

Agenus UK Limited

Annual report and financial statements

Registered number 09782451

**For the 15 month period ended
31 December 2016**



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Directors' report

The Director presents his report together with the audited financial statements for the 15 month period ended 31 December 2016.

Principal activities and business review

Agenus UK Limited was incorporated on 17 September 2015 and began operations during the year ended 31 December 2016. During the period ended 31 December 2016, the principal activity of the company was focused on the discovery and development of therapies to fight cancer. The company incurred research and development expenditures during the period of £2,451k.

Proposed dividend

The director does not recommend the payment of a dividend.

Directors

The director who held office during the period was:

Garro H. Armen

Garro H. Armen, who was appointed a director since the last annual general meeting, retires in accordance with the articles of association and, being eligible, offers himself for re-election.

Political contributions

The Company made no political donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The director who held office at the date of approval of this directors' report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP were appointed as auditor during the year. 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.

By order of the board



Garro H. Armen
Director

5 New Street Square
London
EC4A 3TW
16 June 2017

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with 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 director must not approve the financial statements unless he is 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 director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He has general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGENUS UK LIMITED

We have audited the financial statements of Agenus UK Limited for the period ended 31 December 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in UK and Republic of Ireland*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGENUS UK LIMITED

(CONTINUED)

Matters on which we are required to report by exception

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

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

M. Radwell

Matthew Radwell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

16 June 2017

Profit and Loss Account and Other Comprehensive Income
for the 15 month period ended 31 December 2016

	<i>Note</i>	15 month Period ended December 2016 £000
Turnover	2	1,785
Administrative expenses	2	(2,809)
		<hr/>
Operating loss		(1,024)
		<hr/>
Loss on ordinary activities before taxation		(1,024)
Tax on loss on ordinary activities	1.10	-
		<hr/>
Loss for the financial period		(1,024)
		<hr/> <hr/>

There were no items in other comprehensive income in the financial period other than those dealt with above in the profit and loss account. Accordingly, no other comprehensive income is shown here.

Pages 8 to 13 also form an integral part of these financial statements.

Balance Sheet

As at 31 December 2016

	<i>Note</i>	31 December 2016 £000
Fixed assets		
Tangible assets	5	3,229
		<hr/> 3,229
Current assets		
Debtors	6	504
Cash at bank and in hand		903
		<hr/> 1,407
Creditors: amounts falling due within one year	7	(5,260)
Net current liabilities		(3,853)
Creditors: amounts falling due after more than one year		(293)
Net liabilities		(917)
Capital and reserves		
Called up share capital		3
Share based payment reserve		104
Profit and loss account		(1,024)
Shareholders' deficit		(917)

These financial statements were approved by the board of directors on 16 June 2017 and were signed on its behalf by:


Garo H. Armen
Director
 Company registered number: 09782451

Pages 8 to 13 also form an integral part of these financial statements.

Statement of Changes in Equity

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 17 September 2015	-	-	-	-
Loss for the financial period			(1,024)	(1,024)
Issue of shares	3	-	-	3
Share based payment expense	-	104	-	104
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	3	104	(1,024)	(917)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Agenus UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Agenus Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of Agenus Inc. are prepared in accordance with U.S. Generally Accepted Accounting Principles and are available to the public and may be obtained from Agenus Inc. at 3 Forbes Road, Lexington, MA 02421 USA. 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:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The 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.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis.

1.2 *Going concern*

For the period ended 31 December 2016, the company reported a loss of £1,024k. At 31 December 2016, the company had net liabilities of £917k. The director continues to prepare the financial statements on a going concern basis of accounting as the company's ultimate parent, Agenus Inc., has agreed to provide the company with sufficient financial support to enable it to continue in operation for at least one year from the date of approval of the financial statements.

