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**GAMMADELTA THERAPEUTICS LIMITED**

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**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 MARCH 2018**

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## GAMMADELTA THERAPEUTICS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	Peter Goodfellow Timothy Haines Adrian Hayday Daniel Kemp (appointed 8 May 2017) Michael Owen Paolo Paoletti
<b>Registered number</b>	10238425
<b>Registered office</b>	London Bioscience Innovation Centre 2 Royal College Street London United Kingdom NW1 0NH
<b>Independent auditor</b>	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
<b>Bankers</b>	Silicon Valley Bank Alphabeta 14-18 Finsbury Square London United Kingdom EC2A 1BR

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**GAMMADELTA THERAPEUTICS LIMITED**

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**GAMMADELTA THERAPEUTICS LIMITED**  
**REGISTERED NUMBER:10238425**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	3	794,212	329,243
		<u>794,212</u>	<u>329,243</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	1,692,169	277,140
Cash at bank and in hand	6	22,637,905	1,120,352
		<u>24,330,074</u>	<u>1,397,492</u>
Creditors: amounts falling due within one year	7	(4,108,898)	(1,434,228)
<b>Net current assets/(liabilities)</b>		<u>20,221,176</u>	<u>(36,736)</u>
<b>Total assets less current liabilities</b>		<u>21,015,388</u>	<u>292,507</u>
<b>Net assets</b>		<u><u>21,015,388</u></u>	<u><u>292,507</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	5,524	2,195
Share premium account	11	22,046,545	799,200
Profit and loss account	11	(1,036,681)	(508,888)
		<u>21,015,388</u>	<u>292,507</u>

The Financial Statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the Statement of Comprehensive Income or Directors' report in accordance with provisions applicable to companies subject to the small companies' regime.

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on **27 JULY 2018**.



**Peter Goodfellow**  
Director

The notes on pages 4 to 13 form part of these financial statements.

**GAMMADELTA THERAPEUTICS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2017	2,195	799,200	(508,888)	292,507
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(527,793)	(527,793)
Shares issued during the year	3,329	21,247,345	-	21,250,674
<b>Total transactions with owners</b>	3,329	21,247,345	-	21,250,674
<b>At 31 March 2018</b>	<b>5,524</b>	<b>22,046,545</b>	<b>(1,036,681)</b>	<b>21,015,388</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(508,888)	(508,888)
Shares issued during the period	2,195	799,200	-	801,395
<b>Total transactions with owners</b>	2,195	799,200	-	801,395
<b>At 31 March 2017</b>	<b>2,195</b>	<b>799,200</b>	<b>(508,888)</b>	<b>292,507</b>

The notes on pages 4 to 13 form part of these financial statements.

**GAMMADELTA THERAPEUTICS LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(527,793)	(508,888)
<b>Adjustments for:</b>		
Depreciation of tangible assets	178,003	4,431
Interest paid	6,575	219
Interest received	(1,775)	-
Taxation	(203,835)	(73,003)
(Increase) in debtors	(1,284,197)	(204,137)
Increase in creditors	3,674,889	434,009
Corporation tax received	73,003	-
<b>Net cash generated from operating activities</b>	<b>1,914,870</b>	<b>(347,369)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(642,972)	(333,674)
Interest received	1,775	-
<b>Net cash from investing activities</b>	<b>(641,197)</b>	<b>(333,674)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	20,243,880	801,395
Other new loans	-	1,000,000
<b>Net cash used in financing activities</b>	<b>20,243,880</b>	<b>1,801,395</b>
<b>Net increase in cash and cash equivalents</b>	<b>21,517,553</b>	<b>1,120,352</b>
Cash and cash equivalents at beginning of year	1,120,352	-
<b>Cash and cash equivalents at the end of year</b>	<b>22,637,905</b>	<b>1,120,352</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	22,637,905	1,120,352
	<b>22,637,905</b>	<b>1,120,352</b>

The notes on pages 4 to 13 form part of these financial statements.

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## GAMMADELTA THERAPEUTICS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

GammaDelta Therapeutics Limited is a private company limited by shares incorporated on 17 June 2016 in England and Wales and its registered head office is London Bioscience Innovation Centre, 2 Royal College Street, London NW1 0NH.

The principal activity is that of research and experimental development in biotechnology. The financial statements are presented for the year to 31 March 2018.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### Going concern

During the year the Company completed an equity funding round, raising \$27.5m, on 8 May 2017 to fund its research and development activities. As part of the funding round a loan of £1m was capitalised and utilised to reduce the amount payable for the subscription of the shares. Alongside the equity funding round the Company also entered into a collaboration agreement with Millennium Pharmaceuticals, Inc (a subsidiary of Takeda Pharmaceutical Company Limited) to support the Company's research and development activities.

