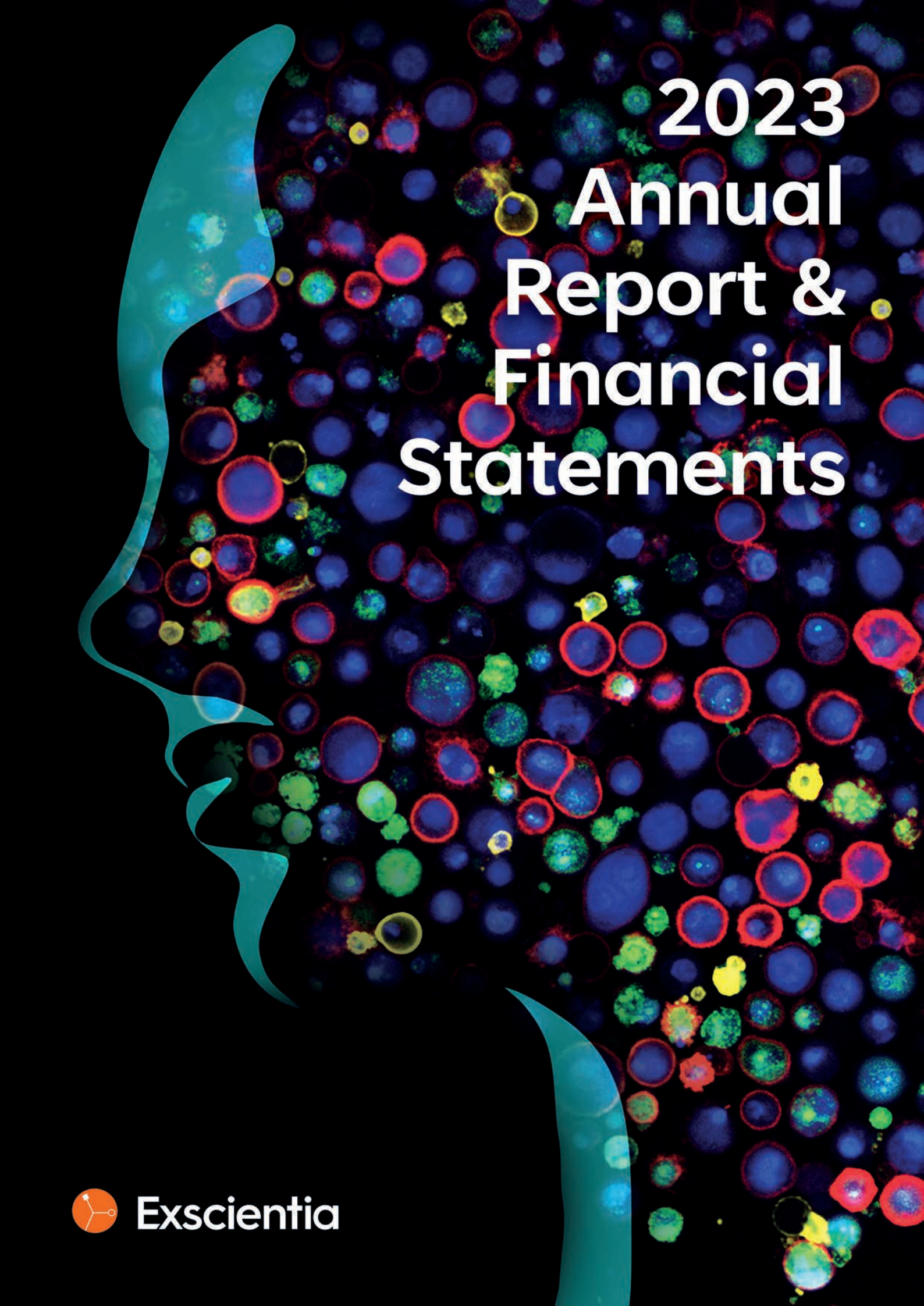

# 2023 Annual Report & Financial Statements

Exscientia

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***About the Cover:***

Researchers at Exscientia analyse tissue samples at single cell resolution, collecting phenotypic and morphological data to determine treatment effect and differences in each patient. Our patient-first precision medicine platform aims to reset how we bring novel therapies to patients. By pioneering new approaches to AI-led drug design and development, we believe the best ideas of science can rapidly translate to the best medicines for patients.

# General Information

## Directors

Elizabeth Crain
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Mario Polywka

## Company Secretary

Daniel Ireland

## Registered Office

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## Solicitors

Cooley (U.K.) LLP
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London EC2N 4BQ

David Hallett, Ph.D.

# A Letter from Our Interim CEO

**Dear Shareholder,**

As I enter the 5th year of my personal journey at Exscientia, I look back at our achievements in 2023 with pride.

In 2023, we increased the number of Exscientia-designed molecules in active clinical trials to four. EXS4318, our PKC-theta inhibitor, currently in development with our partner Bristol Myers Squibb, entered a healthy volunteer study. In the summer, Exscientia began enrolment into ELUCIDATE, our Phase 1/2 trial with our co-owned CDK7 inhibitor (GTAEXS617). In addition, Sumitomo Pharma advanced the clinical development of two bispecific compounds we designed for psychiatric diseases, DSP-2342 and DSP-0038.

Building a sustainable pipeline is also a necessary part of Exscientia's long-term growth strategy, and to this end we continued to advance our wholly owned LSD1 and MALT1 small molecule assets through IND-enabling studies whilst continuing to precision design the next wave of small molecules to treat a range of oncology indications.

> *"In 2023, we significantly expanded our technological capabilities with the opening of our automation facility, concentrated our internal research on high value oncology targets and steadily progressed multiple new and existing programmes with our large pharma partners.*
>
> – David Hallett, Ph.D.

If we truly wish to transform the way the world invents and develops new medicines, then we must also influence the pharmaceutical R&D ecosystem from within and maintain focus on our partnerships, which remain a key component of Exscientia's business strategy. We were delighted to add a new partner to the Exscientia family with the announcement of an AI drug discovery collaboration with Merck KGaA, Darmstadt, Germany in 2023. With one of our existing partners, Sanofi, we not only achieved our first preclinical milestone, but we also introduced an Exscientia-originated program into that collaboration with additional downstream economics.

As I look forward with optimism, I am also reminded of the immense challenges faced by our industry and why Exscientia exists. Patients demand better medicines that are designed, developed, and brought to market in an economically sustainable way. Unfortunately, failure continues to be the default setting in our industry. More than 90% of potential new drugs that enter clinical development do not reach approval. When a new medicine does make it to market, current estimates suggest that the attrition weighted investment made to bring that drug to approval is more than $2.0 billion and constantly rising. This is unacceptable and not sustainable. Exscientia aims to be at the heart of an ecosystem that transforms the way the world designs and develops new medicines. We will only achieve this and outperform the industry by continuing to encode and automate the entire drug discovery process.

The main reasons for failure in our industry are well documented and our investments are aligned to address these:

Every drug candidate that enters an oncology clinical trial will have demonstrated effectiveness in live animal models – yet only 4% of those drug candidates will make it to market. We know that patients are the best models. Building on our award winning EXALT-1 clinical study in haemato-oncology patients, in 2023 we initiated EXCYTE-1, a prospective observational study in ovarian cancer with the clear intent to extend the utility of our precision medicine capabilities into solid tumours. In addition, we also placed our clinically validated functional drug evaluation platform within Charité - Universitätsmedizin Berlin, one of the largest university hospitals in Europe. This is a clear example of Exscientia's commitment to putting patients at the centre of everything we do;

The majority of properties associated with a drug candidate are irrevocably set on the day it is first designed, but many characteristics only reveal themselves after millions of dollars have been invested in clinical development. We pride ourselves on the insights of our scientists to fully define the problems we intend to address at the very start of every project. Our leading generative AI design platform has evolved and our pipeline is a physical demonstration of our potential to design well balanced molecules and to overcome drug design problems that have been historically challenging;

A central tenet at Exscientia is that novel drug discovery is a learning problem based on the initial availability of sparse data sets. The complexities of the process simply do not align with ultra-high-throughput screening, whether that be computational or experimental. With that in mind, we have continued to invest in internal experimental capabilities to generate proprietary, high-quality and high-fidelity data to support our predictive systems and to support our learning environment. In 2023, we completed a multi-year construction campaign and opened a cutting-edge automation studio in Milton Park, near Oxford. For the first time, we are now able to combine synthesis sympathetic generative design with a highly orchestrated make and test environment that can generate thousands of data points on a bespoke set of AI designed compounds (rather than the one data point on thousands of compounds). We are already starting to see the long-term potential of this platform through significant efficiency gains in automated assay development and testing and I look forward with anticipation to realising the full potential of this capability.

We remain steadfast in our mission and our commitment to Exscientia's unique approach. We leverage and operate at the interfaces of human ingenuity, AI, automation and physical engineering. We do this because patients deserve access to an abundance of affordable, transformative drugs.

**David Hallett, Ph.D.**
*Interim Chief Executive Officer*

11 April 2024

# Introduction

Exscientia plc (the "Parent Company") on behalf of itself and its subsidiaries (which together may be referred to as the "Group", "Exscientia", "we", "us" or "our"), is required to produce a strategic report complying with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Miscellaneous Reporting) Regulations 2018 for the year ended 31 December 2023. Exscientia also filed with the U.S. Securities and Exchange Commission (the "SEC") its Annual Report on Form 20-F for the year ended 31 December 2023, which contains additional disclosures regarding certain of the matters discussed in this report.

The Parent Company was incorporated on 29 June 2021. Since 1 October 2021, the Parent Company has had American Depositary Shares representing its ordinary shares ("ADSs") traded on the Nasdaq Global Select Market ("Nasdaq") in the United States. The consolidated comparative financial statements are for the Group as a whole.

# Business Overview

## Overview

We are a drug design company using artificial intelligence, or AI, and other technologies to efficiently design and develop differentiated medicines for diseases with high unmet patient need. The focus of our platform is to improve the probability of successful drug development by identifying and resolving likely points of failure using our AI design technology, translational systems and clinical modelling. We have demonstrated our platform can achieve design goals beyond current industry standards by advancing multiple development candidates with differentiated properties, four of which are currently in clinical trials. Our internal pipeline is primarily focused on oncology, but we also use our design capabilities with partners to expand our pipeline, generate income and improve our technology platform.

We believe many drug candidates fail due to predictable drug design issues. For more than a decade, we have been utilising AI to overcome these design issues and create better quality drug candidates. We also integrate novel experimental and automation systems in order to test and validate our AI-based simulations. Our closed loop of virtual design and physical experimentation is a critical advantage of our company because it allows our platform to learn quickly, to generate data that would not be available externally, and to be cost effective and reproducible.

Our technology platform spans generative AI, active learning, machine learning, physics-based systems, large language models and many other predictive systems. However, the output of our technology is always a measurable drug. We have over 20 drug programmes advancing, including at least two with expected clinical milestones in 2024. Each drug we create needs to have a meaningful design advantage over known competitors that is expected to have clinical benefit and can be clearly measured.

Our lead internal candidate, a CDK7 inhibitor known as GTAEXS617 ('617), is currently in a Phase 1/2 trial with initial data expected in the second half of this year. '617 was precision designed to manage the potential toxicities associated with CDK7 and to optimise pharmacokinetics for maximal on-target efficacy.

We designed a PKC-theta inhibitor for Bristol Myers Squibb that they then in-licensed and are currently testing in Phase 1 clinical trials. Despite PKC-theta being a target of high interest, with more than a dozen companies having attempted to design compounds for the target, no competitor drug candidates have been sufficiently potent and selective and our candidate has the potential to be first-in-class. We have ongoing milestones and royalties associated with the programme.

We have two additional internal programmes in IND-enabling studies, respectively targeting LSD1 and MALT1. Both of these candidates were designed to mitigate known toxicities that have been seen in competitive programmes. By understanding the origin of these toxicities and designing against them we believe we have produced two candidates that will have an improved probability of success in clinical development.

Over time, we believe our transformational way of designing and developing drugs can change the industry's underlying pharmacoeconomic model, what we call 'shifting the curve'. We aim to demonstrate that it is simultaneously possible to improve probability of success through designing better quality drugs while also reducing investment requirements through improved technologies and process.

## Our Strategy

Our strategy is to combine precision design, the deliberate placement of each atom in a compound, with integrated experiment, the ability to embed experimentation into our technology platform. This will enable us to design and develop better quality, balanced and differentiated medicines for patients with a higher probability of success in a faster and more efficient manner than industry average. By primarily focusing on the design of small molecules, we believe we can overcome complex issues that have impacted the success of other medicines. Our average time from initiating novel designs to first synthesis of the eventual drug candidate is approximately one year, and we typically synthesise fewer than a tenth of the number of compounds compared to conventional approaches.

Our approach aims to modernise the process of discovering and developing drugs, replacing the sequential, artisanal approach that currently dominates the industry, with an integrated, AI-first, patient-based learning system that is suited to the complexity of drug discovery.

We believe drugs often fail at the first step: design. By using precision design and integrated experiment, we believe we can accelerate the discovery of medicines and improve the probability of clinical success. We are driven to codify and optimise drug discovery, to move away from traditional sequential design, and instead leverage AI-based multi-parameter optimisation to scale the creation of precision engineered drugs.

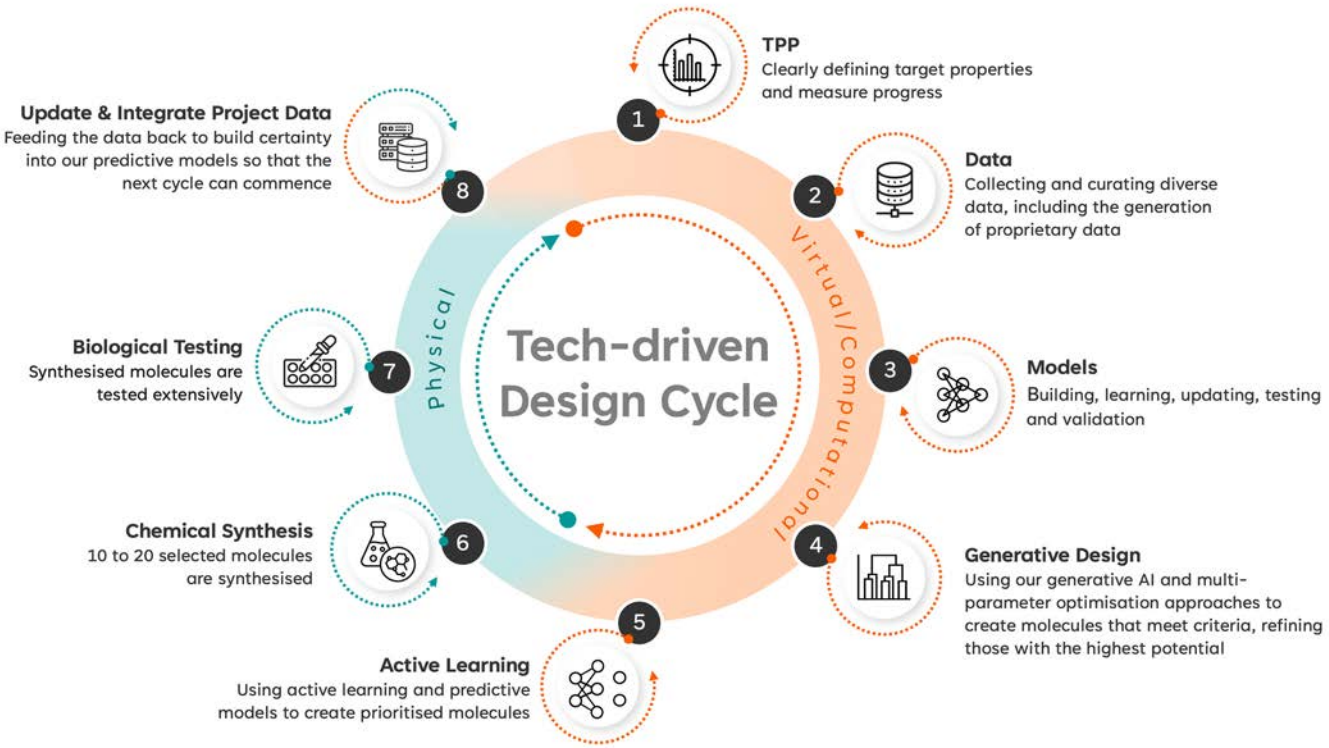
Our innovative and advanced technologies and automation are designed to engineer better molecules than what has been accomplished with traditional methods. We believe our platform has the potential to fundamentally improve the probability of clinical and commercial success.

## Precision Design

A drug's potential utility is encoded into its chemical structure from the moment it is first designed. Before a compound is ever synthesised and tested, the placement of each atom and bond will have predetermined how it will interact with the incredible complexity of human biology and disease. The molecular structure of the compound determines its potency, selectivity, safety, absorption, dose requirements and manufacturability as well as many other features that define a drug product. We believe every drug candidate should be designed at the atomic level to drive optimal efficacy with minimal side effects.

***Design from any data.*** High quality drugs need to satisfy dozens of diverse parameters, defined as a target product profile, or TPP. No single data type, such as a protein structure or cellular assay, can inform all of the parameters necessary to design a TPP. Our AI platform is data-agnostic, capable of modelling and exploiting diverse data types, including protein structures, high content screening, pharmacology and other data, through thousands of machine learning, physics-based and other predictive models. We have also developed proprietary tech-enabled laboratory capabilities to generate a wide variety of high-fidelity screening data (high content, biophysical, pharmacological and biochemical) and structural biology data to provide differentiated insights for our projects.

***Our tech-driven design cycle.*** Our design philosophy is that every molecule should be designed by an algorithm. We unlock the creativity of AI through the use of reinforcement learning, deep learning and evolutionary algorithms to precisely design and select novel compounds that meet our design objectives. Our design cycle is as follows:



***Benefits of multi-parameter optimisation.*** Conventional drug discovery approaches focus on sequential design improvements, usually starting with target potency, then selectivity, then refining other properties, which often leads to suboptimal molecules. AI excels at multi-parameter optimisation, and our platform can design against more complex endpoints than have been conventionally possible. We have successfully designed molecules with very little starting data, with and without x-ray structure, and directly using high dimensional, high content data. We can also design small molecule bispecifics and drugs with complex phenotypic endpoints. We are not aware of any other design system that can incorporate such a breadth of data types into design.

***Drug design is a learning problem.*** When designing truly innovative drugs, there will be insufficient information available at the start of the project and the right solution will almost certainly not already exist in big datasets or screening libraries. In other words, drug design is a learning — not a screening — problem. This is true for both novel targets, where no work has been done before, and established targets, where new approaches must be devised that are distinct from existing efforts. As we start to explore novel chemical spaces, we are likely to be at the limit of predictive power, or the domain of applicability, for current models. Our systems and models are designed to learn and evolve, which, like nature, allows them to find optimised solutions to problems.

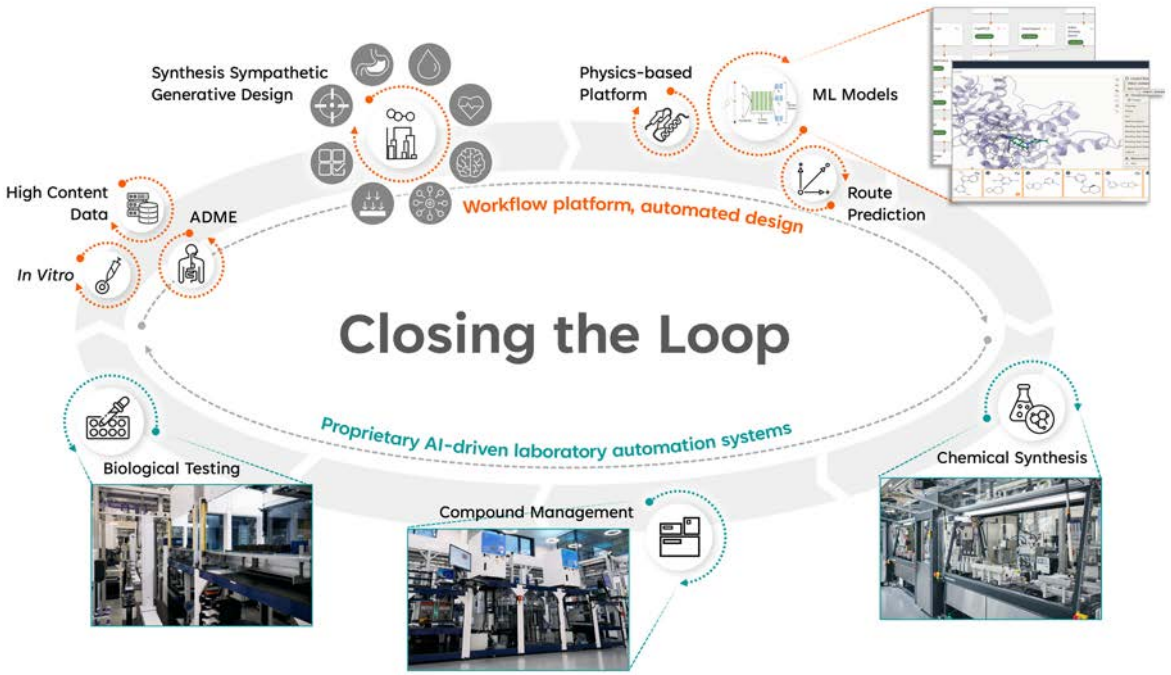
## Integrated Experiment

***Proprietary data and experimentation.*** We believe the development of proprietary data is critical to designing and developing the most differentiated medicines. We differentiate from others in the field by bringing experimentation in-house and integrating this with our technology platform. We have developed capabilities in assay development (generating our own proteins and cell reagents) and also sourcing tissue directly from patients. By bringing experimentation in-house we have been able to increase the underlying quality of the data we generate. High quality, reproducible experimental data is what drives our machine learning models.

***Maximising information gain with efficient data collection.*** Bringing experimentation in-house also highlighted to us the importance of efficiency in data collection. Our teams leverage active learning when designing experiments. This enables us to efficiently select the right compounds to synthesise and test, to maximise the information gained that will drive the validity of our models. This is in keeping with our drug design principles; each experiment is important and is done to enable a learning system - rather than to generate big, mostly redundant, datasets for screening. The virtual platform this enables can then be integrated with precision experiments.

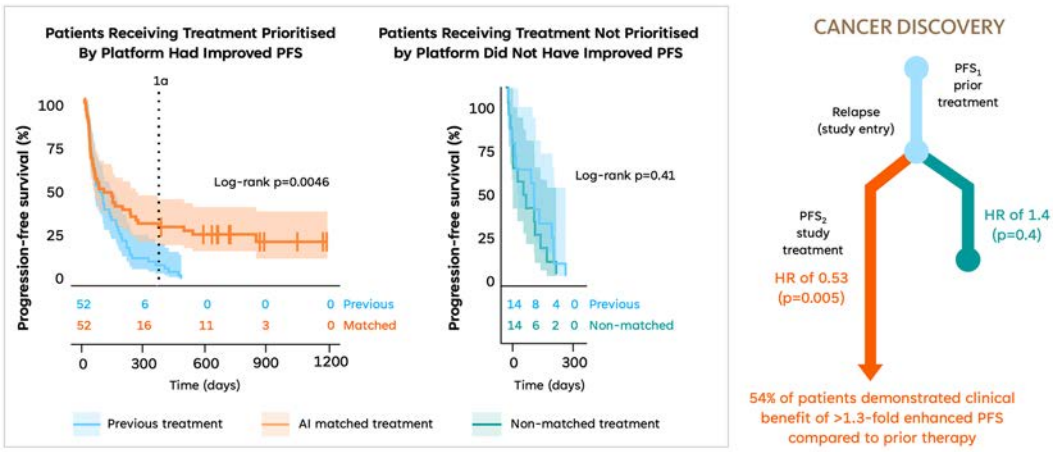
***Evolution of integrated experiment.*** We believe the integration of AI with automation can bring significant efficiencies to the drug design process and accelerate information gain. The use of automation for chemical synthesis and experimentation has the potential to simultaneously reduce cycle times and multiplex biological evaluation. With automation there is a potential to explore more complex biology. For example, we can now investigate new assay types, and evaluate multiple experimental elements simultaneously (increasing the throughput of analysis). We have identified key aspects of our drug design and experiment process that should be automated and opened our state of the art automation facility, in Milton Park, Oxfordshire, in June 2023. We believe this will further help us scale the generation of valuable molecular intellectual property.

***Closing the loop between the virtual and physical.*** We believe that we are the first company to have built an automation facility that has the potential to close the loop between AI-led drug design and experimentation. This facility has capabilities in compound management, automated chemical synthesis, automated biological screening, and in time we expect that it will enable us to produce proteins and develop DMPK assays . We have also integrated modules of AI generative design, active learning and AI retrosynthesis/chemical reaction design with the hardware. We also believe that we are the first company to develop software that can orchestrate synthesis and experimentation in the physical world with the computational precision design of compounds, driving the integration between the virtual world and the real world. This means we could learn more at a faster rate.




## Precision Medicine Platform

***The patient is the best model.*** Current model systems, such as outgrowth cell lines, do not feature the complex interplay of cells and environment necessary to model drug action prior to clinical studies. They are subject to culture adaptation, genetic drift and do not recapitulate the complexity of human disease. We utilise primary patient samples, as the most disease relevant model system, not just to model drug actions but also to identify next-generation targets. We deploy a wide variety of technologies and AI-driven data analysis techniques, such as custom deep learning algorithms for analysing images of primary cells after *ex vivo* drug perturbation. We further collect orthogonal multi-omics data including single cell transcriptomics, genomics, epigenetics and proteomics, enabling us to both quantify drug action and understand disease state. In the first-ever prospective interventional study of its kind, EXALT-1, our platform predicted which therapy was to be most effective for late-stage haematological cancer patients based on drug activity in their own tissue samples. EXALT-1 demonstrated the real-world patient selection capabilities of our platform with 54% of patients following the platform's recommendation demonstrating a clinical benefit of more than 1.3-fold enhanced progression-free survival (PFS) compared to their previous therapy.

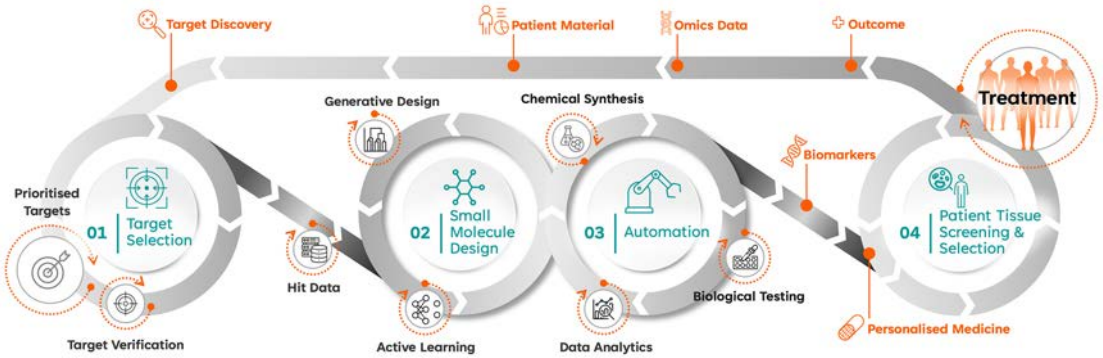



Kornauth et al. *Cancer Discovery* 2021, 1a: Kaplan–Meier plot comparing scFPM-matched treatment with previous treatment. Dotted line denotes 1-year follow-up

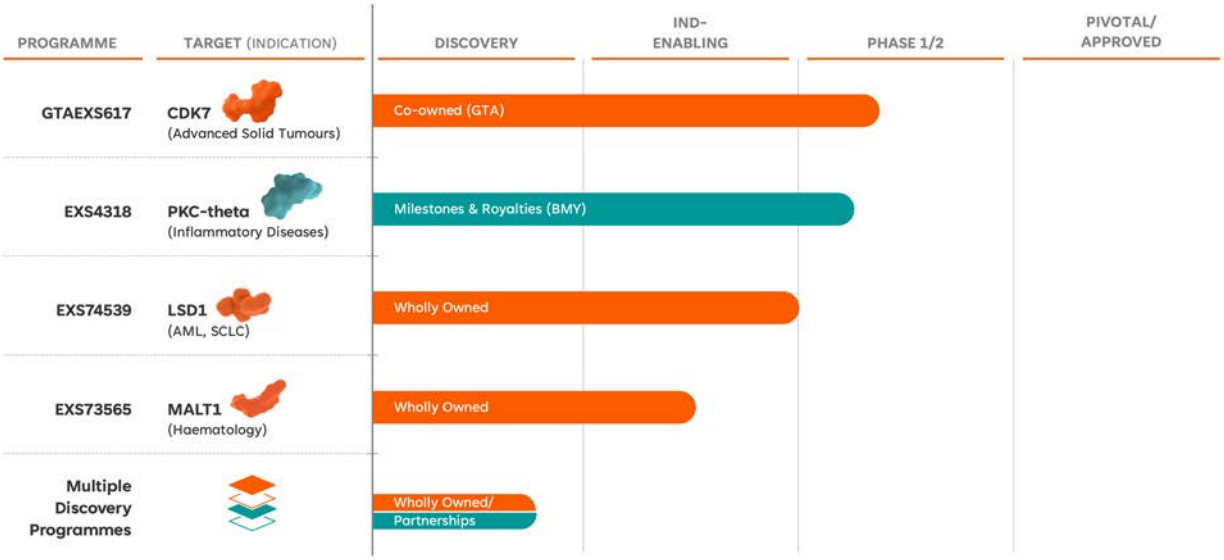
***Scaling the patient platform.*** With our team of experts, we are able to scale our primary sample collection, understand the pre-analytics of primary samples, deploy state-of-the art and priority technologies with published proven clinical disruption and disease relevant results, as well as conduct robust analysis and interpretation of multi-omics data. Our experimental process is compatible with diverse tissue types and tumour indications including blood (leukaemias), lymph nodes (lymphoma), and solid tumour indications (tissues such as malignant pleural effusions and ascites and solid tissue samples). In July 2023, we launched EXCYTE-1, a prospective observational study in ovarian cancer, to evaluate our functional precision medicine platform. In February 2024, we initiated EXCYTE-2, an observational clinical study in acute myeloid leukaemia, to further evaluate this platform. Both studies investigate the relationship between *ex vivo* drug response as measured by our platform and clinical response of patients. In March 2023, we also announced a collaboration with one of Europe's largest university hospitals, Charité – Universitätsmedizin Berlin (Charité), in which the hospital will utilise our cloud-based AI to analyse samples onsite, highlighting the scalability of our platform in a real world environment.

## Platform Philosophy

***Model-driven adaptive learning, from target identification to the clinic.*** Our overarching philosophy is to use our proprietary datasets, precision design and integrated experiment to learn our way through the complex problems facing drug design and development today. More than 40% of the targets that we are investigating were generated using data from our proprietary databases (including phenotypic screens, primary patient samples and outputs from our knowledge graphs and large language models). We not only apply this approach to these key discovery areas but we are also taking the same approach to the clinic. We aim to apply both biological and statistical models from clinical and preclinical datasets to inform clinical trial design. This has the potential benefit of better defining the therapeutic index.



## Pipeline and Partnerships




Our purpose is to improve the lives of patients by creating highly differentiated medicines that solve significant unmet needs. We have already shown with the first eight announced development candidates from our platform that we can reduce time in discovery stages by 70%, as compared to industry estimates, which may translate to an 80% improvement in capital efficiency, potentially bringing new therapeutics to patients faster than ever before. We have a rapidly evolving discovery pipeline and will continue to progress molecules from here to our clinical pipeline.

***Focused pipeline.*** Our platform allows us to rapidly discover new molecules. While the technology that drives our precision design approach is therapy area agnostic we have chosen to focus on oncology internally. Our biological, translational and clinical infrastructure is built around oncology, enabling us to concentrate our resources on the high value targets in this area. We look to leverage partnerships for other therapy areas in order to de-risk our business from both a financial and strategic point of view. For both partnered and internal programs, we go through a rigorous program selection process. This allows us to be thoughtful and critical in evaluating what to bring forward and what to partner. For example, in October 2023, we announced the reprioritisation of our pipeline to focus on differentiated, high value, oncology targets. This included the termination of the clinical programme supporting EXS21546, our $A_{2A}R$ antagonist compound.

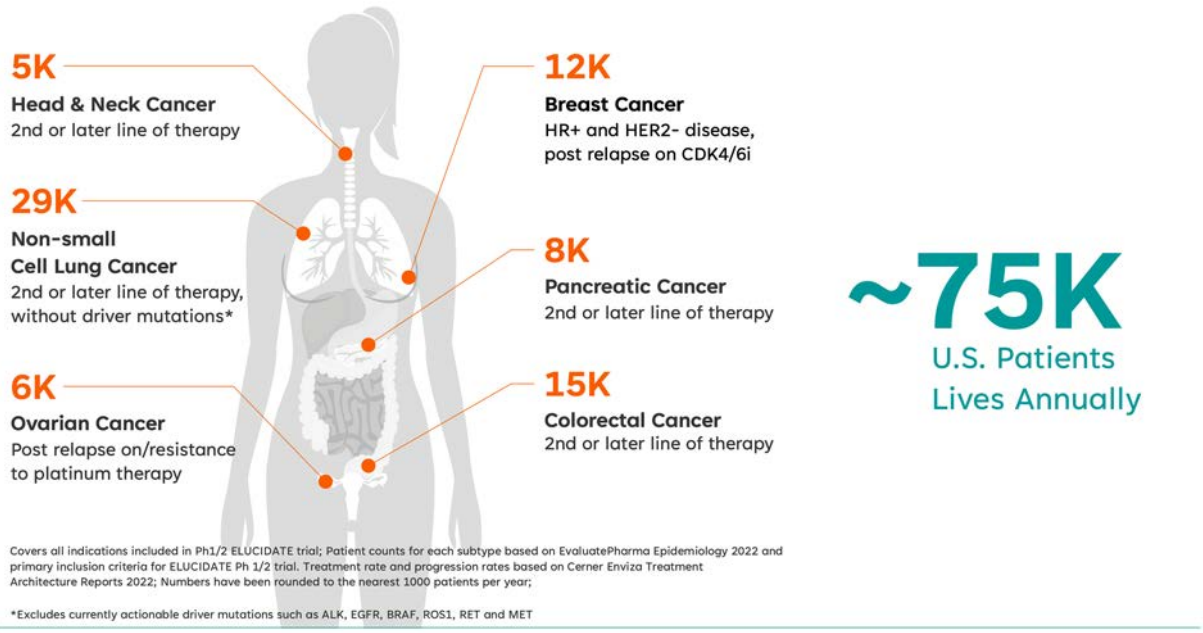
***Differentiated molecules.*** For all programs, internal or partnered, we look to design molecules that have differentiated properties to solve specific problems. Our precision design platform means we can focus on targets that either have historically not been tractable or had known design flaws.

The table below describes our current pipeline candidates and the design flaw each candidate was created to solve:

| Target | Phase | Target Market | Industry Design Flaw | Key Exscientia Tech |
|---|---|---|---|---|
| **CDK7** | Phase 1/2 | Multiple relapsed/ refractory solid tumour indications<br><br>(n = ~75k U.S. patients/year) | Other clinical compounds have been irreversible, have efflux (transporter) liabilities and other PK/PD issues that could cause higher adverse events (AEs) in the clinic | Active learning and machine learning to design optimal *in vivo* PK/PD parameters and human dose |
| **PKC-theta** | Phase 1 | Multiple immunology indications | Gastrointestinal and cardiovascular AEs reported with previous compounds likely linked to poor selectivity and suboptimal PK<br><br>Low potency leading to subtherapeutic dosing | Hotspot and multi-task models to drive local and global kinase selectivity<br><br>Integration of AI with experimentation, highlighted with routine human whole blood assay work |
| **LSD1** | IND-enabling | SCLC, AML and potential additional indications<br><br>(n = ~45k U.S. patients/year) | Other LSD1 inhibitors in development are either irreversible or have a long half-life<br><br>Thrombocytopenia, associated with extended LSD1 inhibition, has potential to be a dose limiting toxicity for these compounds | Active learning to drive exploration of new chemical space<br><br>Machine learning models to optimise multiple parameters including CNS penetrance, potency and ADMET properties |
| **MALT1** | IND-enabling | Multiple haematology indications | Lack of selectivity in other compounds in development means hyperbilirubinemia, linked to inhibition of UGT1A1, could be dose limiting toxicity | Hotspot analysis of molecular dynamics models to define pocket, find key interactions and drive generative algorithms |

ADMET = Absorption, Distribution, Metabolism, Excretion and Toxicity;
CNS = Central Nervous System;
PK = Pharmacokinetics;
PD = Pharmacodynamics;
UGT1A1 = UDP-glucuronosyltransferase 1-1

**GTAEXS617 (CDK7 Inhibitor):** Phase 1/2; 50% ownership with GTA




***Unmet need/problem:*** The importance of cell cycle inhibitors has been established with CDK4/6 inhibitors, which generated approximately $9.0 billion in sales in 2022. Aberrant CDK7 overexpression is common in many cancer indications and associated with poor prognosis. CDK7 presents an opportunity to improve treatment outcomes over CDK4/6 inhibitors due to CDK7's dual role in cell cycle and transcription.

Previous development efforts have exhibited significant side effects, possibly due to either a covalent binding mechanism of action or poor oral absorption. Current molecules in development for CDK7 are mostly covalent or have a long half-life, which means there is the potential for meaningful on-target toxicity. In addition, the two reversible inhibitors in development are transporter substrate, which would be expected to lead to poorer absorption and higher gastrointestinal toxicity.

***Our solution:*** Using our AI-driven process and multi-parameter optimisation as opposed to industry-standard sequential problem solving, we were able to identify potential design flaws with other CDK7 inhibitors in development, identify an improved target product profile and design a differentiated molecule.

- We were able to first identify a molecule designed by our system and meeting all of our profile criteria after testing just 136 compounds. Our selective, non-covalent candidate meets multiple criteria, including high on-target potency and selectivity with improved absorption characteristics over competitors.
- Better control of duration of inhibition with a predicted shorter half-life in humans and a non-covalent mechanism of action (MoA): Extended exposure would lead to increasing systemic toxicity in the absence of increasing efficacy.
- Higher potency with better selectivity compared to other reversible compounds: Less off-target risks while maintaining on target potency.
- Reduced efflux (transporter) issues: Issues with transporters will likely contribute to variable absorption and gastrointestinal issues from compound accumulation in the gastrointestinal (GI) tract.
- Favourable oral bioavailability: CDK7 inhibition will lead to systemic on target toxicity if it remains at any site other than the tumour. Absorption variability can result in either supra- or sub-therapeutic dosing.

