EU) must not be more than five in 10,000. Should an orphan designation be granted, the period of market exclusivity will be set from the date of first approval of the product in Great Britain.

As the EU MDR and EU IVDR became fully applicable after January 1, 2021, they will not apply to Great Britain. Instead, the Medical Devices Regulations 2002, or UK MDR, will apply. As updated to apply since Brexit, the UK MDR has introduced several changes including (but not limited to) replacing the

CE mark with a UKCA, requiring manufacturers outside of the UK to appoint a "UK Responsible Person" if they place devices on the Great Britain market and more wide-ranging device registration requirements. However, on June, 30 2023, the UK Government introduced legislation, confirming that, subject to certain conditions, general medical devices compliant with the EU MDD with a valid declaration and CE mark can be placed on the Great Britain market up until the sooner of the expiry of the CE certificate or June 30, 2028. It was also confirmed that, subject to certain conditions, in vitro diagnostic medical devices compliant with the EU IVDD with a valid declaration and CE mark can be placed on the Great Britain market up until the sooner of the expiry of the CE certificate or June 30, 2030

Following a public consultation on proposed changes to the UK's medical device regulations, the response to which was published on June 26, 2022, the MHRA confirmed that it would bring about changes to the current regulations applicable in Great Britain. It is anticipated that the core aspects of the future regime will now apply from July 1, 2025dquartered in the UK, it is possible that the continued effects of Brexit may impact some or all of our current operations. For example, now the transition period has ended, Brexit will impact our ability to freely move employees from our headquarters in the UK to other locations in Europe and the ability of European healthcare practitioners to move freely to the UK in order to complete part of their training or work on our clinical trials there. In addition, we intend to continue to manufacture our cNeT product candidates at our two UK manufacturing sites, the Royal Free Hospital and the Cell and Gene Therapy Catapult. Manufacturing product candidates in the UK could, now the Brexit transition period has expired, affect the clearance or timing of the release of our clinical trial materials out of the UK. Any such delays could result in our clinical trial sites outside of the UK not having sufficient clinical trial materials and could adversely affect the timing and completion of our clinical trials.

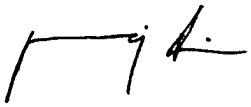
Financial Risk Management

The Group's finance department has policies and procedures which are reviewed as operations change in size and nature to manage the Group's exposure to credit, foreign exchange and liquidity risk. The Company has no significant off-balance sheet risk or concentration of credit risk, such as foreign exchange contracts, options contracts, or other foreign hedging arrangements, and currently has no ongoing material financing commitments such as lines of credit or guarantees, that are expected to affect liquidity over the next five years, other than our lease obligations and supplier purchase commitments. To meet its obligations to suppliers in US Dollar the Company holds sufficient reserves in US Dollar. Unrealised foreign exchange losses recognised in the statements total £104,252 in the year ended 31 December 2023 (gains of £583,537 for the year ended 31 December 2022).

Events after the reporting period

The Directors have considered events that occurred after the reporting period and before signing of the financial statements, there were no further events deemed material for further disclosure.

This report was approved by the Board on 3 April 2024 and signed on its behalf.



Dr. Iraj Ali
Chief Executive Officer
12 April 2024

Achilles Therapeutics UK Limited
Registered number: 10167668
Directors' Report

Directors
The directors who held office during the year were as follows:
Iraj Ali
Robert Coutts

Political Contributions
The Company did not make any political donations or incur any political expenditure during the year or prior year.

Statement on dividends
The Directors do not recommend the payment of a dividend for the period ended 31 December 2023 (2022: nil).

Directors' Indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year through the directors and officers insurance and remain in force at the date of this report.

Disclosure of information to auditor
In the case of each Director in office at the date the Financial Statements 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 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 confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

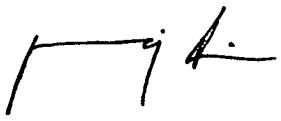
Going Concern
The Directors have considered the going concern status of the Company. Further details on this can be found at note 2.3 of the accounting policies.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Events after the reporting period
The Directors have considered events that occurred after the reporting period and before signing of the financial statements and considered these events not to have a material impact on the understanding of the financial statements for the year ended 31 December 2023. Further detail on events after the reporting period can be found at note 23 in the Notes to the financial statements.

