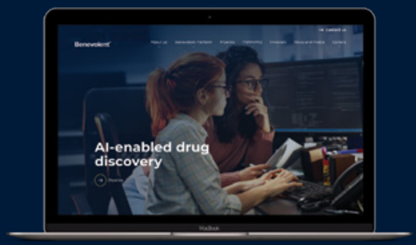
Because it matters

Annual Report 2023

Benevolent AI

A leader in applying advanced AI to accelerate biopharma drug discovery blending science and technology with a focus on finding solutions for complex diseases.



Consolidated Management Report
The Consolidated Management Report for the Group includes the Strategic report and Governance section.

To view our site visit:
www.benevolent.com

Contents

Highlights

Financial highlights

Revenue

£7.3m

(2022: £10.6m)

primarily reflecting decreased revenues from the AstraZeneca collaboration partly offset by the new Merck collaboration

Normalised operating loss

£72.7m

(2022: £94.6m)

Normalised research and development (R&D) spend, (exc. SBP)

£56.5m

(2022: £65.1m)

Reported R&D spend excluding SBP of

£60.3m

(2022: £65.1 million)

Reported operating loss

£77.6m

(2022: £197.0m)

Cash, cash equivalents and short-term deposits

£72.9m

(31 December 2022: £130.2m)

compared with £84.3 million at 30 June 2023 (unaudited)

Operating cash outflow

£54.6m

(2022: £67.8m)

before changes to working capital

Operational highlights

Signed a major deal with Pharma partner and progressed own pipeline assets

- **New strategic collaboration signed with Merck KGaA.** The agreement includes payments to BenevolentAI of up to $594 million to deliver novel drug candidates against, initially, three targets in oncology, neurology and immunology. In addition to a low double-digit million-dollar upfront payment, BenevolentAI could potentially receive payments on development and commercial milestones as well as tiered royalties on net sales.
- **Lead asset for the treatment of ulcerative colitis (UC) progressed into the clinic.** As expected, during the year, the Company initiated a Phase Ia clinical study for BEN-8744, an oral phosphodiesterase 10 (PDE10) inhibitor, with topline data readout expected Q1 2024.
- **Successfully progressed glioblastoma multiforme (GBM) asset to IND-ready status.** BEN-28010 is an oral brain-penetrant CHK1 inhibitor for the treatment of GBM and metastatic brain tumours which completed regulatory IND-enabling studies during the year to plan.
- **IND-enabling studies ongoing for amyotrophic lateral sclerosis (ALS) asset.** BEN-34172 is an oral, potent and selective brain-penetrant RARαβ (retinoic acid receptor alpha beta) selective agonist. Drug substance manufacturing scale-up was completed during the period and is expected to be IND ready by mid-2024.
- **No further investment in BEN-2293 for atopic dermatitis (AD).** As announced in May, the Company confirmed there will be no further investment in BEN-2293 following its Phase IIa study results in AD earlier in the year, where the safety and tolerability primary endpoints were successfully met but the efficacy secondary endpoints were not.
- **Completed strategic review.** During the period, the Company completed a strategic review of operations to focus the business on its drug discovery collaborations and five high potential assets in its proprietary pipeline as well as exploring a new expansion opportunity in Knowledge Exploration tools.
- **Knowledge Exploration tools assessment nearing completion.** During the year initial product development was substantially completed alongside user testing. Current market assessment is underway with results expected in early Q2 2024 and will determine if or how this opportunity fits into the wider commercial strategy for the Company.
- **Further enhancement and investment in the Benevolent Platform™ in key areas.** Work continues to expand the capabilities, offerings and prediction methodology of the platform to further assist both our collaboration partners and our own internal drug programmes.

Corporate highlights (including post-period)

Continued to strengthen the Board and Leadership team

- **Appointed accomplished R&D leader, Dr. Joerg Moeller as CEO and Executive Director, post-period, in January 2024.** Following the resignation of Joanna Shields as CEO and Executive Director in September 2023, Dr. François Nader, the Non-Executive Chair of the Board, temporarily assumed the additional role of Acting CEO from September 2023 until January 2024.
- **Significant appointments to the Leadership team.** In September, the Company appointed Catherine Isted as Chief Financial Officer and Christina Busmalis as Chief Revenue Officer.
- **Further strengthening of the Board.** Marcello Damiani was also appointed as an Independent Non-Executive Director during the year.

At BenevolentAI, we serve patients by leveraging our proprietary and validated Benevolent Platform™ that integrates AI and science to uncover new biology, predict novel targets and develop first-in-class or best-in-class drugs for complex diseases.

By applying proprietary advanced AI tools, in combination with in-house scientific expertise and wet-lab facilities, BenevolentAI is well positioned to identify and accelerate novel drug discovery.

The Company's business model presents multiple routes for value creation including discovery collaborations with pharma companies like AstraZeneca and Merck, advancing in-house pipelines to inflection points, and commercialising a suite of knowledge exploration tools. Headquartered in London, with wet labs in Cambridge (UK) and an office in New York, BenevolentAI is at the forefront of reshaping the future of drug discovery and delivering innovative medicines.

The Benevolent Platform™

A versatile, scalable and robust AI-enabled drug discovery platform built with expert scientists, leveraging multimodal data foundations

Ingestion & Insight Extraction

85+ data sources

Structured
Ontologies & Databases etc.

Unstructured (NLP)
Literature, Patents, Trials etc.

Genetics & Omics
sc(RNASeq), Epigenetics etc.

Clinical
Biobank, Partner cohorts etc.

Experimental
ELNs, Assay results etc.

Chemistry
Binding, structural, MoA etc.

Protein Structure
Binding site analysis etc.

Data Integration & Inference

Comprehensive foundations **reduce bias and gaps, breaking down therapeutic silos**

Data Foundations
(Knowledge Graph)

AI-Driven Drug Discovery & Development Tools

Proprietary AI technologies applied to specific DD problems + state of the art wet lab and scientific capabilities

- Clinical Subtyping
- Mechanism Recommendation
- Target Prediction & Assessment
- In silico led HitID
- In silico led LeadOp
- Biomarker Assessment
- Indication and Drug Repurposing

The Benevolent Platform™ integrates technology, processes, and humans for faster and higher-quality R&D success

- **Technology tailored for discovery** with:
  - **Unique data foundations** from multiple data types curated and purpose-built for drug discovery
  - **Explainable AI models** that enable scientists to see rationale for predictions
  - Applications **across therapeutic areas and modalities**
- **Precision workflows** merge the strengths of AI & data analytics with insights derived from scientists' strategic oversight and intuition
- **R&D Experts** employ the tools to ensure that deep domain expertise guides every phase of development

Validated Benevolent Platform™

BenevolentAI's highly differentiated proprietary pipeline

Best-in-class and first-in-class

Programme	Indication	Target	Chemistry & Lead Opt	Preclinical	Phase 1	Phase 2
BEN-8744	Ulcerative Colitis	PDE10	Phase Ia topline data readout: Q1 2024			
BEN-28010	Glioblastoma Multiforme	CHK1	IND-ready: Q4 2023 – completed			
BEN-34712	ALS	RARaB	IND-ready: Q2 2024			
Parkinson's Disease		Novel Target				
Fibrosis		Novel Target				

Regular re-evaluation of 10+ BenevolentAI paused programmes and potential new pipeline entries:

- demonstrates utility to find novel insights previously not connect in the literature; and
- develop and advance unique and differentiated molecules.

Strategic collaborations

Leverages our end-to-end drug discovery offerings **enabled by our Platform** – **validated** by our collaborations with AstraZeneca and Merck KGaA

AstraZeneca

- **Validation of Target-ID:** Multi-year collaboration delivering novel targets for complex diseases
- 2019 initial deal and **expanded** in 2022
- Deal structure of **upfront fee, milestone** payments and **downstream royalties**
- Three therapeutic areas: Chronic Kidney Disease, Heart Failure & Systemic lupus erythematosus

See case study on **page 9**

MERCK

- **Validation of novel compound ID:** Multi-year collaboration **identifying** and **developing** innovative small molecule compounds, **through Hit-ID to preclinical stage**
- Uses our **wet-lab** capabilities – initial **delivery of three novel small molecule drug candidates**
- Deal signed in **September 2023**
- Up to **$594 million total** value, low double-digit million dollar **upfront fee**, discovery, development and commercial **milestone** payments and **tiered royalties** on any net sales
- Three therapeutic areas: oncology, neurology, immunology

See case study on **page 9**

FDA Approved drug – proven novel indication expansion

Identified rapidly through our **Platform**

Lilly

- Through our **Platform**, we identified baricitinib, a rheumatoid arthritis drug owned by Eli Lilly, as a potential COVID-19 treatment
- Identified novel biology through our data/algorithms - **previously unknown antiviral mechanism**
- Led to **equity investment** in BenevolentAI by **Eli Lilly**

FDA

- Led to **FDA emergency use** approval in November 2020 and **full approval** in May 2022
- **Effective** COV-BARRIER trial showed baricitinib reduces mortality by 38% in hospitalised patients, and by 46% in ventilated or ECMO patients

Investment case

1 Pioneer and leader in AI-augmented drug discovery, enabled by the Benevolent Platform™

2 Clear, growing market demand from Biopharma to leverage AI in drug discovery and increase probability of success

3 Business model offers multiple routes for revenue generation and value creation:

- **End-to-end drug discovery**
- **Preclinical & clinical development pipeline**
- **Knowledge Exploration Tools**

4 Leading end-to-end Drug Discovery offerings, validated through industry collaborations with AstraZeneca and Merck

5 High potential Preclinical & clinical development pipeline with strategic optionality delivering financial upside; lead asset BEN-8744 in Phase Ia

6 New expansion opportunity through suite of Knowledge Exploration tools that leverage bio-specific natural language processing and large language models

A year of transition

Focus on delivering cutting-edge AI driven drug discovery

We have made significant progress in executing on our strategic plan and our revenue generating business model that is driven by the Benevolent Platform™, despite 2023 being a challenging year and a transition period for the Company. With continued investment in our platform we will be able to continue to leverage it to drive and support our revenue pillars, enabling us and our partners to deliver life-changing medicines to patients.

Importantly, in January 2024, we announced the appointment of Dr. Joerg Moeller as our new CEO. Joerg's experience as an outstanding leader with extensive experience across all stages of R&D and a strong advocate of AI as a driver of discovery innovation and effectiveness will be key as we progress further delivering on our patient-centric revenue generating strategy.

During the period, we strengthened our leadership team with the appointment of Catherine Isted as our Chief Financial Officer and Christina Busmalis as Chief Revenue Officer, a newly created role, as we increased our commercial capabilities to maximise the opportunities derived from the Benevolent Platform™.

To ensure that we are efficiently and properly resourced for future growth, we refocused our business following a strategic review in May 2023 that resulted in an extension of our cash runway, improvement of our capital efficiency and operational effectiveness whilst retaining the critical capabilities needed to drive value creation.

Governance and Board

Our Board remains committed to the principles of good corporate governance. As a Luxembourg-registered company that is traded on Euronext Amsterdam, our corporate governance framework is based on applicable Luxembourg laws, the Company's Articles of Association and its internal regulations, in particular the Rules of the Board. The Company adopted the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the "QCA Code") that provides an appropriate and suitable governance framework for a group of our size and complexity. The application of the QCA Code supports the Company's long-term success whilst simultaneously managing risks and provides an underlying framework of commitment and transparent communications with stakeholders.

As we look forward, we are excited for the opportunity to deliver on our mission of bringing life-changing therapies to patients.

Dr. François Nader
Chair

Governance and Board continued

Throughout the year and the beginning of 2024 we made good progress in strengthening our Board ensuring we are well-positioned to drive the Company through its next phase of growth. On the Board, Jean Raby was appointed as Senior Independent Director, Dr. John Orloff as Workforce NED and we welcomed the appointment of Marcello Damiani as an Independent Non-Executive Director. Dr. Jackie Hunter retired from the Board as a Non-Executive Director having served on the Board of the Company and its predecessors since 2016.

After five years as CEO and Executive Board Director, Joanna Shields stepped down from both roles in September 2023 and I assumed the role of Acting CEO while maintaining my Chair of the Board role and responsibilities in order to provide the Company with continuity whilst the search process was underway. In January 2024, following the appointment of Dr. Joerg Moeller as CEO and Executive Director, I reverted to my position of Independent Non-Executive Chair of the Board.

The Board recognises the benefits that diversity brings and the importance of having a balance of perspectives, insights and challenge. Consequently, the Board approved its Diversity Policy in March 2023. The Board also recognises the importance of providing new Directors with a thorough induction and ensuring that Directors' skills and knowledge are refreshed and updated regularly, given the dynamic business and regulatory environment in which the Company operates. Consequently, the Board developed a comprehensive induction and annual Board training and development programme during the year.

A formal and rigorous evaluation of the effectiveness of the Board, its committees, the Chair and individual Directors is now undertaken on an annual basis. The 2023 evaluation was internally facilitated and concluded that the Board and its committees continue to be effective, all Directors continue to make valuable contributions based on experience and knowledge, demonstrate considerable commitment and time to their roles and the Non-Executive Directors provide constructive challenge.

Further information on governance during the year, including ESG, can be found in the Sustainability report and the Governance report.

Building a sustainable business for our employees, partners and patients

At BenevolentAI we serve patients by leveraging our proprietary and validated Benevolent Platform™ that integrates AI and science to uncover new biology, predict novel targets and develop first-in-class or best-in-class drugs for complex diseases. We are committed to upholding our values and this includes a responsible and sustainable approach to our business and enhancing our platform, advancing our pipeline, supporting our partners, investing in our people and communities and reducing our impact on the planet and governing our operations.

We aim to build and empower a diverse and inclusive workforce to find innovative solutions that benefit our business our partners and the patients we serve. Our goal is to contribute positively to society by pushing the boundaries of technology and science to address significant unmet medical needs by developing new medicines for a broad range of undertreated diseases.

We are proud of the progress we have made this year and remain committed to continuous innovation and excellence in science and technology.

Commitment to deliver on our mission of uniting science and technology to serve patients with complex diseases

With clarity on our strategic focus geared towards value creation and with our revenue pillars providing a business model that is driven by the Benevolent Platform™, we have an engaging vision for a successful, sustainable and long-term future for the Company as one of the leaders in AI driven drug discovery. Applying advanced AI to accelerate biopharma drug discovery is increasingly becoming accepted and validated with long-term structural trends supporting its growth and I believe we are well placed to benefit from this trend for future success. As we look forward, we are excited for the opportunity to deliver on our mission of bringing life-changing therapies to patients.

Along with the rest of the Board I am looking forward to working with Dr. Joerg Moeller, our new CEO. Under Joerg's leadership, our focus will remain on continuing to invest in our platform to leverage revenue generation and commercial focus, improving our operational effectiveness, and fostering a culture of excellence and innovation.

I am grateful to all our stakeholders for their support during this turnaround period for the Company and, along with the rest of the Board and the Leadership Team, remain committed to fulfilling our mission and value creation.

Dr. François Nader
Chair
19 March 2024

Case study: Partnerships

Strategic collaboration with Merck KGaA

- **Leverages end-to-end Drug Discovery capabilities** including our **wet lab facility in Cambridge (UK)**
- Identify and develop innovative small molecule compounds, **through Hit Identification to preclinical stage**
- **Initial delivery of three novel small molecule drug candidates**

End-to End Drug Discovery

MERCK

Therapeutic areas

Oncology	Neurology	Immunology

Financial terms

- **Up to $594 million of total value, including:**
  - **Low double-digit million dollar** upfront payment
  - Discovery, development and commercial **milestones**
- **Tiered royalties** on net sales of any commercialised products

Focused on delivering cutting edge AI-driven drug discovery

I am ever more convinced of the potential of the Benevolent Platform™ and our AI enabled drug discovery offerings, pipeline and the potential that we have to drive value creation.

Dr. Joerg Moeller
Chief Executive Officer

I am excited by the opportunity to lead BenevolentAI as its new CEO and, with the opportunities ahead of us, to further capitalise on our platform, pipeline and research capabilities in order to strengthen the Company's market position with an increased commercial focus. Fostering a culture of excellence, innovation and diversity is something I am passionate about, and since joining the Company I am ever more convinced of the potential of the Benevolent Platform™ and our AI-enabled drug discovery offerings, pipeline and the potential that we have to drive value creation.

Despite 2023 being a transition period for the Company, BenevolentAI achieved a number of key milestones including a significant collaboration signed with Merck KGaA. With a clear business model and strategic focus to generate revenue and growth driven by the Benevolent Platform™, we are well-placed to deliver on our strategic priorities going forward.

Delivering on our strategic plan

Commercial and platform validation

Signing a new strategic collaboration with Merck KGaA was an important milestone for the Company and one that has significant medium-term revenue potential. This collaboration also provides continued validation both commercially and for our platform and demonstrates the breadth of our end-to-end drug discovery offerings and capabilities. Further collaborations are critical to the future success of the business, and we will look to expand on our current partnerships during the course of the year.

Innovation and further platform validation

Given my background in R&D and being a strong advocate of the application of AI to drug discovery driving innovation and efficiency, of particular interest is the Company's lead asset. BEN-8744 is an oral PDE10 inhibitor for the treatment of ulcerative colitis (UC) targeting patients with moderate to severe disease. BEN-8744 progressed into a Phase Ia clinical study in August 2023 and top-line data is expected in Q1 2024.

The success of this asset is particularly important for the Company, as its discovery validates the ability of the Benevolent Platform™ to identify novel targets for evaluation. By generating hypotheses at the Target Identification stage, the platform identified PDE10 as an entirely novel target for the treatment of UC, with no previously known link established between PDE10 and UC. The target was subsequently validated *ex-vivo*, with BenevolentAI's molecular design expertise enabling rapid lead optimisation. BEN-8744 was nominated as a candidate in September 2021, only two years after programme initiation.

The BEN-8744 Phase Ia study is in healthy volunteer safety and tolerability study. This asset has a novel therapeutic approach and is a potential first-in-class peripherally restricted small molecule for the treatment of UC with the potential for meaningful differentiation from existing immunosuppressive standard-of-care treatments, through disease-modifying efficacy. In line with our strategy, it has always been the Company's intention to out-license or partner this asset with this being done at the optimal value creation inflection point.

Assessing a potential new expansion opportunity

The expansion opportunity of our new customisable SaaS products and suite of Knowledge Exploration Tools substantially completed initial product development during the year. As with any potential new product launch, it is essential that a thorough and current market assessment is completed for any go-to-market plan to be successful. As such, a market assessment is underway. The results of this will be complete in early Q2 2024 and will determine how this opportunity fits into the wider commercial strategy for the Company.

Outlook

Our priority for 2024 is to focus on delivering cutting edge AI-driven drug discovery capabilities and revenues leveraging the Benevolent Platform™. Importantly, we will also strive to increase operational effectiveness and have greater commercial focus whilst prioritising successful delivery of the project plans for our existing strategic collaborations, advance our internal pipeline and generate value creation through an aggressive commercial strategy. While we are currently excited as we wait for the top line data readout of our lead asset BEN-8744 in Q1 2024, we are committed to adding at least one new collaboration, as well as out license at least one of our proprietary assets, during the course of the year. I look forward to leading the Company and working with the excellent team we have here at BenevolentAI to execute on the next stage of growth and value creation for shareholders, whilst delivering on our mission of developing life-changing medicines for patients.

Dr. Joerg Moeller
Chief Executive Officer
19 March 2024

Signed major deal with Pharma partner and progressed own pipeline assets

Overview

During 2023, the Company undertook a strategic review of its operations to right-size the business, focus on its drug discovery collaborations and five high potential assets from its proprietary pipeline, as well as to explore a new expansion opportunity in knowledge exploration tools, all of which are driven from and enabled through the Benevolent Platform™.

The Company also continued to invest in further enhancement of the Benevolent Platform™ to further expand its capabilities, strengthened the leadership team and brought in Dr. Joerg Moeller as the Company's new CEO post period end.

End-to-end drug discovery collaborations

End-to-end collaborations utilise the Company's capabilities and the Benevolent Platform™ to enable novel discoveries throughout the drug discovery process. The Company receives upfront payments, milestones, and royalties from collaborations. In 2023, the collaboration with AstraZeneca continued and a new strategic collaboration was signed with Merck KGaA.

Merck: New strategic collaboration in identification and development of novel compounds

In September, a new collaboration with Merck KGaA was signed utilising BenevolentAI's end-to-end platform capabilities to deliver novel drug candidates, initially for three targets in oncology, neurology and immunology.

The Company will identify and develop innovative compounds, through Hit Identification to preclinical stage. The agreement includes payments to BenevolentAI of up to $594 million, consisting of a low double-digit million dollar upfront payment on signing and then potentially discovery, development and commercial milestones. Tiered royalties will also be payable on net sales of any commercialised products.

AstraZeneca: Target Identification collaboration

The multi-year Target Identification collaboration with AstraZeneca has been the main revenue generator for the Company before and post-listing. From the initial collaboration signed in 2019, AstraZeneca is now focusing on the chronic kidney disease indication and is progressing one of the targets within this area. The collaboration with AstraZeneca was expanded in 2022 to include target identification within heart failure and systemic lupus erythematosus (SLE), with progress being made towards further target selection within these indications. Each novel target selected by AstraZeneca has the potential to generate significant milestones and royalties for BenevolentAI.

Clinical and preclinical pipeline

In April, the Company announced top-line Phase IIa study results for its topical pan-Trk inhibitor, BEN-2293, in mild- to-moderate AD. The study successfully met its primary endpoint with BEN-2293 found to be safe and well tolerated. Secondary efficacy endpoints, to reduce itch and inflammation, were not achieved. Subsequently, in May the Company confirmed there would be no additional spend on this asset.

Following a strategic review of the pipeline, in May 2023, the Company confirmed that five most advanced and high-potential clinical and preclinical assets are being progressed to their next value inflection point. All these programmes are either first-in-class or best-in-class assets providing novel therapeutic opportunities and all have been developed by leveraging BenevolentAI's platform.

In August, the Company initiated a Phase Ia study for its lead asset, BEN-8744, an oral phosphodiesterase 10 (PDE10) inhibitor intended for the treatment of UC. This asset has a novel therapeutic approach and is a potential first-in-class peripherally restricted small molecule for the treatment of UC with the potential for meaningful differentiation from existing immunosuppressive standard-of-care treatments, through disease-modifying efficacy. The topline data readout from this study is expected in Q1 2024.

BEN-28010 is an oral brain penetrant CHK1 inhibitor under development as a potential first-in-class CNS penetrant drug for GBM and metastatic brain tumours with the potential for meaningful differentiation in efficacy in patients resistant to chemotherapeutic standard of care agents and the potential to be used in combination therapy approaches. During the period, the Company made further progress with BEN-28010's preclinical development, having successfully completed all IND-enabling studies in line with the timelines the Company had previously flagged.

In June, the Company announced the progression of BEN-34712, a preclinical candidate for the potential treatment of ALS, into IND-enabling studies. BEN-34712 is an oral, potent and selective brain penetrant RARαβ (retinoic acid receptor alpha beta) selective agonist under development as a potential best-in-class treatment for ALS. BEN-34712 is expected to be IND-ready by Q2 2024.

The Company has also prioritised two earlier-stage assets: one in Parkinson's disease and another in fibrosis (neurodegenerative and immunological diseases). Both are currently in the chemistry lead optimisation stage. The Parkinson's disease asset is a potential first-in-class CNS penetrant drug with neuroprotective activity and the fibrosis asset is a first-in-class approach to targeting an underlying mechanisms of fibrotic diseases.

Additionally, post the strategic review of the pipeline in the summer of 2023, the Company has in excess of ten programmes that have been paused. The Company conducts regular re-evaluation of these programmes as well as assessing potential new portfolio entries.

Knowledge Exploration Tools

The Knowledge Exploration Tools pillar is a potential new expansion opportunity developing customisable SaaS products that seek to enable scientists to make higher-confidence decisions and improve R&D productivity.

Initial product development was substantially completed during the year alongside user testing with potential customers and partners. A current market assessment is underway and the results will be completed in early Q2 2024 which will determine if or how this opportunity fits into the Company's wider commercial strategy.