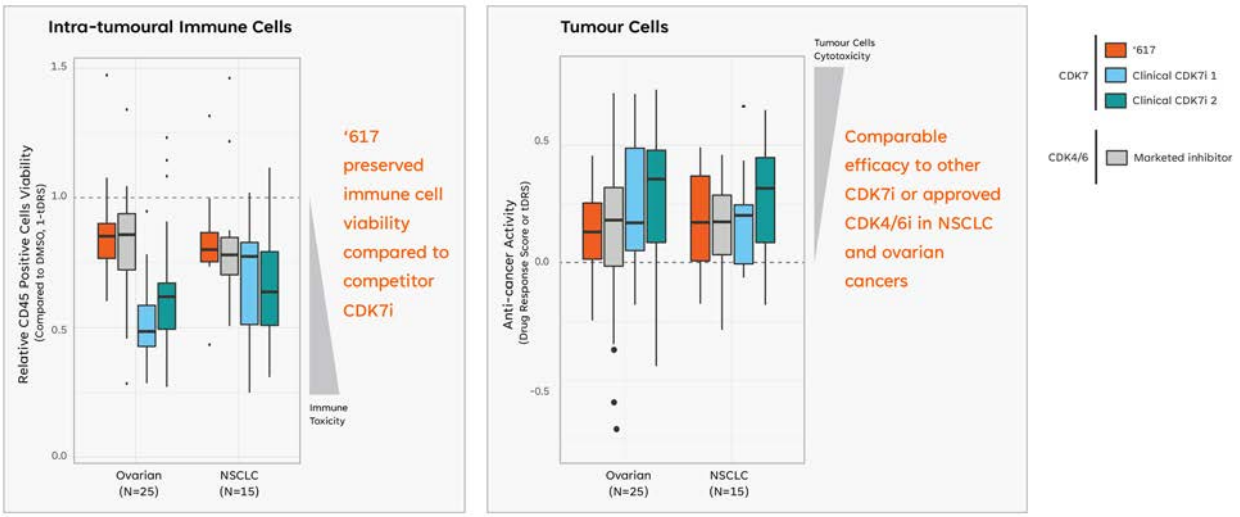
| | Assay | Candidate Criteria | Competing Phase 1 Candidate | Competing Phase 1/2 Candidate | Exscientia Candidate '617 |
|---|---|---|---|---|---|
| Target affinity and selectivity | CDK7 $IC_{50}$ (nM) | <10 | | | |
| | CDK family selectivity | >100 fold | | | |
| Cell potency | HCC70 (breast cancer) $IC_{50}$ (nM) | <100 | | | |
| | OVCAR-3 (ovarian cancer) $IC_{50}$ (nM) | <100 | | | |
| Safety and metabolism | hERG $IC_{50}$ (μM) | >5 | | | |
| | Human microsome Clint μL/min/mg | <15 | | | |
| | Human hep Clint μL/min/$10^6$ cells | <15 | | | |
| | Predicted human half-life (hrs) | <15 | | | |
| Permeability/ transporter liability General properties | Caco-2 A2B (efflux) $10^{-6}$ cm/s | >3 (<5) | | | |
| | Solubility pH 7.4 μg/ml | >50 | | | |
| | F % (p.o.) | >30% | | | |

- Potent biochemical and cellular activity
- High selectivity
- Optimised half-life
- Excellent bioavailability and efflux

Meets or exceeds criteria | Minor deviation | Major deviation | Not tested

Preclinically, we have shown that it is important to inhibit CDK7 for only 8-10 hours per 24 hour period. We have demonstrated that much longer exposure than this leads to significant body weight loss in mouse models.

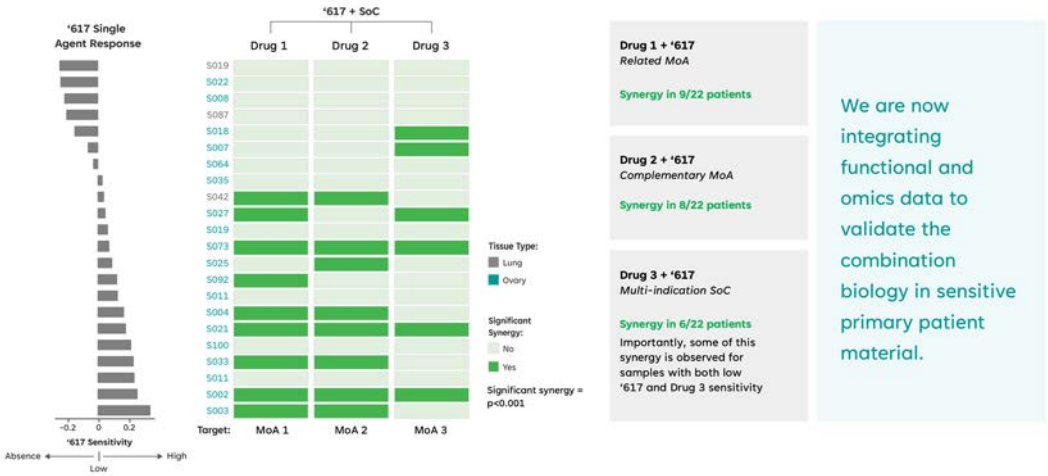
Our precision medicine platform has enabled further understanding of the activity of '617 in different tumour types as a monotherapy. In a head-to-head *ex vivo* analysis conducted using primary patient material mainly from lung and ovarian cancer indications, '617 demonstrated a lower median toxicity towards immune cells but a tumour cell killing similar to other CDK7i candidates and a marketed CDK4/6i in NSCLC and ovarian cancer.




Durinikova et al., ENA (2022);
tDRS = total drug response score; the higher the score, the higher the cytotoxic effect; Box plot and bars: median and 95% CI. Dots represent samples from extreme 5% quantile.

Furthermore, our precision medicine platform is further deployed to study the combination potential between '617 and standard of care drugs/multiple targeted therapies.

The platform is also being used to explore synergistic combinations and pharmacodynamics (PD) biomarkers. The graphic below shows these synergistic effects with current standard-of-care treatment options.



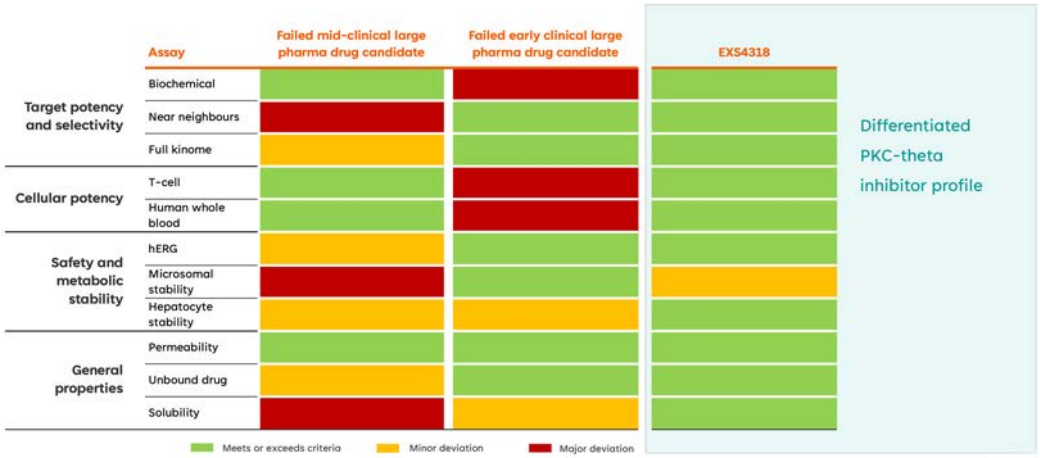

***Ongoing Phase 1/2 trial.*** The ELUCIDATE trial is a multicentre, open-label, two-stage clinical trial to evaluate safety, pharmacokinetics, pharmacodynamics and efficacy of '617 administered orally as monotherapy and in combination with standard of care therapies. The trial is enrolling patients with solid tumours who have advanced, recurrent or metastatic disease and have failed standard of care.

Both the monotherapy and combination therapy dose escalation portion of the trial will enrol patients across up to seven dose levels, depending on how many dose levels are needed to define the RP2D. The dose expansion phase of the trial will commence upon identification of the RP2D. The primary efficacy endpoint of the expansion phase is objective response rate (ORR).

### **EXS4318 (PKC-theta Inhibitor):** Phase 1, in-licensed by Bristol Myers Squibb (BMY)

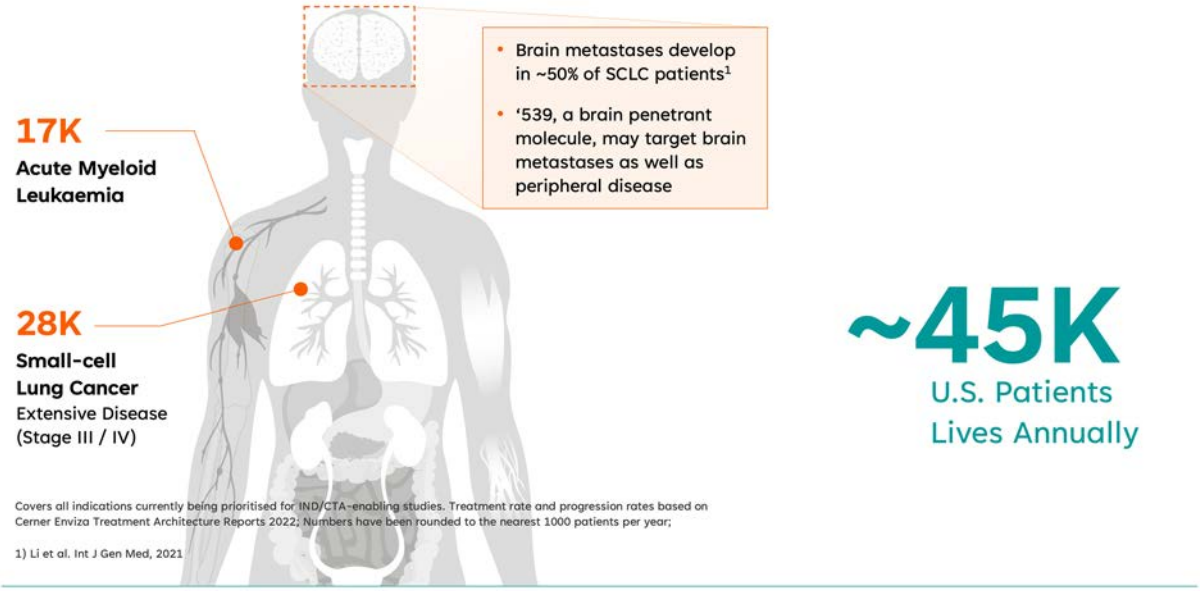
***Unmet need/problem:*** PKC-theta is an attractive immune modulating drug target; however, several large pharma companies have failed to design a small molecule with the required potency and selectivity against other closely related kinases. Previous pan-PKC inhibitors have resulted in gastrointestinal and cardiovascular-related adverse events in clinical trials. This could be linked to poor selectivity and suboptimal pharmacokinetics.

***Our solution:*** Our platform designed a highly potent, highly selective next-generation immuno-modulatory drug candidate within 11 months from the start of the design process, which was only the 150$^{th}$ molecule synthesised. Our predicted human dose, which is calculated by a composite of numerous pharmacological properties (including cross-species pharmacokinetics and potency), is favourable. Our balanced candidate also has demonstrated high on-target activity while maintaining high selectivity and favourable tolerability.



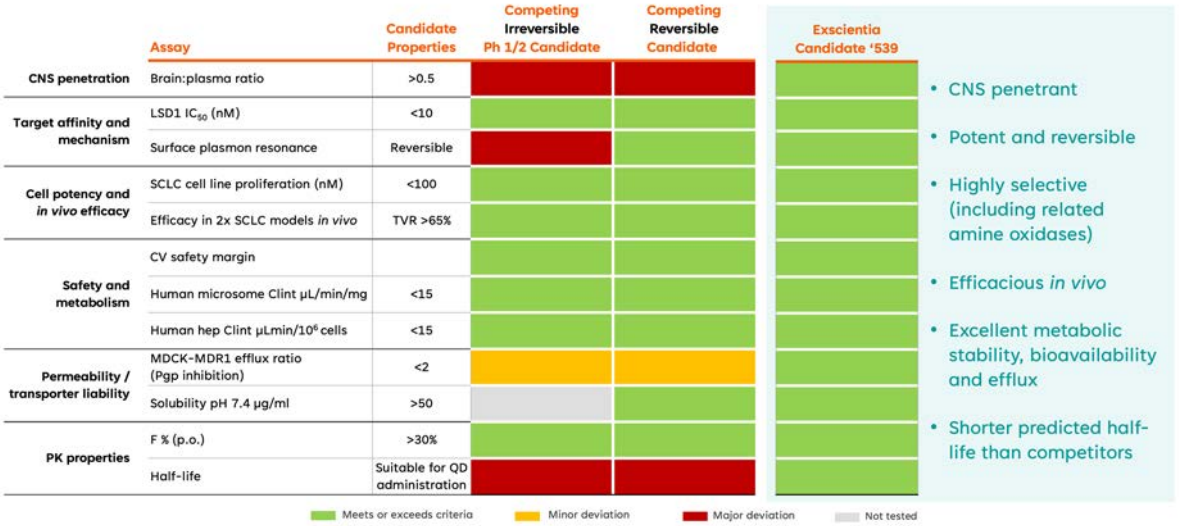

In February 2023, BMY announced that EXS4318 had entered a Phase 1 clinical trial in the U.S.

## **EXS74539 (LSD1 Inhibitor):** IND-enabling, wholly owned




***Unmet need/problem:*** We believe LSD1 has potential in both AML and small cell lung cancer, or SCLC. These two indications have high unmet need with approximately 45,000 patients diagnosed in the United States each year. LSD1 demethylates histones which play a critical role in regulating the expression of genes that suppress differentiation and drive the proliferation and survival of a number of tumour types. A reversible compound with a short half life is important to spare the key functions of the protein, while promoting the differentiation of cancer cells to quiescence and/or cell death. Penetrating the blood-brain-barrier would be an important characteristic for a treatment targeting SCLC, given that approximately 50% of patients with SCLC develop brain metastases. To date, other LSD1 inhibitors in development have failed to achieve the combination of appropriate pharmacokinetics, good brain penetrance and a reversible mechanism of action.

***Our solution:*** EXS74539 ('539) is the first potent, selective, reversible and brain-penetrant LSD1 inhibitor. We used machine learning models to optimise multiple parameters including CNS penetrance, potency, and absorption, distribution, metabolism, and excretion, or ADME, properties. '539 achieves the design objective of suitable CNS penetration to target brain metastases, which are prevalent in certain cancer subtypes. The table below highlights the key properties of '539 versus other LSD1 inhibitors:

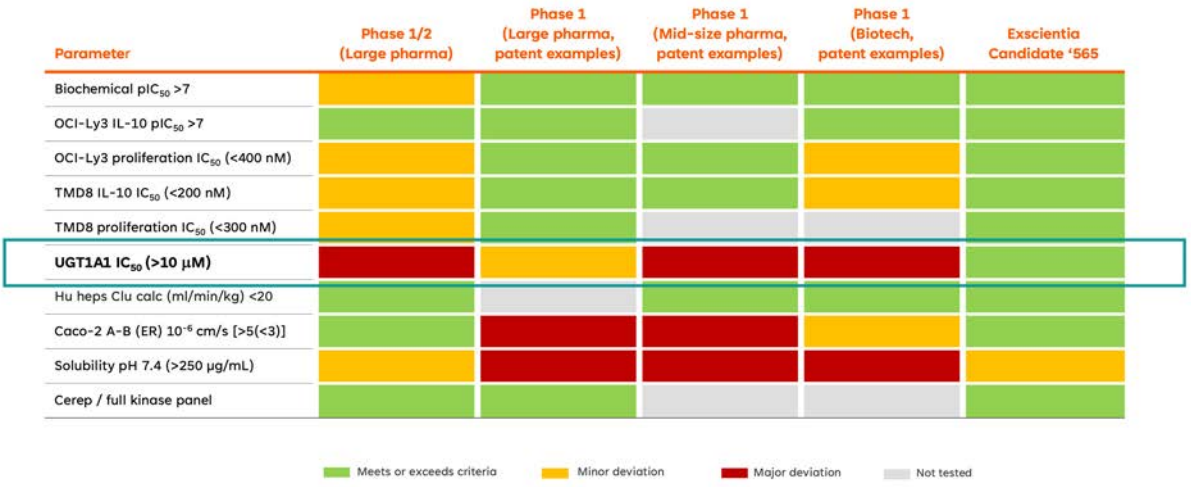


*In vivo* studies of '539 have shown favourable activity in SCLC xenograft models, with dose dependent inhibition of tumour growth. Studies have also demonstrated that '539 has a favourable profile with respect to ADME which are important molecule characteristics. '539 also has a shorter predicted human half-life than other LSD1 inhibitors currently in clinical trials. No safety concerns have been observed in preclinical studies conducted to date.

### **EXS73565 (MALT1 protease inhibitor):** IND-enabling, wholly owned

***Unmet need/problem:*** MALT1 is a protease crucial for activation of the NF-κB pathway which supports the uncontrolled proliferation of malignant T- and B-cells in haematological cancers. While treatment options are available for various haematologic malignancies, many do not fully meet the needs of their patients. As a result combinations will play an important role for these patients. Many of the current treatment options (such as BTK inhibitors) are known to cause drug-induced liver injuries, or DILIs. Hy's law implies that therapies that may cause DILIs should not be paired with those that raise bilirubin levels. Scaffolds of other MALT1 inhibitors in the clinic significantly inhibit UGT1A1, an enzyme involved in the metabolism of bilirubin, often leading to dose-limiting toxicities in the clinic.

***Our solution:*** Our precision design approach optimised the safety profile for agents targeting MALT1 while also generating potency and selectivity. *In vivo* studies of '565 have shown anti-tumour activity in mouse models and favourable pharmacokinetics both as monotherapy and in combination with ibrutinib (a BTK inhibitor). Toxicology studies have shown that '565 has an acceptable therapeutic index, with the ability to maintain high levels of potency, selectivity and safety benchmarks while avoiding meaningful inhibition of UGT1A1, which can lead to hyperbilirubinemia. The graphic below shows the product profile of '565, in particular the level of inhibition of UGT1A1, and how this compares to other MALT1 inhibitors.



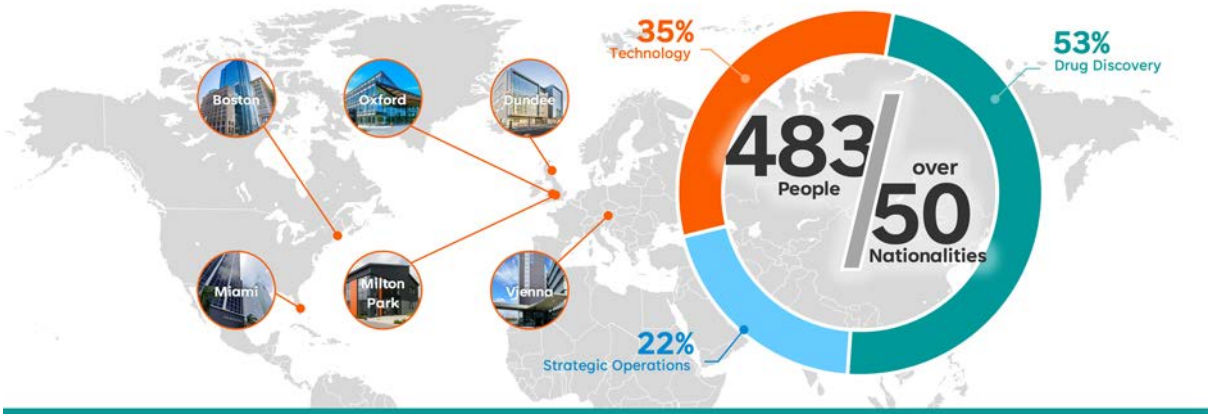

### Additional Pipeline Programs

We have multiple ongoing projects that range from target profiling to lead optimisation and we are continually initiating new projects across our business models, leveraging the capital efficiency that our platform brings. Using the first generation of our design platform we also developed additional drug candidates through a pilot "design as a service" (DaaS) programme with Sumitomo Pharma, including DSP-0038 and DSP-2342, currently in Phase 1 studies. Though we have no economic interest in these Sumitomo programmes, they do provide proof-of-concept of our capabilities to design molecules that can safely navigate regulatory, safety and toxicology requirements required to dose humans.

### Our Team

We have gathered a team of world-class scientists and technologists that work collaboratively across the entire drug development process. They are led by a management team with deep industry experience. We are a global company, headquartered in Oxford, U.K. with sites in Milton Park (Oxfordshire, U.K.) Miami (Florida, U.S.), Boston (Massachusetts, U.S.), Vienna (Austria) and Dundee (Scotland, U.K). We recruit talent from across the globe and expect to continue focussed hiring into our operations. As of December 31, 2023, our team consisted of 483 people represented by over 50 nationalities. Our pharmatech credentials are exemplified by the balance between technologists (35% of the company) and drug discovery scientists (53% of the company). Around 49% of our team works from our headquarters in Oxford.

Our people have unique backgrounds but share a common goal of finding smarter and faster ways to discover and develop new drugs at the intersection of technology and experimental innovation.




## Our Collaborations

We currently have key collaboration agreements with Merck KGaA, BMY and Sanofi. Under each of these agreements, we perform all drug design work until a candidate has been selected. As with our internal oncology pipeline, we only advance programs with the highest probability of success that fulfil an unmet need. Partnerships enable us to extend our design capabilities to therapy areas of strategic fit for the partner. Our partnerships provide an additional avenue for our systems to learn and improve, offer a level of de-risking (both financial and strategic), while also enabling us to retain value in these candidates through the potential receipt of milestone and royalty payments from our partners.

Through our technologies and capabilities in automation, precision design and precision medicine, we strive to add substantial value for our partners in the screening of hard targets – precision design of drug candidates coupled with patient selection for clinical trials. We believe our novel technologies and capabilities should translate to future value creating partnerships.

## Our Pharma Partners

**Merck KGaA, Darmstadt, Germany.** In September 2023, we entered into a new collaboration with Merck KGaA. The multi-year collaboration utilises Exscientia's AI-driven precision drug design and discovery capabilities while leveraging Merck KGaA, Darmstadt, Germany's disease expertise in oncology and neuroinflammation, clinical development capabilities and global footprint. Under the terms of the agreement, we received $20 million (net of withholding taxes of $3.2 million which are expected to be received in the second half of 2024) from Merck KGaA, Darmstadt, Germany and will be eligible for discovery, development, regulatory and sales-based milestone payments of up to $674 million in aggregate, if all milestones for all three initial programmes are achieved. If Merck KGaA, Darmstadt, Germany commercialises a therapeutic from one of the initial targets of the collaboration, we will be eligible to receive tiered royalties on product sales ranging from mid-single-digits to low-double-digits.

**Bristol Myers Squibb (BMY).** We and BMY are collaborating on a portfolio of multiple targets in oncology, autoimmunity, immunology and inflammation. The partnership began in 2019 with Celgene, and it expanded in 2021 directly with BMY following their acquisition of Celgene, with increasingly rewarding terms for Exscientia. BMY provides invaluable therapeutic area expertise, as well as a commitment to fund the development of molecules through the clinic. The second deal, coming just two years after the first, demonstrated the power of our platform to successfully deliver high quality drug candidates to BMY's exacting preclinical candidate criteria. Together, these deals have already delivered $75 million in upfront payments. In August 2021, BMY exercised its option to in-licence an immune-modulating drug candidate we created under the first collaboration agreement, triggering a $20 million milestone payment that we collected in the third quarter of 2021. That candidate, EXS4318, is now in Phase 1 studies with the potential for Exscientia to receive milestones and royalties. Under the second BMY agreement, we could receive pre-clinical milestone payments of up to $125 million. The deal has a potential value of over $250 million per target in payments to us, including clinical and sales milestone payments, and provides us with royalties on each marketed asset. In October 2023, we mutually determined to prioritise certain projects and not to proceed with the development of others within the BMY collaboration.

**Sanofi.** In January 2022, we entered into a collaboration with Sanofi, pursuant to which we will use our AI-driven, end-to-end integrated platform to discover and validate up to 15 novel targets in the oncology and immunology therapeutic areas. We are collaborating with Sanofi to advance certain of these targets into small molecule inhibitor drug research projects and accelerating the identification of certain small molecule development candidates. In connection with this collaboration, we received an upfront cash payment of $100 million, and we have the potential to receive up to $5.2 billion in total milestone payments plus tiered royalties. In January 2023 an amendment was made to the collaboration to include a translational research plan for discovering and validating new targets. In July 2023, we made a second amendment to the agreement to vary certain terms with respect to the targets under the collaboration. In December 2023, Sanofi added an additional program to the collaboration that we originally discovered internally. Our 2022 collaboration is our second with Sanofi. The first collaboration, initiated in 2019, was for the design of a bispecific molecule that intentionally targeted multiple therapeutic targets and work under that collaboration has completed.

## Our Non-profit Partners

**Bill & Melinda Gates Foundation.** In December 2020, we were awarded a grant for $4.2 million from the Gates Foundation to develop treatments for malaria, tuberculosis and non-hormonal contraception. In June 2021, we received a further $1.5 million grant to expedite the optimisation of a new class of COVID-19 therapeutics created using our AI drug design platform. In September 2020, we further expanded our collaboration and entered into a four year agreement with the Gates Foundation to develop small molecule therapeutics that tackle the current coronavirus pandemic and help prepare for future pandemics. The expanded collaboration initially focused on developing broad-spectrum coronavirus agents (e.g., SARS-CoV-2 and its variants, MERS), including accelerating our lead programme, which targets the main protease, or Mpro, of SARS-CoV-2, the virus responsible for COVID-19. We have designed and synthesised promising compounds that have met our design objectives in in vitro studies. The collaboration has expanded to programs focusing on influenza and paramyxoviridae (e.g., Nipah). As part of this collaboration, the Gates Foundation purchased 1,590,909 of our ADSs in October 2021 in a private placement concurrent to our initial public offering, and we committed to provide $35.0 million in matching contributions over the course of four years, through operations and funding for third party activities.

## Our Co-owned Collaborations

**Rallybio.** In 2019, we entered into a co-development and co-ownership joint venture with Rallybio to investigate multiple areas of rare disease. There are 7,000 to 8,000 rare diseases, which affect over 30 million patients in the U.S. alone. And yet data on potential treatments for most of these diseases is sparse or non-existent. The deep learning approach of our platform can accelerate the discovery of novel treatments in knowledge-poor areas such as these. Rallybio's vital therapeutic area and clinical knowledge allows us to enter a therapeutic area we would not otherwise attempt to tackle. Under this joint venture, we jointly select targets after assessment by our AI platform for biological pathway relevance and chemical druggability risks. We are driving the programme through completion of preclinical toxicology studies, and then Rallybio will progress the candidates through clinical trials and commercialisation, if any candidates are approved. We also have the option to explore molecules in non-rare disease indications, such as oncology. The partnership has delivered its first discovery candidates on a challenging target, ENPP1.

**GT Apeiron Therapeutics (GTA).** In 2019, GT Healthcare, one of our investors, launched GTA and they immediately signed a deal with us to fund the discovery of novel cell cycle inhibitor compounds for the treatment of multiple oncology indications. The first candidate entered into IND enabling toxicology studies. Upon achievement of this milestone, we were eligible to receive an equity stake in GTA of approximately 13%. In July 2021, we jointly terminated this collaboration and entered into a joint operation and cost sharing arrangement with GTA for the development and commercialisation of multiple programmes, including the candidate developed under the deal executed in 2019. At execution of this new arrangement, we agreed to a 30% reduction in the equity stake we were eligible to receive under the original deal and paid GTA $2.0 million in cash consideration.

# Developments During 2023

***2 February 2023***

We announced that EXS4318 (‘4318) a compound precision designed by us and in-licensed by BMY in August 2021, had entered Phase 1 clinical trials in the United States. The compound is in development for immunology & inflammation (I&I) indications. BMY will oversee the clinical and commercial development and we are eligible for milestone payments and, if approved, tiered royalties on net product sales.

***14 March 2023***

We announced two new wholly owned precision oncology development candidates, EXS74539 (‘539), an LSD1 inhibitor and EXS73565 (‘565), a MALT1 protease inhibitor. We expect to submit an IND for ‘539 by mid-2024, and ‘565 is continuing to progress through INDA/CTA enabling studies. Both molecules were funded through a 2019 collaboration with Celgene, which was acquired by BMY, and each molecule met the criteria for a molecule for which BMY could exercise its option. BMY’s options to the candidates have lapsed and we maintain all worldwide rights to both compounds.

***10 July 2023***

We announced that the first patient was enrolled in the Phase 1/2 ELUCIDATE clinical trial of GTAEXS617 (‘617), a precision designed potent and selective CDK7 inhibitor. The trial is enrolling patients across six advanced solid tumour types: head and neck cancer, colorectal cancer, pancreatic cancer, non-SCLC, HR+/HER2- breast carcinoma and ovarian cancer.

***18 July 2023***

We announced the initiation of EXCYTE-1, the first multi-centre trial evaluating the potential of our functional precision medicine in solid tumours, with a focus on ovarian cancer. EXCYTE-1 is a prospective observational study in ovarian cancer to investigate the relationship between *ex vivo* drug response in primary tumour-derived samples using our precision medicine platform and actual patient clinical responses.

***19 September 2023***

Our wholly owned subsidiary, Exscientia AI Ltd, and the Healthcare Business of Merck KGaA, Darmstadt, Germany entered into a collaboration agreement focused on the discovery of novel small molecule drug candidates across oncology, neuroinflammation and immunology using Exscientia’s AI-driven precision drug design and discovery capabilities. Three potential first-in-class or best-in-class targets have been identified as the initial focus of the partnership.

***27 September 2023***

We received confirmation of the achievement of a research milestone in our collaboration with Sanofi for its first immunology and inflammation target, in relation to which we received a cash payment of $4.0 million.

***3 October 2023***

We announced an update to our pipeline prioritisation strategy that is designed to further strengthen our focus, investment and infrastructure on the programmes that we believe have the greatest potential for differentiation and value creation. This included prioritising the advancement of our CDK7 inhibitor (‘617) and LSD1 inhibitor (‘539) and discontinuing internal development of EXS21546 (‘546), including closing down the Phase 1/2 IGNITE clinical trial of ‘546 for the treatment of relapsed/refractory renal cell carcinoma and NSCLC.

***9 October 2023***

We ended our collaboration with EQRx following the announcement of the acquisition of EQRx by Revolution Medicines Inc. In connection with the termination, we agreed to return the unspent funds advanced to us by EQRx at the initiation of the collaboration and we obtained full and exclusive rights to all intellectual property on the three initial targets that was created during the collaboration. Accordingly, approximately $8.8 million was transferred to EQRx on 12 October 2023 in complete satisfaction of our financial obligations under the collaboration agreement.

***October 2023***

We mutually determined to prioritise certain projects and not to proceed with the development of others within the Group’s collaboration with BMY.

***5 December 2023***

We announced that we received a $2.3 million grant from Open Philanthropy, a philanthropic funder with several programmes in global health and wellbeing. Under this grant, Exscientia aims to harness the activation of the host interferon response as a therapeutic approach for pandemic influenza.

***21 December 2023***

We announced an amendment of our current collaboration with Sanofi to add a new discovery stage programme identified and initially advanced by Exscientia. The programme aims to design a potential best in class molecule by combining Exscientia’s research platform with Sanofi’s leading development expertise. Exscientia is eligible for additional upfront and research stage milestones on top of the existing agreement.Sanofi, pursuant to which we will use our AI-driven, end-to-end integrated platform to discover and validate novel targets in the oncology and immunology therapeutic areas.

## Developments During 2024 to date

***7 February 2024***

On 7 February 2024 we announced the initiation of EXCYTE-2, an observational clinical study in acute myeloid leukaemia, or AML, to investigate the relationship between ex vivo drug response, measured in primary blood or bone marrow samples and actual patient clinical response. The EXCYTE-2 study will collect blood and bone marrow samples from first-line patients with AML, with an option to expand to second-line patients. In addition, the study allows for the evaluation of activity of '539, our LSD1 inhibitor, in a large clinically annotated sample set.

***12 February 2024***

On 12 February 2024 Andrew Hopkins was removed from his role as a member of the board of directors, and David Hallett, our Chief Scientific Officer, was appointed to serve as a member of the board of directors on an interim basis. On 13 February 2024 our board of directors also terminated the employment of Dr. Hopkins as our Chief Executive Officer and Principal Executive Officer, and appointed Dr. Hallett as Interim CEO and Interim Principal Executive Officer. Dr. Hopkins' conduct did not impact our consolidated financial statements or our internal controls over financial reporting, and his termination is unrelated to our operational or financial performance.

## Performance During the Period

### Revenue

Revenue for the year ended 31 December 2023 was £20.1 million, as compared to £27.2 million for the same period ended 31 December 2022. The decrease in revenue year on year is primarily the result of multiple new programmes starting with partners in the second half of 2023 with revenue recognition constrained by the early nature of these programmes, as well as pipeline prioritisation activities.

### Cost of Sales

Cost of sales for the year ended 31 December 2023 were £27.4 million, as compared to £33.3 million for the same period ended 31 December 2022. The decrease in cost of sales relative to the prior year is primarily the result of pipeline prioritisation and cost efficiency measures. Our external cost of sales relate to third-party Contract Research Organisations, or CRO's, representing 66% and 77% of total cost of sales during the year ended 31 December 2023 and 2022, respectively. The reduction is primarily a result of increased activity in relation to the Company's collaboration with Sanofi, where a higher proportion of internal costs are incurred, in addition to the transition of projects to strategic CRO partners in lower cost jurisdictions.

### Research and Development Expenses

Research and development expenses for the year ended 31 December 2023 were £128.4 million, as compared to £128.9 million for the same period ended 31 December 2022, with decreases in costs resulting from pipeline prioritisation activities and cost savings from operational efficiencies, including achieving faster cycle times and lower outsourcing costs, being largely offset by additional costs incurred in relation to clinical and late stage pre-clinical programs as a result of pipeline progression over the period, and additional depreciation and amortisation expenses of £4.1 million resulting from the Group's continuing investment in plant and equipment, including in relation to our automation laboratory in Milton Park, Oxfordshire which opened in the second quarter of 2023.

An impairment charge of £1.3 million was recognised during the year ended 31 December 2023 relating to certain plant and equipment acquired in relation to our Biologics programme, which was de-prioritised in the fourth quarter of 2023.

### General and Administrative Expenses

General and administrative expenses for the year ended 31 December 2023 were £45.3 million, as compared to £38.4 million for the same period ended 31 December 2022. The increase in general and administrative expenses was primarily due to an increase in personnel costs associated with growth in average headcount from 405 during the period ended 31 December 2022 to 501 during the year ended 31 December 2023.

### Foreign Exchange Losses/Gains

Foreign exchange losses for the year ended 31 December 2023 were £1.5 million, as compared to gains of £33.6 million for the same period ended 31 December 2022. The loss over the year ended 31 December 2023 was primarily driven by a slight strengthening of pounds sterling against U.S dollars over this period as a result of the USD denominated cash deposits held by the Group throughout the period.

### Loss on Forward Contracts

In April 2022 the Group entered into one specific set of foreign exchange transactions, whereby a commitment was made to exchange U.S. dollars for a fixed number of pounds Sterling at future dates between one and three months from the trade dates based on the estimated future cashflow needs of the Group. All of the transactions were settled within the quarter ended 30 June 2022 for a cumulative loss of £11.3 million. No such transactions were entered into subsequent to this date, and the group does not use derivative financial instruments for speculative purposes.

### Other Income

Other income for the year ended 31 December 2023 was £6.6 million, as compared to £5.7 million for the same period ended 31 December 2022. The increase in other income was primarily due to increased U.K. RDEC and Austrian R&D tax credits.

### Net Finance Income

Net finance income for the year ended 31 December 2023 was £15.6 million, as compared to £5.3 million during the same period ended 31 December 2022, with the Group having generated increased returns on cash and short term bank deposits over the course of 2023 as a result of increasing global interest rates.

### Share of Loss of Joint Ventures

Share of loss of joint ventures for the year ended 31 December 2023 was £1.6 million, as compared to £0.7 million during the same period ended 31 December 2022.

### Income Tax Benefit

Income tax benefit for the year ended 31 December 2023 was £16.1 million, as compared to £21.9 million for the same period ended 31 December 2022. Our income tax benefit balance largely consists of research and development tax credits which decreased relative to the prior year due to a decrease in the rate at which the U.K. SME cash credit is claimed from 33.35% prior to 01 April 2023 to 18.6% from that date onwards.

# Position of the Group at Year End

## Liquidity and Capital Resources

Since our inception, we have not generated any revenue from the commercialisation of drug candidates and we have financed our operations through sales of our ordinary and preferred shares in addition to research funding and milestone payments received from our collaboration partners. We had cash, cash equivalents and short term bank deposits of £363.0 million and £562.2 million as of 31 December 2023 and 2022, respectively.

As of 31 December 2023, we have raised an aggregate of £533.8 million through the sales of our preferred and ordinary shares net of transaction costs, including £375.4 million ($510.4 million) gross proceeds following the completion of our initial public offering and concurrent private placements.

During the year ended 31 December 2023 we received £22.2 million and during the year ended 31 December 2022 we received £91.9 million from our collaboration partners.

Our primary uses of capital are, and we expect will continue to be, research and development expenses, compensation and related personnel expenses, and other operating expenses, including facilities. Cash used to fund operating expenses is impacted by the timing of when we pay expenses, as reflected in the change in our outstanding accounts payable and accrued expenses. We expect to incur substantial expenses in connection with the advancement of our drug candidates through the phases of clinical development.

Under the terms of our agreement with the Gates Foundation, we are committed to spending $70 million (£51.5 million) over a four-year period to October 2025 on the research, discovery, and development of small molecule anti-infective therapeutics for future pandemic preparedness, with a specific focus on developing therapeutics that can be applied against multiple species of coronaviridae, influenza, and paramyxoviridae, or the Pandemic Preparedness Program. We have incurred a total of £9.7 million relating to the Pandemic Preparedness Program as at 31 December 2023, with a total outstanding commitment of £41.8 million at that date.

All right-of-use assets relate to leased properties. As at 1 January 2023 the Group had ten pre-existing lease agreements relating to four properties based in the United Kingdom and one in Austria.

The Group entered into two seven-year lease arrangements in relation to laboratory and office space in Vienna, Austria on 3 September 2021. The lease term for the office space commenced on 1 December 2022, expiring in December 2029. The lease term for the laboratory space commenced on 26 January 2023. Annually from January, each year lease payments will be indexed based on the consumer price index rate as published by STATISTIK AUSTRIA at September of the preceding year.

On 1 July 2022, the Group entered into a lease arrangement in relation to premises in Boston, Massachusetts, United States. The lease commenced on 23 January 2023 and expires on 23 June 2033.

In December 2022, the Group entered into a lease arrangement in relation to premises in Miami, Florida, United States. The lease commencement date, being the date at which the landlord makes the premises available to the Group, is currently expected to transpire during the first quarter of 2024, and as such no right of use asset has been recognised in relation to this lease during the year ended 31 December 2023. The lease expires on 1 June 2034. See note 3 for details regarding this lease.

On 16 October 2023 the Group entered into a second lease arrangement in relation to premises in Miami, Florida which expires on 31 January 2029.

Right-of-use assets totalling £6,692,000 were recognised in relation to the Group's leased premises in Vienna, Miami and Boston leases during the year ended 31 December 2023.

On 23 May 2023, the Group exited a lease pertaining to part of its leased premises in Dundee, United Kingdom, resulting in a disposal of right-of-use asset of £157,000.

On 28 December 2023, the Group made the decision to not exercise a break clause present within one of the leases on a building at one of our Oxford sites. The lease term was subsequently revised to the lease expiration date of 28 July 2028, and the related right of use lease asset and lease liability increased by £742,000. An adjustment was also made to increase the restoration provision relating to this site by £84,000 as a result of the change in lease term.

### Summary of Cash Flows - Operational Activities

Net cash used in operating activities increased to £117.6 million for the year ended 31 December 2023 from £60.5 million of net cash used for the year ended 31 December 2022. The increase in net cash outflows from operating activities is primarily as a result of a reduction in cash inflows from collaborations from £91.9 million in the prior year to £22.2 million during the year ended 31 December 2023, as well as working capital movements including a net £14.3 million cash outflow relating to a decrease in trade payables as a result of the timing of payments made within the year ended 31 December 2023 relative to the year ended 31 December 2022.

Cash inflows from collaborations during the year ended 31 December 2023 include £13.6 million from Merck KGaA, Darmstadt, Germany relating to the collaboration agreement signed with that party on September 19, 2023, £3.2 million received upon achievement of a research milestone in the Group's collaboration with Sanofi, and £1.9 million received in relation to the Group's grant with Open Philanthropy Project LLC.

### Summary of Cash Flows - Investing Activities

Net cash used in investing activities for the year ended 31 December 2023 was £21.5 million, as compared to net cash used of £122.7 million for the year ended 31 December 2022. The majority of the current period net outflow relates to £26.5 million relating to the purchase of property, plant and equipment offset by net inflows of £7.0 million relating to the Group's investments in short term bank deposits.

### Summary of Cash Flows - Financing Activities

Net cash outflows from financing activities for the year ended 31 December 2023 were £3.4 million, as compared to net cash outflows of £4.0 million for the same period ended 31 December 2022. The majority of the current period financing cash outflow relates to payments of obligations under lease liabilities.

