Bicycle Therapeutics plc

Annual Report and financial statements

for the year ended 31 December 2023

Company No: 11036004

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for the year ended 31 December 2023

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year ended 31 December 2023

General Information

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Bicycle Therapeutics plc
year ended 31 December 2023

Strategic Report

Introduction

Bicycle Therapeutics plc (the "Parent Company") on behalf of itself and its subsidiaries, BicycleTx Limited, BicycleRD Limited and Bicycle Therapeutics Inc. (which together may be referred to as the "Company", "Bicycle", "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 (the "Regulations") for the year ended 31 December 2023. Bicycle also filed with the U.S. Securities and Exchange Commission (the "SEC") its Annual Report on Form 10-K for the year ended 31 December 2023 (the "Form 10-K") on 20 February 2024, which contains additional disclosures regarding some of the matters discussed in this report.

Principal activities

We carry out research and development activities developing novel bicyclic peptides both in Cambridge, U.K. and Massachusetts, U.S.

Since 28 May 2019 the Parent Company has had American Depositary Shares representing its ordinary shares ("ADSs") traded on The Nasdaq Stock Market ("NASDAQ") in the U.S.

Business overview

We are a clinical-stage biopharmaceutical company developing a novel class of medicines, which we refer to as Bicycle® molecules, for diseases that are underserved by existing therapeutics. Bicycle molecules are fully synthetic short peptides constrained to form two loops which stabilise their structural geometry. This constraint facilitates target binding with high affinity and selectivity, making Bicycle molecules attractive candidates for drug development. Bicycle molecules are a unique therapeutic modality combining the pharmacology usually associated with a biologic with the manufacturing and pharmacokinetic, or PK, properties of a small molecule. The relatively large surface area presented by Bicycle molecules allows targets to be drugged that have historically been intractable to non-biological approaches. Bicycle molecules are excreted by the kidney rather than the liver and have shown no signs of immunogenicity to date, qualities which we believe explain the molecules' favourable toxicological profile.

We have a novel and proprietary phage display screening platform which we use to identify Bicycle molecules in an efficient manner. The platform initially displays linear peptides on the surface of engineered bacteriophages, or phages, before "on-phage" cyclization with a range of small molecule scaffolds which can confer differentiated physicochemical and structural properties. Our platform encodes quadrillions of potential Bicycle molecules which can be screened to identify molecules for optimisation to potential product candidates. We have used this powerful screening technology to identify our current portfolio of candidates in oncology and intend to use it in conjunction with our collaborators to seek to develop additional future candidates across a range of other disease areas.

Our product candidates, BT8009, BT5528, and BT1718, are each a Bicycle Toxin Conjugate, or a BTC® molecule. These Bicycle molecules are chemically attached to a toxin that when administered is cleaved from the Bicycle molecule and kills the tumour cells. We are evaluating BT8009, a BTC molecule targeting Nectin-4, in both an ongoing company-sponsored Phase I/II clinical trial and a Phase II/III registrational trial called Duravelo-2 which is now active and recruiting patients, and BT5528, a BTC molecule targeting Ephrin type A receptor 2, or EphA2, in a company-sponsored Phase I/II clinical. In addition, BT1718 is being developed to target tumours that express Membrane Type 1 matrix metalloproteinase, or MT1 MMP, and is being investigated for safety, tolerability and efficacy in a Phase I/IIa clinical trial sponsored and fully funded by the Cancer Research UK Centre for Drug Development, or Cancer Research UK. Our other product candidates, BT7480 and BT7455, are each a Bicycle Tumor-Targeted Immune Cell Agonist®, or a Bicycle TICA® molecule. A Bicycle TICA molecule links immune cell receptor binding Bicycle molecules to tumour antigen binding Bicycle molecules. We are evaluating BT7480, a Bicycle TICA molecule targeting Nectin-4 and agonising CD137, in a company-sponsored Phase I/II clinical trial, and we are conducting IND-enabling studies for BT7455, an EphA2/CD137 Bicycle TICA molecule. Our discovery pipeline in oncology includes next-generation BTC molecules, Bicycle radionuclide conjugates, or BRC™ molecules, Bicycle based systemic immune cell agonists and Bicycle TICA molecules.

Beyond our wholly owned oncology portfolio, we are collaborating with biopharmaceutical companies and organisations in additional therapeutic areas in which we believe our proprietary Bicycle screening platform can identify therapies to treat diseases with significant unmet medical need.

The following table summarises key information about our programs:

Target / Product	Partner/Sponsor	Indication	Modality	Preclinical	IND-enabling	Phase I	Phase II/ Expansion	Phase III
Internal Programs								
BT8009 (Nectin-4)		Oncology	Bicycle Toxin Conjugate®					
BT5528 (EphA2)		Oncology	Bicycle Toxin Conjugate®					
BT7480 (Nectin-4/CD137)		Immuno-oncology	Bicycle TICA®					
BT7455 (EphA2/CD137)		Immuno-oncology	Bicycle TICA®					
Partnered Programs								
BT1718 (MT1-MMP)	CANCER RESEARCH UK	Oncology	Bicycle Toxin Conjugate®					
BT7401 (multivalent CD137 system agonist)	CANCER RESEARCH UK	Immuno-oncology						

We were founded in 2009 based on innovative science conducted by Sir Greg Winter and Professor Christian Heinis. Sir Greg Winter is a pioneer in monoclonal antibodies and, in 2018, was awarded a Nobel Prize in chemistry for the invention of the technology underpinning our proprietary phage display screening platform that we use to identify Bicycle molecules. From our founding through 31 December 2023, we have generated substantial intellectual property, including 3 patent families directed to novel scaffolds and linkers, 10 patent families directed to our platform technology, 61 composition of matter patent families directed to bicyclic peptides and related conjugates, and 19 patent families directed to later inventions relating to such bicyclic peptides and related conjugates, such as methods of making or using certain bicyclic peptide conjugates for treating various indications. As of 31 December 2023, our trademark portfolio consisted of 81 trademark registrations across four territories (the United Kingdom, European Union, United States and Japan) as well as a number of pending applications for new trademarks. The work we have conducted in developing Bicycle molecules and our proprietary screening platform have created substantial know-how that we believe provides us with a competitive advantage.

Our management team includes veteran executives in drug development from leading biopharmaceutical companies including AstraZeneca, Bristol-Myers Squibb, GlaxoSmithKline, Novartis, and Pfizer. Our board of directors and scientific advisory board include industry experts with extensive experience in drug development.

Our strategy

Our mission is to become a leading biopharmaceutical company by pioneering Bicycle molecules as a novel therapeutic modality to treat diseases that are inadequately addressed with existing treatment modalities. Specifically, we seek to execute on the following strategy to maximise the value of our novel technology and pipeline:

- ***Progress our most advanced internal candidates, BT8009, BT5528, and BT7480 through clinical development.*** We are evaluating: BT8009, a BTC molecule targeting Nectin-4, in both an ongoing company-sponsored Phase I/II clinical trial and a Phase II/III registrational trial called Duravelo-2, which is now active and recruiting patients; BT5528, another BTC molecule targeting EphA2, in a company-sponsored Phase I/II clinical trial; and BT7480, a Bicycle TICA molecule targeting Nectin-4 and agonising CD137, in a company-sponsored Phase I/II clinical trial. We intend to advance development of these candidates across oncology indications based on target expression and initial clinical activity.

- ***Advance our discovery programs into clinical development.*** We intend to continue our ongoing discovery activities to screen and select candidates for oncology indications. For example, we are developing next generation BTC molecules and we plan to select a clinical candidate using our next-generation technology in the second half of 2024. We are also developing BRC and Bicycle TICA molecules.

- ***Leverage our powerful proprietary screening platform and novel Bicycle modality to grow our pipeline.*** Our novel and proprietary phage display screening platform allows us to rapidly and efficiently identify potential candidates for development. We can incorporate a wide range of small molecule scaffolds into Bicycle molecules to increase diversity and confer differentiated physicochemical and structural properties. We have used our powerful Bicycle screening platform to identify our current pipeline of BTC, BRC and Bicycle TICA molecules, and we intend to use it to develop a broader pipeline of diverse product candidates.

- ***Collaborate strategically with leading organisations to access enabling technology and expertise in order to expand the application of our novel Bicycle modality to indications beyond oncology.*** We are collaborating with leading biopharmaceutical companies and organisations to apply our novel Bicycle modality to other disease areas. We may opportunistically enter into additional collaborations in the future to apply our technology to areas of unmet medical need.

- ***Maximise the commercial potential of our product candidates, if approved, by either establishing our own sales and marketing infrastructure or doing so through collaborations with others.*** Subject to receiving marketing approval, we intend to pursue the commercialisation of our product candidates either by building internal sales and marketing capabilities or doing so through opportunistic collaborations with others.

Additional disclosures on our internal programs are given in the Annual Report on Form 10-K for the year ended 31 December 2023 filed with the SEC on 20 February 2024.

Our collaborations

We have entered into several collaborations which are predominantly focused on indications beyond our internal focus in oncology to leverage the broad applicability of Bicycle molecules. Our strategic collaborations are based on the ability of Bicycle molecules to address a wide variety of targets and we are working with collaborators with deep therapeutic expertise outside of oncology to enable us to more efficiently develop novel medicines for patients.

Bayer

On 4 May 2023, we entered into a collaboration and licence agreement, or the Bayer Collaboration Agreement, with Bayer Consumer Care AG, or Bayer, which became effective on 22 June 2023, pursuant to which we and Bayer will perform research and discovery activities under a mutually agreed upon research plan during a research term up to a specified number of years per target program to generate radiopharmaceutical compounds incorporating optimised Bicycle constructs directed to two specified targets, under the oversight of a joint research committee. In addition, Bayer has a one-time right to expand the collaboration to include a third target program, and with respect to each of the up to three target programs, Bayer has an option, exercisable within a specified period of time following the effective date of the Bayer Collaboration Agreement, to generate, develop and commercialise non-radiopharmaceutical compounds directed to the applicable target, either by itself or in collaboration with us. Bayer also has certain limited target substitution rights, in certain cases subject to specified additional payments. For each collaboration program, Bayer may elect, at its sole discretion, to progress compounds arising from activities under the research programs into further preclinical development of potential products directed to the target of such collaboration program. On a target-by-target basis, if Bayer elects to progress development candidates directed to such target into further clinical development, Bayer will be required to use commercially reasonable efforts to develop and seek regulatory approval in certain major markets for products directed to the applicable target.

Bayer paid us an upfront payment of $45.0 million in July 2023. All other payments under the Bayer Collaboration Agreement will be made in British Pound Sterling. If Bayer elects to expand the collaboration to include an additional target program, it will be required to make a one-time payment to us in connection with the selection of such target in the high single digit millions. In addition, on a target-by-target basis, if Bayer elects to

exercise its option to expand its rights with respect to such target to develop and commercialise non-radiopharmaceutical compounds directed to such target, Bayer will be required to pay to us, for each such target program for which it exercises such option, either a one-time option fee payment or quarterly payments of specified instalment amounts for a specified maximum time period during which we are performing research activities, with the aggregate amounts receivable by us ranging from the high single digit millions in the case of the one-time option fee payment, to the low single digit millions in the case of the quarterly instalments, in each case where we are performing specified research activities following the exercise of the option. Additionally, for each collaboration program, Bayer will reimburse us for certain expenses incurred in connection with specified research and discovery activities performed by a contract research organisation ("CRO").

On a target-by-target basis for the up to three targets, if Bayer elects to progress one or more candidate compounds into further development, Bayer will be required to pay a candidate selection fee for the first such compound progressed by Bayer directed to such target that incorporates a radionuclide, and for the first such compound directed to such target that does not incorporate a radionuclide (and for which Bayer has not paid the one-time option fee payment for non-radiopharmaceutical compounds), ranging from high single-digit millions to the mid single-digit millions. On a target-by-target basis, if Bayer successfully conducts clinical development and achieves regulatory approval for compounds arising from the collaboration directed to such target in two indications, Bayer will be required to pay development and regulatory/first commercial sale milestones of up to £178.3 million ($227.0 million) for the first product directed to the applicable target to achieve such milestones (whether radiopharmaceutical or non-radiopharmaceutical), or £534.9 million ($681.0 million) across all three potential target programs. In addition, if Bayer successfully commercialises products arising from the collaboration, Bayer will be required to pay, on a product-by-product basis, tiered royalties on net sales of products by Bayer, its affiliates or sublicensees at percentages ranging from the mid-single digits to the very low double digits, subject to standard reductions and offsets in certain circumstances, and a royalty floor. If Bayer commercialises diagnostic products directed to a target, royalties will be payable on such diagnostic products at a specified reduced percentage of the rates for therapeutic products. Royalties will be payable under the Bayer Collaboration Agreement on a product-by-product and country-by-country basis, commencing on the first commercial sale of each product, until the latest of (a) the expiration of the last valid claim of certain patents licensed by us to Bayer, (b) a specified number of years following first commercial sale of such product, and (c) expiration of all data and regulatory exclusivity for such product in the applicable country. On a target-by-target basis, Bayer will also owe tiered sales milestones based on the achievement of specified levels of net sales of therapeutic products directed to such target totalling up to £194.5 million ($247.6 million) in the aggregate per target, or £583.5 million ($742.9 million) across all three potential target programs, and on diagnostic products directed to such target at a low double digit percentage of the therapeutic product milestones.

The Bayer Collaboration Agreement will remain in force on a product-by-product and country-by-country basis, unless earlier terminated by either party, until the expiration of the obligation for Bayer to make royalty payments to us for such product in such country, and will terminate in its entirety on the expiration of all such royalty terms in all countries. Either party may terminate the agreement upon 90 days' written notice for the other party's uncured material breach (or 20 business days in the case of non-payment by Bayer), subject to extension of such cure period in certain circumstances, or upon the other party's insolvency. In addition, we have the right to terminate in the case of a patent challenge by or on behalf of Bayer (or any of its affiliates or sublicensees). In addition, Bayer may terminate the Bayer Collaboration Agreement (i) in its entirety or with respect to any product, collaboration program or target for any reason upon 60 or 90 days' written notice to us (depending on whether such termination is prior to or following first commercial sale of a licensed product).

Novartis

On 27 March 2023, we entered into a collaboration and licence agreement, or the Novartis Collaboration Agreement, with Novartis Pharma AG, or Novartis, pursuant to which we and Novartis will perform research and discovery activities under a mutually agreed upon research plan during a research term of up to a specified number

of years per target program to generate compounds incorporating optimised Bicycle constructs directed to two specified targets, under the oversight of a joint steering committee. We granted Novartis a non-exclusive, worldwide, royalty-free, sublicensable (subject to certain restrictions) licence under our intellectual property solely for Novartis to perform its research activities under each collaboration program during the research term. For each collaboration program, Novartis may elect to progress compounds arising from activities under the research programs, or Licensed Compounds, into further preclinical development of potential products directed to the target of such collaboration program. At a specified point, we will grant Novartis an exclusive, royalty-bearing, sublicensable, licence under certain of our intellectual property to develop, manufacture, and commercialise such Licensed Compound, subject to certain limitations. Novartis also has certain limited substitution rights for each target, and Novartis may extend the initial research term by one year by electing to make an additional payment. On a target-by-target basis, if Novartis elects to progress development candidates directed to such target into further clinical development, Novartis will be required to use commercially reasonable efforts to develop and seek regulatory approval in certain major markets for products containing Licensed Compounds directed to the applicable target.

Novartis paid us a nonrefundable upfront payment of $50.0 million in April 2023. During the research term, upon achievement of a specified discovery milestone for the first target program, Novartis will make a one-time payment to us in the low single digit millions. On a target-by-target basis, if Novartis elects to progress one or more candidate compounds into further development and obtain an exclusive licence for commercialisation, Novartis will be required to pay a candidate selection fee for the first such Licensed Compound progressed by Novartis that incorporates a radionuclide, and for the first such Licensed Compound that does not incorporate a radionuclide, in each case in the mid-teen millions. Upon declaring a candidate, Novartis will be responsible for all future development, manufacturing, and commercialisation activities. On a target-by-target basis, Novartis will be required to pay us additional development and regulatory/first commercial sale milestones of up to $210.0 million for each of the first radionuclide product and non-radionuclide product directed to the applicable target upon the achievement of specified milestones, or $840.0 million in the aggregate if Novartis successfully achieves all such milestone events for both a radionuclide and a non-radionuclide product in each of the targets. In addition, we are eligible to receive tiered sales milestones based on the achievement of specified levels of net sales of such products totalling up to $200.0 million in the aggregate per product, or $800.0 million in the aggregate if Novartis successfully commercialises both a radionuclide and a non-radionuclide product in each of the target programs. In addition, (i) we are eligible to receive, on a therapeutic product-by-therapeutic product basis, tiered royalties on net sales of products by Novartis, its affiliates or sublicensees at percentages ranging from the high single digits to the very low double digits, subject to standard reductions and offsets in certain circumstances, and a royalty floor, and (ii) we are eligible to receive low single digit royalties on net sales of diagnostic products on a diagnostic product-by-diagnostic product basis and a low single digit percentage of sublicensing income on diagnostic products. Royalties will be payable under the Novartis Collaboration Agreement on a product-by-product and country-by-country basis, commencing on the first commercial sale of each product in a country, until the latest of (a) the expiration of the last valid claim of certain patents licensed by us to Novartis, (b) a specified number of years following first commercial sale of such product, and (c) expiration of all data and regulatory exclusivity for such product in the applicable country.

The Novartis Collaboration Agreement will remain in force on a product-by-product and country-by-country basis, unless earlier terminated by either party, until the expiration of the obligation for Novartis to make royalty payments to us for such product in such country, and will terminate in its entirety on the expiration of all such royalty payment obligations in all countries. Either party may terminate the agreement upon 60 days' written notice for the other party's uncured material breach, or upon the other party's insolvency. In addition, Novartis may terminate the Collaboration Agreement (i) in its entirety or on a product-by-product or target-by-target basis for any reason upon 90 days' written notice to us, and (ii) on a target-by-target basis on 30 days' written notice if Novartis determines that a safety or regulatory issue exists which would have a material adverse effect on the development, manufacture, or commercialisation of any product with respect to a given target. We may terminate the Novartis Collaboration Agreement, (a) on a target-by-target basis upon 30 days' prior written notice if Novartis has not yet

declared a development candidate for such target by the sixth anniversary of the commencement of research activities for such target and (b) if Novartis or any of its affiliates or sublicensees challenges the validity or enforceability of any of the patents in our licenced intellectual property.

Ionis

On 9 July 2021, we and Ionis Pharmaceuticals, Inc., or Ionis, entered into a collaboration and licence agreement, or the Ionis Collaboration Agreement, following Ionis' exercise of the Ionis Option on 9 July 2021. Pursuant to the Ionis Collaboration Agreement, we granted to Ionis a worldwide exclusive licence under our relevant technology to research, develop, manufacture and commercialise products incorporating Bicycle peptides directed to the protein coded by the gene TFRC1 (transferrin receptor), or TfR1 Bicycle molecules, intended for the delivery of oligonucleotide compounds directed to targets selected by Ionis for diagnostic, therapeutic, prophylactic and preventative uses in humans. Ionis will maintain exclusivity to all available targets unless it fails to achieve specified development diligence milestone deadlines. If Ionis fails to achieve one or more development diligence milestone deadlines, we have the right to limit exclusivity to certain specific collaboration targets, subject to the payment by Ionis of a low-single-digit million dollar amount per target as specified in the Ionis Collaboration Agreement. Each party will be responsible for optimisation of such TfR1 Bicycle molecules and other research and discovery activities related to TfR1 Bicycle molecules, as specified by a research plan, and thereafter Ionis will be responsible for all future research, development, manufacture and commercialisation activities. We will perform research and discovery activities including a baseline level of effort for a period of three years for no additional consideration. The parties will negotiate a commercially reasonable rate if additional research activities are agreed to be performed. For certain research and discovery activities that we are responsible for performing, we may use the assistance of a contract research organisation, or CRO. We have retained certain rights, including the right to use TfR1 Bicycle molecules for all non-oligonucleotide therapeutic purposes. The activities under the Ionis Collaboration Agreement are governed by a joint steering committee, or JSC with an equal number of representatives from us and Ionis. The JSC will oversee the performance of the research and development activities. Upon first commercial sales of a licenced product, the JSC will have no further responsibilities or authority under the Ionis Collaboration Agreement.

Under the Ionis Collaboration Agreement, Ionis made a non-refundable upfront payment of $31.0 million in addition to the $3.0 million already paid under an evaluation and option agreement. Additionally, Ionis is obligated to reimburse us on a pass-through basis for expenses incurred in connection with research and discovery activities performed by a CRO. If Ionis is at risk of failing to achieve a specified development diligence milestone deadline, it can make up to three separate payments of a mid-single-digit million dollar amount to extend the development diligence milestone deadlines. On a collaboration target-by-collaboration target basis, Ionis will be required to make a low-single-digit million dollar payment upon acceptance of an investigational new drug application, or IND, for the first product directed to such collaboration target (provided that Ionis will have a high single-digit million dollar credit to be applied towards the IND acceptance fee for four collaboration targets, or for exclusivity payments for certain targets if specified development diligence milestones deadlines are not achieved), and Ionis will be required to make milestone payments upon the achievement of specified development and regulatory milestones of up to a low double-digit million dollar amount per collaboration target. In addition, we are also eligible to receive up to a low double-digit million dollar amount in cumulative sales milestone payments. We are also entitled to receive tiered royalty payments on net sales at percentages in the low single digits, subject to certain standard reductions and offsets. Royalties will be payable, on a product-by-product and country-by-country basis, until the latest of the expiration of specified licenced patents covering such product in such country, ten years from first commercial sale of such product in such country, or expiration of marketing exclusivity for such product in such country.

Either party may terminate the Ionis Collaboration Agreement for the uncured material breach of the other party or in the case of insolvency. Ionis may terminate the Ionis Collaboration Agreement for convenience on specified notice periods depending on the development stage of the applicable target, either in its entirety or on a target-by-target basis.

Concurrently with the execution of the Ionis Collaboration Agreement on 9 July 2021, we entered into a share purchase agreement, or the Ionis Share Purchase Agreement, with Ionis, pursuant to which Ionis purchased 282,485 of our ordinary shares, or the Ionis Shares, at a price per share of $38.94, for an aggregate purchase price of approximately $11.0 million. The Share Purchase Agreement also provided that, subject to limited exceptions, Ionis could not sell any of the Ionis Shares until July 2022.

Genentech

On 21 February 2020, we entered into a Discovery Collaboration and License Agreement, or the Genentech Collaboration Agreement, with Genentech, Inc., or Genentech. The collaboration is focused on the discovery and development of Bicycle peptides directed to biological targets selected by Genentech and aimed at developing up to four potential development candidates against multiple immuno-oncology targets suitable for Genentech to advance into further development and commercialisation.

Under the terms of the Genentech Collaboration Agreement, we received a $30.0 million upfront, non-refundable payment. The initial discovery and optimisation activities are focused on utilising our phage screening technology to identify product candidates aimed at two immuno-oncology targets, or Genentech Collaboration Programs, which may also include additional discovery and optimisation of Bicycle molecules as a targeting element for each Genentech Collaboration Program, or each a Targeting Arm. Genentech also had the option to nominate up to two additional immuno-oncology targets, or each an Expansion Option, which may also include an additional Targeting Arm for each Expansion Option, as additional Genentech Collaboration Programs. Genentech exercised the Expansion Options in October 2021 and June 2022, respectively. Genentech paid us an expansion fee of $10.0 million for each Expansion Option. Genentech also has rights, under certain limited circumstances, to select an alternative target to be the subject of a Genentech Collaboration Program, in some cases subject to payment of an additional target selection fee.

If Genentech elects for us to perform discovery and optimisation services for certain Targeting Arms, we will be entitled to receive an additional advance payment for the additional research services. Genentech exercised its right to select a Targeting Arm for one of the initial Genentech Collaboration Programs at the inception of the arrangement and for the first Expansion Option in October 2021, which entitled us to additional payments of $1.0 million each. If a Targeting Arm achieves specified criteria in accordance with the research plan, Genentech will be required to pay a further specified amount in the low single digit millions for each such Targeting Arm as consideration for the additional services to be provided.

We granted to Genentech a non-exclusive research licence under our intellectual property solely to enable Genentech to perform any activities under the agreement. The activities under the Genentech Collaboration Agreement are governed by a joint research committee, or JRC, with representatives from each of Bicycle and Genentech. The JRC will oversee, review and recommend direction of each Genentech Collaboration Program, achievement of development criteria, and variations of or modifications to the research plans.

After we perform the initial discovery and optimisation activities in accordance with an agreed research plan and achieves specified criteria, Genentech will have the option to have us perform initial pre-clinical development and optimisation activities in exchange for an additional specified milestone payment in the mid-single digit millions for each Genentech Collaboration Program, or the LSR Go Option. Upon completion of such initial pre-clinical development and optimisation activities for each Genentech Collaboration Program, Genentech will have the option to obtain an exclusive licence to exploit any compound developed under such Genentech Collaboration Program in exchange for an additional specified payment in the mid to high single digit millions for each of the initial two Genentech Collaboration Programs and each of the two Expansion Option Genentech Collaboration Programs, or the Dev Go Option.

