

O X F O R D
S C I E N C E
E N T E R P R I S E S

Q4 Results

September-December 2021



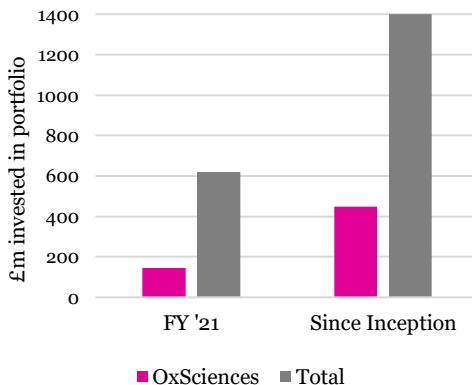
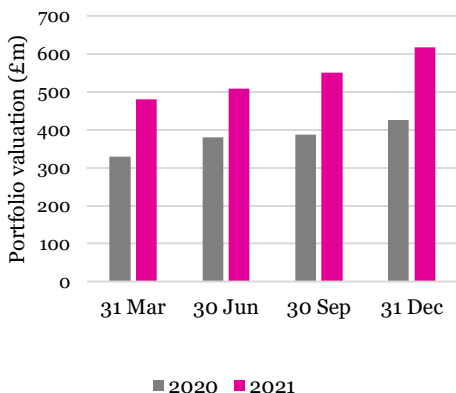
FOREWARD



2021 has been a transformational year for Oxford Science Enterprises, our portfolio, and the rapidly growing Oxford ecosystem. We have added significant talent and experience to our own team and built a platform to maximise on the significant opportunity we have here in Oxford. During the year we saw our first Enterprise IPO, the sale of Yasa Motors to Mercedes Benz, and significant further validation of our Enterprises, which continue to attract the highest calibre of talent and investment from value added specialist investors.

Over the last 6 years, we have invested close to £450m to build large stakes in a diverse portfolio of potentially world-changing companies across areas including therapeutics, food security, fusion and quantum. We are now delivering an inflection in value as our earlier investments hit key milestones and embark on larger fundraises. This momentum was evident in our private portfolio during Q4 and has continued into the early part of this year, making us confident in our ability to drive strong NAV per share growth in 2022 and beyond.

Alexis Dormandy, CEO, Oxford Sciences Enterprises



Q4/FY Highlights

- £55.4m cash invested in our enterprises during Q4, taking investment for 2021 to £146.3m.
- Total raised by our enterprises, £168m in Q4 and £620m for FY.
- Total portfolio valuation increased 12% in quarter and 45% for FY to £618m, with underlying growth (excluding investment) being 8% for the year.
- NAV per share of 147.5p up 2% year on year.
- Net cash decreased to £242m vs £300m in Sept and £412m in Dec 2020.

Key Highlights

OxSciences' Team

We have seen a transformation in the OxSciences team during 2021 as we have attracted new talent into both our leadership team and the broader organisation.

- In Q4, we announced the appointment of Sarah Shackleton as Chief Talent Officer. Sarah joined us from Abingworth in January, and brings over two decades of experience building the boards and senior leadership teams of fast growing science and technology start-ups. This appointment completes our strengthened senior leadership team, and follows the recent hires of Katya Smirnyagina Ph.D., Senior Partner (Life Sciences); Alexis Zervoglos, Senior Partner (Tech); and Dr. Ceri Morgan, Head of Late Stage Portfolio. Alongside Alexis Dormandy, Chief Executive Officer, and Jim Wilkinson, Chief Financial Officer, this team provide a breadth of scientific, business building, operational, talent management, and investment experience across both Life Sciences and Technology.
- We also continued to add further experience to our broader team, and were pleased to announce three new hires to our Investment Team. Colin Roberts joined as an Operating Partner (Healthtech) in November, adding 20 years of start-up and operational experience in imaging and healthtech businesses to the team. Craig Fox joined as Operating Partner (Life Sciences) in February adding 20+ years of operational experience in drug discovery to the team. Finally, Caroline Cake (ex-CEO Health Data Research) has also recently joined our team as an Entrepreneur-in-Residence (Healthtech). We also further strengthened our central team, with the appointment of Athene Blakeman as Head of Legal and Company Secretary (ex-Benchmark Holdings Plc) adding transactional, public company, and international business experience to the team.