## Key Performance Indicators

Given the stage in the Group's development, the Group's key financial and other performance indicators for the current year and prior year are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash flows from collaborations (£m) | 22.2 | 91.9 |
| Cash, cash equivalents and short term bank deposits (£m)* | 363.0 | 505.8 |
| Candidates in clinical trials or IND enabling studies | 6 | 5 |

*consisting of cash and cash equivalents in addition to fixed term bank deposits of less than 12 months duration

As highlighted in the Operational Activities section above, the Group received significant amounts from collaboration partners including Sanofi and Merck KGaA, Darmstadt, Germany during the year to 31 December 2023. Cash, cash equivalents and short term bank deposits as at 31 December 2023 has decreased on the prior year primarily as a result of research and development activities. As at 31 December 2023, we have six development candidates that are either in clinical trials or in IND-enabling studies across oncology and I&I. Exscientia has between 50-100% ownership of three of these candidates and one of these programmes is eligible for milestones and royalties from a partner.

## Key Factors Affecting Our Performance

Recent trends towards rising inflation may result in increased operating costs (including labour costs) and may affect our operating budgets. In addition, the U.S. Federal Reserve and the Bank of England have raised interest rates in response to concerns about inflation. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets and the global banking system, may further increase economic uncertainty and the risks to our business. Additionally, the general consensus among economists suggests that we should expect a higher recession risk to continue over the next year, which, together with the foregoing, could result in further economic uncertainty and volatility in the capital markets in the near term, and could negatively affect our operations.

Furthermore, such economic conditions have produced downward pressure on share prices. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience increases in the near future (especially if inflation rates continue to rise) on our operating costs, including our labour costs and research and development costs, due to supply chain constraints, consequences associated with the global geopolitical tension as a result of the ongoing conflict between Russia and Ukraine or the recent conflict between Israel and Hamas, and employee availability and wage increases, which may result in additional stress on our working capital resources. If the disruptions, instability and slowdown deepen or persist, we may not be able to access our cash as needed or to raise additional capital on favourable terms, or at all, which could in the future negatively affect our financial condition and our ability to pursue our business strategy.

# Financial Risk Management

We are exposed to interest rate, currency, credit and liquidity risks. Our executive board oversees the management of these risks.

## Interest Rate Risk

Our exposure to the risk of changes in interest rates relates to investments in deposits. Changes in the general level of interest rates may lead to an increase or decrease in the fair value of these investments. Calculated using our cash, cash equivalents and short term bank deposits at 31 December 2023, a hypothetical 1% change in interest rates with all other variables held constant would lead to an increase or decrease in profit and equity of £1.0 million. Regarding the liabilities shown in the statement of financial position, we are currently not subject to interest rate risks.

## Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange relates primarily to cash and cash equivalents and outsourced supplier agreements denominated in currencies other than pounds sterling, in addition to our operations based in the United States, Austria and Japan.

Our cash, cash equivalents and short term bank deposits were £363.0 million and £505.8 million as of 31 December 2023 and 2022 respectively. As of 31 December 2023, approximately all of our cash, cash equivalents and short term bank deposits were held in the United Kingdom, of which 78% were denominated in pounds sterling, 21% were dominated in U.S. dollars and 1% were denominated in Euro. Correspondingly, as of 31 December 2022, these were 85%, 13% and 2%, respectively.

A hypothetical 10% change in the GBP/USD and GBP/EUR exchange rates during the year ended 31 December 2023 would have had a £9.0 million and £0.0 million impact, respectively, on our consolidated loss before tax and would have had a £9.1 million and £3.6 million impact, respectively, on shareholders equity. For all other currencies, a hypothetical change of 10% in exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

A hypothetical 10% change in the GBP/USD and GBP/EUR exchange rates during the year ended 31 December 2022 would have had a £6.3 million and £0.2 million impact, respectively, on our consolidated loss before tax and would have had a £6.1 million and £4.6 million impact, respectively, on shareholders equity. For all other currencies, a hypothetical change of 10% in exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

We hold cash and short term bank deposits in both GBP and USD, with the intention of matching expected operational cash needs in order to limit the impact of exchange rate fluctuations on our operations.

## Credit Risk

We are exposed to credit risk from our operating activities, primarily trade receivables, and cash, cash equivalents and deposits held with banks and financial institutions. Cash, cash equivalents and deposits are maintained in accounts at five different banks and financial institutions in the United Kingdom, the United States, Austria and Japan. We are also potentially subject to concentrations of credit risk for our trade receivables with respect to receivables owed by a limited number of companies comprising our customer base. Our exposure to credit losses is low, however, due to the credit quality of our collaboration partners which are typically large pharmaceutical companies.

### Liquidity Risk

We continuously monitor our risk of a shortage of funds. Our objective is to maintain a balance between continuity of funding and flexibility through the use of capital increases and executing collaboration agreements. Our financial statements were prepared on a going concern basis.

### Hedging Risk

We currently engage in natural currency hedging in order to reduce our currency exposure, but we may employ additional hedging strategies in the future. Instruments that may be used to hedge future risks may include foreign currency forward and swap contracts, see note 27 for details of transactions executed during the year ended 31 December 2023. These instruments may be used to selectively manage risks, but there can be no assurance that we will be fully protected against material foreign currency fluctuations.

## Principal Risks and Uncertainties

In common with other pharmaceutical and biotech companies, we face a number of risks and uncertainties. Internal controls are in place to help identify, manage and mitigate these risks.

These risks and uncertainties are reviewed by the Board as part of their annual assessment of the principal risks and risk management controls. Further details of risk factors considered by us for the year ended 31 December 2023 are included on Form 20-F which was filed with the SEC on 21 March 2023. Full disclosure of the list of risks has been compiled below. The risks have been identified as follows:

### Financial Position

- We have a history of significant operating losses, and we expect to incur losses over the next several years.
- Our operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.
- If we and our present and future collaborators are unable to successfully develop and commercialise drug products, our revenues may be insufficient for us to achieve or maintain profitability.
- Our interim and annual results may fluctuate significantly, which could adversely impact the value of our ADSs.
- We may need additional funding in the future which may not be available on terms acceptable to us, or at all. If we are unable to raise additional capital or to generate cash flows necessary to maintain or expand our operations, we may not be able to compete successfully, which would harm our business, operations, financial condition and prospects.
- Unfavourable global economic and geopolitical conditions could adversely affect our business, financial condition or results of operations.

### Discovery and Development of Our Drug Candidates

- We are substantially dependent on our technology platform to identify promising molecules to accelerate drug discovery and development. Our platform technology may fail to discover and design molecules with therapeutic potential or may not result in the discovery and development of commercially viable products for us or our collaborators.
- All of our drug candidates are in early-stage clinical development or in preclinical development. If we are unable to advance our drug candidates through clinical development, to obtain regulatory approval and ultimately to commercialise our drug candidates, or if we experience significant delays in doing so, our business will be materially harmed.
- Clinical development involves a lengthy and expensive process with uncertain outcomes. If our preclinical studies and clinical trials are not sufficient to support regulatory approval of any of our drug candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such drug candidate.
- Our research activities and clinical trials may fail to demonstrate adequately the safety and efficacy of GTAEXS617 or any other drug candidate, which would prevent or delay development, regulatory approval and commercialisation.
- We have successfully completed only one clinical trial, and we may be unable to do so again for any drug candidates we develop.
- We may incur additional costs or experience delays in initiating or completing, or ultimately be unable to complete, the development and commercialisation of our drug candidates.
- If we experience delays or difficulties in the enrolment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.
- Success in preclinical studies or clinical trials may not be predictive of results in future clinical trials.
- Interim, “topline”, and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.
- Our current and future clinical trials or those of our current or future collaborators may reveal significant adverse events not seen in our preclinical or nonclinical studies and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of our drug candidates.
- We intend to develop GTAEXS617 and potentially other future drug candidates, for use in combination with other therapies, which exposes us to additional risks.
- We currently, and may in the future, conduct clinical trials for our drug candidates outside the United States, and the U.S. Food and Drug Administration (“FDA”) and similar foreign regulatory authorities may not accept data from such trials.
- We may seek orphan drug designation for certain of our drug candidates, and we may be unsuccessful or may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.
- Even if we receive regulatory approval for any of our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, our drug candidates, if approved, could be subject to post-market study requirements, marketing and labelling restrictions and even recall or market withdrawal if unanticipated safety issues are discovered following approval. In addition, we may be subject to penalties or other enforcement action if we fail to comply with regulatory requirements.
- The FDA’s and other regulatory authorities’ policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates.
- Obtaining and maintaining regulatory approval of our drug candidates in one jurisdiction does not mean that we will be able to obtain regulatory approval of our drug candidates in other jurisdictions.

### Business

- We may not be successful in our efforts to identify or discover drug candidates and may fail to capitalise on programmes, collaborations or drug candidates that may present a greater commercial opportunity or for which there is a greater likelihood of success.
- We face substantial competition, which may result in others discovering, developing or commercialising products before or more successfully than we do.
- We have invested, and expect to continue to invest, in research and development efforts that further enhance our technology platform. If the return on these investments is lower or develops more slowly than we expect, our revenue and results of operations may suffer.
- We must adapt to rapid and significant technological change and respond to introductions of new products and technologies by competitors to remain competitive.
- Our adoption and deployment of AI and machine learning ("AI/ML") technologies in our drug discovery platform and processes may not be effective and may expose us to operational challenges, reputational harm and legal liability.
- We rely upon third-party providers of cloud-based infrastructure to host our software solutions. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use could adversely affect our business, financial condition, results of operations and prospects.
- Defects or disruptions in our technology platform could result in diminishing demand for the drug candidates discovered using such platforms and a reduction in our revenues, and subject us to substantial liability.
- The market opportunities for our drug candidates may be smaller than we anticipated or may be limited to those patients who are ineligible for or have failed prior treatments, and our estimates of the prevalence of our target patient populations may be inaccurate.
- Even if we obtain regulatory approval of our current or future drug candidates, the products may not gain market acceptance among physicians, patients, hospitals, cancer treatment centres and others in the medical community.
- The effects of health epidemics in regions where we, or the third parties on which we rely, have business operations could adversely impact our business, including our preclinical studies and clinical trials, as well as the business or operations of our CROs or other third parties with whom we conduct business.
- We have in the past and may in the future acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our shareholders and otherwise disrupt our operations and adversely affect our operating results.
- Clinical trial and product liability lawsuits against us could divert our resources, cause us to incur substantial liabilities and limit commercialisation of our drug candidates.
- Our insurance policies are expensive and protect us only from some business risks, which leaves us exposed to significant uninsured liabilities.

### Collaborators and Other Third Parties

- Our drug discovery collaborators have significant discretion regarding the clinical development of the programmes subject to the collaboration. The failure of our collaborators to perform their obligations under our collaboration agreements could negatively impact our business. We may never realise the return on our investment of resources in our drug discovery collaborations.
- If we are not able to establish or maintain collaborations to develop and commercialise any of the drug candidates we discover internally, we may have to alter our development and commercialisation plans for those drug candidates and our business could be adversely affected.
- In recent periods, we have depended on a limited number of collaborators for our revenue, the loss of any of which could have an adverse impact on our business.
- We may never realise a return on our equity investments in our drug discovery collaborators.

- We contract with third parties for the manufacture of our drug candidates for preclinical development and clinical testing, and expect to continue to do so for commercialisation. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialisation efforts.
- We rely on third parties to conduct our clinical trials of GTAEXS617 and expect to rely on third parties to conduct future clinical trials, as well as investigator-sponsored clinical trials of our drug candidates. If these third parties do not carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialise our drug candidates and our business could be substantially harmed.
- The third parties upon whom we rely for the supply of the active pharmaceutical ingredients used in our drug candidates are our sole source of supply, and the loss of any of these suppliers could harm our business.
- We rely on CROs to synthesise any molecules with therapeutic potential that we discover. If such organisations do not meet our supply requirements, development of any drug candidate we may develop may be delayed.

### Intellectual Property

- If we fail to comply with our obligations under our existing intellectual property licence agreements or under any future intellectual property licences, or otherwise experience disruptions to our business relationships with our current or any future licensors, we could lose intellectual property rights that are important to our business.
- Our obligations under our existing or future drug discovery collaboration agreements may limit intellectual property rights that are important to our business. Further, if we fail to comply with our obligations under our existing or future collaboration agreements, or otherwise experience disruptions to our business relationships with our prior, current, or future collaborators, we could lose intellectual property rights that are important to our business.
- If we are unable to obtain, maintain, enforce and protect patent protection for our technology and drug candidates or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialise technology and products similar or identical to ours, and our ability to successfully develop and commercialise our technology and drug candidates may be adversely affected.
- Changes to patent laws in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.
- We, our prior, existing or future collaborators, and our existing or future licensors, may become involved in lawsuits to protect or enforce our patent or other intellectual property rights, which could be expensive, time-consuming and unsuccessful.
- Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.
- We may be subject to claims by third parties asserting that our employees, consultants or contractors have wrongfully used or disclosed confidential information of third parties, or we have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position may be harmed.

## Government Regulation and Legal Compliance

- We are subject to stringent and evolving global laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.
- We, and our collaborators may be subject to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security and other healthcare laws and regulations. Failure to comply with such laws and regulations may result in substantial penalties.
- Current and future healthcare legislative reform measures may have a material adverse effect on our business and results of operations.
- We are subject to anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, be precluded from developing, manufacturing and selling certain products outside the United States or be required to develop and implement costly compliance programmes, which could adversely affect our business, results of operations and financial condition.
- Any drug candidates we develop may become subject to unfavourable third-party coverage and reimbursement practices, as well as pricing regulations.
- Our employees, independent contractors, consultants and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading laws, which could cause significant liability for us and harm our reputation.
- Our internal information technology systems, or those of our third-party vendors, contractors or consultants, may fail or suffer security breaches, loss or leakage of data and other disruptions, which could result in adverse consequences resulting from any such incident, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.

## Employee Matters and Managing Growth

- Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.
- We are pursuing multiple business strategies and expect to expand our development and regulatory capabilities, and as a result, we may encounter difficulties in managing our multiple business units and our growth, which could disrupt our operations.
- We may be unable to manage our rapid recent growth effectively, which could make it difficult to execute our business strategy.
- If we fail to manage our technical operations infrastructure, our internal drug discovery team may experience service outages, and our new customers may experience delays in the deployment of our solutions.
- Increased labour costs, potential organisation of our workforce, employee strikes and other labour-related disruption may adversely affect our operations.

### International Operations

- As a company headquartered and with operations outside of the United States, we are subject to economic, political, regulatory and other risks associated with international operations.
- The United Kingdom's withdrawal from the European Union may adversely impact our and our collaborators' ability to obtain regulatory approvals of our drug candidates in the United Kingdom and European Union and may require us to incur additional expenses to develop, manufacture and commercialise our drug candidates in the United Kingdom and European Union.
- Exchange rate fluctuations may materially affect our results of operations and financial condition.

### Ownership of Securities

- Raising additional capital may cause dilution to our existing shareholders, restrict our operations or cause us to relinquish valuable rights.
- The market price of our ADSs may be highly volatile, and investors may not be able to resell their ADSs at or above their purchase price.
- If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about our business, our ADS price and trading volume could decline.
- Concentration of ownership of our ordinary shares (including ordinary shares represented by ADSs) among our existing executive officers, directors and principal shareholders may prevent new investors from influencing significant corporate decisions.
- We may be required to repurchase for cash all, or to facilitate the purchase by a third party of all, of the ADSs of our company purchased by the Bill & Melinda Gates Foundation, or the Gates Foundation, in our October 2021 private placement if we default under the global access commitments agreement, which could have an adverse impact on us and limit our ability to make distributions to our shareholders.
- Future sales, or the possibility of future sales, of a substantial number of our securities could adversely affect the price of the shares and dilute shareholders.
- Holders of ADSs are not treated as holders of our ordinary shares.
- Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.
- We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.
- ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favourable outcomes to the plaintiff(s) in any such action.
- ADS holders will not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise their right to vote.
- ADS holders may not receive distributions on our ordinary shares represented by the ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.
- Because we do not anticipate paying any cash dividends on our ADSs in the foreseeable future, capital appreciation, if any, will be ADS holders' sole source of gains and they may never receive a return on their investment.
- Claims of U.S. civil liabilities may not be enforceable against us.
- ADS holders' right to participate in any future rights offerings may be limited, which may cause dilution to their holdings.
- We qualify as a foreign private issuer, which means we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than U.S. public companies.

- While we are a foreign private issuer, we are not subject to certain Nasdaq corporate governance rules applicable to public companies organised in the United States.
- We are an "emerging growth company", and the reduced disclosure requirements applicable to emerging growth companies may make our ADSs less attractive to investors.
- We will incur increased costs as a result of operating as a company whose ADSs are publicly traded in the United States, and our management will be required to devote substantial time to new compliance initiatives.
- We have identified material weaknesses in our internal control over financial reporting and may identify material weaknesses in the future or otherwise fail to maintain proper and effective internal controls, which may impair our ability to produce timely and accurate financial statements or prevent fraud. If we are unable to establish and maintain effective internal controls, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our ADSs.
- If we are (or one of our non-U.S. subsidiaries is) a "controlled foreign corporation", or a CFC, there could be adverse U.S. federal income tax consequences to certain U.S. holders.
- If we are a "passive foreign investment company" ("PFIC"), for any taxable year, there could be adverse U.S. federal income tax consequences to U.S. investors.
- We may be unable to use net operating loss and tax credit carry forwards and certain built-in losses to reduce future tax payments or benefit from favourable U.K. tax legislation.
- Changes and uncertainties in the tax system in the countries in which we have operations, could materially adversely affect our financial condition and results of operations, and reduce net returns to our shareholders.
- Tax authorities may disagree with our positions and conclusions regarding certain tax positions, or may apply existing rules in an unforeseen manner, resulting in unanticipated costs, taxes or non-realisation of expected benefits.
- Shareholder protections found in provisions under the U.K. City Code on Takeovers and Mergers will not apply if our place of central management and control remains outside the United Kingdom (or the Channel Islands or the Isle of Man).
- The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.
- As an English public limited company, certain capital structure decisions will require shareholder approval, which may limit our flexibility to manage our capital structure.
- Our articles of association provide that the courts of England and Wales are the exclusive forum for the resolution of all shareholder complaints other than complaints asserting a cause of action arising under the U.S. Securities Act of 1933 (the "Securities Act") and the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), and that the U.S. District Court for the Southern District of New York will be the exclusive forum for the resolution of any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

### General Risks

If our estimates or judgements relating to our critical accounting policies included in note 3 of the financial statements prove to be incorrect or financial reporting standards or interpretations change, our results of operations could be adversely affected.

## Section 172 Statement

This statement focuses on how the directors of the Parent Company have had regard during the year to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (the "Companies Act") when performing their duties by incorporating information from other areas of the Annual Report to avoid unnecessary duplication. The Board considers that the statement focuses on those risks and opportunities that were of strategic importance to the Parent Company consistent with the size and complexity of the Group.

In the performance of its duty to promote the success of the Parent Company for the benefit of its members as a whole, the Board has regard to a number of matters, including listening to and considering the views of shareholders and holders of ADSs representing the Parent Company's ordinary shares and the Parent Company's other key stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which the Parent Company operates. Further details are set out below under "Stakeholder Engagement".

The Directors are aware of their duty under s172 of the Companies Act to act in the way which they consider, in good faith, would be most likely to promote the success of the Parent Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the Parent Company's employees;
- the need to foster the Parent Company's business relationships with suppliers, customers and others;
- the impact of the Parent Company's operations on the community and the environment;
- the desirability of the Parent Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Parent Company.

The Board fosters effective stakeholder relationships in order to align with the Parent Company's strategy and is responsible for seeing meaningful engagement with stakeholders. The Board endeavours to implement various mechanisms to enable management and the Board to understand and consider stakeholder views as part of their oversight and decision making. Throughout the year, the Directors recognised their responsibility to act in good faith to promote the success of the Parent Company for the benefit of investors, while also considering the impact of their decisions on wider stakeholders and other factors relevant to the decision being made. Clear communication and proactive engagement to understand the issues and factors which are most important to stakeholders is fundamental to this. The Board acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering our corporate values, together with our strategic priorities, the Board aims to ensure that the decisions made are consistent and intended to promote the Parent Company's long-term success.

## Stakeholder Engagement

Exscientia's key stakeholders will evolve over time along with our business strategy. Today, our key stakeholders include current and prospective employees; biopharma partners; suppliers; regulators; current and prospective investors; the wider biopharma industry; and current and potential clinical and other healthcare providers we may seek to collaborate with.

We are committed to effective engagement with all of our stakeholders. Our success depends on this engagement. Direct engagement by the Board with stakeholders, where possible, enables the Directors to deepen their understanding of how the Group's purpose, values and strategy are embedded across the organisation globally. Where direct engagement is not possible, engagement takes place at the operational level, and the Directors are kept fully informed by senior management of all matters on a regular basis for use in the Board's decision-making.

| Stakeholder Group | Why We Engage | Engagement and Influence on Decision Making | More Information |
|---|---|---|---|
| Our Workforce | We believe that our people are our most important and valuable asset. Successful performance can be delivered only through a high level of engagement where our people share the Exscientia vision and values and feel supported by our culture and code of conduct. Maintaining a content and engaged workforce is key to attract and retain top talent. | The Board and senior management are committed to enhancing engagement with employees at all levels to ensure we communicate information on decisions taken, emerging developments, innovations and future growth of the business.<br><br>The Board recognises the importance of using a variety of communication platforms and activities to maximise employee engagement. While the Board cannot directly consult with employees on all decisions it makes, it apprises itself of their opinions in a variety of ways, including via weekly company meetings and meetings with groups of employees to hear feedback.<br><br>The Board understands that any decisions it makes may impact employees' performance, engagement and work satisfaction. The Board is mindful that any decisions it makes, as well as the manner in which they are made, will inform the culture of the business. The Board seeks to lead by example in order to ensure that high standards of business conduct are maintained by its employees. | **Strategic Report**<br>• Business Overview *(pages 4-19)*<br>• Employee, Social, Community and Human Rights Matters *(pages 40-43)*<br>• Directors' Remuneration Report *(pages 44-73)* |
| Our Partners | We are focused on building deep, long-term relationships with our partners, including large pharmaceutical and biotech companies, which we ultimately believe is the key to the success of these partnerships. | The Group works closely with its key partners in accordance with the terms of its agreements with them.<br><br>The Board receives regular feedback from management on the progress of the partnerships and encourages the management to focus on building long term relationships with our partners.<br><br>The Board is responsible for approving material business transactions and any key strategic changes. Prior to making such decisions the Board considers the potential impact on its partners. | **Strategic Report**<br>• Business Overview *(pages 4-19)*<br>• Our Pharma Partners *(page 18)*<br>• Our Non-Profit Partners *(page 19)*<br>• Our Co-owned Collaborations *(pages 19)*<br>• Principal Risks and Uncertainties *(pages 27-33)* |

| Stakeholder Group | Why We Engage | Engagement and Influence on Decision Making | More Information |
|---|---|---|---|
| Our Suppliers | We recognise the importance of establishing and building strong working relationships with all our suppliers.<br><br>Working sustainably, respecting human rights, and operating with the highest standards of ethical conduct and professional integrity improve long-term business performance. We are dedicated to these values and require our suppliers to share our commitment. | The Board approves and implements policies based on ethical and legal minimum standards, which it requires the business to adhere to when engaging suppliers. As we continue to progress in our size and stage of development, we intend to continue to implement procedures to ensure that our key suppliers also commit to these standards, including in relation to anti-bribery and corruption, anti-money laundering, human rights and modern slavery and various other matters.<br><br>The Group engages regularly with its key business partners, including third-party manufacturers and suppliers, independent clinical investigators and CROs, to ensure that they all have appropriate standards and policies in place, are financially robust and capable of delivering their services. | **Strategic Report**<br><br>• Business Overview *(pages 4-19)*<br><br>• Principal Risks and Uncertainties *(pages 27-33)* |
| Our Investors | We are a public company with ADSs listed on Nasdaq. Without our investors, we cannot grow or invest for future success.<br><br>We engage with existing and potential investors to ensure that we provide sufficient, meaningful and relevant information which they can use to make informed investment decisions.<br><br>We strictly adhere to market regulations and regularly consult our advisors to ensure we are in compliance with such regulations at all times. | Board Directors and senior management have regular interaction with investors, to understand their interests and any concerns they may have.<br><br>This feeds into the Board's strategic discussions and opportunities, ensuring alignment over strategy, operational performance, remuneration policy, capital structure and future expectations of our investors.<br><br>Examples of investor engagement by certain Directors and senior management includes attendance at investor conferences, regular reports from the Investor Relations team, direct engagement with investors on various topics related to Exscientia's business and pipeline, communications such as quarterly financial results and business updates, annual reports and notices of general meetings, and making available detailed information about Exscientia and matters of interest to investors on our website. | **Strategic Report**<br><br>• Business Overview *(pages 4-19)*<br><br>• Directors' Remuneration Report *(pages 44-73)* |
| Our Wider Communities | Our global operations are an important part of the communities in which they are located. We have environmental responsibilities to the world in which we live, and societal responsibilities to the communities where we live, work and operate. | It is important to the Board that the Group gives back to the communities in which it operates. The Board considers these communities in determining the corporate culture it wishes to promote. We endeavour to have a positive impact on the community in which it operates and aim to provide a safe, clean working environment for employees. | **Strategic Report**<br><br>• Energy and Carbon Report *(pages 37-39)*<br><br>• Employee, Social, Community and Human Rights Matters *(pages 40-43)* |

# Energy and Carbon Report

The global biotechnology and pharmaceutical industry has a significant carbon footprint. We are committed to understanding and minimising our footprint where possible. Our first Sustainability Statement has been approved by the Board and is due to be published soon. This section gives an overview of our reportable emissions required under the Companies Act 2006 Strategic Report and Directors' Report Regulations 2013.

## Methodology

Our disclosed emissions have been calculated in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition) methodology. The reporting period is 1 January to 31 December 2023 inclusive. Emissions have been calculated using an operational control approach to define our organisational boundary.

Our total reported energy includes that which is consumed through natural gas, electricity, and district heating across our direct operations.

***Scope 1 emissions*** are from the combustion of natural gas for heat in the offices we lease and fugitive emissions from refrigerated systems we maintain in our offices and laboratories.

***Scope 2 emissions*** are from the consumption of grid-generated electricity and district heat in our offices and laboratories as well as those from our fleet (fully battery electric vehicles).

***Scope 3 emissions*** arise from all other activities within our value chain and are not directly controlled by us. We are working on understanding our Scope 3 emissions and have included those for our upstream leased assets in this disclosure.

Both location-based and market-based methods were used to calculate our Scope 1 and Scope 2 emissions.

***Location-based method*** reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

***Market-based method*** reflects emissions from electricity that companies have purposefully chosen. For our Scope 3 emissions we used portfolio intensity averages and applied location specific grid averages.

We have applied the annual emissions factors provided by the U.K. Department for Environment, Food and Rural Affairs (Defra), the U.S. Environmental Protection Agency (EPA), the European Environmental Agency (EEA), the International Energy Agency (IEA), Green-e, and the Association of Issuing Bodies (AIB), and supplier specific emission factors.

***Intensity metrics*** are used to give more context to an organisations emission profile. Laboratories are energy intensive spaces and form a large part of our real estate. We therefore report our emissions by occupied square footage as it is representative of building energy performance. For the floor area intensity ratio, we divide total global emissions (Scope 1 & 2 location-based) by the pro rata floor area of the occupied sites in respective regions, only including sites falling under Scope 1 & 2. Additional intensity metrics may be reported as we improve and expand on our reportable carbon data.

## Metrics & Intensity Ratio

Our overall energy usage, and associated Scope 1 and 2 carbon emissions, increased significantly during 2023 for our U.K. real estate. This increase in location-based emissions (265.16 tCO2e or 288%) is explained by the continued growth of Exscientia. Expansion of our laboratory space at our headquarters in Oxford (approx. 4,500 sq ft) was completed in early 2023 as well as construction of our automation laboratory in Milton Park (approx. 24,000 sq ft), completing in June 2023. These real estate were included in our 2022 emissions disclosure, however, the spaces were not operational at that time therefore we have seen an increase of 206% in our emission intensity by floor area for 2023.

We also expanded our operations in Vienna, relocating to a new purpose-built laboratory and office facility (approx. 55,000 sq ft) completed in December 2022. As inclusion of this space in our 2022 disclosure was pro-rata, it represents a significant addition to our real estate portfolio for 2023.

Over the past 12 months we have focused on improving our energy consumption data capture. This has resulted in reductions to previously reported emission data*, most significantly for reported Scope 1 emissions in the U.K. We have included the updated figures for 2022 in the table below.

In 2023 we secured energy for 77% of our U.K. consumption from certified renewable sources. In locations where we were unable to influence energy supply we purchased additional energy attribute certificates to cover our consumption, where possible. Where we are not directly responsible for the energy supply we are working with our landlords and partners to improve metering data and encourage the procurement of certified renewable electricity.

The table below shows our emissions and intensity metrics for 2022 and 2023.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | UK | Global (exc. UK) | UK | Global (exc. UK) |
| **Energy Consumption** | | **MWh** | | |
| Energy consumption used to calculate Scope 1 and Scope 2 /MWh | 1,586.34 | 196.81 | 472.77* | 66.63* |
| **Scope 1 Emissions** | | **Tonnes $CO_2e$** | | |
| Scope 1 emissions | 53.42 | 0.19 | 11.56* | 0 |
| **Scope 2 Emissions** | | **Tonnes $CO_2e$** | | |
| Scope 2 location-based | 303.8 | 35.07 | 80.5 | 10.04* |
| Scope 2 market-based | 88.24 | 9.97 | 9.78 | 9.6* |
| **Total Gross Emissions Scope 1 + 2** | | **Tonnes $CO_2e$** | | |
| Total gross Scope 1 + Scope 2 emissions | 357.22 | 35.26 | 92.06* | 10.04* |
| **Intensity Ratio** | | | | |
| Intensity ratio: (gross Scope 1 + 2) per sq. ft) / tonne $CO_2e$ per sq. ft | 0.0049 | 0.00045 | 0.0016* | 0.00088* |

*Previously reported figures for 2022 Energy Consumption used to calculate Scope 1 and Scope 2 were as follows: UK 601.64, Global (excluding UK) 82.85. Scope 1 Emissions UK 37.93, Scope 2 location-based Global (excluding UK) 13.06, Scope 2 market-based Global (excluding UK) 11.8, Total Gross Emissions Scope 1 + 2 UK 118.43 Global (excluding UK) 13.06, Intensity Ratio UK 0.002 Global (excluding UK) 0.0006. The changes made to the 2022 data relate to decreased estimated gas consumption at our global sites.

## Energy Efficiency Action

Building energy performance is considered during the screening of all new real estate. Several of the buildings we occupy were certified to LEED Platinum or BREEAM Excellent ratings. We have undertaken building energy audits as part of Phase 3 of the Energy Savings Opportunity Scheme (ESOS) and are implementing energy management plans across our portfolio. Examples of specific emission reduction initiatives include efficient electrified heating systems, efficient lighting and sensors systems, on-site solar panels, and Building Management Systems improvements to monitor and manage demand.

my green lab certification.

Over 13,000 kWh saved at Oxford and Vienna labs

We have also embarked on the My Green Lab certification programme for our laboratories, achieving a Bronze Award for our HQ at Oxford Science Park in January 2024. My Green Lab, a non-profit organisation, is recognised by the United Nations Race to Zero campaign as a key measure of progress towards a zero-carbon future and is considered the gold-standard for laboratory sustainability best practices around the world.

During 2023, we also participated in the International Freezer Challenge, coordinated by My Green Lab and the Institute for Sustainable Laboratories. The program engages thousands of scientists around the world in a competition to be more efficient with one of the biggest energy consumers in laboratory spaces: cold storage. By participating in the program we saved over 13,700 kWh at our Oxford and Vienna labs.

## Assurance

Incendium Consulting Ltd undertook assurance in accordance with AA1000AS Type 2 Moderate Level Assurance. This covered an evaluation of adherence to the AA1000APS (2018) principles of inclusivity, materiality, responsiveness and impact and the reliability, completeness and accuracy of Exscientia GHG emissions statement for external reporting for the calendar year 2023.

# Employee, Social, Community and Human Rights Matters

We are an AI-driven precision medicine company operating at the intersection of advanced AI applications and complex drug development. Our unique focus is reflected in our team composition, consisting of technologists and drug discovery experts. This balance underscores our collaborative approach, leveraging the expertise of drug hunters, biologists, technologists, and our computational platform to design innovative drugs.

## Stakeholder Engagement

Details regarding how the Directors have fostered the Company's business relationships with suppliers, customers, and other stakeholders are outlined on pages 34 to 37. The effect of how Directors considered such stakeholder interests when making principal decisions during the year is described on pages 34 to 36.

## Employee Engagement

The development, attraction, and retention of high-quality talent is pivotal to our success and the execution of our strategy. We endeavour to cultivate diverse, effective, and engaged leadership teams.

Our Board members highly value engagement opportunities with our people, encompassing both direct and indirect interactions, and consistently factor in employee interests when making decisions.

The Board and senior management employ various engagement methods, both direct and indirect, with employees to foster a two-way dialogue and provide critical oversight of our culture, delivering meaningful business, financial, and performance updates.

Key actions in 2023 included:

- Executive and Non-executive Directors made concerted efforts during in-person board meetings to meet and engage with employees in structured and informal settings.
- Establishment of the new Science and Technology committee to enhance connectivity between our technologists, scientists, and the Board.
- Expansion of our Employee Assistance Programme into Austria, ensuring all Exscientia employees have access to dedicated support for workplace and mental health issues, irrespective of location.
- Alignment of our offerings in Austria with our global benefits programme.
- Introduction of a progressive suite of leave policies, developed in consultation with our Employee Resource Groups (ERGs), including the establishment of global minimums for parental leave and sickness-related leave, along with flexibility in observing public holidays.
- Creation of a new ERG focused on carers, driven by employee-led initiatives, building on the success of our inaugural ERG launched in 2022.

The Board and senior management employ various methods to engage with employees, both directly and indirectly, to foster a two-way dialogue and provide critical oversight of our culture. This includes providing important updates on business, financial, and performance matters, as well as opportunities for employees to voice any concerns they may have to the Board. We facilitate these opportunities through company management, the annual engagement survey, site visits, company events, and a confidential reporting service available via Ethicspoint.

## Our People and Human Capital Resources

As of 31 December 2023, we employed 483 individuals. Approximately 49% of our workforce operates from our offices in Oxfordshire including our headquarters, where they benefit from access to our state-of-the-art labs which were expanded in 2022 and our Automation Suite which started operations in 2023. While we experienced rapid growth over the preceding three years, nearly doubling in size annually, we have now transitioned to a more stable size, reflecting our maturing organisational structure.

Our employees are distributed across our global locations, including offices in Oxford, Milton Park, Dundee, Cambridge, Miami, Boston, and Vienna. This strategic placement enables us to tap into global talent pools across key markets in the U.K., E.U. and U.S.

In Austria, where we have approximately 74 employees, we operate under the framework of a works council (established in 2024). The works council plays a key role in representing employee interests, fostering communication between management and staff, and addressing workplace issues. It serves as a platform for collaborative decision-making on matters such as working conditions, employee benefits, and company policies. In Austria our employees are subject to a government-mandated collective bargaining agreement which sets minimum wage expectations and grants all employees additional benefits, such as parental leave and travel expenses, beyond those required by the local labour code.

Outside of Austria, none of our employees are subject to collective bargaining agreements. However, we are committed to maintaining fair and equitable employment practices across all locations, ensuring that our employees enjoy a supportive and inclusive work environment. This is demonstrated by our establishment of new global minimums in regards to our progressive leave policies.

Despite the transition to a more stable size, our optimism remains unwavering. We continue to focus on nurturing talent, fostering innovation, and driving forward our mission to revolutionize drug discovery through AI-driven precision medicine. Our commitment to maintaining a dynamic and engaging workplace culture is resolute, as we believe that an empowered and motivated workforce is essential for achieving our ambitious goals.

## Our Culture

Exscientia's workforce comprises of significant proportions of drug discovery scientists and technologists, making up 88% of the organisation. Despite the perceived differences in these working cultures, our team is united by a shared mission. Across our teams, we prioritize fostering a collaborative environment where employees are incentivized to act as entrepreneurs and continually innovate.

We aim to inspire our employees to exhibit entrepreneurial behaviour in their respective domains and consistently strive for innovation and excellence in fulfilling their duties. Cultural alignment is integral to our recruitment process as we seek individuals who embrace challenges, take calculated risks, and are aligned with our vision of accelerating drug discovery.

In addition to our success in attracting and recruiting talent, we prioritize providing development opportunities for existing and new team members, enabling them to assume additional responsibilities and advance their careers. Internal talent development and mobility is a cornerstone of our approach, recognizing that our unique drug design methodology requires institutional knowledge derived from the expertise of our founders to expedite drug development processes.

The Group is committed to the inclusion of disabled individuals. Equal access to job opportunities training, career development, and promotional opportunities is extended to all prospective and current employees, irrespective of disability. Efforts are made to support existing employees in the event of disability, ensuring continuity of employment and providing appropriate assistance.

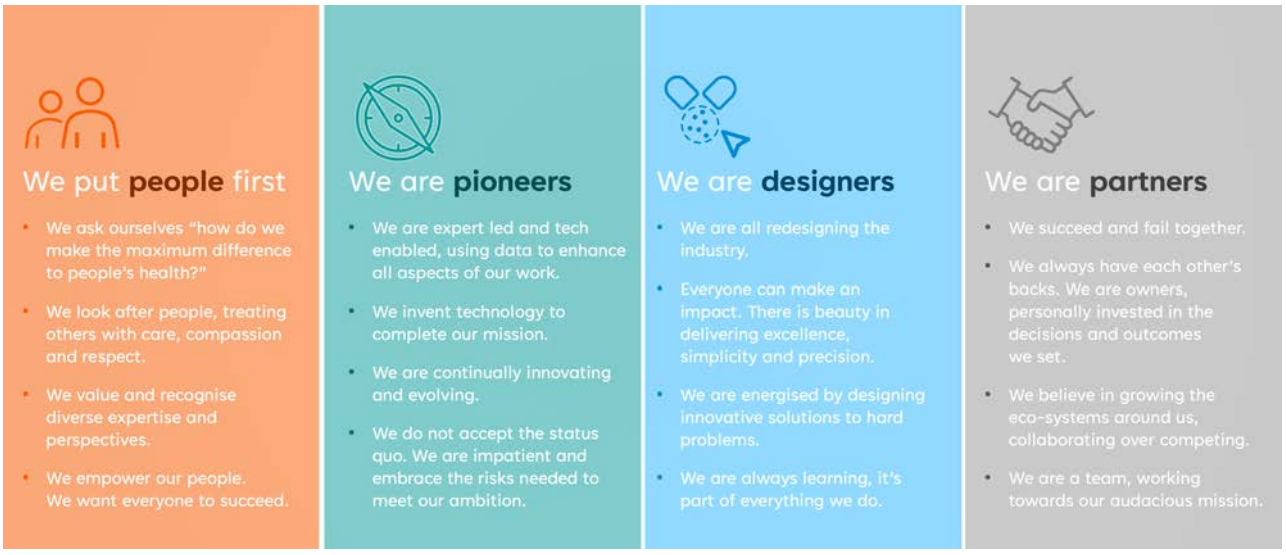
Exscientia remains committed to fair consideration of all candidates, regardless of gender, race, age, sexual orientation, physical ability, or professional/academic background. While appointments are merit-based, considering an individual's relevant skills and experience, we actively promote diversity and inclusion in our recruitment practices. External recruiters are expected to demonstrate a similar commitment to diversity and inclusion, aligning with our ethos of fostering a diverse workforce at all organisational levels.

Regular meetings are held with employees to discuss business operations and progress, and the organisation actively seeks feedback through engagement surveys and other channels. Employees are encouraged to participate in the success of the company through share-based payment schemes (see note 30 to the financial statements).

The Group operates in accordance with a Code of Conduct and Business Ethics, designed to ensure ethical and integrity-driven business practices and prevent conflicts of interest. Additionally, the Group maintains an Anti-Bribery Policy applicable to all directors, officers, and employees.