The Benevolent Platform™

The Benevolent Platform™ delivers novel insights from public, proprietary and inferred knowledge across multiple therapeutic areas. The unique data foundations come from more than 85 data types curated and purpose-built for drug discovery. During the year, BenevolentAI continued to enhance the platform in key areas such as target identification offerings, adding new data through the single-cell analysis pipeline, updating our disease approach to use patient data derived mechanisms. We also developed a new way of predicting and explaining the rationale behind target predictions building on our expertise in large language models (LLMs); enabling better use of multimodal data as part of model predictions, and improved explainability of the evidence and rationale supporting target predictions, which is key for scientists. All of these developments continue to further enhance the Benevolent Platform™ to help identify novel targets and compounds for both our own priority pipeline and also that of our collaboration partners.

Corporate and organisational developments

During the year new appointments were made across the Board and the Leadership Team adding further expertise to ensure that the Company's leadership is well positioned to drive the next phase of growth.

In September, Joanna Shields stepped down as CEO and Executive Director and Dr. François Nader assumed the role of Acting CEO in addition to his role as Chair. Post-period end, in January 2024, the Company welcomed the appointment of Dr. Joerg Moeller as CEO and Executive Director and Dr. François Nader reverted to his position of Independent Non-Executive Chair of the Board. Dr. Joerg Moeller, MD, PhD, brings a wealth of experience to BenevolentAI. During his career, he has led global R&D organisations, initiated several drug discovery collaborations with AI platform companies, served as EVP, Head of Global Research and Development and Member of the Global Leadership Team of LEO Pharma A/S. He also previously served at Bayer AG for over 20 years where he held various executive roles culminating in his appointment as EVP, Head of Pharmaceuticals Research and Development and Member of the Executive Committee of the Pharmaceuticals Division of Bayer.

Other changes to the Board included welcoming Marcello Damiani to the Company in May as a new Independent Non-Executive Director and in June the retirement of Dr. Jackie Hunter as a Non-Executive Director.

In September the Leadership Team was strengthened by two new appointments: Catherine Isted joined as our Chief Financial Officer and Christina Busmalis joined as our new Chief Revenue Officer, as we establish and execute our patient-centric revenue generation strategy across all BenevolentAI's pillars.

Organisationally, following the strategic review in May, the Company's headcount was reduced by circa. 30%, to 248 employees by year end, including headcount retained for the Merck collaboration. Importantly the business preserved key skills, expertise and capabilities so as not to impact future revenue generation. This, along with other select reductions in spend, reduced the Company's cash burn by around 40%, extending the cash runway to at least mid-2025, before taking into consideration any unsigned revenue such as that from out-licensing assets, end-to-end collaborations or knowledge exploration tools.

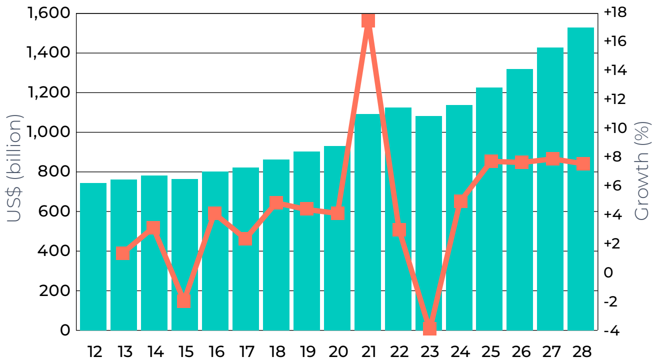
Market overview

Despite complexities facing the global pharmaceutical sector on what kind of assets to develop or acquire and multiple legislative, regulatory and commercial unknowns, the sector's near-term growth trajectory is still forecast to grow at a compounded annual rate of 5.9% from 2022 to 2028, reaching almost $1.6 trillion.

Innovation to increase efficiency remains key in healthcare broadly. AI-powered efficiencies have already started to make a positive impact at different stages of the drug development process and AI is becoming an accepted and validated approach to drug discovery with long-term structural trends supporting the growth.

Artificial intelligence in drug development is an area where to date there has been success from a time and cost perspective in discovery up to preclinical stages.

Worldwide Prescription Drug Sales 2012-2028: Actual & Growth



Source: Evaluate Ltd.

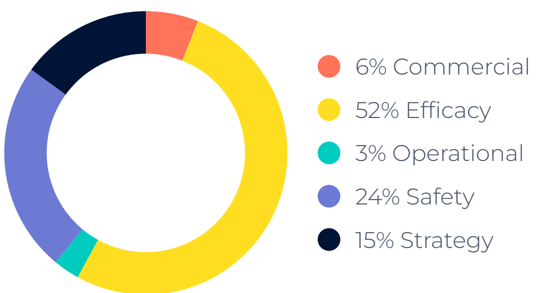
Drugs developed through AI approaches are entering the clinic and it will be this critical test where these drugs will also deliver proof on the key benefit of improving on standard of care and/or increasing the probability of success. Whilst time and cost savings are helpful, modelling shows it will be improvements in probability of success in the clinic that delivers the biggest impact from AI in drug discovery and a step change in the economics of R&D.

By using the Benevolent Platform™, we aim to improve efficiencies from a time and cost perspective but also improve the probability of success for developing medicines as they progress through the clinic as well as demonstrating the generation of truly novel candidates that will take longer to validate.

Overview of current drug discovery limitations

Drug discovery and development is characteristically slow and risky. 96% of new drug programmes and over half of Phase II/III clinical trials end in failure and, of those that succeed, an average investment of $2.6 billion is required to bring a drug through R&D to the market – a process that takes on average ten years[1]. Even when a new drug does make it to market, it is likely to be ineffective for 50% to 70% of patients[2]. Many companies currently rely on just one data type for their drug discovery predictions, using, for example, only imaging or publicly available gene expression databases. As a consequence and also due to the siloed nature of pharmaceutical R&D where teams focus on a specific indication their data may not reflect the underlying diversity or connections within disease. For complex multifactorial disorders, such as autoimmune conditions and central nervous system disorders, the underlying mechanisms of disease remain poorly understood, despite the exponential growth of biomedical research and over $160 billion of investment per year is being spent on drug research and development worldwide[3].

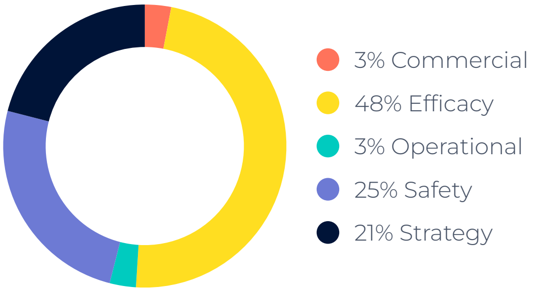
Figure 1: Reason underlying failure



Source: Nature Reviews Drug Discovery 15 Dec 2016.

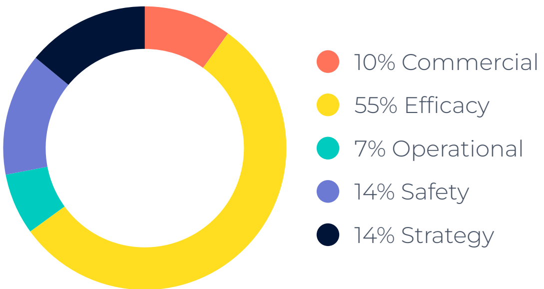
1. phrma.org and Harrison (2016).
2. https://bmcmedicine.biomedcentral.com/articles/10.1186/s12916-015-0494-1.
3. Novasecta Ltd.

Figure 2: Reason for failure in Phase 2



Source: Nature Reviews Drug Discovery 15 Dec 2016.

Figure 3: Reason for failure in Phase 3



Source: Nature Reviews Drug Discovery 15 Dec 2016.

An article in Nature Reviews Drug Discovery from 2016 highlights the core of the challenge. Reviewing the reported causes of drug candidate attrition by clinical development phase and by therapeutic area for the period 2013–2015 revealed that there were 218 reported failures between Phase II (including phase I/II) and submission. Of these failures, 174 had stated the reason for the failure and these were used in the subsequent analysis.

A number of changes in the frequency of reasons for termination of Phase II and Phase III clinical trials over the past seven years were noted. Efficacy was still the greatest reason for failure, but the hope expressed at the time was that this can change as trial populations are increasingly stratified using efficacy biomarkers and understanding of disease biology and target selection improve.

The potential of AI in drug discovery

Over the past decade, the field of artificial intelligence has progressed enormously with major advances in machine learning, neural networks, deep learning, generative AI and other areas. The potential to apply AI techniques to accelerate and improve drug discovery has gathered growing interest from the pharmaceutical industry, tech companies and funders of biomedical research. AI has the potential to change the economics of innovation, allowing new medicines to be discovered for a much wider set of conditions and patient segments.

Computational biology is not new to pharmaceutical R&D but the emergence of AI drug discovery companies has been driven by a number of key drivers:

- increase and expansion of computational power;
- increase in the number of pharmaceutically relevant databases that are amenable to quantitative analysis; and
- increase in the use and capabilities of machine learning.

This approach enables AI drug discovery companies to engage with pharmaceutical companies with their offerings into therapeutic areas of interest whilst offering different potential benefits and with the goal to improve the traditional drug discovery and development process (by reducing costs, timelines and improving the probability of success) but not to re-invent it in a new form.

However, AI in drug discovery is not a zero sum game and not one AI approach will solve all problems in different parts of the R&D process. We are seeing that some pharmaceutical companies are building certain AI capabilities themselves while others are now partnering with multiple companies taking a broader approach to what works in certain use cases.

Critically, we must not underestimate the importance of human expertise. Combining AI's pattern recognition with human expertise is where the best results will be.

The Benevolent Platform™ drives our three revenue streams

Established business		New expansion opportunities
End-to-end drug discovery	**Preclinical and clinical development pipeline**	**Knowledge Exploration Tools**
Drug discovery offerings	**Platform generated assets**	**New customisable SaaS products**
• Platform **enables novel discoveries** throughout the drug discovery process • Continuing to expand on our **industry-leading collaborations** • **Validated** by collaborations with AstraZeneca and Merck	• Five **high potential** assets • **Potentially first-in-class** or best-in-class assets providing novel therapeutic opportunities • **Progressing assets** to significant inflection points	• **Suite of AI products** that surface data, perform analysis, and give scientific recommendations • **BenAI-Q and BenAI Research Assistant products** enabling enhanced decision making • **Building from our core technologies** to develop innovative ways to serve customers and their scientists
High value collaborations **Upfront payments + milestones + royalties**	**Mid to long-term value creation** **Upfront fees + milestones + royalties**	**Highly scalable, recurring revenue** **Fees for setup, platform licences and seats + ongoing support services**
See Operational review on **page 12**	See Our pipeline on **page 28**	See Market overview on **page 14**

Delivering on our strategic plan

Delivering on our strategic plan to maintain our position as one of the leaders in applying advanced AI to accelerate biopharma drug discovery.

Our strategic priorities are designed to create sustainable long-term growth.

Our mission as an AI augmented drug discovery company is to unite science and technology to serve patients with complex diseases

"Because it matters"

1: End-to-end drug discovery

Merck collaboration

- New **multi-year,** tech-enabled collaboration
- **Commercial validation** of our end-to-end Drug Discovery platform
- BenevolentAI to **identify and develop innovative compounds**

2024 priorities:
- Continued focus on delivering the project plan for AstraZeneca and Merck
- Sign a new collaboration agreement similar to AstraZeneca or Merck

See Business model on **page 16**

2: Preclinical and clinical development pipeline

Pipeline assets

- **BEN-8744** for ulcerative colitis in a **Phase Ia clinical trial** in August 2023, with topline data readout expected in **Q1 2024**
- **BEN-28010** for GBM completed IND-enabling studies
- **BEN-34712** for ALS in **IND-enabling studies**

2024 priorities:
- Deliver BEN-8744 topline results in Q1
- Complete BEN-34712 IND-enabling packages by Q2
- Progress early discovery pipeline assets
- Out-license one pipeline asset

See Our pipeline on **page 28**

3: Knowledge Exploration

New Knowledge Exploration tools

- Initial product development substantially completed alongside user testing
- Further market assessment underway

2024 priorities:
- Complete further market assessment to determine strategic priority

See Operational review on **page 12**

4: Business operations

Leadership

- Dr. Joerg Moeller appointed CEO (post-period, Jan'24)
- Catherine Isted appointed as Chief Financial Officer
- Christina Busmalis appointed as Chief Revenue Officer

Operational

- Strategic review led to cash runway extension to at least mid-2025

2024 priorities:
- Significant emphasis on operational effectiveness and a greater commercial focus

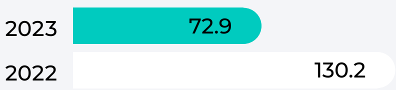
See Board of Directors on **page 46**

Measuring our performance

The Group uses a range of financial and non-financial KPIs to measure strategic performance.

Financial KPIs

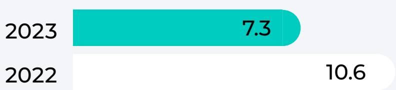
1 Cash, cash equivalents and short term deposits at year end (£m)



Why it is a KPI:
Availability of sufficient liquidity is important for funding BenevolentAI's strategy, R&D investment in our pipeline and development assets, as well as investment to drive innovation across the BenevolentAI Platform™.

2023 performance:
A strategic review in May resulted in an extension of the cash runway to at least mid-2025. This is before any future unsigned revenue and with a reduction in cash burn by around 40%.

2 Revenue (£m)



Why it is a KPI:
Revenue, being a statutory performance measure, is a KPI as it drives cash generation. The KPI is the total of revenues generated by the Company's business model that comprises:

- monetising the Company's platform through commercial end-to-end drug discovery collaborations;
- developing the Company's own pipeline of wholly owned assets with the aim of out-licensing or partnering assets at certain inflection points; and
- a new expansion opportunity of Knowledge Exploration Tools that is currently being assessed for the current commercial opportunity and user testing is underweight with potential customers.

2023 performance:
The Group's revenues have decreased from £10.6 million to £7.3 million. The decrease in revenue is primarily reflecting the decreased revenues from the AstraZeneca collaboration partly offset by the new Merck collaboration.

Non-financial KPIs

3 Pipeline progression performance measures

Next inflection point

2023	3

Why is it a KPI:
Successful progression of our pipeline is key to creating long-term value. Our pipeline assets are highly differentiated and a mix of potentially first-in-class and best-in-class.

Following a strategic review of the Company's pipeline, in May, the Company confirmed five of its most advanced and high-potential clinical and preclinical assets originated by the Benevolent™ Platform are being progressed to their appropriate value inflection points. In excess of ten programmes were paused and the Company makes regular re-evaluation of these programmes as well as assessing potential new portfolio entries. The Company will aim to out-license assets at given inflection points.

2023 performance:
In April, the Company announced top-line Phase IIa study results for its topical pan-Trk inhibitor, BEN-2293, in mild-to-moderate AD. The study successfully met its primary endpoint with BEN-2293 found to be safe and well tolerated. Secondary efficacy endpoints, to reduce itch and inflammation, were not achieved. Based on these results, the Company decided to stop any further investment on this asset.

In August, our lead asset, BEN-8744, an oral phosphodiesterase 10 (PDE10) inhibitor for the treatment of UC progressed into a Phase Ia clinical study.

During the period the Company made further progress with BEN-28010's preclinical development, having successfully completed all IND-enabling studies in line with stated timelines, the asset was IND-ready by Q4. This is an oral brain penetrant CHK1 inhibitor for the treatment of GBM and metastatic brain tumours.

Progressed BEN-34712, an oral, potent and selective brain penetrant RARαβ (retinoic acid receptor alpha beta) selective agonist for treatment of ALS into IND-enabling studies.

4 Partners/Collaborations

Collaborations signed in the year

2023	1
2022	1

Why is it a KPI:
Collaborations are key to generating near and longer-term revenue as well as validation of our Platform.

2023 performance:
Through our end-to-end drug discovery offerings we continued to focus on the delivery of the successful AstraZeneca partnership and signed a new strategic collaboration with Merck in September.

Non-financial KPIs continued

5 Benevolent Platform™

Why is it a KPI:
We continue to invest and enhance our Platform that drives our revenue streams and, to ensure we maintain our leading position as one of the leaders in AI-driven drug discovery.

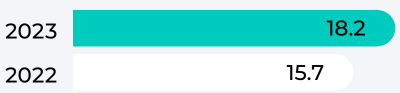
2023 performance:
During 2023 the Platform continued to deliver and support the Company's partnerships and collaborations. We continued to further enhance the Benevolent Platform™ in key areas such as target identification offerings, adding new data through the single-cell analysis pipeline, updating our disease approach to use patient data derived mechanisms, and improving our core benchmarking dataset using the clinical outcomes dataset. A new state-of-the-art target prediction methodology was also introduced, which continues to enhance the previous target prediction fleet and target explanations.

The Knowledge Exploration Tools pillar is a potential new expansion opportunity developing customisable SaaS products that look seek to enable scientists to make higher-confidence decisions and improve R&D productivity.

Initial product development was substantially completed during the year alongside user testing with potential customers and partners. Current market assessment is underway to determine if or how this opportunity fits into the Company's the wider commercial strategy for the Company.

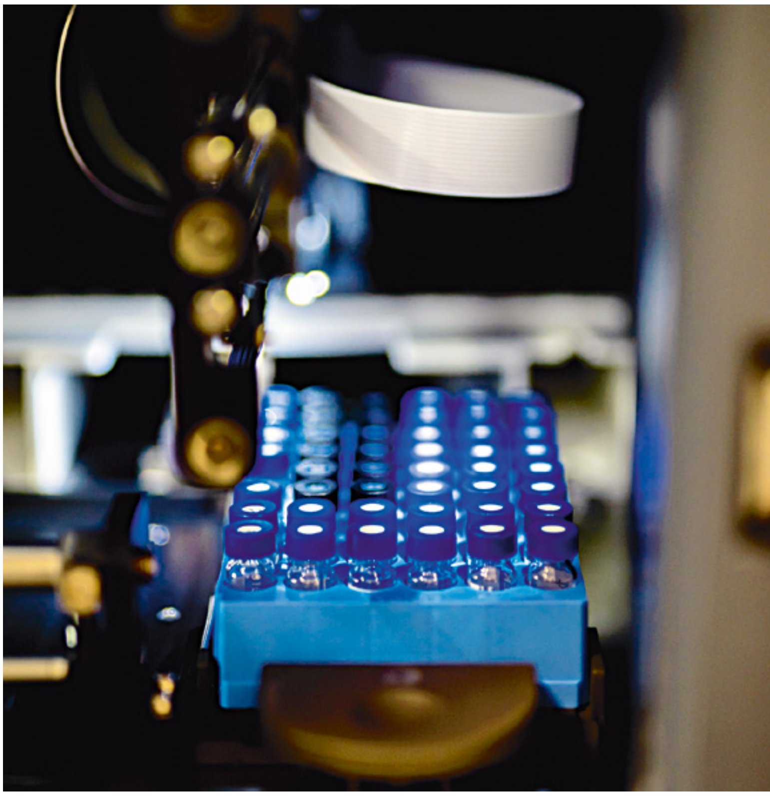
6 People

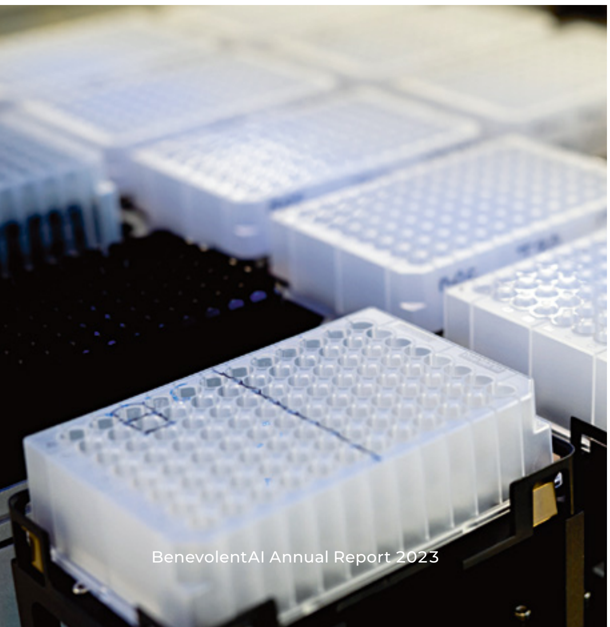
Staff attrition (%)



Why is it a KPI:
At BenevolentAI, we are highly dependent on the capabilities, creativity and motivation of our employees for our future growth and success. We operate in an extremely complex domain, and therefore losing highly trained employees can have a negative effect on our delivery, particularly when these people are deemed critical talent.

2023 performance:
Following the strategic review in May, the Company considered its cost base and organisational structure and reduced its headcount by c.30% with 248 employees by year end. Expectedly in a period of change, this resulted in an overall increase for 2023 in voluntary turnover rate compared to 2022 (excluding the impact of the strategic review). Following the collective consultation process, it was a key priority to re-build the culture and employee engagement of the organisation and plans were put in place to achieve this.





BenevolentAI's mission as an AI augmented drug discovery company is to unite science and technology to serve patients with complex diseases.

Our purpose has always centred on having a positive impact on society, and we are committed to running our business in a sustainable and ethical way. For more details on the Company's approach to sustainability, please see pages 26 to 37 of this report.

Employees

Our people believe in the purpose of the Company and share its vision. Effective engagement aligns employees with the Company's strong culture and core values.

Why they are important to the Company

Our people are fundamental to our success and future growth. We need to acquire, retain and develop a talented and diverse workforce in a competitive environment. It is vital that we maintain our culture and align employees with our purpose.

Why the Company is important to them

The Company has a diverse workforce and that is recognised as a key asset of the business. It is important to continue our goal to build an inclusive, supportive and engaging workplace that enables employees to collaborate, innovate and thrive.

How we engaged

- We encourage a culture of open communication through a range of two-way mediums including monthly All Hands, regular social events such as quizzes and themed social events, newsletters and other digital communications and providing internal training. We also run regular diversity and inclusion events.
- The Board appointed Dr. John Orloff to the role of designated Non-Executive Director for employee engagement (Workforce NED) in March 2023. Further information on the employee engagement activities of the Workforce NED and how the Board monitors culture can be found on pages 59 to 61.

Outcomes of engagement

- Innovation.
- Employee engagement.
- Learning & development.
- Purpose and culture.
- Diversity and inclusion.
- Workplace safety and wellbeing.

Patients

Our mission is to unite science and technology to serve patients with complex diseases.

Why they are important to the Company

Patients are at the heart of what we do. We were founded to harness the power of the vast and growing corpus of biomedical data to understand the underlying cause of disease that ultimately leads to more effective drugs for patients in need.

Why the Company is important to them

Too many patients are suffering from untreated or poorly treated diseases. We put patients first, and use our Platform and expertise to expand the search for new treatments and increasing the probability of success.

How we engaged

- We seek to address the needs of patients by maintaining an in-depth appreciation of clinical innovation, as well as understand the respective therapeutic needs. The CSO consults with key clinical opinion leaders, patient advocacy companies and regulatory experts. The R&D Committee also brings broad strategic perspective and expertise. The CSO regularly updates the Board on the results of such consultations.

Outcomes of engagement

- Ethical and effective design of clinical studies and protocols.
- Medicines that meaningfully improve a patient's life.
- Medicines that are valuable to society and patients alike.

Shareholders

Engagement with the Company's shareholders is key to its success, and effective communication with shareholders is an important part of the Board's responsibilities as well as evaluating the effectiveness of shareholder engagement that is monitored for effectiveness for all our shareholders.

Why they are important to the Company

The support of our shareholders is an important factor in the success of the growth and sustainability of our business.

Why the Company is important to them

Our shareholders want to generate a positive long-term return from their investment. Our shareholders want to understand our long-term strategy and how we plan to sustain value creation, together with shorter-term plans and communication of our progress. Transparent communication as set out below and good corporate governance is also important to shareholders.

How we engaged

- Regulatory announcements and press releases.
- Investor roadshows/meetings.
- Annual Report and Accounts.
- Annual General Meeting; we encourage all shareholders to attend, providing a forum and time for shareholders to meet the Board, asking questions at the AGM or submitting them beforehand.
- Company website.
- Conferences.
- Analyst briefing, research meetings and events.
- Dedicated investor email address, investors@benevolentai.com.
- The CEO, Co-Founder, CFO and VP Investor Relations, communicate regularly with our shareholders, and ensure that their views are communicated back to the Board.