On a Genentech Collaboration Program by Genentech Collaboration Program basis, if Genentech elects to obtain exclusive development and commercialisation rights and pays the applicable LSR Go Option and Dev Go Option fees, Genentech will be required to make milestone payments to us upon the achievement of specified

development, regulatory, and initial commercialisation milestones for products arising from each collaboration program, totalling up to $200.0 million. Specifically, we are eligible for additional development milestones totalling up to $65.0 million, as well as regulatory milestones of up to $135.0 million for each collaboration program. In addition, we are eligible to receive up to $200.0 million in sales milestone payments on a Genentech Collaboration Program-by-Genentech Collaboration Program basis. In addition, to the extent any of the product candidates covered by the licences conveyed to Genentech are commercialised, we would be entitled to receive tiered royalty payments on net sales at percentages ranging from the mid-single to low double-digits, subject to certain standard reductions and offsets. Royalties will be payable, on a product by product and country by country basis, until the later of the expiration of specified licenced patents covering such product in such country, or ten years from first commercial sale of such product in such country. In June 2023, Genentech terminated the collaboration activities for one of the initial Genentech Collaboration Programs, and in January 2024, the joint research committee reached a decision to discontinue research activities associated with one of the Expansion Option programs.

Dementia Discovery Fund

In May 2019, we entered into a collaboration with the Dementia Discovery Fund, or DDF, to use Bicycle technology for the discovery and development of novel therapeutics for dementia along with Oxford University's Oxford Drug Discovery Institute, or ODDI. Under the terms of the agreement, we performed certain research activities to identify Bicycle molecules that bind to clinically validated dementia targets. In August 2023, the agreement expired.

Cancer Research UK

BT1718

In December 2016, we entered into a clinical trial and licence agreement with Cancer Research UK and Cancer Research Technology Ltd., a wholly owned subsidiary of Cancer Research UK that Cancer Research UK's commercial activities operate through, or the Cancer Research UK Agreement. Pursuant to the agreement, as amended in March 2017 and June 2018, Cancer Research UK Centre for Drug Development will sponsor and fund a Phase I/IIa clinical trial of our product candidate, BT1718, in patients with advanced solid tumours.

Cancer Research UK is responsible for designing, preparing, carrying out and sponsoring the clinical trial at its cost. We are responsible for supplying agreed quantities of GMP materials for the study, the supply of which has been completed. In the event that additional quantities are needed, we will provide Cancer Research UK with all reasonable assistance to complete the arrangements necessary for the generation and supply of such additional GMP materials but Cancer Research UK will be responsible for supplying and paying for such additional quantities of GMP materials.

We granted to Cancer Research UK a licence to our intellectual property in order to design, prepare for, sponsor, and carry out the clinical trial. We retain the right to continue the development of BT1718 during the clinical trial. Upon the completion of the Phase I/IIa clinical study, we have the right to obtain a licence to the results of the clinical trial upon the payment of a milestone, in cash and ordinary shares, with a combined value in the mid-six digit dollar amount. If such licence is not acquired, or if it is acquired and the licence is terminated and we decide to abandon development of all products that deliver cytotoxic payloads to the MT1 target antigen, Cancer Research Technology Limited may elect to receive an assignment and exclusive licence to develop and commercialise the product on a revenue sharing basis (in which case we will receive tiered royalties of 70% to 90% of the net revenue depending on the stage of development when the licence is granted) less certain costs, as defined by the agreement. The Cancer Research UK Agreement contains additional future milestone payments upon the achievement of development, regulatory and commercial milestones, payable in cash and shares, with an aggregate total value of $50.9 million, as well as royalty payments based on a single digit percentage on net sales of products developed.

The Cancer Research UK Agreement can be terminated by either party upon an insolvency event, material breach of the terms of the contract, or upon a change in control (and the new controlling entity develops, sells or

manufactures tobacco products or generates the majority of its profits from tobacco products or is an affiliate of such party). Cancer Research UK may terminate the arrangement for safety reasons or if it determines that the objectives of the clinical trial will not be met. We were obligated to reimburse Cancer Research UK for certain costs if the Cancer Research UK agreement was terminated by Cancer Research UK prior to the completion of the dose escalation (Phase I) part of the clinical trial for an insolvency event of, or material breach by, us or upon termination for safety reasons or if Cancer Research UK determined that the objectives of the clinical trial would not be met, however, these reimbursement obligations expired unexercised upon the completion of the Phase I portion of the clinical trial in 2020. If we are subject to a change in control and the new controlling entity develops, sells or manufactures tobacco products or generates the majority of its profits from tobacco products or is an affiliate of such party prior to the last cycle of treatment under the Phase IIa clinical trial, we will reimburse Cancer Research UK in full for all costs paid or committed in connection with the clinical trial and no further licence payments, where applicable, shall be due. In such case, Cancer Research UK will not be obliged to grant a licence to us in respect of the results of the clinical trial and we will assign or grant to CRTL an exclusive licence to develop and commercialise the product without CRTL being required to make any payment to us.

BT7401

In December 2019, we entered into a clinical trial and licence agreement with Cancer Research Technology Limited and Cancer Research UK. Pursuant to the agreement, Cancer Research UK Centre for Drug Development will fund and sponsor development of BT7401 from current preclinical studies through the completion of a Phase IIa trial in patients with advanced solid tumours.

We granted to Cancer Research UK a licence to our intellectual property in order for Cancer Research UK to design, prepare for, sponsor, and carry out the clinical trial and all necessary preclinical activities to support the trial. We retain the right to continue the development of BT7401 during the clinical trial. Upon the completion of the Phase I/IIa clinical study, we have the right to obtain a licence to the results of the clinical trial upon the payment of a milestone, in cash and ordinary shares, with a combined value in the mid six-digit dollar amount. If such licence is not acquired, or if it is acquired and the licence is terminated and we decide to abandon development of all products that contain BT7401 or all the pharmaceutically active parts of BT7401, we will assign or grant to Cancer Research Technology Limited an exclusive licence to develop and commercialise the product on a revenue sharing basis (in which case we will receive tiered royalties of 55% to 80% of the net revenue depending on the stage of development when the licence is granted) less certain costs, as defined in the agreement. The BT7401 Cancer Research UK agreement contains additional future milestone payments upon the achievement of development, regulatory and commercial milestones, payable in cash, with an aggregate total value of up to $60.3 million for each licenced product, as well as royalty payments based on a single digit percentage on net sales of products developed, and sublicence royalties to the Cancer Research UK in the low double digit percentage of sublicence income depending on the stage of development when the licence is granted.

The BT7401 Cancer Research UK agreement can be terminated by either party upon an insolvency event, material breach of the terms of the contract, or upon a change in control (and the new controlling entity generates its revenue from the sale of tobacco products), or upon written notice by either party prior to the last cycle of treatment has been completed under the clinical trial. If the study is terminated by us prior to the filing of a clinical trial authorisation, or by Cancer Research UK for an insolvency event or a material breach by us prior to the start of a clinical trial, we will reimburse Cancer Research UK for certain costs paid or committed prior to the start of the clinical trial. In such case where we are acquired by an entity that generates its revenue from the sale of tobacco products, Cancer Research UK will not be obliged to grant a licence to us in respect of the results of the clinical trial and we will assign or grant to Cancer Research Technology Limited an exclusive licence to develop and commercialise the product without Cancer Research Technology Limited being required to make any payment to us.

AstraZeneca

In November 2016, we entered into a research collaboration agreement, or the AstraZeneca Collaboration Agreement, with AstraZeneca AB, or AstraZeneca. The collaboration activities initially focused on two targets

within respiratory, cardiovascular and metabolic disease, for which collaboration activities were terminated by AstraZeneca in October 2020 and March 2021, respectively. In May 2018, AstraZeneca made an irrevocable election to exercise an option to nominate four additional targets, or the Additional Four Target Option. As a result, AstraZeneca was entitled to obtain research and development services from the Company with respect to *Bicycle* peptides that bind to up to four additional targets, along with licence rights to those selected targets, in exchange for an option fee of $5.0 million. In October 2020, August 2021, June 2022, and April 2023, AstraZeneca terminated the collaboration activities related to the third, sixth, fifth, and fourth targets, respectively. As of 31 December 2023, there are no research programs remaining under the AstraZeneca Collaboration Agreement.

Oxurion

In August 2013, we entered into a Research Collaboration and License Agreement, or the Oxurion Collaboration Agreement, with Oxurion. Under the Oxurion Collaboration Agreement, we were responsible for identifying Bicycle peptides related to the collaboration target, plasma kallikrein, for use in various ophthalmic indications. Oxurion is responsible for further development and product commercialisation after the defined research screening is performed. Under the Oxurion Collaboration Agreement, we granted certain worldwide intellectual property rights to Oxurion for the development, manufacture and commercialisation of licenced compounds associated with plasma kallikrein. We were eligible to receive up to €8.3 million upon the achievement of specified research, development, regulatory and commercial events and research and development milestones, of which €3.8 million has been received as of 31 December 2023. In addition, we are eligible to receive up to €16.5 million upon achievement of certain regulatory milestone payments (e.g., €5 million for granting first regulatory approval in either the United States or the European Union for the first indication). In addition, to the extent any of the collaboration products covered by the licences granted to Oxurion are commercialised, we would be entitled to receive tiered royalty payments of mid-single digits based on a percentage of net sales.

Either party may terminate the Oxurion Collaboration Agreement in the event of the commencement of any proceeding in or for bankruptcy, insolvency, dissolution or winding up by or against the other party that is not dismissed or otherwise disposed of within a specified time period. In November 2023, Oxurion announced that it would be filing for bankruptcy after its product candidate, THR-149, did not meet the primary endpoint in its Phase 2, Part B clinical trial. In December 2023, Oxurion announced that it would not be filing for bankruptcy as it had previously announced. We are continuing to evaluate our options under the Oxurion Collaboration Agreement.

Review of business performance and future developments

Since our inception, we have devoted substantially all of our resources to developing our Bicycle platform and our product candidates BT8009, BT5528, BT1718, BT7480, BT7455 and BT7401, conducting research and development of our product candidates and preclinical programs, raising capital and providing general and administrative support for our operations. To date, we have financed our operations primarily with proceeds from the sale of our ordinary shares, American Depositary Shares, or ADSs, non-voting ordinary shares and convertible preferred shares; proceeds received from upfront payments, research and development payments, and development milestone payments from our collaboration agreements with Bayer, Novartis, Ionis, Genentech, DDF, AstraZeneca and Oxurion; and borrowings pursuant to our debt facility with Hercules Capital, Inc., or Hercules. From our inception in 2009 through 31 December 2023, we have received gross proceeds of $830.4 million from the sale of ADSs, ordinary shares, non-voting ordinary shares and convertible preferred shares; and $233.2 million of cash payments under our collaboration agreements, including $45.0 million from Bayer, $50.0 million from Novartis, $47.6 million from Ionis and $56.0 million from Genentech; and borrowings of $30.0 million pursuant to our Loan and Security Agreement, as amended, or the Loan Agreement, with Hercules. We do not have any products approved for sale and have not generated any revenue from product sales.

Since our inception, we have incurred significant operating losses. Our ability to generate product revenue sufficient to achieve profitability will depend on the successful development and eventual commercialisation of one or more of our product candidates. Our net losses for the year ended 31 December 2023 were $168.6 million (31

December 2022: $139.8 million) and we had net assets at book value of $372.8 million (31 December 2022: $270.9 million). These losses have resulted primarily from costs incurred in connection with research and development activities and general and administrative costs associated with our operations. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future.

We anticipate that our expenses and capital requirements will increase substantially in connection with our ongoing activities, particularly as we advance our product candidates into later-stage clinical trials and continue preclinical activities and clinical trials for our pipeline programs and, if any product candidates are approved, pursue the commercialisation of such product candidates by building internal sales and marketing capabilities. We expect that our expenses and capital requirements will increase substantially if and as we:

- continue our development of our product candidates, including conducting future clinical trials of BT8009, BT5528, BT7480 and BT1718;
- progress the preclinical and clinical development of BT7455 and BT7401;
- seek to identify and develop additional product candidates;
- develop the necessary processes, controls and manufacturing data to obtain marketing approval for our product candidates and to support manufacturing to commercial scale;
- develop, maintain, expand and protect our intellectual property portfolio;
- seek marketing approvals for our product candidates that successfully complete clinical trials, if any;
- hire and retain additional personnel, such as non-clinical, clinical, pharmacovigilance, quality assurance, regulatory affairs, manufacturing, distribution, legal, compliance, medical affairs, commercial and scientific personnel;
- acquire or in-license other products and technologies;
- expand our infrastructure and facilities to accommodate our growing employee base, including adding equipment and infrastructure to support our research and development; and
- add operational, financial and management information systems and personnel, including personnel to support our research and development programs and any future commercialization efforts.

We do not expect to generate revenue from product sales unless and until we successfully complete development and obtain marketing approval for one or more of our product candidates, which we expect will take many years and is subject to significant uncertainty. We have no commercial-scale manufacturing facilities of our own, and all of our manufacturing activities have been and are planned to be contracted out to third parties. Additionally, we currently utilise third-party CROs to carry out our clinical development activities. If we seek to obtain marketing approval for any of our product candidates from which we obtain encouraging results in clinical development, we expect to incur significant commercialisation expenses as we prepare for product sales, marketing, manufacturing, and distribution.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of equity offerings, debt financings, collaborations, strategic alliances, charitable and governmental grants, monetisation transactions or licensing arrangements. We may be unable to raise

additional funds or enter into such other agreements or arrangements when needed on favourable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back, or discontinue the development and commercialisation of one or more of our product candidates. Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

As of 31 December 2023, we had cash and cash equivalents of $526.4 million (31 December 2022: $339.2 million). We believe that our existing cash will enable us to fund our operating expenses and capital expenditure requirements for the foreseeable future at least 12 months from the date of these financial statements.

Key performance indicators ('KPIs')

We do not consider traditional financial measures to be key performance indicators at this stage of development of our business. However, management closely monitors our cash position and our research and development expenses. In addition, we assess our performance through the clinical advancement of our programs. During the year ended 31 December 2023, we achieved significant progress across our programs. We provided clinical updates from the ongoing Phase I/II clinical trials for BT8009, BT5528 and BT7480. Additionally, we announced that the U.S. Food and Drug Administration, or FDA, granted Fast Track Designation, or FTD, to our BT8009 monotherapy for the treatment of adult patients with previously treated locally advanced or metastatic urothelial cancer, which is intended to facilitate and expedite development and review of new drugs to address unmet medical need in the treatment of a serious or life-threatening condition, and that BT8009 was selected to participate in the Chemistry, Manufacturing and Controls (CMC) Development and Readiness Pilot Program recently launched by the FDA to facilitate CMC development for therapies with expedited clinical development timeframes based on the anticipated clinical benefits of earlier patient access to the therapy. We also announced that we have aligned with the FDA on the design of a Phase II/III registrational trial for BT8009, called Duravelo-2, allowing for potential accelerated approval in untreated and previously treated metastatic urothelial cancer, which was initiated and commenced recruiting patients in the first quarter of 2024. During the year ended 31 December 2023, we also entered into strategic collaborations in the area of radiopharmaceuticals with Bayer and Novartis and received upfront payments totalling $95.0 million from these collaborations during the year. We also received net proceeds of $215.1 million from an underwritten public offering in July 2023 and $34.2 million from our ongoing at-the-market, or ATM, program during year ended 31 December 2023.

Financial risk management

The directors have concluded that the management of price risk and liquidity risk are not material for the assessment of our assets, liabilities, financial position and loss.

Currency risk

We raise funds in U.S. dollars, and pay for goods and services in a variety of currencies but mainly the British pound sterling and U.S. dollar. We mitigate this risk by also holding the majority of cash in these two currencies. We currently do not use derivatives to manage this risk.

Cash flow

We finance our operations primarily with proceeds from the sale of our ADSs, proceeds received from upfront payments, research and development payments, and development milestone payments from our collaboration agreements and borrowings pursuant to our debt facility with Hercules. The Board monitors the level of cash and cash equivalents on a regular basis and cash is placed in interest-bearing accounts, term deposits, and money market funds to earn a return whilst enabling the cash to be available to meet our day-to-day needs.

Credit Risk

We have cash and, from time to time, receivables, from both our operating and financing activities. We ensure that invoices are raised when performance conditions are met and that the payment terms with the customer are adhered to. Cash is maintained in accounts of reputable financial institutions with high quality credit ratings. Aggregation risk is mitigated as the cash is maintained in accounts of multiple financial institutions.

Interest risk

Our outstanding indebtedness with Hercules bears interest at an annual rate equal to the *Wall Street Journal* prime rate plus 4.55%, with a minimum annual rate of at least 8.05%, capped at a rate no greater than 9.05%. We currently do not engage in any interest rate hedging activity, and we have no intention of doing so in the foreseeable future.

Environmental matters

Our activities have minimal environmental impact as we do not have an internal manufacturing facility and the emissions from our office and laboratory sites in the U.K. and the U.S. are not considered significant. We comply with all applicable environmental laws and regulations and currently do not consider us to have a significant environmental footprint due to the size and nature of its operations.

Following listing of the Parent Company's ADSs on NASDAQ in May 2019, we are required under English law to measure and report our greenhouse gas emissions in accordance with the provisions of the Regulations. The sources of emissions relate solely to the electricity and gas purchased by our premises in the U.K. and U.S., the costs of which are included within these consolidated financial statements. Management has used the most recent evidence or estimates provided by our energy suppliers to generate the disclosure of emissions. These include the purchase of electricity, heat, steam or cooling. Standard emissions factors from Defra's GHG Conversion Factor Repository were applied to estimate emissions. We consider that the intensity ratio of tonnes of carbon dioxide per full-time equivalent employee is a suitable metric for our operations. The annual quantity of emissions for us for the year ended 31 December 2023 was 694 tonnes (year ended 31 December 2022: 467 tonnes) with an intensity ratio of 2.6 tonnes (2022: 2.4 tonnes) based on the average number of employees in the year of 266 (2022: 193), as determined based on our electricity and gas consumption provided by our suppliers as converted to emissions by publicly available emission converters. Approximately 50% (2022: 79%) of these emissions were in the U.K. Our estimated electricity usage for the year is 2,393,000 kWh (2022: 2,211,000 kWh). We, in preparing these details, consider ways to minimise indirect areas of emissions and where practical enable remote working and also promote online conferencing facilities to reduce business travel. These are all Scope 2 emissions which are indirect emissions related to the generation of the electricity consumed and purchased by us. We have used the most recent evidence or estimates provided by our energy supply partners to generate our disclosure of emissions for the period. Scope 1 emissions are direct emissions produced from the activities owned or controlled by us. We do not record these and consider these insignificant. We have elected not to include the voluntary disclosure for Scope 3 emissions.

Employee, social, community and human rights matters

We place considerable value on the involvement of our employees. Regular meetings are held with employees to discuss the operations and progress of the business and employees are encouraged to become involved in our success through equity incentive schemes (see note 11 to the financial statements).

We believe our employees are our most valuable assets and are key to achieving our goals. We focus our efforts on attracting and retaining a diverse, high-performing workforce through offering competitive and fair compensation packages that are based on robust industry market data. Our total compensation package includes competitive base pay, annual bonus, equity participation, and a broad range of benefits, including retirement planning, healthcare and insurance benefits, paid time off, enhanced paid family and medical leave, flexible working, and various health and wellness programs. We also run recognition programs that highlight employees

who exhibit exceptional performance and demonstrate our company values. We ensure that our compensation programs are designed to be equitable and fair, and routinely analyse data to ensure that our programs are administered in a fair and equitable way.

We maintain and operate pursuant to a Code of Conduct and Business Ethics. This sets out our approach to ensure that our corporate values are maintained throughout our global business. We also have anti-corruption and anti-bribery policies. The Code of Conduct and Business Ethics and anti-corruption and anti-bribery policies apply to all employees and certain designated consultants, who are required to comply with these policies.

We invest heavily in our employees' personal and professional development. We offer a vast array of learning and development opportunities including online and classroom training and learning, technical training, mentoring and coaching programs, training academies and management and leadership development programs.

We are committed to developing the next generation of talent and have active internship partnerships with local universities in both the United States and United Kingdom.

We endeavour to impact positively on the community in which we operate. We do not, at present, have a specific policy on human rights. However, we have several policies that promote the principles of human rights. We will respect the human rights of all our employees, including:

- provision of a safe, clean working environment;
- ensuring employees are free from discrimination and coercion;
- not using child or forced labour; and
- respecting the rights of privacy and protecting access and use of employee personal information.

We also have a policy on equal opportunities and on anti-bullying and harassment.

We are fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. We endeavour to not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation.

We believe a diverse workforce is critical to our success and we are fundamentally committed to creating and maintaining a work environment in which employees are treated fairly, with dignity, decency, respect and in accordance with all applicable laws. We understand that varied perspectives lead to the best ideas and outcomes. We believe that by creating a workplace where every individual can feel welcome and valued, we will be better able to achieve our corporate objectives. All employees must adhere to the Code of Business Conduct and Ethics and our employee handbook, which combined, define standards for appropriate behaviour and all employees are annually trained to help prevent, identify, report, and stop any type of discrimination and harassment.

We have formed a cross-functional Diversity, Equity and Inclusion, or DEI, employee network that continues to work with Human Resources and our leadership to develop the DEI strategy.

Employee gender diversity

Our processes in recruitment, hiring, development, training, compensation, and advancement are based on qualifications, performance, skills, and experience. While acknowledging the benefits of diversity, individual

appointments are made irrespective of personal characteristics such as race, ethnicity, disability, gender, sexual orientation, religion, or age. A breakdown of employment statistics as of 31 December 2022 and 2023 is as follows:

31 December 2022 (Number of Directors and Employees)

Position	Male	Female	Total
Directors	5	2	7
Key Management	7	—	7
Vice President/Director	34	31	65
Other Employees	62	101	163
Total Directors and Employees	108	134	242

31 December 2023 (Number of Directors and Employees)

Position	Male	Female	Total
Directors	5	2	7
Key Management	6	1	7
Vice President/Director	45	46	91
Other Employees	70	115	185
Total Directors and Employees	126	164	290

Notes: Directors are directors of the Parent Company; For 2022, key management includes the Chief Financial Officer, Chief Scientific Officer, Chief Business Officer, Chief Operating Officer, Chief Technology Officer, Chief Medical Officer and General Counsel; For 2023, key management includes the Chief Financial Officer, Chief Scientific Officer, Chief Business Officer, Chief Operating Officer, Chief Technology Officer, Chief Development Officer and General Counsel. In both 2022 and 2023, the Chief Executive Officer was a director of the Parent Company and, accordingly, was included in the Directors totals above. The increase in the number of employees year over year is primarily related to expanded operations to support the continued progress of the Company's pipeline.

Principal risks and uncertainties

Financial

We are a clinical-stage biopharmaceutical company. We have not commercialised any products or generated any revenues from the sale of products, and absent the realisation of sufficient revenues from product sales, we may never attain profitability in the future. We have a history of significant operating losses (year ended 31 December 2023: $201.3 million; year ended 31 December 2022: $163.0 million) and we do not expect to generate revenue or profitability that is necessary to finance our operations in the short-term. We have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and our clinical trials. Our ability to become and remain profitable depends on our ability to generate revenue. Generating product revenue will depend on our or any of our collaborators' ability to obtain marketing approval for, and successfully commercialise, one or more of our product candidates. Our failure to become and remain profitable could depress the market price of our ADSs and could impair our ability to raise capital, expand our business or continue our operations.

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a very time-consuming, expensive and uncertain process that takes years to complete. We will be required to expend significant funds in order to advance the development of the product candidates in our pipeline, as well as any other product candidates we may seek to develop. Furthermore, inflation rates, particularly in the United States and the United Kingdom, have increased recently to levels not seen in decades. Increased inflation may result in increased operating costs (including labour costs) and may affect our operating budgets. In addition, the U.S. Federal Reserve has raised, and may further raise, 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 heighten these risks. We cannot be certain that additional funding will be available on acceptable terms, or at all. Our failure to raise funding as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. There is a risk that should we fail to obtain additional funding on the terms or timescales we require, we may be required to delay, limit, reduce or terminate our product development or future commercialisation efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Clinical

Our product candidates will need to undergo preclinical and clinical trials that are time consuming, expensive and can be subject to extensive delays. We may not be able to identify, recruit and enrol a sufficient number of patients, or those with the required or desired characteristics, to complete our clinical trials in a timely manner. Our product candidates may cause undesirable side effects or have other properties when used alone or in combination with other approved products or investigational new drugs that could halt their clinical development and/or prevent their marketing approval and/or limit their commercial potential. The timeline for recruiting patients, conducting trials and obtaining regulatory approval of our product candidates may be delayed, which could result in increased costs, delays in advancing our product candidates, delays in testing the effectiveness of our product candidates or termination of the clinical trials altogether. The outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and preliminary or interim results of clinical trials do not necessarily predict success in the results of completed clinical trials. Preclinical and clinical data are often susceptible to varying interpretations and analyses and there is no certainty that the results obtained in clinical trials of our existing clinical candidates will be sufficient to enable progression of those candidates through clinical development or the obtaining of regulatory approval or marketing authorisation. If we fail to receive positive results in clinical trials of our product candidates, the development timeline and regulatory approval and commercialisation prospects for our most advanced product candidates, and, correspondingly, our business and financial prospects, would be negatively impacted.