While the Group currently lacks a specific human rights policy, existing policies promote human rights principles. We affirm our commitment to respecting the human rights of all employees, ensuring a safe working environment, free from discrimination and coercion, and refraining from the use of child or forced labour. Employee privacy rights are safeguarded, with measures in place to protect personal information access and usage.

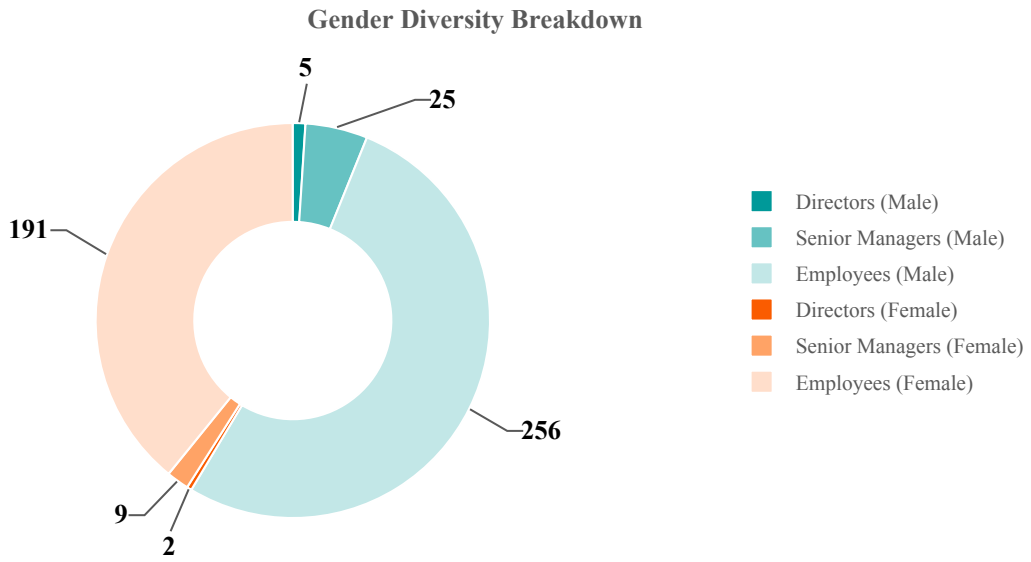
The Group endeavours to eliminate unlawful discrimination and values the diversity that a heterogeneous workforce brings. Efforts are made to prevent discrimination based on various factors, including age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, or sexual orientation. An annual review of policies and procedures ensures compliance with legal requirements and promotes a healthy corporate culture.



## Gender Diversity Breakdown

A breakdown of employment statistics for the Group by gender as of 31 December 2023 is as follows: 31 December 2023 (Number of Directors and Employees[1,2])

| Position | Male | Female | Total |
|---|---|---|---|
| Directors | 5 | 2 | 7 |
| Senior Managers | 25 | 9 | 34 |
| Employees | 256 | 191 | 447 |
| **Total Directors and Employees** | **286** | **202** | **488** |




1. Headcount numbers include 15 EOR employees
2. Headcount includes 5 Non-executive Directors who we do not count in headcount figures elsewhere in the report.

This report was approved by the Board of Directors on 11 April 2024 and signed on its behalf by:

**David Hallett, Ph.D.**
*Director and Interim Chief Executive Officer*
11 April 2024


Elizabeth Crain

## Remuneration Committee Chair Statement

**Dear Shareholder,**

As the Chair of the Remuneration Committee (the "Committee"), I am pleased to present, on behalf of the board of directors (the "Board") of Exscientia plc (the "Company" or "Exscientia"), the Directors' Remuneration Report for the year ended 31 December 2023 (the "Report").

The Report (contained in the Company's Annual Report and Accounts for the year ended 31 December 2023 (the "Annual Report and Accounts")), will be subject to an advisory vote at the upcoming Annual General Meeting on 15 May 2024 (the "AGM").

The current Directors' Remuneration Policy (the "Policy") was approved at the annual general meeting on 18 May 2022. The Company is not seeking any amendments to the Policy at the AGM and plans to propose a revised policy for a shareholder vote at the annual general meeting to be held in 2025.

### Introduction

As an AI-driven precision medicine company with operations in the United States and Europe that leverages the power of artificial intelligence to modernise the drug discovery process, we operate within a global marketplace for talent within two highly competitive sectors: life sciences and technology. Given that the market for experienced executive talent in these sectors is competitive, particularly in the United States, the Committee references a global peer group of U.S.-listed companies, the majority of whom are U.S.-based, as the leading indicator for remuneration levels and practices. This will help attract and retain the executive talent needed to successfully manage the Company's operations. Consistency in this market view of the United States as the primary benchmark for remuneration practices for our Executive and Non- Executive Directors is key for Exscientia as it builds to deliver sustainable, long-term growth and shareholder value. The Committee is also mindful of the general U.K. compensation frameworks and investor guidance when making decisions on executive compensation.

### Corporate Governance Standards

We are a "foreign private issuer," as defined by the SEC. As a result, in accordance with Nasdaq listing requirements, we may rely on home country governance requirements and certain exemptions thereunder rather than complying with Nasdaq corporate governance standards. Whilst we voluntarily follow most Nasdaq corporate governance rules, we intend to follow U.K. corporate governance practices in lieu of certain Nasdaq corporate governance requirements.

### Organisation Changes

In 2023 and more recently, the organisation has experienced significant changes, and a summary of the key changes has been presented on the following page.

***Executive Director Changes:*** David Hallett, the Company's Chief Science Officer, was appointed as Interim CEO and Interim Principal Executive Officer and as an Executive Director, effective 13 February 2024. With over two decades of experience in drug discovery, Dr. Hallett has served as the Company's Chief Scientific Officer since February 2023 and before that had been the Company's Chief Operations Officer since January 2020.

In connection with his appointment as Interim CEO and as Executive Director, the Committee raised Dr. Hallett's annual base salary to £375,000 whilst offering a temporary salary premium of £60,000 whilst he holds the Interim CEO role. His target bonus will remain at 45% of base salary, but we have agreed to offer him an enhanced annual equity grant of $2.5m in recognition of his additional responsibilities during this interim period as we seek a permanent full-time CEO. This equates to 18 months of the typical chief executive officer premium in equity compensation compared to other C-suite roles and would be split 50% time-based awards and 50% performance-based awards, consistent with the mix applied across the wider C-Suite.

The employment of Dr. Andrew Hopkins as the Company's CEO and Principal Executive Officer, and his role as an Executive Director of the Board, was terminated on 13 February 2024 for cause.

In connection with Dr. Hopkins' termination, his separation compensation was aligned with the for cause contractual provisions within his contract. He received his final pay in February 2024 payroll, along with 2.5 days of accrued but untaken holiday. No bonus or variable remuneration has been paid to Dr. Hopkins for his service during 2023. In accordance with the terms of his contract and our share plan rules, any outstanding vested or unvested equity awards are forfeited and will no longer be exercisable.

***Non-executive Director Changes:*** On 12 February 2024, Dr. David Nicholson resigned from his positions as a Non-executive Director and Chairman of the Board. In connection with Dr. Nicholson's resignation from the Board, I, Elizabeth Crain, a Non-executive Director and Chair of the Company's Audit Committee, was appointed on an interim basis to replace Dr. Nicholson as Chair of the Board. At the same time (but for reasons unrelated to Dr. Nicholson's resignation), I, Elizabeth Crain also replaced Dr. Mario Polywka as Chair of the Remuneration Committee.

***Committee Composition:*** Following these changes, the Company reconstituted its Board committees and Elizabeth Crain, Robert Ghenchev and Franziska Michor will serve on each of the Audit Committee, Remuneration Committee (along with Mario Polywka) and the Nominating and Corporate Governance Committee.

## Company Performance Highlights

Key business performance highlights for 2023 include:

- In December 2023, Exscientia announced the addition of an existing Exscientia programme to its Sanofi collaboration. The programme includes financial milestones over and above programmes initiated as part of the collaboration agreement. Exscientia received a $4 million in upfront payment in the first quarter of 2024 for this programme. The Company is eligible to receive up to an additional $41 million in preclinical milestone payments, as well as over $300 million in further milestone payments if the programme achieves all milestones under the agreement.
- In October 2023, the Company announced the achievement of the first discovery stage milestone from a different programme within the Sanofi collaboration.
- Exscientia's collaboration with Merck KGaA, Darmstadt, Germany, announced in September 2023, is ongoing, leveraging Exscientia's precision design capabilities to design and discover novel small molecule drug candidates across oncology and immunology.
- In December 2023, Exscientia announced that it had received a $2.3 million grant from Open Philanthropy to drive research on the host-interferon response as a pathway to treating and preventing pandemic influenza.
- Exscientia opened its novel automated discovery laboratory in mid-2023. This facility has the capability to integrate AI design methods with chemical synthesis and biological testing.
- In July 2023, Exscientia launched EXCYTE-1, a first-of-its-kind prospective observational study in ovarian cancer.
- The collaboration with Charité announced in March 2023, evaluating Exscientia's precision medicine platform as a tool to predict response in haematological cancers is also ongoing.

## Remuneration Programme Highlights

During 2023, we undertook a number of activities to continue to enhance and refine our remuneration programmes and manage changes to the composition and structure of the leadership team during a volatile market environment, including:

- Introduced an all-employee bonus deferral scheme to allow employees to elect a portion of their bonus in exchange for RSUs that vest over a period of time, allowing the company to extend cash runway and retain employees through an additional vesting period under the scheme;
- In 2022 we published the results of our first U.K. gender pay gap report, which observed a median hourly pay gap of 16.9% as of April 2022. Action taken since this report through structured talent, remuneration and DE&I commitments have resulted in a significant improvement in our median 2023 hourly pay gap to 11.2%;
- Solicited investor feedback from key investors and reviewed feedback from proxy advisors on our executive compensation programmes;
- Adopted a new Incentive Compensation Recoupment Policy ("clawback") in November 2023 to comply with the SEC's new regulations, which would recover, reasonably promptly, from current and former Section 16 officers, incentive-based compensation that was received based on the misstated financial statements during the three completed fiscal years immediately preceding the date the restatement was required. This applies to all equity incentive-based compensation that is received by one of the specified officers on or after 2 October 2023;
- Set fee levels for a newly created Science & Technology Committee of the Board;
- Updated our peer group of biotechnology and AI-enabled healthcare technology companies to ground compensation and performance decisions;
- Engaged with independent advisors to undertake benchmarking of the market including a review of salaries, bonus plans, LTIP awards, type of awards (RSU vs PSU / Performance Share Options), criteria for PSUs / Performance Share Options and levels of awards on both a value and company percentage basis before deciding on award levels;
- Reviewed performance and expected vesting of our outstanding performance-based long-term incentives based on total shareholder return, the first of which will vest in Q1 2025; and
- Assessed performance against the short-term objectives for the financial year and approved the level of bonuses to be paid to Executive Directors, as described below.

## 2024 Salary Outcome

We reviewed the salaries of our continuing Executive Directors and found that cash compensation is positioned in the lower quartile relative to our executive compensation peer group, which is primarily composed of U.S.-based companies. As a result, considering internal relativities, we approved an increase of 5% for the CFO & Chief Strategy Officer, in line with the salary increase provided across the wider workforce. These increases were effective as of 1 April 2024.

Looking ahead to the upcoming cycle, we intend to evolve our market compensation review to include a secondary set of U.K. compensation benchmarks to help guide cash decisions relative to the local U.K. market.

### 2023 Bonus Outcome

The Board and the Committee evaluated the achievement of 2023 objectives and it was deemed the balance of performance across all company goals justified a pay-out of 65% of target, which equates to 29.25% of salary for both our Interim CEO (whose bonus is based on his role as CSO) and CFO & Chief Strategy Officer. No 2023 bonus was paid to our former CEO, Dr. Hopkins.

Achievements in 2023 included:

- Advancing clinical trials
- Building the pipeline - new projects with multiple hit series
- Optimising project delivery through improved cycle time

Areas where we did not fully hit our bonus targets included:

- Securing new business development
- Delivering drug project milestones
- Maintaining target end-of-year cash balance

I hope that you find the information in this report helpful, and I look forward to addressing questions you may have and to your support at the Company's AGM.

Yours sincerely,

**Elizabeth Crain**
*Chair of the Remuneration Committee*
11 April 2024

## Policy Overview, Remit of the Remuneration Committee

This part of the Report sets out the Policy for the Company's Directors and Executive Directors and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Policy, as described below, was approved by shareholders at the annual general meeting held on 18 May 2022. It is intended that the Policy will apply for a period of three years from approval (or until a revised policy is approved by shareholders).

The scenario charts have been updated to reflect the intended application of the policy for the 2023 financial year and references to prior financial years have been updated where appropriate to aid understanding. A copy of the Policy (including scenario charts for the 2021 financial year) is in the Company's Annual Report and Accounts for the year ended 31 December 2023 (the "Annual Report and Accounts"), which is available on the Company's website.

The Policy is designed to:

- attract, retain and motivate outstanding individuals who have the potential to support the growth of the Company;
- attract and retain Non-executive Directors who can substantially contribute to our success;
- be competitive against appropriate market benchmarks (including the U.S. biotechnology and AI sectors);
- encourage a corporate culture that promotes the highest level of integrity, teamwork and ethical standards;
- take due account of good governance practices that promote the long-term success and stability of the Company;
- have a strong link to performance and align Executive Directors' incentives to shareholder value creation; and
- encourage equity ownership by Executive Directors to motivate and align them with the overall interests of shareholders and the Company.

In seeking to achieve the above objectives, the Committee is mindful of the views of a broad range of stakeholders in the business and accordingly takes account of a number of factors when setting remuneration including:

- market conditions;
- pay and benefits in relevant comparator organisations;
- terms and conditions of employment across the Company;
- the Company's risk appetite;
- the expectations of institutional shareholders; and
- any specific feedback received from shareholders and other stakeholders.

## Remuneration Policy for Executive Directors

Currently the Company has only two Executive Directors, but the Policy will apply equally to any additional Executive Directors who may be appointed in the future. The Committee annually reviews the operation of the remuneration packages to ensure they are operating within an acceptable risk profile and that they do not inadvertently encourage any economic, social or governance issues.

The total remuneration for the Executive Directors is made up of the following elements:

- salary;
- benefits;
- annual bonus;
- equity incentive awards; and
- pension.

The Company adopted the amended and restated 2021 Equity Incentive Plan with Non-employee Sub-plan and CSOP Sub-plan, (the "2021 EIP"), in August 2021, and since August 2021 the Company has only granted equity incentives under the 2021 EIP. In the period 1 January 2021 to the adoption of the 2021 EIP in August 2021, the Company granted market value options under the 2019 Company Share Option Plan, as amended, and unapproved nominal cost options and RSUs under the 2018 Unapproved Share Option Plan, as amended and its RSU Sub-plan.

| | **Purpose and Link to Strategy** |
|---|---|
| Salary | Provides market competitive fixed remuneration, set at a level sufficient to attract and retain high-calibre executives who are capable of delivering the Company's strategic objectives and driving the Company's success. Salary reflects the responsibilities of the role undertaken, the experience of the individual and performance in the role over time. |
| Benefits | Provides market competitive, yet cost-effective employment benefits to assist with recruitment and retention. |
| Annual Bonus | To incentivise and reward delivery of the Company's strategy and short-term corporate objectives on an annual basis. |
| Equity Incentive Awards | To align the interests of Executive Directors and management with long-term shareholder interests and to attract, incentivise and retain staff. To facilitate share ownership and to incentivise and recognise achievement of longer-term corporate objectives and sustained shareholder value creation. Share-based compensation allows the Company to effectively manage its cash resources. |
| Pension | To provide a competitive and tax-efficient long-term savings plan which complies with at least the minimum contributions requirements of the applicable jurisdiction. |
| Share Ownership Guidelines | Encourages Executive Directors to build up a meaningful shareholding so as to further align their interests with those of shareholders. |

| | Operation |
|---|---|
| Salary | Normally reviewed annually taking into account individual responsibilities, experience, performance, inflation and market rates. The Committee will also consider the pay and employment conditions in the wider workforce when determining Executive Directors' salaries. Where there has been a change in role, or the individual is new to the role, increases could be higher. Salary increases are normally effective from 1 January each year. Salaries are periodically benchmarked against a relevant peer group of technology-enabled life sciences companies, most of which are listed on US stock markets, with a similar stage of clinical development, valuation and organisational size. |
| Benefits | For Executive Directors this currently includes private medical insurance, dental coverage, flexible benefits cash plan and life insurance. Executive Directors may become eligible for other benefits in the future where the Committee deems it appropriate. Where additional benefits are introduced for the wider workforce, Executive Directors may participate on broadly similar terms. If an Executive Director is based outside the UK, additional benefits and assistance with relocation, tax equalisation and filings may be provided that reflect local market norms or legislation. Any reasonable business-related expenses can be reimbursed on a gross-of-tax basis. Benefits may also include payment by the Company of any stamp duty arising in respect of the settlement of equity incentives. |
| Annual Bonus | Annual bonus performance targets are normally set at the start of the year by the Board and performance against objectives is assessed by the Committee after the end of the relevant financial year, although the Committee retains discretion to amend objectives during the year if it considers that objectives are no longer appropriate. Different performance measures and weightings may be used each year, as agreed with the Committee, to take into account changes in the business strategy. Bonuses are normally paid in cash after the award has been approved by the Committee (but may be paid in the form of an equity award, at the discretion of the Committee) and are not pensionable. Awards paid or awarded on or after the 31 March 2022 are subject to malus and claw-back provisions (see 'Malus and claw-back provisions' in the 'Notes to the policy table below for further details). |
| Equity Incentives | Conditional awards are normally granted annually under the 2021 EIP. The awards vest over a total period of at least three years (with incremental vesting withing that period) and may include a mix of share options, restricted share units, performance shares and other forms of award available for issuance under the 2021 EIP. Awards vest in accordance with the vesting schedule set for the relevant award in its equity agreement. The 2021 EIP is administered by the Committee and the Committee maintains discretion over the types and terms of equity awards granted under the plan. EIP awards are not subject to any holding period post-vesting. Awards paid or awarded on or after the 31 March 2022 are subject to malus and clawback provisions (see 'Malus and clawback provisions' in the 'Notes to the policy table' below for further details). Any share-based entitlements granted to an Executive Director under the Company's share plans will be treated in accordance with the relevant plan rules or any applicable agreement. Under the good leaver provisions unvested options and RSUs normally lapse, but vested options can be exercised within a period as set out in the plan rules. The Committee retains the discretion to vest awards (and measure performance accordingly) on cessation and disapply time prorating; however, it is envisaged that this would only be applied in exceptional circumstances. Executive Directors will also be eligible to participate in any all-employee share plan which may be adopted for the wider workforce in the future. |
| Pension | Executive Directors are eligible to join a defined contribution pension scheme offered to the wider workforce in the relevant location, and may be offered cash in lieu of part or all of their pension contributions. Only base salary is pensionable. Current Executive Directors have opted out of pension arrangements and receive the statutory minimum. |
| Share Ownership Guidelines | Shares owned outright by the Executive Director or a connected person are included. Unvested share awards and vested in-the-money share option awards are not included.<br>Executive Directors are required to retain at least 50% of shares (net of withholding tax and social security) from awards made under the 2021 EIP until the target shareholding is attained. |

| | Maximum Potential Value |
|---|---|
| Salary | There is no prescribed maximum annual salary or salary increase. Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions and the approach to employee pay throughout the organisation. Base salary increases are awarded at the discretion of the Committee; however, salary increases will normally be no greater than the general increase awarded to the wider workforce, in percentage of salary terms. However, a higher increase may be made where an individual had been appointed to a new role at below-market salary while gaining experience. Subsequent demonstration of strong performance may result in a salary increase which is higher than that awarded to the wider workforce. |
| Benefits | There is no formal maximum level of benefits provided to an Executive Director, as the value of insured benefits is typically based upon the cost from third-party providers, which will vary from year-to-year. |
| Annual Bonus | The maximum bonus payable to an Executive Director is 100% of base salary. For 2024, the target bonus level for the Interim CEO and the CFO & Chief Strategy Officer is 45% of base salary |
| Equity Incentives | The total number of awards made under the 2021 EIP is subject to the overall limits set out in the plan. We initially reserved 10,479,300 ordinary shares, or the Initial Limit, for the issuance of awards under the 2021 EIP. The 2021 EIP provides that the number of shares reserved and available for issuance under the plan will automatically increase each January by five percent of the outstanding number of ordinary shares on the immediately preceding 31 December , or such lesser number of shares as determined by our Board. Our Board increased the number of shares reserved and available for issuance under the plan by 6,285,119 shares as of January 1, 2024. There is no maximum opportunity for an individual under the 2021 EIP. However, the Committee will generally assess the position at similar sized comparator companies prior to making any award to ensure that any awards are aligned to the market. |
| Pension | The maximum contribution, cash supplement (or combination thereof) payable by the Company is currently 5% of salary, which is at the same level as the general workforce.<br>Should the Company elect to increase the company-wide company contribution in future, Executive Directors would be eligible to receive the higher rate as offered to the general workforce, up to a limit of 10% of salary. |
| Share Ownership Guidelines | Executive Directors will be required to build and maintain a shareholding equivalent to at least 200% of their salary within five years from the later of the introduction of the guidelines or appointment. |

| | Performance Metrics |
|---|---|
| Salary | The overall performance of the individual and Company, as well as pay benchmarking, is a key determinant for salary increases. |
| Benefits | Not applicable. |
| Annual Bonus | Performance measures are determined by the Committee each year and may vary to ensure that they promote the Company's business strategy and shareholder value. Details of the performance measures for the current year are provided in the Remuneration Report, subject to any nondisclosure on the basis of commercially sensitive information. Bonus measures are reviewed annually, and the Committee has the discretion to vary the mix and weighting of measures or to introduce new measures, based on the strategic focus of the Company at that time.<br><br>The payment of any bonus is at the absolute discretion of the Committee which has the discretion to override formulaic outcomes of the bonus if appropriate to do so, having regard to matters including but not limited to factors such as the underlying financial and operational performance of the Company and individual performance. |
| Equity Incentives | The extent to which vesting of equity awards is subject to performance (rather than time) based conditions, the applicable, measures, their weightings and the period over which performance is tested will be determined by the Committee. The Committee will select the most appropriate form of EIP awards each year and/or each individual grant. Vesting of equity incentives is generally subject to continued employment and may be on a time-phased basis or subject to performance conditions aligned with the Company's strategic plan, as determined at the discretion of the Committee. Vesting of equity awards may be accelerated in part or in full in connection with certain corporate events such as a change of control. |
| Pension | Not applicable. |
| Share Ownership Guidelines | Not applicable. |

## Remuneration Committee Discretions

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval or by approval from the Board. These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Remuneration Policy is fair, both to the individual director and to the shareholders. The Committee also has discretions to set components of remuneration within a range, from time to time. The extent of such discretions is set out in the relevant rules, the maximum opportunity or the performance metrics section of the policy table above. To ensure the efficient administration of the variable incentive plans outlined above, the Committee will apply certain operational discretions.

These include the following:

- selecting the participants in the plans;
- determining the timing of grants of awards and/or payments;
- determining the quantum of awards and/or payments (within the limits set out in the policy table above);
- determining the applicability, choice (and adjustment) of performance measures and targets for each incentive plan in accordance with the policy set out above and the rules of each plan;
- determining the extent of vesting based on the assessment of performance and discretion relating to measurement of performance in certain events such as a change of control or reconstruction;
- discretion to override formulaic outcomes of incentive schemes where the payment would otherwise be inappropriate;
- whether malus and/or clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which it shall be applied;
- making the appropriate adjustments required in certain circumstances, for instance for changes in capital structure;
- determining “good leaver” status for incentive plan purposes and applying the appropriate treatment; and
- undertaking the annual review of applicability and weighting of performance measures and setting targets for the annual bonus plan and other incentive schemes, where applicable, from year to year.

If an event occurs which results in the annual bonus plan or EIP performance conditions and/or targets being deemed no longer appropriate (e.g., material acquisition or divestment), the Committee will have the ability to make appropriate adjustments to the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging that the original conditions. Any use of the above discretion would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company’s major shareholders.

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

## Differences in Remuneration Policy Between Executive Directors and Other Employees

The Company operates a coherent approach to remuneration across the organisation. Employees are eligible to participate in the annual bonus plan and to receive equity incentive awards. Equity incentive awards encourage broad employee share ownership and alignment with the Company’s success. Although the Committee does not consult with employees directly, it is appraised of any decisions relating to pay for the broader workforce and will consider pay conditions throughout the Group when making decisions on Executive Directors’ remuneration.

## Illustrations of Application of Remuneration Policy

The chart below sets out, for illustrative purposes only, an estimate of the 2024 remuneration package for the Company's Interim CEO and CFO & Chief Strategy Officer under three performance scenarios, based on the Policy set out above.

The scenarios are defined as follows:

***Minimum (Fixed Pay Only)***

Interim CEO

- Salary (as at 1 January 2024: £375,000 plus as at 13 February 2024 an Interim CEO allowance of £60,000)
- Benefits paid to 31 December 2023 (Cost to Company: £2,033)
- Pension (5% of salary)

CFO & Chief Strategy Officer

- Salary (as at 1 January 2024: £340,000)
- Benefits paid to 31 December 2023 (Cost to Company: £1,376)
- Pension (5% of salary)

***Target***

- Fixed pay as defined above
- Target bonus of 45% of salary for Interim CEO and CFO & Chief Strategy Officer
- Target 2024 equity value of $2.5m, consisting of $1.25m in time-vesting nominal cost options and $1.25m in performance-vesting nominal cost options for Interim CEO, and $1.35m, consisting of $0.675m in time-vesting nominal cost options and $0.675m in performance-vesting nominal cost options for CFO & Chief Strategy Officer

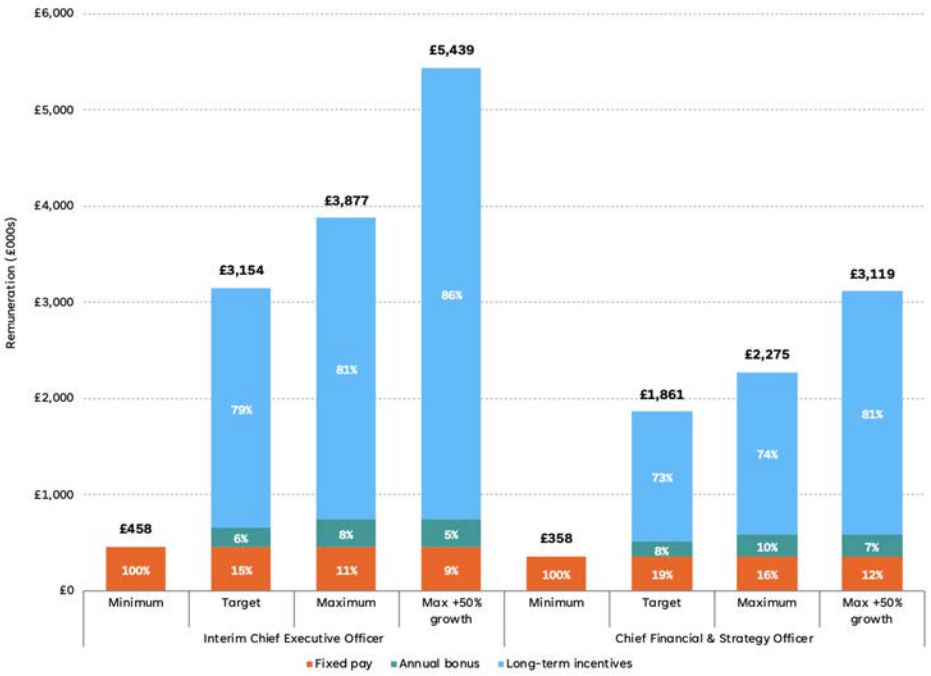
***Maximum***

- Fixed pay as defined above
- Maximum bonus 67.5% for Interim CEO and CFO & Chief Strategy Officer
- Maximum 2024 equity value of $3.125m, consisting of $1.25m in time-vesting nominal cost options and $1.875m in performance-vesting nominal cost options for Interim CEO, and $1.6875m, consisting of $0.675m in time-vesting nominal cost options and $1.0125m in performance-vesting nominal cost options for CFO & Chief Strategy Officer

Pension in fixed compensation reflects the maximum allowable under the policy, though in practice Executive Directors are receiving the statutory minimum of ~0.4% of salary. Maximum bonus reflects intended application of the Policy for 2024 to offer up to the lesser of 150% of target or the policy maximum of 100% of base salary.

**Maximum +50% growth (being as above under "Maximum" plus the additional increase in value of equity compensation that would be achieved if the Company's share price was to increase by 50% over the vesting period of the equity awards)**

- Fixed pay as defined above
- Maximum bonus 67.5% for Interim CEO and CFO & Chief Strategy Officer
- Maximum 2024 equity value of $4.6875m, consisting of $1.875m in time-vesting nominal cost options and $1.875m in performance-vesting nominal cost options for Interim CEO, and $2.531m, consisting of $1.0125m in time-vesting nominal cost options and $1.518m in performance-vesting nominal cost options for CFO & Chief Strategy Officer




## Legacy Arrangements

For the duration of this Policy, the Company will honour any commitments made in respect of current or former Directors before the date on which either: (i) the Policy became effective; or (ii) an individual becomes a Director, even where not consistent with the Policy set out in this report or prevailing at the time such commitment is fulfilled. For the avoidance of doubt, all outstanding historic awards that were granted in connection with, or prior to, listing remain eligible to vest based on their terms. Such awards are disclosed separately in this Directors' Remuneration Report.

## Choice of Performance Measures for Executive Directors' Awards

The choice of annual bonus performance metrics reflects the Committee's belief that any incentive-based remuneration should be appropriately challenging and tied to the delivery of key corporate and strategic targets intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.

The targets for the bonus scheme for the forthcoming year will be set out in general terms, subject to limitations with regards to commercial sensitivity. Short-term corporate objectives in any given year may typically include targets relating to research and development, business development and commercial targets. Additional details of the targets will be disclosed when they are no longer considered to be commercially sensitive.

Where used, performance conditions applicable to 2021 EIP awards will be aligned with the Company's objective of delivering meaningful increases in long-term value to shareholders. For 2024 awards, Exscientia used relative total shareholder return ("TSR"), equally measured against the Nasdaq Biotechnology Index and Exscientia's named executive peer group of similarly situated AI-enabled biotechnology and healthcare companies, all over a three-year performance period.

The Committee will review the calibration of targets applicable to the annual bonus, and the 2021 EIP in years where performance measures apply, annually to ensure they remain appropriate and sufficiently challenging, taking into account the Company's strategic objectives and the interests of shareholders.

## Malus and Clawback Provisions

Cash bonuses and equity awards paid or awarded in respect of the Executive Directors on or after the 31 March 2022 are subject to recovery and withholding provisions which permit the Board, in its discretion, to reduce the size of any awards or claw-back any awards in the event of a restatement or material misstatement of financial results, an inaccuracy or error in the information or assumptions on which the award was calculated, and that inaccuracy or error leads to an overpayment, the Company suffers an instance of corporate failure resulting in the apportionment of an administrator or liquidator or in the Company entering into a compromise arrangement with its creditors, provided that the instance of corporate failure is at least partly due to a failure of the management of the Company, the Executive Director commits an act of serious misconduct or a breach of the post-termination restrictions in the Executive Director's service agreement.

On 27 November 2023 Exscientia additionally adopted the SEC compliant Incentive Compensation Recoupment Policy that would recover, reasonably promptly, from current and former Section 16 officers, equity incentive-based compensation that was received based on the misstated financial statements during the three completed fiscal years immediately preceding the date the restatement was required. This applies to all equity incentive-based compensation that is received by one of the specified officers on or after 2 October 2023.

## Remuneration on Recruitment

Where it is necessary to appoint or replace an Executive Director, the Committee's approach when considering the overall remuneration arrangement in the recruitment or promotion of a new Executive Director is to take account of the calibre, expertise and responsibilities of the individual, their remuneration package in their prior role and the prevailing market rate for similar roles. Remuneration will be in line with our policy and the Committee will not pay more than is necessary for a successful recruitment. It is recognised that in order to attract and recruit talented individuals the Policy needs to allow sufficient flexibility with respect to remuneration on recruitment.

The following policies apply to the remuneration on recruitment of new Executive Directors:

***Salary.*** Base salary will be determined based on the responsibilities of the role, experience of the individual and current market rates. It may be considered necessary to appoint a new Executive Director on or below market rates (e.g., to reflect limited board experience). In such circumstances, phased increases above those of the wider workforce may be required over an appropriate time period, to bring the salary to the desired market level, subject to the continued development in the role. In exceptional circumstances, the Committee has the ability to set the salary of a new Executive Director at a rate higher than the market level to reflect the criticality of the role and the experience and performance of the individual.

***Annual Bonus.*** The ongoing annual bonus maximum will be in line with that outlined in the policy table for existing Executive Directors, pro-rated to reflect the period of service. Depending on the timing or nature of an appointment it may be necessary to set different initial performance measures and targets for the first year of appointment.

For internal appointments, annual bonuses award in respect of the prior role will be allowed to pay out according to their existing terms. In addition, any other contractual remuneration obligations existing prior to appointment may continue.

***Equity Incentive Awards.*** Awards under the 2021 EIP are granted in line with the policy outlined for existing Executive Directors. An award may be made shortly following an appointment. The Committee maintains discretion over the type and terms of equity awards granted to new Executive Directors, as well as the timing of grant. For internal appointments, existing awards will continue on their original terms.

***Benefits.*** Benefits provided should be in line with those of existing Executive Directors. For external and internal appointments, where required to meet business needs, reasonable relocation support, including tax or legal support, may be provided. In addition, if it becomes necessary to appoint a new Executive Director from outside the U.K., additional benefits may be provided to reflect local market norms or legislation.

***Pension.*** A company contribution or cash supplement up to the maximum as outlined for existing Executive Directors, although the Committee retains discretion to structure any arrangements as necessary to comply with the relevant legislation and market practice if an overseas Executive Director is appointed. For an internal appointment, their existing pension arrangements may continue to operate.

***Sign-on Payments and Buy-out Awards.*** To enable the recruitment of exceptional talent, the Committee may offer additional cash and/or share-based remuneration to take account of and compensate for remuneration that the Executive Director is required to relinquish when leaving a former employer. When exercising its discretion, the Committee will carefully consider the balance between the need to secure an individual in the best interests of the Company against the concern of shareholders about the quantum of remuneration. Where appropriate, any equity incentive awards will be granted under the 2021 EIP, however, the Committee will have discretion to make use of the flexibility to make awards under any relevant exemptions in the SEC Rules.

The fees for any new Non-executive Director appointments will be set in accordance with the prevailing Policy and at a level that is consistent with those of the existing Board Chair and Non-executive Directors.

## Contracts and Payments for Loss of Office

The Interim Chief Executive Officer and CFO & Chief Strategy Officer are employed under contracts of employment with our wholly owned subsidiary Exscientia AI Limited, with a notice period of six months from the executive and from the employer. At its discretion, upon receipt of written notice, or as an alternative to providing notice, the Company may terminate the employment of the Interim CEO and/or CFO & Chief Strategy Officer with immediate effect and make a payment in lieu of notice, comprising base salary only, for the notice period (or remainder thereof, should notice have been given). In the event of a breach of service agreement or other summary termination of employment, no such payments will be made. We have also entered into director appointment letters with each of them. A copy of the contracts may be viewed at the Company's registered office or requested from the Company Secretary or are available online at https://www.sec.gov/Archives/edgar/data/1865408/000186540824000018/executiveemploymentcontrac.htm (Interim CEO) and at https://www.sec.gov/Archives/edgar/data/1865408/000110465921119607/tm2119783d12_ex10-3.htm (CFO & Chief Strategy Officer), respectively.

| Executive Director | Date of Current Employment Agreement with Exscientia AI Ltd | Date of Director Appointment to Exscientia plc | Date of Director Appointment Letter (date of adoption by the Board) |
|---|---|---|---|
| David Hallett | 26 September 2021 | 12 February 2024 | 28 March 2024 |
| Ben Taylor | 26 September 2021 | 10 August 2021 | 23 August 2021 |

## Termination and Loss of Office Payments

The Company's policy on remuneration for Executive Directors who leave the Company is set out in the table below. The Committee will exercise its discretion when determining amounts that should be paid to leavers, taking into account the facts and circumstances of each case.

Generally, in the event of termination, the Executive Directors' service contracts provide for payment of basic salary and benefits over the notice period. The Company may elect to make a payment in lieu of notice equivalent in value to basic salary and benefits for any unexpired portion of the notice period. The notice period for exiting the Executive Directors contract is six months from either the executive or the Company (or in the case of an Executive Director based in the U.S., an equivalent severance provision shall be included), with at least a 12-month non-compete provision. For voluntary termination, salary and benefits are payable for the notice period; no bonus (neither pro-rated nor full year bonus) becomes payable in the event of a voluntary termination and unvested equity awards lapse in full unless determined otherwise by the Remuneration Committee. In the event of termination due to death or disability, salary is payable to the termination date. For vested equity awards, see the Policy table above. For involuntary termination of the contract in other circumstances:

| Remuneration Element | Termination without cause or with Good Reason[1] | Termination for Cause | Termination without cause or with Good Reason[1] in connection with change in control[2] |
|---|---|---|---|
| Salary & Benefits | A payment of up to 12 months' salary and benefits (inclusive of any payment in lieu of notice) payable on a monthly basis. | No payment | A payment up to 18 months' salary and benefits (inclusive of any payment in lieu of notice) payable on a monthly basis. |
| Annual Bonus | Any earned but unpaid bonus and a pro-rata bonus of up to one year's target bonus, payable as a lump sum. | Unpaid awards lapse in full | Any earned but unpaid bonus and a bonus of up to one and a half times (for the CEO) or one times (for the CFO & Chief Strategy Officer) the target bonus for the year in which the termination occurs, payable as a lump sum. |
| Equity Incentive Awards | Pro-rata vesting acceleration through the termination date (or the date on which employment would have terminated if a payment in lieu is made) | Unpaid awards lapse in full | Full vesting on termination |

1. Includes, among others, a reduction in salary, diminution in role or mandated relocation, as defined by contract.
2. A qualifying termination is defined as within three months prior to or within 12 months following the effective date of a change in control

## Additional Payments

The Committee reserves the right to make payments it considers reasonable under a settlement agreement, including payment or reimbursement of reasonable legal and professional fees, untaken holiday and any payment for the settlement of potential claims against the Company in the U.K. or other jurisdictions. Payment or reimbursement of reasonable relocation and outplacement fees may also be provided.

## Policy on External Appointments

The Board believes that it may be beneficial to the Company for Executive Directors to hold Non-executive Directorships outside the Company. Any such appointments are subject to approval by the Board and the Executive Director may retain any fees received at the discretion of the Board.