Information set out in the Strategic Report
Pursuant to Paragraph 1A of Schedule 7, Large and Medium-sized Regulations 2008, information regarding future developments, research and development expenditure and financial instruments is set out in the Strategic Report.

This report was approved by the Board on 3 April 2024 and signed on its behalf.



Dr. Iraj Ali
Chief Executive Officer
245 Hammersmith Road
London
W6 8PW
12 April 2024

Achilles Therapeutics UK Limited
Registered number: 10167668

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Achilles Therapeutics UK Limited
Registered number: 10167668
Independent auditor's report to the members of Achilles Therapeutics UK Limited

Opinion

We have audited the financial statements of Achilles Therapeutics UK Limited ("the Company") for the year ended 31 December 2023, which comprise the Balance Sheet, the Profit and Loss Account, the Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected, or alleged fraud.
- Reading Board of Directors, Audit Committee, Research and Development Committee and Remuneration Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management personnel and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries based on risk criteria and comparing the identified entries to supporting documentation. These include entries posted to certain accounts or pairings of non – related accounts.
- Evaluating the business purpose of significant unusual transactions, if any.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate.

We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, human medicine legislation, regulatory capital and liquidity and certain aspects of company legislation recognizing the financial and regulated nature of the Company's

activities and its legal form. Auditing standards limit the required audit procedures to identify non – compliance with these laws and regulations to enquiry of the Directors and other Management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery; intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those report and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report.
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Shirley Rogan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
United Kingdom
RG1 3AD
12 April 2024

Achilles Therapeutics UK Limited

Profit and Loss Account
for the year ended 31 December 2023

	Note	Year Ended 2023 £	Year Ended 2022 £
Other operating income		901,669	349,213
Operating expenses		(65,825,476)	(71,557,499)
Group operating loss	**4,5,6**	(64,923,807)	(71,208,286)
Interest receivable	**7**	1,341,329	549,393
Loss before taxation		(63,582,478)	(70,658,893)
Tax on loss	**8**	7,472,455	12,619,733
Loss for the financial year		(56,110,022)	(58,039,160)

The notes on pages 19 to 31 form part of these financial statements.

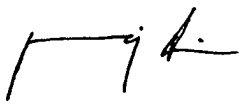
All amounts relate to continuing operations.

Achilles Therapeutics UK Limited
Balance Sheet
as at 31 December 2023

	Note		Year Ended 2023 £		Year Ended 2022 £
Non current assets					
Intangible assets	9		234,905		142,717
Tangible assets	10		6,611,302		9,559,467
Investments	11		-		-
			6,846,207		9,702,184
Current assets					
Debtors including £1,308,012 (2022: £1,988,330) due after more than one year	12	11,613,615		19,670,758	
Cash at bank and in hand	13	30,462,115		38,445,636	
		40,075,730		58,116,394	
Creditors: amounts falling due within one year	14		(10,909,390)		(11,850,818)
Net current assets			31,166,340		46,265,576
Total assets less current liabilities			38,012,547		55,967,760
Provisions for liabilities					
Asset retirement obligation	15		(797,117)		(770,961)
Net assets			37,215,430		55,196,799
Capital and reserves					
Called up share capital	17		1,274		1,244
Share premium	18		43,087,465		9,252,714
Profit and loss account			(21,234,435)		34,875,587
Other reserves			15,361,126		11,067,254
Shareholders' funds			37,215,430		55,196,799

The notes on pages 19 to 31 form part of these financial statements.

The financial statements of Achilles Therapeutics UK Limited (registered number 10167668) were approved by the Board of Directors and authorised for issue on 3 April 2024. They were signed on its behalf by:



Dr. Iraj Ali
Chief Executive Officer

Achilles Therapeutics UK Limited
Statement of Changes in Equity

	Called up share capital	Share premium	Capital Redemption Reserve	Share Based Payment Reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	1,234	-	15	6,645,610	92,914,747	99,561,606
Comprehensive income for the year						
Loss for the financial year	-	-	-	-	(58,039,160)	(58,039,160)
Total comprehensive income for the year	-	-	-	-	(58,039,160)	(58,039,160)
Transactions with owners, recorded directly in equity						-
Capital issued	10	9,252,714	-	-	-	9,252,724
Share-based payment expense		-	-	4,421,629	-	4,421,629
At 31 December 2022	1,244	9,252,714	15	11,067,239	34,875,587	55,196,799