Outcomes of engagement

- The Company's shareholders play an important role in the governance of the Company by ensuring their views are brought into Board discussions and considered in decision making.

We are committed to strong, regular, and transparent engagement with the Company's stakeholders. These are the people, communities and organisations with an interest in our mission, purpose and strategy or who may otherwise be affected by decisions made by our Board.

This table outlines a list of the Company's stakeholders, why they are important to the Company, why we think we are important to them and how we have engaged with them over the year. Engagement with our key stakeholders is regularly reviewed to ensure we learn from these relationships for the benefit of all.

Partners and collaborators

We partner with leading pharmaceutical and biotech companies to tackle therapeutic challenges from new angles and develop novel drugs for complex diseases, and with non-commercial collaborators to broaden our positive societal impact.

Why they are important to the Company

Commercial collaborations provide revenue, further validate our platform and ultimately our goal to deliver maximum impact to patients. Academic collaborations allow us to access the best science and stimulate innovation, and non-commercial collaborations put our platform to good use for wider societal benefit.

Why the Company is important to them

Our versatile platform enables us to work with leading biopharma partners in any given disease area and drug modality to help them rapidly identify novel therapeutics. Non-commercial collaborators benefit from using the Benevolent Platform™ to enhance research and impact to patients in areas of urgent unmet need.

How we engaged

- We maintain strategic collaborations with AstraZeneca and Merck KGaA and a non-commercial collaboration with the DNDi.

Outcomes of engagement

- Novel targets.
- Continuous enhancement of our platform.
- Potential targets for DNDi.
- Differentiated positioning in AI-enabled drug discovery industry.
- Broad innovation.

Communities

Our communities include those who live and work in areas where we operate – and society as a whole.

Why they are important to the Company

We need to develop positive local relationships and understand local people's needs in order to attract talent and deliver our goals.

Why the Company is important to them

We want to help our communities thrive.

How we engaged

- The Company offers coaching programmes and office space to local charities for training purposes.

Outcomes of engagement

- Two-way coaching with young adults from under represented backgrounds and supporting/developing coaching and leadership skills.
- Fostering employee engagement with local organisations and charities by creating opportunities for employees to learn about their work and potentially engage with them through paid volunteering days offered by the Company.

Suppliers and vendors

Our suppliers and vendors include those who have a direct working or contractual relationship or share a mutual interest with us. This includes our service and data providers, contract research organisations, and general business providers.

Why they are important to the Company

Their vital contributions to our business range from providing products, raw materials, services and advice.

Why the Company is important to them

Through effective collaboration, we aim to build long-term relationships with our suppliers so that both parties benefit – we have relationships with contract research organisations, regular supplier meetings and business reviews.

How we engaged

- The Company has ongoing multi-year relationships with several data providers.
- We choose the best CROs for our programmes and build relationships between parties.

Outcomes of engagement

- We have an efficient outsourcing model.
- We ensure data generated is of the highest quality in a pre clinical and clinical setting and with the CROs provide input for us to make decisions.

ESG governance structure

This year, the Company's main focus has been on enhancing our sustainability framework, implementing the commitments we made in 2022 by creating practical plans, and placing a greater emphasis on environmental aspects such as climate change, metrics, and reporting. The governance structure we utilise to achieve this is as follows:

ESG Board Representative:
Non-Executive Director – Dr. Susan Liautaud
The role of the ESG Board Representative is to oversee ESG policies, monitor the inclusion of sustainability-related matters in the strategy, budget, operations and major capital expenditures, provide guidance and define goals and metrics. The ESG Board Representative meets with the ESG Team on a semi-annual basis.

ESG Team
The objectives of the ESG Team are to operationalise the goals set by the Board and monitor progress and performance of the Company's ESG strategy. The team is led by the General Counsel with a cross-functional team including representatives from Business Affairs, Finance, Investor Relations, Communications and Facilities. The ESG Team meets monthly.

Our Sustainability Framework

At BenevolentAI we serve patients by leveraging our proprietary and validated Benevolent Platform™ that integrates AI and science to uncover new biology, predict novel targets and develop first-in-class or best-in-class drugs for complex diseases. By applying proprietary advanced AI tools, in combination with in-house scientific expertise and wet-lab facilities, BenevolentAI is well positioned to identify and accelerate novel drug discovery.

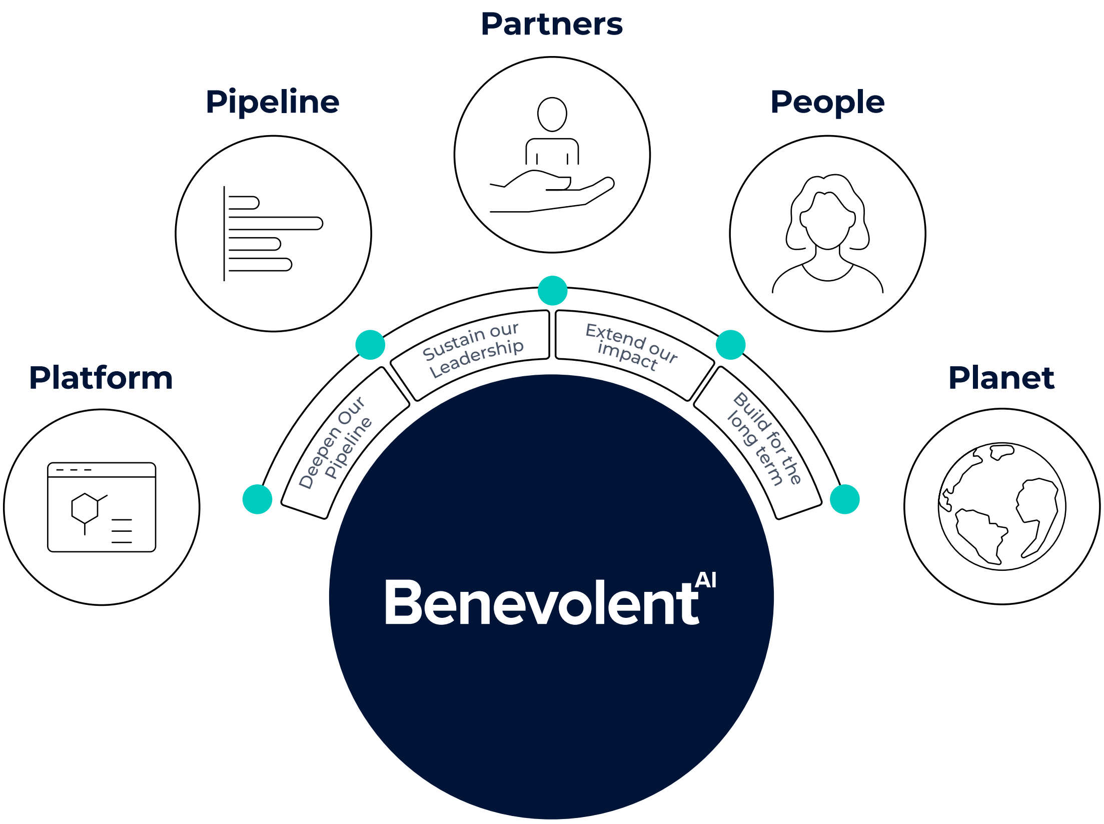
We are committed to weaving ESG stewardship into the fabric of our mission. We concentrate our sustainability efforts around five core levers:

- Enhance our **platform**
- Advance our **pipeline**
- Support our **partners**
- Invest in our **people**
- Reduce our impact on the **planet**

Each of these levers are covered by our governance policies and aligned with applicable United Nations (UN) Sustainable Development Goals (SDGs). We have identified the following sustainability issues as being the most material for our business and our stakeholders: diversity and inclusion, attraction and development of talent, safety and wellbeing, innovation, product quality, cybersecurity, ethical conduct, reducing waste and climate change.

In September 2023 we were pleased to receive a rating of 74/100 from EthiFinance ESG Ratings based on data for the year ending on 31/12/2022, which translated to a Gold medal.

In 2024 we will continue to further develop our ESG strategy, with the objective of maintaining and, where possible, increasing our ESG score. We will also complete a "materiality assessment" – a formal exercise aimed at engaging external and internal stakeholders to find out how important ESG issues are to them – which will in turn further our own understanding of these issues as they relate to our business.



Our Sustainability Framework continued

Platform

Our Benevolent Platform™ integrates AI and science to uncover new biology, predict novel targets and develop first-in-class or best-in-class drugs for complex diseases, with the goal of increasing the probability of clinical success.

Commitments

1. Continue to enhance our Platform, ensuring we maintain our position as a leader in applying advanced AI to accelerate biopharma drug discovery and, in doing so, positively impact society and serve patients by improving R&D productivity.

2023 performance

In 2023 we made a number of improvements to the Benevolent Platform™ (see Operational Review on pages 12 and 13) and leveraged it to drive and support our three revenue pillars. It has enabled the Company to continue to deliver on our successful multi-year Target Identification collaboration with AstraZeneca, support our end-to-end discovery offerings enabling a new strategic collaboration with Merck, progress our in-house pipeline as well as work to develop and establish our new Knowledge Exploration Tools.

2024 targets

During 2024, the Company will continue to invest in the Benevolent Platform™ to maintain our leadership position and support the progression of our preclinical and clinical pipeline as well as delivering on the project plans for our strategic collaborations with Merck and AstraZeneca. In addition, a current market assessment is underway for our suite of Knowledge Exploration Tools and the results will be completed in early Q2 that will determine if or how this opportunity fits into the wider commercial strategy for the Company. The Platform will also continue to support our non-profit collaborations.

Pipeline

Our goal is to contribute positively to society by pushing the boundaries of technology and science to address significant unmet medical needs by developing new medicines for a broad range of undertreated diseases.

Commitments

2. Progress clinical and preclinical assets to meet development plan timelines.
3. Progress early pipeline assets to internally agreed timelines.
4. Maintain a steady-state Target ID discovery pipeline.
5. Deliver the project plans of our collaborations with AstraZeneca and Merck.

2023 performance

Our internal pipeline assets are highly differentiated and in therapeutic areas of high unmet need in complex diseases affecting millions of patients worldwide where there is the need for new, safe, and effective treatments. In June 2023, we entered investigational new drug (IND)-enabling studies for BEN-34712 (ALS), and in August 2023, we initiated a Phase Ia study for BEN-8744 (UC), with topline data expected by the end of Q1 2024. Additionally, all Regulatory Toxicology safety studies for BEN-28010 (GBM) were successfully completed, reaching IND readiness by Q4 2023.

In April 2023, we announced our topline Phase 2a results for our topical pan-Trk inhibitor BEN-2293 in mild-to-moderate atopic dermatitis (AD), which successfully met its primary endpoint, with BEN-2293 found to be safe and well tolerated. However, it did not achieve secondary efficacy endpoints to reduce itch and inflammation. Based on these results, the Company decided to stop any further investment in this asset.

2024 targets

We expect topline data for the BEN-8744 Phase Ia study by the end of Q1 2024 and the IND-enabling package for BEN-34712 to be completed by Q2 2024. We also remain committed to progressing earlier pipeline assets to our development plan timelines and maintaining a steady-state Target ID discovery pipeline. We will also look to outlicense at least one of our proprietary pipeline assets.

Partners

Our goal is to maintain existing and establish new commercial and not-for-profit partnerships to put our Benevolent Platform™ to good use for wider societal benefit, and to deliver maximum impact to patients.

Commitments

6 Increase our societal impact through long-term, mutually beneficial relationships.

7 Deliver on the project plans with our current partners AstraZeneca and Merck.

8 Uphold our ethical standards across our value chain.

2023 performance

Our multi-year collaboration with AstraZeneca continued successfully. Progress is being made toward further target selections in heart failure and systemic lupus erythematosus (SLE) disease areas.

In May 2023, we partnered with 9xchange, a biopharma marketplace created for innovators to match, buy and sell drug assets. The partnership aims to leverage BenevolentAI's AI-enabled technology to support decision making related to indication expansion and drug repurposing for assets on the 9xchange platform.

In September 2023, we signed a new collaboration with Merck to deliver novel drug candidates, initially for three targets in oncology, neurology and immunology. This collaboration will enable Merck to leverage our end-to-end drug discovery offerings to identify and develop innovative compounds through Hit Identification to the preclinical stage, to deliver small molecule drug development candidates into the Merck pipeline.

BenevolentAI is a purposeful company, and we believe it is important to amplify the impact of our platform and put it to good use for wider societal benefit. Our not-for-profit partnership with the Drugs for Neglected Diseases initiative (DNDi) (signed in 2022) continues to make progress, aiming to identify targets and approved drugs that could be used to treat dengue fever, a climate-sensitive neglected disease. In 2023, we reached in-vitro validation in dengue-infected human endothelial cells with existing drugs that show the ability to restore and rescue the endothelial barrier. We are now awaiting in-vivo results from DNDi.

Finally, as part of our commitment to responsible sourcing, it is important for us to ensure that we embed social and environmental considerations into our procurement processes. In 2023, we developed and published our Supply Chain policy, which outlines the Company-level minimum standards that the Company expects its suppliers to meet and the principles BenevolentAI employees should abide by when managing supplier relationships.

2024 targets

We plan to sign at least one new collaboration in 2024 as well as continue with our not-for-profit partnerships. We also plan to extend our Human Rights Policy to our key suppliers.

Our Sustainability Framework continued

People

Our goal is to build an inclusive, supportive and engaging workplace that enables employees to collaborate, innovate and thrive. In doing so, we aim to attract, retain and develop exceptional and diverse talent to support our mission and drive future growth.

Commitments

9 Attract, retain and develop our talent.

10 Maintain our focus on culture and values.

11 Promote diversity and inclusion.

12 Inspire the next generation of future leaders from within.

2023 performance

2023 saw a significant change for the business and its employees, and ensuring retention of key personnel and employee engagement has been, and continues to be, a key focus. At the end of 2023, our headcount was 248 FTEs, following a strategic review in May 2023 and subsequent reduction in the size of the business.

As expected in a period of change, this resulted in an overall increase in our voluntary turnover rate for 2023 to 18.2% (compared to 15.7% in 2022).

Despite headcount reductions in 2023, we are proud that 62% of current or former employees who left feedback through Glassdoor would recommend BenevolentAI as a Company to work at. We have also consistently maintained a strong Glassdoor rating of above 4, with a current score of 4.1.

In 2023, we continued to increase our efforts to nurture a diverse team and an inclusive culture, where everyone is and feels welcomed, respected, supported and valued. We are committed to maintaining equal gender balance in our global workforce, and improving gender representation by recruiting, retaining and developing women leaders at all levels. We look at gender diversity holistically and ensure fairness across all our people processes such as hiring, promotions and development opportunities.

Recent examples include:

- Maintenance of gender balance. As we decreased the organisation's size, we have maintained our 50:50 gender balance, with 51% female representation, 49% male and <1% non-binary. In addition, 54% of our leaders (Director and VP level) are female. In senior roles, we welcomed two new female hires at the Executive Leadership Team (ELT) level in 2023: our Chief Financial Officer and our Chief Revenue Officer, and we now have a 50/50% gender split at the ELT as well.
- Recruitment practices that mitigate hiring biases to ensure the right people are hired into the right roles. In 2023, recruitment team members continued to work towards diversity and inclusion targets linked to our Product & Technology team (where we have a larger percentage of men than women), where we target 50:50 gender balance for all roles at the interviewing stage to promote equal opportunities, have mixed interview panels to ensure a diverse group of interviewers, and use proactive sourcing to ensure we reach a diverse group of candidates. Recruitment team members completed inclusive recruitment training to increase awareness of unconscious bias.
- Annual salary benchmarking is in place for all roles to ensure our salary bands remain competitive and fair, in line with local pay markets and the relevant industry.

In addition to our focus on gender diversity, we believe it is important that we provide an inclusive, supportive environment for all under represented groups. We run regular diversity and inclusion (D&I) events throughout the year (e.g. International Women's Day panel events, neurodiversity external guest speaker, and gender-health discussions) and have seen strong engagement in our D&I efforts in 2023. We currently have four Employee Networks where employees can openly discuss the issues which affect them and drive the changes they want to see in the organisation, including the LGBTQIA+ Allies Network, Gender Network, Parents' Network, and Neurodiversity Network (the latter launched in 2023).

Furthermore, BenevolentAI focuses on developing people from within so they can grow with the Company. Our Career Level Framework defines the expectations of each career level and discipline across the organisation, outlining the various competencies and behaviours needed to progress through career levels and ensuring greater clarity and consistency in how we promote, develop and pay employees. Colleagues can use this framework to analyse skills gaps and identify potential learning and development opportunities. In addition, the framework is used to identify individuals who might be ready for a promotion. We have created custom learning pathways to sit alongside the Career Level Framework so that employees can develop the skills necessary to master their career level and progress. BenevolentAI is an environment that encourages all of the workforce to be curious, challenged, and developed through our various learning channels.

These include:

- budget for bespoke training or conferences;
- 5% of employees' time dedicated to formal learning;
- industry memberships;
- access to LinkedIn learning;
- manager and leadership courses;
- team communication style and behaviour workshops;
- external speakers; and
- internal knowledge sharing.

In 2023, in addition to mandatory compliance training (see below), 158 employees engaged in training and conferences. Since May 2023, 91% of our retained employees were involved in training and conference initiatives. Furthermore, all employees set goals and objectives at the beginning of the year to ensure their development needs are met and their talent is recognised. These evolve organically throughout the twelve months and can be tracked through 1:2:1s with managers.

Whilst the majority of goals are work related, all employees are encouraged to set at least one personal development goal. To support this, we provide personal development time and access to LinkedIn Learning materials and courses on coaching and management. In 2023, we registered 667 total hours of LinkedIn Learning training, with 245 employees viewing content and 10,552 videos watched in full. We also continued with our successful "Transition to Management Programme", delivered by Cambridge Network, to prepare our new-to-management employees for the challenges and opportunities of managing individuals and teams at BenevolentAI. The programme was launched in 2021 and has been a success ever since. In 2023, 26 people participated. Finally, mandatory training was provided to the whole company on various topics and internal policies, including data protection and information security.

In January 2023, 33 people across the Company were promoted (9% of our total eligible headcount). We are thrilled to see so many people grow and develop their careers at BenevolentAI, and we are committed to continuously improving our commitment to retain and attract the best talent. To further this aim, in 2023 we developed an eNPS score methodology, to identify employees' levels of satisfaction within the organisation.

Lastly, we are committed to protecting our employees' health and safety (H&S). We have a health and safety management system in place, and we ensure that all new team members attend mandatory, site-specific training designed to educate on the location-specific features, security concerns and emergency procedures. Our H&S training covers all employees and operations and is retaken every two years. The number of days lost to health and safety incidents was zero , maintaining our lost-time incident rate (per 200,000 hours worked) of zero, with zero fatalities among all employees and contractors across all sites. This was the same as in 2022.

2024 targets

2024 will see a continued focus on culture and values with significant emphasis on the operational effectiveness of our organisation to drive increased team engagement.

During 2024, we plan to measure our eNPS rating via our first employee engagement survey. We also aim to retain our Glassdoor rating above 4.0.

In line with our commitments set out in this Annual Report, we recognise that gender pay gap (GPG) transparency increases accountability and drives action to advance gender equality in the workplace. We will start this collection reporting in April 2024, publish our GPG on our website, and run a Gender Pay Gap report annually in the future.

Our Sustainability Framework continued

Planet

We recognise the need to act swiftly and intentionally to mitigate our impact on climate change and are committed to reducing the environmental impact of our business activities by monitoring and reducing our emissions.

Commitments

12 We endeavour to reduce our proportional impact on the environment as our business continues to evolve.

2023 performance

In 2023, the Company consumed 5,904 tCO_2e as part of ongoing activities, down from 7,311 tCO_2e in 2022. This decrease was primarily due to a fall in spend in research and development, accounting for 77% of total emissions in both 2023 and 2022. Scope 1 emissions rose due to higher gas consumption in our Cambridge office as a result of increased occupancy during most of the year. Electricity consumption decreased, leading to a small fall in Scope 2 location-based emissions, however Scope 2 market-based emissions rose due to our London electricity supplier amending its fuel mix from 100% renewable to 27%. The supplier contract comes up for renewal in Q4 2024; the Company will reassess accordingly.

We send approximately half of waste to recycling; in 2023 at our London site, we generated a total of 8.1 tonnes of total waste and sent 4.6 tonnes for waste to energy conversion (2022: 6.3 tonnes and 2.9 tonnes, respectively), with the remainder recycled (recycling rate 44%, down from 55%). At our Cambridge site, we generated 17.8 tonnes of lab waste (2022: 20.5 tonnes), but otherwise generate much less general waste than London and our provider recycles 60% waste, on average.

With regard to water consumption, this is only for staff amenities and hygiene. Both the Company's London and New York offices are in high water stress zones, while the Cambridge wet labs are under low stress. Water consumption in the London office has remained at a consistent level of 92m^3 in each of 2023 and 2022. For the Brooklyn office and Cambridge wet labs, having shared working spaces means it is impracticable to measure the level of water used.

2024 targets

With a reduced headcount compared to 2023, we reduced our London office space from four to two floors, which is expected to contribute to lowering our footprint in 2024 and will likely offset the impact of more employees returning to the office more regularly, as well as any potential carbon emission increase we might see in developing our pipeline assets. We therefore do not expect significant disparities between this year's data and data forecasted for 2024 reporting. BAI will aim to increase its tCO_2e rate at a lower level than both its headcount figure and a suitable pipeline measure to improve its efficiency year-on year.

Additionally, we are aware of the importance of measuring and setting reduction targets for Green House Gas (GHG) emissions and energy consumption. BenevolentAI will be completing a full GHG inventory during fiscal year 2024, which will be disclosed in the 2024 Annual Report along with energy consumption data, and we will set reduction targets thereafter.

Methodology

GHG emissions have been calculated from business activities in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version). Scope 1 and 2 emissions have been derived from use data with the application of appropriate conversion factors (namely, UK Government GHG Conversion Factors for Company Reporting, 2023). Data from all Company sites is included, with the exception of the New York office given the Company has limited control over the emissions arising from the shared premises and the corresponding data is impracticable to acquire. The impact is expected to be immaterial.

The Company has defined its organisational boundary using an operational control approach. The Company reports on certain categories of Scope 3 emissions only, as detailed in the table below with reference to the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 emissions have been calculated using direct use data and spend data in combination with environmentally extended input-output (EEIO) emissions factors.

Emissions, energy and other environment data

		Emissions by year (tCO_2e)	
Scope	Source	2023	2022
1	Fuel consumption	**282.0**	246.9
2	Purchased electricity (market-based)	**125.6**	103.9
2	Purchased electricity (location-based)	**140.4**	143.6
3	Waste disposal	**36.3**	41.8
3	Business travel – air	**195.1**	176.2
3	Business travel – land	**62.1**	63.7
3	Business travel – hotels and accommodation	**12.2**	7.8
3	Purchased goods and services	**5,191.1**	6,670.3
Total Scope 3		**5,496.8**	6,959.8
Total Scope 1, 2, 3[1]		**5,904.4**	7,310.6
Scope 1 and 2 intensity by headcount		**1.188**	0.991
Non-renewable energy consumption (kWh)		**2,081,010**	1,849,852
Renewable energy consumption (kWh)		**160,235**	284,316
Total energy consumption (kWh)		**2,241,245**	2,134,168
Total water consumption (m^3)		**92**	92

1. Takes into consideration market-based scope 2 emissions.

We have had no environmental fines or penalties in the current or any previous years (£nil).

Key initiatives

Actions we have taken to improve energy and water efficiency, and promote the responsible management of waste:

1. Our sites use LED lighting and energy efficient office equipment, such as automatic standby mode for all monitors, printers and coffee machines. In our Cambridge office, we have installed signs in each room inviting employees to switch the lights off when they leave a room. In case this isn't done, the cleaners have been asked to ensure all lights are switched off overnight.

2. HVAC systems are used efficiently by turning off at night, weekends and when the temperature is between 19 and 25 degrees Celsius.

3. The impact of employee commuting is reduced by limiting travel between offices, encouraging the use of public transport and offering the Stagecoach discounted ticket scheme. We also participate in the "cycle to work scheme".

4. We have reduced our paper use by moving away from printing to cloud-based or digital systems. Recycling bins are clearly signed in all offices to encourage sustainable waste disposal.