## The Policy for Non-executive Directors

The Board approves the fees payable to the Company's Non-executive Directors.

| Remuneration Element | Purpose and Link to Strategy | Operation and Maximum | Performance Related |
|---|---|---|---|
| Fees and Benefits | To attract Non-executive Directors who have a broad range of experience and skills to provide independent judgement on issues of strategy, performance, resources and standards of conduct. Supports the retention of Non-executive Directors with the required skills and experience to support the growth of the Company. | The Chair's fee is determined and recommended to the Board by the Committee.<br><br>Fees are reviewed on a periodic basis relative to peer organisations to ensure they remain competitive and adequately reflect the time commitments and scope of the role, with any increase typically effective as of the annual general meeting.<br><br>Remuneration for Non-executive Directors comprises a basic annual fee for acting as Non-executive Director of the Company and additional fees for the Board Chair and Chairs of the Audit, Remuneration and Nominating & Corporate Governance Committees.<br><br>Fees are paid in cash (but may be subject to an investment into shares).<br><br>Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit. Benefits may also include payment by the Company of any stamp duty arising in respect of the settlement of equity incentives.<br><br>Additional fees may be payable in relation to extra responsibilities undertaken in future such as chairing a new Board Committee or functioning as a Senior/Lead Independent Director. If business needs arise, non- Executive Directors may also be engaged to provide limited consulting services outside their director responsibilities and receive fees for those services. In addition, travel, hospitality- related and other modest benefits will be payable on occasion.<br><br>All annual retainers are vested upon payment. At their election, eligible directors residing in the United Kingdom will be paid the applicable amounts converted from U.S. dollars to pounds sterling at the time of payment.<br><br>Non-executive Directors do not receive any pension benefits or cash in lieu thereof. | No |
| Non-executive Director Equity Incentive Awards | To facilitate share ownership by Non-executive Directors in the Company and provide alignment with shareholders. | The Company has historically awarded equity incentives to all employees and certain Non-executive Directors in order to align long-term interests with those of shareholders, and this will be the case going forward for any new Non-executive Directors.<br><br>The 2021 EIP provides for the grant of options, share appreciation rights, restricted stock unit awards, dividend equivalents, performance awards (subject to performance conditions) and other share-based awards. The 2021 EIP permits Non-executive Director participation with careful consideration being given to ensuring their independence. However, performance awards (subject to performance conditions) will not be issued to Non-executive Directors.<br><br>There is no maximum number of equity incentive awards that may be awarded to individuals each year. However, when reviewing award levels, account is taken of market movements in equity incentive awards, Board committee responsibilities, ongoing time commitments and the general economic environment.<br><br>Awards vest in accordance with the vesting schedule set for the relevant award in its award agreement. The Committee maintains discretion over the type and terms of equity awards granted.<br><br>Non-executive Directors usually receive awards on joining the Board and annually as part of their remuneration with phased vesting. Under normal circumstances, initial share awards vest monthly or quarterly over three years. Annual share awards will usually vest upon the earlier of the first anniversary of the date of grant or the day immediately prior to the date of our next annual general meeting. | No |

## Non-executive Directors' Terms of Engagement

We have entered into appointment letters with certain of our Non-executive Directors. The Non-executive Director appointment letters provide for compensation as laid out in the Company's Non-executive Director remuneration policy. The terms of appointment for a new Non-executive Director would be in accordance with the Remuneration Policy for Non-executive Directors as set out in the Policy table. Newly appointed Non-executive Directors would normally receive an initial award of market value options, restricted stock units or similar securities on the date of election or appointment, which will vest based on time only on a monthly, quarterly or annual basis over a three-year period from the date of grant.

We must give one month's prior written notice of our intent to terminate a Non-executive Director's directorship.

| Non-executive Director | Date of Original Appointment[2] | Date of Appointment to Exscientia plc | Date of Director Appointment Letter (Date of Adoption by the Board) |
|---|---|---|---|
| Mario Polywka | 27 September 2017 | 10 August 2021 | 23 August 2021 |
| Robert Ghenchev | 19 May 2020 | 10 August 2021 | 23 August 2021 |
| Franziska Michor | 3 May 2023 | 3 May 2023 | 1 May 2023 |
| Elizabeth Crain | 8 February 2021 | 10 August 2021 | 23 August 2021 |
| David Nicholson[1] | 1 October 2020 | 10 August 2021 | 23 August 2021 |

1. Resigned 12 February 2024
2. May reflect date of original appointment to Exscientia AI Limited, the predecessor to Exscientia plc

Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and copies may be requested from the Company Secretary.

## Statement of Consideration of Employment Conditions Elsewhere in the Company

The Company does not formally consult with employees when drawing up the Policy. However, the Committee is made aware of employment conditions in the wider Group. The same broad principles apply to the Policy both for the Executive Directors and the wider employee population. However, the remuneration for the Executive Directors has a stronger emphasis on variable pay than for other employees. In particular, the following approach is used for the wider employee population in the Group:

- Salaries, benefits and pensions are compared to appropriate market rates and set at approximately upper quartile level with allowance for role, responsibilities and experience.
- When setting salary levels for the Executive Director, the Committee considers the salary increases provided to other employees.
- An annual bonus plan is available to all employees at a consistent percentage of base salary for all wider staff levels. The bonus is based 100% on company performance. Payments under the bonus plan are entirely discretionary.
- The Company operates an annual equity grant cycle for staff, with all employees eligible for an annual equity grant of options or restricted stock units, with grant sizes based on employee level. Awards under the 2021 EIP are discretionary and conditional upon the employee being in good performance standing.

## Statement of Consideration of Shareholder Views

The Board is committed to dialogue with shareholders. The Committee will consider shareholder feedback received following the AGM, as well as any additional feedback and guidance received from time to time. This feedback will be considered by the Committee as it develops the Company's remuneration framework and practices going forward. Assisted by its independent advisor, the Remuneration Committee also actively monitors developments in the expectations of institutional investors and their representative bodies. The guidance from shareholder representative bodies is also considered on an ongoing basis. More specifically, the Committee will consult with major shareholders when proposing any significant changes to the Policy in the future.

The attendees of the Remuneration Committee meetings in 2023 were as follows:

| Director | Attendance |
|---|---|
| Mario Polywka | 8 of 8 |
| Elizabeth Crain | 8 of 8 |
| David Nicholson | 8 of 8 |

## Annual Report on Remuneration

This part of the Report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and section 420 of the Companies Act 2006. The Annual Report on Remuneration and the Annual Statement by the Chair of the Compensation Committee will be put to a single advisory shareholder vote at the AGM to be held on 15 May 2024. The information in this part of the Report has been audited where required under the foregoing regulations and is indicated as audited where applicable.

## Single total figure of remuneration of each Director

Remuneration amounts (audited) for Directors who served during the 2023 financial year, from 1 January 2023 to 31 December 2023, together with a comparison with the equivalent figure for the 2022 financial year have been presented below:

| | | Salary/ Fees £000s[a] | Benefits £000s[b] | Pension £000s[c] | Total Fixed Remuneration £000s | Annual Bonus £000s[d] | Equity Based Awards Time Vesting £000s[eghi] | Equity Based Awards Performance vesting £000s[f] | Total Variable Remuneration £000s | Total Remuneration £000s |
|---|---|---|---|---|---|---|---|---|---|---|
| Andrew Hopkins[2] | 2023 | 433 | 2 | 1 | 436 | — | 1,217 | — | 1,217 | 1,653 |
| | 2022 | 423 | 2 | 1 | 426 | 114 | 2,184 | — | 2,298 | 2,724 |
| Ben Taylor[1] | 2023 | 324 | 2 | 1 | 327 | 95 | 563 | — | 658 | 985 |
| | 2022 | 316 | 2 | 1 | 319 | 60 | 1,092 | — | 1,152 | 1,471 |
| Mario Polywka | 2023 | 48 | — | | 48 | | 179 | — | 179 | 227 |
| | 2022 | 48 | — | — | 48 | — | 149 | — | 149 | 197 |
| Robert Ghenchev[3] | 2023 | — | — | — | — | — | — | — | — | — |
| | 2022 | — | — | — | — | — | — | — | — | — |
| Franziska Michor | 2023 | 34 | — | — | 34 | — | 323 | — | 323 | 357 |
| | 2022 | — | — | — | — | — | — | — | — | — |
| Elizabeth Crain | 2023 | 56 | — | | 56 | | 179 | — | 179 | 235 |
| | 2022 | 58 | — | — | 58 | — | 149 | — | 149 | 207 |
| David Nicholson | 2023 | 80 | — | | 80 | | 179 | — | 179 | 259 |
| | 2022 | 83 | — | — | 83 | — | 149 | — | 149 | 232 |
| **Total** | **2023** | **975** | **4** | **2** | **981** | **95** | **2,640** | **—** | **2,735** | **3,716** |
| | **2022** | **928** | **4** | **2** | **934** | **174** | **3,723** | **—** | **3,897** | **4,831** |

**Notes to the Remuneration Table**

1. Bonus amount in 2022 is inclusive of the element of Mr Taylor's bonus which was exchanged for equity that was granted in 2023.
2. All variable compensation for 2023, including annual bonus and share awards, was either not paid or has been forfeited or cancelled.
3. As the representative of Novo Holdings, Mr. Ghenchev does not receive compensation from the Company for services as a Non-executive Director.

a. All amounts presented were earned in respect of the financial period.
b. This is the taxable value of benefits paid or payable in respect of the financial period. For Executive Directors, the taxable benefits comprise health, dental and a flexible benefits cash plan paid for by the Company.
c. The amount shown relates to Company contributions to the defined contribution scheme.
d. 2022 amounts include the annual bonus for financial year 2022, paid March 2023. 2023 amounts include the annual bonus for financial year 2023, paid March 2024
e. Represents number of time vesting awards granted during the year ended 31 December 2022 and 2023 respectively multiplied by the fair value per award at the grant date as determined in accordance with IFRS2 'Share-based payment'. See note 30 to our audited financial statements included elsewhere in this document for a discussion of the assumptions made by us in determining the fair value per award.
f. Represents value of performance awards vested during the year ended 31 December 2022 and 2023 respectively at the fair value per award at the grant date. These are nominal cost options or RSUs vesting at the end of a 3 year performance period which will be reported in the year in which the performance period ends, and by reference to the share price on the day of vesting (or an estimate if results are not yet available)
g. For Non-executive Directors options granted 18/5/2022 Exercise Price is $9.80. Conversion to GBP as at 18/5/2022
h. Options granted 3/5/2023 Exercise Price is $5.09. Conversion to GBP as at 3/5/2023
i. Options granted 17/5/2023 Exercise Price is $5.67. Conversion to GBP as at 17/5/2023

## Annual Bonus

For the year ended 31 December 2023, the annual bonus for Interim CEO David Hallett, and Ben Taylor, our CFO and Chief Strategy Officer, was based on the achievement of 2023 annual performance milestones. Former Chief Executive Officer Andrew Hopkins did not receive an annual bonus for the year ended 31 December 2023.

Both the Interim CEO and CFO & Chief Strategy Officer's annual bonus outcome was 65% of target, resulting in an annual bonus plan pay-out for the year ended 31 December 2023 of 29.25% of base salary.

During a series of meetings in February 2024, the Board and the Committee evaluated achievement of the 2023 corporate objectives. The Committee reviewed the following corporate goals and based on the balance of performance across all company goals, approved an overall payment of bonus at 65%.

Exscientia's 2023 main corporate objectives included:

- Advance clinical trials
- Build the pipeline - new projects with multiple hit series
- Optimise project delivery through improved cycle time
- New business development
- Deliver drug project milestones
- End of year cash balance target

## Equity Incentive Awards During the Financial Year (Audited)

The Executive Directors may be granted equity incentive awards at the discretion of the Committee.

In accordance with the Policy, the vesting of awards was set by the Committee with the objective of aligning long-term employee interests with those of shareholders and providing a competitive remuneration structure that attracts, incentivises and retains all employees in the key markets in which the Company operates. To provide a consistent remuneration structure across these markets and a structure that is competitive in the United States, where the Company competes for candidates, during the 2023 financial year, awards that were granted solely with time-based vesting to the Executive Directors and Senior Management vest monthly over 4 years. Performance awards vest according to the conditions below and all awards are subject to a service condition and may be exercised at any time between the vesting date and the tenth anniversary of the date of grant.

| Executive Director | Form of Award | Date of Grant | Number of Shares Awarded | Market Price at grant (£) | Vesting End Date |
|---|---|---|---|---|---|
| Andrew Hopkins [1] | Performance Share Options | 3/4/2023 | 869,712 | 4.26 | 4/4/2026 |
| Andrew Hopkins [1] | Options | 3/4/2023 | 285,577 | 4.26 | 3/15/2027 |
| David Hallett | Performance Share Options | 3/4/2023 | 156,250 | 4.26 | 4/4/2026 |
| David Hallett | Options | 3/4/2023 | 104,167 | 4.26 | 15/3/2027 |
| Ben Taylor | PSU | 3/4/2023 | 198,317 | 4.26 | 4/4/2026 |
| Ben Taylor | RSU | 3/4/2023 | 132,212 | 4.26 | 3/15/2027 |
| Ben Taylor | RSU | 3/4/2023 | 7,487 | 4.26 | 4/15/2024 |

1. Award was forfeited in February 2024.

PSUs / Performance Share Options awarded in 2023 are subject to TSR-related performance conditions in two tranches. 50% of the awards vest based on the performance of the Company's TSR relative to the Nasdaq Biotechnology Index. 50% of the awards vest based on the performance of the Company's TSR 50% relative to Exscientia's named executive peer group of 22 similar AI-enabled biotechnology and healthcare companies. The performance outcome for each tranche is measured independently resulting in vesting levels for each tranche as follows:

- ***Threshold*** – 50% of target award vests if Exscientia is at or above the 40th percentile
- ***Target*** – 100% of target award vests if Exscientia is at or above the 60th percentile
- ***Maximum*** – 150% of target award vests if Exscientia is at or above the 75th percentile

If Maximum performance is achieved for a tranche but performance is below Threshold for the other tranche, 50% of the total number of shares under award would vest. If Maximum performance is achieved for both tranches, 100% of the total number of share under award would vest.

Relative TSR awards are scheduled to vest on 3 April 2026, three years from the date of grant.

From the date of adoption of this Policy, Executive Directors will be required to build and maintain a shareholding equivalent to at least 200% of their salary within five years from the later of the date of adoption of this Policy or their appointment. Currently, there is no requirement for any Non-executive Director to hold shares.

Non-executive Directors also received share awards during the year. No performance conditions are linked to the awards. For more information please see the table below:

| Non-executive Director | Form of Award | Date of Grant | Number of Shares Awarded | Market Price at Grant[1] | Vesting End Date |
|---|---|---|---|---|---|
| Elizabeth Crain | RSU | 5/17/2023 | 19,778 | 4.54 | 5/13/2024 |
| Elizabeth Crain | Options | 5/17/2023 | 19,778 | 5.67 | 5/13/2024 |
| David Nicholson | RSU | 5/17/2023 | 19,778 | 4.54 | 5/13/2024 |
| David Nicholson [2] | Options | 5/17/2023 | 19,778 | 5.67 | 5/13/2024 |
| Mario Polywka | RSU | 5/17/2023 | 19,778 | 4.54 | 5/13/2024 |
| Mario Polywka | Options | 5/17/2023 | 19,778 | 5.67 | 5/13/2024 |
| Franziska Michor | RSU | 5/3/2023 | 39,683 | 4.07 | 5/3/2026 |
| Franziska Michor | Options | 5/3/2023 | 39,683 | 5.09 | 5/3/2026 |

1. RSU market price at grant is in USD; Options market price at grant is in GBP
2. All unexercised options were forfeited in February 2024

## Payments to Past Directors (Audited)

There were no payments to past Directors made during the financial year ending 31 December 2023 and no such payments have been made in the period between 31 December 2023 and the date of this Report.

## Payments for Loss of Office (Audited)

There were no payments made to Directors for Loss of Office during the financial year ending 31 December 2023 and no such payments have been made in the period between 31 December 2023 and the date of this Report.

## Statement of Directors' Shareholding and Share Interests (Audited)

The table below details the total number of shares owned (including their beneficial interests), the total number of share options held, the number of share options vested but not yet exercised and the total number of restricted share units ("RSUs") held as of 31 December 2023:

| | Shares | Share Options | | | | RSUs | |
|---|---|---|---|---|---|---|---|
| | Beneficially Owned Shares at 31 December 2023 | Total Share Options at 31 December 2023 | Unvested Without Performance Conditions | Unvested With Performance Conditions | Vested But Unexercised | Total RSUs at 31 December 2023 | Unvested Without Performance Conditions |
| **Executive Directors** | | | | | | | |
| Andrew Hopkins[1, 2] | 19,124,900 | 2,636,709 | 595,415 | 1,454,848 | 586,446 | — | — |
| David Hallett | 1,500 | 974,843 | 170,779 | 302,534 | 501,530 | — | — |
| Ben Taylor | 48,996 | 944,601 | 184,800 | 344,601 | 415,200 | 411,158 | 156,052 |
| **Non-executive Directors** | | | | | | | |
| Mario Polywka | 57,763 | 108,076 | 39,556 | — | 88,298 | 19,778 | 19,778 |
| Robert Ghenchev | — | — | — | — | — | — | — |
| Elizabeth Crain | 70,498 | 29,176 | 19,778 | — | 9,398 | 44,678 | 44,678 |
| David Nicholson[2] | 159,398 | 29,176 | 19,778 | — | 9,398 | 19,778 | 19,778 |
| Franziska Michor | 6,613 | 39,683 | 33,069 | — | 6,614 | 33,069 | 33,069 |

1. Beneficially owned shares include 2.1 million shares held in a trust and 498,600 shares owned by connected persons.
2. All unexercised awards were forfeited in February 2024.

Based on a 31 December 2023 share price of $6.41 and an exchange rate of £1 : $1.27:

a. Dr. Hallett held shares with a total market value equal to 3% of salary and has up to 2029 to reach the executive director shareholding guideline of 200% of base salary

b. Mr. Taylor held shares with a total market value equal to 76% of salary and has up to 2027 to reach the executive director shareholding guideline of 200% of base salary

The interests of the Directors in the Company's share options and RSUs as of 31 December 2023 are as follows:

| Director | Date of Grant | Exercise Price Per Share (£) | Type | Granted During the Year | Vested in Year | Exercised During the Year | Outstanding at 31 December 2023 | Expiry Date |
|---|---|---|---|---|---|---|---|---|
| Andrew Hopkins[1] | 3/4/2021 | 0.03 | CSOP | — | 187,500 | — | 750,000 | 3/4/2031 |
| | 1/4/2022 | 0.00 | Performance Share Options | — | — | — | 585,136 | 31/3/2032 |
| | 1/4/2022 | 0.00 | Options | — | 36,571 | — | 146,284 | 31/3/2032 |
| | 3/4/2023 | 0.00 | Performance Share Options | 869,712 | — | — | 869,712 | 2/4/2033 |
| | 3/4/2023 | 0.00 | Options | 285,577 | 53,547 | — | 285,577 | 2/4/2033 |
| Ben Taylor | 27/11/2020 | 0.02 | CSOP | — | 93,600 | — | 375,000 | 26/11/2030 |
| | 3/4/2021 | 0.03 | CSOP | — | 30,000 | — | 120,000 | 3/4/2031 |
| | 1/7/2021 | 0.08 | CSOP | — | 26,400 | — | 105,000 | 1/7/2031 |
| | 1/4/2022 | 0.00 | PSU | — | — | — | 146,284 | 31/3/2032 |
| | 1/4/2022 | 0.00 | RSU | — | 18,268 | 32,000 | 41,142 | 31/3/2032 |
| | 3/4/2023 | 0.0005 | RSU (bonus to equity) | 7,487 | — | — | 7,487 | 2/4/2033 |
| | 3/4/2023 | 0.0005 | RSU | 132,212 | 24,789 | 24,789 | 107,423 | 2/4/2033 |
| | 3/4/2023 | 0.0005 | PSU | 198,317 | — | — | 198,317 | 2/4/2033 |
| Mario Polywka[2,4] | 15/6/2020 | 0.02 | USOP | — | 45,000 | — | 75,000 | 14/6/2030 |
| | 18/10/2019 | 0.02 | USOP | — | 3,900 | — | 3,900 | 17/10/2029 |
| | 18/5/2022 | 0.00 | RSU | 9,398 | — | — | 9,398 | 17/5/2032 |
| | 18/5/2022 | 7.88 | Options | 9,398 | — | — | 9,398 | 18/5/2032 |
| | 17/5/2023 | 0.0005 | RSU | 19,778 | — | — | 19,778 | 16/5/2033 |
| | 17/5/2023 | 4.53 | Options | 19,778 | — | — | 19,778 | 16/5/2033 |
| Robert Ghenchev | — | — | — | — | — | — | — | — |
| Elizabeth Crain[2,4] | 1/7/2021 | 0.00 | RSU | — | 24,900 | 24,900 | 50,100 | 1/7/2028 |
| | 18/5/2022 | 0.00 | RSU | 9,398 | — | — | 9,398 | 17/5/2032 |
| | 18/5/2022 | 7.88 | Options | 9,398 | — | — | 9,398 | 18/5/2032 |
| | 17/5/2023 | 0.00 | RSU | 19,778 | — | — | 19,778 | 16/5/2033 |
| | 17/5/2023 | 4.53 | Options | 19,778 | — | — | 19,778 | 16/5/2033 |
| David Nicholson[2,4] | 1/7/2021 | 0.00 | RSU | — | 52,200 | 150,000 | — | 1/7/2028 |
| | 18/5/2022 | 0.00 | RSU | 9,398 | — | — | 9,398 | 17/5/2032 |
| | 18/5/2022 | 7.88 | Options | 9,398 | — | — | 9,398 | 18/5/2032 |
| | 17/5/2023 | 0.00 | RSU | 19,778 | — | — | 19,778 | 16/5/2033 |
| | 17/5/2023 | 4.53 | Options | 19,778 | — | — | 19,778 | 16/5/2033 |
| Franziska Michor[3] | 3/5/2023 | 0.00 | RSU | 39,683 | 6,614 | 6,614 | 33,069 | 3/5/2033 |
| | 3/5/2023 | 4.08 | Options | 39,683 | 6,614 | — | 39,683 | 3/5/2033 |

1. All unexercised awards were forfeited in February 2024
2. For Non-executive Directors options granted 18/5/2022 Exercise Price is $9.80. Conversion to GBP as at 18/5/2022
3. Options granted 3/5/2023 Exercise Price is $5.09. Conversion to GBP as at 3/5/2023
4. Options granted 17/5/2023 Exercise Price is $5.67. Conversion to GBP as at 17/5/2023

The beneficial and non-beneficial interests in the Company's shares of the Directors and their families as at 31 December 2023 were as follows:

| | Ordinary Shares Beneficially Owned | |
|---|---|---|
| **Name of Beneficial Owner** | **Number** | **Percent[1]** |
| **Directors** | | |
| Andrew Hopkins | 19,124,600 | 15.1% |
| David Hallett | 1,500 | * |
| Ben Taylor | 48,996 | * |
| Mario Polywka | 57,763 | * |
| Robert Ghenchev | — | * |
| Elizabeth Crain | 70,498 | * |
| David Nicholson | 159,398 | * |
| Franziska Michor | 6,613 | * |

*Represents beneficial ownership of less than one percent.

1. Percent ownership calculations are based on 125,702,396 ordinary shares outstanding at fiscal year end.

## CEO Pay Ratio

| Financial Year | Method | 25th Percentile Pay Ratio | Median Ratio | 75th Percentile Pay Ratio |
|---|---|---|---|---|
| 2023 | Option A | 19:1 | 15:1 | 12:1 |

Exscientia believes the median pay ratio for 2023 is consistent with the pay, reward and progression policies for the company's U.K. employees taken as a whole as we externally benchmark executive and other employees' compensation to ensure our pay is competitive in the market.

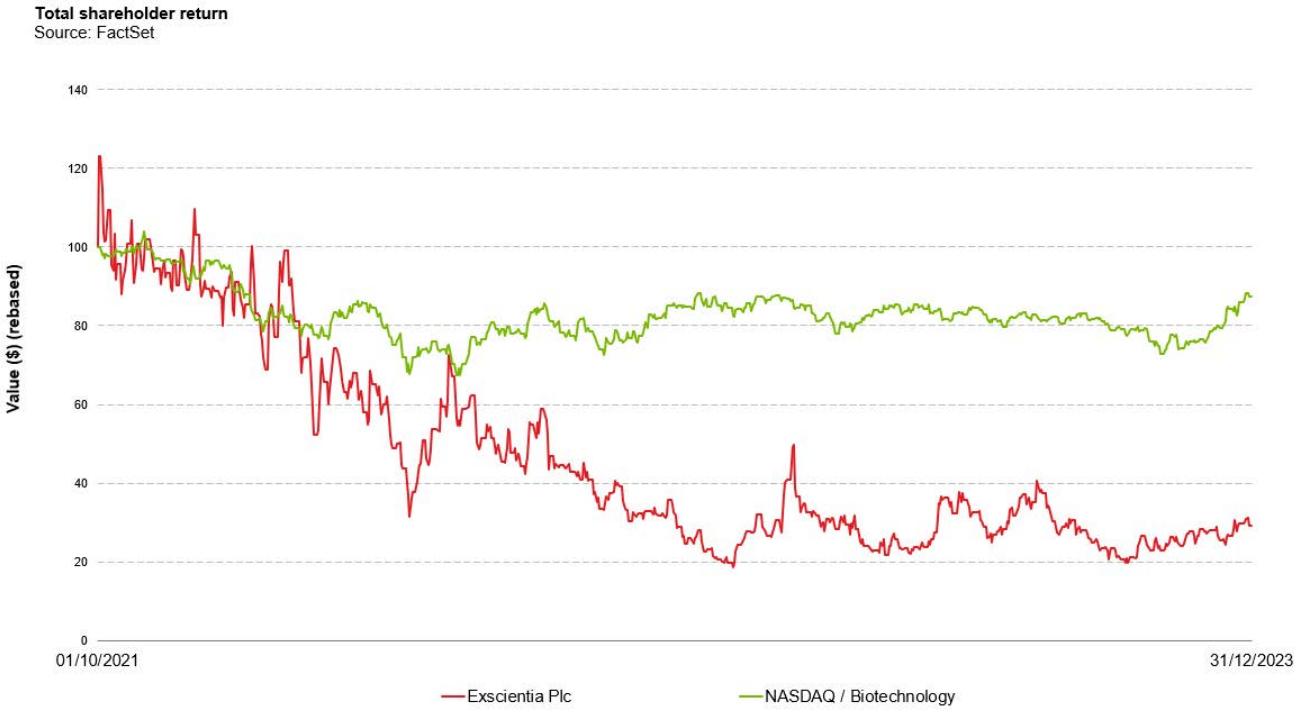
Disclosure of employee total remuneration used to calculate the ratios

| | 25th Percentile Pay Ratio (£000s) | Median Ratio (£000s) | 75th Percentile Pay Ratio (£000s) |
|---|---|---|---|
| Total pay and benefits | 86 | 107 | 139 |
| Base salary | 63 | 79 | 99 |

- Option A was chosen for calculating the pay ratios presented in this year's remuneration report as the U.K. government considers this to be the most statistically accurate method for identifying the pay ratios. Option A is defined as calculating the pay and benefits of all U.K. employees for the relevant financial year in order to identify the employees at the 25th, 50th and 75th percentiles. The pay and benefits figures for those three U.K. employees are then used to calculate the three ratios against the CEO single figure
- Benefits are calculated on pension membership and family coverage for medical and dental insurance, for which all U.K. employees are eligible
- Variable compensation for the CEO including annual bonus and share awards were either not paid or have been forfeited and cancelled in 2024. For the purposes of this calculation share awards were included but bonus was not
- Base salary, bonus and stock is based on full time equivalent
- Stock includes awarded nominal cost options and RSUs which are treated the same for the purposes of this analysis. There were no Performance Share Options vesting in 2023
- The day by reference to which the pay and benefits figure for the employee at the 25th, 50th and 75th percentiles was determined is 31 December 2023

## Total Shareholder Return

The graph below shows the Company's performance, measured by total shareholder return, for the Company's American Depositary Shares ("ADSs"), which are listed on Nasdaq and each representing one of the Company's ordinary shares against the Nasdaq Biotechnology Index (Nasdaq: EXAI vs NBI) from the date of IPO until 31 December 2023. The Nasdaq Biotechnology Index has been selected for this comparison because the Company has been admitted to trading on the Nasdaq exchange and it is considered to be the most suitable comparator index for the Company.




This graph shows the value, by 31 December 2023, of $100 invested in Exscientia Plc on the date of Admission (01 October 2021), compared with the value of $100 invested in the NASDAQ / Biotechnology Index on a daily basis.

The other points plotted are the values at intervening financial year-ends.

## Chief Executive Officer Total Remuneration History

| | | Salary/ Fees | Benefits | Pension | Total Fixed Remuneration | Annual Bonus | Equity Based Awards Time Vesting | Equity Based Awards Performance Vesting | Total Variable Remuneration | Total Remuneration |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £000s[a] | £000s[b] | £000s[c] | £000s | £000s[d] | £000s | £000s | £000s | £000s |
| Andrew Hopkins[1] | 2023 | 433 | 2 | 1 | 436 | — | 1,217 | — | 1,217 | 1,653 |
| | 2022 | 423 | 2 | 1 | 426 | 117 | 1,567 | — | 1,684 | 2,110 |

1. Variable compensation for the CEO including annual bonus and share awards were either not paid or have been forfeited and cancelled in 2024. For the purposes of this calculation, share awards were included but bonus was not.

## Annual Percentage Change in Remuneration of Directors and Employees

| | | Salary/Fees £000s | Benefits [6] £000s | Annual Bonus [7] £000s |
|---|---|---|---|---|
| Andrew Hopkins [1] | 2023 | 433 | 2 | — |
| | 2022 | 423 | 2 | 114 |
| | Percentage change | 2 | — | (100) |
| Ben Taylor [2] | 2023 | 324 | 2 | 95 |
| | 2022 | 316 | 2 | 60 |
| | Percentage change | 3 | — | 58 |
| David Hallett [3] | 2023 | 287 | 2 | 84 |
| | 2022 | 275 | 2 | 53 |
| | Percentage change | 4 | — | 58 |
| Mario Polywka | 2023 | 48 | — | — |
| | 2022 | 48 | — | — |
| | Percentage change | — | — | — |
| Robert Ghenchev [4] | 2023 | — | — | — |
| | 2022 | — | — | — |
| | Percentage change | — | — | — |
| Franziska Michor | 2023 | 34 | — | — |
| | 2022 | — | — | — |
| | Percentage change | 100 | — | — |
| Elizabeth Crain | 2023 | 56 | — | — |
| | 2022 | 58 | — | — |
| | Percentage change | (3) | — | — |
| David Nicholson | 2023 | 80 | — | — |
| | 2022 | 83 | — | — |
| | Percentage change | (4) | — | — |
| Average of other employees[5] | 2023 | 79 | 2 | 11 |
| | 2022 | 73 | 2 | 8 |
| | Percentage change | 8 | — | 38 |

1. All 2023 variable compensation, including annual bonus and share awards, was either not paid or has been forfeited in 2024
2. Inclusive of the element of Mr. Taylor's bonus in 2022 which was exchanged for equity awarded in 2023
3. Inclusive of the element of Dr. Hallett's bonus in 2023 which was exchanged for equity awarded in 2024
4. As the representative of Novo Holdings, Mr. Ghenchev does not receive fees from the Company
5. For the employee calculation, the same methodology used as in the CEO Pay Ratio calculation. Executive directors are excluded from the employee calculation. The day by reference to which the average was determined is 31 December.
6. Benefits are calculated on pension membership and family cover for medical and dental insurance which all U.K. employees are eligible for.
7. Bonus reported for 2022 was paid in March 2023; Bonus reported for 2023 was paid in March 2024.

## Relative Importance of the Spend on Pay

The table below illustrates the total employee pay expenditure by the Company and its subsidiaries, in comparison to distributions to shareholders by way of dividend payments. Total employee pay expenditure includes wages and salaries, social security costs, pension contributions, bonus, equity compensation plans and termination benefits.

| | 2022 (£000) | 2023 (£000) | Change (%) |
|---|---|---|---|
| Distributions to shareholders | 0 | 0 | 0 |
| Total employee pay expenditure | 81,701 | 92,223 | 13 |

## Structure and Role of Committee and Approach to Remuneration Matters

Following organisational changes in February 2024, the Committee is now comprised of Elizabeth Crain, who chairs the Committee, Franziska Michor, Mario Polywka and Robert Ghenchev. The constitution of the Committee is in compliance with Nasdaq requirements. The members of the Committee are Independent Directors as defined in Rule 10A-3 under the U.S. Securities Exchange Act of 1934.

It is the Board's belief that good corporate governance is integral to a successful business and the Company finds instructive the standards of corporate governance prescribed by the Corporate Governance Code for Small and Mid-Size Quoted Companies from The Quoted Companies Alliance (the "QCA Code"). The Board believes that this corporate governance framework is an appropriate guide for the Company, having regard to its size and nature.

The Committee's approach to remuneration matters is to enable the Company to attract and retain talent, incentivise long-term value generation and effectively manage the Company's cash resources. It is the belief of the Committee that this is best achieved through a greater emphasis on variable rather than fixed remuneration, comprised of a mix of base salary and benefits, along with the flexibility to appropriately reward and incentivise with variable pay and longer-term incentives, as described within the Policy.

When applying the Policy to Executive Directors, the Committee seeks to comply with the QCA Code so far as it is practical to do so, having regard to the size, nature and business requirements of the Company. Operation of the Policy will largely be compliant with the remuneration elements of the QCA Code, but we are aware that in certain instances we will differ from the QCA Code. These instances reflect differences in U.S. market practice when compared to the U.K., and the need to balance our governance obligations against the importance of offering competitive remuneration packages in the markets in which we compete and operate. The terms of reference of the Committee can be found on our website at www.exscientia.ai.

## Shareholder Voting on Remuneration Matters at AGM

The table below sets out the previous votes cast at our annual general meeting held in May 2023 in respect of the Annual Remuneration Report and the results of the votes cast on the Remuneration Policy in 2022.

| | Votes For | | Votes Against | | Votes Witheld |
|---|---|---|---|---|---|
| **2023** | **%** | **Number** | **%** | **Number** | **Number** |
| 2023 Directors' Remuneration Report | 81 % | 65,364,950 | 12 % | 9,301,760 | 5,591,651 |
| 2022 Director's Remuneration Policy | 94 % | 64,917,784 | 6% | 3,885,220 | 22,063.00 |

## External Advice

During the year, the Company engaged Aon Solutions U.K. Limited ("Aon") to support management and the Committee with advice on remuneration matters. The consultants were appointed by the Committee via a competitive tender process. The Committee is satisfied that Aon provides independent and objective advice, as Aon is a leading global professional services firm and the Board confirmed no conflicts of interest with Aon before each meeting. During 2023, fees of £82,322 plus VAT were paid to Aon on a time spent basis.

## Proposed Application of the Policy for the Year Ending 31 December 2024

There are no deviations from the procedure for the implementation of the Policy.

### CEO Remuneration

i. ***Fixed Elements of Remuneration.*** With effect from 1 January 2024, the base salary of David Hallett in his role as Interim CEO and Executive Director of the Company is £375,000 per annum. With effect from 13 February 2024, Dr Hallett also receives a £60,000 per annum allowance for his role as Interim CEO

ii. ***Variable Elements of Remuneration - Short-term Incentives.*** The target bonus for Dr. Hallett for the 2024 performance year will be 45% of base salary. The performance objectives for Dr. Hallett against which the Committee will determine the annual bonus were approved by the Board in February 2024. The detail behind the performance objectives is currently considered to be commercially sensitive as they relate to the strategy that the Company intends to take with respect to the advancement of its clinical and pre-clinical pipeline and operational objectives. To the extent that the objectives do not continue to comprise commercially sensitive information, the Company expects to disclose both the objectives and performance against those objectives in next year's Remuneration Report.

iii. ***Equity Incentive Awards.*** On 9 April 2024, the Company granted an equity award with a target value of $2.5 million (£1.98 million, based on the $0.792 USD : £1 GBP exchange rate on 31 March 2024) to the CEO, split between 50% Performance Share Options and 50% time-vesting nominal cost options. As the CEO is U.K.-based, Exscientia has issued the grants as nominal cost options rather than RSUs, but shall use the term "RSUs" to capture all awards to be consistent with language of grants that apply across the organisation, including to U.S.-based staff.

The $1.25 million in RSUs (195,224 shares) vest in equal quarterly tranches over four years from the date of grant. The Committee believes maintaining a portion of awards with service-based vesting is consistent with our industry peer group practices and builds in retention with long-term service over a four-year period.

The Performance Share Options are based on relative TSR performance. The Committee has focused on market-based metrics rather than operational metrics given the initial challenge in setting realistic operational goals, including clinical development and research goals with a sufficiently long-term time horizon. The Committee has chosen relative metrics this year: recognising relatively successful shareholder returns in a volatile market where external forces beyond management's control can have a wider impact on share prices for both Exscientia and its peer companies.

If the share price conditions are not met by the third anniversary of the grant date, the Performance Share Options under that tranche will lapse in full and no shares will be earned under that tranche.

For the Performance Share Options tied to relative TSR, the awards vest based on the percentile rank of Exscientia's relative TSR over a three-year period against two equally weighted comparator groups:

1. 50% vs. the Nasdaq Biotechnology Index
2. 50% vs. Exscientia's named executive peer group of 22 similar AI-enabled biotechnology and healthcare companies

The Committee believes an equal weighting between the wider US-listed biotechnology sector and the named peers offers a balance between the reliability and robustness of a wider industry-specific market index and the specific cohort of similarly situated named executive peers, which span the biotechnology, software, life sciences tools and medical device sectors beyond pure biotechnology.

For 2024, Exscientia's named executive peer group consists of the following 22 companies:

| | | | |
|---|---|---|---|
| **AbCellera Biologics Inc.** | **BioXcel Therapeutics, Inc.** | **Recursion Pharmaceuticals, Inc.** | **Scholar Rock Holding Corporation** |
| **Absci** | **Certara, Inc.** | **Relay Therapeutics, Inc.** | **Schrödinger, Inc.** |
| **Adaptimmune Therapeutics plc** | **COMPASS Pathways plc** | **Replimmune Group, Inc.** | **Seer, Inc.** |
| **Adaptive Biotechnologies Corporation** | **Editas Medicine, Inc.** | **Revolution Medicines** | **Simulations Plus, Inc.** |
| **Allogene Therapeutics** | **Lyell Immunopharma** | **Sana Biotechnology, Inc.** | **Twist Bioscience** |
| | **BenevolentAI** | **Bicycle Therapeutics** | |

At the end of the three-year performance period, relative TSR Performance Share Options vest based on Exscientia's percentile rank vs. the peers:

1. ***Threshold*** – 50% of target award (97,612 shares) vests if Exscientia is at or above the 40th percentile
2. ***Target*** – 100% of target award (195,224 shares) vests if Exscientia is at or above the 60th percentile
3. ***Maximum*** – 150% of target award (292,836 shares) vests if Exscientia is at or above the 75th percentile

Results between threshold, target and maximum would vest on a straight-line basis between these points to determine a payout.

Relative TSR is measured independently against both peer groups and each are assessed on their own performance curve.

Relative TSR awards are scheduled to vest on 3 April 2027, three years from the date of grant.

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**CFO & Chief Strategy Officer Remuneration**

i. ***Fixed elements of remuneration.*** With effect from 1 January 2024, the base salary of Ben Taylor in his role as CFO & Chief Strategy Officer and Executive Director of the Company is £340,000 per annum.

ii. ***Variable elements of remuneration - Short-term incentives.*** The target bonus for Mr. Taylor for the 2023 performance year will be 45% of his base salary. The performance objectives for Mr. Taylor against which the Committee will determine the annual bonus were approved by the Board in February 2024. The detail behind the performance objectives is currently considered to be commercially sensitive as they relate to the strategy that the Company intends to take with respect to the advancement of its clinical and pre-clinical pipeline and operational objectives. To the extent that the objectives do not comprise commercially sensitive information, the Company expects to disclose both the objectives and performance against those objectives in next year's Remuneration Report.

iii. ***Equity incentive awards.*** The Company issued an award on 9 April 2024 with a target value of $1.35 million (£1.07 million, based on the $0.792 USD : £1 GBP exchange rate on 31 March 2024)) to the CFO & Chief Strategy Officer, split between 50% PSUs and 50% RSUs.

As the CFO & Chief Strategy Officer is a U.S. tax payer, these awards have been granted as restricted stock units rather than nominal-cost options.

The PSUs and RSUs will be subject to the same vesting conditions as the 2024 CEO awards described above and will vest in respect of 52,711 shares if the Threshold target is met, 105,421 shares at Target and 158,131 shares at Maximum.

## Board Chair and Non-executive Director Fees

***Board Chair Fees.*** In August 2021, following advice from its compensation consultant, our board of directors adopted a Non-executive Director remuneration policy, to be effective upon the execution of the underwriting agreement in connection with this offering. From the date of the AGM, the below policy shall take effect in place of the prior policy.

***Cash Compensation.*** Under this policy we pay each of our Non-executive Directors a cash retainer for service on our board of directors and committees of our Board of Directors. The annual cash compensation amount set forth below is payable to eligible directors under the policy in equal quarterly instalments, payable in arrears on the last day of each fiscal quarter in which the service occurred.

If an eligible director joins our board of directors or a committee of our board of directors at a time other than effective as of the first day of a fiscal quarter, each annual retainer set forth below will be pro-rated based on days served in the applicable fiscal year, with the pro-rated amount paid for the first fiscal quarter in which the eligible director provides the service and regular full quarterly payments thereafter.