	Called up share capital	Share premium	Capital Redemption Reserve	Share Based Payment Reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2023	1,244	9,252,714	15	11,067,239	34,875,587	55,196,799
Comprehensive income for the year						
Loss for the financial year	-	-	-	-	(56,110,022)	(54,017,785)
Total comprehensive income for the year	-	-	-	-	(56,110,022)	(54,017,785)
Transactions with owners, recorded directly in equity						
Capital issued	30	33,834,751	-	-	-	33,834,781
Share-based payment expense	-	-	-	4,293,872	-	4,293,872
At 31 December 2023	1,274	43,087,465	15	15,361,111	(21,234,435)	39,307,667

The notes on pages 19 to 31 form part of these financial statements.

1. Company information

Achilles Therapeutics UK Limited is a private company limited by shares and is incorporated and registered in England and Wales. The registered number is 10167668 and the registered address is 245 Hammersmith Road, London, W6 8PW. The business of the Company is research and development in the field of biopharmaceuticals.

Achilles Therapeutics UK Limited is part of the Achilles Group including Achilles Therapeutics plc (formerly Achilles TX Limited), Achilles Therapeutics Holding Limited and Achilles Therapeutics US, Inc., which was a direct subsidiary of the Company as at 31 December 2020. The subsidiary entity was distributed by way of dividend-in-specie to Achilles Therapeutics Holdings Limited on 26 February 2021. The Company has no subsidiary entities as at 31 December 2023 and these financial statements present information about the Company as an individual undertaking.

2. Accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound unless otherwise stated.

The Company's ultimate parent undertaking, Achilles Therapeutics plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Achilles Therapeutics plc are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are available to the public and may be obtained from 245 Hammersmith Road, London, W6 8PW. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Certain disclosures required by FRS 102.26 Share-based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

2.2 Measurement convention

The financial statements are prepared on the historical cost basis.

2.3 Going concern

The Company reported Cash and cash equivalents of £30.5M and net current assets of £31.2M as at 31 December 2023, with a loss for the year ended 31 December 2023 of £56.1M. The Company has historically been loss-making and anticipates that it will continue to incur losses for the foreseeable future. The Company expects to continue to incur operating losses and negative cash outflows until such time as it generates a level of revenue that is sufficient to support its cost structure.

The Company continues to assess the impact of the disruption of global financial markets, including as a result of global health concerns or pandemics, global economic uncertainty and geo-political events, including the war between Russia and Ukraine and the unrest in the Middle East resulting from Israel's ongoing war against Hamas and other global macroeconomic factors such as inflation, increases in commodity prices, energy and fuel prices, credit and capital markets instability and supply chain

interruptions could reduce our ability to access capital, which could, in the future, negatively affect our business.

Geopolitical events, including the ongoing conflict between Russia and Ukraine and the unrest in the Middle East resulting from Israel's ongoing war against Hamas, have created global economic uncertainty. This has led to significant increases in commodity prices, energy and fuel prices, credit and capital market instability and supply chain interruptions which have led to increasing inflation. This may in turn adversely impact the Company's ability to deliver its goals.

The Company is dependent on the parental support provided by Achilles Therapeutics plc, the Parent Company, to support its continued status as a going concern.The Directors have reviewed the financial projections of the Parent Company for the twelve months subsequent to the date of issuance of these financial statements including consideration of severe but plausible scenarios that may affect the Parent Company in that period. These show that the Parent Company will be able to continue to support the Company following the date of signing of the financial statements and for the period considered by the forecast

Accordingly, the financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realisation of assets and settlement of liabilities and commitments as they fall due in the ordinary course of business for at least 12 months from the date of issuance of the financial statements.

2.4 Research and development
Expenditure on research activities is recognised in the profit and loss account as an expense in the period in which it is incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends, and has the technical ability and sufficient resources, to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

2.5 Grant Income
Government grants are included within accruals and other creditors in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading Other operating income.

2.6 Intangible assets
Intangible assets are stated at cost less amortisation. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life is as follows:

Software	over 3 years

The Company assesses intangibles for impairment whenever events or changes in circumstances indicate that the carrying value of an intangible may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the intangible, the intangible is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

2.7 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Office equipment & computers	over 3 years
Leasehold improvements	over the shorter of the useful life or the lease term, or to the first break if exercise is uncertain
Fixtures & fittings	over 5 years
Lab equipment	over 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

2.8 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the profit and loss account. All differences are taken to the profit and loss account in the period in which they arise.

