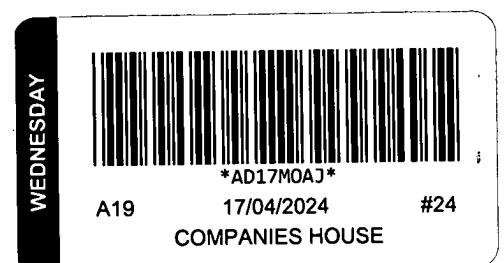


Registered number: 13034062



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



Achilles Therapeutics Holdings Limited
Annual report and financial statements
Contents

	Page
Company Information	2
Strategic Report	3
Directors' Report	7
Statement of Directors' Responsibilities in Respect of the annual report and the financial statements	9
Independent auditor's report to the members of Achilles Therapeutics Holdings Limited	10
Profit and Loss Account	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the financial statements	16

COMPANY INFORMATION

Directors

Iraj Ali
Robert Coutts
Daniel Hood

Company secretaries

Daniel Hood
245 Hammersmith Road
London
W6 8PW

Oakwood Corporate Secretary Limited
3rd Floor, 1 Ashley Road
Altrincham
Cheshire
WA14 2DT

Independent auditor

KPMG LLP
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

Registered office

245 Hammersmith Road
London
W6 8PW

Registered number

13034062

Achilles Therapeutics Holdings Limited
Registered number: 13034062
Strategic Report

All references in this Annual Report to the "Company" refer to Achilles Therapeutics Holdings Limited. The Company was incorporated on 20 November 2020. The Company 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". Achilles Therapeutics Holdings Limited is the parent company of Achilles Therapeutics UK Limited and Achilles Therapeutics US, Inc., the "subsidiary entities", or the "operating entities". Together these companies form the Achilles Group, or the "Group". Achilles Therapeutics Holdings Limited is the intermediary holding entity of the Group. All references in this Annual Report to "Achilles", "we," "us" and "our" refer to the Group and its activities. The Directors present their Strategic Report on the affairs of the Company for the twelve month period ended 31 December 2023.

Principal Activities

The Company's principal activity is to act as intermediary holding company of the Achilles Group. The Company did not incur any research and development expenditure in the period.

Key Performance Indicators

The Company's principal activity is to act as intermediary holding company of the Achilles Group and, therefore, the Directors consider that there are no key performance indicators suitable for assessing its performance during the year ended 31 December 2023.

Principal Risks and Uncertainties

As the intermediary holding company of the Achilles Group, the Company's principal risks and uncertainties are derived from the principal risks and uncertainties of the Achilles Group. The Group'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 tumour 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 tumour 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.

Financial Risk Management

The Company has petty cash of £1.00 and therefore limited 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 periods.

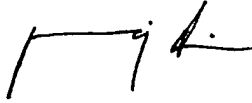
Future Developments

In the next year, the Company will look to continue to act as an intermediary holding company for the Achilles Group.

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.

A handwritten signature in black ink, appearing to read 'Iraj Ali', with a stylized flourish at the end.

Dr. Iraj Ali
Chief Executive Officer
12 April, 2024

Achilles Therapeutics Holdings Limited
Registered number: 13034062
Directors' Report

Directors

The following persons served as directors during the period and up to the date of signing:

Iraj Ali
Robert Coutts
Daniel Hood

Political Contributions

The Company did not make any political donations or incur any political expenditure during the period ended 31 December 2023.

Statement on dividends

The Directors do not recommend the payment of a dividend for the period ended 31 December 2023.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the period 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.

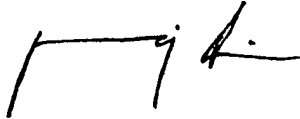
Events after the reporting period

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 period ended 31 December 2023. Further detail on events after the reporting period can be found at note 12 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.

A handwritten signature in black ink, appearing to read 'Iraj Ali', with a stylized flourish at the end.

Dr. Iraj Ali
Chief Executive Officer
12 April, 2024

Achilles Therapeutics Holdings Limited

Registered number: 13034062

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 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 they have elected to prepare the 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 these 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 Holdings Limited

Registered number: 13034062

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACHILLES THERAPEUTICS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Achilles Therapeutics Holdings Limited ("the Company") for the year ended 31 December 2023 which comprise the Balance Sheet, the Profit and Loss, 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 high-level 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 performed procedures including agreeing all accounting entries in the period to supporting documentation.

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.

