

COMPANY REGISTRATION NO. 07902511 (England and Wales)

TRAKCEL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PAGES FOR FILING WITH REGISTRAR

TRAKCEL LIMITED

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TRAKCEL LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2020**

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	3		3,640,974		2,540,374
Tangible assets	4		111,669		199,534
			<u>3,752,643</u>		<u>2,739,908</u>
Current assets					
Debtors	5	454,897		1,156,413	
Cash at bank and in hand		908,969		302,555	
		<u>1,363,866</u>		<u>1,458,968</u>	
Creditors: amounts falling due within one year	6	(1,473,119)		(947,207)	
Net current (liabilities)/assets			<u>(109,253)</u>		<u>511,761</u>
Total assets less current liabilities			<u><u>3,643,390</u></u>		<u><u>3,251,669</u></u>
Capital and reserves					
Called up share capital			4,562		4,562
Share premium account			7,356,593		7,356,593
Profit and loss reserves			(3,717,765)		(4,109,486)
Total equity			<u><u>3,643,390</u></u>		<u><u>3,251,669</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 24 June 2021 and are signed on its behalf by:

Dr F N Hallett Withey
Director

Company Registration No. 07902511

TRAKCEL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Share capital	Share premium premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2019		4,562	7,356,593	(5,833,867)	1,527,288
Year ended 31 December 2019:					
Loss and total comprehensive income for the year		-	-	(5,127,065)	(5,127,065)
Capital contribution		-	-	6,851,446	6,851,446
Balance at 31 December 2019		4,562	7,356,593	(4,109,486)	3,251,669
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(4,167,706)	(4,167,706)
Credit to equity for equity settled share-based payments		-	-	12,895	12,895
Capital contribution	9	-	-	4,546,532	4,546,532
Balance at 31 December 2020		4,562	7,356,593	(3,717,765)	3,643,390

The company has two classes of ordinary shares which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

TRAKCEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Trakcel Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10-11 Raleigh Walk Waterfront 2000, Brigantiae Place, Cardiff, CF10 4LN.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have adopted the going concern basis in preparing the accounts, notwithstanding net current liabilities of £109,253 (2019: net current assets £511,761) following a loss of £4,167,706 (2019: £5,127,065) in the year. It should be noted that of the £1,473,119 (2019: £947,207) creditor balance at the year end, £526,970 (2019: £323,973) is deferred income and will not reduce cashflow. At 31 December 2020, the Company had a cash equivalent position of £908,970, with no bank debt.

TrakCel closed a 'Series D' investment round in October 2020 which was led by strategic corporate investors. The company intends to use both the investment and the expertise gained from collaborations with the investors to further augment its offering to both clinical and commercial-stage cell and gene therapy developers as part of its drive toward industry standardization and future innovation.

The Series D funding has been received as share capital in the company's immediate parent, TrakCel Holding Company Inc (the "Parent Company"). Trakcel Limited has access to these funds to support its day to day operations by virtue of a parental letter of support. The board is satisfied that the funding is sufficient to fund the company for the foreseeable future. Trakcel Limited is the only subsidiary of the Parent Company.

During the year, Trakcel Limited received a capital contribution of £4,546,532 from the Parent Company, being the amount owed to the Parent Company at the date of the contribution. The contribution has been reflected as a credit to reserves.

The reduction in turnover experienced during the year is attributable to the impact that COVID-19 had on the cell and gene therapy industry which resulted in the slow-down of clinical trials. One consequential of this is the expected increase in supply chain activity within the sector during 2021 for which TrakCel will be well positioned with the launch of its second generation platform.

The directors have prepared detailed monthly forecasts and projected cash flows for the remainder of the December 2021 financial year and for the full year ended December 2022. After due consideration, the directors have concluded that based on their forecasts and the continued support of their main shareholder there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

TRAKCEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years
Development costs	3 to 10 years
Assets under development	See below

Assets under development are stated at cost. These assets are not amortised until they become available for use.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	40% straight line
Fixtures and fittings	25% straight line and reducing balance
Computer equipment	20% straight line and reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

TRAKCEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

TRAKCEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 Accounting policies

(Continued)

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Share-based payments

Eligible employees may receive part of their remuneration for services provided to the company in the form of a share-based payment transaction by which they receive rights over shares in the ultimate parent company, TrakCel Holding Company Inc., by means of an equity settled transaction.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

In the case of options granted, fair value is measured by a Black-Scholes pricing model.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

TRAKCEL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Total	98	108

3 Intangible fixed assets

	Software	Development costs	Assets under development	Total
	£	£	£	£
Cost				
At 1 January 2020	115,770	4,594,884	342,489	5,053,143
Additions - internally developed	900	-	2,746,718	2,747,618
Transfers	-	841,306	(841,306)	-
At 31 December 2020	116,670	5,436,190	2,247,901	7,800,761
Amortisation and impairment				
At 1 January 2020	44,149	2,468,620	-	2,512,769
Amortisation charged for the year	35,599	1,146,354	-	1,181,953
Impairment losses	-	465,065	-	465,065
At 31 December 2020	79,748	4,080,039	-	4,159,787
Carrying amount				
At 31 December 2020	36,922	1,356,151	2,247,901	3,640,974
At 31 December 2019	71,621	2,126,264	342,489	2,540,374

An impairment of development costs has arisen in the year due the write off of the TrakCel CORE v1.0 system.

TRAKCEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

4 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	92,094	54,774	213,068	359,936
Additions	-	320	92	412
Disposals	-	-	(19,154)	(19,154)
At 31 December 2020	92,094	55,094	194,006	341,194
Depreciation and impairment				
At 1 January 2020	40,318	20,566	99,518	160,402
Depreciation charged in the year	36,837	9,035	36,741	82,613
Eliminated in respect of disposals	-	-	(13,490)	(13,490)
At 31 December 2020	77,155	29,601	122,769	229,525
Carrying amount				
At 31 December 2020	14,939	25,493	71,237	111,669
At 31 December 2019	51,776	34,208	113,550	199,534

5 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	79,840	528,447
Corporation tax recoverable	151,348	299,842
Other debtors	223,709	328,124
	454,897	1,156,413

6 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans	-	1,008
Trade creditors	677,979	225,229
Taxation and social security	79,606	141,988
Other creditors	715,534	578,982
	1,473,119	947,207

TRAKCEL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****7 Audit report information**

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

The auditor's report was unqualified.

The senior statutory auditor was Mr John Griffiths.

The auditor was UHY Hacker Young.

8 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of intangible assets	167,000	-
	<u> </u>	<u> </u>

9 Capital contribution

During the year, the parent company made capital contributions totalling £4,546,532 (2019: £6,851,446). The contributions have been reflected as credits to reserves.

10 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2020	2019
	£	£
Within one year	32,517	101,952
Between two and five years	3,309	28,202
	<u> </u>	<u> </u>
	35,826	130,154
	<u> </u>	<u> </u>

11 Related party transactions

During the year, Trakcel Limited was invoiced £62,400 (2019: £60,000) in rent from Corvette Properties Limited. Corvette Properties Limited is a related party by virtue of common directors. The balance outstanding at the year end was £Nil (2019: £Nil).

During the year Trakcel Limited was invoiced £10,423 (2019: £7,398) for services provided by its controlling party, Telegraph Hill Partners. The balance outstanding at year end was £Nil (2019: £Nil).

TRAKCEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

12 Parent company

The immediate parent company is Trakcel Holding Company Inc., incorporated in the United States of America. The ultimate controlling parties are the members of Telegraph Hill Partners, a private equity fund based in the United States of America.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.