

Company registered number: 04512301

Oxitec Limited
Annual report and financial statements
for the year ended 31 December 2023

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Oxitec Limited

Company information

Registered no: 04512301

Directors

Grey Frandsen
Theodore Fisher
Doit Koppler

Independent auditor

RSM UK Audit LLP
Davidson House
Forbury Square
Reading
RG1 3EU

Banker

Santander Corporate and Commercial Banking
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Oxford
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Oxitec Limited

**Annual report and financial statements for the year ended 31
December 2023**

Contents	Page(s)
Statement of directors' responsibilities	1
Balance Sheet	2
Statement of changes in equity	3
Notes to the financial statements	4-14

Oxitec Limited

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Oxitec Limited

Balance sheet as at 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Assets			
Fixed assets			
Intangible assets	3	227	214
Property, plant and equipment	4	1,359	1,200
Investments	5	-	-
		<hr/>	<hr/>
		1,586	1,414
Current assets			
Trade and other receivables	6	2,981	2,562
Cash and cash equivalents		1,137	602
		<hr/>	<hr/>
		4,118	3,164
Creditors: amounts falling due within one year	7	(12,467)	(3,758)
		<hr/>	<hr/>
Total assets less current liabilities		(6,763)	820
		<hr/>	<hr/>
Net assets		(6,763)	820
Equity			
Called up share capital	8	27	26
Share premium account		104,763	101,952
Capital contribution reserve		3,285	3,285
Accumulated losses		(114,838)	(104,443)
		<hr/>	<hr/>
Total equity		(6,763)	820

The directors of the Company have elected not to include a copy of the income statements within the financial statements.

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

The financial statements on pages 2 to 14 were approved by the board of directors on 25 September 2024, and were signed on its behalf by:

Theodore J Fisher

Theodore J Fisher

Director

Company registered number: 04512301

Oxitec Limited

Statement of changes in equity for the year ended 31 December 2023

	Called up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2023	26	101,952	3,285	(104,443)	820
Equity issue	1	2,811	-	-	2,812
Loss for the financial year	-	-	-	(10,395)	(10,395)
At 31 December 2023	27	104,763	3,285	(114,838)	(6,763)

	Called up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2022	20	86,718	3,285	(89,133)	890
Equity issue	6	15,234	-	-	15,240
Loss for the financial year	-	-	-	(15,310)	(15,310)
At 31 December 2022	26	101,952	3,285	(104,443)	820

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023

1. Accounting policies

General information

Oxitec Limited works in the field of research and development. The Company's principal activity during the year continued to be to develop safe, highly effective biologically engineered solutions to control disease-transmitting and crop-destroying insects globally.

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 71 Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RQ.

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 £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Exemption from the preparation of consolidated financial statements

These financial statements present information about the Company as an individual undertaking and not about the group. As a parent company that qualifies as small, the Company has taken advantage of the exemption not to prepare group accounts according to Companies Act 2006 s 399(2A).

Going concern

The financial information in these financial statements has been prepared assuming the Company will continue on a going concern basis.

As at the date of signing the financial statements, the Company had cash of £1.8 million, which together with contracted grant and collaboration funding, is expected to fund the Company's planned operations for less than three months. Accordingly, the Company and its immediate parent company require additional funding from its ultimate parent company, TS Biotechnology Holdings, LLC. Whilst the Directors expect the parent company to continue to provide support based on previous practice, funding is typically provided to fund operations for the following three to six months and any future amounts are not contractually committed.

These circumstances represent a material uncertainty which may cast significant doubt on the Company's and group's ability to continue as a going concern. These financial statements do not contain any adjustments that might result if the Company was unable to continue as a going concern.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable of services rendered less value added taxes.

The Company generates revenue from funded research and development programs. Amounts receivable in respect of milestone payments are recognised in the period in which related costs are incurred or over the estimated period to completion of the relevant phase of research. Where amounts are receivable on achievement of specified milestones, revenue is only recognised when it is probable the specific conditions stipulated in the agreement will be met. Where payments are received upfront, these payments are initially recorded as deferred income.

Other operating income

Government and other grants of a revenue nature including RDEC are credited to the profit and loss account in the same period as the related expenditure is incurred. Where there is significant uncertainty over the timing or amount of grant income, this is recognised on a receipt basis.