5. We minimise our water consumption through ultra-low-flush toilets.

6. Regular engagement with landlords at leased premises to improve water and energy efficiency, and responsible management of waste.

7. As part of our commitment to engage in environmentally focused initiatives, in 2023 BenevolentAI enrolled in, and was proud to successfully achieve, a Platinum award in Green Impact. This is a sustainability accreditation scheme run nationally by SOS-UK and supported locally by the Babraham Research Campus. In 2024, we plan to continue our engagement with Green Impact. Additionally, we have reviewed what equipment within our wet labs in Cambridge can be switched off at night and/or when not in use, and we monitor this regularly.

Sustainable governance

As sustainability is cross-cutting across our business, the impact that we have is considered and guided at many levels. On a governance level, it is built into our Board structures and our robust corporate governance framework, which is bolstered by committees, groups and colleagues who feel empowered to instigate and drive activity within the business. This means many of our most impactful programmes are driven from the bottom up.

The Board, supported by the Company Secretary, has overall oversight of our sustainability performance and ESG work. Our Non-Executive Director Dr. Susan Liautaud is the Board's primary contact point for all ESG matters and is supported by the Nomination and Governance Committee, which considers ESG updates as and when appropriate, and at least bi-annually. The Nomination and Governance Committee and the Board's ESG Representative provide the Board with periodic updates on ESG matters. In 2023 and as part of the annual Board training schedule, a training on the evolving ESG regulatory landscape and related reporting requirements was provided to the Directors, with a refresh to follow annually. Will Scrimshaw, General Counsel and Company Secretary, has overall responsibility for delivering our linked business and sustainability objectives, supported by members of the Executive Leadership Team (ELT) and senior management.

Our sustainability governance strategy is centred around the following KPIs and commitments:

KPI 1 – Board independence

Commitment
We are committed to ensuring independence and diversity across our Board.

2023 performance
As at the date of this report, the Board comprised eight Directors: an Independent Non-Executive Chair, one Executive Director and six Independent Non-Executive Directors. Information on Board changes during the course of the year and the work of the Nomination and Governance Committee in this regard can be found on pages 69 and 70.

Together, our Board brings a wealth of experience, skills and backgrounds to the Company – including strategy, financial and capital markets, risk management, commercial and business development, research and development, technology, pharma and governance. Further information on Board composition, Directors independence, skills and diversity can be found on page 52 of the Corporate Governance report and pages 69 to 73 of the Nomination and Governance Committee report.

2024 target
The Board is satisfied that its membership has the right mix of skills, experience, diversity and capabilities to provide effective challenge and deliver the strategy of the Company for the benefit of all stakeholders.

The Board fosters an inclusive and supportive Company culture and is proud of the progress being made to date, which is reflected in the gender balance of the Executive Leadership Team, senior management and workforce as set out on page 30. The Nomination and Governance Committee and the Board aim that over the next few years, in the normal course of succession management, the gender balance of the Board will become more reflective of the diversity across the business. Further information on Board diversity can be found on page 73.

KPI 2 – Board structure and committees

Commitment
Build a solid Board structure accompanied by all necessary committees to ensure robust governance.

2023 performance
The Board is satisfied that it has a robust and effective governance structure in place and is committed to maintaining high standards of corporate governance. The role and responsibilities of the committees are well defined as set out in their respective reports and on page 51 of the Corporate Governance report.

There is clear division between Executive and Non-Executive responsibilities which ensures accountability and oversight. In 2023, the Board appointed a Senior Independent Director and a Workforce NED among its Independent Non-Executive members. Further information on the roles and responsibilities of the Board members can be found on pages 53 and 54.

An internal evaluation of the effectiveness of the Board, its committees, the Chair and individual Directors was carried out in 2023. The evaluation concluded that the Board, its committees, the Chair, and the Non-Executive Directors continue to operate effectively. Further information on the 2023 Board evaluation can be found on pages 56 and 57.

2024 targets
The Board continues to ensure that its corporate governance framework and processes remain robust, effective and appropriate. The Chair, alongside the Company Secretary, will support the implementation of the key actions identified by the 2023 Board evaluation. Progress against these key areas of focus will be reported in the 2024 Annual Report. An internally facilitated evaluation of the effectiveness of the Board, its committees, the Chair and individual Directors will be conducted in 2024.

KPI 3 – Business ethics, compliance and communication transparency

Commitment

To maintain and further develop a suite of good corporate practices and policies where needed.

2023 performance

We have a comprehensive suite of corporate policies in place which help us to maintain and develop good corporate practices, including the following:

- Anti-Corruption and Anti-Bribery Policy;
- Anti-Slavery and Human Trafficking Policy;
- Code of Business Conduct & Ethics;
- Data Protection Policy;
- Disclosure Policy;
- Environmental Policy;
- Equality, Diversity and Inclusion Policy;
- Health and Safety Policy;
- Human Rights Policy;
- Information Security Policy;
- Insider Trading;
- Sanctions, Anti-Money Laundering, Policy and Counter-Terrorist Financing Policy;
- Supply Chain Policy;
- Tax Principles; and
- Whistleblowing Policy.

We have a Company-wide training programme for employees to conduct appropriate third-party and internal training upon joining the Company as part of our induction training, and at regular intervals after that. Furthermore, we also conduct an annual review of key compliance policies, where the Nomination and Governance Committee is responsible for suggesting any needed changes for Board approval.

As per the policies listed above, we ensure zero tolerance of bribery and corruption anywhere in our value chain. We have an Anti-Bribery and Anti-Corruption Policy and training programme which all employees must take and repeat on a bi-annual basis. There have been zero instances of employee non-compliance with anti-bribery and corruption policies and procedures in 2023 (2022: Zero).

We are transparent in our communications, and we hold ourselves to our business conduct and practice as defined in our Code of Business Conduct & Ethics, which sets out the rules to which our employees' actions and behaviours are held accountable. In line with our 2023 targets, we have also further evolved our Code of Business Conduct & Ethics. Furthermore, and on an external level, we follow a rigorous approach of not engaging in any political activities or making financial contributions in the name of the Company (2023: £Nil, 2022: £Nil). The Company also prohibits lobbying involvement of any kind. There have been no lobbying expenditures in 2023 (2022: £Nil).

We provide multiple ways for colleagues to report any concerns, including as set out in our Whistleblowing Policy. Our Whistleblower Policy provides a mechanism for all employees to confidentially raise their concerns and sets out how the Company will respond. In 2023, we updated our Whistleblower Policy to allow for filing of fully anonymous reports via a new portal. Additionally and internally, our staff forums are there to discuss and escalate ideas and challenges to senior leaders and relevant groups.

2024 targets

We plan to set up and formalise an internal AI Ethics and Governance Committee in Q1 2024 to ensure that our AI/ML development and deployment activities are conducted ethically, transparently, and responsibly, upholding appropriate standards of integrity and accountability in the use of AI/ML technologies, ensuring they align with our core values and ethical principles, complying with legal and regulatory requirements, and positively contributing to society and the environment. Furthermore, we also intend to expand on the work already carried out on AI and ethics, updating our AI Ethics Principles and establishing a more formal AI governance framework.

Finally, we are developing a plan to diligence our top suppliers in H1 2024 to assess our risk exposure to human rights abuses within our supply chain and our operations, as currently covered by our Human Rights Policy.

KPI 4 – Intellectual property protection

Commitment

We recognise the importance of protecting the intellectual property that is generated in the course of our work, while respecting the IP of others.

2023 performance

We hold registered and unregistered IP rights including patent applications, trade secrets, copyright works, confidential information and trademarks.

We use patents to protect both our science and our technology assets. All employees, contractors, partners and collaborators are subject to appropriate confidentiality obligations.

2024 targets

We will continue to refine and develop our effectiveness at capturing IP value through formal invention capture processes for trade secrets and patents.

Sustainable governance continued

KPI 5 – Risk management and business continuity

Commitment

Our commitment to effective risk management and business continuity is at the core of our operational excellence and strategic planning. We recognise that in today's dynamic business environment, identifying and managing both existing and potential risks is crucial for sustaining growth, protecting assets, and ensuring the long-term success of our organisation. The Audit, Finance and Risk Committee of the Board has oversight of, and responsibility for, risk management across the Company. It is provided with regular updates covering key business risks at quarterly Board meetings.

2023 performance

- **Enterprise-Wide Risk Management Framework (EWRMF):** We have a comprehensive risk management strategy in place through our EWRMF that involves regular assessments to identify, assess, and mitigate risks across our business operations. Our risk management working group works closely with all departments to ensure that our risk mitigation framework is integrated into daily operations, enabling us to respond swiftly and effectively to identified and potential risks.
- **Business continuity:** In parallel with our risk management efforts, we have implemented business continuity plans (BCPs) that outline strategies for responding to various disruptions. Our BCPs are regularly reviewed and updated to ensure that we can continue to function effectively under adverse conditions.

2024 targets

We plan to further embed and build upon the work we have already done to implement our EWRMF across all aspects of our business.

KPI 6 – Information security and privacy

Commitment

We commit to safeguarding the privacy rights of BenevolentAI's employees and third parties, protecting our valuable data assets, and maintaining the security of our system infrastructures. We are dedicated to ensuring that our data protection and privacy compliance programme, as well as our information security strategies, are in line with our business objectives and comply with all applicable laws, regulations and leading data protection standards. We aim to manage and safeguard corporate information by implementing processes, roles, controls, and metrics that recognise information as an important business asset.

2023 performance

In the past three years, cybersecurity at BenevolentAI has been significantly improved through efforts led by our dedicated Information Security (InfoSec), Information Technology (IT), and Site Reliability Engineering (SRE) teams to address information and cybersecurity risks and threats, with the support and participation of employees through regular communication and engagement.

As we continue to leverage cloud technology and AI, we also focus on the governance of their use. All Benevolent information systems are appropriately protected with industry standard tooling, and all sensitive data is held in security-accredited cloud data centres. Benevolent maintains Cyber Essentials Plus (a UK Government-backed scheme) certified cybersecurity programme structure and will commence the certification renewal process in Q1 2024. Benevolent systems are also independently assessed annually by a certified cybersecurity consultancy for vulnerabilities and penetration testing. We continue to upgrade and invest in physical, administrative and technical measures to protect personal and business data. This includes programmes to educate and raise awareness among our people regarding sound and proper cybersecurity and data protection practices.

We have a Company-wide business continuity plan in place which incorporates cybersecurity and information security risk. Additionally, our InfoSec team operates an incident management and response procedure, coordinating with our Site Reliability Engineering (SRE) and IT teams to manage business-wide disaster recovery efforts. We have an internal Information Security Policy which outlines our approach and commitment to information security management at the Company, and which is mandatory for all employees to review and understand. Objectives, policies, plans and procedures are reviewed and updated at least annually and the business continuity plan is tested at least every three years. In H2 2023 we renewed cybersecurity insurance for our business.

BenevolentAI maintains a comprehensive data protection and privacy compliance programme, overseen by a UK-based Data Protection Officer to ensure compliance with relevant laws across all its geographical locations. These include registered offices in Luxembourg, a head office in the UK, wet labs in Cambridge, and an office in NYC. We are compliant with GDPR (UK & EU), the New York Shield Act, and other regulations applicable in places where we do business from time to time. No data breaches were identified in 2023.

2024 targets

Our ongoing programme of work will continue delivering controls that reduce our risk overhead and improve our security posture with a strong emphasis on ensuring we remain in compliance with all applicable laws and on meeting new regulatory requirements in specific geographical regions. Furthermore, we will complete the Cyber Essentials Plus recertification process.

Product/Service safety policy

We acknowledge our position in, and association with, the biotechnology and pharmaceutical sectors, where there are product and service responsibility considerations relating to clinical trial patient safety, drug safety, counterfeiting, pricing and accessibility.. We have a number of drug programmes for which we undertake, or plan to undertake, a clinical trial now or in the future and will ensure compliance with all applicable regulations for these programmes.

Climate-related reporting requirements

We are aware of, and are closely monitoring, the upcoming introduction of climate-related reporting requirements through, for example, (i) Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) and (ii) the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) – once adopted by various countries around the world. We do not consider that we fall within scope of these requirements for the year ended 31 December 2023.

We are making preparations to report in line with these new requirements once they become applicable to companies of our size (which we anticipate will be for financial years starting on or after 1 January 2025, subject to the timeframe for Luxembourg implementation of the Accounting Directive, as amended (Directive 2013/34/EU amended by Directive 2022/2464 as transposed into Luxembourg law) and subject to the roll-out of TCFD disclosure requirements by Luxembourg and/or the UK. Our preliminary assessment is there is limited climate-related risk exposure to the business and any impacts can be managed within a business-as-usual context, but we will conduct a thorough analysis and update in future reports.

A strong position to execute on our our strategy

Key highlights

- Revenue decreased to £7.3 million (2022: £10.6 million) primarily reflecting decreased revenues from the AstraZeneca collaboration partly offset by the new Merck collaboration.
- Normalised research and development ("R&D") spend, excluding share-based payments ("SBP"), of £56.5 million (2022: £65.1 million); reported R&D spend excluding SBP of £60.3 million (2022: £65.1 million).
- Normalised operating loss of £72.7 million (2022: £94.6 million).
- Reported operating loss of £77.6 million (2022: £197.0 million).
- Cash, cash equivalents and short-term deposits position of £72.9 million at 31 December 2023 (31 December 2022: £130.2 million), compared with £84.3 million at 30 June 2023.
- Operating cash outflow before changes to working capital of £54.6 million (2022: £67.8 million).
- £16.1 million R&D tax credits (2022: £12.1 million) received in the period.
- Post the strategic review cash burn reduced by around 40% compared to pre-restructuring forecasts with the cash runway extended to at least mid-2025.

Overview

Following the disappointing clinical results of BEN-2293 in atopic dermatitis, the Company undertook a strategic review reducing headcount by around 30% and cash burn by around 40% compared to pre-restructuring forecasts. This enabled the Company to extend the cash runway to mid-2025, whilst still being able to invest and drive innovation across the Benevolent Platform™ and three revenue pillars. The later part of the year saw success with signing a new collaboration with Merck as well as progress on the Company's proprietary pipeline and new C-suite hires. The combination of inflows from Merck and AstraZeneca as well as R&D tax credit receipts in the second half of the year left the Company with cash, cash equivalents and short-term deposits of £72.9 million at year end. With our good cash position at year end, along with positive momentum in the business over the last six months, I believe we are in a strong position to execute on the Company's strategy in 2024.

Revenues

At BenevolentAI, we aim to monetise the Benevolent Platform™ through commercial collaborations and through developing our pipeline of wholly owned assets with the aim of out-licensing and co-developing.

The Company's revenues decreased by £3.3 million or 31% to £7.3 million (2022: £10.6 million), primarily reflecting decreased revenues from the second AstraZeneca collaboration that started in January 2022, partly offset by a new collaboration with Merck. Under this new collaboration, BenevolentAI will be eligible for payments of up to $594 million, consisting of a low double-digit million dollar upfront payment on signing and then potentially discovery, development and commercial milestones.

With our good cash position at year end along with positive momentum in the business over the last six months I believe we are in a strong position to execute on our strategy in 2024.

Catherine Isted
Chief Financial Officer

Alternative performance measures and normalised presentation

The normalised presentation of the Company performance can be found in note 2.4 of the consolidated financial statements.

Research and development costs

Normalised research and development spend, excluding employee-related share-based payments, for 2023 has decreased by 13% to £56.5 million (2022: £65.1 million). This reflects the Company's efforts to optimise its portfolio to focus on its most advanced and promising pipeline assets.

Reported research and development spend, excluding employee-related share-based payments, for 2023 has decreased by 7% to £60.3 million (2022: £65.1 million). The decrease is driven by pipeline optimisation, partly offset by costs necessarily entailed by the restructuring programme.

General and administrative costs

Normalised business operations spend, excluding employee-related share-based payments, for 2023 has increased by 36% to £22.4 million (2022: £16.5 million). Removing the impact of foreign exchange gains/losses of £0.7 million loss (2022: £3.1 million gain), the underlying spend for 2023 increased by 11% to £21.7 million (2022: £19.6 million). This reflects the additional costs from operating as a public company for a full year, compared to seven months in the previous year, offset by the cost reductions made through the restructuring programme in the second half of 2023.

Reported business operations spend for 2023 excluding employee-related share-based payments, has decreased by 80% to £23.5 million (2022: £115.0 million). The decrease is predominantly driven by specific charges relating to the Business Combination in 2022 which did not reoccur in 2023, most notably the listing service expense.

Share-based payments (SBPs)

Normalised SBP spend for 2023 has decreased by 94% to £1.5 million (2022: £23.7 million). Reported SBP spend for 2023 has decreased by 95% to £1.5 million (2022: £27.6 million). In both cases, the charge is largely offset by a credit for the recognition of vested options under the legacy BEIS share incentive scheme for 2023 of £0.6 million (2022: £22.4 million normalised charge, £26.2 million total charge). This comprises a £3.6 million IFRS 2 charge (2022: £29.1 million normalised, £32.6 million total) which is more than offset by a £4.2 million credit in relation to employer-related taxes in 2023 (2022: £6.6 million credit), as a result of the provision being remeasured to reflect the year-end share price.

In 2022, the Company initiated a new LTIP for which a £2.2 million charge has been recognised in 2023 (2022: £1.3 million) and which is expected to incur an ongoing SBP charge, inclusive of employer-related taxes, of between £3 million and £6 million based upon the share price as at the end of December.

Operating loss

Normalised operating loss for 2023 decreased by 23% to £72.7 million (2022: £94.6 million). The reported operating loss for 2023 decreased by 61% to £77.6 million (2022: £197.0 million), primarily due to the costs arising from the Business Combination, which did not reoccur in 2023.

Finance income

Finance income for 2023 decreased by 73% to £5.3 million (2022: £19.3 million), predominantly driven by a reduction in the downward movement of fair value of the warrant liabilities.

Taxation

Taxation income for 2023 has decreased by 42% to £9.3 million (2022: £15.9 million). This is predominantly composed of tax credits arising from the UK's small and medium-sized enterprises' R&D tax relief regime, for which there has been a decrease in the claim between the two periods, predominantly driven by a decrease in absolute spend and a decrease in the claim uplift applied to eligible R&D expenditure.

Loss per share

Normalised basic loss per share decreased by 32% to 49.7 pence for 2023 (2022: 72.6 pence), reflecting the decrease in normalised total loss.

Current assets

Current assets as of 31 December 2023 decreased by 40% to £91.4 million (31 December 2022: £152.1 million), largely driven by a £57.3 million decrease in cash, cash equivalents and short-term deposits.

Cash, cash equivalents and short-term deposits

The cash position, including short-term deposits, as of 31 December 2023 decreased by 44% to £72.9 million (31 December 2022: £130.2 million), reflecting proceeds from collaborations being more than offset by ordinary course working capital expenditure.

Current liabilities

Current liabilities as of 31 December 2023 decreased by 2% to £25.0 million (31 December 2022: £25.6 million), reflecting a decrease in trade payables and accruals as part of the Company's core activities, in addition to a downward revaluation in the tax provision related to employer tax arising from share-based payments. This is largely offset by an increase in deferred income arising from the Merck collaboration.

Cash flow

Cash expended from operating activities before non-normalised items decreased by 14% to £53.3 million for 2023 (2022: £61.9 million), primarily driven by a 23% decrease in normalised operating losses to £72.7 million (2022: £94.6 million).

Similarly, reported cash operating outflow in 2023, including non-normalised items, decreased by 26% to £57.1 million (2022: £76.9 million).

Dividend

No dividend has been proposed for the year ended 31 December 2023 (2022: £nil).

Accounting policies

The consolidated financial statements have been prepared in accordance with international accounting standards, as applicable to the EU. The accounting policies used in the consolidated financial information are consistent with those in the audited consolidated financial statements.

Going concern

The consolidated financial statements have been prepared on the going concern basis, which the Board of Directors considers appropriate for the reasons described in note 2.2 of the consolidated financial statements.

Outlook

Following the signing of the Merck collaboration, progress on the proprietary pipeline and new C-suite hires at the end of 2023, as well as post-period end Dr. Joerg Moeller joining as the Company's new CEO and Executive Director, the Board are confident in the outlook for 2024 and being able to deliver on value creation for its shareholders. The Company looks to sign at least one new collaboration in 2024 as well as out-license at least one of its proprietary pipeline assets and continues to look for opportunities to reduce costs or reallocate to areas where it is believed the investment will generate the best shareholder value. The cash burn over 2024 and 2025 will benefit from the reduction in costs achieved as part of the strategic review carried out in 2023, with the cash runway excluding any unsigned revenues extending to at least mid-2025, as previously guided.

Principal risks facing the business

BenevolentAI operates a Risk Management Framework, which is monitored and reviewed by the Board. There are a number of potential risks and uncertainties that could have a material impact on the Company's financial performance and position. These include risks relating to the development of our drug portfolio and ability to out-license: the commercialisation of the Benevolent Platform™, such as through collaboration arrangements; the biotech funding environment; the political environment; competitive threat; supply chain disruption; legal and regulatory; IT systems and infrastructure; cyber and data security; foreign exchange; staff retention; global unrest; strategic acquisitions; and climate change. These risks and the Company's mitigating actions will be set out in the 2023 Annual Report.

Catherine Isted
Chief Financial Officer
19 March 2024

Progressing the Risk Management Framework

The Company's Enterprise Wide Risk Management Framework (EWRMF) is designed to prioritise and manage identified risks, focused around prioritised key principal risks.

The EWRMF incorporates standard organisational measures that ensure a thorough, end-to-end assessment and management process for known and potential emerging risks. This framework is fundamental to maintaining a holistic approach to risk management across our organisation.

In 2023, the Company undertook an update of our Risk Management Framework. This initiative sought to adopt relevant features applicable to global standards (e.g. the Committee of Sponsoring Organisations of the Treadway Commission COSO) and refine our processes for enhanced Company-wide risk management in support of our strategic objectives.

Principal risks and uncertainties

The Board is accountable and responsible for overseeing the effectiveness of the EWRMF, including the identification of appropriate procedures for minimising the impact of identified and potential risks. The Board has delegated this to the Audit, Finance and Risk Committee, which works with the Executive Leadership Team (ELT) and risk management working group in overseeing the operation of these processes across the entire business.

Principal risks refer to critical risks deemed significant and specific to the Group, and could potentially impact its long-term performance. This prioritised list of principal risks includes implemented mitigation measures. It's important to note that this list isn't comprehensive of all risks affecting the Company.

The Enterprise Wide Risk Management Framework

As part of this year's risk work referenced above, we have begun to implement more standardised procedures that are in line with the COSO framework, to improve overall consistency, efficiency and quality in our risk management practices across the Company. This project is expected to continue throughout 2024.

- Ensures adequate risk management and internal controls are in place and operating effectively

- Oversees the Group's risk management and internal controls
- Reviews and monitors the Group's principal risks
- Monitors and has oversight of external audit

- Manages the day-to-day implementation of the Risk Management Framework, including ongoing enhancements

Principal risks

1: Platform and technology

Risk description	Mitigations
There is a risk that one or more existing commercial or academic collaborations are terminated, or additional collaborations are not forthcoming.	The Company maintains a close relationship with our existing collaboration partners through joint steering committee and/or other regular update meetings. The Company validated the Benevolent Platform™ capability in a 2019 Target ID collaboration with AstraZeneca, followed by a second agreement in two new disease areas in 2022. The Company signed a new strategic agreement with Merck in September 2023 to deliver three novel small molecule drug candidates. In 2024, we are focused on securing further collaborations to broaden our commercial revenue streams and reinforce the external proof points for the Benevolent Platform™.
The Company is dependent upon the Benevolent Platform™ to identify the right drug target for the right disease, with the potential to fail in discovery and design of molecules with therapeutic potential or produce non-commercially viable products for us and our partners.	The Company continues to invest in the Benevolent Platform™ and our teams to drive innovation. By strategically diversifying drug discovery programmes across various target indications, the Company not only mitigates these risks but also maximises its chances of success.
The Benevolent Platform™ relies on external data suppliers for its knowledge graph.	We mitigate this risk by utilising a multimodal approach with different data sources. We sign multi-year agreements where appropriate and also continue to invest in the production of our own proprietary data.