The Growing Oxford Ecosystem

Our unique and integrated partnership with Oxford University is a significant differentiator which brings us access to a diverse pipeline of world changing science. During 2021 we have once again been reminded of the extremely privileged position we have in Oxford. The University and its academics continue to lead world rankings and the broader Oxford science ecosystem is growing attracting new value add investors and talent. 2021 progress included:

- Oxford University retaining its top spot in the Times Higher Education world rankings for the sixth consecutive year.
- The University leading the league tables for UK university spinouts with 23 companies formed and a total of £1.4bn invested in businesses that have spun out of the university during the year.
- Oxford academics continuing to achieve global acclaim, winning the highest awards and accolades for their ground-breaking work. Notable examples include:
 - Dame Carol Robinson, founder of OMass, winning both the prestigious Louis-Jeantet Prize for Medicine 2022 and also the 2022 Benjamin Franklin Medal in Chemistry.

- Professor Sir Peter Donnelly, academic founder and CEO of Genomics Plc, being awarded the Royal Society's 2021 Gabor medal for his pioneering work in the genomic revolution in human disease research.
- Finally, six Oxford Professors were elected the the Fellowship of the Royal Society during 2021: Professors Dame Sarah Gilbert, Teresa Lambe, Sir Andrew Pollard, and Fiona Powrie were all recognised for their outstanding contributions to immunology with Honorary Lifetime Membership of the British Society of Immunology.
- We saw a number of Oxford IPO's during 2021 as the science ecosystem continues to build, including Oxford Nanopore in Q4, Immunocore, ExScientia, and our own Vaccitech, bringing more value added capital and talent into Oxford.

Q4 Financials

Q4 was a busy and productive quarter, as we saw momentum build in our private portfolio, with a number of successful fundraises and/or uplifts at some of our earlier investments such as First Light Fusion, MOA and Refeyn. A strong performance here was largely offset by public market weakness impacting the valuation of Vaccitech and writedowns in the broader portfolio as we continued to actively manage our portfolio.

- **Our Portfolio valuation rose by 12%** to £618m reflecting two key factors:
 - **Net investment in the portfolio was £59.6m.** This exceeds the cash investment of £55.4m, primarily due to conversion of existing convertible loan notes (CLNs) relating to Ultromics. This figure excludes non-converted CLNs and includes founders' shares on new spinouts.
 - **Q4 Fair value adjustment** saw a net increase of £8m reflecting three key factors:
 - A £76m positive fair value gain in private assets – strong momentum in our private portfolio reflecting 12 uplifts including:
 - First Light Fusion –Series C raise with new investors including Tencent and Braavos Investment Advisors.
 - Refeyn – following an external valuation carried out by Kroll.
 - MoA –following an external valuation carried out by Kroll.
 - Alloyed – following investment by Anglo American Plc.
 - PQ Shield – Series A raise led by Addition Capital.
 - ONI – Series B raise led by Arch Ventures supported by Casdin.
 - A £30.6m decline in valuation of publicly traded assets (**Vaccitech**) reflecting recent market volatility.
 - A £37m negative impact following a review and writedown of existing assets. This included re-evaluations on 14 companies, including Oxford VR, Diff Blue, Iota, Circadian and DBT.

FY Financials

Our portfolio grew 45% in 2021 to £618m. Net assets values per share grew by 2%. 2021 saw a significant step-up of cash investment in the portfolio to £146m bringing the total investment over the last two years to £250m (56% of total cash invested to date). We finished the year with £242m on the balance sheet. Key details include:

- **Over the full year to Dec 2021 the Portfolio valuation rose 45% year on year to £618m.** This reflected three key factors:
 - **Net investment in the portfolio was £171m.** This exceeds the cash investment of £146.3m primarily due to conversion of existing convertible loan notes (CLNs) relating to Ultromics, SpyBiotech, Alloyed and Vaccitech. This excludes non-converted CLNs and includes founders shares on new spinouts.
 - **Fair value adjustment: Across the full year we saw a net positive gain of £34.2m.**
 - **Private assets** – We saw a net positive fair value movement in our portfolio of privately held companies of £39m.
 - **Public assets/Vaccitech** - Across the year Vaccitech (now listed) had a net negative impact of £4.8m reflecting the step ups at the crossover financing round and IPO, and subsequent falls in the Nasdaq biotechnology and broader market since mid 2021.
 - **Realised gains:** We saw a positive impact from realized gains of £8.0m, primarily relating to the sale of Yasa to Mercedes Benz in Q3.
- **Overall net assets** were £897.1m (Dec 2020 £875.9m), up 2% year-on-year.
- **Net assets per share** increased 2% to 147.5p.
- **The profit for the year** to Dec 2021 was £21.2m (2020 £168.2m). Administration expenses totalled £16.3m, which includes a one-off tax charge of £1m relating to VAT. Other non-operating expenses include the pre-seed investments made into Lab282/Lab 10x and the operational costs of the incubator and wet lab properties.
- **Net cash** on balance sheet at December 2021 was £242m, down from £300m in Q3 and £412m as at December 2020.

Our Enterprises

Over the past six years we have built a diverse portfolio covering major areas including therapeutics, quantum, fusion and food security. During 2021 momentum in the portfolio continued to build as our Enterprises hit new milestones and attracted value add capital and talent. Meanwhile our pipeline remains strong and during 2021 we have invested in another eight potentially world-changing companies.

- **Key newsflow from our Enterprises during the quarter includes:**
 - **Vaccitech's** acquisition of Avidea Technologies to expand its product pipeline and strengthen its scientific leadership in immunotherapies and vaccines.
 - **OMass Therapeutics** unveiling its pipeline of five novel, differentiated,

- small molecule drug programs, targeting intractable or inadequately drugged membrane and complex-bound protein targets such as GPCRs (G-protein-coupled receptors), solute carriers, and intracellular protein complexes.
 - **Nucleome's** academic founders using its technology to identify a gene that potentially doubles the risk of death from COVID-19.
 - **Ultromics** announcing a partnership with Caption Health to put heart disease and detection management tools in the hands of more providers.
 - **OQC** announcing a partnership with AWS making it the first European quantum company on Bracket.
- **A total of £620m was raised by our Enterprises during the year (OxSciences £146m), with £168m raised during the quarter (OxSciences £55.4m).** Q4 was a strong quarter for the private portfolio with some significant deals attracting value added co-investors including :
 - **ONI** completed a \$75m Series B led by Arch Venture Partners and Casdin Capital to fund expansion of its commercial and R&D teams.
 - **PQ Shield** completed a \$20m Series A, led by Addition Capital, to help fuel international expansion.
 - **First Light Fusion** completed a \$45m Series C, with new investment from Tencent and Braavos Investment Advisors.
 - **Salience** completed a £7m Seed round led by OxSciences and Cambridge Innovation Capital.
- **Our Enterprises continued to attract high calibre talent. Key highlights during the quarter include:**
 - **PepGen** announced two key board appointments; Noel Donnelly (ex CFO EIP Pharma and Shire Plc) joined as Chief Financial Officer during Q4, and Laurie Keating (ex Alnylam Pharmaceuticals, Millennium Pharmaceuticals and Hydra Biosciences) joined as Chair of the Board in January.
 - **Navenio** has recently announced the appointment of a new CEO, Connie Mosies (ex-CEO of Verge Health, and COO of Rise Health).
 - **ONI** continued to build out its leadership team, hiring Sophia Mowla (ex True Search) as Chief Growth Officer.
 - **Salience** announced the appointment of Dan Armbrust (ex CEO of Sematech and IBM) as Chair of the Board.
 - **Oxford Flow** announced the appointment of Colin Findlay (ex CEO of the Severn Glocon Global Group) as Chief Strategy Officer.
- **During Q4 we spun out one new enterprise, Alethiomics, taking the total number of new OxScience's spinouts for 2021 to eight.**
 - **Alethiomics** is focused on targeted therapies to treat a family of blood cancers called myeloproliferative neoplasms.