All annual retainers are vested upon payment. At their election, eligible Non-executive Directors residing in the United Kingdom will be paid the applicable amounts converted from U.S. dollars to pounds sterling at the time of payment.

Directors are eligible to receive cash compensation as follows:

a. Annual Non-executive Director Service Retainer:
   i. All Eligible Non-executive Directors: $50,000
   ii. Independent Chair of the Board of Directors Service Retainer (in addition to Eligible Non-executive Director Service Retainer): $40,000
b. Annual Committee Chair Service Retainer (in addition to Eligible Non-executive Director Service Retainer):
   i. Chair of the Audit Committee: $20,000
   ii. Chair of the Remuneration Committee: $15,000
   iii. Chair of the Science and Technology Committee: $15,000
   iv. Chair of the Nominations and Governance Committee: $10,000

***Equity Compensation:*** In addition to cash compensation, each eligible Non-executive Director is eligible to receive equity compensation set forth below will be granted under the Non-employee Sub-Plan to our 2021 EIP. All share options granted under this Policy will be non-statutory stock options, with an exercise price per share equal to 100% of the fair market value (as such term is defined in our 2021 EIP) of the underlying shares on the date of grant, and a term of ten years from the date of grant, subject to earlier termination in connection with a termination of service (as such term is defined in our 2021 EIP).

***Initial Grant:*** Each eligible Non-executive Director who is first elected or appointed to our Board of Directors following the effective date of this policy, will automatically, and without further action by our Board of Directors or the Committee of our Board of Directors, upon the date of his or her initial election or appointment to be an eligible Non-executive Director (or, if such date is not a market trading day, the first market trading day thereafter), be granted equity awards in respect of an estimated $500,000 of ordinary shares to be delivered in equal proportions of options and restricted stock units unless the eligible director requests to be granted a greater proportion of options, or the Initial Grant. The shares subject to each Initial Grant will vest in equal monthly or quarterly instalments over a three-year so that the award is fully vested on the third anniversary of the date of grant; provided, that the eligible Non-executive Director continues to be a service provider (as such term is defined in our 2021 EIP) through each such vesting date.

***Annual Grant:*** At the close of business on the date of each of our annual general meetings held after this offering, each eligible director who continues to serve as a non-executive member of our board of directors at such time will be automatically, and without further action by our board of directors or the Committee of our board of directors, be granted an equity award in respect of an estimated $250,000 of ordinary shares to be delivered in equal proportions of options and restricted stock units unless the eligible director requests to be granted a greater proportion of options, or the Annual Grant. The shares subject to the Annual Grant will vest at the earlier of (i) the one-year anniversary of the date of grant and (ii) the day immediately prior to the date of our next annual general meeting; provided, that the eligible director continues to be a service provider (as defined in the 2021 EIP) through such vesting date.

All vesting is subject to the eligible director continuing to be a service provider (as such term is defined in our 2021 EIP) on each applicable vesting date.

On behalf of the Board,

**Elizabeth Crain**
*Chair of the Remuneration Committee*
11 April 2024

# Directors' Report

The directors present their report and the audited financial statements of Exscientia plc (the "Parent Company") for the year ended 31 December 2023 and the audited consolidated financial statements of Exscientia plc and its subsidiaries, Exscientia (U.K.) Holdings Limited, Exscientia AI Limited, Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., Exscientia KK (in liquidation), Kinetic Discovery Limited and Exscientia GmbH as well as two 50% owned joint ventures, RE Ventures I, LLC ("RE Ventures") and RE Ventures II, LLC ("RE Ventures II") (together, the "Group") for the year ended 31 December 2023.

Exscientia plc is a public company limited by shares and incorporated and domiciled in England and Wales. Exscientia (U.K.) Holdings Limited is registered in England and Wales. Exscientia AI Limited and Kinetic Discovery Ltd are registered in Scotland. Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., RE Ventures I, LLC and RE Ventures II, LLC are registered under Delaware law. Exscientia KK is registered in Japan. Exscientia GmbH is registered in Austria.

Where stated certain information is not shown in the directors report because it is shown in the Strategic Report instead under section 414C(11) of the Companies Act 2006 (the "Companies Act").

## Results and Dividends

The results for the year are set out on page 86. During the year ended 31 December 2023, no dividend was declared or paid (2022: nil). The directors do not recommend the payment of any dividend.

## Directors

The directors of the Parent Company who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

- Andrew Hopkins (dismissed 12 February 2024)
- Ben Taylor
- David Nicholson (resigned 12 February 2024)
- Elizabeth Crain
- Robert Ghenchev
- Mario Polywka
- Franziska Michor (appointed 1 May 2023)
- David Hallett (appointed 12 February 2024)

## Share Capital

Details of the issued share capital, together with details of shares issued during the year, are set out in note 21 to the financial statements.

## Political Donations and Expenditure

No political donations were made, and no political expenditure was incurred, by the Group during the current and prior year. No contributions were made to any non-U.K. political party by the Group during the current and prior year.

## Research and Development Activities

Total research and development expenditure during the year was £128.4 million (year ended 31 December 2022: £128.9 million).

## Going Concern

The financial statements have been prepared on the basis that the Group is a going concern. With this in mind, the directors have reasonable expectation that the Group has adequate resources to continue its activities for at least 12 months from the date of approval of these financial statements.

Further disclosure relating to going concern is included in note 2 to the financial statements.

## Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action

Please refer to the "Energy and Carbon Report" section included in our Strategic Report, beginning on page 37 of this document.

## Financial Risk Management

Please refer to the "Financial Risk Management" section included in our Strategic Report, beginning on page 26 of this document.

## Qualifying Third Party Indemnity Provisions

The Group and Parent Company have put in place qualifying third-party indemnity provisions for the benefit of its directors that were in force during the year and at the date of this report.

## Branches Outside of the United Kingdom

The Parent Company has no branches outside of the United Kingdom.

## Post Balance Sheet Events

On 19 January 2024 the Group invested £150,000,000 into a 6-month short term deposit with an F1 rated financial institution. This short term deposit accrues interest at a rate of 5.1% and has been classified as a financial asset at amortised cost.

On 13 February 2024, our board of directors terminated the employment of Andrew Hopkins as our Chief Executive Officer and Principal Executive Officer, and removed Dr. Hopkins from his role as a member of the board of directors with effect from 12 February 2024. The impact of Dr. Hopkins' termination on his bonus for the year ended 31 December 2023 has been reflected in the total emoluments disclosed within note 11. All outstanding share options and performance-related share options held by Dr. Hopkins, representing 2,636,709 underlying shares, were forfeited in association with his termination on 13 February 2024.

On 13 March 2024, the Group contributed a further $750,000 (£586,000) to its joint venture with Rallybio, RE Ventures I, LLC.

## 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 prepared the group financial statements in accordance with U.K.-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable U.K.-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- 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 group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' Confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

## Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting to be held on 15 May 2024.

The financial statements on pages 86 to 140 were approved by the Board of Directors on 11 April 2024.

This report was approved by the Board of Directors on 11 April 2024 and signed on behalf of the Board of Directors by:

**Dr. David Hallett, Ph.D.**
*Interim Chief Executive Officer*
11 April 2024

# Report on the Audit of the Financial Statements

## Opinion

In our opinion:

- Exscientia plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with U.K.-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Consolidated and Parent Company Statement of Financial Position as at 31 December 2023; Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (U.K.) ("ISAs (U.K.)") and applicable law. Our responsibilities under ISAs (U.K.) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence.*** We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the U.K., which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

# Our Audit Approach

## Overview

### *Audit Scope*

- Of the Group's eleven entities we have identified two financially significant components, Exscientia AI Limited and Exscientia plc. We have also performed audit procedures on several of the normal risk financial statement line items of Exscientia GmbH as they were material balances. These were Intangible assets, goodwill, property, plant and equipment, depreciation, right-of-use assets and lease liabilities. In addition to the above procedures we have tested cash, share-based compensation expenses and income taxes at an overall Group level.
- The above procedures contributed to 99% of Group total assets, 99% of Group revenue and 96% of Group total absolute loss before tax. For the remaining components, we have performed procedures to identify any material and unusual or unexpected transactions or balances.
- In addition to the full scope audits of Exscientia AI Limited and Exscientia plc, specific audit procedures were performed on selected consolidation adjustments.

***Key Audit Matters***

- Revenue - Estimation of percentage completion to determine revenue to be recognised on customer contracts and identification of performance obligations within revenue contracts (group)
- Recoverability of the Parent Company's investment in subsidiary (parent)

***Materiality***

- Overall group materiality: £8,000,000 (2022: £7,000,000) based on 5% of loss before tax.
- Overall parent company materiality: £6,720,000 (2022: £6,500,000) based on 1% of total assets.
- Performance materiality: £4,000,000 (2022: £3,500,000) (group) and £3,360,000 (2022: £3,250,000) (parent company).

## The Scope of Our Audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|---|---|
| *Revenue - Estimation of percentage completion to determine revenue to be recognised on customer contracts and identification of performance obligations within revenue contracts (group)*<br>The Group recognises its' revenue based upon: a) Determining performance obligations under each agreement and appropriately allocating revenue to the identified performance obligations in line with IFRS 15 b) An estimation of percentage completion for fixed price customer arrangements. The percentage completion element typically relates to an initial research phase for a selection of drug discovery targets. Percentage completion of each target, is determined by costs incurred to date over forecasted total costs to complete, inclusive of any costs relating to the substitution of targets where allowed in accordance with the customer contract. Due to the estimation required in forecasting early stage scientific research projects this is considered to represent a critical accounting estimate and key audit matter. Refer also to note 5 to the Consolidated financial statements. | We have performed the following procedures to address this key audit matter on appropriate identification of the performance obligations:<br>• For new contracts and any subsequent amendments or modifications to the existing contracts, we obtained management's IFRS 15 Accounting Memos' which details the identification of performance obligations, allocation of transaction price and timing of revenue recognition. We have reviewed these memos', including consulting with our accounting technical team on the IFRS 15 implications and challenged the appropriateness of the accounting - we concur that revenue should be recognised overtime and that performance milestones in the contract should be constrained until achieved. We have agreed the terms, price and the performance obligations per the contract to management's accounting paper. |

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|---|---|
| | In relation to the estimation of forecasted costs we have performed the following procedures:<br>• We have performed a walkthrough to understand how management calculate the total estimated project costs and measure the percentage of completion;<br>• We challenged management if the total estimated costs were adequate and included the impact for the changes in supplier costs, timelines, delays and contingencies and were consistent with the explanations obtained from the project managers;<br>• We have tested actual costs incurred to a sample of supporting evidence such as purchase orders and supplier invoices, and confirmed the allocation of costs to the correct project through review of invoice descriptions, work orders, and inquiries held with management;<br>• We have assessed the treatment of substitution rights and the assumptions made by management in relation to both the likelihood and estimated cost of substitution which is added to the total estimated complete - we concur with the assumptions as corroborated through discussion with Exscientia CSO (now Interim CEO) and project managers;<br>• We have performed look-back tests for the current year - by comparing the actual costs incurred with the estimated forecasts for the current year (as at prior year-end) to identify any inaccuracies in forecasting and challenged management as to the reasons for change in case of any unusual movements (and whether any extra contingency is required);<br>• We have obtained and reviewed the joint steering committee minutes (between the Company and the customer for each project);<br>• We have reviewed post year end actual costs incurred on the projects and compared these to those forecasts at December 31, 2023;<br>• We have performed sensitivities to assess the impact on revenue recognition of increases or decreases in the forecast costs to complete; and<br>• We have reviewed the disclosures in the financial statements in relation to the revenue accounting policy and the critical judgements and estimates and consider these are appropriate. We concur with management's conclusions on revenue recognition and noted no material exceptions in the revenue recognised in the year and the associated contract liabilities (deferred revenue) at the year end. |
| *Recoverability of the Parent Company's investment in subsidiary (parent)*<br>The carrying amount of the Parent Company's investment in the subsidiary held at cost as at 31 December 2023 is £299.16m, which represents 100% of the net assets of the relevant subsidiary, i.e £299.10m. Given the significance of the investment value in the parent company's statement of financial position and the net assets of Holdings, we have considered that there could be an indication of an impairment trigger and determined a key audit matter. Refer also to note 16 to the financial statements. | We have performed the following procedures to address this key audit matter:<br>• We have compared the carrying amount of investment in subsidiary to the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset value, being an approximation of the minimum recoverable amount, was in excess of their carrying amount - these amounts were consistent at £299m;<br>• The subsidiaries of the Parent company include the trading activities of the whole Group and therefore we have also compared the carrying value to the market cap of the Group at 31 December 2023. The market cap of the group at this date was USD 805.8M (GBP 632.9M) and we noted no significant change in market capitalisation between December 2022 and December 2023. The market capitalisation is significantly in excess of the investment value. We have concluded that there are no triggering events and no impairment is required. |

## How We Tailored the Audit Scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group comprises eleven entities: the Parent entity Exscientia plc, Exscientia (U.K.) Holdings Limited, the main U.K. trading company Exscientia AI Limited, and subsidiaries thereunder Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., Exscientia KK (in the process of liquidating), Kinetic Discovery Ltd, Exscientia GmbH and Joint ventures RE Ventures I, LLC and RE Ventures II, LLC.

From our Group audit perspective, we deemed Exscientia AI Limited and Exscientia plc to be the only financially significant components given that these entities comprise the majority of the Group's revenue, assets and loss. We have performed a full scope substantive audit over Exscientia AI Limited and Exscientia plc.

With respect to management override of controls, we considered that there is a heightened risk of fraud on misappropriation of assets given the significant amount of cash and cash equivalents. The fraudulent financial reporting risk is limited for the Group given that success is not measured purely based on its financial performance, and users of the Group's financial statements are primarily focussed on the results of the Group's publication of clinical results. To address the risk of misappropriation of cash and fraudulent financial reporting, we have performed testing over journal entries with unusual credits to cash and credits or debits to revenue, respectively. We have also incorporated elements of unpredictability to the audit procedures performed. Regarding the risk relating to manipulation of clinical results, we reviewed press releases regarding clinical results and compared the information disclosed to underlying support to ensure the press release is not materially misleading to an investor.

Where we have deemed a specific financial statement line item to be significant (either financially significant or a significant area of potential management bias due to it including a key estimate or judgement) in an entity other than Exscientia AI Limited and Exscientia plc, we have performed substantive testing over these line items. We note that we have also performed substantive audit procedures over a sample of adjustments raised by management subsequent to the close of the general ledger, regardless of the entity impacted. The above procedures have enabled us to perform substantive procedures over 99% of Group total assets, 99% of Group revenue and 96% of Group total absolute loss before tax. Our audit scope has provided sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole. In addition to the above group scope, the significant component of Exscientia plc is the Parent Company, over which we have performed full scope substantive audit.

## The Impact of Climate Risk on Our Audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and parent company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Financial Statements - Group | Financial Statements - Parent Company |
|---|---|---|
| **Overall Materiality** | £8,000,000 (2022: £7,000,000). | £6,720,000 (2022: £6,500,000). |
| **How We Determined It** | 5% of loss before tax | 1% of total assets |
| **Rationale for Benchmark Applied** | We consider the consolidated Group to be profit/loss driven and this to be the primary financial measure used by the shareholders in assessing the performance of the group. | We believe that total assets is the primary measure used by the shareholders in assessing the performance and position of the Parent Company and reflects the Company's principal activity as a holding company. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £7,600,000 for Exscientia AI Limited, £3,000,000 for Exscientia plc and £4,400,000 for other specific financial statement line items of Exscientia GmbH.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2022: 50%) of overall materiality, amounting to £4,000,000 (2022: £3,500,000) for the group financial statements and £3,360,000 (2022: £3,250,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £400,000 (group audit) (2022: £350,000) and £336,000 (parent company audit) (2022: £325,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions Relating to Going Concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Discussion with management on progress of research programs in the year, their future plans and subsequent events up to the date of our signing; and
- Evaluation of management's board approved cashflow forecast for the period ending 31 December 2025 and assessment of any key assumptions contained within the cashflow forecasts. We have also considered the significant cash balance of £259m and short-term deposits of £104m held by the Group at 31 December 2023 as part of our evaluation of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the U.K. Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

# Responsibilities for the Financial Statements and the Audit

## Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (U.K.) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management to identify any instances of non-compliance with laws and regulations or any instances of fraud (or suspected fraud);
- Evaluation of management's internal controls designed to prevent and detect irregularities;
- Reviewing meeting minutes for Board, Audit committee and remuneration committee meetings. In addition we reviewed the approved minutes between collaborators for the quarterly joint steering committees of the significant revenue arrangements;
- Identifying and testing a sample of journal entries, in particular any journal entries posted with unusual account combinations impacting revenue and cash; and
- Challenging assumptions made by management in its significant accounting estimates, in particular in relation to the recognition and measurement of revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this Report

This report, including the opinions, has been prepared for and only for the parent company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other Required Reporting

### Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Gareth Murfitt (Senior Statutory Auditor)**
*for and on behalf of PricewaterhouseCoopers LLP*
*Chartered Accountants and Statutory Auditors*

*Reading*

11 April 2024

## Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2023

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|---|---|---|
| **Revenue** | 5 | 20,079 | 27,223 |
| Cost of sales | | (27,403) | (33,297) |
| **Gross loss** | | **(7,324)** | **(6,074)** |
| | | | |
| Research and development expenses | | (128,444) | (128,865) |
| General administrative expenses | | (45,331) | (38,416) |
| Foreign exchange (losses)/gains | | (1,541) | 33,609 |
| Loss on forward contracts | 27 | — | (11,287) |
| Other income | 6 | 6,636 | 5,742 |
| **Operating loss** | 7 | **(176,004)** | **(145,291)** |
| | | | |
| Finance income | 8 | 16,628 | 5,681 |
| Finance expenses | 9 | (1,067) | (334) |
| Share of loss of joint venture | 16 | (1,645) | (691) |
| **Loss before taxation** | | **(162,088)** | **(140,635)** |
| | | | |
| Income tax benefit | 12 | 16,125 | 21,907 |
| **Loss for the year** | | **(145,963)** | **(118,728)** |
| | | | |
| **Other comprehensive (loss)/income:** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Foreign currency (loss)/gain on translation of foreign operations | | (1,332) | 2,476 |
| *Items that will not be reclassified to profit or loss* | | | |
| Change in fair value of financial assets at fair value through OCI | | — | — |
| **Total other comprehensive (loss)/income for the year, net of tax** | | **(1,332)** | **(658)** |
| | | | |
| **Total comprehensive loss for the year** | | **(147,295)** | **(119,386)** |
| | | | |
| **Basic and diluted loss per share (£)** | 13 | **(1.18)** | **(0.97)** |

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

# Consolidated Statement of Financial Position as at 31 December 2023

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 14 | 6,186 | 6,321 |
| Other intangible assets, net | 14 | 28,459 | 33,602 |
| Property, plant and equipment, net | 15 | 48,954 | 37,648 |
| Investment in joint venture | 16 | 173 | — |
| Right-of-use assets, net | 17 | 18,513 | 14,794 |
| Other receivables | 18 | 663 | 100 |
| Investments in equity instruments | 27 | 2,145 | 2,145 |
| Deferred tax asset, net | 23 | 690 | 1,008 |
| **Total non-current assets** | | **105,783** | **95,618** |
| **Current assets** | | | |
| Trade receivables | | 3,372 | 523 |
| Other receivables and contract assets | 18 | 15,351 | 14,618 |
| Current tax assets | | 23,166 | 33,023 |
| Inventories | 19 | — | 50 |
| Short term bank deposits | 27 | 103,586 | 101,234 |
| Cash and cash equivalents | 20 | 259,463 | 404,577 |
| **Total current assets** | | **404,938** | **554,025** |
| **Total assets** | | **510,721** | **649,643** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 21 | 63 | 61 |
| Share premium | 22 | 364,639 | 364,603 |
| Capital redemption reserve | 21 | 3 | 3 |
| Foreign exchange reserve | 22 | 492 | 1,824 |
| Share-based payment reserve | 22 | 46,984 | 35,267 |
| Fair value reserve | 22 | (199) | (199) |
| Merger reserve | 22 | 54,213 | 54,213 |
| (Accumulated losses)/retained earnings | 22 | (110,469) | 23,106 |
| **Total equity attributable to owners of the parent** | | **355,726** | **478,878** |

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

## Consolidated Statement of Financial Position
## as at 31 December 2023

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Loans | 27 | 306 | 313 |
| Lease liabilities | 17 | 16,221 | 10,942 |
| Deferred tax liability, net | 23 | 5,774 | 7,072 |
| Contract liabilities and other advances | 24 | 65,466 | 59,170 |
| Provisions | 25 | 2,157 | 1,243 |
| Other payables | 26 | — | 377 |
| **Total non-current liabilities** | | **89,924** | **79,117** |
| **Current liabilities** | | | |
| Trade payables | | 11,336 | 30,740 |
| Lease liabilities | 17 | 2,396 | 2,641 |
| Contract liabilities and other advances | 24 | 27,006 | 38,812 |
| Other payables | 26 | 24,333 | 19,455 |
| **Total current liabilities** | | **65,071** | **91,648** |
| **Total liabilities** | | **154,995** | **170,765** |
| **Total equity and liabilities** | | **510,721** | **649,643** |

The Consolidated and Parent Company financial statements on pages 86 to 140 were approved by the Board of Directors on 11 April 2024 and signed on behalf of the Board of Directors by:

**B. Taylor**

*Director*
11 April 2024

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

# Parent Company Statement of Financial Position as at 31 December 2023

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in subsidiaries | 16 | 299,156 | 275,478 |
| **Total non-current assets** | | **299,156** | **275,478** |
| **Current assets** | | | |
| Amounts owed from group undertakings | 18 | 46,805 | 258,929 |
| Other receivables | 18 | 2,643 | 2,886 |
| Short term bank deposits | 27 | 71,450 | — |
| Cash and cash equivalents | 20 | 251,974 | 121,336 |
| **Total current assets** | | **372,872** | **383,151** |
| **Total assets** | | **672,028** | **658,629** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 21 | 63 | 61 |
| Share premium | 22 | 364,639 | 364,603 |
| Capital redemption reserve | 21 | 3 | 3 |
| Share-based payment reserve | 22 | 46,984 | 35,267 |
| Retained earnings | 22 | 258,732 | 257,452 |
| **Total equity** | | **670,421** | **657,386** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables | | 628 | 345 |
| Other payables | 26 | 979 | 898 |
| **Total current liabilities** | | **1,607** | **1,243** |
| **Total liabilities** | | **1,607** | **1,243** |
| **Total equity and liabilities** | | **672,028** | **658,629** |

The Parent Company's total comprehensive loss for the year to 31 December 2023 is £11,109,000 (2022 profit for the period of £36,453,000). The Consolidated and Parent Company financial statements on pages 86 to 140 were approved by the Board of Directors on 11 April 2024 and signed on behalf of the Board of Directors by:

**B. Taylor**
*Director*
11 April 2024

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023

| | Share capital | Share premium | Deferred Shares | Capital Redemption Reserve | Foreign exchange reserve | Share-based payment reserve | Fair Value reserve | Merger Reserve | (Accumulated losses)/ retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **As at 01 January 2022** | **60** | **364,579** | **3** | **—** | **(659)** | **12,930** | **(199)** | **54,213** | **135,886** | **566,813** |
| Loss for the year | — | — | — | — | — | — | — | — | (118,728) | (118,728) |
| Foreign exchange gain/ (loss) on translation of subsidiaries | — | — | — | — | 2,483 | (7) | — | — | — | 2,476 |
| **Total comprehensive loss for the year** | **—** | **—** | **—** | **—** | **2,483** | **(7)** | **—** | **—** | **(118,728)** | **(116,252)** |
| Share-based payment charge | — | — | — | — | — | 30,576 | — | — | — | 30,576 |
| Exercise of share options | 1 | 24 | — | — | — | (8,232) | — | — | 5,948 | (2,259) |
| Cancellation of deferred shares | — | — | (3) | 3 | — | — | — | — | — | — |
| **As at 31 December 2022** | **61** | **364,603** | **—** | **3** | **1,824** | **35,267** | **(199)** | **54,213** | **23,106** | **478,878** |

| | Share capital | Share premium | Deferred Shares | Capital Redemption Reserve | Foreign exchange reserve | Share-based payment reserve | Fair Value reserve | Merger Reserve | (Accumulated losses)/ retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **As at 01 January 2023** | **61** | **364,603** | **—** | **3** | **1,824** | **35,267** | **(199)** | **54,213** | **23,106** | **478,878** |
| Loss for the year | — | — | — | — | — | — | — | — | (145,963) | (145,963) |
| Foreign exchange loss on translation of subsidiaries | — | — | — | — | (1,332) | — | — | — | — | (1,332) |
| **Total comprehensive loss for the year** | **—** | **—** | **—** | **—** | **(1,332)** | **—** | **—** | **—** | **(145,963)** | **(147,295)** |
| Share-based payment charge | — | — | — | — | — | 24,350 | — | — | — | 24,350 |
| Exercise of share options | 2 | 36 | — | — | — | (12,633) | — | — | 12,388 | (207) |
| **As at 31 December 2023** | **63** | **364,639** | **—** | **3** | **492** | **46,984** | **(199)** | **54,213** | **(110,469)** | **355,726** |

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

## Parent Company Statement of Changes in Equity for the Year Ended 31 December 2023

| | Share Capital | Share Premium | Deferred Shares | Capital Redemption Reserve | Share-based Payment Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **As at 01 January 2022** | **60** | **364,580** | **3** | **—** | **12,930** | **215,050** | **592,623** |
| Profit for the Year | — | — | — | — | — | 36,453 | 36,453 |
| **Total Comprehensive income for the Year** | **—** | **—** | **—** | **—** | **—** | **36,453** | **36,453** |
| Company equity settled share-based payment charge | — | — | — | — | 489 | — | 489 |
| Equity settled share-based payment charges in subsidiaries | — | — | — | — | 30,080 | — | 30,080 |
| Exercise of share options | 1 | 23 | — | — | (8,232) | 5,949 | (2,259) |
| Cancellation of deferred shares | — | — | (3) | 3 | — | — | — |
| **As at 31 December 2022** | **61** | **364,603** | **—** | **3** | **35,267** | **257,452** | **657,386** |

| | Share Capital | Share Premium | Deferred Shares | Capital Redemption Reserve | Share-based Payment Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **As at 01 January 2022** | **61** | **364,603** | **—** | **3** | **35,267** | **257,452** | **657,386** |
| Loss for the year | — | — | — | — | — | (11,109) | (11,109) |
| **Total comprehensive loss for the year** | **—** | **—** | **—** | **—** | **—** | **(11,109)** | **(11,109)** |
| Company equity settled share-based payment charge | — | — | — | — | 671 | — | 671 |
| Equity settled share-based payment charges in subsidiaries | — | — | — | — | 23,678 | — | 23,678 |
| Exercise of share options | 2 | 36 | — | — | (12,632) | 12,389 | (205) |
| **As at 31 December 2023** | **63** | **364,639** | **—** | **3** | **46,984** | **258,732** | **670,421** |

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

# Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax | | (162,088) | (140,635) |
| **Adjustments to reconcile loss before tax to net cash flows from operating activities:** | | | |
| Depreciation of right-of-use assets | 17 | 3,567 | 1,747 |
| Depreciation of property, plant and equipment | 15 | 7,330 | 3,092 |
| Amortisation of intangible assets | 14 | 4,671 | 4,645 |
| Impairment of plant and equipment | 15 | 1,307 | — |
| Onerous lease expense | 25 | 807 | — |
| Loss recognised from joint venture | 16 | 1,645 | 691 |
| Finance income | 8 | (16,628) | (5,681) |
| Finance expenses | 9 | 1,067 | 334 |
| R&D expenditure tax credits | 6 | (5,387) | (3,923) |
| Share-based payment charge | 30 | 24,350 | 30,576 |
| Foreign exchange loss/(gain) | | 1,550 | (29,556) |
| **Changes in working capital:** | | | |
| (Increase)/decrease in trade receivables | | (5,347) | 666 |
| Increase in other receivables and contract assets | | (1,631) | (7,558) |
| (Decrease)/increase in contract liabilities and other advances | | (5,510) | 51,662 |
| (Decrease)/increase in trade payables | | (14,341) | 17,287 |
| Increase in other payables | | 5,732 | 8,984 |
| Decrease in inventories | | 50 | 309 |
| Interest received | | 8,175 | 3,702 |
| Interest paid | | (15) | (29) |
| R&D expenditure tax credits received | | 3,912 | — |
| Income taxes received | | 29,317 | 3,172 |
| Income taxes paid | | (135) | — |
| **Net cash flows used in operating activities** | | **(117,602)** | **(60,515)** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (26,458) | (22,386) |
| Purchase of intangible assets | 14 | (200) | (53) |
| Additional investment in joint venture | 16, 29 | (1,827) | (242) |
| Redemption of short term deposits | 27 | 257,834 | — |
| Cash invested in short term bank deposits | 27 | (250,860) | (100,000) |
| **Net cash flows used in investing activities** | | **(21,511)** | **(122,681)** |

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

| | Note | 31 December 2023 £'000 | 31 December 2022 £'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital, net of transactions costs | | 38 | 24 |
| Cash paid on settlement of share based payments | 30 | (243) | (2,282) |
| Payments of obligations under lease liabilities | 27 | (3,194) | (1,740) |
| **Net cash flows used in financing activities** | | **(3,399)** | **(3,998)** |
| Net decrease in cash and cash equivalents | | (142,512) | (187,194) |
| Exchange (loss)/gain on cash and cash equivalents | | (2,602) | 29,598 |
| Cash and cash equivalents at the beginning of the year | | 404,577 | 562,173 |
| **Cash and cash equivalents at the end of the year** | 20 | **259,463** | **404,577** |

| **Supplemental disclosure of total cashflow information** | | |
|---|---|---|
| Net decrease in cash and cash equivalents | (142,512) | (187,194) |
| Net increase in short term bank deposits | 2,352 | 101,234 |
| Exchange (loss)/gain on cash and cash equivalents | (2,602) | 29,598 |
| *Net decrease in cash, cash equivalents and short term bank deposits including foreign exchange (losses)/gains on cash and cash equivalents* | *(142,762)* | *(56,362)* |

| **Supplemental disclosure of operating Inflow Information** | | |
|---|---|---|
| Cash flow from collaborations | 22,167 | 91,868 |
| Amounts invoiced during the period | (27,737) | (87,328) |
| Foreign exchange losses/(gains) on trade receivables | 223 | (3,874) |
| *(Increase)/decrease in trade receivables* | *(5,347)* | *666* |
| | | |
| Non-cash movement in trade receivables | 2,498 | — |

| **Supplemental non-cash investing information** | | |
|---|---|---|
| Capital expenditures recorded within trade payables | (5,063) | 7,163 |
| Capital expenditures recorded within other payables | (1,335) | 2,428 |

The accompanying accounting policies and notes on pages 94 to 140 form an integral part of these financial statements.

## 1. General Information

These financial statements reflect the financial performance and the financial position of Exscientia plc (the "Company") and its subsidiaries (collectively the "Group" or "Exscientia") for the year ended 31 December 2023.

Exscientia plc is a public company incorporated in England and Wales and has the following wholly owned subsidiaries: Exscientia (U.K.) Holdings Limited, Exscientia AI Limited, Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., Exscientia KK, Kinetic Discovery Limited and Exscientia GmbH as well as two 50% owned joint ventures, RE Ventures I, LLC ("RE Ventures") and RE Ventures II, LLC. The Group is in the process of liquidating Exscientia KK as at the date of authorisation of these consolidated financial statements.

The principal activity of the Group is that of the application of artificial intelligence ("AI") and machine learning ("ML") to the discovery and design of novel therapeutic compounds. Exscientia's technology platform combines the best of human and computational capabilities to accelerate the process of designing novel, safe and efficacious compounds for clinical testing in humans.

## 2. Material Accounting Policies

### a. Statement of Compliance

The consolidated financial statements for the year ended 31 December 2023 have been prepared in conformity with the requirements of the Companies Act 2006 as applicable to companies using U.K.-adopted International Financial Reporting Standards ("IFRS").

The Company financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* ('FRS 101') and the Companies Act 2006.

***FRS 101 - reduced disclosure exemptions***

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

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

### b. Basis of Preparation

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated. The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and assets and liabilities acquired in a business combination which are measured at fair value.

The financial statements have been presented in Pounds Sterling ("Sterling"). This is the functional currency of the Company, being the currency of the primary economic environment in which the Company operates, and the presentational currency of the group. All values are rounded to the nearest thousand pound ('£'000') except where otherwise indicated.

As permitted by Section 408, Companies Act 2006, the separate income statement of the Company is not presented as part of these financial statements.

These consolidated and parent company financial statements were authorised by the Board of Directors on 11 April 2024.

### c. Basis of Consolidation

The Group financial statements consolidate the financial statements of Exscientia plc and all its subsidiary undertakings made up to 31 December 2023. Subsidiaries are those entities over which the Company exercises control.The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method with goodwill representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

### d. Going Concern

As at 31 December 2023, the Group's cash, cash equivalents and short-term bank deposits amounted to £363,049,000 with total unrestricted cash and short term bank deposits amounting to £361,154,000. The Group has incurred significant research and development expenses from the start of the Group's activities, with net cash outflows from operating activities amounted to £117,602,000 for the financial year ended 31 December 2023 (2022 £60,515,000).

Based upon the year-end cash, cash equivalents and short-term bank deposits and forecast future cash flows for the years ending 31 December 2024 and 2025 respectively, the Board of Directors believes that the Group has sufficient financial resources to cover its planned cash outflows for the foreseeable future, being a period of at least twelve months from the date of issuance of these financial statements.

As the Group has concluded that there is no substantial doubt about its ability to continue as a going concern within one year of the issuance of these financial statements, the Group has prepared these financial statements under the going concern assumption.

### e. Application of New and Revised International Financial Reporting Standards (IFRSs)

In the year ended 31 December 2023, the Group has applied the below amendments to IFRS and interpretations issued by the Board that are effective for the annual period that begins on or after 1 January 2023:

| | |
|---|---|
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. |
| Definition of Accounting Estimates (Amendments to IAS 8) | The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) | These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. |

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group except for the adoption of the amendments to IAS 12 Income Taxes. The amendment to IAS 12 Income Taxes was published in May 2021 and became effective for the Group from 1 January 2023. The amendment narrowed the scope of the deferred tax recognition exemption, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has considered the impact of this amendment, most notably in relation to the accounting for deferred taxes on leases. There was no material impact to retained earnings as at both 1 January 2022 and 31 December 2022 as a result of transitioning to the revised standard. See note 23 for details of the impact on the Group's recognised deferred tax assets and liabilities as at 31 December 2022. The new pronouncement did not impact on deferred tax assets and liabilities relating to the Parent Company.

### f. Standards, Amendments and Interpretations in Issue But Not Yet Effective:

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements:

| | **Effective Date Periods Beginning On or After** |
|---|---|
| Amendment to IFRS 16 - Leases on sale and leaseback | 1 January 2024 |
| Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) | 1 January 2024 |

**g. Revenue from Contracts with Customers**

The Group's primary revenue is generated broadly from two streams that relate to its principal activities:

- "Licensing fees": We receive licensing fees from partnered programmes where we develop intellectual property on behalf of a collaboration partner. These agreements either assign all of the designated intellectual property to the partner from inception or grant an exclusive option to the partner to acquire rights to the future development and commercialisation of the intellectual property. As part of these agreements, we may receive future milestone and royalty payments upon achievement of clinical, regulatory and commercial milestones; and
- "Service fees": We generate service fees from drug discovery collaboration agreements where we are utilising our proprietary technology to develop novel intellectual property on behalf of the collaboration partner, but do not have any rights to future milestones and royalties as a direct result of the agreement. Until March 2023, we also generated service revenues through our Exscientia GmbH entity related to collaboration agreements that existed with Exscientia GmbH at the time of our acquisition.

The Group has four types of payments included within the two streams of revenue:

- "Upfront payments" are generally payable on execution of the collaboration agreement or on initiation of a project;
- "Research funding" (including term extension payments), which is generally payable throughout the collaboration at defined intervals as set out in the agreement (e.g., quarterly or at the beginning of a specific phase of work) and is intended to fund research (internal and external) which is undertaken to develop the collaboration drug compound that is the subject of the collaboration;
- "Milestone payments" are linked to the achievement of an event, as defined in the collaboration agreement e.g. initiation of Phase 1 clinical trial milestones and constitute variable consideration in accordance with IFRS15; and
- "Opt-in payments" are similar in principal to milestone payments, however, are payable when the partner exercises its option to take ownership of the designated intellectual property. These payments only exist where the Group initially retained ownership of the designed intellectual property.

Under these collaboration agreements the Group may also receive commercialisation milestones upon the first commercial sale of a product, if and when approved, the amount of which is based on the territory the sale occurs in, and royalties based on worldwide net sales. These amounts have not been included within the transaction price for any contract as of 31 December 2023 or 2022. We have only recognised revenue in respect of non-cancellable, non-refundable payments and achieved milestones due under executed collaboration contracts. Any payments which relate to future milestones or options under the control of our collaboration partners have not been recognised.

In accordance with IFRS 15, the Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Group determines are within the scope of IFRS 15, the Group performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as the Group satisfies a performance obligation.

At contract inception, the Group assesses the goods or services promised within each contract that falls under the scope of IFRS 15 to identify distinct performance obligations. The Group then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Revenue is measured at the contract price excluding value added tax and other sales taxes.

The Group includes the unconstrained amount of estimated variable consideration in the transaction price, such that only amounts for which it is highly probable that a significant reversal of cumulative revenue recognised will not occur are included. At contract inception, unconstrained revenue will typically include the upfront payments and in some instances, research funding.

At the inception of each arrangement that includes research, development, or regulatory milestone payments, the Group evaluates whether the milestones (i) relate to the one or more distinct performance obligations under the agreement; and (ii) are considered highly probable of being reached and estimate the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within our control or that of the licensee, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received.

At the end of each subsequent reporting period, the Group re-evaluates the estimated variable consideration included in the transaction price and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which may affect license, fees, and other revenues and earnings in the period of adjustment.

The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognizes revenue as or when the performance obligations under the contract are satisfied.

When determining whether performance obligations have been satisfied, progress is measured using an input method utilising either total or external costs or labour hours incurred depending on the nature of the collaboration arrangement to establish and estimate the progress of completion. Management has determined the input method represents a faithful depiction of the Group's progress towards completion of performance obligations because the time and costs incurred depict the progress of development of the underlying IP which may be transferred to the customer. At the end of each reporting period, the Group re-evaluates costs/hours incurred compared with total expected costs/hours to recognize revenue for each performance obligation. In certain instances expected total cost estimates include estimated costs relating to the substitution of targets where allowed in accordance with a specific collaboration agreement.

For obligations recognised over time the Group recognizes revenue only equal to a percentage of costs incurred until such time that it can reasonably estimate the total expected costs/hours to be incurred in delivering the performance obligation. For obligations in which revenue is recognised at a point in time, that point in time is the date at which the title of the service or IP is transferred to the customer.

Contract liabilities consists of billings or payments received in advance of revenue recognition. Contract assets consists of revenue recognised in advance of billings or payments.

### h. Grants

Grants compensating the Group for research activities undertaken and are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### i. Foreign Currencies

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 profit or loss.

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, inclusive of goodwill and any intangible assets which are attributable to those operations. Exchange differences arising on translating overseas operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### j. Intangible Assets

***Goodwill.*** Goodwill is recognised in a business combination when the consideration transferred by the acquirer exceeds the net identifiable assets acquired. Goodwill is not amortised but is reviewed for impairment at least annually.

***Intangible assets other than goodwill.*** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over their useful economic lives from the point at which the intangible asset in question is brought into use, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Assets yet to be brought into use are assessed for impairment at least annually. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

| | |
|---|---|
| **Computer Software** | 4 years on a straight line basis |
| **Patents** | Over the term of the patent on a straight line basis |
| **Acquired IP** | 8 years from the acquisition date/date the asset is brought into use on a straight line basis |

Amortisation of intangible assets is included under the ‘Research and development expenses’ and ‘General and administrative expenses’ classifications in the Statement of Loss and Other Comprehensive Loss based on the nature of the underlying expenditure.