Manufacturing

We do not own or operate manufacturing facilities for the production of clinical or commercial supplies of the product candidates that we are developing or evaluating. We rely on third parties, including those located in China, for supply of our product candidates, and our strategy is to outsource all manufacturing of our product candidates and products to third parties. For any activities conducted in China, we are exposed to the increased possibility of supply disruptions and higher costs in the event of changes in the policies of the U.S. or Chinese governments, political unrest or unstable economic conditions including sanctions on China or any of our China-based suppliers. In order to conduct clinical trials of product candidates, we will need to have them manufactured in potentially large quantities. Our third-party manufacturers may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities and at other times. Our use of new third-party manufacturers increases the risk of delays in production or insufficient supplies of our product candidates as we transfer our manufacturing technology to these manufacturers and as they gain experience manufacturing our product candidates. Even after a third party manufacturer has gained significant experience in manufacturing our product candidates or even if we believe we have succeeded in optimising the manufacturing process, there can be no assurance that such manufacturer will produce sufficient quantities of our product candidates in a timely manner or continuously over time, or at all. We may be delayed if we need to change the manufacturing process used by a third party, subsequently resulting in further delays if the FDA or a comparable foreign authority needs to review the new manufacturing process before it may be used. While we have engaged several third-party vendors to provide clinical and non-clinical supplies and fill-finish services, we do not currently have any agreements with third party manufacturers for long-term commercial supplies. Even if we are able to establish and maintain arrangements with third-party manufacturers, reliance on third-party manufacturers entails risks, including the reliance on third parties for manufacturing process development, regulatory compliance and quality assurance, limitations on supply availability resulting from capacity and scheduling constraints of third parties, the possible breach of manufacturing

agreements by third parties because of factors beyond our control and the possible termination or non-renewal of the manufacturing agreement by the third party at a time that is costly or inconvenient to us.

Third parties

For certain product candidates, we depend, or will depend, on our development and commercial collaborators to develop and conduct clinical trials with, obtain regulatory approvals for, and if approved, market and sell product candidates. If such collaborators fail to perform as expected the potential for us to generate future revenue from such product candidates would be significantly reduced and our business would be harmed. We cannot provide assurance that our collaborators will be successful or that they will devote sufficient resources to the development or commercialisation of the products. If our current or future collaboration and commercialisation partners do not perform in the manner we expect or fail to fulfil their responsibilities in a timely manner, or at all, if our agreements with them terminate or if the quality or accuracy of the clinical data they obtain is compromised, the clinical development, regulatory approval and commercialisation efforts related to their and our product candidates and products could be delayed or terminated and it could become necessary for us to assume the responsibility at our own expense for the clinical development of such product candidates.

We rely on third parties, including independent clinical investigators and CROs to conduct and sponsor some of the clinical trials of our product candidates. Any failure by a third party to meet its obligations with respect to the clinical development of our product candidates may delay or impair our ability to obtain regulatory approval for our product candidates.

Commercialisation

We are substantially dependent on the success of our internal development programs and of our product candidates from our BTC and Bicycle TICA programs which may not successfully complete clinical trials, receive regulatory approval or be successfully commercialised. In addition, we are at a very early stage in our development efforts and our product candidates represent a new category of medicines and may be subject to heightened regulatory scrutiny until they are established as a therapeutic modality. Our clinical trials may not be conducted as planned or completed on schedule, if at all and, even if completed on schedule, there remains no guarantee that the results seen in any clinical trials will be sufficient to progress to the next stage of any clinical approval or ultimately to the obtaining of a marketing approval for any of our programs.

Our estimates of the potential patient population which can be treated may be inaccurate affecting the amount of revenue obtainable for any product. Likewise, the amount of revenue that can be obtained in relation to our programs may be impacted by the nature of pricing reimbursement coverage or schemes available or in place in any specific country and the continuation of such coverage and schemes. If reimbursement is not available, or is available only at limited levels, we may not be able to successfully commercialise our product candidates, even if approved. We currently have limited marketing, sales or distribution capabilities and have limited sales or marketing experience within our organisation. If one or more of our product candidates is approved, we intend either to build our sales and marketing organisation with technical expertise and supporting distribution capabilities to commercialise that product candidate, or to outsource this function to a third party. There are risks involved with either building our own sales and marketing capabilities and entering into arrangements with third parties to perform these services. Even if we are successful in obtaining regulatory approval, the commercial success of our product candidates will depend upon the degree of market acceptance by physicians, patients, payors and others in the medical community.

In addition, we face significant competition, and our competitors may develop and market products that are more effective, safer or less expensive than our product candidates, which may negatively impact our commercial opportunities.

Regulation

Our product candidates are highly regulated and the regulatory process is lengthy, time-consuming and expensive. We may experience significant delays in obtaining regulatory approval or be required to make changes to our clinical programmes or product candidates by regulatory authorities. Even if we do receive regulatory approval to market our product candidates, any such approval may be subject to limitations on the indicated uses or patient populations for which we may market the product. If we are successful in obtaining regulatory approvals in one country, this does not mean that we will be successful in other countries and further clinical programmes may be required to obtain required regulatory approvals in such other countries. In addition, failure to successfully validate, develop and obtain regulatory approvals for companion diagnostics could harm our drug development strategy.

Should we obtain marketing approvals for any current or future product candidates we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products. Changes in regulations, statutes or the interpretation of existing regulations could also impact our business in the future. Any failure to comply with regulatory requirements at any stage in the development of our product candidates could result, among other things, in restrictions on the labelling, distribution, marketing or manufacturing of the product, suspension or withdrawal of marketing approvals and fines, restitution or disgorgement of profits or revenues. We are also subject to regulation as a company both in the U.K. and the U.S. including in relation to anti-bribery and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations. In addition, because we have a U.S. subsidiary and substantial operations in the U.S., we are subject to U.S. laws that regulate non-U.S. investments in U.S. businesses and access by non-U.S. persons to technology developed and produced in the U.S. We are also subject to numerous environmental, health and safety laws and regulations.

Litigation

The use of our product candidates in clinical trials and the sale of any products for which we obtain marketing approval expose us to the risk of product liability claims from patients, healthcare providers, pharmaceutical companies and others. We believe our product liability insurance coverage is sufficient in light of our current commercial and clinical programs; however, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability.

From time to time, we may become involved in various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. We are not currently subject to any material legal proceedings.

Intellectual Property

Our ability to compete effectively depends, in part, on our ability to maintain the proprietary nature of our technology and manufacturing processes. We rely on research, manufacturing and other know-how, patents, trade secrets, licence agreements and contractual provisions to establish our intellectual property rights and protect our products and product candidates. We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive, time-consuming and unsuccessful. Even if they are unchallenged, our patents and patent applications may not provide us with any meaningful protection or prevent competitors from designing around our patent claims by developing similar or alternative technologies or therapeutics in a non-infringing manner. Third parties may claim that our activities or products infringe upon their intellectual property which will adversely affect our operations and prove costly and time-consuming to defend against and could ultimately prevent or delay us from developing or commercialising our product candidates. Further, our products may infringe the intellectual property rights of others and we may be unable to secure necessary licences to enable us to continue to manufacture or sell our products. We may also be subject to claims that former employees, collaborators or other third parties have an ownership interest in our patents or other intellectual property.

Cybersecurity

Cyber-attacks or other failures in telecommunications or information technology systems and deficiency in our, or those of third parties upon which we rely, cybersecurity could result in information theft, data corruption and significant disruption of our business operations. We utilise information technology, systems and networks to process, transmit and store electronic information in connection with our business activities. As the use of digital technologies has increased, cyber incidents, including deliberate attacks and attempts to gain unauthorised access to computer systems and networks, have increased in frequency and sophistication. These threats pose a risk to the security of our systems and networks, the confidentiality and the availability and integrity of our data. Similarly, there can be no assurance that our collaborators, CROs, third-party logistics providers, distributors and other contractors and consultants will be successful in protecting our clinical and other data that is stored on their systems.

Any cyber-attack or destruction or loss of data could have material effects on our business and prospects. In addition, we may suffer reputational harm or face litigation or adverse regulatory action as a result of cyber-attacks or other data security breaches and may incur significant additional expense to respond appropriately to such breaches and to implement further data protection measures.

In addition, as social media continues to expand, it also presents us with new risks and challenges. Social media is increasingly being used to communicate information about us, our programs and the diseases our therapeutics are being developed to treat. Social media practices in the pharmaceutical and biotechnology industries are evolving, which creates uncertainty and risk of noncompliance with regulations applicable to our business. Further, the accidental or intentional disclosure of non-public information by our workforce or others through social media channels could lead to information loss and there is a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us, our products, or our product candidates on any social media platform. The nature of social media prevents us from having real-time control over postings about us on social media. We may not be able to reverse damage to our reputation from negative publicity or adverse information posted on social media platforms or similar mediums. If any of these events were to occur or we otherwise fail to comply with application regulations, we could incur liability, face restrictive regulatory actions or incur other harm to our business including quick and irreversible damage to our reputation, brand image and goodwill.

Additionally, artificial intelligence, or AI, based platforms are increasingly being used in the biopharmaceutical industry. While we have undertaken measures to restrict the internal use of public AI platforms, their use by people, including our vendors, suppliers and contractors, with access to our proprietary and confidential information, including trade secrets, may continue to increase and may lead to the release of such information, which may negatively impact us, including our ability to realise the benefit of our intellectual property.

Employees

We are highly dependent on principal members of our executive team and key employees. The loss of the services of one or more of our executive team and key employees might impede the achievement of our research, development and commercialisation objectives. Furthermore, replacing executive officers or other key employees may be difficult and may take extended time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, gain marketing approval of and commercialise products successfully.

Our focus on the development of our product candidates requires us to optimise cash utilisation and to manage and operate our business in a highly efficient manner. We cannot provide assurance that we will be able to hire or retain adequate staffing levels to develop our product candidates or run our operations or to accomplish all of our objectives.

Brexit and the Regulatory Framework in the United Kingdom

Following Brexit, the UK and the EU signed a EU-UK Trade and Cooperation Agreement, or TCA, which became provisionally applicable on 1 January 2021, and entered into force on 1 May 2021. The TCA

primarily focuses on ensuring free trade between the EU and the UK in relation to goods, including medicinal products. Among the changes that have occurred are that Great Britain (England, Scotland and Wales) is treated as a "third country," a country that is not a member of the EU and whose citizens do not enjoy the EU right to free movement. Northern Ireland continues to follow many aspects of the EU regulatory rules, particularly in relation to trade in goods. As part of the TCA, the EU and the UK recognise GMP inspections carried out by the other party and the acceptance of official GMP documents issued by the other party. The TCA also encourages, although it does not oblige, the parties to consult one another on proposals to introduce significant changes to technical regulations or inspection procedures. Among the areas of absence of mutual recognition are batch testing and batch release. The UK has unilaterally agreed to accept EU batch testing and batch release. However, the EU continues to apply EU laws that require batch testing and batch release to take place in the EU territory. This means that medicinal products that are tested and released in the UK must be retested and re-released when entering the EU market for commercial use.

As it relates to marketing authorisations, Great Britain has a separate regulatory submission process, approval process and a separate national marketing authorisation. Northern Ireland continues, however, to be covered by the marketing authorisations granted by the European Commission. For example, the scope of a marketing authorisation for a medicinal product granted by the European Commission or by the competent authorities of EU Member States no longer encompasses Great Britain (England, Scotland and Wales). In these circumstances, a separate marketing authorisation granted by the UK competent authorities is required to place medicinal products on the market in Great Britain. Northern Ireland continues, however, to be covered by the marketing authorisations granted by the European Commission.

On 27 February 2023, the UK government and the European Commission reached a political agreement on the so-called "Windsor Framework." The framework is intended to revise the Northern Ireland Protocol to address some of the perceived shortcomings in its operation. The agreement was adopted at the Withdrawal Agreement Joint Committee on 24 March 2023. If the changes are adopted in the form proposed, medicinal products to be placed on the market in the UK will be authorised solely in accordance with UK laws. Northern Ireland would be reintegrated back into a UK-only regulatory environment under the authority of the MHRA with respect to all medicinal products. The implementation of the Windsor Framework would occur in stages, with new arrangements relating to the supply of medicinal products into Northern Ireland anticipated to take effect in 2025.

A significant proportion of the regulatory framework in the UK applicable to medicinal products is currently derived from EU Directives and Regulations. The potential for UK legislation to diverge from EU legislation following Brexit could materially impact the regulatory regime with respect to the development, manufacture, import, approval, and commercialisation of our product candidates in the UK or the EU. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies governing clinical trials, our development plans may be impacted.

All of these changes could increase our costs and otherwise adversely affect our business. Any delay in obtaining, or an inability to obtain, any regulatory approvals, as a result of Brexit or otherwise, would prevent us from commercialising our product candidates in the UK or the EU and restrict our ability to generate revenue and achieve and sustain profitability. In addition, we may be required to pay taxes or duties or be subjected to other hurdles in connection with the importation of our product candidates into the EU. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the UK or the EU for our product candidates, or incur significant additional expenses to operate our business, which could significantly and materially harm or delay our ability to generate revenues or achieve profitability of our business. Any further changes in international trade, tariff and import/export regulations as a result of Brexit or otherwise may impose unexpected duty costs or other non-tariff barriers on us. These developments, or the perception that any of them could occur, may significantly reduce global trade and, in particular, trade between the impacted nations and the UK. It is also possible that Brexit may negatively affect our ability to attract and retain employees, particularly those from the EU.

Section 172 Statement

This statement aligns to the section 172 statement requirements contained in section 414CZA of the Companies Act 2006 (the "Companies Act"). 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 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 Company.

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 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the 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 Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The governance framework within which the Board operates is set out in the corporate governance guidelines adopted by the Board, a copy of which is available in the Investors section on the Company's website. In addition, the Parent Company maintains and operates pursuant to a Code of Conduct and Business Ethics which sets out the Company's approach to ensuring that our corporate values are maintained throughout our global business.

The Board fosters effective stakeholder relationships in order to align with our strategy and is responsible for seeing meaningful engagement with stakeholders. The Board's 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 its members as a whole, 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

Our key stakeholders include our workforce, suppliers, lenders, investors and our wider communities. We actively engage with, and listen to, our stakeholders to understand their views, seek opportunities to learn and improve.

We are committed to effective engagement with all of our stakeholders. Our success depends on this engagement. Direct engagement by the Board with its stakeholders, where possible, enables the Directors to deepen their understanding of how our 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 Bicycle 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. 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. An example of this includes obtaining feedback through regular employee focus groups and opinion surveys which provide the Board with honest feedback that the Board uses to inform and drive business improvements. 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 — Business overview (page 2) — Our strategy (page 3) — Employee, social, community and human rights matters (page 14) — Employee gender diversity (page 15) Remuneration report — Statement from the Chair of the Compensation Committee (page 28) — Employment conditions (page 41)

Stakeholder Group	Why we engage	Engagement and influence on decision making	More information
Our Collaboration Partners	We are focused on building deep, long-term relationships with our collaboration partners which we ultimately believe is the key to the success of these partnerships.	We work closely with our key collaborators, including Bayer, Novartis, Ionis, Genentech, and Cancer Research UK in accordance with the terms of its agreements with them. The Board receives regular feedback from management on the progress of the collaborations and encourages the management to focus on building long term relationships with our collaboration partners. 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 collaboration partners.	Strategic report — Business overview (page 2) — Our strategy (page 3) — Our collaborations (page 4) — Principal risks and uncertainties (page 16)

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. 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. We engage with our 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 — Business overview (page 2) — Our strategy (page 3) — Our collaborations (page 4) — Principal risks and uncertainties (page 16) — Manufacturing / Third Parties / Commercialisation (page 17)

Stakeholder Group	Why we engage	Engagement and influence on decision making	More information
Our Investors	We are a public company with ADSs listed on NASDAQ. Without our investors, we cannot grow or invest for future success. 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. We strictly adhere to market regulations and regularly consult our advisors to ensure we are in compliance with such regulations at all times.	Our Board and senior management have regular interaction with investors, to understand their interests and any concerns they may have. 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. Examples of investor engagement by the Board and senior management includes Board attendance at the Annual General Meeting, NASDAQ announcements and press releases, Board attendance at conferences, regular reports from the Investor Relations team, direct engagement with investors in relation to remuneration policy, communications such as quarterly trading results, annual reports and notices of general meetings, and making available detailed information about Bicycle and matters of interest to investors on our website	Strategic report — Business overview (page 2) Remuneration report — Shareholder views (page 41) Bicycle website — Corporate Governance Guidelines
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 — Environmental matters (page 14)

Below are examples of how the Board took into consideration its stakeholders' interests when making principal decisions during the year.

Novartis and Bayer collaborations

In March 2023 and May 2023, we entered into collaboration and licence agreements with Novartis and Bayer, respectively. In considering these transactions, the Board considered the interests of its stakeholders, and in particular, its investors and employees. The Board believes that entering into the collaborations was in the best interests of these stakeholders. The Board determined that the terms and obligations under the collaborations were fair and that they would enhance our reputation and provide further opportunities for our people.

Research and Development (R&D) Day

In December 2023, we hosted our first R&D Day. The event was held in New York City at which we provided investors and analysts with an overview of our R&D strategy and pipeline opportunities, with an emphasis on clinical updates for BT8009, BT5528 and BT7480. We also highlighted the broad capabilities of our novel Bicycle platform technology.

Relocation of Massachusetts U.S. Site

In 2023, our U.S. operations moved to a larger premises in Cambridge, Massachusetts. In considering entering into the lease in January 2023, the Board considered the interests of its stakeholders, and in particular, its investors and employees. At various stages of the move process and fitting out of the new premises, employees were consulted and were fully involved in the process.

Cash and cash equivalents

Having sufficient cash and cash equivalents to fund our future plans is essential. The Board monitors the cash balance and cash flows. During the year ended 31 December 2023, we received net proceeds of $215.1 million from an underwritten public offering in July 2023, net proceeds of $34.2 million from our ongoing ATM program and upfront payments totalling $95.0 million from the Bayer and Novartis collaborations.

In considering our cash flows, the Board considered the interests of its stakeholders, and in particular, its investors, collaborators and employees to enable us to advance our clinical and pre-clinical oncology pipeline.

This report was approved by the board of directors on 28 March 2024 and signed on its behalf by:

Kevin Lee
Director
10 April 2024

Bicycle Therapeutics plc
year ended 31 December 2023

Directors' Remuneration Report

Annual Statement from the Chair of the Compensation Committee

Dear Shareholders,

As the Chair of the Compensation Committee (the "Committee"), I am pleased to present, on behalf of the board of directors (the "Board") of Bicycle Therapeutics plc (the "Parent Company" and, together with its subsidiaries, the "Company", "Bicycle", "our", "we" or "us"), the Directors' Remuneration Report for the year ended 31 December 2023 (the "Remuneration Report"), which is the Company's fifth such report following the Parent Company's initial public offering (the "IPO") and listing on The Nasdaq Stock Market ("NASDAQ") on 23 May 2019.

The Remuneration Report will be subject to an advisory vote at the forthcoming Annual General Meeting to be held on 16 May 2024 (the "AGM"). There are no other matters that the Parent Company requires approval for under Chapter 4A of Part 10 of the Companies Act 2006. The Directors' Remuneration Policy (the "Remuneration Policy") was approved by the shareholders at the Parent Company's most recent AGM on 13 June 2023. Following the IPO in May 2019, this will be the Parent Company's fifth AGM as a listed company.

Introduction

Our shareholders approved our Remuneration Policy at our most recent AGM on 13 June 2023. We believe that our approved Remuneration Policy provides an appropriate framework to meet our objectives to establish a broad range of remuneration programs and policies that both compensate and incentivise directors and senior executives to deliver growth in a long-term and sustainable manner, and that are aligned strategically with our shareholders to appropriately position the Company as a global biopharmaceutical company.

As we move into 2024 and beyond, the Committee's role will be to continue to ensure that directors and senior executives are appropriately compensated and incentivised to deliver growth in a long-term and sustainable manner, and to continue establishing remuneration programs that are grounded in market practice, effective at driving proper executive behaviours, clearly link pay and performance and are cost-efficient overall to shareholders. Key considerations that guided the establishment of our Remuneration Policy and which will guide its implementation are described in more detail on page 30 of the Remuneration Report. The Remuneration Policy will be renewed every three years (unless a revised policy is approved by the shareholders).

The global marketplace for talent

We are a biopharmaceutical company headquartered in the U.K. and with operations in both the U.K. and the U.S. Given that the market for experienced directors and biopharmaceutical executive talent, particularly in the U.S., is very competitive, the Committee references the U.S. market as the leading indicator for executive and director remuneration levels and practices. This will help attract and retain directors and motivate the superior executive talent needed to successfully manage the Company's complex global operations. Being consistent in this market view of the U.S. as the primary benchmark for remuneration practices for our Executive and Non-Executive Directors is key for us as we build our global operations in a manner designed to deliver sustainable long-term growth and shareholder value.

In taking any actions, the Committee is mindful of the general U.K. compensation framework, including investor bodies' guidance and the U.K. Corporate Governance Code, and has considered these when determining the remuneration programs and policies where it believes they best serve the long-term interests of shareholders.

Pay for performance

We believe that a significant portion of the remuneration of our Executive Director should be based on achieving objectives designed to create inherent value for us, and ultimately on achieving value creation for our shareholders. In line with this belief, the compensation of our Executive Director includes short term incentives based on corporate and personal goals. Similarly, all directors receive equity incentives designed to reward long-term value creation for our shareholders.

2023 remuneration outcome

As outlined above, a core principle of Bicycle's Remuneration Policy is the link between pay and performance. In the financial year 2023 (being the year ended 31 December 2023), the annual bonus paid to Kevin Lee, our Chief Executive Officer ("CEO"), was determined by the Board following an assessment of the corporate and personal objectives achieved in the year. Kevin Lee received a bonus of 117% of his target bonus, which resulted in a total bonus pay out of 76% of salary earned for the financial year 2023. The bonus was paid in cash in February 2024. This outcome was based on achievements versus goals in the following key areas: Corporate Development, Clinical Development, Financial and Organisational Development. In considering the above outcomes, the Committee assessed whether the outcomes reflected the underlying performance of the Company and concluded that no discretionary adjustments were required, and no discretions were exercised in relation to any other director's remuneration. Please see the remainder of the Remuneration Report for additional detail on this bonus outcome and the pay for performance linkage.

Kevin Lee also received two equity-based awards on 3 January 2023, being (i) an option grant over 115,000 shares with an exercise price of $29.60, and (ii) an RSU grant over 57,500 shares, as well as an additional bonus of £15,000 for his work and contribution to the entry into the Bayer and Novartis collaborations.

Some of the key highlights of the 2023 year included:

- Announcement of clinical updates for the ongoing Phase I/II clinical trials for BT8009, BT5528 and BT7480;
- Alignment with the FDA on the design of a Phase II/III registrational trial for BT8009, called Duravelo-2, which was initiated and commenced recruiting patients in the first quarter of 2024;
- Announcement that BT8009 was granted Fast Track Designation by the FDA;
- BT8009 selected to participate in the Chemistry, Manufacturing and Controls (CMC) Development and Readiness Pilot Program recently launched by the FDA;
- Entry into major strategic collaborations with Bayer and Novartis in radiopharmaceuticals; and
- Successful public offering with net proceeds of approximately $215.1 million in July 2023.

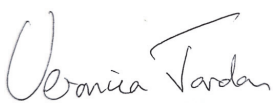
Other than determining remuneration outcomes and making grants, the Committee made no major decisions, and no significant changes were made, in relation to director remuneration during the financial year 2023.

Conclusion

The Committee believes the proposals put forth in this report will properly motivate our directors and senior executives to deliver sustainable growth and shareholder value over the long term and do so in a responsible and cost-efficient manner.

I hope that you find the information in this report helpful and I look forward to your support at our AGM.

Yours sincerely,



Veronica Jordan
Chair of the Compensation Committee
10 April 2024

Remuneration Policy

This part of the Remuneration Report sets out the Remuneration Policy and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019.

The Remuneration Policy was approved by shareholders in a binding vote at the most recent AGM on 13 June 2023 and took effect from the date of approval and will continue to apply for a maximum period of three years (or until a revised policy is approved by shareholders). The Remuneration Policy is unchanged this year, and as such is not subject to a shareholder vote.

The scenario charts have been updated to reflect the intended application of the approved policy for the 2023 financial year and references to prior financial years have been updated where appropriate to aid understanding. A copy of the shareholder-approved policy (including the scenario charts for the 2022 financial year) is in the Annual Report and Financial Statements for the Year Ended 31 December 2022, which is available on the Company's website.