2.9 Share Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Share-based payments

The financial effect of awards by the Parent Company of share options and other equity-based awards to the employees of Achilles Therapeutics UK Limited are recognised by the Parent Company in its individual financial statements. In particular, the Parent Company initially records a debit to the investment value of the subsidiary holding entity, Achilles Therapeutics Holdings Limited, with a corresponding credit to the Share Based Payment Reserve. Achilles Therapeutics Holdings Limited records a debit to the investment value of Achilles Therapeutics UK Limited, with a corresponding credit to the Share Based Payment Reserve. The expense associated with equity-based awards for employees of Achilles Therapeutics UK Limited is recognised in the Company's profit and loss account, with a corresponding credit to the Share Based Payment Reserve.

Prior to the distribution of Achilles Therapeutics US, Inc. to Achilles Therapeutics Holdings Limited on 26 February 2021, the effect of equity-based awards settled for employees of the US subsidiary were recognised as a debit to the investment in subsidiary value of Achilles Therapeutics US, Inc.

The share-based expense for equity awards is based on the grant date fair value of the award, which may include share options and restricted Ordinary Shares. For equity awards that vest based on a service condition, the share-based compensation expense is recognised on a straight-line basis over the requisite service period. The total amount to be expensed over the vesting year is determined by

reference to the fair value of the options granted and assumptions about the number of options that are expected to vest. The Company has estimated expected forfeiture rates for share options based on historic employee data and this has been considered in the expense for the period. For equity awards with performance conditions, the Company recognises share-based compensation expense using a straight-line basis over the requisite service period when the achievement of a performance-based milestone is probable, based on the relative satisfaction of the performance condition as of the reporting date. The Company uses the fair value of its Ordinary Shares to determine the fair value of employee shares awarded to employees and directors.

There have been no performance conditions attached to the share options granted by the Company to date. The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model, which uses our ordinary shares, the expected term of our share options, the risk-free interest rate for a period that approximates the expected term of our share options and our expected dividend yield.

Given the absence of an active market for the Parent Company's ordinary shares prior to the IPO, the Parent Company estimated the fair value of its ordinary shares with input from an independent third-party valuation specialist. The Parent Company's valuations of ordinary shares were prepared using either a market approach based on precedent transactions in the ordinary and preferred shares or a market adjusted equity value method to estimate the Company's total equity value, and using an option-pricing backsolve method ("OPM") to allocate the equity value to each class of the Company's securities. In some cases, the Company determined that there were no significant events occurring between a prior valuation date and a subsequent grant. As such, in these cases the Company used the most recent share price valuation as an input to the determination of share-based compensation. After IPO, the fair value of ordinary shares is determined by reference to the closing price of ADSs on the Nasdaq Global Select Market on the date of grant.

2.11 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Deferred tax assets and liabilities are not discounted.

2.12 Employee benefits

Employee benefit costs, notably holiday pay, are charged to the profit and loss on an accruals basis.

2.13 Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

2.14 Pensions

The Company operates a defined contribution pension scheme for its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Amounts not paid are shown as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Financial instruments
The Company only enters into basic financial instruments transactions which result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is charged to the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.16 Debtors
Short term debtors are recognised initially at transaction price plus attributable transaction costs, less any impairment.

2.17 Creditors
Short term trade creditors are recognised initially at transaction price less attributable transaction costs.

2.18 Interest Receivable
Interest receivable is equal to the interest due from but not received from financial institutions as at the financial year end.

2.19 Asset retirement obligation
As part of its property leasing arrangements, the Company has an obligation to return property to its original condition on completion of the lease. Where the Company has conducted significant leasehold improvements it has an obligation to remove these improvements. The present value of the expected cost is capitalised as part of the leasehold improvement asset. The provision is expected to be utilised at the end of the lease.

2.20 Cash and cash equivalents
Cash and cash equivalents comprise cash and short term deposits. The carrying amount of these assets is approximately equal to their fair value.

3. Critical judgements and key sources of estimation uncertainty in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the other judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Fair value of share based compensation

The determination of share based compensation expense requires numerous estimates and judgements. The estimated fair value of the share awards has been determined by a Committee of the Board as of the date of each option grant, with input from a third-party expert.