2: Product pipeline, drug development and discovery

Risk description	Mitigations
All our drug candidates are in the early preclinical or clinical development stages and are not yet commercially approved. There may be technical, clinical or regulatory hurdles that could result in delays, changes or abandonment of the development programmes.	The Company accepts this risk but believes that its approach has the potential to achieve a higher probability of clinical success for assets developed utilising the Benevolent Platform™. We aim to have a broad mix of pipeline assets across multiple stages of development and with varying risk profiles for both the target (undrugged and drugged) and the compound (best-in-class and first-in-class). We also partner with other larger, more experienced, pharmaceutical companies on product development, where appropriate. We consult with regulators early in the development process to understand any concerns identified and look to remedy these ahead of time.
We rely on third-party CROs to meet our preclinical and clinical development timelines.	The Company works with leading international blue chip CROs in the development of its products to minimise this risk. We have a robust vendor selection process.
Other companies may discover, develop or commercialise products before us.	To mitigate this risk, the Company conducts a thorough assessment (commercial, scientific, competing product scanning, etc.) of the chosen indications it is seeking to develop pharmaceutical products. We aim to secure composition-of-matter patent protection for all of our assets that are developed, alongside other forms of IP protection as appropriate (“use” patents, etc.).

3: Operational

Risk description	Mitigations
Failure to recruit, develop and retain the right people may adversely affect the Company's ability to achieve its strategic objectives.	The recruitment processes of the Company are designed to find and attract the most suitable candidates for specific roles. In addition, the Company offers competitive remuneration packages to help retain valuable employees. The Company invests in the learning and development of its employees. Permanent employees are given the opportunity to become shareholders of the Company through the Company's Long Term Incentive Plan.
Data security breaches and cyber-attacks may compromise Company or third-party information, affect reputation and result in financial losses.	The Company invests in a dedicated internal security function, several industry-standard data and infrastructure security tools, and cyber insurance. Security controls are in place to protect data and information systems, and more advanced monitoring, detection, and prevention capabilities continue to be developed. In 2023, the Company also expanded its compliance and certification programme by obtaining the UK Cyber Essentials Plus certification.
Failure to protect intellectual property (IP) that we generate, and/or the potential for misuse of that IP including through breach of confidential information, misuse of trade secrets, or other loss of valuable IP both in relation to our drug products, technology products, and the Benevolent Platform™ could adversely impact our ability to generate revenue or the overall value of the Company.	The Company actively manages its IP, engaging with patent attorneys and trademark specialists to apply for and defend IP rights. We file appropriate patent applications for all of our own internal drug pipeline assets (composition of matter, use and formulation patents, etc.) as well as those that protect the Benevolent Platform™ or other product and technology innovation. We provide training to the business on the importance of strategic IP protection.

Principal Risks continued

4: Economic and financial

Risk description	Mitigations
We may be unable to generate additional revenue through out-licensing pipeline assets or signing new collaborations. If macroeconomic conditions worsen we may also be unable to raise sufficient capital as needed. Both these risks may lead to delays or pausing of pipeline programmes and/or further investment in the Benevolent Platform™.	We raised gross proceeds of £186.8 million (€225 million) in April 2022 through a de-SPAC transaction (see 2022 Annual Report) and extended our cash runway to at least mid-2025 as part of a Company restructuring in the summer of 2023. Collaborations with AstraZeneca and Merck provide current and near-term revenues, and the potential for future milestones and revenues through the development of pharmaceutical products. We aim to add further commercial collaboration agreements to broaden our revenue streams.
Changes to R&D tax credits may reduce the availability of tax credits on R&D expenditure. This could reduce R&D tax refunds on eligible expenditures and adversely affect cash flow and cash runway.	Recent changes to the UK R&D tax credit scheme reduces the proportion of tax credits receivable on the cost of spend on research and development. This has been incorporated into our financial forecasts and guidance. Changes to be implemented in the near term will also look to reduce the eligibility of claiming overseas spend, with the Company looking to balance the absolute procurement cost, quality and availability, with our ability to claim any related R&D tax credits. The Company also works with industry bodies and trade associations such as the BIA to mitigate any potential risk and help guide policy decisions.
We may not be able to out-license certain drug pipeline assets in line with our stated strategy.	To mitigate this risk the Company engages with potential licensing partners early in the asset's development cycle to understand the partners' needs from a product profile and clinical data perspective, as well as the overall market opportunity.

5: Other

Risk description	Mitigations
The Company is exposed to a potentially increased compliance burden from new laws and regulations, particularly upcoming AI laws in the EU, UK, US and other jurisdictions. Further downstream, potential changes to pharmaceutical pricing or other adverse changes impacting the life sciences and AI industries more generally could all affect the Company.	The Company regularly monitors developments in key geographies and maintains strong relationships with regulatory bodies and trade associations to enable the Company to respond rapidly to changes in circumstances or events. The Company is preparing for new legislation through proactive steps to establish an AI governance framework.

Climate risk impact

The Company's ESG approach is discussed in the Sustainability section of the Strategic report. The Board has considered the impact of climate change in relation to the carrying value of assets and any financial exposures which could result in additional liabilities. The Board continues to believe that there is no elevated level of risk arising from climate change, and therefore any impact on the financial performance or position of the Group, for the year ended 31 December 2023.

Ukraine and Middle Eastern conflicts

Management notes the ongoing war in the Ukraine, and the sanctions being imposed on Russia by many countries as a result.

Given the Group's limited direct activities in the impacted regions, management's view and experience to date is that these ongoing developments and sanctions are not and are unlikely to have a significant direct adverse impact on the financial results or operations of the Group. Management continues to monitor the developments closely and to take all necessary actions.

Interest rate risk, liquidity risk, and other risk considerations

The Group, consistent with the normal shareholding funding of companies such as BenevolentAI, has no debt-attracting interest. Warrants, although included in liabilities, are ultimately settled as shares or on a cashless basis not requiring any funds to be paid by the Group.

The interest rate environment has allowed us to optimise returns on cash and cash equivalents due to funding received upfront as a capital-funded business.

Increases in interest rates have been considered in the notional charge on our IFRS 16 lease accounting, which are reflected as part of the lease modification and new leases initiated in the year.

Liquidity is discussed in the Treasury management section on page 64.

The Group's risk management and financial instrument assets and liabilities are discussed further in note 25 of the consolidated financial statements, including market, credit, liquidity and foreign exchange risk. The Group on occasion may use simple hedging instruments such as forward contracts to manage large cash inflows across currency and ensure that cash ultimately held can be matched to expected outflows, consistent with our Treasury policy and how we managed foreign exchange exposure. No outstanding instruments were held at the end of 2022 or 2023, with any corresponding gains or losses recognised in the period to which they relate.

The macroeconomic environment and pandemic tail end

As the Group operates in the new normal post-pandemic, supply chains are opening up, reducing supply lead times and increasing access to scientific and corporate consumables and supplies with few challenges experienced in sourcing them on a timely basis.

Inflationary highs are starting to ease, although with global instability, inflation remains an item that the Group monitors as part of its routine purchasing and forecasting activities.

We continue to focus on our staff to ensure strong engagement and continued high productivity.

The Company has implemented a mandate for two days a week in the office, and has optimised its real estate to ensure it has the right facilities for staff to deliver on the Company objectives. The Company continues to monitor and assess if ways of working can be further enhanced.

Board of Directors

N D I

Dr. François Nader M.D.

Chair

Appointment to the Board

April 2022, previously Chair of BenevolentAI Ltd, appointed July 2021.

Experience and expertise

François served as Acting CEO of BenevolentAI between September 2023 and February 2024. Prior, François was chief executive officer of NPS Pharma. During his tenure, he transformed NPS Pharma into a leading global biotechnology company focused on delivering innovative therapies to patients with rare diseases. He won the Ernst and Young National Life Science Entrepreneur of the Year® award in 2013 and was awarded the Ellis Island Medal of Honor® in 2017.

Before NPS, François was a venture partner at Care Capital, LLC. Prior, he served on the North America leadership team of Aventis Pharma and its predecessor companies holding several executive positions including senior vice president, US integrated healthcare markets and North America medical and regulatory affairs. Previously, he led the global commercial operations at the Pasteur Vaccines division of Rhone-Poulenc.

François is past chair of BioNJ, Acceleron Pharma and Prevail Therapeutics. He served as chair of Acceleron Pharma, Prevail Therapeutics, Neurvati Biosciences and BioNJ and on the board of BIO, Baxalta NPS Pharma, Alexion, Clementia Pharmaceuticals, Advanced Accelerator Applications and Noven.

François earned his French doctorate in Medicine from St. Joseph University in Lebanon and a physician executive MBA from the University of Tennessee.

Current external appointments

François currently serves as board director of Moderna and independent director of Ring Therapeutics and as senior adviser to Blackstone Life Sciences.

Dr. Joerg Moeller

Chief Executive Officer

Appointment to the Board

January 2024.

Experience and expertise

Before joining BenevolentAI, Joerg served as executive vice president, head of global research and development and member of the global leadership team of LEO Pharma. He re-organised and re-structured the global research and development organisation to support growth and innovation ambitions of the company.

Prior to LEO Pharma, Joerg was at Bayer AG for over 20 years where he held various executive roles culminating in his appointment as executive vice president, head of pharmaceuticals research and development and member of the executive committee of the pharmaceuticals division of Bayer AG. During his time at Bayer he successfully managed development and global product approvals, redefined Bayer's pipeline strategy and initiated several drug discovery collaborations with AI platform companies and is a strong advocate of this strategy.

Joerg graduated as a Doctor of Medicine and holds a PhD from Ruhr University Bochum, Germany.

Current external appointments

Joerg currently serves on the board of Secura Bio, a privately held US biotech company.

A N I

Jean Raby

Non-Executive Director and Senior Independent Director

Appointment to the Board

April 2022.

Experience and expertise

Jean is a partner at Astorg, a Pan-European private equity firm, which he joined in May 2022. Immediately prior to joining Astorg, Mr. Raby was the co-chief executive officer of Odyssey Acquisition and a sponsor principal; Odyssey Acquisition was a special purpose acquisition company listed in Amsterdam in July 2021 that merged with Benevolent AI in April 2022. Mr. Raby is the former chief executive officer of Natixis Investment Managers and a former member of the senior management committee of Natixis.

Mr. Raby started his career as a corporate lawyer with the law firm Sullivan & Cromwell in New York (1989 - 1992) and in Paris (1992 - 1996). He then spent 16 years in various roles with increasing responsibilities within the investment banking division of Goldman Sachs in Paris, where in 2004 he became a partner and chief executive officer of the division for France, Belgium and Luxembourg. In 2006, Mr. Raby became co-head of the Goldman Sachs' Paris office before becoming co-chief executive officer of Goldman Sachs in Russia in 2011. From 2013 to 2016, Mr. Raby was executive vice president and chief financial and legal officer of Alcatel-Lucent. In 2016 and before joining Natixis in 2017, Mr. Raby was appointed chief financial officer of SFR.

Mr. Raby holds a Bachelor of Laws degree (LLB) from Université Laval, an M.Phil. in International Relations from Cambridge University and a Master of Laws degree (LLM) from Harvard Law School.

Current external appointments

Jean is currently a partner at Astorg.

A N I

Dr. Olivier Brandicourt

Non-Executive Director

Appointment to the Board

April 2022.

Experience and expertise

Olivier is an accomplished senior leader in the global pharmaceutical industry, being recognised for his strategic and operational skills built on 20 years of general management and ten years of medical/marketing functional experience. Olivier retired from Sanofi S.A. in September 2019 after being its chief executive officer since April 2015. Prior to joining Sanofi, he was the chief executive officer of Bayer HealthCare AG. From 2000 to 2013, he held a series of leadership positions at Pfizer of which president and general manager of global specialty care (2008 - 2009), global primary care (2009 - 2012) before becoming president and general manager of the emerging markets and established products business units. Olivier was part of the Pfizer executive team from 2010 to 2013.

Olivier studied medicine in Paris where he specialised in infectious diseases and tropical medicine and holds a Master's in Biology and an Advanced Degree in Cellular and Immunological Pathophysiology. He is an Honorary Fellow of the Royal College of Physicians in London.

Current external appointments

Olivier is currently a senior adviser at Blackstone Life Sciences, and serves as a board director of Alnylam Pharmaceuticals, BeiGene Ltd, Dewpoint Therapeutics, and AvenCell (Chair). Olivier is on the board of directors of the National Committee on US-China Relations.

N R I

Dr. Susan Liautaud
Non-Executive Director

Appointment to the Board
June 2022.

Experience and expertise
Susan is founder and managing director of Susan Liautaud & Associates Limited, an ethics advisory firm supporting global organisations and leaders in business, government and the non-profit sector. She is also founder of The Ethics Incubator, a non-profit platform for broadening debate about ethics issues.

Susan holds a PhD in Social Policy from the LSE; a Juris Doctor from Columbia University Law School; an M.A. in Chinese Studies from University of London School of Oriental and African Studies; a M.A. and two B.A.s from Stanford University. She teaches cutting-edge ethics at Stanford University having started her career as a corporate lawyer at Sullivan & Cromwell.

She is author of two books: The Power of Ethics and The Little Book of Big Ethical Questions.

Current external appointments
Susan serves as chair of council (board of trustees) and chair of governance committee for the London School of Economics and Political Science (LSE). She also serves on a number of global non-profit boards.

D A I

Prof Sir Nigel Shadbolt
Non-Executive Director

Appointment to the Board
April 2022, previously on the Board of Directors of BenevolentAI Ltd since July 2020.

Experience and expertise
Nigel is a leading researcher in artificial intelligence, over four decades he has published hundreds of highly cited articles.

In 2009, along with Sir Tim Berners-Lee, he was appointed as information adviser to the UK Government. In 2010, he joined the UK Government's Public Sector Transparency board overseeing the release of Government open data. Nigel continues to advise the Government in a number of roles. He has been a co-founder of successful spin-outs based on his AI research.

Nigel holds an undergraduate degree in philosophy and psychology from the University of Newcastle and a post graduate degree in artificial intelligence from Edinburgh University.

Nigel was knighted in 2013 for services to science and engineering.

Current external appointments
Nigel is co-founder and chair of the Open Data Institute, principal of Jesus College, Oxford, and a professor in the Department of Computer Science at the University of Oxford. He is a Fellow the Royal Society, the Royal Academy of Engineering, and the British Computer Society.

R D I

Dr. John Orloff
Non-Executive Director and Workforce NED

Appointment to the Board
April 2022, previously on the Board of Directors of BenevolentAI Ltd since September 2021.

Experience and expertise
John was executive vice president and global head of research & development at Alexion where his leadership in expanding the development pipeline from 3 to 30 programmes supported the recent $39 billion acquisition of Alexion by AstraZeneca. Prior to Alexion, John was global head of R&D and chief scientific officer at Baxalta, and has also held executive leadership roles with Novelion, Baxter International, Merck Serono, Novartis and Merck Research Laboratories.

Before entering the biopharmaceutical industry, John was a faculty member at the Yale University School of Medicine. He holds an undergraduate degree in Chemistry from Dartmouth College and earned his medical degree from the University of Vermont, College of Medicine and completed a fellowship in Endocrinology and Metabolism at Yale University School of Medicine.

Current external appointments
John is a venture partner at Agent Capital and is a non-executive director of Zenas BioPharma.

R D I

Marcello Damiani
Non-Executive Director

Appointment to the Board
May 2023.

Experience and expertise
Marcello has over 25 years of experience in senior executive positions in both private and publicly listed companies in the aerospace, high tech and biotech industries. From 2015 to 2022, he was the chief digital and operational excellence officer of Moderna Inc. (Nasdaq: MRNA), where he has built the technology, processes, and digitisation landscape required to advance a new class of medicines based on mRNA science. Before joining Moderna, he served as senior vice president and group chief information officer of bioMérieux from 2010 to 2015, having joined in 2009 as executive director, IT global infrastructure services.

Marcello holds an MBA from TRIUM, an MSc in Information Systems Architecture from the University of Toulouse, France, and a BSc in Computer Science from the University of Toulouse, France.

Current external appointments
Marcello currently serves on the board of Cellarity, a biotech company based in Cambridge, M.A, and is a senior partner at Flagship Pioneering.

Key to committee membership

- A Audit, Finance and Risk Committee
- D Research and Development Committee
- N Nomination and Governance Committee
- R Remuneration Committee
- ● Chair of Committee
- I Independent Directors

Executive Leadership Team

Dr. Joerg Moeller
Chief Executive Officer

Appointed to role
January 2024.

Skills and experience
Before joining BenevolentAI, Joerg served as executive vice president, head of global research and development and member of the global leadership team of LEO Pharma. He re-organised and re-structured the global research and development organisation to support growth and innovation ambitions of the company.

Prior to LEO Pharma, Joerg was at Bayer AG for over 20 years where he held various executive roles culminating in his appointment as executive vice president, head of pharmaceuticals research and development and member of the executive committee of the pharmaceuticals division of Bayer AG. During his time at Bayer he successfully managed development and global product approvals, redefined Bayer's pipeline strategy and initiated several drug discovery collaborations with AI platform companies and is a strong advocate of this strategy.

Joerg graduated as a Doctor of Medicine and holds a PhD from Ruhr University Bochum, Germany.

Dr. Ivan Griffin
Co-Founder

Appointed to role
April 2022, having previously been COO and held other roles at BenevolentAI Ltd since February 2014.

Skills and experience
Ivan has nearly 20 years of experience working with early-stage life science and technology companies. He was a Co-Founder of Benevolent having previously worked as a venture capitalist at IP Group Plc from 2005 to 2009 and at Nesta Investments from 2009 to 2014.

In 2013, Ivan helped launch Genomics England Ltd, a nationwide DNA sequencing programme linking genomic data with NHS records of patients with rare disease and cancer.

Ivan holds a D.Phil. in Cognitive Neuroscience from the University of Oxford where he also completed a year's postdoctoral research.

Catherine Isted
Chief Financial Officer

Appointed to role
September 2023.

Skills and experience
Catherine is an experienced strategic finance professional and chartered accountant with over 25 years within the life sciences industry. She was most recently chief executive officer of ReNeuron (AIM: RENE), a UK-based leader in stem cell-derived exosome technologies, having previously been chief financial officer. Prior to this, she was at Oxford Biomedica plc (LSE: OXB), a quality and innovation-led viral vector Contract Development and Manufacturing Organization (CDMO), at a time of significant growth for the company, where as part of the finance leadership team, she headed up corporate development and investor relations as well as worked with the board on various strategic projects.

Previously Catherine had a successful career in leading healthcare banking teams, twelve years of which were at partner level, holding research analyst and equity sales positions at Morgan Stanley, ABN AMRO, Nomura and Peel Hunt. She started her career as a bench scientist at Merck Sharp & Dohme (MSD), before moving into their finance department as an accountant. Catherine holds a first-class chemistry degree and is a qualified Chartered Management Accountant.

Dr. Anne Phelan
Chief Scientific Officer

Appointed to role
April 2022, previously in this role at BenevolentAI Ltd since September 2019.

Skills and experience
Anne has over 25 years of experience in pharma and biotech and has worked on drug development, from early discovery to late stage and across a wide range of therapeutic areas including fibrosis, pain, arthritis and rheumatology, and neurodegeneration.

Before joining BenevolentAI, Anne worked for Pfizer where she was head of pharmacology and chief operating officer for Pfizer, UK, and where she was responsible for the generation of primary and secondary data to support the portfolio. Prior to that, she was executive vice president head of research at the biotech Mission Therapeutics.

Anne holds a Bachelor of Science and PhD in Genetics from the University of Liverpool.

Dr. Daniel (Danny) Neil
Chief Technology Officer

Appointed to role
April 2022, previously in this role at BenevolentAI Ltd since January 2022, having joined in 2017.

Skills and experience
Danny has worked at the intersection of technology and biology for over 15 years. After a Foundation in Biomedical Computation at Stanford, he worked as a technology consultant with Accenture in Silicon Valley before obtaining a PhD in Switzerland at ETH Zurich in machine learning and neuroscience.

He is the author of more than 40 publications and patents in research areas spanning biologically motivated machine learning, algorithm development, and neuroscience, with over 3,000 scientific articles citing his work.

Christina Busmalis
Chief Revenue Officer

Appointed to role
September 2023.

Skills and experience
Christina has over 25 years of experience at the intersection of technology and life sciences, having held key executive roles at industry-leading companies such as Google, IBM Watson Health, IBM and PwC.

Christina has spent the majority of her career advising and supporting the life science industry, collaborating with companies such as Novartis, Roche, Bayer and GSK as well as other leading pharmaceutical and biotech companies.

Christina is responsible for leveraging the BenevolentAI Platform™ to maximise revenue generation across all the revenue pillars of the Company.

Will Scrimshaw
General Counsel and Company Secretary

Appointed to role
April 2022, previously in this role at BenevolentAI Ltd since March 2019.

Skills and experience
Will has 20 years' legal experience having held senior legal and policy positions at Microsoft, Skype and BT, where he played a key role in enabling growth through innovative approaches to law and regulation.

Will studied law at the University of Bristol, and then trained and qualified as a solicitor in the intellectual property and technology practice of the London office of Norton Rose Fulbright.

Anna Fullerton-Batten
Chief People Officer

Appointed to role
September 2022.

Skills and experience
Anna has led global talent teams for more than 20 years, specialising in talent, performance, leadership and delivering complex change programmes.

Prior to joining BenevolentAI, Anna worked as chief people officer at the digital health company, Kry Livi. Anna previously worked as senior vice president talent at Refinitiv and as senior director of talent at Johnson & Johnson, Microsoft and Amazon.

Anna is a trained executive coach and regular speaker at global conferences on the future of work, culture, female leadership and diversity.

Corporate Governance Statement

BenevolentAI is a Luxembourg registered company that is traded on Euronext Amsterdam. Consequently, the Company is not required to adhere to either the Ten Principles of Corporate Governance adopted by the Luxembourg Stock Exchange (which is only applicable to Luxembourg law-governed companies that are traded on the Luxembourg Stock Exchange) or to the Dutch Corporate Governance Code (applicable to companies incorporated in the Netherlands and listed on a regulated market).

The corporate governance framework of the Company is therefore based on applicable Luxembourg laws, the Articles of Association and its internal regulations, in particular the Rules of the Board, which are available on the Company's website. The Board considers that the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the "QCA Code") provides an appropriate and suitable governance framework for a group of our size and complexity. Consequently, the Board has adopted the QCA Code. The Board believes that the application of the QCA Code supports the Company's long-term success whilst simultaneously managing risks and provides an underlying framework of commitment and transparent communications with stakeholders.

The Board confirms that BenevolentAI complied with each of the ten principles of the QCA Code throughout the year ended 31 December 2023. Details of how the principles of the QCA Code have been applied and how governance operates at BenevolentAI have been summarised in this Governance report and elsewhere in the 2023 Annual Report and Accounts as set out below.

No	Principle	Disclosure in the 2023 Annual Report and Accounts
1	Establish a strategy and business model which promote long-term value for shareholders	Pages 7 to 19 and 58
2	Seek to understand and meet shareholder needs and expectations	Pages 24, 58, 59 and 61
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Pages 24, 25 and 58 to 61
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Pages 41 to 45 and 58, 63 and 64
5	Maintain the Board as a well-functioning, balanced team led by the Chair	Pages 51 to 55 and 69 to 73
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	Pages 46, 47, 52, 69 to 73
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Pages 56 and 57
8	Promote a corporate culture that is based on ethical values and behaviours	Pages 30, 31 and 59 to 61
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Pages 50 to 55 and 65, 68, 74 and 76
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Pages 24, 25, 58 to 61 and the committee reports from page 65 to 90

The Board noted that a revised Quoted Companies Alliance Corporate Governance Code (the "Revised QCA Code") was published and will be applicable for financial years beginning on 1 April 2024. The Company will be considering the recommendations of the Revised QCA Code and any amendments to governance processes that might be desired or required arising from the changes.

In addition, going forward in future years the Company will additionally seek to align its practices, where appropriate, with the recommendations of the UK Corporate Governance Code, considering both the current 2018 and the revised 2024 code, (the "UKCGC"), subject to any necessary modifications or alternative approaches considering the Company's size, complexity, business and stage of development. Progress made during 2023 includes:

- appointment of the Senior Independent Director and the Workforce NED;
- approval of the Board Diversity Policy;
- annual review and alignment of the Rules of the Board and Terms of References of the committees to the recommendations of the UKCGC;
- change to the membership of the Audit, Finance and Risk Committee which no longer includes the Chair of the Board; and
- enhanced Board and committees' evaluation process including the evaluation of individual Directors and the Chair of the Board.