Key considerations when determining the Remuneration Policy

The Committee designed the Remuneration Policy with a number of specific objectives in mind. The Remuneration Policy should:

- attract, retain and motivate high calibre senior management and focus them on the delivery of the Company's strategic and business objectives;
- encourage a corporate culture that promotes the highest level of integrity, teamwork and ethical standards;
- be competitive against appropriate market benchmarks (being predominantly the U.S. biotech sector) and have a strong link to performance, providing the ability to earn above-market rewards for strong performance;
- be simple and understandable, both internally and externally;
- encourage increased equity ownership to motivate executives in the overall interests of shareholders, the Company, employees and customers; and
- take due account of good governance and promote the long-term success of 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 table

The table in the following pages sets out, for each element of pay, a summary of how remuneration is structured and how it supports the Company's strategy.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary			
To recruit and retain Executive Directors of the highest calibre who are capable of delivering the Company's strategic objectives, reflecting the individual's experience and role within the Company. Base salary is designed to provide an appropriate level of fixed income to avoid any over-reliance on variable pay elements that could encourage excessive risk taking.	Salaries are normally reviewed annually, and changes are generally effective from 1 January each year. The annual salary review for Executive Directors takes a number of factors into consideration, including: • business performance; • salary increases awarded to the overall employee population; • skills and experience of the individual over time; • scope of the individual's responsibilities; • changes in the size and complexity of the Company; • market competitiveness assessed by periodic benchmarking; and • the underlying rate of inflation. If salary is set in USD but paid to a U.K.-based Executive Director it will be converted and paid in GBP pursuant to the terms of the applicable service agreement or company policy (as amended from time to time).	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. In assessing base salaries, the Committee takes into account market data, but does not target a specific percentile when setting pay levels, rather considers it as one factor along with several others including Company and individual performance, tenure, past experiences and expected future contributions. 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 unless the salary is meaningfully below peers. In addition, 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 that is higher than that awarded to the wider workforce.	Not performance related.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
Reasonable benefits-in-kind are provided to support Executive Directors in carrying out their duties and assist with retention and recruitment.	The Company aims to offer benefits that are in line with market practice. The main benefits currently provided include private health insurance, long-term disability, critical illness and death in service. Under certain circumstances the Company may offer relocation allowances or assistance. Expatriate benefits may be offered where relevant including fees for tax advice associated with completion of international tax returns and, if relevant, any gross-up for tax. Travel, accommodation and any reasonable business-related expenses (including tax thereon) may be reimbursed. Executive Directors may become eligible for other benefits in future where the Committee deems it appropriate. Where additional benefits are introduced for the wider workforce, Executive Directors may participate on broadly similar terms. Executive Directors are eligible to participate in the Company's all-employee share plans on the same terms as other employees in the jurisdiction in which they are engaged.	Not applicable	Not performance related.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Pensions			
The Company aims to provide a contribution towards life in retirement.	Executive Directors are eligible to receive employer contributions to the Company's Group Personal Pension Scheme or a salary supplement in lieu of pension benefits, or a mixture of both.	Up to 12% of salary per annum for Executive Directors, C-level executives and senior managers. The rest of the workforce is up to 10%.	Not performance related.
Annual Performance Bonus			
The annual bonus scheme rewards the achievement of stretching objectives that support the Company's corporate goals and delivery of the business strategy.	Bonuses are determined based on annual corporate and personal performance measures and targets that are agreed between the Executive Directors and the Board (following the Committee's recommendation) for each financial year. Bonuses may be paid in cash or in equity awards. Payment of bonuses is conditional on the Executive Directors being in employment (and not having served notice of termination). A deferral period may be applied to bonuses. The Committee may, in appropriate circumstances, override the formulaic outcome to amend the bonus payout or provide for an additional bonus payment, should this not, in the view of the Committee, reflect overall business performance or individual contribution.	The maximum target bonus opportunity for Executive Directors is 80% of salary, with a maximum bonus opportunity of up to two times the target opportunity. For threshold performance, no more than 50% of target bonus may be payable. For 2023, the target bonus opportunity for Executive Directors will be no more than 65% of salary, with a maximum bonus opportunity of up to 150% of the target opportunity. In addition there is an opportunity based on personal objectives to receive up to an additional 50% of the total bonus outcome (i.e. a maximum total of 146% of salary). The Committee may, in appropriate circumstances, waive the maximum target bonus opportunity for Executive Directors where an additional bonus payout is made to reflect overall business performance or individual contribution.	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. The performance measures may include financial, strategic and/or personal objectives. The Committee may alter the bonus outcome (up or down) if it considers that the pay-out derived from a formula is inconsistent with the Company's overall performance, taking account of any factors it considers relevant. This will help ensure that payments reflect overall Company performance during the period. The Committee may, in appropriate circumstances, disapply any performance measures or award a bonus without such performance measures, should they not, in the view of the Committee, reflect overall business performance or individual contribution.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
2019 Share Option Plan ("SOP")			
The SOP is designed to incentivise the successful execution of business strategy over the longer term and provide long-term retention. Facilitates share ownership to provide further alignment with shareholders.	No new options will be granted under the SOP. Awards will typically be granted annually, in the form of options although may also be granted more or less frequently. Options are typically subject to vesting over a four-year period, with 25% of the award vesting on the first anniversary of the grant, and the remainder vesting in equal monthly instalments thereafter. The Committee may vary the vesting schedule of options as it considers appropriate. The Committee may unilaterally modify the terms of equity awards, in particular to reprice underwater options to provide for a lower exercise price. The Committee has discretion to decide whether and to what extent any deferral or holding period applies to options or to the shares acquired on the exercise of options.	There is no defined maximum opportunity under the SOP. However, the Committee will generally work within the benchmarking guidelines provided by our compensation consultants. We seek to establish equity-based remuneration competitive to that offered by a set of comparable companies with whom we may compete for talent.	Performance conditions may apply to awards. Such conditions may be strategic objectives which may include milestones events, financial, strategic and/or personal objectives. Share options are granted with an exercise price no less than the fair market value of the shares on the date of grant. Accordingly, share options will only have value to the extent the Company's share price appreciates following the date of grant. Any performance conditions set will be designed to incentivise performance in support of the Company's strategy and business objectives. The Committee has flexibility to vary the mix of measures or introduce new measures for each subsequent award taking into account business priorities at the time of grant. The Committee may amend, relax or waive performance conditions if it considers that they have become unfair or impractical. This will help ensure that vesting reflects overall Company performance during the period. Options vest in full on a change of control.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
2020 Equity Incentive Plan ("EIP") (or any supplemental or successor equity plan)			
The EIP is designed to incentivise the successful execution of business strategy over the longer term and provide long-term retention. Facilitates share ownership to provide further alignment with shareholders.	Awards may be granted in the form of options, share appreciation rights, restricted shares, restricted share units or such other form as may be permitted under the EIP or by any other equity incentive plan operated by the Company from time to time. Awards will typically be granted annually to continuing employees, although may also be granted more or less frequently. Awards are typically subject to vesting over a four-year period, with 25% of the award vesting on the first anniversary of the grant, and the remainder vesting either in equal monthly or quarterly instalments thereafter. The Committee may vary the vesting schedule of awards as it considers appropriate. The Committee has discretion to decide whether and to what extent any deferral or holding period applies to awards or to the shares acquired following the vesting of awards. The Committee may unilaterally modify the terms of share options, in particular to reprice underwater options to provide for a lower exercise price.	There is no defined maximum opportunity under the EIP. However, the Committee will generally work within the benchmarking guidelines provided by our compensation consultants. We seek to establish equity-based remuneration competitive to that offered by a set of comparable companies with whom we may compete for talent.	Performance conditions may apply to awards. Such conditions may be strategic objectives which may include milestones events, financial, strategic and/or personal objectives. Any performance conditions set will be designed to incentivise performance in support of the Company's strategy and business objectives. The Committee has flexibility to vary the mix of measures or introduce new measures for each subsequent award taking into account business priorities at the time of grant. The Committee may amend, relax or waive performance conditions if it considers that they have become unfair or impractical. This will help ensure that vesting reflects overall Company performance during the period. Awards vest in full on a change of control.

Chair and Non-Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
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.	Non-Executive Directors receive an annual retainer paid in cash, comprising a base fee plus additional fees for Committee Chairpersonship or membership. Such fees are set based on peer group comparator data. Non-Executive Directors who participate and serve on any membership committee or advisory board of or for the Company may also receive a retainer paid in cash annually or for each meeting attended. Such fees are set based on peer group comparator data. The Chair's fee is reviewed annually by the Committee (without the Chair present). Fee levels for the Non-Executive Directors are determined by directors upon the recommendation of the Committee. When reviewing fee levels, account is taken of market movements in fee levels, Board committee responsibilities, ongoing time commitments and the general economic environment. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay additional fees to recognise that additional workload.	When reviewing fee levels, account is taken of market movements in the fees of Non-Executive Directors, Board Committee responsibilities and ongoing time commitments, as well as the underlying rate of inflation. Actual fee levels are disclosed in the Directors' Remuneration Report for the relevant financial year.	Not performance related.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Fees and Benefits (continued)			
	Non-Executive Directors ordinarily do not participate in any pension, bonus or performance-based share incentive plans. Travel, accommodation and other business-related expenses incurred in carrying out the role as well as fees for tax advice associated with completion of international tax returns will be paid by the Company including, if relevant, any gross-up for tax. Tax equalisation benefits may be provided to Non-Executive Directors who are required to relocate or become tax resident in a new jurisdiction. Non-Executive Director fees are generally denominated and paid in USD but may be denominated and/or paid in GBP, USD, or a combination depending on the personal situation of each Non-Executive Director. Any currency conversions are calculated in accordance with the applicable Company procedure from time to time. Non-Executive Director fees in respect of those Non-Executive Directors who are appointed by an investor (or group of investors) in the Parent Company may be paid to those investor(s) on behalf of the relevant Non-Executive Director. Non-Executive Director fees are payable in arrears in twelve monthly instalments, subject to deduction of applicable income tax or national insurance which the Company is required by law to deduct and any other statutory deductions, provided that the amount of such payment shall be prorated for any portion of such month during which the Non-Executive Director was not serving.		

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Equity Awards			
To facilitate share ownership and provide alignment with shareholders.	Non-Executive Directors may receive equity awards under the EIP (or options, share appreciation rights, restricted shares, restricted share units or such other form as may be permitted by any other equity incentive plan operated by the Company from time to time). Non-Executive Directors will generally receive an initial equity award upon appointment or election. Initial equity awards normally vest over a period of three years from the date of appointment, subject generally to continued service. In addition, Non-Executive Directors may be granted awards annually with such time-based vesting terms as the Committee may determine. If a new Non-Executive Director joins the Board following the date of grant of an annual grant in any calendar year, such Non-Executive Director will be granted a pro rata portion of the next annual grant, based on the time between his or her appointment and the date of such annual grant. The Committee may, in its sole discretion, provide for deferred settlement of RSUs awarded to a Non-Executive Director. Additional grants may be made during a year of appropriate in the circumstances. The Committee may unilaterally modify the terms of equity awards, in particular to reprice underwater options to provide for a lower exercise price.	There is no maximum award level for equity awards to Non-Executive Directors. The size of the equity awards is determined by the full Board, upon recommendation of the Compensation Committee. When reviewing award levels, account is taken of market movements in equity awards, Board committee responsibilities, ongoing time commitments and the general economic conditions.	Not performance related. Awards vest in full on a change of control.

Notes to the policy table

Legacy arrangements

For the duration of this Remuneration Policy, the Company will honour any commitments made in respect of current or former directors before the date on which either: (i) the Remuneration Policy becomes effective; or (ii) an individual becomes a director, even when not consistent with the Remuneration Policy set out in this report or prevailing at the time such commitment is fulfilled, in each case subject to the terms of any prior policy in place at the time such awards or commitments were granted or made, if applicable. For the avoidance of doubt, all outstanding historic awards that were granted in connection with, or prior to, listing on Nasdaq and/or under the SOP remain eligible to vest based on their original or modified terms.

Payments may be made in respect of existing awards under the SOP and the Committee may exercise any discretions available to it in connection with such awards in accordance with the rules of the SOP and relevant award documentation. Options granted under the SOP vest in full on a change of control.

Payments may be made in respect of consultancy services provided by Pierre Legault pursuant to a consulting agreement entered into between Stone Sunny Isles, Inc., and Stone Atlanta Estates LLC, the successor-in-interest to Stone Sunny Isles, Inc., and Bicycle Therapeutics Inc. dated 15 March 2019 pursuant to which it has agreed to make available Pierre Legault to provide advisory services to us as requested by our Board of Directors or our chief executive officer. In consideration for the provision of the advisory services, we paid a monthly retainer of £12,032 during the year ended 31 December 2023 (2022: £11,459), which is billed in U.S. dollars. Pierre Legault is the President, Treasurer and Director of Stone Sunny Isles, Inc., and Stone Atlanta Estates LLC, the successor-in-interest to Stone Sunny Isles, Inc.

Performance conditions

The choice of annual bonus performance metrics reflects the Committee's belief that any incentive remuneration should be appropriately challenging and tied to the delivery of key strategic objectives intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Committee has retained 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. The full details of the targets will be disclosed when they are in the public domain and are no longer considered commercially sensitive.

Where used, performance conditions applicable to EIP awards (or other equity incentive plans operated by the Company from time to time) will be aligned with the Company's objective of delivering superior levels of long-term value to shareholders. Prior to each award, the Committee has flexibility to select measures that are fully aligned with the strategy prevailing at the time awards are granted.

The Committee will review the calibration of targets applicable to the annual bonus, and the 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.

Recovery and withholding

The Company does not currently have a policy on recovery and withholding. The Committee reserves the right to make any remuneration payments subject to withholding or recovery in appropriate circumstances and to establish a policy on recovery and withholding in the future.

Differences in remuneration policy between Executive Directors and other employees

The overall approach to reward for employees across the workforce is a key reference point when setting the remuneration of the Executive Directors. When reviewing the salaries of the Executive Directors, the Committee pays close attention to pay and employment conditions across the wider workforce and in normal circumstances the increase for Executive Directors will be no higher than the average increase for the general workforce.

The key difference between the remuneration of Executive Directors and that of our other employees is that, overall, at senior levels, remuneration is increasingly long-term, and 'at risk' with an emphasis on performance-related pay linked to business performance and share-based remuneration. This ensures that remuneration at senior levels will increase or decrease in line with business performance and provides alignment between the interests of Executive Directors and shareholders. In particular, long-term incentives are provided only to the most senior executives as they are reserved for those considered to have the greatest potential to influence overall levels of performance.

Committee discretion in operation of variable pay schemes

The Committee operates under the powers it has been delegated by the Board. In addition, where relevant, 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. Where appropriate, the extent of such discretions is set out in the relevant rules and/or described in 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 individuals who will receive awards under the plans on an annual basis;
- determining the timing of grants of awards and/or payments;
- determining the quantum of awards and/or payments;
- determining the choice (and adjustment) of any performance measures and targets, vesting schedules, exercise prices (where applicable), option repricing (where applicable) and other award terms for each incentive plan;
- determining the extent of vesting, including for leavers;
- making the appropriate adjustments (including to any performance targets) required in certain circumstances, for instance for changes in capital structure;
- determining "good leaver" status and the impact of certain corporate events, if applicable, for incentive plan purposes and determining and applying the appropriate treatment;
- interpreting the plan rules and award agreements where necessary; and
- undertaking the annual review of 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 (where performance conditions apply) performance conditions and/or targets being deemed unfair or impractical (e.g. material acquisition or divestment), the Committee will have the ability to make amend, relax or waive (and/or recommend such alterations to the Board for approval) to the measures and/or targets and alter weightings. 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 Parent Company's major shareholders.

The Committee retains the discretion to award ad hoc bonus payments outside the annual bonus plan, if an event or circumstance occurs in which the annual bonus plan does not reflect the overall business performance, individual contribution or external factors which impacts the workforce. 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 Parent Company's major shareholders.

The Committee may make minor amendments to the Remuneration 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.

Shareholder views

The Board is committed to dialogue with shareholders and intends to engage directly with them and their representative bodies when considering any significant changes to our remuneration arrangements. 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 adviser, the Committee also actively monitors developments in the expectations of institutional investors and their representative bodies.

Employment conditions

The Committee is regularly updated throughout the year on pay and conditions applying to Company employees. Where significant changes are proposed to employment conditions and salary levels elsewhere in the Company these are highlighted for the attention of the Committee at an early stage and the Committee will take such employment considerations into account when setting directors' remuneration.

Whilst the Committee does not currently consult directly with employees regarding its policy for directors, the Committee is considering the best method of bringing the employee voice to the boardroom.

Other remuneration policies

Remuneration for new appointments

Where it is necessary to appoint or replace an Executive Director or to promote an existing Executive Director, the Committee's approach when considering the overall remuneration arrangements in the recruitment of a new Executive Director is to take account of the calibre, expertise and responsibilities of the individual, his or her remuneration package in their prior role and market rates. Remuneration will be in line with the Remuneration Policy and the Committee will not pay more than is necessary to facilitate their recruitment.

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved remuneration policy in force at the time of appointment. Further details are provided below:

Salary	The Committee will set a base salary appropriate to the calibre, experience and responsibilities of the new appointee. In arriving at a salary, the Committee may take into account, amongst other things, the market rate for the role and internal relativities. The Committee has the flexibility to set the salary of a new Executive Director at a lower level initially, with a series of planned increases implemented over the following few years to bring the salary to the desired positioning, subject to individual performance. 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.

Benefits	Benefits will be consistent with the principles of the policy set out on page 32. The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, temporary living and transportation expenses, educational costs for children, reimbursement of fees for tax advice associated with completion of international tax returns and tax equalisation to allow flexibility in employing an overseas national.
Pension benefits	A maximum employer pension contribution of 12% of salary (or equivalent cash allowance) may be payable for external appointments. For an internal appointment, his or her existing pension arrangements may continue to operate. Any new Executive Director based outside the UK will be eligible to participate in pension or pension allowance, insurance and other benefit programmes in line with local practice.
Annual bonus	The maximum target bonus opportunity is 80% of base salary and the maximum bonus opportunity for new appointments is 225% of their target bonus.
Other cash or equity-based awards	Executive Directors may receive awards under the EIP (or other equity incentive plan operated by the Company from time to time) on appointment. The Committee will assess and determine the award level, award vehicle, performance conditions and vesting schedule for each individual on a case-by-case basis. In addition, Executive Directors are eligible to participate in the Company's all-employee share plans on the same terms as other employees in the jurisdiction in which they are engaged. In addition, the Committee may offer additional cash and/or equity-based elements in order to "buy-out" remuneration relinquished on leaving a former employer. Any awards made in this regard may have no performance conditions, or different performance conditions, or a different vesting schedule compared to the Company's existing plans, as the Committee considers appropriate.

Depending on the timing and responsibilities of the appointment, it may be necessary to set different annual bonus or EIP performance measures and targets as applicable to other Executive Directors.

The terms of appointment for a Non-Executive Director would be in accordance with the approved remuneration policy for Non-Executive Directors in force at the time of the appointment.

Service contracts and termination policy

Executive Directors have rolling service agreements (entered into with the Parent Company or a subsidiary thereof) which may be terminated in accordance with the terms of these agreements. The period of notice for Executive Directors (to be given by the employer or the Executive Director) will not normally exceed 6 months. Executive Directors' service agreements are available for inspection at the Parent Company's registered office during normal business hours and will also be available to the public if required to be filed by the Parent Company with the SEC. The terms of the current Executive Director's service contract are:

Name	Position	Date of service contract	Notice period
Kevin Lee	Chief Executive Officer	26 September 2019	6 months either party

The Company's policy on remuneration for Executive Directors who leave the Company is set out below. The Committee will exercise its discretion when determining amounts that should be paid to leavers (other than in respect of the relevant leaver's contractual entitlements which will be respected), taking into account the facts and circumstances of each case. Where applicable, the Company may elect to make a payment in lieu of notice ("**PILON**") equivalent in value to basic salary and contractual benefits for any unexpired portion of the notice period (but excluding any annual bonus or holiday entitlement that would have otherwise accrued during the notice period).

Where the Executive Director is terminated by the Company without "Cause" (as defined in the service agreement), by the Executive Director for "Good Reason" (as defined in the service agreement), or on the Executive Director's death, severance pay in addition to any potential PILON and any entitlements in respect of the year to the

date of termination in accordance with the applicable terms shall be paid to an Executive Director as set out below, subject to the Executive Director signing a waiver of claims:

Element of pay / benefit	Termination other than within 12 months after a relevant "Change in Control" (as defined in the service agreement)	Termination within 12 months after a relevant "Change in Control" (as defined in the service agreement)
Salary	A lump sum payment equal to 12 months' salary payable.	A lump sum payment equal to 24 months' salary payable.
Contractual benefits	A lump sum payment equal to the cost to the Company of providing contractual benefits for 12 months (or continuation of such benefits).	A lump sum payment equal to the cost to the Company of providing contractual benefits for 24 months (or continuation of such benefits).
Annual bonus	Not applicable.	A lump sum payment equal to 1.5 times target bonus will be paid.
Share Option Plan (legacy awards)	Options treated in accordance with plan rules. Good leavers may exercise their options to the extent vested at the time of termination within 12 months after termination. The Committee has the discretion to accelerate vesting in whole or in part, to extend the exercise window, and/or to waive any applicable performance conditions in whole or in part.	Options subject to time-based vesting (only) accelerate, vest and become exercisable in full. Options subject to performance conditions treated in accordance with plan rules (as described at left).
Equity Incentive Plan	Awards treated in accordance with plan rules. Unless otherwise determined by the Committee, unvested equity awards lapse on the date of termination of employment.	Awards vest in full on a change of control.

The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. Statutory redundancy payments may be made. Service agreements may be terminated summarily without notice (or on shorter notice periods) and without payment in lieu of notice in certain circumstances, such as gross misconduct or any other material breach of the obligations under their employment contract. The Company may require the individual to work during their notice period or may place them on garden leave during which they would be entitled to full pay and benefits.

Except in the case of gross misconduct or resignation, the Company may at its absolute discretion reimburse for reasonable professional fees relating to the termination of employment and, where an Executive Director has been required to re-locate, to pay reasonable repatriation costs, including possible tax exposure costs and/or settle any other amount the Committee considers reasonable including any statutory entitlements or sums to settle or compromise claims or potential claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice and provision of outplacement services).

Policy on external appointments

The Board believes that it may be beneficial to the Company for executives to hold certain roles outside the Company provided that the Company's business takes priority. Any such appointments are subject to approval by the Board and the director may retain any fees received. Kevin Lee is currently a director of Alchemab Therapeutics Limited and Macomics Limited. During the year ended 31 December 2023, he received an aggregate of £75k during the year ended 31 December 2023 (2022: £60k) per annum in fees related to external appointments.

Non-Executive Directors' terms of engagement

Each of the Non-Executive Directors is engaged under a Non-Executive Director appointment letter. Each appointment is normally terminable by either party on no more than three months' written notice (or, in some cases, payment in lieu of notice), but may be terminated immediately in certain circumstances. Under our articles of association, our Board is divided into three classes (Class I, Class II and Class III), with members of each class serving staggered three-year terms. In the event of termination, the Chair and Non-Executive Directors are only entitled to fees accrued to the date of termination together with reimbursement of expenses properly incurred before that date.

The dates of appointment of each of the Non-Executive Directors serving at 31 December 2023 are summarised in the table below. The Parent Company was incorporated on 27 October 2017.

Non-Executive Directors	Date of appointment letter	Date of appointment
Janice Bourque	18 July 2019	18 July 2019
Jose-Carlos Gutierrez-Ramos	17 March 2021	17 March 2021
Veronica Jordan	30 October 2019	30 October 2019
Richard Kender	20 July 2019	18 July 2019
Pierre Legault (Chairman)	15 March 2019	15 March 2019
Sir Gregory Winter	24 May 2019	4 December 2017

At the time of the IPO in May 2019 all Non-Executive Directors then appointed except Pierre Legault entered into new letters of appointment which took effect conditional upon completion of the IPO. Janice Bourque, Richard Kender, Veronica Jordan and Jose-Carlos Gutierrez-Ramos each entered into letters of appointment at the time of their appointment to the Board.

Non-Executive Directors' letters of appointment are available for inspection at the Parent Company's registered office during normal business hours and will be available for inspection at the AGM.

A company affiliated with Pierre Legault, Stone Sunny Isles, Inc., and Stone Atlanta Estates LLC, the successor-in-interest to Stone Sunny Isles, Inc., has also entered into a consulting agreement with Bicycle Therapeutics Inc. dated 15 March 2019 under which it will procure the provision of consulting services by Pierre Legault to the Parent Company and is paid a monthly retainer of £12,032 during the year ended 31 December 2023 (2022: £11,459), which is billed in U.S. dollars for these services. This consulting agreement is terminable on three months' written notice (or payment in lieu of notice).

Remuneration scenario for Executive Director

The charts below show an estimate of the 2024 remuneration package for the Executive Director under three assumed performance scenarios and these scenarios are based on the Remuneration Policy set out above which will be applicable if it is approved. No performance obligations apply to equity-based awards so they are not included.

Minimum (comprising fixed pay only)

Base salary as of 1 January 2024 of $756k, converted by reference to the GBP : USD exchange rate on 31 December 2023 of 1.27313, cash in lieu of pension of 12% of base salary net of employer National Insurance costs of the cash in lieu and benefits of $2k.

Target

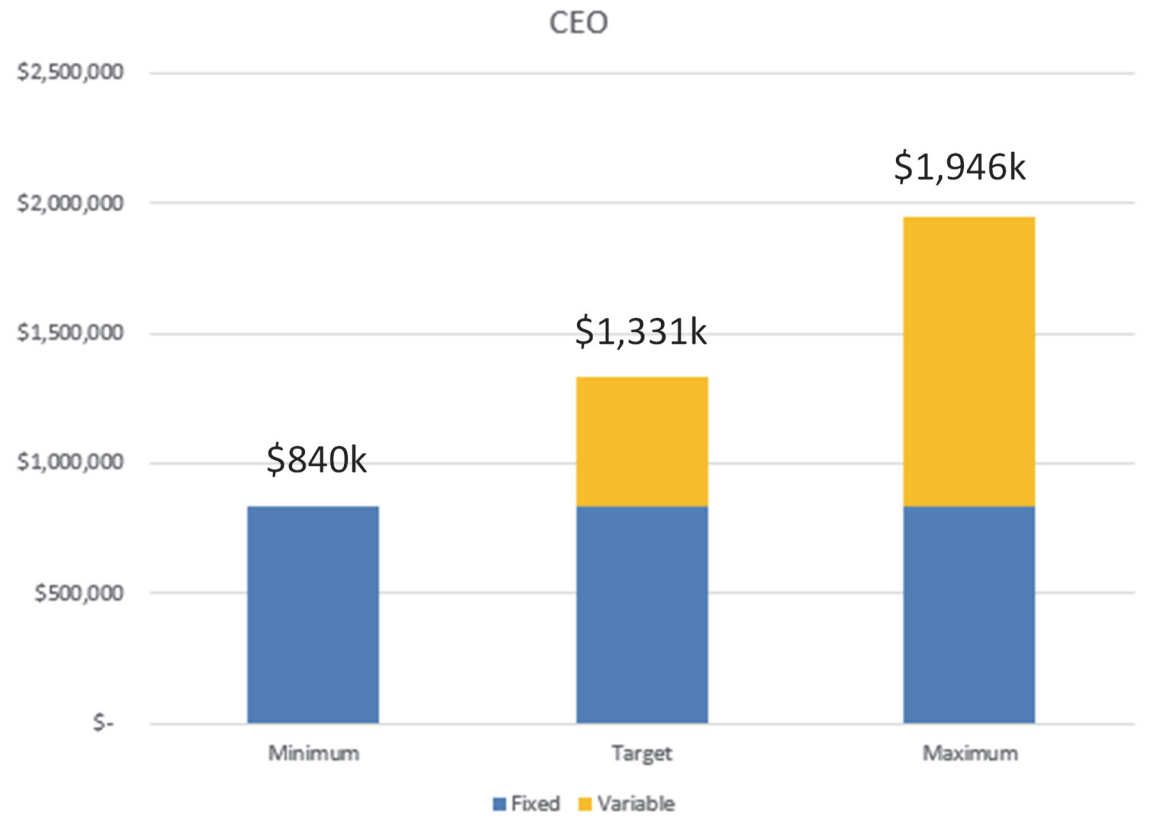
Fixed pay as above.