### k. Cost of Sales

Costs of sales relates to costs from third-party contract research organisations as well as internal labour and absorbed overheads incurred in relation to collaboration arrangements and drug discovery agreements for third parties which have been designated as contracts with customers in accordance with IFRS 15.

### l. Property, Plant and Equipment

Assets under construction, plant and equipment, fixtures and fittings, computer equipment and leasehold improvements are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. These assets are subsequently measured using the cost model, less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost of assets, less their estimated residual value on a straight line basis, over their expected lives:

| | |
|---|---|
| **Assets Under Construction** | Not Depreciated |
| **Plant and Equipment** | 5 years |
| **Fixture and Fittings** | 5 years |
| **Leasehold Improvements** | Over the term of the lease or to the first-break clause, whichever is earlier |
| **Computer Equipment** | 4 years |

### m. Cash and Cash Equivalents and Short Term Bank Deposits

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Short term bank deposits consist of bank deposits of 12 months duration or less, and are measured at amortised cost as described in section s).

### n. Impairment of Assets

Individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable with the exception of acquired IP yet to be brought into use, which is reviewed for impairment at least annually.

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. If it is deemed that an impairment is necessary the impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

### o. Joint Ventures, Joint Operations and Investments in Subsidiaries

Investments in joint ventures are accounted for using the equity method in the Group's financial statements. Under the equity method, the investment is recognised initially at cost and the carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets.

The Company measures investments in subsidiaries at cost less accumulated impairment.

Investments in subsidiaries and joint ventures are tested for impairment annually, and an impairment loss is recognised where it is indicated that the carrying amount of the investment may not be recoverable. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The Group also undertakes various joint operations with third parties. Where a collaboration is deemed to be a joint operation the Group recognises:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly; and
- Its expenses, including its share of any expenses incurred jointly.

The Group incurs expenses that under the joint operation agreement are to be shared jointly with the collaboration partner. Amounts reimbursed are recorded as a reduction in the underlying expenditure. Where amounts are reimbursed in advance of the Group incurring the expenditure, the amounts received are recognised as a liability in other advances. The other advances are extinguished when the expenditure to which the reimbursement relates is incurred.

### p. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, and each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance for the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the present value of the following lease payments:

- Fixed payments, less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Group's incremental borrowing rate (i.e. the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions) is used.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The right-of-use assets are measured at cost which comprise the following:

- The initial measurement of lease liability;
- Lease payments made at or before the commencement date (less lease incentives received);
- Initial direct costs; and
- Restoration costs.

***Extension and Termination Options.*** The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

***Lease Modifications.*** The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

***Short-term and Low Value Leases.*** The Company does not recognize right-of-use assets for short-term and low value leases. Payments associated with short-term leases (leases of less than twelve months duration) and leases of low-value assets are recognised on a straight-line basis over the lease term.

***Impairment.*** The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

**q. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.The amount recognised as a provision is the best estimation of the considerations required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Provisions for the cost to restore leased property to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used or made alterations to the underlying asset during a particular period of the lease, at the Directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received, and are based on the Group's best estimate of the present value of the outflows incurred in fulfilling/exiting the contract net of any associated inflows.

### r. Pension Costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Group profit or loss on an accruals basis.

### s. Financial Instruments

Financial Assets. Financial assets classified as financial instruments measured at amortised cost comprise trade and other receivables and cash and cash equivalents and short term bank deposits. Financial assets measured at amortised cost are recognised when the Group becomes party to the contractual provisions of the instrument and are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and reward are transferred. Financial assets are measured at amortised cost when both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest rate method. At each reporting date the Group recognizes a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets. Further details are set in Note 27.

***Classification as Debt or Equity.*** Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity Instruments.*** Equity instruments constitute any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments such as preference shares issued by the Group are recognised at the proceeds received, net of direct issue costs. All preference shares in issue throughout 2021 were convertible into ordinary shares under certain conditions and bore no fixed or cumulative dividend. As such these shares were deemed to be equity in nature.

Following the achievement of a development milestone relating to the Group's revenue contract with GT Apeiron Therapeutics Inc. ("GTA") on 31 March 2021, the Group became entitled to receive a number of ordinary shares and preference shares in this company as non-cash revenue consideration (see note 27 for further details). These shares represent unlisted equity securities and the Group has taken the election provided within IFRS9 to recognize fair value gains and losses within Other Comprehensive Income (FVOCI).

***Financial Liabilities.*** Financial liabilities comprise trade and other payables as well as loan liabilities. Financial liabilities are obligations to pay cash or other financial assets and are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

***Derivative Financial Instruments- forward Contracts.*** Derivative financial instruments relating to currency forward contracts are initially recognised at fair value on the date at which the derivative contract is executed, and are subsequently re-measured at fair value each period-end. Any gains and losses arising from changes in the fair value of derivatives are recognised within the consolidated statement of profit or loss.

### t. Share-based Payments

The Group operates equity-settled share-based compensation plans whereby certain employees of the Group are granted equity awards in the Company in the form of share options, restricted share units ("RSUs"), performance options and performance share units.

The fair value of awards granted is recognised as an expense within profit or loss with a corresponding increase in equity. The fair value of the award is measured at the grant date and is spread over the period during which the respective employee becomes unconditionally entitled to the award. The fair value of share options and those performance option and PSU awards not containing market-based performance conditions are valued using a Black-Scholes model, while performance options and PSUs containing market-based conditions are valued using a Monte-Carlo model. The fair value of RSUs is based on the market value of the underlying shares at the award grant date.

At each statement of financial position date, the Group revises its estimate of the number of awards that are expected to become exercisable based on forfeiture rates, and with the exception of changes in the estimated probability of achieving market-based performance conditions, adjustments are made such that at the end of the vesting period the cumulative charge is based on the number of awards that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period. There were no modifications to the terms and conditions of options during the current or previous financial period.

When a share based payment award is exercised an intra-equity movement is recorded to transfer the cumulative charge recorded within the share-based payment reserve for those awards to retained earnings.

### u. Tax

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

***Current Tax.*** Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax includes tax credits, which are accrued for the period based on calculations that conform to the U.K. Research and Development Tax Credit Scheme that is applicable to small and medium sized companies.

Research and development costs which are not eligible for reimbursement under the U.K. R&D Tax Credit Scheme, such as expenditure incurred on research projects for which the group receives income, may be reimbursed under the U.K. R&D expenditure credit ("RDEC") scheme.

Amounts receivable under the RDEC scheme are presented within other income. Research and development expenditure credits are also claimed in Austria in relation to qualifying expenditure incurred on research projects by the Group's Austrian subsidiary. These amounts are also presented within other income.

***Deferred Tax.*** Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are set off only where the Group has a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### v. Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in research and development costs. During the period of development, the asset is tested for impairment annually. No expenditure met the criteria for capitalisation during the current or prior years.

## 3. Critical Accounting Estimates and Judgements

In the application of the Group’s accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### Critical Accounting Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. The critical estimates that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

***Recognition of Revenue.*** Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the good or service transfers to the customer. Control transfers over time in relation to the majority of research and design activities performed during the years ended 31 December 2023 and 2022. Total or external costs or labour hours incurred are utilised as the relevant input method in order to estimate the extent to which the performance obligations satisfied over time have been satisfied at the end of the reporting period depending on the nature of the arrangement. Estimation of the future costs to be incurred in the satisfaction of performance obligations delivered over time, inclusive of any costs relating to the substitution of targets where allowed in accordance with a specific collaboration agreement, is considered to be a key source of estimation uncertainty in relation to the recognition of revenue in any given period.

No changes to estimated total projected costs were noted during the years ended 31 December 2023 and 2022 that had a significant impact on revenues recognised during the period.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the estimated future costs to be incurred in the delivery of partially unsatisfied performance obligations relating to the Group's revenue contracts as at 31 December 2023.

| | Change in Estimated Future Costs | Effect on Profit Before Tax | Effect on Equity |
|---|---|---|---|
| | | £'000 | £'000 |
| Impact on change in the estimated future costs to be incurred in delivering partially unsatisfied performance obligations | +10% | (1,145) | (1,145) |
| | -10% | 1,289 | 1,289 |

Revenue from potential milestones or royalties are not recognised at the initiation of a contract. Upfront payments that include performance obligations are recognised as those obligations are satisfied. In addition no profit is recognised as costs are incurred until such a time as costs and time to programme completion can be reasonably estimated, with revenues recognised equal to a percentage of costs incurred until that time. As a result of this, until total costs and time to completion can be reliably estimated, a gross loss may be recognised on individual customer contracts despite the expectation that the relevant contract will be profitable overall.

***Leases.*** The Group has entered into lease arrangements pertaining to various premises globally, in relation to which it assesses whether the lease arrangements constitute onerous contracts at the end of each reporting period.

In December 2022, the Group entered into a lease arrangement in relation to premises in Miami, Florida, United States, with the lease term due to commence in the first quarter of 2024. Subsequent to entering into the above arrangement, as a result of the Group's cost containment measures, the decision was taken not to occupy these premises, and instead to lease smaller premises nearby. Total minimum lease commitments of £3,040,000 are payable under this arrangement, and as such the Group must assess whether an onerous contract exists for which a provision is required.

The Group has engaged an agent to assist in arranging the subleasing of the original leased premises to a third party, and has estimated that the present value of the unavoidable costs of meeting the Group's obligations under the contract exceed the expected benefits to be received from subletting the space by £807,000 as at 31 December 2023, with such amount being recorded within provisions at that date.

No other onerous lease provisions or right of use asset impairments have been deemed necessary as at 31 December 2023.

***Gates Foundation Private Placement Buy-back Rights.*** Under the terms of the Company's private placement with the Gates Foundation, the latter has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Gates Foundation at the higher of the public offering price and the market value of the shares if the Group is in breach of certain terms within the agreement. This right constitutes a derivative financial liability for the Company which is recognised at fair value through profit or loss. The Group has assessed the likelihood of a default occurring as low as at 31 December 2023, and as such the fair value of this liability has been estimated as nil at the balance sheet date.

***Fair value of the Group's investment in GTA.*** As at 31 December 2023 the Group holds a number of ordinary and preference shares in GTA at fair value through other comprehensive income. GTA is an unlisted early-stage business, with projects in the discovery and clinical stages of drug development which are pre-revenue generation. As such the key source of estimation uncertainty is the value per share of these unlisted equity securities. The shares in question are very illiquid, and the primary valuation input is cost or the price of latest investment where third party share acquisition transactions have taken place adjusted to reflect other factors as appropriate.

The Group has also assessed the impact of the current war in Ukraine and the conflict between Hamas and Israel on this investment, and does not consider that any revaluation is required as a result of these events. Finally the Group has assessed changes in relevant market equity indexes, with specific reference to changes in the Nasdaq Biotechnology Index over the period in question, with no revaluation required as a result.

***Goodwill and Pharmacoscopy IP Intangible Impairment.*** The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or acquired IP may be impaired. Determining whether an impairment exists requires estimation of the recoverable amount of the CGU to which the goodwill and acquired IP relate, being equal to the higher of its value in use and fair value less costs to sell.

The value in use calculation is judgmental in nature, and requires the Group to make a number of estimates relating to the future cash flows expected to arise from the CGU spanning drug discovery, development, regulatory approval and commercialisation, as well as a suitable discount rate in order to calculate present value.

The cash flow projections are further risk adjusted based on observable market comparables to take into account the probability of successfully commercialising a drug at each stage of its development. Sensitivity analysis is performed in order to determine whether reasonable changes in significant assumptions would lead to the carrying value exceeding its recoverable amount. When the carrying value of the CGU exceeds its recoverable amount, the CGU is considered impaired and the assets in the CGU are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of loss and other comprehensive income.

A detailed impairment assessment was performed as of 31 December 2023, with no impairment noted and no reasonable changes in significant assumptions were identified that would lead to the carrying amount exceeding its recoverable amount.

***Impairment of Investment in Subsidiary.*** Investments in subsidiaries are assessed annually to determine if there is any indication of impairment. As of 31 December 2023 no indicators of impairment were noted, and as such no value-in-use calculations were performed.

**Accounting Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

***Recognition of Revenue.*** Management judgement is required to determine the performance obligations under each agreement and appropriately allocate revenue to the identified performance obligations in line with IFRS 15. Judgement is also required in determining the point at which the total costs to be incurred in delivering a performance obligation can be reliably estimated such that revenue can be recognised in excess of recoverable costs incurred. Judgement is also required in estimating the likelihood of and costs that may be incurred in relation to the substitution of targets where allowed in accordance with a specific collaboration agreement.

Further judgement is required to determine whether sources of variable consideration are constrained as at the end of the reporting period as a result of it not being highly probable that a significant reversal in the amount of cumulative revenue recognised would not occur when the uncertainty associated with the variable consideration is subsequently resolved. Constraint is typically considered to be removed in relation to milestone/opt-in amounts when written confirmation of achievement has been provided by the counterparty or achievement has been ratified at a project Joint Steering Committee.

***Loss-making Collaboration Arrangements.*** Management judgement is required in order to determine whether the unavoidable costs of meeting the obligations under each customer collaboration arrangement, inclusive of both costs that relate directly to the contract and an allocation of other costs, exceed the economic benefits expected to be received under it. Where such costs are in excess of the Group's best estimate of future revenues to be generated from the arrangement a provision is recorded in accordance with IAS 37.

The company has assessed the value of the remaining transaction price relating to the outstanding performance obligations relative to the value of the estimated remaining unavoidable costs of meeting the obligations under contracts relating to the Group's customers and determined that no onerous contract provision is required as at 31 December 2023.

## 4. Operating Segments

The Group manages its operations as a single segment for the purposes of assessing performance and making operating decisions. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the Group's chief operating decision maker, or decision-making group, in deciding how to allocate resources and assess performance. The Group has determined that its chief operating decision maker is its Interim Chief Executive Officer.

***Information on Major Customers.*** Revenue recognised during the year ended relates to collaboration agreements with Bristol Myers Squibb Company ("BMY"), Celgene Switzerland LLC ("Celgene") (a company acquired by BMY subsequent to the inception of the collaboration), Sanofi S.A. ("Sanofi"), Merck KGaA, Darmstadt, Germany ("Merck KGaA, Darmstadt, Germany"), Bayer AG ("Bayer"), GTA, and the Group's joint venture with Rallybio IPB, LLC ("Rallybio"), RE Ventures I, as well as legacy contracts operated by the Group's Austrian subsidiary.

The proportion of revenue by customer in each period is as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | % | % |
| BMY (including Celgene) | 72 | 77 |
| Sanofi | 25 | 16 |
| Merck | 3 | — |
| Others | — | 7 |
| | **100** | **100** |

***Information on Non-current Assets by Geography***

The Group's non-current assets are held in the following geographies as at 31 December 2023:

| | UK | Austria | Rest of the World | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Goodwill | 173 | 6,013 | — | **6,186** |
| Other intangible assets, net | 2,815 | 25,644 | — | **28,459** |
| Property, plant and equipment, net | 42,059 | 6,467 | 428 | **48,954** |
| Right-of-use assets, net | 9,177 | 6,634 | 2,702 | **18,513** |

The Group's non-current assets were held in the following geographies as at 31 December 2022:

| | UK | Austria | Rest of the World | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Goodwill | 173 | 6,148 | — | **6,321** |
| Other intangible assets, net | 2,688 | 30,914 | — | **33,602** |
| Property, plant and equipment, net | 30,893 | 6,647 | 108 | **37,648** |
| Right-of-use assets, net | 10,403 | 4,391 | — | **14,794** |

## 5. Revenue

The Group's revenue from contracts with customers during 2023 and 2022 are as follows:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Service fees | 104 | 670 |
| Licensing fees - recognised over time | 19,975 | 26,553 |
| | **20,079** | **27,223** |

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the goods or services transfers to the customer. For obligations discharged over time, the Group recognises revenue equal to recoverable costs incurred for new collaborations from their inception until such time as the collaboration is sufficiently progressed such that the Group can reliably estimate the level of profit that will be achieved from delivery of the related performance obligations. Where collaborations include significant variable consideration which is constrained at the inception of the arrangement this can lead to gross losses being recognised during the early stages of a contract.

Service fees during the year ended 31 December 2023 and 2022 relate to revenues generated from legacy contracts held by Exscientia GmbH, in relation to which revenue is recognised at a point in time.

On 4 January 2022, the Group entered into a strategic research collaboration with Sanofi to develop an AI-driven pipeline of precision engineered medicines. Research will be focused on up to 15 novel small molecule candidates across oncology and immunology, in relation to which the Group will receive an up-front cash payment of £74,242,000 ($100,000,000) with the potential of $5,200,000,000 in total milestones plus tiered royalties over the duration of the collaboration.

On 11 March 2022, BMY extended its first collaboration arrangement with the Group by six months in order to generate additional data including the use of translational capabilities for key targets under the collaboration using the Group's precision medicine platform, in relation to which the Group received a cash payment of $5,000,000 (£3,821,000).The term extension payment has been treated as an addition to the transaction price relating to the collaboration's partially unsatisfied performance obligations relating to the design and development of candidates for collaboration targets, with a cumulative recognition of revenue at that date based upon the progress towards satisfaction of the related performance obligations in accordance with paragraph 21b of IFRS 15. The remaining element of the transaction price was recognised as revenue over the remainder of 2022 as the performance obligations were satisfied.

On 30 May 2022, the Group ended its pre-existing collaboration arrangement with Bayer AG by mutual agreement. Upon ending the agreement all remaining performance obligations pertaining to the contract were deemed to be fully discharged, resulting in the recognition of revenues totalling £1,153,000 at that point.

On 27 July 2023, the Group and Sanofi S.A. entered into an amendment to the collaboration agreement executed between the parties on 4 January 2022, pursuant to which certain terms, including with respect to certain target substitution and milestone payments, relating to targets under the collaboration were amended. There was no change to the overall contract transaction price as a result of the amendment, and no significant adjustment to revenue recognised on partially satisfied performance obligations as at the amendment date.

On 19 September 2023, the Group and the Healthcare Business of Merck KGaA, Darmstadt, Germany ("Merck KGaA, Darmstadt, Germany"), entered into a collaboration agreement focused on the discovery of novel small molecule drug candidates across oncology, neuroinflammation and immunology using Exscientia's AI-driven precision drug design and discovery capabilities. Three potential first-in-class or best-in-class targets have been identified as the initial focus of the partnership, in relation to which the Group received an up-front cash payment of $20,100,000 (net of withholding taxes of $3,181,000 which are expected to be received in the second half of 2024), with the potential of up to $674,000,000 in discovery, development, regulatory and sales-based milestones in addition to royalty payments on net sales.

On 27 September 2023, the Group received confirmation of the achievement of a research milestone in the Group's collaboration with Sanofi for its first inflammation and immunology target, in relation to which it received a cash payment of £3,191,000 ($4,000,000). Until achievement, this milestone was treated as constrained variable consideration relating to the drug design work undertaken in relation to the associated project, and as such it has been added to the transaction price for the related partially satisfied performance obligation from the point of achievement, with revenue recognised as the performance obligation is satisfied.

On 21 December 2023, the Group amended its current collaboration with Sanofi to add a new discovery stage programme identified and initially advanced by Exscientia, in relation to which a cash payment of £4,000,000 was received in February 2024, with revenue recognised over time as the related performance obligation is satisfied. Under the terms of the amended agreement the Group is eligible to receive up to $45,000,000 in upfront and preclinical milestone payments, as well as development, regulatory and sales-based milestone payments of over $300,000,000 and tiered royalties on product sales.

Included within revenues during the year ended 31 December 2023 are amounts totalling £6,859,000 relating to non-refundable upfront payments on projects under the Group's ongoing collaboration with BMY which have been recognised as revenue during the year as it has been mutually determined not to proceed with further development of these projects and prioritise others within the collaboration.

The Group has assessed its significant collaboration arrangements with commercial partners and determined that no provision for future operating losses is required as at 31 December 2023, taking into account expected future cash inflows and remaining contract liability amounts for each collaboration relative to the remaining unavoidable costs of meeting the respective contracts' obligations in each instance.

***By Geographical Market:***

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| United Kingdom | — | — |
| France | 5,075 | 4,379 |
| Rest of Europe | 619 | 1,846 |
| United States of America | 14,385 | 20,998 |
| | **20,079** | **27,223** |

The above table represents the geographic locations of the headquarters of the customers to which the Group has provided services during the period, rather than the locations where the services themselves were performed.

***Timing of Revenue Recognition:***

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Revenue related to obligations discharged over time | 19,975 | 26,553 |
| Revenue related to obligations discharged at a point in time | 104 | 670 |
| | **20,079** | **27,223** |

During fiscal year 2023, £nil was recognised in relation to performance obligations satisfied or partially satisfied in previous periods (2022: £3,559,000). £19,528,000 was recognised as revenue in the period that was included in the contract liability balance at the beginning of the period (2022: £18,223,000).

The transaction price (after excluding variable consideration that is constrained) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December, are as follows:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Within one year | 25,036 | 29,433 |
| More than one year | 65,466 | 58,451 |
| | **90,502** | **87,884** |

Contractual maturities reflect the Group's best estimate of when underlying costs upon which revenue is recognised will be incurred. Details of contract liability balances are set out in notes 18 and 24.

## 6. Other Income

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Grant income | 1,249 | 1,819 |
| R&D expenditure credits | 5,387 | 3,923 |
| | **6,636** | **5,742** |

As at 1 January 2023, the Group operated four grants consisting of a European governmental grant, a grant from the Gates Foundation, a grant from the Austrian Research Promotion Agency ("FFG") and a grant from the Austrian Wirtshaftsservice, with the European governmental grant subsequently ending in April 2023. The grant with the Gates Foundation provides reimbursement for certain personnel, consumables and overhead costs incurred in the performance of research and development activities, while the FFG grant relates to the early stage testing of a drug's action in solid tumour patient samples with high content microscopy and deep-learning. The Austrian Wirtshaftsservice grant provides funding in respect of capital investments made in the period from August 2020 to the end of February 2022.

On 15 November 2023, the Group entered into a grant from Open Philanthropy Project LLC, in relation to which the Group received £1,895,000 ($2,300,000) in order to fund further exploration of the requirements for the activation of key aspects of the interferon response of known antiviral effects against influenza and COVID-19. The grant provides reimbursement for certain personnel, consumables and overhead costs incurred in the performance of the related research and development activities. As at 31 December 2023 all amounts relating to the above grants had been received (2022: £561,000 outstanding).

## 7. Operating Loss

The following items have been included in operating loss:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Depreciation of property, plant and equipment | 7,330 | 3,092 |
| Depreciation of right-of-use assets | 3,567 | 1,747 |
| Amortisation of intangible assets | 4,671 | 4,645 |
| Impairment of property, plant and equipment | 1,307 | — |
| Onerous lease expense | 807 | — |
| Research and development expenses | 128,444 | 128,865 |
| Foreign exchange loss/(gain) | 1,541 | (33,609) |
| Loss on forward contracts | — | 11,287 |
| Share-based payment charge | 24,350 | 30,576 |
| Fees payable to the Group's auditors for the audit of the Group and Company's financial statements | 915 | 904 |
| Other audit services provided by the Group's auditors | 281 | 233 |

## 8. Finance Income

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Bank interest income | 16,628 | 5,681 |
| | **16,628** | **5,681** |

## 9. Finance Expense

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Bank interest payable | 12 | 27 |
| Loan interest payable | 3 | 2 |
| Interest expense on lease liabilities | 1,028 | 299 |
| Unwinding of discount on provisions | 24 | 6 |
| | **1,067** | **334** |

See note 27 for details of the various short-term bank deposit transactions entered into by the Group over the twelve month periods ended 31 December 2023 and 2022 respectively.

## 10. Employee Benefit Expenses

Employee benefit expenses (including the directors) comprise:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Wages and salaries | 54,922 | 42,738 |
| Social security costs | 10,428 | 6,845 |
| Other pension costs | 2,523 | 1,542 |
| Share-based payment charge | 24,350 | 30,576 |
| **Total employee benefit expenses** | **92,223** | **81,701** |

The Company had no employees in either period excluding directors. The average number of persons employed by the Group (including the directors) during the period, was as follows:

| | 2023 | 2022 |
|---|---|---|
| | Number | Number |
| Research and development | 427 | 344 |
| Management and operations | 74 | 62 |
| | **501** | **406** |

## 11. Directors' Emoluments and Key Management Personnel Remuneration

Details of Directors' Remuneration are provided on pages 44 to 73. The remuneration of key management personnel during the year (including remuneration relating to executive directors) was as follows:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Short term employee benefits | 2,409 | 1,954 |
| Share based payments | 8,165 | 7,895 |
| Contributions to defined contribution pension schemes | 38 | 24 |
| Compensation for loss of office | 360 | — |
| **Total emoluments** | **10,972** | **9,873** |

## 12. Taxation

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Current tax | | |
| UK current tax on loss for the year | (14,120) | (20,459) |
| Overseas taxation on loss for the year | 275 | 13 |
| Adjustments in respect of prior year | (1,411) | (26) |
| | **(15,256)** | **(20,472)** |
| | | |
| Deferred tax | | |
| Origination and reversal of timing differences | (869) | (870) |
| Effect of tax rate change on opening balance | — | (565) |
| **Total deferred tax benefit** | **(869)** | **(1,435)** |
| | | |
| **Income tax benefit** | **(16,125)** | **(21,907)** |
| | | |
| Loss on ordinary activities before tax | (162,088) | (140,635) |
| Normal applicable rate of tax | 23.52% | 19.00% |
| Loss on ordinary activities multiplied by normal rate | (38,123) | (26,721) |
| Effects of: | | |
| Fixed asset differences | (22) | (693) |
| Other permanent differences | (3,111) | (3,727) |
| Expenses not deductible for tax purposes | 6,698 | 7,304 |
| Additional deduction for R&D expenditure | (15,171) | (15,503) |
| Surrender of tax losses for R&D tax credit refund | 15,700 | 6,496 |
| R&D expenditure credits | 789 | 480 |
| Adjustments to tax charge in respect of previous periods | (1,411) | (26) |
| Adjustments for foreign tax | (44) | (395) |
| Deferred tax not recognised | 18,570 | 10,878 |
| **Income tax benefit** | **(16,125)** | **(21,907)** |

***Factors That May Affect Future Tax Charges:***

In the Spring Budget 2021, the U.K. Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted average tax rate was 23.5%. Deferred taxes at the balance sheet date have been measured using the enacted 25% tax rate, and reflected within these financial statements.

The Group currently surrenders losses relating to eligible U.K. research and development expenses for a cash rebate of up to 33.35% under the U.K. SME scheme. The SME Programme cash rebate rate reduced to 18.6% for qualifying research and development expenditure incurred on or after 1 April 2023 with this rate being applied in order to calculate the SME cash rebate recorded within these financial statements.

Amendments to the U.K. R&D tax credit regime that are contained in the recently enacted Finance Bill increase the cash rebate that may be claimed from such date to 26.97% of qualifying expenditure, if we qualify as an "R&D-intensive SME" for an accounting period (broadly, a loss making SME whose qualifying R&D expenditure represents 40% (or, from 1 April 2024, 30%) or more of its total expenditure for that accounting period. If it is determined that we qualified as an R&D-intensive SME for the accounting period ended 31 December 2023 (and as such that the cash tax rebate for the period 1 April 2023 to 31 December 2023 can be claimed at 26.97% of eligible expenditure rather than the 18.6% rate currently utilised), the expected impact would be to increase the income tax benefit for the year to 31 December 2023 by £3,961,000.

Additionally, amendments will come in effect from 1 April 2024 that (i) (unless limited exceptions apply) introduce restrictions on the tax relief that can be claimed for expenditure incurred on sub-contracted R&D activities or externally provided workers, where such sub-contracted activities are not carried out in the U.K. or such workers are not subject to U.K. payroll taxes, and (ii) merge the SME Program and the RDEC Program into a single scheme. If we do not qualify as an R&D-intensive SME, we will either cease to be able to claim cash rebates in respect of our R&D activities, or only be able to receive such cash rebates at a significantly lower rate than at present. These and other potential future changes to the U.K. R&D tax relief programmes may mean we no longer qualify for them or have a material impact on the extent to which we can make claims or benefit from them.

## 13. Earnings Per Share

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Basic and Diluted loss for the year (£) | (145,963,000) | (118,728,000) |
| Basic and Diluted weighted average number of shares | 124,197,000 | 122,119,635 |
| **Basic and Diluted loss per share (£)** | **(1.18)** | **(0.97)** |

Basic loss per share is calculated in accordance with IAS 33 ("Earnings per Share") based on earnings attributable to the Company's shareholders and the weighted average number of shares outstanding during the period.

The Company issues performance share options, share options, restricted share units ("RSUs") and performance share units ("PSUs") to employees, upon the exercise of which ordinary shares are issued. Inclusion of these awards would have an anti-dilutive effect on the loss per share due to the loss incurred during the period, therefore basic and diluted loss per share are the same.

## 14. Intangible Assets and Goodwill

| | Goodwill | Acquired IP | Computer Software | Patents | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | |
| **At 1 January 2022** | **5,985** | **38,054** | **98** | **150** | **44,287** |
| Additions | — | — | 53 | — | 53 |
| Foreign Currency Translation | 336 | 2,055 | — | — | 2,391 |
| **At 31 December 2022** | **6,321** | **40,109** | **151** | **150** | **46,731** |
| Additions | — | — | 200 | — | 200 |
| Foreign Currency Translation | (135) | (827) | — | — | (962) |
| **At 31 December 2023** | **6,186** | **39,282** | **351** | **150** | **45,969** |
| **Accumulated Amortisation** | | | | | |
| **At 1 January 2022** | **—** | **1,850** | **77** | **45** | **1,972** |
| Amortisation Charge- R&D Expenses | — | 4,611 | 16 | 15 | 4,642 |
| Amortisation Charge- G&A Expenses | — | — | 3 | — | 3 |
| Foreign Currency Translation | — | 191 | — | — | 191 |
| **At 31 December 2022** | **—** | **6,652** | **96** | **60** | **6,808** |
| Amortisation Charge- R&D Expenses | — | 4,601 | 47 | 15 | 4,663 |
| Amortisation Charge- G&A Expenses | — | — | 8 | — | 8 |
| Foreign Currency Translation | — | (155) | — | — | (155) |
| **At 31 December 2023** | **—** | **11,098** | **151** | **75** | **11,324** |
| **Carrying Value** | | | | | |
| **At 31 December 2023** | **6,186** | **28,184** | **200** | **75** | **34,645** |
| **At 31 December 2022** | **6,321** | **33,457** | **55** | **90** | **39,923** |

***Goodwill and Acquired IP- Allcyte Acquisition.*** On 18 August 2021 the Group acquired intellectual property with a fair value of £36,078,000 relating to the pharmacoscopy technology utilised by Allcyte as part of the acquisition of that company. The IP is being amortised over a period of 8 years from the acquisition date. No indicators of impairment were noted in relation to the pharmacoscopy IP as at 31 December 2023.

Goodwill totalling £5,887,000 was also acquired as part of that acquisition, representing the additional value expected to be derived by the Group from the acquisition, as well as the assembled workforce.

The Group consists of one CGU relating to its drug discovery activities. An impairment review was performed in relation to the goodwill and pharmacoscopy IP as at 31 December 2023 by comparing the recoverable amount of the CGU to its carrying value using a value in use model. A discounted cashflow methodology was utilised, with key assumptions relating to the number of internal and partnership programs delivered by the Group, the duration of and total costs relating to each phase of the drug development, the costs of completing clinical trials and obtaining certain regulatory approvals, and product sales volumes and the time period to patent expiry once regulatory approvals have been achieved. A probability of success was then applied to each phase of the drug development in order to reflect the possibility that the drug may not be successfully commercialised.

Other key inputs relate to costs incurred relating to other operational and administrative overheads and capital expenditure. Cashflows were projected over a 20 year period, with the period in question deemed appropriate based on the time taken to design, develop, and commercialise drugs through to patent expiry once regulatory approvals have been achieved. A terminal value growth rate of 2.0% was applied thereafter.

Cashflows determined by the model were then discounted to present value using a discount rate of 14%. The assumptions are based from industry literature and, where possible, the Group's experience of developing drug candidates. No impairment was noted as a result of this review. Sensitivity analysis was performed in order to determine whether reasonable changes in significant assumptions would lead to the carrying value exceeding its recoverable amount, this showed no reasonably possible change that would result in an impairment.

***Acquired IP- GT Apeiron Collaboration.*** On 1 July 2021 the Group entered into a joint operation with GTA in order to build a sustainable pipeline of high-value, best in class therapeutics. As part of this arrangement the pre-existing collaboration arrangement between the two parties was terminated, the Group made a payment of £1,448,000 and waived the rights to 30% of the shares in GTA that became receivable following the achievement of a milestone on the pre-existing collaboration agreement, with the total fair value of these amounts of £2,543,000 capitalised as an acquired IP intangible at that date. The intangible relates to the IP in the pre-existing collaboration target that the group gained joint control of as a result of its participation in the joint operation.

No amortisation charge has been recognised in relation to the IP during the period and as such the asset was reviewed for impairment on 31 December 2023. A value in use assessment was performed in order to determine that the asset's recoverable amount is in excess of its carrying amount. A discounted cashflow methodology was utilised, with key assumptions relating to the duration of and total costs relating to each phase of the drug development, the costs of completing clinical trials and obtaining certain regulatory approvals, and product sales volumes and the time period to patent expiry once regulatory approvals have been achieved. A probability of success was then applied to each phase of the drug development in order to reflect the possibility that the drug may not be successfully commercialised. Cashflows determined by the model were then discounted to present value using a discount rate of 14%. Cashflows were projected over a 20 year period, with the period in question deemed appropriate based on the time taken to design, develop, and commercialise drugs through to patent expiry once regulatory approvals have been achieved. The assumptions are based from industry literature and, where possible, the Group's experience of developing similar drug candidates. No impairment was noted.

***Goodwill- Kinetic Discovery Acquisition.*** Goodwill amounting to £173,000 arose on the acquisition of Kinetic Discovery Limited on 23 November 2018. No impairment review was performed at 31 December 2023 given the value of this goodwill is deemed to be immaterial.

## 15. Property, Plant and Equipment

| | Assets Under Construction | Plant and Equipment | Fixtures and Fittings | Leasehold Improvements | Computer Equipment | Total |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | | |
| **At 1 January 2022** | **637** | **6,108** | **345** | **3,335** | **779** | **11,204** |
| Additions | 25,755 | 4,391 | 398 | 310 | 1,123 | 31,977 |
| Reclassification of assets under construction | (4,053) | 1,593 | — | 2,460 | — | — |
| Foreign currency translation | — | 42 | 3 | — | 2 | 47 |
| **At 31 December 2022** | **22,339** | **12,134** | **746** | **6,105** | **1,904** | **43,228** |
| Additions | 14,837 | 4,205 | 151 | 720 | 148 | 20,061 |
| Reclassification of assets under construction | (31,045) | 11,019 | 284 | 19,702 | 40 | — |
| Disposals | — | (4) | — | — | — | (4) |
| Foreign currency translation | 15 | (88) | (7) | (50) | (4) | (134) |
| **At 31 December 2023** | **6,146** | **27,266** | **1,174** | **26,477** | **2,088** | **63,151** |
| **Accumulated Depreciation** | | | | | | |
| **At 1 January 2022** | **—** | **1,301** | **102** | **829** | **232** | **2,464** |
| Depreciation charge-R&D expenses | — | 1,895 | 27 | 626 | 332 | 2,880 |
| Depreciation charge-G&A expenses | — | — | 25 | 136 | 51 | 212 |
| Foreign currency translation | — | 21 | — | — | 3 | 24 |
| **At 31 December 2022** | **—** | **3,217** | **154** | **1,591** | **618** | **5,580** |
| Depreciation charge-R&D expenses | — | 4,049 | 162 | 2,187 | 403 | 6,801 |
| Depreciation charge-G&A expenses | — | — | 61 | 399 | 69 | 529 |
| Impairment charge-R&D expenses | 1,307 | — | — | — | — | 1,307 |
| Disposals | — | (1) | — | — | — | (1) |
| Foreign currency translation | — | (13) | (1) | (1) | (4) | (19) |
| **At 31 December 2023** | **1,307** | **7,252** | **376** | **4,176** | **1,086** | **14,197** |
| **Carrying Value** | | | | | | |
| **At 31 December 2023** | **4,839** | **20,014** | **798** | **22,301** | **1,002** | **48,954** |
| **At 31 December 2022** | **22,339** | **8,917** | **592** | **4,514** | **1,286** | **37,648** |

Transfers from assets under construction relate primarily to leasehold improvements and plant and equipment, the majority of which relates to our site at Milton Park, which was bought into use during 2023.

An impairment charge of £1,307,000 was recognised during the year ended 31 December 2023 relating to certain plant and equipment acquired in relation to our Biologics programme. In connection with our strategic decision to concentrate our efforts on our small molecule programmes, our Biologics programme was de-prioritised in the fourth quarter of 2023.

## 16. Investments

### Investment in Subsidiaries - Company

| Cost | £'000 |
|---|---|
| **At 1 January 2022** | **245,398** |
| Additions | 30,080 |
| **At 31 December 2022** | **275,478** |
| Additions | 23,678 |
| **At 31 December 2023** | **299,156** |

Additions during the year ended 31 December 2023 relate to share based payment charges, with no cash contributions made during the period.

The following were subsidiary undertakings of the Company at 31 December 2023:

| Name | Class of Shares | Holding | Country of Incorporation | Principal Activity | Registered Address |
|---|---|---|---|---|---|
| Exscientia (UK) Holdings Limited | Ordinary | 100% | UK | This is a holding company for the investment in Exscientia AI Limited | The Schrodinger Building, Oxford Science Park, Oxford, Oxfordshire, United Kingdom, OX4 4GE |
| Exscientia AI Limited* | Ordinary | 100% | UK | Application of artificial intelligence and machine learning to the discovery and design of novel therapeutic compounds | Ground Floor, Dundee One River Court, 5 West Victoria Dock Road, Dundee DD1 5JT |
| Kinetic Discovery Limited* | Ordinary | 100% | UK | Scientific services and drug research company | Ground Floor, Dundee One River Court, 5 West Victoria Dock Road, Dundee DD1 5JT |
| Exscientia K.K.** | Ordinary | 100% | Japan | Provision of technical expertise to Exscientia AI Limited | 2-2-2 Umeda, Kita-ku, Osaka-shi, Osaka-fu. 530-0001, Japan |
| Exscientia GmbH* | Ordinary | 100% | Austria | Artificial intelligence based precision medicine | Siemensstraße 89, OG3, 1210 Vienna, Austria |
| Exscientia Inc.* | Ordinary | 100% | US | Provision of technical expertise to Exscientia AI Limited | United Agent Group Inc. 3411 Silverside Road, Tatnall Building #104, Delaware 19810, USA |
| Exscientia Ventures I, Inc * | Ordinary | 100% | US | This is a holding company for the investment in the joint venture | 1209 Orange Street, Wilmington, New Castle, Delaware 19801, USA |
| Exscientia Ventures II, Inc * | Ordinary | 100% | US | This is a holding company for the investment in the joint venture | 1209 Orange Street, Wilmington, New Castle, Delaware 19801, USA |

*Owned indirectly, ** Owned indirectly, currently in the process of being liquidated

### Investment in Joint Ventures - Group

| Name | Class of shares | Holding | Country of incorporation | Principal Activity | Registered address |
|---|---|---|---|---|---|
| RE Ventures I, LLC (US)* | Ordinary | 50% | US | The JV was established to develop novel compounds for rare diseases | 251 Little Falls Drive, Wilmington, Delaware 1980 |
| RE Ventures II, LLC (US)* | Ordinary | 50% | US | The JV was established to develop novel compounds for rare diseases | 251 Little Falls Drive, Wilmington, Delaware 1980 |

*Owned indirectly

During 2019, the Group established a 50% interest in RE Ventures I, LLC with Rallybio which combines the deep therapeutic-area expertise of the Rallybio team with Exscientia's proprietary AI platform to deliver novel small molecule treatments for certain rare diseases. During 2023, additional capital contributions totalling £1,827,000 (2022: £242,000) were made by the Group.