Outlook

2022 promises to be an important year for the portfolio, with momentum accelerating as a number of our earliest investments hit key milestones and target significant fundraises. 56% of total capital invested to date has been invested over the 2020-21 with over 80% yet to see a step-up, but will begin to do so over 2022/3:

- 11 of our lead 32 enterprises are now actively in revenue build stage, including Ultromics, Refeyn, ONI, Bibliu and Mixergy. Four of our 10 lead therapeutics enterprises are expected to be in clinical trials by the end of 2022.
- We expect nine of our top 15 companies to complete Series B/C fundraises during 2022.
- The momentum in the portfolio, which began in Q4, with some significant step-ups in assets such as First Light Fusion and PQ Shield has continued into 2022, with a number

of deals agreed or close to approval with healthy step-ups.

All of this gives us confidence in our ability to deliver strong NAV per share growth in 2022 and beyond.

Our Impact

We continue to deliver impact across our four goals, with a number of our enterprises contributing to more than one goal.*

- **Enable people to lead longer, healthier lives**
 - **+£315m** invested by OxSciences
 - **+£765m** invested by external investors
 - **38** enterprises, now worth over **+£2.2bn**
- **Protect the future of our planet**
 - **+£75m** invested by OxSciences
 - **+£75m** invested by external investors
 - **12** enterprises, now worth over **+£480m**
- **Feed the world and keep us safe**
 - **+£30m** invested by OxSciences
 - **+£50m** invested by external investors
 - **11** enterprises, now worth over **+£240m**
- **Accelerate the pace of positive change**
 - **+£125m** invested by OxSciences
 - **+£195m** invested by external investors
 - **25** enterprises, now worth over **+£640m**

**Impact mapping: only includes companies where Oxford Science Enterprises has invested +£250k (including exits, not including companies that have closed). Some companies have been mapped to more than one category.*

Portfolio – unaudited

Company name	Description	Company stake at 31 December 2021 %	Fair value of Company holding at 31 December 2020 £'000	12 months to 31 December 2021			Fair value of Company holding at 31 December 2021 £'000
				Net investment* £'000	Fair value movement £'000	Disposal £'000	
Vaccitech	Harnessing T cell immunotherapy to treat and prevent infectious disease and cancer	23%	52,944	24,130	(4,864)	-	72,210
Evox Therapeutics	Harnessing and engineering the natural delivery capabilities of exosomes to develop an entirely novel class of biotherapeutics	36%	52,482	13,759	-	-	66,241
Pepgen	Unlocking the potential of oligo-based and gene therapies by leveraging the drug delivery capabilities of innovative peptide technology	29%	13,193	24,137	6,846	-	44,176
First Light Fusion	Creating base-load clean energy using inertial confinement fusion	19%	12,102	8,800	18,734	-	39,636
Osler Diagnostics	The universal point-of-care diagnostic platform with lab-grade sensitivity	31%	38,445	-	-	-	38,445
Oxford Nanoimaging	Creators of the Nanoimager, the world's first desktop-sized super-resolution microscope	29%	24,405	8,030	5,970	-	38,405
Alloyed	Innovative alloy design for aerospace, automotive, industrial and biomedical applications	38%	13,794	9,218	7,677	-	30,689
Refeyn	A revolutionary way to analyse molecules using mass photometry, a technology that uses light to weigh molecules	30%	15,293	-	10,707	-	26,000
Ultromics	AI interpretation of ultrasound imaging to treat cardiovascular disease	43%	14,046	17,142	(6,713)	-	24,475
Oxford Flow	Small and light pressure control valves for water, oil and gas, reducing leaks and emissions and delivering smarter, more precise control	47%	15,662	-	976	-	16,638
MoA	Discovering the next generation of sustainable herbicide chemistries	35%	4,975	-	9,612	-	14,587
OMass Therapeutics	Harnessing high-resolution native mass spectrometry to drive drug discovery for immunology and genetic disease	36%	10,314	3,218	729	-	14,261
MiroBio	Harnessing the natural control mechanisms of the immune system for patients suffering from autoimmune diseases	34%	6,588	3,490	4,086	-	14,164
PQ Shield	Defining the next generation of cryptography for a quantum age	28%	2,622	3,747	7,436	-	13,805
Animal Dynamics	Autonomous, super-efficient drones inspired by evolutionary biomechanics and designed with AI	40%	11,914	-	-	-	11,914
Other investments			136,103	55,373	(26,976)	(12,230)	152,270
Total			424,882	171,044	34,220	(12,230)	617,916

* Net investment includes cash invested, OxSciences' founders' shares and converted CLN's.