The directors consider that there are no significant risks or uncertainties facing the company which could materially adversely affect the financial position or performance of the company, arising from the commitment from the company's ultimate parent undertaking to provide support to the company for a period not less than 12 months from the date of the approval of these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

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.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and amortisation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

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:

- Plant and equipment 4-10 years
- fixtures and fittings 3-10 years
- leasehold improvements 10 years
- computer equipment and software 3 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.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.6 Employee benefits

Share-based payment transactions

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.7 Leases

Operating lease

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 unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.8 Turnover

Revenue consists of income received arising in the normal course of business from an ongoing intercompany services agreement and is recognised as the relevant rechargeable expenses are incurred.

1.9 Research and development

Research and development expenses include the costs associated with internal research and development activities, including salaries and benefits, share-based compensation, occupancy costs, related administrative costs, and research and development conducted by outside advisors. Research and development costs are expensed as incurred.

1.10 Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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 on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

There is no corporation tax charge for the financial period due to the loss on ordinary activities before tax. The company has unrecognised losses of £1,024k to carry forward and has not recognised a deferred tax asset due to uncertainty over future taxable profits.

2 Notes to the profit and loss account

Included in profit/loss are the following:

	15 month period ended 31 December 2016 £000
Research and development expenses	(1,925)
Depreciation	(57)
Operating lease expense	(409)
Foreign exchange loss	(60)

Turnover entirely relates to rechargeable expenses under an ongoing intercompany services agreement between the company and the US parent company, Agentus Inc.

Auditor's remuneration:

	2016 £000
Audit of these financial statements	12
Tax compliance services	4

Notes (continued)

3 Staff numbers and costs

The average number of employees during the period was 12. The aggregate payroll costs of these person were as follows;

	2016
	£000
Wages and salaries	549
Social security costs	65
Other pension costs	23
	<u>637</u>

4 Directors' remuneration

The Director of the company is also the Chief Executive Officer of the ultimate parent company and a director fellow subsidiary companies and is remunerated by the Parent. Although he does not receive remuneration from these companies in respect of their services to various Group companies including this company, it is not practicable to allocate his remuneration to individual companies in the Group and any allocation for services to this company is considered to be £nil. Therefore director's remuneration has been disclosed in the accounts of the Parent company from which remuneration is received.

5 Tangible fixed assets

	Leasehold Improvements £000	Plant & Equipment £000	Fixtures & fittings £000	Computer Equipment & Software £000	Total £000
Cost					
At beginning of period	-	-	-	-	-
Additions	1,392	1,347	387	160	3,286
	<u>1,392</u>	<u>1,347</u>	<u>387</u>	<u>160</u>	<u>3,286</u>
At end of period	1,392	1,347	387	160	3,286
Depreciation					
At beginning of period	-	-	-	-	-
Depreciation charge for the period	13	29	14	1	57
	<u>13</u>	<u>29</u>	<u>14</u>	<u>1</u>	<u>57</u>
At end of period	13	29	14	1	57
Net book value					
At beginning of period	-	-	-	-	-
At end of period	<u>1,379</u>	<u>1,318</u>	<u>373</u>	<u>159</u>	<u>3,229</u>

Notes (continued)

6 Debtors: amounts falling due within one year

	2016 £000
Other debtors	419
Prepayments	85
	<u>504</u>

7 Creditors

	2016 £000
<i>Amounts falling due within one year:</i>	
Trade creditors	37
Amounts owed to group undertakings	4,241
Accruals	982
	<u>5,260</u>

	2016 £000
<i>Amounts falling due within one year:</i>	
Accruals	293
	<u>293</u>

8 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000
Less than one year	397
Between two and five years	1,590
More than five years	1,557
	<u>3,544</u>

During the period ended 31 December 2016, £409k was recognised as an expense in the profit and loss account in respect of operating leases.

9 Related parties

The Company has taken advantage of the exemption under FRS102 Section 33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the same group. There are no other disclosable related party transactions.

Notes *(continued)*

10 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Agenus Inc., a company incorporated in the USA, and the ultimate controlling party. The consolidated financial statements of Agenus Inc. are available to the public and may be obtained from Agenus Inc. at 3 Forbes Road, Lexington, MA 02421 USA.

11 Subsequent events

Subsequent to the balance sheet date, there were no events that required adjustments of the financial statements.