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.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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 and 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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 Holdings Limited

Profit and Loss Account

for the year ended 31 December 2023

	Note	Year Ended 2023 £	Year Ended 2022 £
Operating expenses		(38,151,502)	(165,376,008)
Loss for the financial year	4	<u>(38,151,502)</u>	<u>(165,376,008)</u>

The notes on pages 16 to 21 form part of these financial statements.

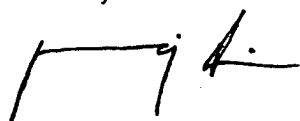
All amounts relate to continuing operations.

Achilles Therapeutics Holdings Limited
Balance Sheet
as at 31 December 2023

	Note	31 December 2023 £	31 December 2022 £
Non-current assets			
Investments	6	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Current assets			
Cash at bank and in hand		<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	8	8	5
Share Premium	9	43,984,321	10,149,543
Profit and loss account	8	(56,017,332)	(17,865,830)
Other reserves	8	12,033,004	7,716,283
Shareholders' funds		<u>1</u>	<u>1</u>

The notes on pages 16 to 21 form part of these financial statements.

The financial statements of Achilles Therapeutics Holdings Limited (registered number 13034062) 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
Director

Achilles Therapeutics Holdings Limited
Statement of Changes in Equity

	Called up share capital	Share Premium	Share Based Payment Reserve	Profit and Loss account	Total Equity
	£	£	£	£	£
At 1 January 2022	3	-	3,204,022	147,510,178	150,714,203
Investment from parent company	2	10,149,543	-	-	10,149,545
Equity settled share-based payment transactions in subsidiary entities	-	-	4,512,261	-	4,512,261
Loss for the financial period	-	-	-	(165,376,008)	(165,376,008)
At 31 December 2022	5	10,149,543	7,716,283	(17,865,830)	1
Investment from parent company	3	33,834,778	-	-	33,834,781
Equity settled share-based payment transactions in subsidiary entities	-	-	4,316,721	-	4,316,721
Loss for the financial year	-	-	-	(38,151,502)	(38,151,502)
At 31 December 2023	8	43,984,321	12,033,004	(56,017,332)	1

The notes on pages 16 to 21 form part of these financial statements.

Achilles Therapeutics Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2023

1. Company information

Achilles Therapeutics Holdings Limited is a private company limited by shares and is incorporated and registered in England and Wales. The registered number is 13034062 and the registered address is 245 Hammersmith Road, London, W6 8PW. The business of the Company is to act as the holding company for the Achilles operating entities, which focus on research and development in the field of biopharmaceuticals.

Achilles Therapeutics Holdings Limited is part of the Achilles Group including Achilles Therapeutics plc (formerly Achilles TX Limited), Achilles Therapeutics UK Limited and Achilles Therapeutics US, Inc. Following the group re-organisation in 2021 described in the Strategic Report, the Company became the direct parent company of Achilles Therapeutics UK Limited and Achilles Therapeutics US, Inc. Pursuant to s400 of the Companies Act 2006, the Company is exempt from the requirement to prepare group accounts 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 pounds sterling (GBP). 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. The Company has taken advantage of the exemption of section 400 of the Companies Act from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group. The Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- 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's principal activity is to act as the intermediary holding company for the Achilles Group. 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 Achilles Group reported cash and cash equivalents of \$131.5M (£103.3M) and net current assets of \$128.6M (£101.0M) as at 31 December 2023, with a loss for the period ended 31 December 2023 of \$69.7M (£56.0M).

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 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency of GBP 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.

2.5 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.

2.6 Investments

These are separate financial statements of the Company. The investment in subsidiaries is measured at historic cost less any accumulated impairment losses.

A provision is made for any impairment in value. When performing this impairment assessment, the Directors consider whether any events or circumstances have occurred which indicate that the carrying value of the investment in the subsidiary may not be recoverable. If such circumstances exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

2.7 Share-based payments

The financial effect of awards by the Parent Company of share options and other equity-based awards to employees of the subsidiary entities 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. Following 26 February 2021, Achilles Therapeutics Holdings Limited records a debit to the investment value of the employee's subsidiary entity, with a corresponding credit to the Share Based Payment Reserve. The expense associated with equity-based awards for employees of the subsidiary entities is recognised in the subsidiary entity's profit and loss account, with a corresponding credit to the Share Based Payment Reserve.

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 period 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 Parent 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 Parent 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 Parent 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 Parent Company determined that there were no significant events occurring between a prior valuation date and a subsequent grant. As such, in these cases the Parent 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.

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.