Statement of comprehensive income– unaudited

	12 months ended 31 December 2021 £'000	3 months ended 31 December 2021 £'000
Portfolio return and revenue		
Revenue from services and other income	2,846	1,235
Realised Gains on investments	8,025	650
Change in fair value of equity investments	34,220	7,988
Change in fair value of financial instruments	(4,341)	(4,341)
Change in fair value of Lab 282 / Lab10x	(1,121)	-
	39,629	5,532
Operating expenses		
Staff costs	(7,469)	(3,047)
Depreciation	(177)	(46)
Other administrative expenses	(8,700)	(3,473)
	(16,346)	(6,566)
Non-operating expenses		
Property expenses	(2,316)	(305)
Property depreciation	(740)	(300)
Lab 282 / Lab10x administrative expenses	(169)	(90)
	(3,225)	(695)
Profit/(loss)	20,058	(1,729)
Finance expense	(766)	(160)
Finance income from convertible loan notes	5,942	561
Finance income and interest receivable	(21)	(138)
Profit/(Loss) before long-term bonus incentive and taxation	25,213	(1,466)
LTIP and share-based payment charges	(4,004)	(2,903)
Profit/(Loss) before taxation	21,209	(4,369)
Taxation	(10)	(10)
Profit/(Loss) after taxation	21,199	(4,379)

Statement of financial position – unaudited

As at 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
ASSETS			
Non-current assets			
Equity investments	1	617,916	424,882
Equity rights		12,866	15,657
UCSF		3,580	3,933
Lab282		1,533	3,156
Lab10x		126	410
Loans and advances		372	372
Right-of-use asset		13,091	14,124
Property, plant and equipment		12,916	7,538
		662,400	470,072
Current assets			
Trade and other receivables		6,124	9,677
Debt instruments		14,779	31,059
Cash and cash equivalents		113,897	277,397
Deposits		128,552	134,643
		263,352	452,776
Total assets		925,752	922,848
LIABILITIES			
Current liabilities			
Trade and other payables		8,078	7,846
Corporation tax payable		10	22,360
Lease liability		1,925	1,138
		10,013	31,344
Non-Current liabilities			
Provisions for liabilities and charges		5,712	1,253
Lease liability		12,970	14,393
		18,682	15,646
Total liabilities		28,695	46,990
Net assets		897,057	875,858
EQUITY			
Share capital		6,083	6,083
Share premium account		654,085	654,085
Employee's benefit trust		(6,121)	(6,121)
Retained earnings		243,010	221,811
Total equity		897,057	875,858

Statement of cash flows – unaudited

For the three months ended 31 December 2021

	12 months ended 31 December 2021 £'000	3 months ended 31 December 2021 £'000
Operating activities		
Profit for the period before tax	21,209	(4,369)
Change in fair value of equity investments	(34,220)	(7,988)
Gain on disposal of investment	(8,025)	(650)
Changes in fair value of financial instruments	3,200	3,200
Depreciation	917	346
LAB282 fair value movement	1,623	788
LAB10x fair value movement	285	172
Movement in UCSF	353	353
Other long term incentive provisions	1,212	1,212
Finance income	21	138
Finance income from convertible loans	(5,942)	(561)
Finance expense	766	160
Share based payment charge	749	458
Amortisation of right-of-use asset	1,860	636
Corporation tax paid	(22,360)	-
LTIP charge	3,255	2,445
Changes in working capital		
(Increase) / decrease in trade and other receivables	143	759
Increase / (decrease) in trade and other payables	(515)	1,078
Net cash inflow / (outflow) from operating activities	(35,469)	(1,823)
Investing activities		
Purchase of investments and debt instruments	(146,297)	(55,429)
Proceeds from equity investments	20,254	650
Repayment of loans	50	-
(Increase) / decrease in cash placed on deposit	6,091	172
Finance income	416	(123)
Payments to acquire property, plant & equipment	(6,296)	(410)
Net cash inflow/(outflow) from investing activities	(125,782)	(55,140)
Cash flows from financing activities		
Repayments of right-of-use liability	(1,900)	(722)
Increase / (decrease) in provisions	(8)	-
Finance costs	(341)	(41)
Net cash inflow/(outflow) from financing activities	(2,249)	(763)
Net decrease in cash	(163,500)	(57,726)
Cash and cash equivalents at the beginning of the period	277,397	171,623
Cash and cash equivalents at the end of the period	113,897	113,897