Assumes target bonus of 65%.

Maximum

Fixed pay as above.

Assumes maximum bonus payout of 146%.



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 16 May 2024. The information from the single total figure of directors' remuneration on page 48 to the end of the section on payments to former directors and for loss of office on page 51 has been audited. The remainder of the Annual Report on Remuneration is unaudited.

Compensation Committee

The current members of the Committee, who are all independent and have been members for the whole year, are Veronica Jordan (as Chair of the Committee), Richard Kender and Janice Bourque. Decisions of the Committee are made by majority vote or by unanimous written consent.

The Chair and members of management, the Chief Executive Officer (**"**CEO**"**)**,** the Chief Financial Officer (**"**CFO**"**), the Chief Accounting Officer and the Chief Operating Officer, are invited to attend meetings where appropriate. Attendees who are not members of the Committee are not involved in any decisions and are not present for any discussions regarding their own remuneration and did not materially assist the Committee.

No conflicts of interest have arisen during the year and none of the members of the Committee has any personal financial interest in the matters discussed, other than as holders of shares and/or equity awards. The fees of the Non-Executive Directors are approved by the Board on the joint recommendation of the Committee and the CEO/Executive Director.

Meetings attendance

Director	Meetings Attended
Janice Bourque	7 of 7
Richard Kender	7 of 7
Veronica Jordan	7 of 7

Seven meetings of the Committee have taken place during 2023.

Independent advisors

Independent advice on executive remuneration is received from the Executive Compensation practice of Radford. Radford is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Radford advises the Committee on all aspects of senior executive remuneration. Since the IPO, Radford was appointed by the Committee following a competitive tender process, and has since been retained to assist with the drafting of the Remuneration Policy and has kept the Committee up to date on remuneration trends and corporate governance best practice. Radford does not have any other remuneration-unrelated connection with the Company and is considered to be independent by the Committee. During the year ended 31 December 2023, fees charged by Radford for advice provided to the Committee for 2023 amounted to $167k (year ended 31 December 2022: $183k).

Activity in the year

The Committee's principal function is to develop and implement compensation policies and plans that ensure the attraction and retention of key management personnel, the motivation of management to achieve the Company's corporate goals and strategies, and the alignment of the interests of management with the long-term interests of the Parent Company's shareholders. In applying the remuneration policy, and in constructing the remuneration arrangements for Executive Directors and senior employees, the Board, advised by the Committee, aims to provide remuneration packages that are competitive and designed to attract, retain and motivate Executive Directors and senior employees of the highest calibre.

The Committee is responsible for and considered, where applicable, during the year:

- annually reviewing and approving corporate goals and objectives relevant to the compensation of the CEO;
- evaluating the performance of the CEO in light of such corporate goals and objectives and recommending or determining the compensation of the CEO;
- reviewing and recommending or determining the compensation of the Company's other executive officers;
- reviewing and establishing the Company's overall management compensation, philosophy and policy;
- overseeing and administering the Company's compensation and similar plans;
- retaining and approving the compensation of any compensation advisors;
- reviewing and approving the Company's policies and procedures for the grant of equity-based awards;
- preparing the compensation committee report required by the SEC rules to be included in our annual proxy statement, and the directors' remuneration policy and report as required under English law;
- reviewing and discussing with management the compensation discussion and analysis to be included in our annual proxy statement or Annual Report on Form 10-K, if required; and
- reviewing and making recommendations to the Board with respect to director compensation.

The Committee is formally constituted and operates pursuant to a written charter, which is available on the Company's website.

Directors' Remuneration Report (continued)

Single total figure of directors' remuneration — year ended 31 December 2023 (audited)

The total remuneration of the individual directors who served during the financial year, from 1 January 2023 to 31 December 2023, together with a comparison with the equivalent figure for the 2022 financial year is shown below. Total remuneration is the sum of emoluments plus Company pension contributions.

		Base salary[1]/fees $'000	Benefits[2] $'000	Bonus[3] $'000	Equity-based awards[4] $'000	Pension[5] $'000	Total remuneration $'000	Total fixed remuneration $'000	Total variable remuneration $'000
Executive Directors									
Kevin Lee	2023	**710**	**2**	**560**	**1,702**	**76**	**3,050**	**2,490**	**560**
	2022	673	1	571	3,044	70	4,359	3,788	571
Non-Executive Directors									
Janice Bourque	2023	**76**	**—**	**—**	**170**	**—**	**246**	**246**	**—**
	2022	70	—	—	304	—	374	374	—
Jose-Carlos Gutierrez-Ramos	2023	**63**	**—**	**—**	**170**	**—**	**233**	**233**	**—**
	2022	60	—	—	304	—	364	364	—
Veronica Jordan	2023	**74**	**—**	**—**	**170**	**—**	**244**	**244**	**—**
	2022	68	—	—	304	—	372	372	—
Richard Kender	2023	**108**	**—**	**—**	**170**	**—**	**278**	**278**	**—**
	2022	102	—	—	304	—	406	406	—
Pierre Legault[6]	2023	**218**	**—**	**—**	**340**	**—**	**558**	**558**	**—**
	2022	207	—	—	609	—	816	816	—
Sir Gregory Winter	2023	**58**	**—**	**—**	**170**	**—**	**228**	**228**	**—**
	2022	55	—	—	304	—	359	359	—
Total	**2023**	**1,307**	**2**	**560**	**2,892**	**76**	**4,837**	**4,277**	**560**
	2022	**1,235**	**1**	**571**	**5,173**	**70**	**7,050**	**6,479**	**571**

(1) The Executive Director's salary is both set, and paid, in GBP, and the amount reflected for the year ended 31 December 2023 is based on a GBP : USD exchange rate of 1.2433 for the year ended 31 December 2023.

(2) The Executive Director's benefits included private health insurance, long term disability, critical illness and death in service benefits.

(3) The annual bonus for 2023 was paid in cash in February 2024. The annual bonus for 2022 was paid in cash in February 2023. In June 2023, an additional bonus of £15k (or $19k based on a GBP : USD exchange rate of 1.2433 for the year ended 31 December 2023) was paid to Kevin Lee for his work and contribution towards entering into the Bayer and Novartis collaborations. This bonus was accounted for in his total 2023 bonus payment.

(4) There were no performance obligations linked to the equity-based awards. The value of equity-based awards in the form of options in the table is based on the market value of underlying shares at the date of grant, less the applicable exercise price. For the CEO and Non-Executive Directors this was nil because the exercise price is equal to the market value of the underlying shares at the date of grant. Refer to "Share Option Plan" below. The value of equity based awards in the form of RSUs is based on the market value of the underlying shares on the date of grant. Share price appreciation did not impact the value of awards. No discretion was exercised, and the determination of the levels of awards were not impacted, as a result of share price appreciation.

(5) Relates to pension and cash in lieu of pension.

(6) Pierre Legault's fees include those payable under a consulting agreement between Stone Sunny Isles, Inc. and Stone Atlanta Estates LLC, the successor-in-interest to Stone Sunny Isles, Inc. and Bicycle Therapeutics, Inc. dated 15 March 2019, pursuant to which such entity is paid £144k per year for Mr. Legault's advisory services to the Company for the year ended 31 December 2023 and £138k for the year ended 31 December 2022.

2023 Annual bonus (audited)

In 2023, the CEO's annual bonus was based on corporate and personal objectives. Details of the specific objectives will be disclosed when they are no longer considered commercially sensitive. The overall bonus outcome of percentage of target resulted in a total bonus pay out of $541k or 76% of the CEO's base salary for the year ended 31 December 2023. The Compensation Committee is satisfied that the bonus pay-out for 2023 is appropriate, taking into account the wider stakeholder experience, particularly that of shareholders and employees, based on achievements versus goals in the following key areas: Corporate Development, Clinical Development, Financial and Organisational Development. In 2022, the bonus outcome of percentage of target resulted in a total bonus pay out of $571k or 85% of the CEO's base salary for the year ended 31 December 2022. Specific targets are commercially sensitive. However, full details of the targets and performance against them will be disclosed when they are no longer considered commercially sensitive.

In 2023, the Compensation Committee approved an additional bonus of £15k (or $19k based on a GBP : USD exchange rate of 1.2433 for the year ended 31 December 2023) for the CEO for his work and contribution towards the entry into the Bayer and Novartis collaborations and was paid in June 2023.

Equity Incentive Plan

Awards granted from 1 January 2023 to 31 December 2023 (audited)

The CEO and Chairman received the following equity-based awards under the EIP during the year from 1 January 2023 to 31 December 2023, as set forth in the table below:

Executive Director	Form of Award	Date of Grant	Number of Shares	Exercise Price $	Face Value at Date of Grant[(1)] $'000	Expiry Date	Vest Terms
Kevin Lee	Fair market value options	3 January 2023	115,000	29.60	—	3 January 2033	25% vest after one year, remaining shares vest in 36 equal monthly instalments
	RSUs	3 January 2023	57,500	—	1,702	—	25% vest after one year, remaining shares vest in 12 equal quarterly instalments
Chairman							
Pierre Legault	Fair market value options	3 January 2023	23,000	29.60	—	3 January 2033	Vest in four equal quarterly instalments
	RSUs	3 January 2023	11,500	—	340	—	Vest in four equal quarterly instalments

(1) The value of equity-based awards in the form of options in the table is based on the market value of the underlying shares at the date of grant, less the applicable exercise price. For awards in the form of options, this was nil because the exercise price is equal to the market value of the underlying shares at the date of grant. Awards in the form of RSUs are valued using the market value of the underlying shares at the date of grant. Upon vesting of RSUs, the holders are required to pay a nominal fee of £0.01 per share.

Directors' Remuneration Report (continued)

Non-Executive Directors also received the following equity-based awards during the year from 1 January 2023 to 31 December 2023, as set forth in the table below:

Non-Executive Director	Form of Award	Date of Grant	Number of Shares Covered	Exercise Price $	Face Value at Date of Grant[1] $'000	Expiry Date	Vest Terms
Janice Bourque	Fair market value options	3 January 2023	11,500	29.60	—	3 January 2033	Vest in four equal quarterly instalments
	RSUs	3 January 2023	5,750	—	170	—	Vest in four equal quarterly instalments
Jose-Carlos Gutierrez-Ramos	Fair market value options	3 January 2023	11,500	29.60	—	3 January 2033	Vest in four equal quarterly instalments
	RSUs	3 January 2023	5,750	—	170	—	Vest in four equal quarterly instalments
Veronica Jordan	Fair market value options	3 January 2023	11,500	29.60	—	3 January 2033	Vest in four equal quarterly instalments
	RSUs	3 January 2023	5,750	—	170	—	Vest in four equal quarterly instalments
Richard Kender	Fair market value options	3 January 2023	11,500	29.60	—	3 January 2033	Vest in four equal quarterly instalments
	RSUs	3 January 2023	5,750	—	170	—	Vest in four equal quarterly instalments
Sir Gregory Winter	Fair market value options	3 January 2023	11,500	29.60	—	3 January 2033	Vest in four equal quarterly instalments
	RSUs	3 January 2023	5,750	—	170	—	Vest in four equal quarterly instalments

(1) Awards in the form of RSUs are valued at the date of grant. Upon vesting of RSUs, the holders are required to pay a nominal fee of £0.01 per share.

None of the awards granted are subject to performance-based conditions.

No subsequent changes were made to the exercise prices or vesting dates of options or vesting dates of awards in the form of RSUs.

Statement of directors' shareholding and share interests (audited)

Shareholdings for each director, who has held office during the period 1 January 2023 and 31 December 2023, are set out in the table below as at 31 December 2023 (together with interests held by his or her connected persons):

	Number of Shares	Number of Equity Awards			
	Beneficially owned shares as at 31 December 2023	Exercised/settled	Vested but unexercised	Unvested without performance conditions	Total
Executive Director					
Kevin Lee	236,506	—	956,099	320,418	1,513,023
Non-Executive Directors					
Janice Bourque	10,750	—	88,500	—	99,250
Jose-Carlos Gutierrez-Ramos	10,750	—	51,722	1,778	64,250
Veronica Jordan	10,750	—	88,500	—	99,250
Richard Kender	10,750	—	88,500	—	99,250
Pierre Legault	21,500	—	253,139	—	274,639
Sir Gregory Winter	174,677	—	56,500	—	231,177

There were no unvested shares or unvested equity awards with performance conditions. Details of changes in shareholdings for each director up to the date of this report are shown on page 55.

Payments to former directors and for loss of office (audited)

No payments were made to former directors of the Company or in relation to loss of office during the current or prior year.

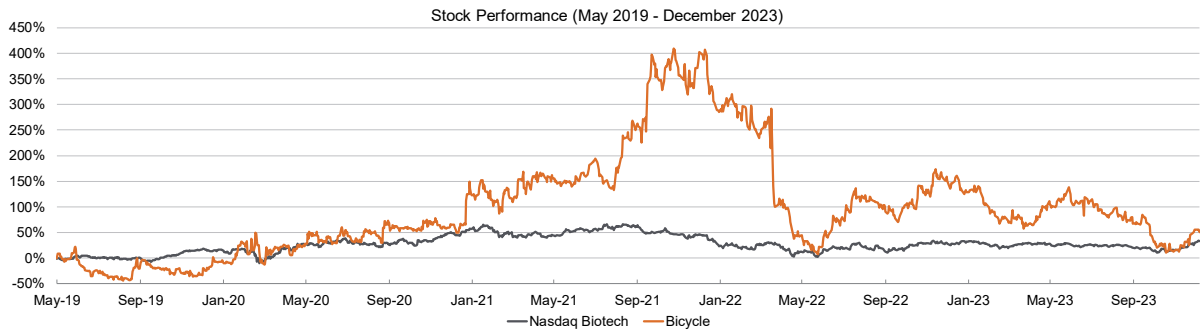
Share ownership guidelines

Executive Directors are encouraged to build a meaningful shareholding so as to align their interests with those of shareholders but no formal shareholding requirements apply.

Performance graph and table

The chart below shows the Parent Company's Total Shareholder Return **("TSR")** performance compared with that of the NASDAQ Biotechnology Index from the date of the Parent Company's listing on NASDAQ to 31 December 2023. The NASDAQ Biotechnology Index has been chosen as an appropriate comparator as it is the index of which the Parent Company is a constituent. TSR is defined as the return on investment obtained from holding a company's shares over a year. It includes dividends paid, the change in the capital value of the shares and any other payments made to or by shareholders within the year.

Stock Price Performance Since IPO



Aligning pay with performance

The total remuneration figure for the CEO is shown in the table below, along with the value of bonuses paid, and SOP/EIP vesting, as a percentage of the maximum opportunity. As explained in the report in respect of the 2019 financial year, as 2019 was the first year reported since listing, it is not possible to provide meaningful comparative data for periods prior to that date.

Chief Executive Officer	2019	2020	2021	2022	2023
Total remuneration ($000)	1,004	1,156	1,404	4,359	3,050
Actual bonus (% of the maximum)	63%	63%	72%	63%	54%
SOP/EIP vesting (% of the maximum)	100%	100%	100%	100%	100%

Percentage change in remuneration of the directors compared to all Company employees

The table below illustrates the increase in salary, benefits and annual bonus for each director and that of the Company's employees as a whole as between the 2019 and 2023 financial years. BicycleTx Limited has been used as the comparator company for the Parent Company because BicycleTx Limited employs all UK employees. The outcome for employees of the Parent Company is also included to satisfy the statutory requirement but is shown as not applicable given the Parent Company does not itself have any employees. As explained in the report in respect of the 2019 financial year, 2019 was the first year reported since listing on NASDAQ. There was no change in remuneration of the CEO in that year and it was therefore not possible to provide meaningful comparative data for prior years.

	Percentage change 2019-2020			Percentage change 2020-2021			Percentage change 2021-2022			Percentage change 2022-2023		
	Base salary / fees	Benefits	Bonus	Base salary / fees	Benefits	Bonus	Base salary / fees	Benefits	Bonus	Base salary / fees	Benefits	Bonus
Executive Directors												
Kevin Lee	15 %	100 %	16 %	14 %	100 %	31 %	(1)%	(50)%	(13)%	6 %	100 %	(2)%
Non-Executive Directors												
Michael Anstey	(17)%	—	—	—	—	—	—	—	—	—	—	—
Catherine Bingham	71 %	—	—	(51)%	—	—	(100)%	—	—	—	—	—
Janice Bourque	117 %	—	—	—	—	—	11 %	—	—	9 %	—	—
Jose-Carlos Gutierrez-Ramos	—	—	—	—	—	—	76 %	—	—	5 %	—	—
Bosun Hau	(17)%	—	—	—	—	—	—	—	—	—	—	—
Veronica Jordan	500 %	—	—	7 %	—	—	17 %	—	—	9 %	—	—
Richard Kender	120 %	—	—	—	—	—	5 %	—	—	6 %	—	—
Pierre Legault	40 %	—	—	6 %	—	—	(1)%	—	—	5 %	—	—
Carolyn Ng	(17)%	—	—	—	—	—	—	—	—	—	—	—
Sir Gregory Winter	67 %	—	—	—	—	—	38 %	—	—	5 %	—	—
Average pay of employees of the Parent Company	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average pay of employees of the Company as a whole	27 %	7 %	25 %	10 %	80 %	35 %	(29)%	(30)%	(21)%	9 %	19 %	—

Non-Executive Directors did not receive fees for the period prior to the IPO on NASDAQ in May 2019. Catherine Bingham resigned on 28 June 2021. Jose-Carlos Gutierrez-Ramos was appointed on 17 March 2021. Michael Anstey, Bosun Hau and Carolyn Ng resigned on 30 June 2020. Veronica Jordan, Richard Kender and Janice Bourque were all appointed during the course of 2019 with 2020 being their first full year in office.

Relative importance of spend on pay

The table below illustrates the Company's expenditure on employee pay in comparison to total expenditure on research and development. These costs are included in the disclosures in notes 6 and 9 in the notes to the financial statements.

	2022	2023	% change
Total expenditure on research and development ($'000)[1]	77,541	140,362	81%
Total employee pay expenditure ($'000)[2][3]	79,373	92,059	16%

(1) The Committee considers the Company's research and development expenditure relative to salary expenditure for all employees, to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the Company's business.

(2) Total pay expenditure includes wages and salaries, social security costs, pension contributions, bonus, equity compensation plans and termination benefits.

(3) No distributions to shareholders were made.

Statement of implementation of remuneration policy in 2024

Annual base salary

The annual base salary of the CEO is shown in the table below:

	Base salary 2023 $'000	Base salary 2024 $'000
Executive Directors		
Kevin Lee	691	756

Kevin Lee's salary has been both set, and paid, in GBP. Accordingly, Kevin Lee's annual base salary was GBP 571,305, effective on and from 1 January 2023 and will be GBP 594,200 on and from 1 January 2024. For consistency and ease of comparison, we will continue to provide disclosures in USD (converted by reference to the GBP : USD exchange rate on 31 December 2023 of 1.27313 (31 December 2022: 1.2103)).

Benefits and pension

In 2024, Executive Directors are eligible for the same benefits (such as health insurance) as provided to all senior employees in the jurisdiction in which they reside. In the UK, where the CEO is based, this means that employer pension contributions are 12% of base salary for Executive Directors and employees with job title of 'director' and above and 10% for all other employees (or, in each case, cash equivalent at the election of the relevant employee).

Bonus

The CEO will be entitled to a target bonus of 65% base salary in 2024, with final payout of up to 146% of base salary in the event of 'stretch' performance being achieved. The bonus will be paid in cash or in an equity award, as may be agreed between the Executive Director and the Committee, and subject to the achievement of a number of corporate and personal objectives determined by the Committee.

Specific corporate and personal objectives are commercially sensitive and therefore are not disclosed in advance. However, full details of the targets and performance against them will be disclosed when they are no longer considered commercially sensitive.

Clawback

In 2023, the Committee adopted a new incentive compensation recoupment policy providing for the Company's recoupment of recoverable incentive compensation that is received by certain executive officers of the Company under certain circumstances. Such clawback policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder and Nasdaq Listing Rule 5608.

Equity Incentive Plan

The Company granted the following equity incentive awards to directors and the Chairman in 2024 up to the date of this directors' remuneration report under the Equity Incentive Plan. These grants are a mix of RSUs and market value options.

Director	Form of Award	Date of Grant	Number of Shares Covered	Exercise Price $[1]	Face Value at Date of Grant $'000[2]	Expiry Date	Vest Terms[3]
Kevin Lee	Fair market value options	2 January 2024	155,000	18.08	—	2 January 2034	25% vest after one year, remaining shares vest in 36 equal monthly instalments
Pierre Legault	Fair market value options	2 January 2024	24,000	18.08	—	2 January 2034	Vest in four equal quarterly instalments
Janice Bourque	Fair market value options	2 January 2024	12,000	18.08	—	2 January 2034	Vest in four equal quarterly instalments
Jose-Carlos Gutierrez-Ramos	Fair market value options	2 January 2024	12,000	18.08	—	2 January 2034	Vest in four equal quarterly instalments
Veronica Jordan	Fair market value options	2 January 2024	12,000	18.08	—	2 January 2034	Vest in four equal quarterly instalments
Richard Kender	Fair market value options	2 January 2024	12,000	18.08	—	2 January 2034	Vest in four equal quarterly instalments
Sir Gregory Winter	Fair market value options	2 January 2024	12,000	18.08	—	2 January 2034	Vest in four equal quarterly instalments
Stephen Sands[4]	Fair market value options	20 February 2024	24,000	22.50	—	20 February 2034	Vest in three equal annual instalments
Kevin Lee	Restricted Share Units	2 January 2024	77,000	—	1,392	—	25% vest after one year, remaining shares vest in 12 equal quarterly instalments
Pierre Legault	Restricted Share Units	2 January 2024	12,000	—	217	—	Vest in four equal quarterly instalments
Janice Bourque	Restricted Share Units	2 January 2024	6,000	—	108	—	Vest in four equal quarterly instalments
Jose-Carlos Gutierrez-Ramos	Restricted Share Units	2 January 2024	6,000	—	108	—	Vest in four equal quarterly instalments
Veronica Jordan	Restricted Share Units	2 January 2024	6,000	—	108	—	Vest in four equal quarterly instalments
Richard Kender	Restricted Share Units	2 January 2024	6,000	—	108	—	Vest in four equal quarterly instalments
Sir Gregory Winter	Restricted Share Units	2 January 2024	6,000	—	108	—	Vest in four equal quarterly instalments
Stephen Sands[4]	Restricted Share Units	20 February 2024	12,000	—	270	—	Vest in three equal annual instalments

(1) For options, exercise price is equal to the market value of the underlying shares at the date of grant.

(2) The value of equity-based awards in the table is based on the market value of underlying shares at the date of grant, less the applicable exercise price (if any). This was nil for fair market value options because the exercise price is equal to the market value of the underlying shares at the date of grant. Awards in the form of RSUs are valued using the market value of the underlying shares at the date of grant. Upon vesting of RSUs, the holders are required to pay a nominal fee of £0.01 per share.

(3) The Committee may, in its sole discretion, provide for deferred settlement of RSUs awarded to Non-Executive Directors.

(4) On 20 February 2024, the Board appointed Stephen Sands to the Board. Pursuant to our Amended and Restated Non-Employee Director Compensation Policy, Mr. Sands was granted an option to purchase 24,000 ordinary shares and RSUs of 12,000 ordinary shares in connection with his appointment.

No other grants are currently proposed for 2024.

Non-Executive Directors' fees

Non-Executive Directors will receive the following annual fees for 2024, which will be paid in cash, as follows. These have been increased from the 2023 fees following review and benchmarking against our peers:

	Fees (effective from 1 January 2024) 000s
Base fee:	
Board Chair	£5
Board member	$50
Additional fees:	
Audit Committee Chair	$21
Audit Committee member	$11
Compensation Committee Chair	$16
Compensation Committee member	$8
Nomination Committee Chair	$11
Nomination Committee member	$5
Strategic Committee member	$33
Scientific Committee Chair	$15
Scientific Committee member	$8

Non-Executive Director fees may be paid in GBP, USD, or a combination depending on the personal situation of each Non-Executive Director.

Non-Executive Directors will not be eligible to participate in any performance-based incentive plans.

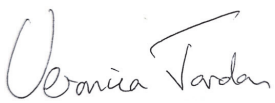
Each Non-Executive Director will also be entitled to reimbursement of reasonable expenses and reimbursement of fees for tax advice associated with completion of international tax returns and, if relevant, any gross-up for tax due to their role as a Bicycle Therapeutics plc Non-Executive Director. In addition, a Non-Executive Director who participates on the Scientific Advisory Board and attends Scientific Advisory Board meetings will be entitled to receive a cash fee of $4,000 per meeting.

Shareholder voting on remuneration matters at AGM

The table below sets out the previous votes cast at our AGM in June 2023 in respect of the previous Directors' Remuneration Report and Policy.