Investment in subsidiaries

Management perform an annual assessment of the investments held in the subsidiary entities. The valuation of the subsidiaries is derived from publicly available information, being the market capitalisation of the group as at the period end date, adjusted for cash held by the Parent Company, given that the future value of the group is expected to be generated from the products and treatments which are being developed by the subsidiary companies. On the balance sheet date, where the market capitalisation of the group as a whole, adjusted for cash held by the Parent Company falls below the carrying value of the investment, management will perform a fair value less cost to sell calculation and then consider whether an impairment of the investment is required, and if so, will write down the cost of the investment to its recoverable amount, with an associated impairment charge recognised in the Company profit and loss account. In the event the Group's market capitalisation increases and the reasons for any impairment loss have ceased to apply, an impairment loss may be reversed in a subsequent period in the Company profit and loss account, to the extent that the carrying value would have been determined had no impairment loss been recognised for the investment in prior periods.

	Year Ended 2023 £	Year Ended 2022 £
Included in profit/ loss are the following:		
Impairment of investment in subsidiary	38,151,502	165,376,008

4. Expenses and auditor's remuneration

Auditor's remuneration of £10,000 for the audit of the Company financial statements for the period ended 31 December 2023 is recognised in the profit and loss of the Parent Company.

5. Staff costs

The Company had no employees during the period ended 31 December 2023 and there are no staff costs to report on.

The Company's principal activity is as intermediary holding company of the Achilles Group. Services provided to the Company by the Directors are considered incidental for reporting purposes and their remuneration is included in other companies in the Achilles Group for whom their services are considered to be material.

6. Investments

	Year Ended 2023 £	Year Ended 2022 £
At 1 January	-	150,714,202
Additional investment in subsidiaries	33,834,781	10,149,545
Share-based payments associated with subsidiary employees	4,316,721	4,512,261
Impairment in subsidiary entities	(38,151,502)	(165,376,008)
At 31 December	-	-

Company	Shares held Class	Holding %	Principal Activity
Achilles Therapeutics UK Limited	Ordinary	100	Research and development and corporate services
Achilles Therapeutics US, Inc.	Ordinary	100	Research and development and corporate services

Company	Registered Office
Achilles Therapeutics UK Limited	245 Hammersmith Road, London, W6 8PW
Achilles Therapeutics US, Inc.	1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA

The Company performed an impairment analysis on a fair value less cost to sell basis, whereby the Company used the market capitalisation of the Group as the approximate fair value, adjusted for cash held by the Parent Company, the cost to sell and control premium were deemed to be negligible. The carrying value of the investment exceeded the fair value less cost to sell of the investment as at 31 December 2022, and the Parent Company concluded that the investment was impaired by £165.3M. At 31 December 2023 an additional impairment of £38.2M was recognised. If the market capitalisation of

the group increases subsequent to the period end, then all or a portion of this impairment charge could be reversed in future periods.

The Group's market capitalisation was derived from a closing share price of \$0.89 at the balance sheet date. The market capitalisation of the group, and therefore the investment in subsidiaries, is sensitive to share price volatility. The impact of a +/- 1% movement in share price on the investment in subsidiary asset vs the closing share price of \$0.89 will not impact the valuation of the investment. Were the share price to rise subsequent to the year end, the impairment loss may only be reversed to the extent that the carrying value would have been determined had no impairment loss been recognised in prior periods.

7. 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 on 4 April 2024.

No share based expense was recognised for the period ended 31 December 2023.

8. Capital and Reserves

	Nominal Value £	2023 Number	2023 £	2022 Number	2022 £
Allotted, called up and fully paid: Ordinary shares	£ 1.00	8	8	5	5
		8	8	5	5

All shares in the company are ordinary shares of nominal value £1.00 per share, having those rights attached to them as set out in the Company's currently in force articles of association.

9. Share Premium

	2023 £	2022 £
At 1 January	10,149,543	-
Shares issued	33,834,778	10,149,543
At 31 December	43,984,321	10,149,543

Share premium received relates to the issue of shares in the Company for the purposes of capital contributions for further investment in subsidiary holdings and thereby providing them with working capital.

10. 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.

11. 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.

12. Ultimate controlling party

On 26 February 2021 Achilles Therapeutics Holdings Limited became the immediate parent company of Achilles Therapeutics UK Limited and Achilles Therapeutics US, Inc. Achilles Therapeutics Holdings Limited was 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 is available to the public and may be obtained from 245 Hammersmith, London, W6 8PW, UK.