Clinical accruals

Clinical accruals relate to the status of clinical trial activity at hospitals and clinical research organisations and typically there is a significant delay between the expenditure and the receipt of supplier invoices. When estimating accruals for research and development expenses the Company analyses progress of the preclinical activities or clinical trials, including the phase or completion of services performed relative to invoices received and contracted costs.

4. Expenses and auditor's remuneration

	Year Ended 2023 £	Year Ended 2022 £
Included in profit/ loss are the following:		
Loss/(gain) on disposal of fixed assets	1,375	(10,302)
Depreciation of owned fixed assets	3,623,796	3,081,496
Impairment of fixed assets	-	5,538,249
Amortisation of intangibles	2,299	10,907
Operating lease rentals - plant and machinery	20,699	22,217
Operating lease rentals - land and building	3,888,067	3,975,936
Research and development expenditure	46,414,923	45,854,056
Foreign exchange loss/ (gain)	104,252	(583,537)

Auditor's remuneration

	Year Ended 2023 £	Year Ended 2022 £
Auditor's remuneration for audit services	40,000	40,000
	40,000	40,000

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Achilles Therapeutics plc. There was no auditor remuneration in relation to other audit related services.

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Year Ended 2023 Number	Year Ended 2022 Number
Research and development	193	222
Management and administration	30	39
	223	261

The aggregate payroll costs of these persons were as follows:

	Year Ended 2023 £	Year Ended 2022 £
Wages and salaries	16,074,981	17,924,333
Social security costs	1,927,857	2,197,880
Defined pension contributions	1,842,267	1,865,122
Other benefits	340,025	300,074
	20,185,130	22,287,409

6. Directors' remuneration

	Year Ended 2023 £	Year Ended 2022 £
Directors' remuneration	765,036	769,596
Amounts receivable under long term incentive schemes	1,352,864	1,476,792
Company contributions to money purchase pension plans	39,750	36,200
	2,157,650	2,282,588

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £1,491,375 (2022: £1,640,741), and company pension contributions of £8,500 (2022: £4,000) were made to a money purchase scheme on their behalf. During the year, the highest paid director received shares under a long-term incentive scheme. Directors remuneration for the highest paid director was settled by the parent company.

	Year Ended 2023 £	Year Ended 2022 £
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	-	-
	1	1
The number of directors who exercised share options was	-	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	2	2
	2	2

7. Interest receivable

	Year Ended 2023 £	Year Ended 2022 £
Bank interest	1,341,329	549,393

8. Taxation

	Year Ended 2023 £	Year Ended 2022 £
Analysis of charge in the period		
Current tax:	(7,472,455)	(12,619,733)
	(7,472,455)	(12,619,733)

	Year Ended 2023 £	Year Ended 2022 £
Loss before tax	63,582,478	70,658,893
Standard rate of corporation tax in the UK	23.52%	19%
Loss on ordinary activities multiplied by the standard rate of corporation tax	(14,954,947)	(13,425,190)
Effects of:		
Expenses not deductible for tax purposes	9,381,317	9,048,543
Income not taxable for tax purposes	(1,882)	(16,223)
R&D tax credit	(7,416,584)	(12,557,033)
Surrender of tax losses for R&D tax credit refund	15,424,324	16,454,043
Enhanced R&D SME deduction	(15,424,324)	(16,456,859)
Adjustments to tax charge in respect of previous periods	(55,871)	(62,700)
Deferred tax not recognised	5,575,512	4,395,686
Total current tax recognised in profit and loss account	(7,472,455)	(12,619,733)

Based on the shareholder structure the Company is considered to qualify for the R&D tax credit for small and medium sized entities for both the current and prior period. The R&D credit amount for expenditure incurred on or after 1 April 2023 has been included in the accounts at 10% of the surrenderable loss. It is expected that Achilles Therapeutics UK Limited would qualify as an R&D intensive SME for R&D purposes and would qualify for R&D credit at 14.5% of the surrenderable loss. However, the legislation for the R&D intensive SME rate was not substantively enacted at the balance sheet date of 31 December 2023. The difference to the R&D tax credit amount applying the SME intensive rate would be £2,092,237

Factors that may affect future tax charges

The Company has a deferred tax asset of £22,614,159 (Dec 2022: £17,393,044) that it has not recognised due to uncertainty over future profits.