The directors have reviewed the Company's business plan, including cashflow projections for the Company covering the next 12 months period from the date of approval of these financial statements, and have reasonable expectation that the Company (i) will be able to continue to meet its liabilities as and when they fall due, and (ii) has adequate funding, as part of the equity funding and collaboration agreement to continue to execute on its business plan.

On the basis of the investment secured, the financial statements have been prepared on a going concern basis.

##### 2.2 Revenue

Revenue recognised in the year relates to collaboration fee income and option fee income.

##### Collaboration fees

Turnover from research and development activities is measured by comparing the costs incurred for work performed to date. Turnover is only recognised as related costs are incurred.

##### Option fees

Turnover from option fees is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefit associated with the transaction will flow to the entity given monies have been received post year end and there are no outstanding performance obligations from the Company.

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## GAMMADELTA THERAPEUTICS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.3 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives range as follows:

Leasehold property	- 3 years
Laboratory equipment	- 5 years
Fixtures and fittings	- 5 years
Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.4 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

##### 2.6 Financial instruments

The Company enters into financial instruments transactions that result in the recognition of financial assets and liabilities like cash and other debtors and creditors.

Debt instruments that are classified as basic (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.



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## **GAMMADELTA THERAPEUTICS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

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#### **2. Accounting policies (continued)**

##### **2.6 Financial instruments (continued)**

The loan agreement is a basic financial instrument within the scope of section 11 of FRS 102 and is measured at amortised cost.

##### **2.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.8 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

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. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### **2.9 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.10 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## **GAMMADELTA THERAPEUTICS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

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#### **2. Accounting policies (continued)**

##### **2.11 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

##### **2.12 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### **2.13 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Tax credits arising from Research and Development Expenditure Credits (RDEC) are reported within operating income. Tax credits claimed under the SME R&D tax credit scheme are reflected in the tax note.

##### **2.14 Research and development**

Research and development costs are charged to the profit and loss account in the year of expenditure.

**GAMMADELTA THERAPEUTICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**3. Tangible fixed assets**

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>					
At 1 April 2017	147,986	174,130	-	11,558	333,674
Additions	-	587,923	5,109	49,940	642,972
At 31 March 2018	147,986	762,053	5,109	61,498	976,646
<b>Depreciation</b>					
At 1 April 2017	587	3,466	-	378	4,431
Charge for the year on owned assets	53,599	112,375	166	11,863	178,003
At 31 March 2018	54,186	115,841	166	12,241	182,434
<b>Net book value</b>					
At 31 March 2018	93,800	646,212	4,943	49,257	794,212
At 31 March 2017	147,399	170,664	-	11,180	329,243

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**GAMMADELTA THERAPEUTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**4. Employees**

The average monthly number of employees, including the directors, during the year was 22 (9 month period ended 31 March 2017 - 7).

**5. Debtors**

	2018 £	2017 £
Other debtors	181,119	80,654
Prepayments and accrued income	1,134,431	2,134
VAT	172,784	121,349
R&D tax receivable	203,835	73,003
	<u>1,692,169</u>	<u>277,140</u>

Included within other debtors is an amount of £11,286 (2017: £nil) which is due after one year.

**6. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<u>22,637,905</u>	<u>1,120,352</u>

**7. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Loan agreement and interest	-	1,000,219
Trade creditors	1,090,105	309,802
Other taxation and social security	213,449	45,117
Other creditors	2,184,853	5,150
Accruals	620,491	73,940
	<u>4,108,898</u>	<u>1,434,228</u>

The loan agreement accrued interest at a rate of 8% per annum. In May 2017 the loan agreement was utilised to reduce the consideration payable to the Company for preferred shares issued in that month, as part of the equity funding.

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**GAMMADELTA THERAPEUTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**8. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>23,581,675</u>	<u>1,201,006</u>
<b>Financial liabilities</b>		
Financial instruments measured at amortised cost	<u>(3,895,449)</u>	<u>(1,389,111)</u>

Financial assets measured at amortised cost comprise cash at bank, accrued revenue and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, loan notes and accruals.

**9. Financial risk management**

The Company has exposure to one main financial risk - liquidity risk.

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through cash raised from investment funding.