Corporate Governance Framework

Maintaining the highest standards of governance is integral to the successful delivery of our strategy. The Company's robust and effective governance framework is a key foundation of our strong corporate governance and ensures that the Board, its Committees and the Executive Leadership Team are effective in both making decisions and maintaining oversight.

Board

The Board is collectively responsible for promoting the long-term sustainable success of the Company and generating value for all stakeholders. The Board provides effective leadership, sets the purpose and strategic direction of the Company and ensures our culture and values are aligned with our strategy. The Board also provides rigorous challenge to the Executive Leadership Team and ensures the Group maintains effective risk management and internal control systems. More information on the role and responsibilities of the Board can be found in the Company's Articles of Association and the Matters Reserved to the Board, which are available on the Company's website. The rules governing the amendment of the Articles of Association can be found in article 13.35 of the Company's Articles of Association.

Audit, Finance and Risk Committee

See pages **65 to 67**

Nomination and Governance Committee

See pages **68 to 73**

Research and Development Committee

See pages **74 and 75**

Remuneration Committee

See pages **76 to 90**

Chief Executive Officer (CEO) and the Executive Leadership Team (ELT)

Responsibility for the development and implementation of the Company's strategy and overall commercial and operational objectives, and the day-to-day running of the business rests with the CEO, who is supported by the ELT.
See more on pages 54 and 48 and 49.

Board composition

As at the date of this report, the Board comprised eight Directors: an Independent Non-Executive Chair, one Executive Director and six Independent Non-Executive Directors.

Following recommendation from the Nomination and Governance Committee, the Board appointed Marcello Damiani as an Independent Non-Executive Director with effect from 4 May 2023 to fill the vacancy created by the resignation of Michael Brennan on 30 September 2022. The appointment of Marcello Damiani as Non-Executive Director was approved by shareholders at the Company's 2023 Annual General Meeting.

Dr. Jackie Hunter retired from the Board as a Non-Executive Director on 21 June 2023. Following due and careful consideration, including consideration of the strategic review of the business in 2023 and related organisation changes and the recommendation of the Nomination and Governance Committee, the Board agreed not to fill the vacancy on the Board created by Dr. Jackie Hunter's retirement at this time. The Board considered the overall reduced headcount of the Company, the balance of skills and experience of the Board as set out on page 69 and the result of the 2023 Board evaluation, and concluded that the size and composition of the current, eight member Board was appropriate to promote the long-term sustainable success of the Company for the benefit of all stakeholders.

Post-year end, following recommendation from the Nomination and Governance Committee, the Board appointed Dr. Joerg Moeller as Executive Director and CEO with effect from 24 January 2024 to fill the vacancy created by the resignation of Joanna Shields on 21 September 2023. In order to provide the Company with continuity while the CEO search process was underway in the period from 21 September 2023 until 24 January 2024, Dr. François Nader assumed the role of Acting CEO on an interim basis, while maintaining his Chair of the Board role and responsibilities. Upon the appointment of Dr. Joerg Moeller as Executive Director and CEO, Dr. François Nader stepped down as Acting CEO and reverted to his position as Independent Non-Executive Chair of the Board.

The Board recommends the appointment of Dr. Joerg Moeller as Executive Director for shareholder approval at the Company's 2024 Annual General Meeting.

The rules governing the term of office, appointment, removal and replacement of Directors are set out in articles 15.4 to 15.7 of the Articles of Association of the Company, which is available on the Company's website.

The composition of the Board is subject to regular review by the Nomination and Governance Committee which, in particular, considers the balance of skills, experience, tenure and independence of the Board.

The Nomination and Governance Committee ensures diversity features strongly in its work on succession planning, in accordance with the Board Diversity Policy, which is available on the Company's website. Any new appointments to the Board result from a formal, rigorous and transparent procedure, are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths, responsibility for which is delegated to the Nomination and Governance Committee (although decisions on Board appointments are a matter reserved for the Board).

The Board and the Nomination and Governance Committee have spent a significant amount of time considering Board succession during the course of the year and are satisfied that the Board has the right mix of skills, experience, diversity and capabilities to provide effective challenge and deliver the strategy of the Company for the benefit of all stakeholders.

Further information on Board changes during the course of the year and the work of the Nomination and Governance Committee in this regard can be found on pages 69 and 70. Details of the Directors' experience, career background, external appointments, tenure, independence and Board committee membership can be found in their biographies on pages 46 and 47 and details of their respective key skills and competencies on page 69.

The Board recognises the importance of ensuring that Directors' skills and knowledge are refreshed and updated regularly, given the dynamic business and regulatory environment in which the Company operates. The Chair, supported by the Company Secretary, is responsible for identifying and seeking to meet the development needs of both individual Directors and the Board as a whole to ensure they continue to discharge their duties effectively. Directors are encouraged to highlight specific areas where they feel their skills or knowledge would benefit from further development as part of the annual Board evaluation process. Training opportunities are provided through internal meetings, presentations and paper briefings by members of the ELT and senior management, as well as external advisers as appropriate. Further information on our Board training and development programme can be found on pages 71 and 72.

The Board also recognises the importance of providing new Directors with a thorough briefing and induction on joining the Board. The aim of the induction programme is to give Directors the tools and information that they need in order to gain an in-depth understanding of the business of the Company so that they swiftly contribute to the Board's deliberations and bring their considerable skills, experience and expertise to the boardroom. Further information on the induction process of new Directors can be found on page 71.

The Board delegated authority to the Nomination and Governance Committee to assist the Board in its consideration of time commitment, conflicts of interest and independence of the Directors, as part of its governance oversight role. Further information on these matters can be found on page 71 and in the Directors' biographies on pages 46 and 47.

Roles and division of responsibilities

There is clear division between Executive and Non-Executive responsibilities which ensures accountability and oversight. The responsibilities of the Chair of the Board and the CEO are well-defined and their roles are separately held, except for the period from 21 September 2023 until 24 January 2024, during which time Dr. François Nader assumed the role of Acting CEO on an interim basis, while maintaining his Chair of the Board role and responsibilities in order to provide the Company with continuity whilst the CEO search process was underway. Jean Raby, Senior Independent Director, worked closely with Dr. François Nader to provide support in this period and was available both to members of the Board and shareholders.

Chair Dr. François Nader	• Leads the Board and is responsible for its effectiveness • Ensures that the Board as a whole plays a full and constructive part in the development, determination and approval of the Company's strategy and overall commercial and operational objectives, and oversees their implementation • Sets meeting agendas and ensures timely dissemination of information to the Board to support sound decision making and allow for constructive discussion, challenge and debate, in consultation with the CEO and the Company Secretary • Promotes an inclusive and open culture in the boardroom and facilitates effective and constructive relationships and communications between Executive and Non-Executive Directors • Leads the annual review of the Board's effectiveness • Ensures the views of all stakeholders are understood and considered appropriately in Board discussion and decision making • Promotes the highest standards of integrity, probity and corporate governance, assisted by the Company Secretary, and demonstrates objective judgement
Senior Independent Director (SID) Jean Raby	In addition to his responsibilities as a Non-Executive Director, the SID also carries out the following duties: • Provides support and acts as a sounding board for the Chair • Serves as an intermediary for the Non-Executive Directors, as appropriate • Acts as an alternative point of contact for shareholders who wish to discuss matters which cannot be resolved through the normal channels of communication via the Chair, CEO and CFO • Leads the annual appraisal of the Chair's performance by the Non-Executive Directors
Designated Non-Executive Director for employee engagement (Workforce NED) Dr. John Orloff	In addition to his responsibilities as a Non-Executive Director, the Workforce NED also carries out the following duties: • Engages with employees to understand their views and concerns at least bi-annually by way of both virtual and in-person meetings with employees • Reviews and considers insight driven by employee engagement surveys with the Chief People Officer • Articulates employee views and concerns in Board meetings and ensures that the Board takes these into account in its decision making • Provides feedback to the employees on how their views and concerns have been considered and addressed by the Board
ESG Board Representative Dr. Susan Liautaud	In addition to her responsibilities as a Non-Executive Director, the ESG Board Representative also carries out the following duties: • Receives and considers reports and updates from the ESG Lead Team of the Company, which is a cross-functional team including representatives from the Legal, Finance, Investor Relations, Communications, People and Facilities functions • Provides guidance related to ESG matters and oversees the development of ESG related Company policies • Provides an update to the Board on ESG matters at least bi-annually • Ensures that the Board takes ESG considerations into account in its decision making, monitors the inclusion of sustainability-related matters in strategy, budget and major capital expenditures

Roles and division of responsibilities continued

Independent Non-Executive Directors All Non-Executive Directors including the Chair are considered to be independent as at the date of this report.	• Provide diverse perspectives, independent insight and support based on relevant experience, knowledge and expertise • Constructively challenge and assist in the development of strategy and monitor the delivery of the strategy within the risk and internal control framework set by the Board • Review the integrity and effectiveness of the Group's financial reporting, risk management and internal control systems • Have a key role in succession planning for the Board, ELT and Senior Management and consider their remuneration • Serve on Board committees and contribute to the effectiveness of those committees • Constructively challenge and support the Executive Director and the ELT • Engage with internal and external stakeholders as appropriate, feedback insights to the Board and ensure stakeholder views are taken into account in Board decision making • Promote the highest standards of integrity, probity and corporate governance, and uphold the cultural tone of the Group • Devote sufficient time to the Company to meet their responsibilities
Executive Director and CEO Dr. Joerg Moeller	• Develops and proposes the Company's strategy, overall commercial and operational objectives, annual budget and financial plan, taking into account the interests of all stakeholders, in consultation with the Chair, the Board and the ELT • Implements and delivers the Company's strategy and overall commercial and operational objectives as agreed and approved by the Board • Regularly reviews the commercial and operational performance and strategic direction of the Company's business as well as its organisational structure and recommends changes as appropriate • Provides effective leadership and day-to-day running of the Group • Ensures risks are rigorously managed and that the Group maintains effective and robust risk management and internal control systems • Ensures the Chair and Board are advised and updated regarding any key matters and facilitates a strong link between the business and the Board to support effective communication • Maintains an active dialogue with shareholders and other stakeholders and advises the Board accordingly • Promotes a diverse, inclusive and supportive Company culture that fosters innovation and creativity, and ensures the Group operates in line with its values in achieving its objectives • Promotes and conducts the affairs of the Group with the highest standards of integrity, probity and corporate governance
General Counsel and Company Secretary (not a Board member) Will Scrimshaw	• Acts as Secretary to the Board and all its Committees and ensures compliance with Board procedures • Ensures the Board and its Committees receive relevant and timely information in order to operate effectively and facilitates good information flows between the Directors, ELT and senior management • Provides advice on legal, compliance and corporate governance matters • Supports the Chair with Board procedures by facilitating: the new Directors' induction programme, the Non-Executive Directors' training and professional development, the evaluation of the effectiveness of the Board, its Committees, the Chair and individual Directors, and the Non-Executive Directors' engagement plans with the business as appropriate

How the Board operates

The operation of the Board is supported by the collective and diverse skills and experience of the Directors. This enables the Board to reach decisions in a focused and balanced way, supported by independent thought and constructive debate between the Directors. Trust and mutual respect are the cornerstones of relationships between the Directors, with a Board dynamic that supports open and honest conversations to ensure decisions are taken for the long-term success of the Company in full consideration of the impact upon all stakeholders.

The Board is committed to maintaining a comprehensive schedule of meetings and a forward agenda to ensure its time is used most effectively and efficiently.

The annual schedule of Board and Committee meetings are timed around the Group's financial calendar and are held in March, June, September and December each year. The Board considers that four scheduled meetings per year remains appropriate and there are processes in place to convene additional Board meetings when considered necessary.

During the year, the Board held a total of nine meetings: four scheduled and five ad-hoc. The additional meetings were held in April, May and September to consider ad-hoc matters, including the strategic review of the business and leadership changes. Written Board Resolutions were also passed as and when required to address ad-hoc matters.

How the Board operates continued

The Directors are expected to attend all meetings of the Board and the committees on which they serve, and to devote sufficient time to the Company's affairs, to enable them to fulfil their duties as Directors. If a Director is not able to attend a meeting either for exceptional circumstances or prior commitments, they are encouraged to provide comments and observations to the Chair of the Board or the respective committee, so these can be taken into consideration at the meeting.

Directors are also encouraged to attend committee meetings of which they are not a member as and when appropriate to gain a well-rounded understanding of the matters considered by the committees.

Directors' attendance at Board meetings is set out in the table below. Details of attendance at committee meetings can be found in the respective committee reports on pages 65, 68, 74 and 76.

		Meeting attendance in 2023	
Board member	Role	Scheduled meetings	Ad-hoc meetings
Dr. François Nader	Chair and in the additional, interim role of Acting CEO in the period from 21 September 2023 until 24 January 2024	4/4	5/5
Joanna Shields	Executive Director and CEO until 21 September 2023	3/3	5/5
Jean Raby	Non-Executive Director and SID	4/4	5/5
Dr. Olivier Brandicourt	Non-Executive Director	4/4	4/5*
Dr. John Orloff	Non-Executive Director and Workforce NED	4/4	4/5*
Prof Sir Nigel Shadbolt	Non-Executive Director	4/4	5/5
Dr. Susan Liautaud	Non-Executive Director and ESG Board Representative	4/4	5/5
Marcello Damiani	Non-Executive Director from 4 May 2023	3/3	2/2
Dr. Jackie Hunter	Non-Executive Director until 21 June 2023	2/2	3/4*

* Dr. Olivier Brandicourt, Dr. John Orloff and Dr. Jackie Hunter were not able to attend one ad-hoc Board meeting each organised at short notice during the year due to other commitments.

Board and committee meetings follow a clear agenda, supported by reports and presentations from both internal stakeholders as well as external advisers and consultants. Directors are provided with the papers in a timely manner to allow sufficient time for a detailed review. Members of the ELT and senior management are invited to attend Board and Committee meetings to present an update on performance and forward focus of their specific areas of responsibility. The chairs of each committee provide a report to the Board on the proceedings of the committee at each scheduled Board meeting and make recommendations to the Board, as appropriate. To further assist information flows between the Board and its committees, there are cross-memberships of the committees as set out in the Directors' biographies on pages 46 to 47 and in the respective committee reports.

All matters on the agenda of Board and committee meetings are given due consideration. All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters, ensuring that the Board procedures are followed and that applicable laws and regulations are complied with. The Directors may also take independent advice at the Company's expense if they feel this is appropriate.

After each scheduled Board and committee meeting, and if appropriate after ad-hoc meetings, the Chair of the Board and the chairs of the respective committees meet the Non-Executive Directors without the Executive Director and members of the ELT being present. The Chair maintains regular contact with the Non-Executive Directors, CEO, CFO, the Company Secretary and other members of the ELT outside of meetings as part of his role to provide leadership to the Board.

The Board also appreciates the importance of informal opportunities to meet. These include Board dinners, where the Board meets in an unofficial capacity to connect and discuss matters of business.

The Board also recognises the importance of meeting members of senior management and employees outside of formal Board and committee meetings. In 2023, these engagement activities included employee engagement sessions of the Workforce NED, meetings of the ESG Board Representative with members of the cross-functional ESG Lead Team, regular informal meetings of the members of the Research and Development Committee with senior members of the Company's Drug Discovery and Product and Technology teams during the strategic review process to provide guidance and recommendation regarding the development of Drug Discovery programmes and Knowledge Exploration tools. These unstructured opportunities allow the Board to build relationships with each other and the employees, emphasising diversity of thought and encouraging a culture of openness.

Board evaluation

In line with the principles of the QCA Code, a formal and rigorous evaluation of the effectiveness of the Board, its committees, the Chair and individual Directors is undertaken on an annual basis.

The annual evaluation and performance review process provides the Board, and its committees, with an opportunity to consider and reflect on their composition and diversity, the quality and effectiveness of their decision making, the range and level of discussion, and for each Director to consider their own contribution and performance. The process also provides an opportunity to identify areas for improvement or development to enhance the effectiveness and capabilities of the Board as a whole. This year, the evaluation was internally facilitated by the Chair with the assistance of the Company Secretary. The Board will consider externally facilitated evaluation on a periodic basis, as appropriate.

The Board evaluation process

Step 1
May/June 2023
The Company Secretary undertook a detailed review of the 2022 Board evaluation process and its feedback, and used this to develop the approach for 2023, incorporating recommendations of the QCA Code and the FRC Guidance on Board Effectiveness and including two new elements: the evaluation of the Chair and the individual Directors.

Step 2
June 2023
The Nomination and Governance Committee reviewed and approved the proposed scope and format of the 2023 Board evaluation.

Step 3
October/November 2023
The Directors completed a questionnaire focusing on Board composition and succession, Board dynamics, strategy, management oversight, risk, culture, stakeholder engagement, ESG, Board meeting management and support, training and development and the Board's committees. The Directors also completed a self-evaluation questionnaire to assess and reflect on their own performance. The Directors rated questions on a sliding scale score and were also encouraged to provide additional open feedback in comment boxes.

Step 4
November 2023
The Company Secretary compiled the individual responses, including analysis of themes and proposed actions. A detailed report, setting out the findings of the evaluation, was provided to the Chair for consideration. The Chair and the Company Secretary discussed the findings, with the resulting report being tabled to the Nomination and Governance Committee and the Board in December 2023.

Step 5
December 2023
The Nomination and Governance Committee and the Board considered the overall outcome and feedback of the 2023 Board evaluation process and agreed the key areas of focus for 2024. The Chair, alongside the Company Secretary, will support the implementation of the key actions. Progress against the key areas of focus will be reported in the 2024 Annual Report.

The findings of the evaluation process were fully considered during the Nomination and Governance Committee and the Board succession planning activities and specifically when making recommendations in respect of the appointment of new Directors.

Step 6
December 2023
The evaluation of the performance of the Chair was carried out at a meeting of the Non-Executive Directors, led by the Senior Independent Director, without the Chair being present. The outcome of the discussion was conveyed by the Senior Independent Director to the Chair.

The 2023 Board evaluation concluded that the Board and its Committees continue to be effective, all Directors continue to make valuable contributions based on experience and knowledge, demonstrate considerable commitment and time to their roles and the Non-Executive Directors provide constructive challenge. It was also concluded that the Chair is highly respected and is valued for his industry knowledge and experience as well as his transparency and overall Board leadership skills. The Board is satisfied that the Chair continues to be effective and shows a high level of commitment and dedication in discharging his responsibilities.

The key theme highlighted by the 2023 Board evaluation was positive Board dynamics and effective decision making. The Directors foster a culture of open and constructive debate, undertaken by a respectful, cohesive and appropriately challenging Board. The evaluation also signalled minor areas for improvement, details of which together with progress against actions identified in 2022 can be found on page 57.

Board evaluation continued

Key areas of focus identified in 2022	Progress made in 2023
Board, ELT and Senior Management succession planning	Succession planning was a significant area of focus in 2023. A new Non-Executive Director, Marcello Damiani joined the Board during the year and the ELT was strengthened by the appointment of Catherine Isted as new Chief Financial Officer and Christina Busmalis as Chief Revenue Officer. The Committee also considered candidates for the Executive Director and CEO and additional NED position. Succession planning has been added to the agenda of each scheduled Nomination and Governance Committee meeting reflecting the strategic importance of the matter.
Employee engagement	Dr. John Orloff was appointed as Workforce NED in March 2023. Further information can be found on pages 53 and 60.
Meeting management and support	The Board, in its first year of operation, delegated authorities to its committees as set out in the Matters Reserved to the Board document, reducing the length of Board meetings and the complexity of Board materials. The format of the agenda, presentations, reports, minutes and documents setting out matters arising from each meeting have been formalised and aligned across the Board and all committees.
Board training	An annual training and development programme was developed for the Board. Further information can be found on pages 71 and 72.

Key areas of focus identified in 2023	Feedback, recommendations and actions planned for 2024
Board, ELT and Senior Management succession planning	Succession planning continues to be an area of focus in 2024 and beyond. The Nomination and Governance Committee continues embedding the processes established in 2023 and increasing Board-level oversight by providing an annual succession planning review to the Board, as well as periodic updates as appropriate. The induction process of Marcello Damiani received positive feedback in 2023 and, continuing with the established framework, the Chair and the Board are committed to providing support and promoting a thorough induction for the newly appointed Executive Director and CEO.
Strategy	The strategy continues to be well formulated with more time dedicated at each scheduled Board meeting to discuss progress against strategy, its evolution relative to competition and its implementation. A dedicated, annual strategy review session continues to be on the agenda of the scheduled Board meeting in June. The Board will increase focus on competitive intelligence and understanding of the Company's performance against its competitors.
Risk	The Audit, Finance and Risk Committee keeps visibility of emerging risks, opportunities and trends specific to the Company and the industry in which it operates. In order to enhance Board-level oversight, the Audit, Finance and Risk Committee provides an annual review of the Risk Management Framework and principal risks to the Board, as well as periodic risk updates as appropriate. Further information on Board oversight of risks can be found on pages 41 to 45.
Culture and retention	The Board reflected on the organisational changes and collective consultation process carried out in 2023 and their impact on the Company's culture. The Board recognises it has a role to set the tone on values and behaviours from the top by demonstrating and promoting values-driven behaviour across the organisation. Further information on the Board's commitment to monitor culture can be found on pages 59 to 61.
Board and committee support	The result of the 2023 Board evaluation reflected a significant improvement in this area in the first year of operation of the Board and its committees. Members of the Board and the ELT are committed to promoting the highest standards of integrity, probity and corporate governance and foster high-quality information flow to support effective decision-making.
Board training	The Directors continue to maintain a commitment to ongoing learning and development opportunities.

Corporate Governance report continued

Board activities

The table below sets out the key areas of Board focus during the year. It also highlights the key stakeholders considered in Board discussions and decision making. Further information on how the Company engages with its key stakeholders can be found on pages 24 and 25.

	Matters approved	Matters considered	Key stakeholders considered
Strategy and operations	• Strategic plan, following a strategic review of the Group's business, and organisational changes as announced on 25 May 2023 • Strategic collaboration with Merck KGaA as announced on 20 September 2023	• Alignment of Company objectives with the strategic plan • Assessment of the Company's Drug Discovery portfolio with the aim of optimising the pipeline by focusing on the most advanced and high potential assets originated by the Company's AI platform with the purpose of progressing them to their appropriate value inflection points • Updates on potential partnerships and other business development opportunities • Deep-dives on the Company's evolving suite of Knowledge Exploration tools • Leadership changes	
Finance and risk	• 2022 year-end financial statements and results, 2023 interim financial statements and results, related announcements and investor presentations • 2023 audit plan and fees of the external auditor • 2024 annual budget	• Independence, objectivity and effectiveness of the external auditor, including 2022 audit scope and fee changes, and recommendation for reappointment by the shareholders • Impact of the strategic review of the Group's business and related organisational changes on the Group's cash runway and mid-year forecast review • Investor Relations update at each scheduled Board meeting • Risk, Treasury and R&D Tax regime updates at each scheduled Board meeting • Monthly CFO reports • Annual review of the Delegation of Authority framework of the Group • Renewal of the Group's Directors and Officers Liability Insurance • Annual Data Protection report and taking part in Board training on data protection and cybersecurity	
People and culture	• 2023 Company performance rating and related short-term incentives of the employees • 2024 Company objectives • Annual salary review • Settlement of awards under the Company's 2016 Share Option Plan as set out on pages 78, 86 and 87 of the Remuneration report • Grant of awards under the Company's 2022 Long Term Incentive Plan • Annual review and approval of key compliance policies, including a Code of Ethics, forming part of the Company's existing Code of Business Conduct	• Impact of the strategic review of the Group's business and related organisational changes on the Group's employees, including oversight of the collective consultation process and consideration of retention proposals, see page 61 for further information on Board oversight of the organisational changes and their impact on Company culture • Reinforcement of Company values and their alignment with the strategic plan and Company objectives • Review of the Company's 2022 Long Term Incentive Plan • Monitoring employee sentiment through the engagement activities of and update received from the Workforce NED • People update from the CPO at each scheduled Board meeting focusing on succession planning, recruitment, talent, career development, retention, and diversity and inclusion, as appropriate	

Board activities continued

	Matters approved	Matters considered	Key stakeholders considered
Governance	• Inaugural 2022 Annual Report and Accounts • Implementation and evolution of sustainability governance framework and ESG strategy • Appointment of SID and Workforce NED • Appointment of a new Non-Executive Director, CFO and CRO and transition of the Executive Director and CEO role • Board Diversity Policy • Action plan arising from the 2023 Board evaluation • Annual review of the Rules of the Board, Matters Reserved to the Board and Terms of Reference of the committees • Annual review of key compliance policies of the Group • Annual work plan and rolling agenda of the Board and its committees	• Engagement with shareholders and the result of the 2023 Annual General Meeting • Board, ELT and Senior Management succession planning including diversity considerations • Committee composition and committee membership fees • Time commitment, conflicts of interests and independence of the Directors • Annual Board training and development programme • New Directors' induction plan • Bi-annual ESG update	

Key to stakeholders

Employees

Patients

Shareholders

Partners and collaborators

Communities

Suppliers and vendors

Corporate culture

We believe that our culture articulated through a clear set of Company values creates a common feeling of identity and direction, aligning employees to the Company's objectives, managing risks, bringing our strategy to life and ultimately supporting the long-term sustainable success of the Company for the benefit of all its stakeholders.