	Votes for		Votes against		Votes withheld
	%	Number	%	Number	Number
Directors' Remuneration Report	93.00	26,084,674	7.00	1,964,069	8,178
Directors' Remuneration Policy	92.97	26,075,659	7.03	1,971,866	9,396

On behalf of the Board



Veronica Jordan
Chair of the Compensation Committee
10 April 2024

Bicycle Therapeutics plc
year ended 31 December 2023

Directors' Report

The directors present their report and the audited financial statements of Bicycle Therapeutics plc (the "Parent Company") for the year ended 31 December 2023 and, the audited consolidated financial statements of Bicycle Therapeutics plc and its subsidiaries, BicycleTx Limited, BicycleRD Limited and Bicycle Therapeutics Inc. (the "Company") for the year ended 31 December 2023.

Bicycle Therapeutics plc is a public company limited by shares and incorporated and domiciled in England and Wales. BicycleTx Limited, and BicycleRD Limited are registered in England and Wales. Bicycle Therapeutics Inc. is registered in the U.S.

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"). This includes the Section 172 Statement that summarises how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year.

Results and dividends

The results of the Company for the year are set out on page 68. During the year ended 31 December 2023, no dividend was declared or paid (year ended 31 December 2022: $Nil). The directors do not recommend the payment of any further dividend.

Directors

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

Janice Bourque
Jose-Carlos Gutierrez-Ramos
Veronica Jordan
Richard Kender
Kevin Lee
Pierre Legault
Stephen Sands
Gregory Winter

Capital structure

Details of the issued share capital, together with details of shares issued during the year, are set out in note 18 to the financial statements. There are two classes of ordinary shares, neither of which carry any right to fixed income. Each ordinary share carries the right to one vote at a general meeting of the Parent Company while non-voting ordinary shares carry no voting rights.

Other than the transfer conditions on non-voting ordinary shares as outlined in note 18 to the financial statements, there are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Parent Company's articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Parent Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Parent Company's share capital and all issued shares are fully paid. Subject to the Companies Act and any relevant authority of the Parent Company in general meeting, the Parent Company has authority to issue new shares.

Political donations

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

Research and development activities

The directors are satisfied that research and development activities of the Company are progressing satisfactorily. Total research and development expenditure during the year was $140.4 million (year ended 31 December 2022: $77.5 million).

Going concern

The Company is involved in research and development activities and until it is able to convert this activity into a significant product revenue stream, it will be reliant upon obtaining additional funding in connection with continuing operations. More detailed analysis of the risks faced by the Company is given in the Strategic Report.

At 31 December 2023, the Company had cash and cash equivalents of $526.4 million and the directors estimate the Company's existing cash and cash equivalents at the date of approval of these financial statements is sufficient to continue to fund the Company's operating expenses for the foreseeable future at least 12 months from the date of that approval and that is therefore appropriate to prepare these financial statements on a going concern basis.

Employee involvement

The Company is committed to the continued development of employee involvement by an effective communications and consultative framework. Please refer to the "Employee, social, community and human rights matters" section included in our Strategic Report, beginning on page 14 of this document.

Greenhouse gas emissions, energy consumption and energy efficiency action

Please refer to the "Environmental matters" section included in our Strategic Report, beginning on page 14 of this document.

Financial risk management

Please refer to the "Financial risk management" section included in our Strategic Report, beginning on page 13 of this document.

Qualifying third party indemnity provisions

The Parent Company has made qualifying third-party indemnity provisions for the benefit of its directors and certain executives that were in force during the year and at the date of this report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its reports, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Branches outside of the UK

The Parent Company has no overseas branches.

Future developments

Information on likely future developments in the business of the Company has been included in the Strategic Report on page 11.

Post balance sheet events

The directors are not aware of any events that have occurred subsequent to the end of the year that may materially impact the results of the financial statements, other than as disclosed in note 26 to the financial statements.

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 Parent Company and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, 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 company will continue in business.

The directors are responsible for safeguarding the assets of the Parent Company and the 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 Parent Company's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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 Parent Company's and the 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 Parent Company's and the 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 16 May 2024.

The financial statements on pages 68 to 104 were approved by the board of directors on 28 March 2024.

This report was approved by the board of directors on 28 March 2024 and signed on behalf of the board of directors by:

Kevin Lee
Director
10 April 2024

Independent auditors' report to the members of Bicycle Therapeutics plc

Report on the audit of the financial statements

Opinion

In our opinion, Bicycle Therapeutics plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Consolidated and Parent Company balance sheets as at 31 December 2023; the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Parent Company statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) 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 UK, 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

- The scope of our audit covered the financially significant components, comprising Bicycle Therapeutics plc (the parent company), Bicycle Tx Limited and Bicycle Therapeutics Inc. We conducted a full scope audit of each of these components.
- These audit procedures covered 100% of the Group's revenue and 99.97% of the Group's total assets and liabilities.

Key audit matters

- Revenue recognition: Initial accounting treatment for collaboration agreements (group)

- Recoverability of investments in subsidiaries and amounts owed by group undertakings (parent)

Materiality

- Overall group materiality: $9,500,000 (2022: $8,000,000) based on 5% of loss before tax.
- Overall company materiality: $8,920,000 (2022: $5,900,000) based on 1% of total assets.
- Performance materiality: $7,125,000 (2022: $6,000,000) (group) and $6,690,000 (2022: $4,425,000) (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.

Revenue recognition: Initial accounting treatment for collaboration agreements is a new key audit matter this year. Revenue recognition: Accounting treatment for the exercise of an Expansion Option under the Genentech Collaboration Agreement, which was a key audit matter last year, is no longer included because of in the current year, no options were exercised under the Genentech collaboration, and the accounting of option exercise in previous year was determined in the previous year itself, having no impact on accounting in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition: Initial accounting treatment for collaboration agreements (group) Refer to Note 3, Note 4 and Note 5 of the financial statements for management's disclosure of accounting policies, critical accounting estimates and significant judgements and further explanation in the notes to the financial statements. In 2023 the Company entered into collaboration and licence agreements with Novartis and Bayer. The Company recorded $1.9 million and $1.2 million of revenue for the year ended 31 December 2023, and $50.0 million and $43.6 million of deferred revenue as of 31 December 2023, in connection with the Novartis and Bayer collaboration and licence agreements, respectively. As discussed by management, in accounting for these arrangements, management made significant judgments, including identifying separately identifiable components within the contract, determining transaction price, including estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separately identifiable component based on the estimated relative standalone selling prices of each separately identifiable component. Management also made significant judgement considering whether optional future goods and services reflect a significant and incremental discount, and if so, identified such optional future goods and services as material rights to be accounted for as a	We have performed the following procedures to address the key audit matter: • We have gained an understanding of the control environment surrounding the revenue business process including testing the effectiveness of controls relating to the initial accounting of revenue from collaboration agreements. • We evaluated management's assessment of the initial accounting treatment for the collaboration agreements including the identification of performance obligations, including options and material rights. • We have tested management's process for determining the estimated standalone selling prices. We have evaluated the appropriateness of the method used by management. • We tested the completeness, accuracy, and relevance of the data used by management in determining the initial accounting. • We evaluated the reasonableness of the significant assumptions used by management related to the value of underlying goods and services and the probability that the customer will exercise the option. Evaluating management's assumptions related to the value of underlying goods and services and the probability that the customer will exercise its options involved assessing

separately identifiable components. For the identified material rights, the estimated standalone selling prices were determined based on fees that the customer would pay to exercise the options, estimated value of underlying goods and services, and the probability that the customer will exercise the options, inclusive of the probabilities of technical success. The principal considerations for our determination that performing procedures relating to the initial accounting treatment for collaboration agreements is a key audit matter are (i) the significant judgement exercised by management in identifying performance obligations, including options and material rights, and in estimating standalone selling price of material rights, and (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures over management's identification of performance obligations and evaluating management's significant assumptions related to the value of underlying goods and services and probability that the customer will exercise the option.	whether the assumptions used by management were reasonable considering consistency with the accounting for historical collaboration agreements and by interviewing the appropriate Company personnel, including members of the Company's research and development and business development teams to understand the reasonable range of possible outcomes.
Recoverability of investments in subsidiaries and amounts owed by group undertakings (parent) Refer to Note 14 for investment in subsidiaries and note 15 for amounts owed by the group undertakings. The Parent Company has an investment in subsidiary companies of $109 million as of 31 December 2023 and amounts owed by group undertakings of $307 million as of 31 December 2023. As of 31 December 2023, the market capitalisation of Bicycle Therapeutics plc (Group) has fallen below the net assets held by the parent company (which is majorly comprised of cash, investments in subsidiary companies and amounts owed by group undertakings). Management performed an impairment assessment and concluded no indicators of impairment are present based on the implied value of the Company determined by the price paid for shares during the Company's July 2023 follow-on public offering. Management have concluded that there are no adverse developments post year-end that could significantly impact the Company's business activities. Management expects to utilise the cash balance of $526.4 million in performing research and development activities to create value for the Group which may lead to a higher market capitalisation of the Group in the future. Management also considered that that the value of the group is derived from the intellectual property and external collaboration contracts housed within the subsidiary companies. Based on the above assessment, management concluded that the investment in subsidiary companies and amounts owed by group undertakings in the parent company balance sheet are not impaired.	We have performed following procedures to address the key audit matter: • We have gained an understanding of the control environment over an investment in subsidiary companies and amounts owed by the group undertakings. • We have obtained management's impairment assessment and assessed its reasonableness. • We assessed that there is an indicator of impairment as the market capitalisation of the Group is lower than the net assets of the parent company as of 31 December 2023. • We concur with management's judgment that the value of the Group is derived from the intellectual property owned by the subsidiary companies and external collaboration contracts to which the subsidiary companies are parties in. • We verified cash proceeds from the follow-on public offering in July 2023. We concur with management's judgement that the implied value of the Company is higher than the net assets of the parent company as of 31 December 2023. The post year-end market capitalisation of the Group is higher than the net assets of both the parent company and the Group. • We concur with management that the cash will be utilised for research and development activities in subsidiary companies as the intellectual property, the employees and the external collaboration contracts resides within the subsidiary companies. Based on above procedures we concur with management's conclusion that no impairment is required on investments in subsidiary companies and amounts owed by group undertakings.

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 company, the accounting processes and controls, and the industry in which they operate.

The Group comprises four entities, Bicycle Therapeutics plc (the parent company), BicycleTx Limited, Bicycle Therapeutics Inc. and BicycleRD Limited (the subsidiary companies) of which all except BicycleRD Limited were scoped in as significant

components for our group audit. Full scope audits were performed over the financial information of the three significant components and our work was fully substantive in nature. This approach provided 100% coverage of the Group's revenue and 99.97% of the Group's total assets and liabilities.

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 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 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 - company
Overall materiality	$9,500,000 (2022: $8,000,000).	$8,920,000 (2022: $5,900,000).
How we determined it	5% of loss before tax	1% of total assets
Rationale for benchmark applied	Loss before tax is the generally accepted benchmark, given that, in most circumstances, this is the measure of greatest significance to the financial statement users since the Company's equity securities are publicly traded and it is a profit oriented entity.	We believe that total assets is the most appropriate benchmark as the Parent Company is 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 between $6.7 million and $8.9 million.

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 75% (2022: 75%%) of overall materiality, amounting to $7,125,000 (2022: $6,000,000) for the group financial statements and $6,690,000 (2022: $4,425,000) for the 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 upper 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 $475,000 (group audit) (2022: $400,000) and $446,000 (company audit) (2022: $295,000) 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 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 as well as future developments;
- Obtaining management's cash flow forecasts for the period to 31 December 2027, testing the mathematical accuracy of the calculations and assessing the completeness and accuracy of the data used; and
- Evaluation of management's assessment of key assumptions contained within the cash flow forecasts.

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 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 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 UK 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 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 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 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 (UK) 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 Companies Act 2006 and corporate taxation, 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 misappropriation of cash through manipulation of vendor master data, fraudulent financial reporting by overstatement of revenue through manual journal entries and management bias in accounting judgements and estimates for revenue. Audit procedures performed by the engagement team included:

- enquiries of management and the entity's General Counsel around actual and potential litigation and claims including known or suspected instances of non-compliance with laws and regulations and fraud;
- completing a detailed fraud risk assessment, through enquiries of management and other officers of the Company outside the finance function and considering the overall control environment in place;
- inspecting minutes of meetings of the Board of Directors and its Committees;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- challenging the assumptions made by management in their significant accounting estimates, in particular in relation to revenue recognition;
- designing audit procedures to incorporate unpredictability around nature, timing and extent of our testing; and
- substantive testing on bank details of new vendors and updates to the bank details of existing vendors.

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 company's members 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 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 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.

David Farmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
10 April 2024

Bicycle Therapeutics plc
Registered in England No: 11036004

Consolidated statement of comprehensive income for the year ended 31 December 2023

	Note	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Revenue	5	**25,859**	13,320
Administrative expenses	6	**(228,146)**	(177,809)
Other operating income	6	**990**	1,476
Operating loss	6	**(201,297)**	(163,013)
Interest receivable and similar income	7	**14,002**	5,756
Interest payable and similar expenses	7	**(3,296)**	(3,373)
Net interest income		**10,706**	2,383
Loss before taxation		**(190,591)**	(160,630)
Tax on loss	8	**22,013**	20,810
Loss for the financial year		**(168,578)**	(139,820)
Other comprehensive income			
Foreign exchange translation differences		**(16,001)**	17,250
Total comprehensive expense for the year		**(184,579)**	(122,570)
Basic and diluted loss per ordinary share	23	**$ (4.74)**	$ (4.71)
Weighted average number of ordinary shares		**35,592,362**	29,660,659

The notes on pages 73 to 104 are an integral part of the consolidated financial statements.

Bicycle Therapeutics plc
Registered in England No: 11036004

Consolidated and Parent Company balance sheets as at 31 December 2023

	Note	Consolidated		Parent Company	
		As at 31 December 2023 $'000	As at 31 December 2022 $'000	As at 31 December 2023 $'000	As at 31 December 2022 $'000
Fixed assets					
Intangible assets	12	**51**	87	**—**	—
Tangible assets	13	**14,485**	19,061	**—**	—
Investments in subsidiaries	14	**—**	—	**109,432**	72,961
		14,536	19,148	**109,432**	72,961
Current assets					
Debtors	15	**42,179**	39,672	**309,188**	231,448
Cash at bank and in hand		**526,423**	339,154	**473,410**	290,310
		568,602	378,826	**782,598**	521,758
Creditors: amounts falling due within one year	16	**(68,836)**	(55,369)	**—**	—
Net current assets		**499,766**	323,457	**782,598**	521,758
Total assets less current liabilities		**514,302**	342,605	**892,030**	594,719
Creditors: amounts falling after more than one year	17	**(141,506)**	(71,727)	**(30,698)**	(30,315)
Net assets		**372,796**	270,878	**861,332**	564,404
Capital and reserves					
Called up share capital	18	**550**	387	**550**	387
Share premium account	18	**670,623**	420,760	**670,623**	420,760
Other reserve	18	**(3,442)**	(3,442)	**(3,442)**	(3,442)
Exchange reserve	18	**(1,939)**	14,062	**(10)**	(10)
General reserve	18	**108,970**	72,499	**108,970**	72,499
(Accumulated losses)/retained earnings	18	**(401,966)**	(233,388)	**84,641**	74,210
Total shareholders' funds		**372,796**	270,878	**861,332**	564,404

The Parent Company's profit for the financial year ended 31 December 2023 is $10,431k (year ended 31 December 2022: profit of $2,387k).

The Consolidated and Parent Company financial statements on pages 68 to 104 were approved by the board of directors on 28 March 2024 and signed on behalf of the board of directors by:

Kevin Lee
Director
10 April 2024

The notes on pages 73 to 104 are an integral part of the financial statements.

Bicycle Therapeutics plc
Registered in England No: 11036004

Consolidated statement of changes in equity for the year ended 31 December 2023

	Called up share capital $'000	Share premium account $'000	Exchange reserve $'000	General reserve $'000	Accumulated losses $'000	Total shareholders' funds $'000
Balance as at 1 January 2022	**384**	**414,071**	**(3,188)**	**31,857**	**(97,010)**	**346,114**
Loss for the financial year	—	—	—	—	(139,820)	(139,820)
Shares issued ADS's (net of costs of issue)	2	5,701	—	—	—	5,703
Shares issued from the exercise of options	1	988	—	—	—	989
Share options and RSUs granted	—	—	—	40,642	—	40,642
Total transactions with owners, recognised directly in equity	**3**	**6,689**	**—**	**40,642**	**—**	**47,334**
Currency translation adjustment	—	—	17,250	—	—	17,250
Balance as at 31 December 2022	**387**	**420,760**	**14,062**	**72,499**	**(236,830)**	**270,878**
Loss for the financial year	—	—	—	—	(168,578)	(168,578)
Shares issued ADS's and non-voting ordinary shares (net of costs of issue)	162	249,183	—	—	—	249,345
Shares issued from the exercise of options	1	680	—	—	—	681
Share options and RSUs granted	—	—	—	36,471	—	36,471
Total transactions with owners, recognised directly in equity	**163**	**249,863**	**—**	**36,471**	**—**	**286,497**
Currency translation adjustment	—	—	(16,001)	—	—	(16,001)
Balance as at 31 December 2023	**550**	**670,623**	**(1,939)**	**108,970**	**(405,408)**	**372,796**

The notes of pages 73 to 104 are an integral part of the consolidated financial statements.

Bicycle Therapeutics plc
Registered in England No: 11036004

Parent Company statement of changes in equity for the year ended 31 December 2023

	Called up share capital $'000	Share premium account $'000	Exchange reserve $'000	General reserve $'000	Retained earnings $'000	Total shareholders' funds $'000
Balance as at 1 January 2022	**384**	**414,071**	**(10)**	**31,857**	**68,381**	**514,683**
Profit for the financial year	—	—	—	—	2,387	2,387
Shares issued ADS's (net of costs of issue)	2	5,701	—	—	—	5,703
Shares issued from the exercise of options	1	988	—	—	—	989
Share options and RSUs granted	—	—	—	40,642	—	40,642
Total transactions with owners, recognised directly in equity	**3**	**6,689**	**—**	**40,642**	**—**	**47,334**
Balance as at 31 December 2022	**387**	**420,760**	**(10)**	**72,499**	**70,768**	**564,404**
Profit for the financial year	—	—	—	—	10,431	10,431
Shares issued ADS's and non-voting ordinary shares (net of costs of issue)	162	249,183	—	—	—	249,345
Shares issued from the exercise of options	1	680	—	—	—	681
Share options and RSUs granted	—	—	—	36,471	—	36,471
Total transactions with owners, recognised directly in equity	**163**	**249,863**	**—**	**36,471**	**—**	**286,497**
Balance as at 31 December 2023	**550**	**670,623**	**(10)**	**108,970**	**81,199**	**861,332**

The notes of pages 73 to 104 are an integral part of the financial statements.

Bicycle Therapeutics plc
Registered in England No: 11036004

Consolidated statement of cash flows
for the year ended 31 December 2023

	Note	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Cash flow from operating activities	19	**(90,307)**	(95,519)
Taxation received		**19,026**	7,906
Net cash used in operating activities		**(71,281)**	(87,613)
Cash flow from investing activities			
Purchase of intangible assets		**—**	(62)
Purchase of tangible assets		**(3,164)**	(18,885)
Interest received		**12,064**	5,756
Net cash provided by/(used in) investing activities		**8,900**	(13,191)
Cash flow from financing activities			
Interest paid		**(2,856)**	(2,875)
Proceeds from issuance of ADS's and non-voting ordinary shares (net of costs of issue)		**249,345**	5,703
Proceeds from the exercise of share options and sale of ordinary shares		**681**	989
Net cash generated from financing activities		**247,170**	3,817
Net increase/(decrease) in cash and cash equivalents		**184,789**	(96,987)
Exchange gain/(loss) on cash and cash equivalents		**2,480**	(2,539)
Cash and cash equivalents at the beginning of the year		**339,154**	438,680
Cash and cash equivalents at the end of the year		**526,423**	339,154

The notes of pages 73 to 104 are an integral part of the consolidated financial statements.

Notes to the financial statements

1 General information

Bicycle Therapeutics plc (the "Parent Company") and, together with its subsidiaries (the "Company"), is a clinical-stage biopharmaceutical company developing a novel and differentiated class of medicines, which the Company refers to as Bicycle® molecules, for diseases that are underserved by existing therapeutics. Bicycle molecules are a unique therapeutic modality combining the pharmacology usually associated with a biologic with the manufacturing and pharmacokinetic properties of a small molecule.

The Parent Company is a public company limited by shares and incorporated in England and Wales and quoted on the NASDAQ capital market under the ticker BCYC.

Its registered number is: 11036004.

Its registered office is: Blocks A & B, Portway Building, Granta Park, Great Abington, Cambridge, United Kingdom, CB21 6GS .

2 Statement of compliance

The consolidated financial statements of the Company and the financial statements of the Parent Company have been prepared in compliance with U.K. Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006 (the "Companies Act").

3 Summary of significant accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Currently there are no financial assets and liabilities measured at fair value.

The accompanying consolidated financial statements of the Company include the accounts of Bicycle Therapeutics plc and its wholly owned subsidiaries, BicycleTx Limited, BicycleRD Limited and Bicycle Therapeutics Inc. All intercompany balances and transactions have been eliminated in consolidation.

The financial statements have been prepared under the historical cost accounting rules and in accordance with the Companies Act.

Accounting policies have been applied consistently other than when new policies have been adopted.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual statement of comprehensive income.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company and the Parent Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, from preparing a Parent Company statement of cash flows, on the basis that it is a qualifying entity and the Parent Company's cash flows are included in the consolidated statement of cash flows. In addition, the Parent Company is exempted from disclosing share-based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23 concerning its own equity instruments as the Parent Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein.

3 Summary of significant accounting policies (continued)

Parent Company has also taken the exemption available from disclosing the company key management compensation as required by FRS102 paragraph 33.7.

Going concern

The Company is involved in research and development activities and until it is able to convert this activity into a significant product revenue stream, it will be reliant upon obtaining additional funding in connection with continuing operations. More detailed analysis of the risks faced by the Company is given in the Strategic Report.

At 31 December 2023, the Company had cash and cash equivalents of $526.4 million and the directors estimate the Company's existing cash and cash equivalents at the date of approval of these financial statements is sufficient to continue to fund the Company's operating expenses for the foreseeable future at least 12 months from the date of that approval and that is therefore appropriate to prepare these financial statements on a going concern basis.

Revenue

Revenue represents the fair value of amounts received or receivable in respect of collaborative research agreements, licence fees or milestone payments (excluding value added tax). These are recognised as revenue when the specific conditions stipulated in the agreements have been satisfied and the significant risks and rewards of ownership have been transferred to the customer.

Licencing agreements may consist of multiple elements and provide for various forms of consideration terms, such as upfront, development, regulatory and sales milestones, sales-based royalties and similar payments. To account for arrangements with multiple elements, separately identifiable components within the contract and the arrangement transaction price are identified. Development and regulatory approval milestones are included within the allocated transaction price only when it becomes probable that economic benefits will flow to the entity and the amount of revenue can be measured with reliability.

The fair value of the arrangement transaction price is allocated to the different separately identifiable components based on the relative standalone selling price of those services provided. The allocated transaction price is recognised over the respective performance period of each separately identifiable component. Amounts received in advance of the revenue recognition criteria being met are initially reported as deferred revenue.

The Company provides research and development services to its customers which often culminate in the provision of a licence to developed intellectual property. Where services are provided in the development or identification of a licenced molecule, the services are not considered to be a separately identifiable component to the customer/licensor if they are not distinct from the licence. Any upfront income received under such arrangements is considered to be consideration for the combined licence and development services component and it is recognised over the research and development term. When the services performed are an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis. When performance of services can be estimated reliably, the Company recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period. Where arrangements involve upfront consideration allowing customers the option to select additional licences and/or research and development services that represent a material right, such consideration is deferred until the option is exercised (in which case the revenue is recognised as the related services are performed) or expires (in which case the revenue is recognised immediately, as the Company has no further obligations under the arrangement).

Customer options for future components that do not represent material rights are accounted for as separate arrangements when they occur.

Where the Company grants a licence to its intellectual property and there are no further conditions

3 Summary of significant accounting policies (continued)

stipulated in the agreement related to separately identifiable components and the significant risks and rewards of ownership have been transferred to the customer the licence revenues are recognised when receipt of subsequent milestones is probable. This is typically when the milestone event is achieved or satisfied.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to their residual values over their estimated useful lives, as follows:

Laboratory equipment	3 to 5 years
Office equipment	3 to 5 years
Computer equipment	3 years
Leasehold improvements	over the remaining period of the lease

Intangible assets and amortisation

Intangible assets comprise intellectual property licences and computer software and are stated at capitalised cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, assessed by the directors on a case-by-case basis, as follows:

- Intellectual property licences: 5 to 15 years
- Computer software: 3 years

The assets are reviewed for impairment if there is an indication that the carrying amount may be impaired. Provision is made against the carrying value of such assets when an impairment in value is deemed to have occurred.

Costs associated with maintaining intellectual property and computer software are recognised as an expense as incurred. Amortisation is included in other operating expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, money market funds, and other short-term highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

3 Summary of significant accounting policies (continued)

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. The Company has no finance leases. The Company's lease terms include the period covered by extension options or exclude the period covered by termination options when it is reasonably certain that the Company will exercise that option.

Debtors

Short term debtors are measured at transaction price, less any impairment. The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Creditors

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

Investments in subsidiaries — Parent Company

Investments in subsidiaries are held at cost less accumulated impairment losses.