Unsurrendered UK tax losses can be carried forward indefinitely to be offset against future taxable profits; however, this is restricted to an annual £5 million allowance in each standalone company or group and above this allowance, there will be a 50% restriction in the profits that can be covered by losses bought forward.

9. Intangible Assets

	Software £	Total £
Cost		
At 1 January 2023	186,915	186,915
Additions	94,500	94,500
Disposals	(8,115)	(8,115)
At 31 December 2023	273,300	273,300
Amortisation		
At 1 January 2023	44,198	44,198
Provided during the period	2,299	2,299
Disposals	(8,102)	(8,102)
At 31 December 2023	38,395	38,395
Carrying Amount		
At 31 December 2022	142,717	142,717
At 31 December 2023	234,905	234,905

10. Tangible Assets

	Assets under construction £	Leasehold Improvements £	Office Equipment £	Laboratory Equipment £	Total £
Cost					
At 1 January 2023	5,538,249	7,245,791	1,770,016	6,885,380	21,439,436
Additions	-	53,296	5,968	617,729	676,993
Disposals	(5,538,249)	-	(110,234)	(10,149)	(5,658,632)
At 31 December 2023	-	7,299,087	1,665,750	7,492,960	16,457,797
Depreciation and Impairment					
At 1 January 2023	5,538,249	2,876,633	1,044,757	2,420,330	11,879,969
Provided during the period	-	1,918,000	349,350	1,356,446	3,623,796
Impairment	-				-
Disposals	(5,538,249)	-	(110,234)	(8,787)	(5,670,300)
At 31 December 2023	-	4,794,633	1,283,873	3,767,989	9,846,495
Carrying Amount					
At 31 December 2022	-	4,369,158	725,259	4,465,050	9,559,467
At 31 December 2023	-	2,504,454	381,877	3,724,971	6,611,302

11. Investments

Increases in the value to the investment in Achilles Therapeutics US, Inc. prior to its disposal on 26 February 2021 were a result of share-based payment awards issued in the subsidiary entity prior to distribution by way of dividend-in-specie, in line with the accounting policy outlined at Note 2.10.

On 26 February 2021 the Company distributed Achilles Therapeutics US, Inc. to Achilles Therapeutics Holdings Limited by way of dividend-in-specie. This has been recognised as a dividend payment in the Company statement of changes in equity.

At 31 December 2023 and 31 December 2022 the Company has no subsidiary entities.

12. Debtors

	Year Ended 2023 £	Year Ended 2022 £
Amounts owed by group undertakings	72,776	69,165
Other debtors	2,495,312	2,781,529
Prepayments	1,537,988	4,234,599
Corporation tax	7,507,539	12,585,465
	11,613,615	19,670,758

Other debtors includes a balance of £1,308,012 (2022: £1,988,330) due after more than year.

13. Cash and cash equivalents

	Year Ended 2023 £	Year Ended 2022 £
Cash at bank and in hand	30,462,115	38,445,636
	30,462,115	38,445,636

14. Creditors: amounts falling due within one year

	Year Ended 2023 £	Year Ended 2022 £
Trade creditors	4,211,038	3,961,988
Amounts owed to group undertakings	595,207	898,458
Other taxes and social security costs	501,449	732,450
Other creditors	27,940	108,140
Accruals	5,573,756	6,149,782
	10,909,390	11,850,818

15. Provisions for liabilities

Asset Retirement Obligation	2023 £	2022 £
Balance at 1 January	770,961	511,737
Provided in the year	26,156	259,224
Used during the year	-	-
At 31 December	797,117	770,961

The asset retirement obligation relates to works incurred at 245 Hammersmith Road (the Group's Head Office) and Sycamore House (R&D facility). A corresponding asset has been recognised as part of the leasehold improvement asset, to be depreciated over the duration of the lease. The provision is expected to be utilised on completion of the lease.

16. Share based payments

The Company is a subsidiary of Achilles Therapeutics plc, which is the ultimate parent of the Achilles Group. The Company has applied the exemptions available under FRS 102 in respect of certain disclosures required by FRS 102.26 Share-based Payments. These disclosures are met in the consolidated financial statements filed in the Form 20-F by Achilles Therapeutics plc with the Securities and Exchange Commission on 7 March 2023.