Foreign currency

The functional currency is UK sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Pensions and other post-employment benefits

The Company operates a defined contribution scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

Leases

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

Corporation tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognized when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development expenditure which is not eligible for reimbursement under the tax credit regime applicable to small and medium sized companies may be reimbursed under the UK Research and Development Expenditure Credit ("RDEC") scheme. Receipts under the RDEC scheme are presented within other operating income as they are similar in nature to grant income.

Property, plant and equipment

Property, plant and equipment are stated at cost to the Company less accumulated depreciation and any impairment loss. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on all property, plant and equipment, from the time the assets are available for use, on a straight-line basis over the estimated useful life as follows:

- | | |
|-----------------------------------|--------------------------------|
| - Leasehold improvements | - over the period of the lease |
| - Fixture, fittings and equipment | - 3 to 8 years |

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

Intangible assets

Intangible assets are stated at cost to the Company less accumulated amortisation and any impairment loss. They are amortised on a straight-line basis over the estimated useful life as follows:

- Development costs	- 3 years
- Computer software	- 3 to 5 years
- Patents	- 3 years

Development costs represent costs capitalised in the development of an App which the Directors expect will provide future economic benefit to the Company.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or Amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, amounts due from group undertakings, cash and bank balances and accrued income, are initially recognised at transaction price 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. Such assets are subsequently carried at amortised cost using the effective interest method.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

Financial assets (continued)

At the end of each reporting period financial assets measured at amortised costs are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account. If there is a decrease in impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account. Other financial assets are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, amounts due to group undertakings and accruals, 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 receipts discounted at a market rate of interest.

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. Trade creditors 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.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is an 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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It has taken advantage of exemption in FRS 102 and does not disclose transactions with members of the same group that are wholly owned.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Staff numbers

The average monthly number of employees during the year was made up as follows:

	2023 numbers	2022 numbers
Research	93	87
Business development and regulatory	2	3
Administration	10	10
	<hr/> 105 <hr/>	<hr/> 100 <hr/>

3. Intangible assets

	Development costs £'000	Computer software £'000	Patents £'000	Construction in progress £'000	Total £'000
Cost					
At 1 January 2023	389	1,022	-	135	1,546
Additions	-	88	28	-	116
Transfers	(79)	214	-	(135)	-
At 31 December 2023	<hr/> 310 <hr/>	<hr/> 1,324 <hr/>	<hr/> 28 <hr/>	<hr/> - <hr/>	<hr/> 1,662 <hr/>
Accumulated Amortisation					
At 1 January 2023	310	1,022	-	-	1,332
Charged during the year	-	103	-	-	103
At 31 December 2023	<hr/> 310 <hr/>	<hr/> 1,125 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> 1,435 <hr/>
NBV as at 31 December 2023	<hr/> -	<hr/> 199 <hr/>	<hr/> 28 <hr/>	<hr/> - <hr/>	<hr/> 227 <hr/>
NBV as at 31 December 2022	<hr/> 79 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> 135 <hr/>	<hr/> 214 <hr/>

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

4. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures, fittings and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2023	3,075	1,393	247	4,715
Additions	-	196	281	477
Transfers	122	159	(281)	-
At 31 December 2023	<u>3,197</u>	<u>1,748</u>	<u>247</u>	<u>5,192</u>
Accumulated Depreciation				
At 1 January 2023	2,584	931	-	3,515
Charged during year	128	190	-	318
At 31 December 2023	<u>2,712</u>	<u>1,121</u>	<u>-</u>	<u>3,833</u>
NBV as at 31 December 2023	<u>485</u>	<u>627</u>	<u>247</u>	<u>1,359</u>
NBV as at 31 December 2022	<u>491</u>	<u>462</u>	<u>247</u>	<u>1,200</u>

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

5. Investments

	2023 £'000
Cost	
At 1 January 2023 and 31 December 2023	<u>1,632</u>
Impairment provision	
At 1 January 2023 and 31 December 2023	<u>(1,632)</u>
Carrying amount at 31 December 2023 and 31 December 2022	<u>-</u>

As in prior years, the Directors have reviewed the carrying value of the investment in Oxitec do Brasil Tecnologia de Insetos Ltda and fully impaired the investment. The Brazilian operation is still in the early stages of commercialisation and cannot yet demonstrate sufficient projected revenue to support the gross valuation of the asset.