Provisions and contingencies

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resource is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3 Summary of significant accounting policies (continued)

Grant income

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions of the grants and also that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grant income is recognised gross in the statement of comprehensive income as operating income. For the year ended 31 December 2023, the Company recognised government grant income of $989k (year ended 31 December 2022: $1,476k).

Interest income

Interest income is recognised using the effective interest rate method.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other non-monetary benefits are recognised as an expense in the period in which the service is received.

Pension costs

The Company operates a defined contribution plan for its U.K. employees and a defined-contribution savings plan under Section 401(k) for its U.S. employees. Under these plans the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments at the year end. The assets of the plan are held separately from the Company in independently administered funds.

Share-based payments

The Company provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a graded basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest. An attrition rate based on the Company's average historic attrition over the past period corresponding to the length of the vesting period is used.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the statement of comprehensive income.

The fair value of each restricted share award is based on the fair value of the Parent Company's shares, less any applicable purchase price. The fair value of each share option award is estimated using the Black-Scholes option-pricing model which requires inputs based on certain subjective assumptions, including the fair value of shares, the expected share price volatility, the expected term of the award, the risk-free interest rate and expected dividends. The Company estimates its volatility by using a blend of its stock price history for the length of time it has market data for its shares and the historical volatility of similar public companies for the expected term of each

3 Summary of significant accounting policies (continued)

grant. The Company will continue to apply this process until a sufficient amount of historical information regarding the volatility of its own share price becomes available.

Provision is made for National Insurance contributions on outstanding share options that are expected to be exercised using the latest enacted National Insurance rates applied to the difference between the market value of the underlying shares at the balance sheet date and the option exercise price. The Company has no cash-settled arrangements. The Parent Company has no employees and thus there is no charge in the statement of comprehensive income for share-based payments for the Parent Company. The charge for share-based payments has been recognised as an increase in cost of investment in subsidiaries.

Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Taxation

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

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax credit

The Company benefits from the U.K. research and development tax credit regime under both the small and medium sized enterprise (“SME”) scheme and by claiming a Research and Development Expenditure Credit (“RDEC”) in respect of grant funded projects. Under the SME regime, a portion of the Company’s losses are surrendered for a cash rebate of up to 33.3% of eligible expenditures incurred prior to 1 April 2023, and up to 18.6% of eligible expenditures incurred thereafter. Such credits are calculated based on the amount and nature of the research and development expenditure incurred and are accounted for within the tax provision in the year in which the expenditures were incurred.

Deferred tax

Provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3 Summary of significant accounting policies (continued)

Research and development

Research and development expenditure comprises all expenditure that is directly attributable to research or development activities. Expenditure on research and development is expensed in the period which it is incurred.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

Foreign currencies

Transactions in foreign currencies are recorded in an entity's functional currency using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Adjustments that arise from exchange rate changes on transactions denominated in a currency other than the functional currency are included as profit or loss as incurred.

Basis of consolidation

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Parent Company takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the financial statements from the date control is achieved to the date control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Functional and presentational currency

Functional currency

The Parent Company's functional currency is the U.S. dollar.

The Parent Company's subsidiaries in the U.K., BicycleTx Limited and BicycleRD Limited, use British pound sterling as their functional currencies and their results have been translated into U.S. dollars for inclusion in these consolidated financial statements. The functional currency of the Parent Company's subsidiary in the U.S., Bicycle Therapeutics Inc., is the U.S. dollar.

Presentational currency

The presentational currency is U.S. dollars, rounded to the nearest $000, for all years presented in these financial statements.

The Company translates the assets and liabilities of BicycleTx Limited and BicycleRD Limited into U.S. dollars at the exchange rate in effect on the balance sheet date. Revenue and expenses are translated into U.S. dollars at the average exchange rate in effect during the period. Unrealised translation gains and losses are recorded as a currency translation adjustment, which is included in the statement of changes in equity.

Share Capital

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

3 Summary of significant accounting policies (continued)

Finance costs

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

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents, loans to the Parent Company's subsidiaries, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Basic financial liabilities also include certain other financial instruments where the Company does not have the unconditional right to avoid settling in cash or by delivery of another financial asset, or otherwise settle it in such a way that they would be financial liabilities.

Debt and certain other financial instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Stage of completion

Revenue in respect of the Collaboration and Licence Agreement with Bayer, the Collaboration and Licence Agreement with Novartis, the Evaluation and Option, Collaboration, and Share Purchase Agreements with Ionis and the Discovery Collaboration and License Agreement with Genentech are recognised in accordance with the revenue accounting policy. In accordance with this policy, amounts allocated to combined licence and development services components are recognised over the development term by reference to the stage of completion of the transaction at the end of the reporting period when performance can be estimated reliably. The stage of completion, and thereby periods over which revenue should be recognised, are subject to estimates by management and may change over the course of the research and development and licencing arrangement. Changes in the estimated total level of effort expected to be performed would accelerate or decrease the rate of revenue recognised related to the components that are recognised over time. Specifically, a change in the overall expected effort of 5% for the components recognised over time in the Bayer, Novartis, Ionis and Genentech arrangements would result in a change in revenue recognised of approximately $55k, $90k, $1,055k and $466k, respectively, for the year ended 31 December 2023.

Standalone selling prices

In accordance with the revenue accounting policy, the fair value of the arrangement transaction price is allocated to the different separately identifiable components based on the relative standalone selling price of the identified components. The Company utilises assumptions that require judgement to determine the standalone selling price for each identifiable component, including selling prices in comparable transactions, pricing considered in negotiating the transaction, probabilities of technical and regulatory success and estimated costs. For options identified as material rights, the standalone selling price is determined based on the identified discount and the probability that the customer will exercise the option.

Significant judgements

Bayer and Novartis collaboration agreements

During 2023, the Company entered into collaboration and licence agreements with Bayer and Novartis and received upfront payments of $45.0 million and $50.0 million, respectively. The Company accounted for these arrangements in accordance with the revenue accounting policy as described in note 3. In determining the accounting for these arrangements, the Company made significant judgements, including identifying the separately identifiable components within the contract, determining the transaction price, including estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separately identifiable component based on the relative standalone selling price of each separately identifiable component. The Company also made significant judgements considering whether optional future goods and services reflect a significant and incremental discount, and if so, identified such optional future goods and services as material rights to be accounted for as separately identifiable components. For the identified material rights, the estimated standalone selling prices were determined based on fees that the customer would pay to exercise the options, the estimated value of the underlying goods and services, and the probability that the customer will exercise the options, inclusive of the probabilities of technical success. See note 5 for further discussion.

Parent company investments and intercompany receivables

The Parent Company has investments in and intercompany receivables due from both BicycleTx Limited and BicycleRD Limited both of which are currently loss making. The Directors have assessed the recoverability of these balances and has concluded that there is no impairment. The Company’s value is based on its intellectual

4 Critical accounting judgements and estimation uncertainty (continued)

property which is held within BicycleTx Limited and BicycleRD Limited.

The Directors do not consider there to be any other critical accounting estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

5 Revenue

All the Company's revenue was generated from collaborative research arrangements. The Company's revenues are attributed to the operations of the Company in the United Kingdom. The following is a summary of the Company's customers by their geography:

	2023 $'000	2022 $'000
Continental Europe	3,069	—
North America	22,790	12,715
United Kingdom	—	605
	25,859	13,320

No further segmental information is given. A segment is a distinguishable component of the Company that is engaged in either providing related products or services which is subject to risks and rewards that are different from those of other segments. The CEO reviews the Company's internal reporting in order to assess performance and allocate resources. Management has determined that there is one operating segment based on these reports.

Collaboration and Licence Agreement with Bayer

Under the Company's collaboration with Bayer, the total transaction price was determined to be $47.5 million, consisting of a $45.0 million upfront payment and an estimated $2.5 million for the reimbursement of certain external contract research organisation costs. The Company is also eligible to receive additional payments upon Bayer's exercise of options as well as specified development, regulatory and sales milestone payments and tiered royalty payments on net sales. These additional payments are excluded from the transaction price as they relate to option fees, milestones and royalties that can only be achieved subsequent to the exercise of an option.

The Company identified the separately identifiable components within the contract as follows:

(i) Two combined licence and research and development components associated with radiopharmaceutical compounds for two initial targets;

(ii) A material right associated with certain limited substitution rights with respect to either of the two initial targets;

(iii) Two material rights associated with the option to progress radiopharmaceutical candidates for the two initial targets into further development;

(iv) Two material rights associated with the options to generate, develop and commercialise non-radiopharmaceutical compounds for each of the two initial targets, for which each option includes an underlying option for research and development services and an option to progress non-radiopharmaceutical candidates for the two initial targets into further development; and

(v) A material right related to the option to expand the collaboration to include a third target, which upon exercise includes research and development services associated with radiopharmaceutical compounds for the third target, as well as underlying options for: certain limited substitution rights; an option to progress a radiopharmaceutical candidate for the third target into further

5 Revenue (continued)

development; and an option to generate, develop, and commercialise non-radiopharmaceutical compounds for the third target, inclusive of an underlying option for research and development services and an option to progress a non-radiopharmaceutical candidate into further development

The Company exercised judgement in concluding that certain development and commercialisation rights within the contract represent options that are material rights, as Bayer cannot benefit from the development and commercialisation rights until Bayer, in its sole discretion, elects to progress candidates into further development and pays the associated candidate selection fees.

Based on the relative standalone selling prices, the allocation of the transaction price to the separately identifiable components is as follows:

	Allocation of Transaction Price $'000
Separately identifiable components:	
Two combined licence and research and development components associated with radiopharmaceutical compounds for two initial targets	14,976
Material right associated with certain limited substitution rights with respect either of the two initial targets	1,527
Two material rights associated with the option to progress radiopharmaceutical candidates for the two initial targets into further development	14,691
Two material rights associated with the options to generate, develop and commercialise non-radiopharmaceutical compounds for each of the two initial targets	8,703
Material right for the option to expand the collaboration to include a third target and the underlying additional option rights	7,603
	47,500

The Company is recognising revenue related to amounts allocated to the combined licence and research and development components for the two initial targets by reference to the stage of completion at the end of the reporting period using a proportional performance model over the period of service using input-based measurements. The amounts allocated to the material rights are recorded as deferred revenue and the Company will commence revenue recognition upon exercise or expiry of the respective option. The combined licence and research and development components for the two initial targets are expected to be recognised over a period of approximately four years and the remaining material rights are expected to be exercised or expire within approximately seven years from contract inception.

During the year ended 31 December 2023, the Company recognised revenue of $1.2 million related to the collaboration with Bayer (year ended 31 December 2022: $Nil).

Collaboration and Licence Agreement with Novartis

Under the Company's collaboration with Novartis, the total transaction price was determined to be $50.0 million, consisting of the $50.0 million upfront payment. The Company is also eligible to receive additional payments upon Novartis' exercise of options as well as specified development, regulatory and sales milestone payments and tiered royalty payments on net sales. Certain development milestone payments not subject to option exercise was not included in the transaction price as a result of the uncertainty regarding whether any of the milestones will be achieved. All other additional payments are excluded from the transaction price as they relate to option fees, milestones and royalties that can only be achieved subsequent to the exercise of an option.

5 Revenue (continued)

The Company identified the separately identifiable components within the contract as follows:

(i) Two combined licence and research and development components for two initial targets;

(ii) Two material rights associated with certain limited substitution rights with respect to the two initial targets;

(iii) Two material rights associated with the option to progress development candidates incorporating radionuclides for the two initial targets; and

(iv) Two material rights associated with the option to progress development candidates that do not incorporate radionuclides for the two initial targets.

The Company exercised judgment in concluding that certain rights to obtain research and development services associated with compounds that do not incorporate a radionuclide during the research term are not options that are material rights as they do not represent either options for additional goods or services or options for additional services that are at a discount that it would not have otherwise received.

The transaction price was allocated to the separately identifiable components based on the relative estimated standalone selling prices of each separately identifiable component. Based on the relative standalone selling prices, the allocation of the transaction price to the separate performance obligations is as follows:

	Allocation of Transaction Price $'000
Separately identifiable components:	
Two combined licence and research and development components for two initial targets	18,008
Two material rights associated with limited substitution rights	2,466
Two material rights associated with options to progress development candidates incorporating radionuclides	19,684
Two material rights associated with options to progress development candidates not incorporating radionuclides	9,842
	50,000

The Company is recognising revenue related to amounts allocated to the combined licence and research and development components for the two initial targets by reference to the stage of completion at the end of the reporting period using a proportional performance model over the period of service using input-based measurements. The amounts allocated to the material rights are recorded as deferred revenue and the Company will commence revenue recognition upon exercise or expiry of the respective option. The combined licence and research and development components for the two initial targets are expected to be recognised over a period of approximately three years and the remaining material rights are expected to be exercised or expire within approximately six years from contract inception.

During the year ended 31 December 2023, the Company recognised revenue of $1.9 million related to the collaboration with Novartis (year ended 31 December 2022: $Nil).

Ionis Agreements

Under the Company's collaboration with Ionis, the total transaction price was determined to be $38.0 million, consisting of a $31.0 million up front payment in 2021 from the Ionis Collaboration Agreement, a $3.0 million payment in 2021 under the initial Evaluation and Option Agreement, a $3.4 million premium paid in 2021

5 Revenue (continued)

for ordinary shares purchased under the Ionis Share Purchase Agreement, and an estimated $0.6 million for the reimbursement of contract research organisation costs. The Company is also eligible to receive specified development, regulatory and sales milestone payments, as well as tiered royalty payments on net sales. Future milestone and royalty payments are not included in the transaction price due to the uncertainty regarding whether any of the milestones will be achieved.

The transaction price was allocated to the separately identifiable components, including a combined licence and research and discovery component and four material rights associated with options to obtain credits to be applied towards certain regulatory acceptance fees, based on the relative estimated standalone selling prices of each identifiable component. The Company is recognising revenue related to amounts allocated to the combined licence and research and discovery component by reference to the stage of completion at the end of the reporting period using a proportional performance model over the period of service using input-based measurements. The amounts allocated to the material rights are recorded as deferred revenue and the Company commences revenue recognition upon exercise of or upon expiry of the respective option. The Company anticipates that the combined licences and research and discovery component will be satisfied over a period of three years and anticipates the material rights may be exercisable or may expire after approximately four years from contract execution.

In December 2021, the Company and Ionis entered into an amendment to the Ionis Collaboration Agreement, under which Ionis paid the Company $1.6 million. The Company accounts for the amendment as a separate contract, which the Company accounts for as a separate contract. Under the amendment, the Company agreed to perform additional research services for an initial six-month period, which was extended in August 2022 for an additional three months, in exchange for $0.8 million. In October 2022, Ionis exercised an option it had for the Company to perform additional research services for an additional six months in exchange for the remaining consideration of $0.8 million. In April 2023, the Company and Ionis entered into the third amendment to the Ionis Collaboration Agreement, pursuant to which Ionis paid the Company $0.8 million and the Company agreed to perform additional research services for a period of one year to continue to evaluate and optimise the new product candidates that target the TfR1 receptor. The amounts are recognised as revenue component by reference to the stage of completion at the end of the reporting period using a proportional performance model over the period of service using input-based measurements.

During the year ended 31 December 2023, the Company recognised revenue of $10.7 million related to the collaboration with Ionis (year ended 31 December 2022: $9.3 million).

Discovery Collaboration and License Agreement with Genentech

Under the Company's collaboration with Genentech, the total transaction price under the collaboration was initially determined to be $31.0 million, consisting of the $30.0 million upfront fee and an additional $1.0 million for Genentech's selection of a new targeting arm at inception. The Company is also eligible to receive specified development, regulatory, and sales milestones as well as tiered royalty payments on net sales. Future milestone and royalty payments were not included in the transaction price at inception due to the uncertainty regarding whether any of the milestones would be achieved. In March 2021, the Company achieved specified criteria in accordance with the research plan and therefore updated its estimate of the variable consideration to include an additional $2.0 million. The arrangement consideration was increased to $33.0 million. Additional variable consideration for development milestones not subject to option exercises was fully constrained, as a result of the uncertainty regarding whether any of the milestones will be achieved.

The transaction price was allocated to the separately identifiable components, including two combined licence and research and development components for the two initial collaboration programs, as well as material rights associated with various future licence, research and development services, and limited substitution options, based on the relative estimated standalone selling prices of each separately identifiable component. The Company is recognising revenue related to amounts allocated to the combined licence and research and development components for the initial two collaboration programs as the services are performed by reference to the stage of

5 Revenue (continued)

completion at the end of each reporting period as the underlying services are performed using a proportional performance model over the period of service using input-based measurements. The amounts allocated to the material rights are recorded as deferred revenue and the Company will commence revenue recognition upon exercise of or upon expiry of the respective option. The Company anticipates that the two initial collaboration program components will be performed over a period of approximately two to three years, and the material rights will be exercised or expire within approximately four years from the start of the collaboration in February 2020. In June 2023, Genentech terminated one of the initial collaboration programs and revenue of $6.0 million was recognized during the year ended 31 December 2023 related to the expiration of the associated material right.

In October 2021 and June 2022, respectively, Genentech exercised the first and second expansion options to add additional collaboration programs and paid to the Company expansion fees of $10.0 million for each option. For the first expansion option, Genentech also elected for the Company to perform discovery and optimisation services for a targeting arm, and the Company received an additional payment of $1.0 million for additional research services. The Company accounted for each expansion option, including the option to a targeting arm for the first expansion option, as a continuation of an existing contract as the customer decided to purchase additional goods and services contemplated in the original contract. For the first expansion option, the additional arrangement consideration of $11.0 million received upon the option exercises and the $3.5 million originally allocated to the first expansion option is allocated to the underlying goods and services associated with the expansion option. The arrangement consideration was allocated to the separately identifiable components underlying the expansion option on the same basis as the initial allocation of the Genentech Collaboration Agreement. In December 2022, the targeting arm achieved specified criteria in accordance with the research plan and therefore the Company updated its estimate of variable consideration to include an additional $2.0 million. The Company allocated the additional $2.0 million entirely to the expansion option collaboration program and targeting arm services. For the second expansion option, the additional arrangement consideration of $10.0 million received pursuant to the option exercise together with the $3.5 million originally allocated to the second expansion option is allocated to the separately identifiable components associated with the second expansion option on the same basis as the initial allocation of the Genentech Collaboration Agreement. The Company will recognise amounts allocated to the expansion option collaboration programs and targeting arm services as the underlying services are performed by reference to the stage of completion at the end of the reporting period using a proportional performance model over the period of service of approximately two to three years for each program using input-based measurements. The amounts allocated to the material rights underlying the expansion option are recorded as deferred revenue and the Company will commence revenue recognition upon exercise of or upon expiry of the respective option.

During the year ended 31 December 2023, the Company recognised revenue of $12.0 million related to the collaboration with Genentech (year ended 31 December 2022: $3.6 million).

6 Operating loss

The Company's consolidated operating loss is stated after charging/(crediting):

	2023 $'000	2022 $'000
Expenditure on research and development	140,362	77,541
Depreciation of tangible assets	6,526	3,714
Amortisation of intangible assets	40	31
Operating lease charges	5,319	3,733
(Gain) loss on foreign exchange	(13,835)	14,344
Wages and salaries (note 9)	48,180	33,280
Social security costs (note 9)	4,334	3,590
Other pension costs (note 9)	3,074	1,861
Share-based payments (note 11)	36,471	40,642
Auditors' remuneration		
Audit of these financial statements	109	98
Audit of the Parent Company's subsidiaries	82	74
Audit services for U.S. SEC financial statements	987	602
Audit-related assurance services	352	393

In addition, auditors' remuneration of $159k relating to share issuance costs were charged to the share premium account in the year ended 31 December 2023 (31 December 2022: $Nil).

Social security costs include the movement of the provision made for National Insurance contributions on outstanding share options that are expected to be exercised and for the year ended 31 December 2023 this caused a decrease in the expense of $2,412k (year ended 31 December 2022: decrease of $668k).

Expenditure on research and development includes staff costs as follows:

	2023 $'000	2022 $'000
Wages and salaries	34,295	22,548
Social security costs	4,132	2,969
Other pension costs	2,337	1,387

7 Net interest income/(expense)

a) Interest receivable and similar income

The Company's interest receivable and other income consisted of the following:

	2023 $'000	2022 $'000
Bank interest	14,002	5,756

b) Interest payable and similar expenses

The Company's interest payable and similar expenses consisted of the following:

	2023 $'000	2022 $'000
Interest payable on loan and other borrowings	3,136	3,235
Finance charge	160	138
Interest payable and similar expenses	3,296	3,373

8 Tax on loss

The Company's tax on loss consisted of the following:

	2023 $'000	2022 $'000
Current tax:		
U.K. corporation tax on losses for the year	(23,470)	(19,286)
Foreign corporation tax on profits for the year	1,100	3,451
Adjustment in respect of prior years	(2,949)	—
Total current tax	(25,319)	(15,835)
Deferred tax:		
Origination and reversal of timing differences	(1,017)	(4,975)
Adjustment in respect of prior years	4,323	—
Deferred tax recognised in the year	3,306	(4,975)
Tax credit on loss	(22,013)	(20,810)

The adjustment in respect of prior years for the year ended 31 December 2023 is primarily associated with the impact of a change in estimate made by the Company upon the completion of an assessment, inclusive of an external tax analysis, that concluded that the Company is not required to capitalize certain research and development expenses incurred by its U.S. subsidiary associated with contractual research services performed on behalf of its U.K. subsidiary pursuant to an intercompany service arrangement because its U.S. subsidiary does not retain any ownership or rights in the underlying intellectual property resulting from the research services.

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the U.K. (23.5%) (2022: 19%). The tax reconciliation for the year is given below:

	2023 $'000	2022 $'000
Loss before taxation	(190,591)	(160,630)
Loss reconciled to the current tax rate of 23.5% (2022: 19%)	(44,828)	(30,520)
Effects of:		
Expenses/(income) not taxable for tax purposes	1,113	(2,693)
Surrender of tax losses for research and development tax credit refund	26,079	6,058
Fixed asset and other timing differences not recognised	(536)	(509)
Deferred tax not recognised on share-based payment	(8,438)	6,008
Deferred tax not recognised on tax losses	15,339	14,643
Research & Development enhanced allowance	(24,174)	(14,457)
Difference in overseas tax rates	(42)	1,065
Research and development expenditure credits	(1,037)	(405)
Amounts relating to share options and other permanent differences	14,511	—
Total tax credit on loss	(22,013)	(20,810)

No corporation tax liability arises on the results for the year due to the loss incurred. A tax credit of $23,470k (2022: $19,286k) has arisen as a result of tax losses being surrendered in respect of research and development expenditure. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate would increase to 25%. This bill was granted royal assent on 24 February 2022. 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 these enacted rates and reflected in these financial statements.

8 Tax on loss (continued)

At Spring Budget 2023, the UK Government announced that the qualifying Research and Development (R&D) intensive small and medium-sized enterprises (SMEs) would receive additional tax relief from 1 April 2023. Companies claiming the existing SME tax relief will be eligible for a higher payable credit rate of 14.5% if they meet the definition for R&D intensive company, instead of the 10% credit rate for non-intensive companies. Whilst the Company qualifies as R&D intensive, the previously enacted R&D tax credit rate of 10% was used in the R&D tax calculation for the year as the Finance Bill 2023-2024 was only substantively enacted on 5 February 2024.

An additional tax credit of approximately $7.3m will be claimed in the tax return for the year ended 31 December 2023 as a result of this enactment.

	Amount unrecognised 31 December 2023 $'000	Amount unrecognised 31 December 2022 $'000
Tax effect of timing differences because of:		
Other timing differences	460	—
Share-based payment	2,536	13,358
Tax losses carried forward	63,983	46,388
Deferred Tax Asset	66,979	59,746

Deferred tax assets are not recognised where there is insufficient evidence that they are recoverable. Deferred tax is calculated using tax rates that apply based on rates enacted or substantively enacted by the reporting date. Deferred tax assets of $521k (31 December 2022: $1,678k) have been recognised as the Company considers it probable that they will be recovered against the reversal of deferred tax liabilities. These deferred tax assets and liabilities have been offset since the Company has a legally enforceable right to offset current tax assets against current tax liabilities when these deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company regularly assesses its ability to realise its deferred tax assets through future taxable profits. Assessing the realisation of deferred tax assets requires significant judgment. After consideration of the evidence, including the Company's history of cumulative net losses in the U.K., the Company has concluded that, other than the deferred tax assets which will be recovered against the reversal of deferred tax liabilities, it is more likely than not that the Company will not realise the benefits of its other U.K. deferred tax assets and accordingly the Company has not recognised these U.K. deferred tax assets as they are not considered recoverable. There is no expiry date of the deferred tax assets. The Company has considered the Company's history of cumulative net profits in the U.S., estimated future taxable income and concluded that it is more likely than not that the Company will realise the benefits of its U.S. deferred tax assets and has recognised net U.S. deferred tax assets.

The Company has recognised deferred tax (liabilities)/assets within its U.S. subsidiary as follows:

	Amount recognised 31 December 2023 $'000	Amount recognised 31 December 2022 $'000
Tax effect of timing differences because of:		
Fixed asset and other timing differences	(340)	(377)
Share-based payment	3,286	2,256
R&D Capitalised	—	5,168
Other	1,945	1,149
Deferred Tax Asset	4,891	8,196

8 Tax on loss (continued)

Of the above $3,300k is non-current (31 December 2022: $5,468k). There is no expiry date of the deferred tax assets. The Parent Company had no recognised or unrecognised deferred tax assets.

