

months ahead we aim to migrate our IT environments to a secure cloud, publish our APIs and all the while continue to mature our DevOps competences.

Growing the bank, growing our customer base and developing new products and services is capital intensive in the early years.

In the past twelve months we have raised an additional £113m of capital. As at time of signing, total capital raised is £185m, with a further £34m legally committed.

Those funds will continue to be used to further develop our products and services, fund the growth of our balance sheet and fund our planned losses as we move towards profitability. We are well on our way to becoming a profitable and self-sustaining bank with much of the infrastructure to generate returns for shareholders now in place. I thank our investors for their continued advice and financial support.

The past twelve months have been turbulent politically, with Brexit continuing today as a major topic of debate in the UK. Whilst it is not for us to comment on the rights or wrongs of Brexit, it is important that we let you know we do not believe that Brexit will have a material financial impact upon Atom Bank. We are a UK bank with only a very small exposure to currencies other than Sterling.

The banking industry continues to face structural change with the impact of the financial crisis still washing through fully a decade after it all began. The ongoing resolution of a number of banks illustrates the challenges of complexity in the sector and particularly in regard to legacy technology.

Regulators continue to enhance oversight and to enact legislation with the intention of avoiding a repeat of the crisis and increase competition in banking. Ring-fencing, 'Basel IV', the Second Payments Services Directive (PSD2) and General Data Protection Regulation (GDPR) are examples of the multiple changes on the industry's horizon. All will have cost and business model implications.

We were not alone in feeling that the much anticipated Competition and Markets Authority (CMA) report into the market for personal and business current accounts, published in August of 2016, was a missed opportunity. Certainly we welcome the impetus added to the Open Banking agenda, but we remain convinced that the use of loss-leading cash incentives to attract, and increasingly to retain, customers stifles competition.

Policies like these contribute to a lack of transparency, perpetuate cross-subsidisation of revenues and heavily disadvantage customers who are less well-off financially. We welcome the FCA's November 2016 commitment to investigate further.

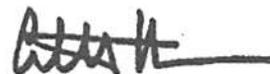
We also welcome the Prudential Regulation Authority's recent Consultation Paper regarding the capital requirements of banks that apply the Standardised Approach to setting of their risk weights, and we have responded in full. We believe that when it comes to residential mortgage lending, more fundamental changes are required to create a truly level playing field between established banks and new entrants like Atom, although we are very proud of the success we have had over the past year in helping our customers buy their new home.

In April 2017, we announced the appointment of will.i.am as an advisor to

our Board. will.i.am has enjoyed enormous success as a musician and producer - a seven time Grammy Award winner, a successful technologist, philanthropist and entrepreneur. He was an early stage equity investor in the incredibly successful headphone company Beats (acquired by Apple), and he has his own technology company, i.am+, a leader in the area of Artificial Intelligence (AI).

He is a regular contributor and speaker at World Economic Forum Annual Meetings in Davos and created the i.am.angel Foundation in Los Angeles, which helps children from less privileged areas get a solid education by staying in school, graduating and then going on to obtain a university education. We look forward to learning from and working with him in the months ahead.

Our Board ensures structures are in place so we can adapt and flex as our business continues its rapid growth. I am fortunate to have board colleagues with strong and diverse experience, and I thank them for their continued guidance and support. As with last year, I would like to finish by thanking all of my colleagues in the bank, ably led by Mark Mullen and his executive team, for their passion, commitment and hard work over the past twelve months. There is still much to be done but I am absolutely confident we have the team to deliver it.



Founder and Chairman

## **STRATEGIC REPORT**

### **Strategic Review Note**

The directors present their strategic report on the affairs of Autolus Limited (the company), together with the financial statements for the year ended 30 September 2016.

### **Principal Activity**

The company's principal activity continues to be focussed on cellular immunotherapy. During the year the company continued investing in the research and development of cellular immunotherapy for the treatment of cancer. As it is in the research and development phase, and does not capitalise these costs, the company has recorded a loss for the year ended September 30, 2016 totalling £9,735,882. The loss for the year ending September 2015 was £6,165,855.

### **General Business Review**

During 2016 the company invested in multiple research activities and has successfully reached a number of significant steps in manufacturing and pre-clinical work on several projects.

The company has plans in place and is on track to initiate clinical trials during the forthcoming financial year.

The team that is being built to support these rapid advances continues to expand and encompasses leading representatives from the fields of scientific research, translational development, specialist manufacturing, clinical operations and business development.

### **Funding**

In addition to the original investment commitment of £30m by Syncona LLP, a further round of funding was secured in March 2016 with £30m being committed by Woodford Investment Management and £10m by Perceptive Bioscience (since renamed Arix Bioscience).

At the year end the company held cash reserves of £21,647,578 with two further tranches each of £18,333,333 to be invested on the achievement of company milestones. These funds are forecast to be received in Q2 and Q4 2017. Based on the current progress and stage of development of the business, the directors remain confident of achieving the milestones set. However, they recognise that due to the nature of the business there is inherent risk in meeting these milestones which therefore makes securing funding materially uncertain at this stage.

### **Principal Risks and Uncertainties**

As the company will not earn revenues in the short term the ability of the company to continue its research activities is dependent on the achievement of the milestones in the 2017 financial year and success in raising further investment funds.

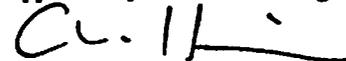
The company's activity in the research and development of innovative treatments for cancer at the pre-clinical stage is inherently risky and there is a possibility that some projects which it has invested in may not succeed.

The company incurs costs in currencies other than GBP and therefore has some exposure to foreign exchange fluctuations. This exposure is managed through the budgeting and forecasting processes.

### **Liquidity Management**

Cash funds within the business are managed through detailed budgeting and forecasting taking into consideration the need to fund operations, capital expenditure and working capital. The financial position of the business together with current forecasts are reviewed regularly by the board.

Approved by the Board and signed on its behalf by:



Christian Itin  
Director

November 9 2016

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