The Board is committed to lead in embedding Company values and behaviours, and fostering a positive and supportive culture which provides employees with the opportunity to grow, experiment and innovate in a diverse and inclusive environment.

The Board uses several tools to monitor culture, listen to colleagues and act on what they say. The table on page 60 highlights some of the tools the Board uses to monitor culture.

Dr. François Nader, Chair of the Board, stepped into the Acting CEO role in September 2023 and provided significant contribution and support to the business in his interim, dual Chair and Acting CEO capacity. The Acting CEO role allowed the Chair to deep-dive into each area of the business and connect with employees at all levels across the organisation. The Group-wide all-hands presentations provided by Dr. François Nader in this period focused on Company strategy, objectives, values and behaviours. These events, due to the interim dual role of Dr. François Nader, provided significant Board-level insight into employee sentiment and concerns which were taken back to the Board and were considered in its decision-making.

The Board considers that there is a diverse, inclusive and supportive culture at the Company, in line with the Company values.

Corporate culture continued

How the Board monitors culture

Board evaluation	The Board reviews its own effectiveness annually to ensure it operates optimally, demonstrates and promotes values-driven behaviours across the organisation and upholds the Company's culture.
Workforce NED	Employee engagement carried out by Dr. John Orloff as Workforce NED provides valuable insight and supports the Board in fulfilling its Company culture oversight responsibilities. Workforce NED-led employee engagement activities will take place twice a year in the form of both virtual and in-person meetings. All employees are invited to participate. Feedback is shared and considered by the Board as and when appropriate, and at least bi-annually. The Workforce NED is also committed to work closely with the Chief People Officer to consider the result of the employee engagement surveys and related actions.
Annual review of key compliance policies	The Board undertakes a review of the Group's key compliance policies annually. These policies have been implemented and communicated internally and externally to those who are expected to adhere to them, and can be found on the Company's website. In 2023, the Company's Code of Business Conduct was extended to include matters of ethics and provide a set of principles to guide employee mindset and decision-making. The annual review process provides the Board with feedback on the implementation of these policies, adherence with the related employee training programmes and the overall compliance culture at the Company. The Board considers that the Company's workforce policies and practices are consistent with the Company's values and support its long-term sustainable success. There were no concerns reported through the Company's confidential whistleblowing hotline in 2023.
Quarterly People update from the CPO	The Board receives quarterly updates on People strategy and matters including succession planning, recruitment, talent, career development, retention, and diversity and inclusion, as appropriate, at each scheduled Board meeting.
Bi-annual ESG update	Dr. Susan Liautaud, the ESG Board Representative, provides the Board with bi-annual ESG updates. As far as culture is concerned, the ESG Board Representative and the Company's ESG Lead Team maintained continued focus in 2023 on the "S" (social) arm, considering the organisational changes, and diversity and inclusion initiatives within the "G" (governance) arm. Further information on Board oversight of the full scope of ESG activities can be found on pages 26 to 37. The Board recognises the benefits that diversity brings and the importance of having a balance of perspectives, insights and challenge to ensure good decision making, oversight and support throughout the business. The Board is proud of the progress being made to date, which is reflected in the gender balance of the ELT, senior management and workforce as set out on page 30. In terms of inclusion initiatives, the Board supports the various networks operated by employees including the Gender Network, LGBTQIA+Allies Network, Neurodiversity Network and Parents and Carers Network.
All-hands meetings and other informal conversations with employees	Employees can interact with the CEO and other members of the ELT during all-hands virtual and in-person meetings which are held on a regular cadence. These Q&A sessions allow access to senior leaders, transparency on a range of questions and promote an open culture. In 2023, Q&A topics included re-alignment on strategy, objectives and values following the organisational changes, transparent communication, performance review process and career development in a year of significant business change, and hybrid working arrangements. Employees are also encouraged to contact the CEO and/or a relevant member of the ELT and senior management directly should they have an initiative they wish to discuss or a concern they are unable to address through the usual channels of communication. Employees also have access to a confidential whistleblowing hotline.
Employee lifecycle	The Company has a comprehensive listening strategy across the employee lifecycle from recruitment process feedback, through onboarding, annual goal setting and performance review process, to when an employee decides to leave the business. Feedback is shared with the Board together with an update on headcount, open roles and turnover quarterly.

Corporate culture continued

Organisational changes in 2023

Apart from the above described regular activities of the Board to monitor Company culture, in 2023 significant focus was placed on providing direction and oversight for the Group-wide organisational changes and the related collective consultation process in the UK. Following the Company's announcement on 25 May 2023, the Group's headcount was reduced by circa 30%, with 248 employees remaining within the business at financial year-end 2023. The Directors' focus was to ensure that due process was followed during the organisational changes, to consider the impact on employee sentiment and Company culture and to retain key skills, expertise and capabilities within the business. The Remuneration Committee, the Nomination and Governance Committee and the Board spent significant amounts of time considering employee interests in the context of these changes, including alignment of Company objectives with the strategic plan, reinforcing values, retention strategy, short-and long-term incentives and annual salary review. Considering the importance of the matters, members of the Board made themselves available for ad-hoc Board and committee meetings as and when appropriate.

Engagement with stakeholders

Stakeholder engagement and trust is critical for us to achieve the Company's strategic objectives. We recognise the importance of having open and effective communication with stakeholders and understanding the range of matters that are important to them so that these form part of the Board's discussions and decision-making. Further information on stakeholder engagement, including the key stakeholder groups and engagement activities that have taken place during the year can be found on pages 24 and 25.

Engagement with employees

The Board receives regular updates on People matters and employee engagement at its scheduled meetings. These include updates on organisational structure, succession planning, recruitment, talent, career development, retention, and diversity and inclusion, as appropriate. From time to time, employees are invited to attend various Board and committee meetings to present on key operational and strategic matters, as appropriate. Further information on employee engagement can be found on page 24 and details of how the Board monitors culture and engagement activities of the Workforce NED on pages 59 and 61.

Engagement with shareholders

When engaging with shareholders, the Board is supported by the CFO and VP Investor Relations.

The Company maintains regular contact with major shareholders and is committed to communicating openly with all shareholders via regulatory and media announcements, presentations to shareholders, investor meetings and analyst outreach. The Company regularly meets with existing and prospective investors. Feedback following analysis of the Company's investor base is reported by the CFO and VP Investor Relations to the Audit, Finance and Risk Committee and the Board at each scheduled meeting, together with any direct feedback received from shareholders. These are carefully examined and actioned as appropriate.

Further information on shareholder engagement can be found on page 24.

A list of the Company's major shareholdings can be found below.

The Company further communicates with shareholders through its Annual Report and Accounts, half-year announcements, and at the Company's Annual General Meeting. Such reports, as well as presentations to analysts, other relevant announcements and related information, are available on the Company's website.

The Company's website also offers a facility to sign up for email alert notifications of Company news and regulatory announcements.

Annual General Meeting (AGM)

The 2024 AGM is scheduled to take place at 14:00 CEST on 2 May 2024 and, as last year, will be held at the offices of Elvinger Hoss Prussen, the Company's Luxembourg corporate counsel.

The Company provides the shareholders with the opportunity to submit questions about the business or any matter pertaining to the business of the AGM ahead of the meeting, details of which will be provided to our shareholders in the 2024 AGM Convening Notice, together with information on other statutory rights of the shareholders related to general meetings. Shareholder rights related to general meetings are also described in article 13 of the Company's Articles of Association, which can be found on the Company's website.

The Company's website is the principal means by which we communicate with shareholders and information on our AGMs can be found there.

Major shareholdings

The Company has been notified of the following shareholders with 5% or more of the issued share capital of the Company pursuant to the requirements of the Luxembourg Transparency Law, the Grand-ducal Regulation of 11 January 2008 on transparency requirements for issuers (as amended), the Dutch Financial Supervision Act and the Market Abuse Regulations:

- Kenneth Mulvany: 23.43%
- Temasek Holdings (Private) Limited: 12.68%
- Odyssey Sponsor: 8.22%
- LF Equity Income Fund: 6.30%
- ABG-WTT Global Life Science Capital Partners GP Limited: 5.42%

Capital structure as at 31 December 2023

Type of Shares and Warrants		Number of Shares and Warrants
A Shares	Public Shares	121,939,884
	Treasury Shares	20,686,419
B Shares	Sponsor Shares	2,500,000
A Warrants	Public Warrants	10,000,000
B Warrants	Sponsor Warrants	6,600,000

Rights and obligations attached to Shares and Warrants

Shares

The Company has issued two classes of shares: A Shares and B Shares.

A Shares – Public Shares

The A Shares are held by private and institutional investors and listed on the Euronext Amsterdam.

All A Shares rank pari passu with each other and each A Share carries one vote at a general shareholders' meeting.

B Shares – Sponsor Shares

The B Shares are not listed on any exchange.

All B Shares rank pari passu with each other and each B Share carries one vote at a general shareholders' meeting.

Holders of the B Shares have the same shareholder rights as holders of the A Shares, except that:

i. the B Shares are subject to certain transfer restrictions (as described in more detail below and fully in the Prospectus and the Articles of Association of the Company); and

ii. the B Shares will automatically convert into A Shares if the closing price of the A Shares for any ten (10) trading days within a thirty (30) trading day period exceeds thirteen euros (€13.00). The B Shares will convert on a one-to-one basis into A Shares.

The Sponsor and Sponsor principals, prior to completion of the Business Combination, committed not to transfer, assign, pledge or sell any of the B Shares for a period of three hundred and sixty-five (365) days after the date of completion of the Business Combination or earlier:

a. during the period commencing one hundred and fifty (150) days post-completion of the Business Combination, the day immediately after the trading day on which the closing price of the A Shares equals or exceeds twelve euros (€12.00) for any twenty (20) trading days within any thirty (30) consecutive trading day period; and

b. if after the date of completion of the Business Combination, the Company consummates a subsequent liquidation, merger, share exchange or other similar transaction which results in all of the Company's shareholders having the right to exchange their A Shares for cash, securities or other property.

Details of share transfer restrictions are described fully in the Articles of Association of the Company.

Warrants

The Company has issued two types of warrants: Public Warrants and Sponsor Warrants.

Public Warrants – Class A Warrants

The Company has issued 10,000,000 Public Warrants. The Public Warrants are traded on the Euronext Amsterdam.

Public Warrants allow holders to subscribe for A Shares. The Public Warrants are exercisable at any time and will expire five (5) years from the date of completion of the Business Combination, i.e. 22 April 2027, or earlier upon redemption by the Company or liquidation.

Each whole Public Warrant entitles the registered holder to purchase one A Share at an exercise price of eleven euros and fifty cents (€11.50) per A Share, subject to the adjustments described in the Prospectus. A holder of Public Warrants may exercise its Public Warrants only for a whole number of A Shares.

The Public Warrants are redeemable by the Company under certain circumstances, for example by way of notice if the price of the A Shares exceeds eighteen euros (€18.00) or with the consent of the Sponsor if the price of the A Shares exceeds ten euros (€10.00) but is less than eighteen euros (€18.00), provided all criteria for redemption are met. Details of redemption of Public Warrants by the Company are described fully in the Prospectus.

Sponsor Warrants – Class B Warrants

6,600,000 Sponsor Warrants are held by the Sponsor and the Anchor Investors as set out in the Prospectus. The Sponsor Warrants are not listed on any exchange.

Sponsor Warrants allow holders to subscribe for A Shares. The Sponsor Warrants are exercisable at any time and will expire five (5) years from the date of completion of the Business Combination, i.e. 22 April 2027, or earlier upon redemption by the Company (under limited circumstances as set out in the Prospectus) or liquidation.

Each whole Sponsor Warrant entitles the registered holder to purchase one A Share at an exercise price of eleven euros and fifty cents (€11.50) per A Share, subject to the adjustments described in the Prospectus. A holder of Sponsor Warrants may exercise its Sponsor Warrants only for the whole number of A Shares.

The Sponsor Warrants are not redeemable by the Company as long as they are held by the Sponsor, the Anchor Investors or any of their Permitted Transferees. However, once the Sponsor Warrants are transferred (other than to Permitted Transferees), the Company may redeem the Sponsor Warrants with the consent of the holder if the price of the A Shares exceeds €10.00 but is less than €18.00, provided all criteria for redemption are met. Details of limited redemption of Sponsor Warrants by the Company are described fully in the Prospectus.

Issue and buy-back of shares

The rules governing the issue and buy-back of shares of the Company are set out in articles 6 and 7 of the Articles of Association of the Company, which is available on the Company's website.

Internal control procedures

The Board of Directors is ultimately responsible for ensuring that the Company maintains a sound set of internal controls, including financial, operational and compliance controls. Consistent with the evolving journey of the Group, the refinement of these controls has been an ongoing area of focus for the ELT during 2023 and continues into 2024, through the implementation of a relevant body of controls.

Such controls, formal and informal, are an integral part of the corporate governance strategy of the Group. Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the Company can be achieved.

The internal control procedures are intended to achieve the following objectives:

- compliance of actions and decisions with applicable laws, regulations and Group policy;
- a drive for efficiency and effectiveness of operations and the optimal use of the Company's resources;
- correct implementation of the Company's internal processes, notably those to ensure the safeguard of assets;
- integrity and reliability of financial and operational information, both for internal and external use;
- ensuring that management's instructions and directions are properly executed; and
- ensuring that material risks are properly identified, assessed, mitigated and reported.

As with all controls, internal controls cannot only look to mitigate, rather than eliminate risk.

Internal control activities

Accounting, consolidation and reporting

In the area of accounting, consolidation and reporting, the following internal control activities are in place:

- team members involved in the Group's accounting, consolidation and reporting processes are appropriately qualified and are able to participate in technical updates, around relevant changes in International Financial Reporting Standards (IFRS) and other related accounting standards;
- additional external expertise and support is combined with the Group's team member experience to augment knowledge built in the team. Amongst other things, this includes navigating the additional reporting obligations of Luxembourg standalone company reporting and the Dutch listing obligations;
- appropriate accounting and financial reporting policies and procedures are in place, regularly reviewed and updated, alongside the preparation of accounting memos for large or complex transactions;
- controls, consistent with the nature and scale of the business, have been established in the processing of accounting transactions to ensure appropriate authorisation, an effective segregation of duties, and the complete and accurate recording of financial information;
- adequate procedures and controls are in place, such as monthly reviews and data validation procedures, to ensure the correct and timely recognition of revenues, expenses and other accounting entries;
- the completeness and timely recording of financial information is ensured through regular peer and senior reviews, planned close activities and timetable reporting cycles, with clear responsibility and accountability through the workflows;
- the Group runs a rolling three-year budgeting cycle, combined with strategic plans, to allow visibility to expected outcomes and cash flow management with a view to providing additional assurance over reported position and performance, which is reviewed via the Audit, Finance and Risk Committee and ultimately approved by the Board;
- governance oversight is provided via the Audit, Finance and Risk Committee, with detailed substantive testing on risk areas by our external auditor on an annual basis, with limited procedures undertaken on the interim report;
- the Board receives monthly financial reports setting out the Group's financial performance in comparison to the approved budget;
- in accordance with IFRS requirements, BAI discloses detailed information on the market, credit and foreign exchange risks to which it is exposed, as well as its strategy for managing those risks;
- interim and full-year consolidated accounts of the Group are drawn up and brought to the Board, via the Audit, Finance and Risk Committee, for approval;
- the Board also approves all significant investments and spend through the Board budget approval or, via matters reserved for the Board;
- through focus on continuous improvement, the Company looks to enhance controls, while optimising for efficiency, on an ongoing basis; and
- any material weaknesses in the system of internal controls, identified either internally or by the external auditor, who routinely report their findings to the Audit, Finance and Risk Committee, which are promptly and fully addressed.

Internal control activities continued

Treasury management

In the area of Treasury management, the following should be noted:

- Treasury activities take place within a framework approved by the Board, via the Audit, Finance and Risk Committee under its Terms of Reference. This framework reflects the Group's Treasury Policy which is regularly reviewed and updated;
- a clear segregation of duties, and assignment of bank mandates, between members of the Finance team responsible for undertaking the Treasury processes are in operation, with the ELT's approval necessary for larger Treasury related activities;
- the Group does not routinely use sophisticated hedging instruments to manage Foreign Exchange (FX) exposure, with natural hedging, reflective of the expected utility of funds in relevant currencies being backed by actual cash holdings, minimising FX volatility experienced by the Group. Where large inflows are expected cross-currency, which could cause a mismatch in currency funding requirements, an assessment is made of whether hedging (e.g. a forward contract) is required;
- similarly, the duration of monies held on deposit or in notice accounts is also matched to the expected use of funds, to optimise returns for the Group balanced against the need to ensure suitably liquid funds on a timely basis;
- the Group continues to closely monitor and manage its institutional risk, with heightened focus following recent potential global banking failures. This includes using money market funds in its operational currencies alongside exposure limits to any one institution; and
- Treasury activities are reported and monitored with the monthly CFO report, covering institutional risk, FX coverage and maturity profiles.

Tax management

Regarding the internal controls in tax management, the following should be noted:

- the tax arrangements of the Group are driven by its operational requirements and the geographical location of its business activities;
- the Finance team works closely with the business to provide clear, timely and relevant advice, as well as to mitigate tax risks, seeking independent external advice where needed;
- the Finance team follows a process to ensure that all tax related compliance returns and submissions are reviewed internally and with external tax advisers as appropriate and all submissions and payments are delivered and paid on a timely basis in accordance with any relevant tax authority;
- the most material area of Tax focus for the Group is related to R & D Tax Credit claims, which are submitted annually to the tax authorities and subject to detail technical preparation by the Finance team and oversight review by the Group's Tax Adviser;
- tax positions are recorded in the Group's financial statements, following detailed analysis from the Finance team and support from the Group's Tax Adviser to complete applicable Tax disclosure and Corporate Tax Computations ensuring these incorporate relevant changes in tax reporting and legislation; and
- transfer pricing documentation is updated as required, approved and underpins all significant cross-border intercompany transactions through benchmarked rates, as advised through independent guidance from the Group's Tax Adviser.

Audit, Finance and Risk Committee report

Jean Raby
Audit, Finance and Risk Committee Chair

Key highlights

- 2023 was the first full year of operation of the Audit, Finance and Risk Committee (the "Committee") and saw the completion of the full annual work plan underpinning the Committee's obligations, concluding in December 2023 with the 2024 budget review and recommendation for approval by the Board.
- Delivery of the inaugural 2022 Annual Report and Accounts in March 2023, reflecting notably the complex accounting of the Business Combination between Benevolent AI and Odyssey Acquisition SA and the full implementation of the applicable reporting requirements for BAI as the combined entity.
- Oversight and challenge of the Group's strategic plan announced in May 2023, including extension of the Group's cash runway to mid-2025.
- Oversaw the reappointment, evaluation, effectiveness and 2023 audit fees of our external auditor, PwC.

Dear shareholders

As Chair of the Committee, I am pleased to present you our report for the year ended 31 December 2023. This report provides an overview of the Committee's role, main activities and areas of focus during the year.

The role and responsibilities of the Audit, Finance and Risk Committee

The role of the Committee is to monitor and review the integrity of the financial reporting, including ESG components, of the Company and to provide assurance to the Board that the Company's internal control and risk management processes are appropriate and regularly reviewed. The Committee is also responsible for review and challenge of the budgeting and forecasting process, inclusive of cash flow management and planning, with recommendations made for ultimate approval by the Board. The Committee also oversees the work of the external auditor, including the review of the independence, objectivity, and effectiveness of the audit process, approves its remuneration, and recommends its appointment.

In meeting these responsibilities, the Committee considers, inter alia, the provisions of the QCA Code and the Financial Reporting Council (FRC) Guidance on Audit Committees being relevant guidance, in each case to the extent applicable to the Group.

In addition, the Committee conducted the annual review of its Terms of Reference during the year. In completing the review, the Committee concluded that its Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties. The full Terms of Reference of the Committee can be found on the Company's website.

Composition and meeting attendance

Appointments to the Committee are made by the Board on the recommendation of the Nomination and Governance Committee. The Committee comprises Independent Non-Executive Directors and has been chaired by myself since its inception in April 2022. In line with the Company's aspiration to align its practices, where appropriate, consistent with the recommendations of the UK Corporate Governance Code 2018, Dr. François Nader, Chair of the Board, stepped off as a member of the Committee and was replaced by Prof. Sir Nigel Shadbolt on 21 June 2023 as a new member. Dr. Olivier Brandicourt continues to be a member of the Committee.

The Board considers that the Committee, as a whole, has competence relevant to the sector in which the Company operates.

Committee membership and meeting attendance

Members of the Committee	Role	Member since	Attendance at Scheduled Meetings
Jean Raby	Committee Chair	22 April 2022	4/4
Dr. Olivier Brandicourt	Committee member	22 April 2022	4/4
Prof Sir Nigel Shadbolt	Committee member	21 June 2023	2/2
Dr. François Nader	Committee member	22 April 2022 until 21 June 2023	2/2

Composition and meeting attendance continued

As Chair of the Committee, I personally have over 30 years' financial, risk, legal and commercial experience across investment banking, as a CFO of a listed company, as a CEO of a large asset management company, and as a corporate lawyer to help guide the Committee. As such, the Committee, consistent with the Group's adoption of certain principles of the UK Corporate Governance Code 2018 beyond the QCA Code, meets the recommendation to have at least one member with recent and relevant financial experience. The biographies of all Committee members are detailed on pages 46 and 47.

The Committee held four scheduled meetings in 2023, in line with the quarterly meeting cycle of the Board, in March, June, September and December.

Committee meetings were attended by the members of the Committee and others who attend by invitation, being principally the CEO, CFO, SVP Finance (including during his tenure as acting CFO), VP Investor Relations, and General Counsel and Company Secretary. Other members of the Executive Leadership Team and senior management were invited, from time to time, to attend to provide insight or expertise in relation to specific matters, as appropriate. The lead external audit partners and other representatives of the external auditor were also invited to and attended Committee meetings to present their reports on the 2022 full-year audit and their proposed 2023 audit plan respectively.

The Committee meets without the Executive Director and members of the Executive Leadership Team being present after each meeting. It also meets privately with the lead external audit partners and other representatives of the external auditor as and when necessary, including in the concluding stages of the 2022 full-year audit in March 2023.

In addition, as Chair of the Committee, I also meet with the lead external audit partners outside of Committee meetings to discuss significant matters which are relevant to the external audit, and with the CFO and SVP Finance regularly to discuss operational activity, meeting agendas, follow up actions and activities which have a significant focus on matters to which the Committee has oversight.

The Chair of the Committee reports to the Board on the proceedings of the Committee after each scheduled meeting and makes recommendations to the Board, as appropriate.

The main activities and areas of focus of the Committee in 2023:

External audit

- The 2023 external audit plan, including significant areas of audit focus, was presented to the Committee on 13 December 2023, with areas of focus being consistent with those expected by Management and the Committee itself. Notably, revenue recognition and accounting implications around the share price and overall market capitalisation were items of focus, both on a standalone Luxembourg GAAP basis and also on a consolidated basis.