NOTES TO THE QUARTERLY SET OF FINANCIAL STATEMENTS

1. Investment portfolio

The accounting policies regarding valuations in these quarterly results are the same as those applied by the Company in its audited financial statements for the year ended 31 December 2020 and which will form the basis of the 2021 Annual Report and Accounts. Investments designated as fair value through profit or loss and are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period in which they arise.

The Company classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy within which a financial asset is classified is determined on the basis of the lowest level input that is significant to that asset's fair value measurement.

The fair value hierarchy has the following levels:

Level 1 – Quoted prices in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last 12 months. When the Company determine the most recent investment isn't a market transaction, the last funding round will be used, provided a significant 3rd party has participated, to determine the level. If the Company lead the round with no external market validation of the value, then this is not considered a market transaction and so the fair value will not be adjusted.

Level 3 – One or more inputs that are not based on observable market data.

	Level 1	Level 2	Level 3	Total £'000
	Equity investments in quoted spin- out companies £'000	Equity investments in unquoted spin-out companies £'000	Equity investments in unquoted spin-out companies £'000	
As at 1 January 2020	-	141,191	149,449	290,640
Investments during the period	-	92,986	-	92,986
Disposal during the period	-	(11,996)	-	(11,996)
Other transfers between hierarchy levels during the period	-	(94,385)	94,385	-
Change in fair value in the period	-	53,252	-	53,252
As at 31 December 2020	-	181,048	243,834	424,882
As at 1 January 2021	-	181,048	243,834	424,882
Investments during the period	7,373	163,671	-	171,044
Other transfers between hierarchy levels during the period	82,598	(5,343)	(77,255)	-
Disposals during the period	-	(12,230)	-	(12,230)
Change in fair value in the period	(17,761)	51,981	-	34,220
As at 31 December 2021	72,210	379,127	166,579	617,916

Fair values of unquoted spin-out companies classified as Level 3 in the fair value hierarchy have been determined in part or in full, by valuation techniques that are not supported by observable market prices or rates 70 investments have been classified as Level 3 and the individual valuations for each of these have been arrived at using the following valuation method:

Where fair values are based upon the most recent market transaction, but that transaction occurred more than 12 months prior to the annual report sign off date, the investments are classified as Level 3 in the fair value hierarchy. The fair values of investments categorised as Level 3 are analysed on a monthly basis to determine business factors which may make the most recent investment rate no longer a representation of fair value.

There are no identified unobservable inputs to which the Level 3 fair values would be materially sensitive. This is represented by the fact that if the fair value of all Level 3 investments were to decrease by 10 per cent, the net assets figure would decrease by £16.7m, with a corresponding increase if the unobservable inputs were to increase by 10 per cent.

All investments made during the year are considered to be Level 2 per note 1 to the accounts, accounting policies, fair value hierarchy, and are consequently carried at cost.

Transfers between Level 3 and Level 2 occur when an investment which previously had a most recent investment of over 12 months ago raises new external funding, resulting in an observable market rate.

NOTES TO THE QUARTERLY SET OF FINANCIAL STATEMENTS

continued

2. Share capital

	31 December 2021 £'000	31 December 2020 £'000
Issued and fully paid: 608,293,334 ordinary shares of 1p each (FY20: 608,293,334)	6,083	6,083

3. People

	31 December 2021	31 December 2020
Number of employees*	45	38

*excluding 6 non-executive directors