Under the equity method the joint venture was recognised as follows:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| **As at 1 January** | — | 424 |
| Additional equity | 1,827 | 242 |
| Foreign exchange differences | (9) | 25 |
| Share of the losses | (1,645) | (691) |
| **As at 31 December** | **173** | — |

Research and development costs totalling £2,174,000 (2022: £302,000) have been recharged to RE Ventures I, LLC, with no contract assets recognised at December 2023 (2022:£nil).

No commitments to provide funding for the joint venture's capital commitments were present as at either 31 December 2023 or 2022.

The following table illustrates the summarised financial information of the joint venture entity, RE Ventures I, LLC. The Group acquired its interest in the joint venture entity at the point of incorporation and therefore, there were no financials prior to acquisition.

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Operating expenses | (3,274) | (1,720) |
| Loss for the period | (3,274) | (1,720) |
| **Total Comprehensive Loss** | **(3,274)** | **(1,720)** |

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Cash and cash equivalents | 853 | 253 |
| Current assets | — | 3 |
| Current liabilities | (479) | (209) |
| **Members' surplus** | **374** | **47** |

During 2022 the Group established a further 50% joint venture with Rallybio, RE Ventures II, LLC, with the same aims. There have been no transactions with this entity and no capital contributions were made from its inception to 31 December 2023.

**Joint Operations**

Exscientia has a joint contractual arrangement with Evotec AG, which originally entitled each party to 50% ownership over three novel compounds under the collaboration. The joint operation is not structured through a separate legal entity, and it operates from Exscientia and Evotec AG's respective principal places of business. Evotec exercised its opt-out rights in relation to the arrangement in April 2021, revising downwards their ownership rights at each stage of development of the collaboration's intellectual property, with their ownership rights at 40% as at 31 December 2023. Evotec's ownership reduces further at future stages of development, subject to a minimum level at commercialisation of 10%. As at 1 January 2023 activities were ongoing in relation to one novel compound, EXS21546 ('546). On 3 October 2023 the Company announced that it was discontinuing internal development on '546.

A joint contractual arrangement was entered into between Exscientia and Blue Oak Pharmaceuticals Inc. ("Blue Oak") on 25 September 2020. On 8 August 2023, Exscientia and Blue Oak Pharmaceuticals Inc. ended this collaboration agreement. The purpose of this arrangement was to collaborate on a project to design dual targeted (bispecific) small molecules for the treatment of neurodegenerative diseases. No settlement amounts were paid as a result of the termination and no impairments of assets were recorded. Both parties retain the right to operate within the target area.

On 26 May 2021, the Group entered into a joint operation with EQRx Inc. ("EQRx"), a Delaware corporation to identify, discover and develop innovative drug candidates for high value therapeutics. The collaboration was ended on 9 October 2023 following the announcement of the acquisition of EQRx by Revolution Medicines Inc., at which point it was agreed that the Group would return the agreed unspent funds advanced to it by EQRx at the initiation of the collaboration in complete satisfaction of the Group's financial obligations under the collaboration agreement. As part of the arrangement, the Group obtained full and exclusive rights to all intellectual property on the three initial targets that was created during the collaboration. Accordingly, $8,750,000 was transferred to EQRx on 12 October 2023.

On 1 July 2021, the Group entered into a joint operation with GTA as described in note 14 above. The aim of the collaboration is to accelerate the discovery of multiple small molecule therapeutic drug candidates designed to selectively treat aberrant cell cycle driven cancers and build a pipeline of CDK novel therapies, with equal ownership of any pipeline products resulting from the collaboration and costs incurred shared equally between the two parties.

On 14 November 2022, Exscientia entered into a joint operation with MD Anderson to leverage AI in developing novel oncology treatments. The research collaboration will utilise Exscientia's precision medicine platform to identify novel anti-cancer, cell-intrinsic small-molecule compounds based on jointly identified therapeutic targets. Promising candidates will advance for further development with the team at MD Anderson's Therapeutics Discovery division. MD Anderson and Exscientia anticipate that successful target discovery programs may be advanced into proof-of-concept clinical trials at MD Anderson. Under the agreement terms, Exscientia and MD Anderson will jointly contribute to and support each program designated to move forward. Any collaboration IP will then be jointly owned with percentage ownership dependent upon costs incurred, with a target cost-sharing ratio of 50%.

No collaboration IP has been capitalised in relation to any of the above joint operations as at 31 December 2023 and 2022 with the exception of the acquired IP intangible relating to the Group's collaboration with GTA as described in note 14.

## 17. Leases

### Right-of-use Assets:

| | £'000 |
|---|---|
| **Cost** | |
| **At 1 January 2022** | **6,625** |
| Additions | 9,502 |
| Lease modification | 1,759 |
| Disposals | (161) |
| Foreign currency translation | 133 |
| **At 31 December 2022** | **17,858** |
| Additions | 6,775 |
| Lease modification | 742 |
| Disposals | (157) |
| Foreign currency translation | (214) |
| **At 31 December 2023** | **25,004** |
| **Accumulated Depreciation** | |
| **At 1 January 2022** | **1,471** |
| Depreciation charge- R&D expenses | 1,468 |
| Depreciation charge- G&A expenses | 279 |
| Disposals | (161) |
| Foreign currency translation | 7 |
| **At 31 December 2022** | **3,064** |
| Depreciation charge- R&D expenses | 3,077 |
| Depreciation charge- G&A expenses | 490 |
| Disposals | (125) |
| Foreign currency translation | (15) |
| **At 31 December 2023** | **6,491** |
| **Carrying Value** | |
| **At 31 December 2023** | **18,513** |
| **At 31 December 2022** | **14,794** |

All right-of-use assets relate to leased properties. As at 1 January 2023, the Group had ten pre-existing lease agreements relating to four properties based in the United Kingdom and one in Austria.

The Group entered into two seven-year lease arrangements in relation to laboratory and office space in Vienna, Austria on 3 September 2021. The lease term for the office space commenced on 1 December 2022, expiring in December 2029. The lease term for the laboratory space commenced on 26 January 2023. Annually from January, each year lease payments will be indexed based on the consumer price index rate as published by STATISTIK AUSTRIA at September of the preceding year.

On 1 July 2022, the Group entered into a lease arrangement in relation to premises in Boston, Massachusetts, United States. The lease commenced on 23 January 2023 and expires on 23 June 2033.

In December 2022, the Group entered into a lease arrangement in relation to premises in Miami, Florida, United States. The lease commencement date, being the date at which the landlord makes the premises available to the Group, is currently expected to transpire during the first quarter of 2024, and as such no right of use asset has been recognised in relation to this lease during the year ended 31 December 2023. The lease expires on 1 June 2034. See note 3 for further details regarding this lease.

On 16 October 2023, the Group entered into a second lease arrangement in relation to premises in Miami, Florida which expires on 31 January 2029.

Right-of-use assets totalling £6,692,000 were recognised in relation to the Group's leased premises in Vienna, Miami and Boston leases during the year ended 31 December 2023.

On 23 May 2023, the Group exited a lease pertaining to part of its leased premises in Dundee, United Kingdom, resulting in a disposal of right-of-use asset of £157,000.

On 28 December 2023, the Group made the decision to not exercise a break clause present within one of the leases on a building at one of our Oxford sites. The lease term was subsequently revised to the lease expiration date of 28 July 2028, and the related right of use lease asset increased by £742,000. An adjustment was also made to increase the restoration provision relating to this site by £84,000 as a result of the change in lease term.

Restoration provisions of £200,000 and £500,000 were made during 2022 in respect of the Group's obligation to restore alterations made during the period on leased spaces in two of the Group's leasehold properties. The required work is expected to be completed in 2026 and 2031 respectively.

***Lease Liability Maturity***

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Current | 2,396 | 2,641 |
| Non-current | 16,221 | 10,942 |
| | **18,617** | **13,583** |

In respect of the Group's leasing activities the following amounts were recognised:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| **Recognised within general administrative expenses** | | |
| Depreciation charge for the right-of-use assets | 3,567 | 1,747 |
| Expenses relating to short-term leases | 286 | 409 |
| Onerous lease expense | 807 | — |
| **Recognised within finance expenses** | | |
| Interest expense on lease liabilities | 1,028 | 299 |

See note 3 for further details regarding the onerous lease expense recorded during the year ended 31 December 2023.

The undiscounted lease liability contractual maturities as at 31 December 2023 and 2022 are as follows:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Within one year | 3,399 | 2,641 |
| One to five years | 14,707 | 9,682 |
| More than 5 years | 4,003 | 3,930 |
| | **22,109** | **16,253** |

## 18. Other Receivables and Contract Assets

### *Current Other Receivables and Contract Asset*

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| VAT recoverable | 3,356 | 3,040 | 64 | 165 |
| Prepayments | 5,961 | 5,935 | 1,399 | 1,594 |
| Contract assets and accrued grant income | — | 176 | — | — |
| Accrued bank interest | 412 | 746 | 412 | 323 |
| Amounts owed from group undertakings | — | — | 46,805 | 258,929 |
| Other receivables | 5,622 | 4,721 | 768 | 804 |
| | **15,351** | **14,618** | **49,448** | **261,815** |

The amounts owed from group undertakings are non interest bearing and repayable on demand.

### *Non-current Other Receivables and Contract Assets*

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Other receivables | 663 | 100 | — | — |
| | **663** | **100** | **—** | **—** |

Non-current other receivables relate to deposits on leased premises; due back at the end of the respective lease terms.

A reconciliation of the movement in contract assets and accrued grant income for the Group is as follows:

| | 1 January 2023 | Recognised as income | Deductions | Foreign Exchange | 31 December 2023 |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants | 176 | 117 | (293) | — | — |
| **Total contract assets and accrued grant income** | **176** | **117** | **(293)** | **—** | **—** |

| | 1 January 2022 | Recognised as Income | Deductions | Foreign Exchange | 31 December 2022 |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants | 126 | 171 | (143) | 22 | 176 |
| Collaborations | 179 | (69) | (110) | — | — |
| **Total contract assets and accrued grant income** | **305** | **102** | **(253)** | **22** | **176** |

## 19. Inventories

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Raw materials | — | 15 |
| Work in progress | — | 35 |
| | **—** | **50** |

## 20. Cash and Cash Equivalents

| | Group | Group | Company | Company |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 257,568 | 403,717 | 251,974 | 121,336 |
| Restricted cash | 1,895 | 860 | — | — |
| | **259,463** | **404,577** | **251,974** | **121,336** |

Restricted cash relates to amounts on deposit which have been granted to the Group to reimburse certain costs incurred in relation to the Group's grants with the Open Philanthropy Project LLC and the Gates Foundation.

## 21. Share Capital

The share capital of the Group is represented by the share capital of the parent company, Exscientia plc.

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | £ | £ |
| **Issued and fully paid share capital** | | |
| 125,702,396 (2022: 122,963,545) Ordinary shares of £0.0005 each | 62,851 | 61,482 |
| | **62,851** | **61,482** |

### Shares Authorised and Issued (number)

| | 31 December 2022 | Exercise of share-based payment awards | Issue of Shares | 31 December 2023 |
|---|---|---|---|---|
| Ordinary shares | 122,963,545 | 2,738,848 | 3 | 125,702,396 |
| | **122,963,545** | **2,738,848** | **3** | **125,702,396** |

A total of 2,738,848 shares were issued upon the exercise of share-based payment awards during the year ended 31 December 2023; see note 30 for further details. A total of 3 shares were issued to employees for consideration equal to their nominal value during the year ended 31 December 2023.

***Rights of Share Classes.*** Holders of ordinary shares are entitled to one vote per share at a show of hands meeting of the Company and one vote per share on a resolution on a poll taken at a meeting and on a written resolution. The deferred shares conveyed no voting rights to the shareholders prior to their repurchase.

## 22. Reserves

***Share Capital.*** Share capital represents the nominal value of shares that have been issued.

***Share Premium.*** Share premium is the excess amount received by the Company over the par value of shares issued.

***Capital Redemption Reserve.*** Represents the cancellation and repurchase of deferred shares.

***Foreign Exchange Reserve.*** Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into GBP.

***Share Based Payment Reserve.*** Represents share options awarded by the Group and company.

***Fair Value Reserve.*** The fair value reserve comprises the cumulative net change in the fair value of investments classified as at FVOCI until the investments are derecognised.

***Merger Reserve.*** The merger reserve arose as a result of group reorganisation transactions and represents the difference between the equity of Exscientia plc and Exscientia AI Limited at the point at which the share for share exchange was executed.

***Retained Earnings/Accumulated Losses.*** Retained earnings/accumulated losses comprise the Group's undistributed earnings after taxes in addition to amounts generated as a result of the Group's corporate reorganisation.

## 23. Deferred Tax

**United Kingdom**

The Group has recognised deferred tax assets and liabilities at 31 December 2023 and 2022. In light of the Group's history of losses, recovery of the whole deferred tax asset is not sufficiently certain, and therefore a deferred tax asset has been recognised only to the extent that there is a deferred tax liability in the form of fixed asset temporary differences.

The unrecognised deferred tax asset of £57,658,000 (2022: £42,358,000) relates to short term timing differences of £40,788,000 (2022: £31,372,676) and losses and other deductions of £202,495,000 (2022: £167,305,000) offset by underlying fixed asset timing differences of £11,985,000 (2022: £29,247,000).

***Recognised***

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| **Deferred tax asset** | | |
| Other temporary differences | 3,115 | 7,312 |
| **Deferred tax liability** | | |
| Fixed asset temporary differences | (3,115) | (7,312) |
| | — | — |

| ***Not Recognised*** | 31 December | |
|---|---|---|
| | **2023** | **2022** |
| | **£'000** | **£'000** |
| **Deferred tax asset** | | |
| Losses and other deductions | 50,576 | 41,827 |
| Other temporary differences | 7,082 | 531 |
| | **57,658** | **42,358** |

Included within the above are unrecognised deferred tax assets of £2,693,000 and £49,000 relating to losses and other deductions and short term timing differences respectively (2022: £nil and £116,000 respectively) attributable to the group parent company.

### Austria

The Group has recognised the following deferred tax assets and liabilities at 31 December 2023 and 2022:

| | 31 December | |
|---|---|---|
| | **2023** | **2022[1]** |
| | **£'000** | **£'000** |
| **Deferred tax asset** | | |
| Other temporary differences | 1,649 | 1,006 |
| **Deferred tax liability** | | |
| Fixed asset temporary differences | (5,897) | (7,072) |
| Other temporary differences | (1,526) | (1,006) |
| Deferred tax liability, net | **(5,774)** | **(7,072)** |

(1) Comparative figures are restated for the adoption of the amendment to IAS 12, Income Taxes, see note 2e.

### United States of America

The Group has recognised the following deferred tax assets and liabilities at 31 December 2023 and 2022:

| | 31 December | |
|---|---|---|
| | **2023** | **2022[1]** |
| | **£'000** | **£'000** |
| **Deferred tax asset** | | |
| Other temporary differences | 1,257 | 1,008 |
| **Deferred tax liability** | | |
| Other temporary differences | (567) | — |
| Deferred tax asset, net | **690** | **1,008** |

(1) Comparative figures are restated for the adoption of the amendment to IAS 12, Income Taxes, see note 2e.

The Group has an unrecognised deferred tax asset of £1,006,000 (2022: £660,000) relating to losses of £4,789,000 (2022: £3,144,000).

## 24. Contract Liabilities and Other Advances

| | Within one year 31 December | | More than one year 31 December | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| *Contract liabilities* | | | | |
| Revenue generating collaborations | 25,036 | 29,433 | 65,466 | 58,451 |
| **Total contract liabilities** | **25,036** | **29,433** | **65,466** | **58,451** |
| *Other advances* | | | | |
| Grants | 1,970 | 959 | — | — |
| Joint Operations | — | 8,420 | — | 719 |
| **Total other advances** | **1,970** | **9,379** | **—** | **719** |
| **Total contract liabilities and other advances** | **27,006** | **38,812** | **65,466** | **59,170** |

A reconciliation of the movement in contract liabilities and other advances is as follows:

| | 1 January 2023 | Additions | Recognised in the Income Statement | Transferred to Other Creditors | Foreign Exchange | 31 December 2023 |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants | 959 | 2,141 | (1,127) | — | (2) | 1,971 |
| Revenue generating collaborations | 87,884 | 22,655 | (20,038) | — | — | 90,501 |
| Joint operations | 9,139 | — | (2,033) | (7,106) | — | — |
| **Total contract liabilities and other advances** | **97,982** | **24,796** | **(23,198)** | **(7,106)** | **(2)** | **92,472** |

Additions to contract liabilities relating to revenue generating collaborations during the year ended 31 December 2023 include £16,238,000 ($20,100,000) invoiced to Merck KGaA, Darmstadt, Germany relating to the collaboration initiated with that counterparty on 19 September 2023, and amounts of £3,274,000 ($4,000,000) and £3,144,000 ($4,000,000) invoiced to Sanofi in relation to the achievement of a research milestone and the initiation of a new drug discovery project as detailed in note 5.

The Group's collaboration with EQRx International, Inc. ("EQRx") was ended on 9 October 2023 following the announcement of the acquisition of EQRx by Revolution Medicines Inc., at which point it was agreed that the Group would return the agreed unspent funds advanced to it by EQRx at the initiation of the collaboration in complete satisfaction of the Group's financial obligations under the collaboration agreement. As part of the arrangement, the Group obtained full and exclusive rights to all intellectual property on the three initial targets that was created during the collaboration.

The Group expects to recognise its contract liabilities relating to revenue generating collaborations over the terms of the related collaborations, the longest of which extends to December 2027. As at 31 December 2022, the Group expected to recognise its contract liabilities relating to revenue generating collaborations over the period to December 2027. The ageing presented above reflects the Group's best estimate of when contract liability and other advance amounts will be utilised based upon when the underlying costs to be incurred in the delivery of the related projects are expected to be incurred.

A reconciliation of the movement in contract liabilities and other advances for the year ended 31 December 2022 is as follows:

| | 1 January 2022 | Additions | Recognised in the Income Statement | Foreign Exchange | 31 December 2022 |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants | 1,889 | 715 | (1,648) | 3 | 959 |
| Revenue generating collaborations | 28,946 | 85,700 | (26,769) | 7 | 87,884 |
| Joint Operations | 15,486 | — | (6,347) | — | 9,139 |
| **Total contract liabilities and other advances** | **46,321** | **86,415** | **(34,764)** | **10** | **97,982** |

## 25. Provisions

| | Restoration Provisions | Onerous Contracts | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| At 1 January 2022 | **537** | **—** | **537** |
| Provisions made during the year | 700 | — | 700 |
| Unwind of discount | 6 | — | 6 |
| **At 31 December 2022** | **1,243** | **—** | **1,243** |
| Provisions made during the year | 84 | 807 | 891 |
| Unwind of discount | 23 | — | 23 |
| **At 31 December 2023** | **1,350** | **807** | **2,157** |

A provision of £535,000 was made during 2020 in respect of the Group's obligation to restore alterations made on lease space within one of the Group's leasehold properties. The required work is expected to be completed in 2024 and 2028.

Further provisions of £200,000 and £500,000 were made during 2022 in respect of the Group's obligation to restore alterations made during the period on leased spaces in two of the Group's leasehold properties. The required work is expected to be completed in 2026 and 2031 respectively.

An adjustment was made to increase the restoration provision relating to part of the Group's Oxford headquarters by £84,000 upon extension of the related lease. The required work is now expected to be completed in 2028.

Key uncertainties surrounding the amount and timing of the outflows relate to changes in required restoration costs over the lease term and the timing of exit of the relevant buildings.

A provision for costs relating to an onerous contract relating to one of the Group's leased premises was recorded during the year ended 31 December 2023, see note 3 for further details.

## 26. Other Payables

### *Current Other Payable*

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Accruals | 16,238 | 15,801 | 397 | 807 |
| Other payables | 2,087 | 814 | — | 39 |
| Amounts owed to group undertakings | — | — | 443 | — |
| Other taxation and social security | 5,897 | 2,830 | 139 | 52 |
| Corporation tax | 111 | 10 | — | — |
| | **24,333** | **19,455** | **979** | **898** |

### *Non-current Other Payables*

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Other payables | — | 377 | — | — |
| | **—** | **377** | **—** | **—** |

## 27. Financial Instruments

The group holds the following financial instruments:

| | 31 December 2023 | 2022 |
|---|---|---|
| **Financial Assets** | £'000 | £'000 |
| *Held at amortised cost* | | |
| Trade and other receivables (excluding prepayments and taxes) | 10,069 | 6,266 |
| Cash and cash equivalents | 259,463 | 404,577 |
| Short term bank deposits | 103,586 | 101,234 |
| *Held at fair value through OCI* | | |
| Investments held in unquoted equity instruments | 2,145 | 2,145 |
| | **375,263** | **514,222** |

| | 31 December 2023 | 2022 |
|---|---|---|
| **Financial Liabilities** | £'000 | £'000 |
| *Held at amortised cost* | | |
| Trade and other payables (excluding taxes and contract liabilities and other advances) | 29,662 | 47,732 |
| Loans | 306 | 313 |
| Lease liability | 18,617 | 13,583 |
| Other advances from joint operation partners | — | 9,139 |
| | **48,585** | **70,767** |

As disclosed throughout the financial statements, management consider fair value to be materially the same as the carrying amount. Other advances relating to amounts received from joint operation partners have been classified as financial liabilities and included within the tables above and below.

**Classification of Financial Assets at Amortised Cost**

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal outstanding.

**Nature of Financial Instruments Recognised and Measured at Fair Value**

Unlisted equity securities- Shares in GTA. Following the achievement of a development milestone on 31 March 2021, the Group became entitled to receive a number of ordinary shares and preference shares in GTA. These shares represent unlisted equity securities and the Group has taken the election provided within IFRS9 to recognize fair value gains and losses within Other Comprehensive Income (FVOCI) as gains and losses relating to the value of these securities are not considered to be part of the trading activities of the entity.

On 1 July 2021 the rights to a portion of these shares were waived as part of an agreement to enter into a joint arrangement with the Group as further detailed in note 14. The remainder of the shares in question were received on that date.

The Group's current valuation for this investment has been established with reference to the price of third party investment into GTA in the first quarter of 2022, with no adjustment deemed necessary based on our assessment of internal and other market factors throughout the remainder of 2022 and 2023.

***Foreign exchange forward contracts.*** During the three months ended 30 June 2022 the Group entered into one specific set of foreign exchange transactions, whereby a commitment was made to exchange U.S. dollars for a fixed number of Pounds Sterling at future dates between one and three months from the trade dates based on the estimated future cashflow needs of the Group. All of the transactions were settled within the quarter ended 30 June 2022 for a cumulative loss of £11,287,000. No such transactions were entered subsequent to that date, and the group does not use derivative financial instruments for speculative purposes.

**Fair Value Hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards as follows:

***Level 1:*** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

***Level 2:*** The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

***Level 3:*** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

***Fair value measurements using significant unobservable inputs (level 3)***

| | Unlisted Equity Securities |
|---|---|
| | £'000 |
| Opening balance as at 1 January 2023 | 2,145 |
| Acquisitions | — |
| Loss recognised in other comprehensive income | — |
| Disposal | — |
| **Closing balance as at 31 December 2023** | **2,145** |

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2023. There have been no transfers between levels 2 and 3 and changes in valuation techniques during the period.

***Risk Management Objectives.*** Management identifies and evaluates financial risks on an on-going basis. The principal risks to which the Group is exposed are market risk (including interest rate risk, and cash flow risk), credit risk, and liquidity risk.

***Market Risk.*** Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. For the Group, market risk comprise of two types of risks; interest rate risk and foreign currency risk.

***Foreign Currency Risk.*** The Group is exposed to foreign currency exchange risks due to the Group holding foreign currency monetary assets and liabilities which are exposed to exchange rate fluctuations, primarily in relation to foreign currency denominated cash and cash equivalents as well as trade receivables. This risk is assessed on an on-going basis.

The Group does not have a policy to use derivative financial instruments to manage currency exchange movements, although they may be used for specific transactions, and as such, no hedge accounting is applied.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the respective foreign exchange rates to which they are significantly exposed. The sensitivity analysis is calculated on balances outstanding at the year end, with all other variables held constant.

| | | Effect on profit before tax | Effect on equity |
|---|---|---|---|
| | Change in rate | £'000 | £'000 |
| **2023** | | | |
| Change in USD | +10% | 9,031 | 9,092 |
| | -10% | (9,031) | (9,092) |
| Change in EUR | +10% | (17) | 3,648 |
| | -10% | 17 | (3,648) |

| | | Effect on profit before tax | Effect on equity |
|---|---|---|---|
| | Change in rate | £'000 | £'000 |
| **2022** | | | |
| Change in USD | +10% | 6,290 | 6,051 |
| | -10% | (6,290) | (6,051) |
| Change in EUR | +10% | 165 | 4,631 |
| | -10% | (165) | (4,631) |

***Interest Rate Risk.*** The Group's exposure to the risk of changes in market interest rates relate to the Group's interest-bearing current accounts. The Group has multiple instant access accounts including within cash and cash equivalents which are exposed to variable interest rates which total to £97,292,000 (2022: £370,868,000). A sensitivity analysis prepared with a 1% increase or decrease in interest rate with all other variables held constant would lead to an increase or decrease in profit and equity of £973,000 (2022: £3,709,000).

The sensitivity analysis has been determined based on the exposure to floating interest rate instruments at the end of the reporting year. The analysis is prepared assuming the amount of the consolidated balance at the end of the reporting year was the balance for the whole year.

***Credit Risk.*** Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade and other receivables.

The Group's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade and other receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers and by placing funds with banks with high credit-ratings assigned by international credit-rating agencies.

***Impaired Trade Receivables.*** Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly.

There have been no impairments during 2023 (2022: £nil).

***Expected Credit Losses.*** At each reporting date, the Group recognises a loss allowance for expected credit losses on material balances by applying the simplified approach.

In applying the simplified approach, the Group uses a "probability of default" ("PD") approach, to determine the lifetime expected credit losses. Under the PD approach, the expected credit losses are calculated using three main parameters:

- a counterparty PD;
- expected LGD (loss given default); and
- EAD (expected exposure at default).

In calculating the expected credit loss, the following formula is applied:

Expected Credit Loss (ECL) = PD x LGD x EAD. Based on the nature of the Group's activities and trade receivables being current, management has determined that the expected credit loss on these balances is not material at the reporting date.

***Capital Management.*** The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of issued capital, the share premium account and accumulated losses.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No significant changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. The Group does not have any externally imposed capital requirements. As part of the Group's management of capital structure, consideration is given to the cost of capital.

***Liquidity Risk.*** Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs.

A summary table with maturity of financial liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the following tables are the contractual undiscounted cash flows with the exception of advances received from joint operation partners, which are based on the Group's best estimate of when the underlying costs to which those advances relate are incurred.

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not material.

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

| | Carrying amount | Demand and less than 3 months | From 3 to 12 months | From 12 months to 2 years | From 2 to 5 years | More than 5 years | Total contractual cash flows |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Liabilities:** | | | | | | | |
| Trade and other payables | (29,662) | (29,007) | (655) | — | — | — | (29,662) |
| Loans | (306) | (1) | (2) | (2) | (313) | — | (318) |
| Lease liability | (18,617) | (812) | (2,587) | (3,661) | (11,046) | (4,003) | (22,109) |
| | **(48,585)** | **(29,820)** | **(3,244)** | **(3,663)** | **(11,359)** | **(4,003)** | **(52,089)** |

***Interest Bearing Loans and Borrowings.*** As part of the Group's acquisition of Allcyte the group acquired a loan of €353,000 (£300,000) from the FFG. This loan accrues interest at a rate of 0.75% repaid annually and is repayable on 30 September 2026.

The maturity analysis of financial liabilities at 31 December 2022 is as follows:

| | Carrying amount | Demand and less than 3 months | From 3 to 12 months | From 12 months to 2 years | From 2 to 5 years | More than 5 years | Total contractual cash flows |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Liabilities:** | | | | | | | |
| Trade and other payables | (47,732) | (47,355) | — | (377) | — | — | (47,732) |
| Loans | (313) | (1) | (2) | (2) | (320) | — | (325) |
| Lease liability | (13,583) | (619) | (2,022) | (2,576) | (7,107) | (3,930) | (16,254) |
| Other advances from joint operation partners | (9,139) | (1,572) | (6,870) | (697) | — | — | (9,139) |
| | **(70,767)** | **(49,547)** | **(8,894)** | **(3,652)** | **(7,427)** | **(3,930)** | **(73,450)** |

### Changes in Liabilities Arising from Financing Activities

| | At 1 January 2023 | Cash Flows | Additions | Interest Expense | Disposals | Foreign Exchange | At 31 December 2023 |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Interest-bearing loans and borrowings | 313 | (2) | — | 2 | — | (7) | 306 |
| Lease liabilities | 13,583 | (3,194) | 7,434 | 1,028 | (39) | (195) | 18,617 |
| **Total liabilities from financing activities** | **13,896** | **(3,196)** | **7,434** | **1,030** | **(39)** | **(202)** | **18,923** |

| | At 1 January 2022 | Cash Flows | Additions | Interest Expense | Foreign Exchange | At 31 December 2022 |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Interest-bearing loans and borrowings | 296 | — | — | 2 | 15 | 313 |
| Lease liabilities | 4,879 | (1,740) | 10,033 | 298 | 113 | 13,583 |
| **Total liabilities from financing activities** | **5,175** | **(1,740)** | **10,033** | **300** | **128** | **13,896** |

### Other Financial Instruments

On 21 June 2022, the Group invested £100,000,000 into a 12-month deposit with an F1+ rated U.K. financial institution. This short term bank deposit accrued interest at a rate of 2.35% and was classified as a financial asset measured at amortised cost. The investment was redeemed on 21 June 2023.

On 24 March 2023 the Group invested £150,000,000 into a 9-month short term deposit with an F1 rated financial institution. This short term bank deposit accrued interest at a rate of 4.8% and was classified as a financial asset measured at amortised cost. The investment was redeemed on 27 December 2023.

On 27 July 2023 the Group invested $40,000,000 into a 6-month short term deposit with an F1+ rated financial institution. On 11 August and 16 August 2023, the Group invested £45,000,000 and £25,000,000 respectively into two 6-month short term deposits with an F1 rated financial institution. These short term bank deposits accrue interest at 5.2%, 5.4% and 5.4% respectively and have been classified as financial assets measured at amortised cost.

The Group also has a number of other financial instruments which are not measured at fair value in the balance sheet consisting of trade receivables, trade and other payables, other loans and lease liabilities. For these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

## 28. Pension Commitments

The Group operates a defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The total expense recognised for the year ended 31 December 2023 was £2,523,000 (2022: £1,542,000). Contributions outstanding at the period end were £430,000 (2022: £349,000), with no company contributions outstanding (2022: £nil).

## 29. Related Party Transactions

In accordance with the IAS 24 definition there are no disclosable related party transactions who are not key management personnel of the Group (whose remuneration is disclosed in note 11) or joint ventures during the year ended 31 December 2023 (2022: none).

The Group has undertaken transactions with its joint venture entity, RE Ventures I, LLC during the years ending 31 December 2023 and 2022, details of which are set out in note 16.

During the year, the Company entered into transactions with its subsidiaries. For balances owed from subsidiaries see note 18.

## 30. Share Based Payments

From April 2022 the Company has issued all share options, performance share options, RSUs and PSUs to employees and non-employee members of the Board of Directors under the 2021 Equity Incentive Plan ("EIP"). All awards prior to that date were issued under the following legacy plans:

- Enterprise Management Incentive ("EMI") Scheme
- Company Share Ownership Plan ("CSOP")
- Unapproved Share Ownership Plan ("USOP")

Total share-based remuneration expenses (including charges relating to the clawback shares) amounted to £24,350,000 during the year ended 31 December 2023 (2022: £30,576,000).

The following table represents the share-based payment expense by award type for the year ended 31 December 2023 and 2022:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Share options | 14,510 | 19,959 |
| Performance share options | 3,005 | 2,545 |
| PSUs | 718 | 424 |
| RSUs | 4,090 | 3,709 |
| Clawback shares | 2,027 | 3,939 |
| | **24,350** | **30,576** |

***Clawback Shares.*** As part of the Group's acquisition of Allcyte in 2021, additional equity securities with a total fair value of £8,074,000 were issued to shareholders of Allcyte who act in management positions of the company. These shares are subject to a clawback period of three years from the acquisition date whereby should said employees leave their positions within the Group within the clawback period the shares will be repurchased by the Group at their then nominal value. The fair value of these securities has been excluded from the purchase consideration in accordance with paragraph B55 of IFRS3 and will be expensed to profit or loss on a systematic basis over the period to which the clawback relates.

The total expense recognised within the share based payment charge during the year to 31 December 2023 in relation to these shares in the period is £2,027,000 (2022: £3,939,000) . This expense is included within research and development expenses.

Share Options. Share options are granted to employees and Non-executive Directors of the Group. These options typically vest in tranches over four years, with the only vesting condition relating to continued employment by the Group. Information with respect to share options for the year ended 31 December 2023 is as follows:

| | Number of Share Options | | Weighted average exercise price |
|---|---|---|---|
| *Options held as at 1 January 2023* | 9,809,788 | £ | 0.04 |
| Granted | 2,946,265 | £ | 0.14 |
| Exercised | (2,294,497) | £ | 0.02 |
| Forfeited | (1,003,584) | £ | 0.01 |
| **Options held as at 31 December 2023** | **9,457,972** | **£** | **0.08** |
| **Exercisable as at 31 December 2023** | **4,856,059** | **£** | **0.08** |

Share options outstanding as at 31 December 2023 had exercise prices in the range of £0.02 to £7.86 (31 December 2022: £0.02 to £0.07). The weighted average contractual life for options outstanding as of 31 December 2023 was 7.8 years (31 December 2022: 7.8 years).

The following information is relevant to the determination of the fair value of the options issued during the period. The Black-Scholes model has been used to calculate the fair value of options of the equity settled share based payments, with the following weighted average values:

| | | |
|---|---|---|
| Exercise price | | £0.0005 |
| Expected life | | 6.0 years |
| Expected volatility | | 95.7% |
| Risk-free rate | | 3.1% |
| Expected dividend rate | | £0.00 |
| Fair value | £ | 4.22 |

The fair value of the underlying ordinary shares is equal to the closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from U.S. Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been set with reference to the Group's own share price volatility over the period from the Company's IPO to the award grant date and peer group analysis. The expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

***Performance Share Options.*** Performance share options are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share options for the year ended 31 December 2023 is as follows:

| | Number of share options | Weighted average exercise price |
|---|---|---|
| *Options held as at 01 January 2023* | 877,704 | £0.00 |
| Granted | 1,350,482 | £0.00 |
| Exercised | (39,304) | £0.00 |
| Forfeited | (239,192) | £0.00 |
| **Options held as at 31 December 2023** | **1,949,690** | **£0.00** |
| **Exercisable as at 31 December 2023** | — | — |

A Monte Carlo model has been used to calculate the fair value of the performance options as at the grant date, with the following weighted average values for the year ended 31 December 2023:

| | | |
|---|---|---|
| Exercise price | | £0.0005 |
| Expected life | | 3.0 years |
| Expected volatility | | 88.6% |
| Risk-free rate | | 3.6% |
| Expected dividend rate | | £0.00 |
| Fair value | £ | 3.33 |

The fair value of the underlying ordinary shares is equal to closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from U.S. Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been derived as the weighted average volatility of comparator companies who have been listed for a period commensurate with the expected term prior to the grant date, and the expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

***Performance Share Units.*** Performance share units are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share units for the year ended 31 December 2023 is as follows:

| | Number of PSUs |
|---|---|
| PSUs held as at 01 January 2023 | 146,285 |
| Granted | 342,548 |
| **PSUs held as at 31 December 2023** | **488,833** |

The weighted average grant date fair value per unit of the PSUs granted in the year to 31 December 2023 was £4.10. The weighted average remaining contractual life of the awards granted was 9.0 as at 31 December 2023.

A Monte Carlo model has been used to calculate the fair value of the performance share units as at the grant date, with the same model inputs as detailed for the performance share options above.

***Restricted Share Units.*** The Group operates a RSU scheme, whereby certain employees and directors receive restricted stock units held over Ordinary shares in the Company. These units are non-transferable and subject to forfeiture for periods prescribed by the Company. These awards are valued at the market value of the underlying shares at the date of grant and are subsequently amortised over the periods during which the restrictions lapse, typically four years. The awards expire on the cessation of the participant's employment with the Group.

Details of the RSUs in existence during the year to 31 December 2023 are as follows:

| | Number of RSUs |
|---|---|
| RSUs held as at 01 January 2023 | 759,696 |
| Granted | 745,345 |
| Released | (443,768) |
| Forfeited | (42,087) |
| **RSUs held as at 31 December 2023** | **1,019,186** |

The weighted average grant date fair value per unit of the RSUs granted in the year to 31 December 2023 was £4.35. The weighted average remaining contractual life of the awards granted was 9.0 years as at 31 December 2023.

During the year ended 31 December 2023, 108,616 awards were released via a net settlement arrangement, with 55,260 shares issued and £243,000 paid by the Company in order to settle related employee tax obligations. The payments made have been recognised within retained earnings.

Of the RSUs held at 1 January 2023, 600,000 were issued as replacement options for EMI options cancelled during the year ended 31 December 2022. These 600,000 awards were released during the year ended 31 December 2023 via a net settlement arrangement, with 374,887 shares issued and £2,282,000 paid by the Company in order to settle related employee tax obligations. The payment made has been recognised within retained earnings.

## 31. Capital Commitments

The Group has significant capital expenditure contracted for the end of the reporting period but not recognised as liabilities is as follows:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Plant and equipment | 840 | 8,656 |
| Computer Equipment | — | 8.124 |
| Computer Software | 40 | — |
| Fixtures and Fittings | 14 | 447 |
| Leasehold improvements | 12 | 2,639 |
| | **906** | **11,750** |

***Gates Foundation Private Placement Commitment.*** Concurrent with the Company's IPO on 5 October 2021, the Company completed a private placement to the Gates Foundation for the sale of 1,590,909 ADSs at the initial offering price of $22.00 per ADS, for gross proceeds of approximately $35,000,000 (£25,743,000). Under the terms of the Company's agreement with the Gates Foundation, the Group is committed to spending $70,000,000 over a four-year period to the research, discovery, and development of small molecule anti-infective therapeutics for future pandemic preparedness, with a specific focus on developing therapeutics that can be applied against multiple species of coronaviridae, influenza, and paramyxoviridae (the "Pandemic Preparedness Program"). The Group had incurred £9,697,000 relating to the Pandemic Preparedness Program as at 31 December 2023 (2022: £6,459,000), with a total outstanding commitment of £41,789,000 (2022: £45,027,000).

In the event that the Group is in breach of certain terms within the agreement, the Gates Foundation has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Foundation at the higher of the public offering price and the market value of the shares at the date of default. Should such a breach occur or should the Company enter bankruptcy the Gates Foundation also has the exclusive right to utilise an exclusive global license granted as part of the agreement in relation to any IP generated by the Group pertaining to the Pandemic Preparedness Program for the benefit of people in certain developing countries. The default conditions are within the control of the Group and the license in question cannot be utilised unless such a default occurs or the Group enters bankruptcy. As such no fair value has been assigned to this license.

## 32. Ultimate Parent and Controlling Party

Exscientia plc is the ultimate parent company of the Group. There is no ultimate controlling party.

## 33. Events occurring After the Reporting Period

On 19 January 2024, the Group invested £150,000,000 into a 6-month short term deposit with an F1 rated financial institution. This short term deposit accrues interest at a rate of 5.1% and has been classified as a financial asset at amortised cost.

On 13 February 2024, our Board of Directors terminated the employment of Andrew Hopkins as our Chief Executive Officer and Principal Executive Officer, and removed Dr. Hopkins from his role as a member of the Board of Directors with effect from 12 February 2024. The impact of Dr. Hopkins' termination on his bonus for the year ended 31 December 2023 has been reflected in the total emoluments disclosed within note 11. All outstanding share options and performance-related share options held by Dr. Hopkins, representing 2,636,709 underlying shares, were forfeited in association with his termination on 13 February 2024.

On 13 March 2024, the Group contributed a further $750,000 (£586,000) to its joint venture with Rallybio, RE Ventures I, LLC.

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