All subsidiaries and their associated holding are listed below:

Company name	Principal activity	Country of incorporation	Equity interest
Oxitec do Brasil Tecnologia de Insetos Ltda	Field trials in insects	Brazil	100%
Mosquito Technologies Limited	Dormant	Mexico	99%
Precision Biological Innovation, S.R.L	Dormant	Costa Rica	100%

Registered addresses:

Oxitec do Brasil Tecnologia de Insetos Ltda, Avenida Pierre Simon de Laplace, 965 BLOCO B1 B2 B3 E B4, Techno Park, Campinas, SP, CEP 13069-320, Brazil.

Mosquito Technologies Limited, Bosque de Circuelos 1800 PP, Bosques de las Lomas, Michael Hidalgo, Mexico City 11700, Mexico.

Precision Biological Innovation, S.R.L. San Jose Downtown, Calle 7, Avenidas 7 y 9, Edificio #751, Barrio Amon, San Jose, Costa Rica.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

6. Trade and other receivables

	2023 £'000	2022 £'000
Due within one year:		
Research and development tax credit receivable	1,782	1,202
VAT recoverable	263	173
Other receivables	68	74
Prepayments and accrued income	868	1,113
	2,981	2,562

In prior years, the Directors considered the recoverability of the amounts owed by group undertakings and fully provided against all amounts owed.

In line with this, the Directors have provided fully for the increase in the current year of £5,351,000 (2022: £12,061,000) in the amount owed by Oxitec do Brasil Tecnologia de Insetos Ltda.

In respect of the gross amounts owed by group undertakings, an amount of £1,263,000 (2022: £1,263,000) of accrued interest is included in the loan balances. All amounts are unsecured and are repayable on demand after one year and at the latest five years after the instalment was made, or convertible into equity of the borrowing company.

7. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	183	178
Taxation and social security	259	226
Other creditors	135	-
Amounts owed to parent undertakings	5,671	818
Accruals and deferred income	6,219	2,536
	12,467	3,758

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

8. Called up share capital

	2023	2023	2022	2022
Allotted and fully paid	No.	£'000	No.	£'000
At 1 January	2,644,417	26	2,009,867	20
Issued during the year	112,957	1	634,550	6
At 31 December	2,757,374	27	2,644,417	26

Share capital comprises a single class of ordinary shares of £0.01 each. There are no restrictions on the distribution of dividends and the repayment of capital.

Over the year, the Company issued 112,957 shares for a consideration of £2,813,000.

9. Obligations under operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases:

	2023	2022
	£'000	£'000
Within one year	521	225
Later than one year but not later than five years	1,562	1,552
Later than five years	278	612
	2,361	2,389

The Company had no capital or other commitments at 31 December 2023 (2022: £nil).

10. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Oxitec Insect Holdings Limited. The smallest parent undertaking, in the financial statements of which the results of the Company are consolidated, is Oxitec Holdings, LLC, of 1881 Grove Avenue, Radford, Virginia 24141, USA. The ultimate parent undertaking is TS Biotechnology Holdings, LLC, based in Virginia, USA.

Oxitec Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

11. Post balance sheet events

On 7 August 2024 the Company entered in an agreement with the Bill & Melinda Gates Foundation for additional grant funding which included a payment to the Company of \$3.0 million in 2024.

Oxitec Australia Pty Ltd was incorporated on 2 January 2024 as a direct subsidiary of the Company. The Company owns both ordinary shares and preference shares, which together comprise approximately 90% of the economic interest and 60% of the voting interest. Commonwealth Scientific & Industrial Research Organization (CSIRO) owns the remaining minority interest.

12. 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:

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company and its immediate parent company require additional funds to be provided by its ultimate parent company TS Biotechnology, LLC. which are not contractually committed. As stated in note 1 these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The auditor's report was unqualified.

The senior statutory auditor was Mayulee Pinkerton CA.
The auditor was RSM UK Audit LLP.