The Company recognised total share based expense of £4,293,872 in 2023 (2022: £4,421,629). The share based expense is based on the grant date fair value of the award, which may include share options and restricted Ordinary Shares. The share based compensation expense for equity awards is recognised on a straight line basis over the requisite service period. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted and assumptions about the number of options that are expected to vest. Options granted under share plans typically quarterly vest over a four-year service period and expire after 10 years.

17. Capital and Reserves

	Nominal Value £	2023 Number	2022 Number	2023 £	2022 £
Allotted, called up and fully paid:					
Ordinary shares	£0.00001	127,414,398	124,414,398	1,274	1,244
		127,414,398	124,414,398	1,274	1,244

All shares in the company are ordinary shares of nominal value £0.00001 per share, having those rights attached to them as set out in the Company's currently in force articles of association.

18. Share Premium

On 15 November 2023 the Company issued 1,000,000 shares to Achilles Therapeutics Holdings Limited at a premium of £4,012,025.

On 18 April 2023 the Company issued 1,000,000 shares to Achilles Therapeutics Holdings Limited at a premium of £24,999,990.

On 11 April 2023 the Company issued 1,000,000 shares to Achilles Therapeutics Holdings Limited at a premium of £4,822,736.

On 22 March 2022 the Company issued 1,000,000 shares to Achilles Therapeutics Holdings Limited at a premium of £9,252,714.

On 8 February 2021 the Company undertook a capital reduction by way of solvency statement pursuant to which it cancelled its share premium account, creating additional distributable reserves of £180,570,838.19. This step was undertaken to create sufficient distributable reserves to allow the distribution of Achilles Therapeutics US, Inc. by way of dividend-in-specie to Achilles Therapeutics Holdings Limited.

19. Operating leases

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Not later than one year	1,999,150	3,492,195
Later than one year and not later than five years	134,176	3,174,452
	2,133,326	6,666,647

In September 2022, the Company entered into a non-cancellable operating lease in relation to R&D facilities at Sycamore House, Stevenage for a period of 10 years, with a break clause at 3 years. The future minimum lease payments committed to in relation to this lease less any landlord incentives to be recognised up to the break total £479,200.

During the year £3,908,767 (2022: £3,998,153) was recognised as an expense in the profit and loss account in respect of operating leases.

20. Commitments

Supplier purchase commitments at year-end were £3,914,897 (2022: £3,737,193). Of the supplier purchase commitment at 31 December 2023, £nil (2022: £190,742) is in respect of capital commitments.

The amounts disclosed reflect commitments for costs associated with certain vendors with which we engaged to provide clinical trial materials and service commitments, as well as committed capital commitments at year end.

21. Contingent liabilities

Under the terms of the Company's various license agreements, the Company is committed to make further payments on reaching certain milestones. Where probability of achieving the particular milestone is remote, no expense is recognised. Furthermore, under the terms of the license agreements, royalty payments are due on revenue from the sales of products developed. These are treated as contingent liabilities and a provision for the royalty expense is recognised only when an underlying sale is made as the contract is considered executory.

22. Related parties

The Company has taken advantage of the exemption, under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with other companies that are wholly owned within the group.

During the year £22,318 (Dec 2022: £21,234) was charged to the Company by directors in respect of fees and various business expenses recharged. These are costs charged for services rendered at market related costs and are payable on invoicing. There were no creditor balances at year end.

23. Events after the reporting period

The Company has evaluated all subsequent events through 12 April 2024, the date on which the financial statements were issued, to ensure that these financial statements include appropriate disclosure of any such subsequent events.

24. Ultimate controlling party

Achilles Therapeutics plc, a company incorporated and registered in England and Wales, was the Company's immediate parent undertaking as at 31 December 2020. Following a corporate restructure, Achilles Therapeutics Holdings Limited became the immediate holding company of Achilles Therapeutics UK Limited and Achilles Therapeutics US, Inc. on 26 February 2021. Achilles Therapeutics Holdings Limited is a direct subsidiary of Achilles Therapeutics plc at 31 December 2023.

Achilles Therapeutics plc is the ultimate parent and controlling party of the Achilles Group of Companies. Its registered address is 245 Hammersmith, London, W6 8PW, UK. There is no other immediate or ultimate controlling party.

The consolidated financial statements of the Group are available to the public and may be obtained from 245 Hammersmith, London, W6 8PW, UK.