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**GAMMADELTA THERAPEUTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**10. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,395,000 Ordinary shares of £0.001 each	1,395	1,395
3,745,113 (2017: 800,000) Preferred shares of £0.001 each	3,745	800
383,600 Growth shares of £0.001 each	384	-
	<u>5,524</u>	<u>2,195</u>

In the prior year 1,395,000 ordinary shares of £0.001 each were issued at par and 800,000 preferred shares of £0.001 each were issued at £1 each.

In May 2017 2,945,113 preferred shares of £0.001 each were issued at a subscription price of \$9.3375 per share. The consideration for this share issue totalled £21,250,290 of which £1,006,795 related to the conversion of loan notes plus interest (utilised to reduce the amount payable for the subscription of preferred shares), with the balance being cash received.

Preferred shares are entitled to an annual 8% dividend. The preferred dividend is subject to the availability of profits and board discretion. Any preferred dividend not declared in any financial year will lapse.

On liquidation or sale of the Company the preferred shares rank in priority to the Ordinary shares as to the return of the subscription price and any unpaid dividends. Preferred shares are convertible into ordinary shares.

During December 2017 and January 2018, 383,600 growth shares of £0.001 each were issued at par.

Growth shares do not have any voting or dividend rights attached to them. On liquidation or sale of the company, if the amount payable per share is greater than \$9.3375, the growth shares become a participating share and are entitled to a pro-rata allocation of sale proceeds alongside all other shares.

**11. Reserves**

**Share premium account**

Share premium arises from any premiums received on issue of share capital.

**Profit and loss account**

The profit and loss account includes the current year losses.

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## GAMMADELTA THERAPEUTICS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 12. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	251,515	110,253
Later than 1 year and not later than 5 years	149,999	206,762
	<u>401,514</u>	<u>317,015</u>

#### 13. Related party transactions

During the year, Abingworth LLP, investment fund manager and ultimate controlling entity of Abingworth Bioventures VI, LP, (Shareholder), invoiced the Company £nil (2017: £120,000) for due diligence work carried out on behalf of the Company. This was fully paid during the prior year and no balance remained outstanding. Travel expenses were invoiced totalling £1,760 (2017:nil) during the current year, no balance remained outstanding at the year end.

During the prior period King's College London (Shareholder) invoiced the Company £222,175 for research and development costs it incurred under a research agreement with the Company. The whole amount was outstanding as at 31 March 2017. A credit for £222,175 and a new invoice for £141,522 was received in May 2017. In addition £130,193 for research and development costs relating to the year ended 31 March 2018 were invoiced. Nil balance outstanding at the year end.

In May 2017, the Company entered into a collaboration agreement with Millennium Pharmaceuticals Inc, a wholly owned subsidiary of Takeda Pharmaceutical Company Limited, a shareholder of the Company. Millennium Pharmaceuticals Inc has agreed to fund the research costs incurred by the Company during the initial research term. The Company invoiced Millennium Pharmaceuticals, Inc £6,853,562 (2017: nil) in relation to advance R&D costs. The total actual research costs incurred by the company during the year in relation to the collaboration agreement which has been recognised as turnover during the year totalled £4,716,232, leaving a balance within other creditors outstanding at the year end of £2,137,330.

In May 2017, the Company, its existing shareholders and Takeda Pharmaceutical Company Limited entered into an agreement with a option for Takeda Pharmaceutical Company Limited, a shareholder within the Company to purchase all shares it does not hold in the Company in the future. A fee totalling £1,858,053 (2017: nil) recognised within turnover for the year, was due to the Company in consideration of the covenants and undertakings included within the option agreement of which £892,131 was included within accrued revenue and outstanding at the year end.

Consultancy fees of £67,064 (2017: nil) were incurred by Gamma Delta Advisory Limited for the provision of services by Adrian Hayday, a director and shareholder of the Company, £49,154 of which was invoiced during the year with £10,000 of this invoiced amounts included within trade creditors at the year end. The remaining £17,910 is included within accruals.

During the year consultancy and expenses amounting to £10,663 (2017: £16,205) were paid to members of the Board and shareholders.

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**GAMMADELTA THERAPEUTICS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**14. Post balance sheet events**

On 31 May 2018 the company acquired 100% of Lymphact – Lymphocyte Activation Technologies S.A. for equity and cash consideration which is subject to achievement of certain milestones. The cash consideration includes approx €2m of initial payments.

**15. Auditor's information**

The Company has taken advantage of the small company provisions to file a balance sheet and related notes. The full annual accounts and Director's report have been subject to audit. The auditor's report was issued on 30 July 2018 by Grant Thornton UK LLP, signed by Alison Seekings as senior statutory auditor.

The auditor's report was unqualified and did not include a statement under section 498 (2) or section 498 (3) of the Companies Act 2006.