Deferred tax recognised in the year is as follows:

	2023 $'000	2022 $'000
Deferred tax asset brought forward	8,196	3,228
Fixed asset and other timing differences	37	(377)
Share-based payment	1,030	1,202
Research credit (utilised)/carry forwards	—	(1,862)
R&D Capitalised	(5,168)	5,168
Other	796	837
Deferred tax asset carried forward	4,891	8,196

9 Staff costs

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2023 Number	2022 Number
By activity		
Research and development	211	144
Administration	55	49
	266	193

Their aggregate remuneration comprised:

	2023 $'000	2022 $'000
Wages and salaries	48,180	33,280
Social security costs	4,334	3,590
Other pension costs	3,074	1,861
Share-based payment compensation	36,471	40,642
	92,059	79,373

The Parent Company had no employees other than directors.

10 Directors' emoluments

The aggregate emoluments of the directors of the Company are set out below:

	2023 $'000	2022 $'000
Aggregate emoluments	3,358	3,343
Company pension contributions to money purchase schemes	11	5
	3,369	3,348

One director had retirement benefits accruing to them under a money purchase scheme. One director received cash in lieu of contributions to the money purchase scheme. One director is associated with Stone Sunny Isles, Inc., and Stone Atlanta Estates LLC, the successor-in-interest to Stone Sunny Isles, Inc., which provided consultancy services to the Company totalling $180k for the year ended 31 December 2023 (2022: $171k) and is included in the amounts above.

10 Directors' emoluments (continued)

No directors exercised share options during the year ended 31 December 2023 (2022: $Nil). The gain on exercised share options included within aggregate emoluments (based on the market value of the shares on the date of exercise) is $Nil (2022: $Nil).

Emoluments paid to the highest paid director are set out below:

	2023 $'000	2022 $'000
Aggregate emoluments	1,915	1,310
Pension contributions to money purchase schemes	11	5
	1,926	1,315

A gain on exercise of share options of $Nil (2022: $Nil) is included within aggregate emoluments of the highest paid director (based on the market value of the shares on the date of exercise).

Further details of the directors' remuneration are contained in the Directors' Remuneration Report.

11 Share-based payments

Employees of the Parent Company's subsidiaries have been granted options to purchase ordinary shares in the Parent Company as well as restricted share units for ordinary shares ("RSUs"). Each RSU represents the right to receive one ordinary share upon vesting. Options granted typically vest over a four-year service period with 25% of the award vesting on the first anniversary of the commencement date and the balance thereafter in 36 equal monthly instalments. RSUs granted typically vest over a four-year service period with 25% of the award vesting on the first anniversary of the commencement date and the remaining RSUs vest in 12 equal quarterly instalments. Certain options and RSUs granted to non-employee directors are fully vested on the date of grant or vest over a one-year service period in four equal quarterly instalments. The Company may also, in its sole discretion, provide for deferred settlement of RSUs awarded to the Company's non-employee directors.

Options granted generally expire 10 years from the date of grant.

A reconciliation of the Company's share option movements over the years ended to 31 December 2022 and 31 December 2023 is shown below:

	Number (000)	Weighted average exercise price	Weighted Average Remaining Contractual (in years)	Aggregate Intrinsic value $'000
Outstanding at 1 January 2022	4,603	$ 14.97	8.13	207,009
Granted	1,548	$ 44.83	—	—
Forfeited	(174)	$ 27.92	—	—
Exercised	(78)	$ 12.67	—	—
Outstanding at 31 December 2022	5,899	$ 22.45	7.64	71,002

11 Share-based payments (continued)

	Number (000)	Weighted average exercise price	Weighted Average Remaining Contractual (in years)	Aggregate Intrinsic value $'000
Outstanding at 1 January 2023	5,899	$ 22.45	7.64	71,002
Granted	2,100	$ 26.53	—	—
Forfeited	(475)	$ 30.94	—	—
Exercised	(54)	$ 12.57	—	—
Outstanding at 31 December 2023	7,470	$ 23.13	6.83	21,920

The assumptions used in the Black-Scholes option pricing model to determine the value of share options granted to employees and directors during the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Risk-free interest rate	4.0 %	2.2 %
Expected volatility	82.9 %	82.5 %
Expected dividend yield	—	—
Expected term (in years)	6.1	6.0

A reconciliation of the Company's RSU movements over the year ended 31 December 2022 and 31 December 2023 is shown below:

	Number (000)	Grant Date Fair Value ($)
Unvested at 1 January 2022	—	—
Granted	223	60.86
Vested	(35)	60.86
Unvested at 31 December 2022	188	60.86

	Number (000)	Weighted-Average Grant Date Fair Value ($)
Unvested at 1 January 2023	188	60.86
Granted	333	29.27
Vested	(119)	50.30
Forfeited	(75)	39.55
Unvested at 31 December 2023	327	37.40

The expense recognised for equity-settled awards in respect of employee services received during the year ended 31 December 2023 is $36,471k (2022: $40,642k).

12 Intangible assets

Intangible assets of the Company consist of the following:

	Intellectual Property Licence $'000	Computer Software $'000	Total $'000
Cost			
At 1 January 2023	289	60	349
Foreign exchange	15	3	18
At 31 December 2023	304	63	367
Accumulated amortisation			
At 1 January 2023	250	12	262
Charge for the year	19	21	40
Foreign exchange	13	1	14
At 31 December 2023	282	34	316
Net book value			
As at 31 December 2023	22	29	51
As at 31 December 2022	39	48	87

The Parent Company had no intangible assets.

13 Tangible assets

	Office equipment $'000	Laboratory equipment $'000	Computer equipment $'000	Leasehold Improvement $'000	Total $'000
Cost					
At 1 January 2023	924	14,872	381	10,736	26,913
Additions	68	1,055	191	84	1,398
Disposals	(209)	(1,038)	(117)	(364)	(1,728)
Foreign exchange	40	665	14	544	1,263
At 31 December 2023	823	15,554	469	11,000	27,846
Accumulated depreciation					
At 1 January 2023	288	5,693	181	1,690	7,852
Charge for the year	273	3,754	104	2,395	6,526
Disposals	(161)	(847)	(115)	(364)	(1,487)
Foreign exchange	14	322	3	131	470
At 31 December 2023	414	8,922	173	3,852	13,361
Net book value					
At 31 December 2023	409	6,632	296	7,148	14,485
At 31 December 2022	636	9,179	200	9,046	19,061

The Parent Company had no tangible assets.

14 Investments in subsidiaries

Investments of the Parent Company consisted of the following:

	Investment in subsidiary undertaking $'000
Cost	
At 1 January 2022	32,319
Capital contribution arising from equity-settled share-based payments	40,642
At 31 December 2022	72,961
Net book value	
At 31 December 2022	72,961
Cost	
At 1 January 2023	72,961
Capital contribution arising from equity-settled share-based payments	36,471
At 31 December 2023	109,432
Net book value	
At 31 December 2023	109,432

The Parent Company has three wholly owned subsidiaries: BicycleTx Limited and BicycleRD Limited which are based in Cambridge, U.K. and Bicycle Therapeutics Inc, which is based in Massachusetts, U.S. All these subsidiaries perform research and development activities.

Subsidiary undertakings

Name	Class of shares	Country of incorporation	Holding	Principal activity
BicycleTx Limited	Ordinary	United Kingdom	100%	Development of novel bicyclic peptides
BicycleRD Limited	Ordinary	United Kingdom	100%	Development of novel bicyclic peptides
Bicycle Therapeutics Inc	Common	United States	100%	Development of novel bicyclic peptides

The registered office address of BicycleTx Limited and BicycleRD Limited is Blocks A & B, Portway Building Granta Park, Great Abington, Cambridge, United Kingdom, CB21 6GS. The registered office address of Bicycle Therapeutics Inc. is 35 Cambridgepark Drive, Suite 350, Cambridge, MA 02140.

15 Debtors

	Consolidated		Parent Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Amounts falling due within one year				
Trade debtors	—	2,045	—	—
Amounts owed by group undertakings	—	—	307,273	231,448
Deferred corporation tax	4,891	8,196	—	—
Research and development tax credit	24,039	19,162	—	—
Other debtors	4,735	2,311	1,915	—
Prepayments and accrued income	8,514	7,958	—	—
	42,179	39,672	309,188	231,448

Amounts owed by group undertakings are interest free with no fixed terms of repayment. As of 31 December 2023, the Company had $0.5 million of restricted cash related to a collateralized letter of credit in connection with the Company's lease for office and laboratory space in Cambridge, Massachusetts, which is included within Other debtors. The Company had no restricted cash as at 31 December 2022.

16 Creditors: amounts falling due within one year

	Consolidated		Parent Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Amounts falling due within one year				
Trade creditors	13,050	6,472	—	—
Taxation and social security	2,684	5,711	—	—
Accruals and deferred income	53,102	43,186	—	—
	68,836	55,369	—	—

17 Creditors: amounts falling due after more than one year

	Consolidated		Parent Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Amounts falling due after more than one year				
Loans and other borrowings	30,698	30,315	30,698	30,315
Accruals and deferred income	110,808	41,412	—	—
	141,506	71,727	30,698	30,315

On 30 September 2020, the Company entered into a loan and security agreement with Hercules Capital, Inc. ("Hercules"), which provided for aggregate maximum loan of up to $40.0 million, consisting of (i) a term loan of $15.0 million, which was drawn down immediately in 2020, (ii) subject to customary conditions, an additional term loan of up to $15.0 million available from 30 September 2020 to 15 March 2021, and (iii) subject to the Company achieving certain performance milestones and satisfying customary conditions and available until 15 March 2022, an additional term loan of $10.0 million. On 10 March 2021, the Company drew down the additional term loan of $15.0 million that had been available from 30 September 2020 to 15 March 2021. In November 2021, the Company achieved certain performance milestones and the interest only period was extended from 1 May 2023 to 1 February 2024 followed by equal monthly payments of principal and interest up to the scheduled maturity date on 1 October 2024.

On 15 July 2022, the Company entered into an amendment to the loan and security agreement which,

17 Creditors: amounts falling due after more than one year (continued)

among other things, (a) decreased and capped the interest rate to be an annual rate equal to the *Wall Street Journal* prime rate plus 4.55%, with a minimum annual rate of at least 8.05%, capped at a rate no greater than 9.05%, (b) extended the interest-only period to 1 April 2025, (c) extended the maturity date to 1 July 2025, and (d) allows the Company to request additional term loans, subject to satisfaction of customary conditions, in an aggregate principal amount of up to $45.0 million.

The Parent Company may prepay all or any portion greater than $5.0 million of the outstanding borrowings, subject to a prepayment premium equal to (ii) 1.0% of the principal amount outstanding if the prepayment occurs thereafter but prior to the maturity date. The agreement also provides for an end of term charge payable upon maturity or the repayment of obligations under the agreement, equal to 5.0% of the principal amount repaid.

The loan is collateralised by substantially all of the Company's assets, other than its intellectual property.

The Parent Company incurred fees and transaction costs totalling $573k associated with the initial term loan, which are recorded as a reduction to the carrying value of the long-term debt in the consolidated balance sheets. The fees and transaction costs are amortised to interest expense up to the scheduled maturity date using the effective interest method. The effective interest rate was 10.8% at 31 December 2023 (2022: 10.8%). The Parent Company assessed all terms and features of the Loan Agreement with Hercules and determined that the loan is a basic financial instrument as defined in FRS102, paragraph 11. Interest expense for the year ended 31 December 2023 was $3,136k (2022: $3,235k).

Loans and other borrowings consisted of the following:

	Consolidated		Parent Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Loan principal	30,000	30,000	30,000	30,000
End of term charge	946	682	946	682
Unamortised debt issuance costs	(248)	(367)	(248)	(367)
	30,698	30,315	30,698	30,315

Future repayments of principal, including the end of term charge, are as follows:

	31 December 2023 $'000	31 December 2022 $'000
Within one year	—	—
Between one and five years	31,500	31,500
Total	31,500	31,500

18 Called up share capital and reserves

The Parent Company's called up share capital and reserves consisted of the following:

	31 December 2023 $'000	31 December 2022 $'000
Issued, allotted, called up and fully paid		
37,725,884 (31 December 2022: 29,873,893) ordinary shares of £0.01 each	489	387
4,705,882 (31 December 2022: Nil) non-voting ordinary shares of £0.01 each	61	—
	550	387

No dividends have been proposed or paid as at the date of approval of these financial statements.

On 5 June 2020, the Company entered into a Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. and Oppenheimer & Co. Inc. (the "Sales Agents") with respect to an ATM program pursuant to which the Company may offer and sell through the Sales Agents, from time to time at the Company's sole discretion, ADSs, each ADS representing one ordinary share. During the year ended 31 December 2023, the Company issued and sold 1,561,176 ADSs, representing the same number of ordinary shares for gross proceeds of $35.3 million, resulting in net proceeds of $34.2 million after deducting sales commissions and offering expenses of $1.1 million. During the year ended 31 December 2022, the Company issued and sold 181,455 ADSs, representing the same number of ordinary shares for gross proceeds of $5.9 million, resulting in net proceeds of $5.7 million after deducting sales commissions and offering expenses of $0.2 million.

On 17 July 2023, the Company completed an underwritten public offering of its securities, pursuant to which the Company issued and sold 6,117,648 ADSs, representing the same number of ordinary shares, nominal value £0.01 per share, which included 1,411,764 ADSs sold upon the underwriters' full exercise of their option to purchase additional ADSs, and 4,705,882 non-voting ordinary shares, nominal value £0.01 per share, at a public offering price of $21.25 per ADS or non-voting ordinary share, respectively. The transaction resulted in gross proceeds to the Company of $230.0 million, and after deducting underwriting discounts, commissions, and offering expenses of $14.9 million, net proceeds to the Company of $215.1 million. The non-voting ordinary shares have the same rights and restrictions as ordinary shares and otherwise rank *pari passu* in all respects with the ordinary shares except for the following:

- a holder of non-voting ordinary shares shall, in relation to the non-voting ordinary shares held, have no right to receive notice of, or to attend or vote at, any general meeting of shares save in relation to a variation of class rights of the non-voting ordinary shares;
- a non-voting ordinary shares shall be re-designated as an ordinary share upon the Company's receipt of a re-designation notice and otherwise subject to the terms and conditions set out in the terms of issue. A holder of non-voting ordinary shares shall not be entitled to have any non-voting ordinary shares re-designated as ordinary shares where such re-designation would result in such holder thereof beneficially owning (for purposes of section 13(d) of the Exchange Act), when aggregated with "affiliates" and "group" members with whom such holder is required to aggregate beneficial ownership for purposes of section 13(d) of the Exchange Act, in excess of 9.99% of any class of the Company's securities registered under the Exchange Act (which percentage may be increased or decreased on a holder-by-holder basis subject to the provisions set out in the terms of issue); and
- a non-voting ordinary share shall be re-designated as an ordinary share automatically upon transfer of such non-voting ordinary share by its holder to any person that is not an "affiliate" or "group" member with whom such holder is required to aggregate beneficial ownership for purposes of section 13(d) of the Exchange Act.

18 Called up share capital and reserves (continued)

During the year ended 31 December 2023 the Company issued 54,023 ADSs (2022: 78,074) following the exercise of share options and 119,144 ADSs (2022: 35,000) following the vesting of RSUs (note 11).

Nature and purpose of reserves

Share premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements.

General reserve

The general reserve represents the value of share-based payments granted to employees of the Company.

(Accumulated losses)/retained earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

19 Notes to the consolidated cash flow statement

	2023 $'000	2022 $'000
Loss for the financial year	(168,578)	(139,820)
Tax on loss	(22,013)	(20,810)
Interest receivable and similar income	(14,002)	(5,756)
Interest payable and similar charges	3,296	3,373
Operating loss	(201,297)	(163,013)
Amortisation of intangible assets	40	31
Depreciation of tangible fixed assets	6,526	3,714
Equity settled share-based payment	36,471	40,642
Loss on disposal of tangible fixed assets	241	117
Working capital movements:		
(Increase)/decrease in debtors	2,957	(4,008)
Increase in creditors	79,088	13,886
Net exchange differences	(14,333)	13,112
Cash flow from operating activities	(90,307)	(95,519)

Following the change in functional currency of the Parent Company in 2019 the intercompany balances with the U.K. subsidiaries were designated as denominated in U.S. dollars which are not intended to be repaid as such foreign exchange difference on these loans are reflected as non-cash net exchange differences. The following illustrates the Company's changes in net debt for the year ended 31 December 2023:

	At 1 January 2023	Cash flows	Fair value and exchange movements	Non-cash changes	At 31 December 2023
Cash at bank and in hand	339,154	184,789	2,480	—	526,423
Cash and cash equivalents	339,154	184,789	2,480	—	526,423
Loans and other borrowings	(30,315)	—	—	(383)	(30,698)
Total	308,839	184,789	2,480	(383)	495,725

20 Pensions

The Company operated a defined contribution pension scheme for its U.K. executive directors and employees.

The Company has established a defined-contribution savings plan under Section 401(k) for its U.S. employees.

The amount recognised as an expense for the defined contribution schemes of the Company for the year was $3,074k (2022: $1,861k) and the amount outstanding at the 31 December 2023 was $Nil (31 December 2022: $Nil). The Parent Company has no employees other than the directors and does not operate a pension plan.

21 Financial instruments

The carrying amounts of the Company's financial instruments are as follows:

	31 December 2023 $'000	31 December 2022 $'000
Financial assets measured at amortised cost		
Debtors		
Trade debtors	—	2,045
Other debtors	1,915	—
	1,915	2,045
Cash and cash equivalents	526,423	339,154
Financial liabilities measured at amortised cost		
Creditors		
Trade creditors	13,050	6,472
Accruals	28,716	23,806
Loans and other borrowings	30,698	30,315
	72,464	60,593

The income, expenses, net gains and net losses attributable the Company's consolidated financial instruments are summarised as follows:

	2023 $'000	2022 $'000
Income and (expense)		
Financial assets measured at amortised cost	14,002	5,756
Financial liabilities measured at amortised cost	(3,296)	(3,373)
	10,706	2,383

There were no net gains or net losses for financial assets measured at amortised cost for the years ended 31 December 2023 and 31 December 2022. The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was $14,002k (year ended 31 December 2022: $5,756k) and $3,296k (year ended 31 December 2022: $3,373k), respectively.

Cash and cash equivalents, trade and other creditors and trade and other debtors with remaining life of less than one year, the notional amount is deemed to reflect fair value.

The carrying amounts of the Parent Company's financial instruments are as follows:

21 Financial instruments (continued)

	31 December 2023 $'000	31 December 2022 $'000
Financial assets measured at amortised cost		
Debtors		
Other debtors	1,915	—
Amounts owed by group undertakings	307,273	231,448
	309,188	231,448
Cash and cash equivalents	473,410	290,310
Financial liabilities measured at amortised cost		
Creditors		
Loans and other borrowings	30,698	30,315
	30,698	30,315

The income, expenses, net gains and net losses attributable the Parent Company's financial instruments are summarised as follows:

	2023 $'000	2022 $'000
Income and (expense)		
Financial assets measured at amortised cost	13,517	5,737
Financial liabilities measured at amortised cost	(3,136)	(3,235)
	10,381	2,502

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was $13,517k (2022: $5,737k) and $3,136k (2022: $3,235k), respectively.

The Company and Parent Company had no financial instruments subject to interest rate benchmark reform (31 December 2022: $Nil).

22 Financial commitments and contingencies

Cash and cash equivalents, trade and other creditors and trade and other debtors with remaining life of less than one year, the notional amount is deemed to reflect fair value.

At 31 December 2023, the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 31 December 2023 $'000	Land and buildings 31 December 2022 $'000
Within one year	5,772	3,972
Between one and five years	10,032	12,067
Total	15,804	16,039

There were contracted capital commitments of $Nil at 31 December 2023 (31 December 2022: $424k).

See note 17 for the Company's commitments related to the long-term debt.

The Company has entered into various agreements with contract research organisations and contract manufacturing organisations. These payments are not included in the commitments table above since the contracts are generally cancellable at any time upon less than 90 days' prior written notice. The Company is not contractually able to terminate for convenience and avoid any and all future obligations to these vendors. Under such agreements, the Company is contractually obligated to make certain minimum payments to the vendors, with the payments in the event of a termination with less than 90 days' notice based on the timing of the termination and the exact terms of the agreement.

Operating Leases

In January 2023, the Company entered into a lease agreement for office and laboratory space in Cambridge, Massachusetts. The lease has a contractual period of approximately three years, which, subject to certain conditions, may be extended for an additional two years at the Company's option. In December 2021 the Company entered into a lease for new premises at Blocks A&B, The Portway Building, Granta Park, Great Abington, Cambridge, United Kingdom CB21 6GS. The lease has a contractual period of 10 years, but may be cancelled by the Company after 5 years. Additionally, the Company continues to have a lease agreement for office and laboratory space in Lexington, Massachusetts, which expires on 31 December 2027. The Company's existing lease for Building B900, Babraham Research Campus, Cambridge, United Kingdom, CB22 3AT was terminated in April 2023.

During 2023, the amount charged to the consolidated statement of comprehensive income in respect of operating leases was $5,319k (2022: $3,733k).The Parent Company had no annual commitments under non-cancellable operating leases.

Cancer Research UK Agreement

In connection with the agreement with Cancer Research UK to sponsor and fund the Phase I/IIa clinical trial of BT1718, the Company granted Cancer Research UK a licence to its intellectual property in order to design, prepare for, sponsor, and carry out the clinical trial. Upon the completion of the Phase I/IIa clinical trial, the Company has the right to obtain a licence to the results of the trial upon the payment of a milestone, in cash and ordinary shares, with a combined value in the mid six digit dollar amount. If such licence is not acquired, or if it is acquired and the licence is terminated and the Company decides to abandon development of all products that delivery cytotoxic payloads to the MT1 target antigen, the Company will assign or grant to CRTL an exclusive licence to develop and commercialise the product on a revenue sharing basis (in which case the Company will receive tiered royalties of 70% to 90% of the net revenue depending on the stage of development when the licence is

22 Financial commitments and contingencies (continued)

granted). The Cancer Research UK Agreement contains additional future milestone payments upon the achievement of development and regulatory milestones, payable in cash and shares, with an aggregate total value of $50.9 million, as well as royalty payments based on a single digit percentage on net sales of products developed.

The agreement with Cancer Research UK can be terminated by either party upon an insolvency event, material breach of the terms of the contract, or upon a change in control (and the new controlling entity develops, sells or manufactures tobacco products or generates the majority of its profits from tobacco products or is an affiliate of such party). Cancer Research UK may also terminate the arrangement for safety reasons or if it determines that the objectives of the clinical trial will not be met. The Company was obligated to reimburse Cancer Research UK for certain costs if the agreement was terminated by Cancer Research UK prior to the completion of the dose escalation (Phase I) part of the clinical trial for an insolvency event of, or material breach by, the Company or upon termination for safety reasons or if Cancer Research UK determined that the objects of the clinical trial would not be met, however, these reimbursement obligations expired unexercised upon the completion of the Phase I portion of the clinical trial in 2020. If the Company is subject to a change in control and the new controlling entity develops, sells or manufactures tobacco products or generates the majority of its profits from tobacco products or is an affiliate of such party prior to the last cycle of treatment under the Phase IIa clinical trial, the Company will reimburse Cancer Research UK in full for all costs paid or committed in connection with the clinical trial and no further licence payments, where applicable, shall be due. In such case, Cancer Research UK will not be obliged to grant a licence to the Company in respect of the results of the clinical trial and the Company will assign or grant an exclusive licence to develop and commercialise the product without Cancer Research UK being required to make any payment to the Company.

The Company concluded that the right within the agreement with Cancer Research UK to obtain a licence to the results of the trial upon payment of a milestone represents a financial liability and has recorded a liability of $669k as of 31 December 2023 (31 December 2022: $591k). As of 31 December 2023, Cancer Research UK had incurred costs of approximately $4.3 million (31 December 2022: $3.6 million). Management does not consider it probable or likely that these costs will be required to be reimbursed to Cancer Research UK and therefore has not recognized any associated liability.

Legal proceedings

From time to time, the Company or its subsidiaries may become involved in various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. The Company is currently not subject to any material legal proceedings.

23 Basic and diluted loss per ordinary share

Basic and diluted loss per ordinary share is determined by dividing net loss by the weighted average number of ordinary shares, which includes both ordinary shares and non-voting ordinary shares outstanding during the period. The Company excluded the following potentially dilutive ordinary shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Number 31 December 2023	Number 31 December 2022
Restricted share units	326,848	187,725
Options to purchase ordinary shares	7,469,527	5,898,888
	7,796,375	6,086,613

24 Related party disclosures

The Company has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with wholly owned group undertakings.

Pierre Legault, a director of the Parent Company, is associated with Stone Sunny Isles, Inc., and Stone Atlanta Estates LLC, the successor-in-interest to Stone Sunny Isles Inc., which provided consultancy services to the Company totalling $180k for the year ended 31 December 2023 (2021: $171k). The amount outstanding at the year-end was $Nil (2022: $Nil).

Key management personnel include the CEO and a number of senior managers across the Company who together have authority and responsibility for planning, directing and controlling the activities of the Company. Refer to page 16 of the strategic report for an explanation of the individuals included in key management for 2023 and 2022.

The total compensation paid to key management personnel for services provided to the Company was $9,404k (2022: $6,138k). In addition, key management personnel received an aggregate gain on the exercise of share options (based on the market value of the shares on the date of exercise) of $Nil (2022: $Nil).

25 Impact of climate change

The Company has assessed the qualitative and quantitative impact of climate related risks on asset recoverable amounts and concluded that there are no material impairments.

26 Post balance sheet events

In January 2024, the joint research committee under the Genentech collaboration reached a decision to discontinue research activities associated with one of the Expansion Option programs and, as a result, the Company expects to recognize revenue of approximately $10.4 million in 2024 associated with the completion of its obligations, including $7.4 million related to the expiration of remaining material rights. The remaining initial and Expansion Option programs remain ongoing.