Financial reporting

- An important role of the Committee is in overseeing the Group's financial reporting activities and in reviewing significant accounting judgements and estimates. These judgements are principally focused on determining revenue recognition, provisions, goodwill and intangible impairments reviews, share-based payment charges, investment balances (including BenevolentAI standalone), going concern assumptions and valuations related to financial liabilities (notably our outstanding warrants). As described in the financial statements (pages 96 to 129), the Committee has found the significant accounting judgements and estimates to be appropriate.
- The Committee provided review and oversight of the interim results, published on 21 September 2023, including the analyst and investor presentation materials and broader Investor Relations engagement strategy.
- Alongside the 2023 audit plan presented by the external auditor, the Company's internal Annual Report production plan was also presented and approved by the Committee on 13 December 2023. The Committee expects to review, consistent with prior years, the content of the Annual Report and Accounts prior to being recommended to the Board for relevant approval and publishing to the market.
- The Committee also reviewed ongoing correspondence with The Commission de Surveillance du Secteur Financier (CSSF), by Management, in relation to a review of the inaugural 2022 Annual Report and Accounts. This review has now concluded and the recommendations by the CSSF are addressed as part of the 2023 Annual Report and Accounts production cycle.

Internal controls and risk management

- During the year, the Committee reviewed regularly matters regarding risk, treasury and R&D fiscal considerations, consistent with the Terms of Reference and business progression during the year. Routine updates to spending authorities and bank mandates were undertaken, reflecting changes to personnel in the business and balancing risk, control and efficiency in the Group operational processes.
- A key focus of the Committee was around the cash flow projections modelled as part of the strategic plan and organisational restructure, to ensure that these were robust and represent a credible view of expectations through to mid-2025.

Financial planning

- Following the establishment of the 2023 budget, the strategic plan, including the Group-wide restructuring, announced in May 2023, was underpinned by modelling to support the pre-consultation plan proposed by Management, reviewed by the Committee and approved by the Board. Reflective of the restricted nature of those involved during the modelling, a follow-on budget, the mid-year forecast, was reviewed by the Committee and recommended for approval by the Board for the Group to operate under for the balance of 2023. This plan was subject to the same challenge and scrutiny as the routine budget cycle, with a particular focus on cash flow projections using the experience within the Committee.

The main activities and areas of focus of the Committee in 2023: continued

Financial planning continued

- For the 2024 budget, the Committee reviewed the Company's high-level objectives and associated budget, with appropriate challenge on cost balanced against strategy. The review also focused on financial risk, especially around solvency, liquidity and going concern, before recommendation by the Committee to the Board for its approval.

Directors' and officers' liability insurance

The Company has maintained insurance cover on behalf of the Directors, indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Independence, effectiveness and objectivity of the audit process

Independence and objectivity

Both the Board and the external independent auditor (PwC) have safeguards in place to protect the independence and objectivity of the external auditor. These were reviewed by the Committee during the year and remain appropriate. In accordance with International Standards on Auditing (UK and Luxembourg), PwC formally confirmed to the Board its independence as auditor of the Group and the Company. Non-audit services require approval by the Committee.

Effectiveness

The Committee reviewed the work of PwC during the year and concluded that it provides an effective audit and that the lead external audit partners (Luxembourg and UK) have constructive relationships with the relevant parties, in particular Management, alongside providing clear and strong leadership to the audit team.

This assessment was based upon:

- the Committee's own assessment of the quality of the audit plan, the rigour of the audit findings and conclusions, the extent to which the lead external audit partners understand the related industry and business and constructively challenge management, alongside the quality and clarity of the technical and governance review provided;
- feedback from the Group's Finance Leadership Team (FLT) and those involved in the audit sought on the quality of the external audit process and team covering the following aspects:
  - audit planning and strategy adopted;
  - audit execution and conclusion;
  - timeliness and quality of communication and audit reporting;
  - efficiency of the audit process and procedures adopted; and
  - provision of insights and understanding of the Group.
- a report prepared by PwC setting out its processes to ensure independence and its confirmation of compliance; and
- the level of non-audit fees as a percentage of the audit fees paid to the external auditor.

The feedback from Management was reported to the Committee at the meeting on 19 June 2023. Based on the review set out above, the Committee is satisfied with the external auditor's independence, effectiveness and objectivity.

Reappointment of external auditor

At the forthcoming Annual General Meeting of the Company on 2 May 2024, a resolution to renew the mandate of PwC as the independent external auditor in relation to the Company financial statements and the consolidated financial statements for the financial year 2024 will be proposed.

Non-audit assignments

The independence of the external auditor is an essential part of the audit framework and the assurance that it provides. In line with the Revised Ethical Standard issued by the FRC in December 2019 and Luxembourg requirements for all non-audit assignments to be approved when undertaken by the auditor, the Committee has adopted an appropriate approval process for determining whether it is appropriate to engage the external auditor for non-audit services and pre-approving non-audit fees.

The overall objective is to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity. This includes, but is not limited to, assessing any threats to independence and objectivity resulting from the provision of such services; any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity; the nature of the non-audit services; and whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service.

A summary of audit and non-audit fees in relation to the year is provided in note 6 to the Group's consolidated financial statements. No non-audit services have been provided by the external auditor other than a portal subscription for technical accounting reference materials pre-approved by the Committee.

Conclusions

The Committee has had a productive year providing oversight of financial reporting, external audit, proportionate development of the control and risk environments, budgetary oversight and oversight of the Company's strategic plan, inclusive of the related restructuring, announced in May 2023. These activities will continue relative to the Group's delivery strategy and the Committee, together with management, will ensure that finance and risk management capability is maintained consistent with the size of the business.

Jean Raby
Audit, Finance and Risk Committee Chair
19 March 2024

Nomination and Governance Committee report

Dr. François Nader
Nomination and Governance Committee Chair

Key highlights

- Strengthened the Board with the appointment of Marcello Damiani as Independent Non-Executive Director in May 2023.
- Led the search process for the Executive Director and CEO position and considered succession plans for the Non-Executive Director vacancy on the Board.
- Strengthened the Executive Leadership Team with the appointment of Catherine Isted as Chief Financial Officer and Christina Busmalis as Chief Revenue Officer in September 2023.
- As part of the Committee's governance remit, received and considered ESG updates from Dr. Susan Liautaud, the Board's ESG Representative and members of senior management.
- Developed the induction programme for new Directors and the annual Board training and development programme.
- An internally facilitated Board evaluation was conducted in 2023, which concluded that the Board, its committees, the Chair and individual Directors are operating effectively.

Dear shareholders

As Chair of the Nomination and Governance Committee, I am pleased to present you with the report of the Nomination and Governance Committee (the "Committee") for the year ended 31 December 2023. This report provides an overview of the Committee's role, main activities and areas of focus during the year.

The role and responsibilities of the Nomination and Governance Committee

The role of the Committee is to keep the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its committees under review and to give full consideration to succession planning for the Company's Directors and Senior Management*. The Committee's remit also includes oversight of governance-related matters, including the Board's governance framework, Board training, induction of Directors, ESG-related activities and the annual review of the Group's key compliance policies.

The Committee conducted the annual review of its Terms of Reference during the year. In completing the review, the Committee concluded that its Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties. The full Terms of Reference of the Committee can be found on the Company's website.

* The definition of Senior Management for this purpose includes the Executive Leadership Team of the Company and any other direct reports of the Chief Executive Officer at VP level and above.

Composition and meeting attendance

Appointments to the Committee are made by the Board. The Committee comprises Independent Non-Executive Directors. Dr. Olivier Brandicourt was appointed as Chair of the Committee on 21 September 2023 to lead the Committee while I served as Acting CEO. Dr. Olivier Brandicourt did not participate in the discussions concerning his appointment as Chair of the Committee and did not vote on the respective resolution. I stepped off as the Chair and a member of the Committee with the same effective date temporarily and for the period I served as Acting CEO. Upon the new Executive Director and CEO joining the Company on 24 January 2024, I reverted to my position as Independent Non-Executive Chair of the Board. At the same time, I stepped back as member and Chair of the Committee.

Committee membership and meeting attendance

			Meeting attendance in 2023	
Members of the Committee	Role	Member since	Scheduled Meetings	Ad-hoc Meetings
Dr. François Nader	Committee Chair	22 April 2022 until 21 September 2023, stepping back to Committee membership and Chair role from 24 January 2024	3/3	3/3
Dr. Olivier Brandicourt	Committee Chair	Member since 22 April 2022 and Committee Chair from 21 September 2023 until 24 January 2024	4/4	3/3
Dr. Susan Liautaud	Committee member	3 February 2023	4/4	3/3
Prof Sir Nigel Shadbolt	Committee member	22 April 2022 until 21 June 2023	2/2	2/2
Jean Raby	Committee member	21 June 2023	2/2	1/1

Composition and meeting attendance continued

I did not participate in the discussions concerning my appointment as member and Chair of the Committee and did not vote on the respective resolutions. Prof Sir Nigel Shadbolt stepped off as a member of the Committee to join the Company's Audit, Finance and Risk Committee on 21 June 2023 and was replaced on the same day by Jean Raby. The biographies of all Committee members are detailed on pages 46 and 47.

During the year, the Committee held a total of seven meetings: four scheduled and three ad-hoc. The four scheduled meetings were held, in line with the quarterly meeting cycle of the Board, in March, June, September and December. Three additional meetings were held in February, April and August to discuss ad-hoc matters.

Committee meetings are attended by the members of the Committee and others who attend by invitation, being principally the CEO, CPO and the General Counsel and Company Secretary. Other members of the Executive Leadership Team and senior management may be invited to attend to provide insight or expertise in relation to specific matters.

The Committee meets without the Executive Director and members of the Executive Leadership Team being present after each meeting. The Chair of the Committee also meets the CPO regularly to discuss Board and Senior Management succession planning matters.

The Chair of the Committee reports to the Board on the proceedings of the Committee after each scheduled meeting and makes recommendations to the Board, as appropriate.

The main activities and areas of focus of the Nomination and Governance Committee in 2023

Succession planning

The Committee considers Board and committee composition and succession planning for Executive and Non-Executive Directors and Senior Management at each scheduled meeting and makes recommendations to the Board as appropriate.

Non-Executive Director succession planning

When considering Non-Executive Director succession planning, the Committee ensures that the Board and its committees continue to have the right mix of skills, experience and diversity to be able to deliver the Company's strategy. A summary of the Directors' key skills and experience can be found below.

The Committee recommended the appointment of Marcello Damiani as new Independent Non-Executive Director to fill the vacancy created by the resignation of Michael Brennan on 30 September 2022. Please see page 70 for more information on the search process. The appointment was approved by both the Board and the Company's shareholders at the 2023 Annual General Meeting. Marcello joined the Board on 4 May 2023 and brought a unique perspective and understanding of innovation in the technology and biotech sectors to the Board's deliberations, driven by his prior senior executive leadership experience at global organisations such as Moderna and bioMérieux. Marcello joined the Research and Development Committee and the Remuneration Committee of the Board on 21 June 2023.

Directors' key skills and competence

Competency /Director	Strategy	Financial and Capital Markets	Risk Management including Cybersecurity	Commercial and Business Development	Technology – Research and Development, AI	Pharma – Research, Translational and Development	Governance and Compliance, including ESG
Dr. François Nader	✓	✓		✓		✓	✓
Dr. Joerg Moeller	✓	✓	✓	✓		✓	
Jean Raby	✓	✓	✓				✓
Dr. John Orloff	✓					✓	✓
Marcello Damiani	✓		✓	✓	✓		
Prof Sir Nigel Shadbolt		✓	✓		✓		
Dr. Olivier Brandicourt	✓	✓		✓		✓	
Dr. Susan Liautaud							✓

The main activities and areas of focus of the Nomination and Governance Committee in 2023 continued

Succession planning continued

Non-Executive Director succession planning continued

Dr. Jackie Hunter retired from the Board as a Non-Executive Director on 21 June 2023. The Committee considered the size and composition of the Board, taking into account the strategic review of the business in 2023, related organisational changes and overall headcount reduction, the balance of skills and experience of the Board and the result of the 2023 Board evaluation. Following due and careful consideration, the Committee concluded that the size and composition of the current, eight member Board was appropriate to promote the long-term sustainable success of the Company for the benefit of all stakeholders, and consequently made recommendation to the Board not to fill the vacancy created by Dr. Jackie Hunter's retirement at this time.

Executive Director succession planning

On 21 September 2023, Joanna Shields stepped down as Executive Director and CEO of the Company. In order to provide the Company with continuity whilst the search process was underway, I assumed the role of Acting CEO on an interim basis on 21 September 2023, while maintaining my Chair of the Board role and responsibilities. I recused myself from the discussions on the CEO succession interim measures and did not vote on the resolution concerning my appointment as Acting CEO.

A thorough search process was conducted for the Executive Director and CEO position, including the engagement of an executive search firm, Spencer Stuart. Spencer Stuart had no connections to the Company or its Directors other than the provision of search services and had signed up for the Voluntary Code of Conduct for Executive Search Firms. Please see below for more information on the search process. The Committee was pleased to recommend to the Board the appointment of Dr. Joerg Moeller as new Executive Director and CEO to fill the vacancy created by the resignation of Joanna Shields on 21 September 2023. Following Board approval, Dr. Joerg Moeller joined the Board and the ELT on 24 January 2024 and brought a wealth of executive and leadership experience to the Company, spanning strategy, business development and research and development (R&D). In his previous roles at LEO Pharma A/S and Bayer AG, Dr. Joerg Moeller successfully demonstrated innovation, commercial and operational excellence resulting in long-term productivity and value creation. The Board recommends the appointment of Dr. Joerg Moeller as Executive Director and member of the Board for shareholder approval at the Company's 2024 Annual General Meeting.

Upon the appointment of Dr. Joerg Moeller as Executive Director and CEO on 24 January 2024, I stepped down as Acting CEO and reverted to my position as Independent Non-Executive Chair of the Board.

Joanna Shields continued to support the Board and the Company in a strategic adviser capacity until 19 March 2024.

Other Board and Committee changes

Following the Committee's recommendation, the Board appointed Jean Raby as Senior Independent Director and Dr. John Orloff as Workforce NED on 14 March 2023 to further strengthen the Board's governance and focus on stakeholder engagement and ESG matters. By making these appointments the Committee also considered the recommendations of the QCA Code and the Company's aspiration to align its practices, where appropriate, with the recommendations of the UKCGC. Details of their related roles and responsibilities are set out on page 53. Dr. Susan Liautaud continued in her role as the Board's ESG Representative throughout the year, working closely with members of the ESG Lead Team on ESG matters and providing regular updates to the Board. Please see pages 26 to 37 for more information on the Group's sustainability strategy, framework and progress made during the year.

The Committee also considered and recommended for the Board to approve changes to the membership of the Board committees as set out in the respective committee reports on pages 65, 68, 74 and 76.

Director appointment process

1. Review of the balance of skills, knowledge, experience and diversity of the Board was conducted by the Committee.
2. In light of the evaluation and considering the long-term strategic priorities of the business, a full description of the role and capabilities required was prepared by the Committee.
3. Executive search firm engaged to assist with the search process as set out above.
4. The long list of candidates was reviewed by the Committee and a shortlist of candidates was identified.
5. Interviews were conducted.
6. The Committee recommended the candidates for Board approval.
7. The Board considered and approved the appointment of the new Executive Director and CEO and Non-Executive Director and sought/ is seeking shareholder approval.

The main activities and areas of focus of the Nomination and Governance Committee in 2023 continued

Succession planning continued

Senior Management succession planning

During the year, the Committee extended its succession planning remit beyond the Executive Leadership Team to members of Senior Management, recognising the importance of building a diverse pipeline of internal talent and the Company's ability to attract, retain and develop skilled, high-potential individuals. Internal talent development programmes to build technical and leadership capability continued to be an area of focus in 2023 and beyond.

On 25 May 2023, the Company announced the resignation of Nicholas Keher, the Company's CFO. Tom Holgate, the Company's SVP Finance, stepped into the acting CFO role while the search for the new CFO was underway. Further to a thorough search process, including the engagement of a top tier executive search firm, the Committee was pleased to recommend to the Board the appointment of Catherine Isted as new CFO. Catherine joined the Company on 11 September 2023, bringing over 25 years of accounting and strategic finance experience within the life sciences industry to the Executive Leadership Team along with her extensive capital markets experience.

The Company also welcomed Christina Busmalis to the newly created role of Chief Revenue Officer and member of the Executive Leadership Team following a thorough search process, including the engagement of a top tier executive search firm. Christina joined the Company on 18 September 2023 and is responsible for leveraging BenevolentAI's Platform to maximise revenue generation, including end-to-end Drug Discovery partnerships, business development and go-to-market strategies for the Company's suite of Knowledge Exploration tools.

Time commitment, conflicts of interest and independence

As part of the Committee's governance oversight role, the Committee also assists the Board in its consideration of time commitment, conflicts of interest and independence of the Directors.

The Non-Executive Directors are advised of the commitments which are expected of their role at the Company prior to their appointment and are required to devote such time as necessary to discharge their responsibilities effectively. It is recognised that, considering the strategic review of the Company's business, a number of ad-hoc Board and committee meetings were held in 2023 as shown in the Board and committee meeting attendance tables in the respective reports. The Directors also made themselves available and accessible to senior management to share experience and expertise throughout the year, as appropriate.

At each scheduled meeting, the Committee and the Board consider a register of interests, commitments and potential conflicts of the Directors including any new external appointments since the last meeting and provide approvals as appropriate.

It was noted by the Committee and the Board that I stepped off as chair of Talaris Therapeutics, chair of Neurvati Neurosciences and non-executive director of Ring Therapeutics to ensure these external appointments and their time commitment did not adversely impact my ability to fulfil my temporary dual Chair and Acting CEO role. It was further noted by the Board that I devoted the time necessary to discharge my dual Chair and Acting CEO responsibilities at the Company, continued to be effective in both roles, and showed a high level of commitment and dedication in discharging my responsibilities. Jean Raby, Senior Independent Director, worked closely with me to provide support in this interim period and was available both to members of the Board and to shareholders. I stepped back as a non-executive director of Ring Therapeutics after the new Executive Director and CEO joined the Company.

As at the date of this report, all Non-Executive Directors, including myself as Chair of the Board, are considered to be independent by the Board.

I was considered Non-Independent from 21 September 2023 until 24 January 2024, in which period I discharged my interim Acting CEO responsibilities. Upon the new Executive Director and CEO joining the Company, the Board thoroughly reviewed my ongoing independence in the context of my interim Acting CEO role. All Directors, including the Independent Non-Executive Directors, were satisfied that the short-term, interim Acting CEO role did not impact my future independence and that after handing over executive responsibilities to the new Executive Director and CEO, I continued to exercise independent judgement and provide the Board with effective leadership and stability. I therefore reverted to my position of Independent Non-Executive Chair of the Board upon the new Executive Director and CEO joining the business on 24 January 2024. I did not participate in the discussions concerning the assessment of my independence and did not vote on the respective resolution.

Directors' induction, training and development

Upon appointment to the Board, each Director engages in a comprehensive induction programme which is tailored to their individual needs. The programme consists of structured pre-reading materials and meetings, designed to help the new Directors to undertake their role and responsibilities as swiftly as possible and help them to make a valuable contribution to the Board. The programme is organised around three themes: business familiarisation, corporate governance including Directors' duties, and Director development. As part of the business familiarisation theme, the Directors spend time with members of the Executive Leadership Team and senior management to gain a deeper understanding and insight of the operation of the business. During the induction period, the Directors are asked for regular feedback, so that the programme can be adapted if needed.

The main activities and areas of focus of the Nomination and Governance Committee in 2023 continued

Directors' induction, training and development continued

The continued development and training of the Directors remained an area of focus in 2023 and beyond. Board training programmes are organised around three themes: understanding the business, understanding risks and corporate governance. Directors are asked as part of the annual Board evaluation process to highlight areas where they could benefit from further information and training. The Board training and development programme in 2023 included the following:

Theme	Focus in 2023
Understanding the business	• Demos and presentations on the Company's developing suite of Knowledge Exploration tools • Deep dives on Drug Discovery programmes
Understanding risks	• Cybersecurity • Annual data protection report including assessment of data protection risks • Evolving AI regulatory landscape and potential AI and LLM related risks
Corporate governance	• Evolving ESG reporting landscape including TCFD, CDP, NFRD, CSRD, EU Taxonomy and IFRS S1 and S2 (annual ESG refresh has been scheduled) • Board diversity requirements • Proxy Advisory guidelines and voting recommendations

The Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. The Directors may also take independent advice at the Company's expense if they feel this is appropriate.

Board evaluation

The 2023 evaluation of the Board, its Committees and individual Directors was internally facilitated by the Chair of the Board with the assistance of the Company Secretary. The evaluation concluded that the Board and its Committees continue to be effective, all Directors continue to make valuable contributions based on experience and knowledge and the Non-Executive Directors provide constructive challenges. The evaluation also signalled minor areas for improvement, details of which can be found on page 57.

Other governance responsibilities

The Committee oversaw a number of other governance matters during the year, including the annual review of its Terms of Reference and other key compliance policies of the Group, receiving and considering updates on ESG matters and approving the Convening Notice of the 2023 Annual General Meeting.

The main activities and areas of focus of the Nomination and Governance Committee in 2023 continued

Diversity

Following the Committee's recommendation, the Board approved its Diversity Policy in March 2023. The purpose of the Board Diversity Policy is to set out the approach to diversity for the Board itself with the intention of supporting the succession planning work of the Nomination and Governance Committee in creating and maintaining the appropriate Board and committee composition. The Board Diversity Policy sits alongside the Group-wide Equality, Diversity and Inclusion Policy, which set out the Group's broader commitment to diversity and inclusion. Both policies can be found on the Company's website.

The Committee and the Board recognise the benefits that diversity brings and the importance of having a balance of perspectives, insights and challenge to ensure good decision making, oversight and support throughout the business. The Board leads in fostering an inclusive and supportive Company culture by setting the tone from the top and is proud of the progress being made to date, which is reflected in the gender balance of the Executive Leadership Team, senior management and workforce as set out on page 30.

Board Diversity Policy objectives	Implementation and progress against objectives in 2023
Candidates for Board appointments are considered according to their merits, in addition to the benefits of diversity they might bring, including diversity of thought, age, gender, race, ethnicity, nationality, cultural background, and personal and professional experience – so as to encourage an appropriately diverse shortlist of candidates at each stage of the recruitment process. In addition to appropriate skills and abilities, the Nomination and Governance Committee also considers personal qualities, ethics and integrity.	The Committee ensures that all Board appointments are subject to formal, rigorous and transparent procedures, are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths. Please see page 70 for more details of the Directors' search and appointment process.
The Board strives to achieve a reasonable and balanced gender distribution.	The Committee acknowledges that with the retirement of Dr. Jackie Hunter and the resignation of Joanna Shields, the female representation on the Board is lower than the year before. The Committee ensures that focus on gender and all other aspects of diversity are maintained during all stages of the Board succession planning and recruitment process. To support this and as part of the recruitment process, a wide and diverse list of candidates are sought, including gender, social and ethnic background, experience (including those with no previous public listed company non-executive experience), geographical experience, knowledge, skills and independence of thought. The Committee aims that over the next few years, in the normal course of succession management, the gender balance of the Board will become more reflective of the diversity across the business. This will be considered in 2024 and 2025 when the Committee and the Board makes recommendations for the reappointment of Directors whose 3-year term of office ends on the date of the 2025 Annual General Meeting.
The Board takes internal evaluations into consideration when evaluating the Board's needs, as well as any third-party-facilitated evaluations to the extent that these have been carried out.	The Nomination and Governance Committee reviewed the results of the 2022 and 2023 internal Board evaluation process that relate to the composition of the Board and succession planning. The views and feedback shared by the Directors were considered during the Directors' search and appointment process.

Dr. François Nader
Nomination and Governance Committee Chair
19 March 2024

Research and Development Committee report

Prof Sir Nigel Shadbolt
Research and Development Committee Chair

Key highlights

- Provided recommendations and oversaw the strategic review of the Group's business.
- Conducted a full Drug Discovery portfolio review and prioritisation of assets.
- Provided recommendations and oversaw the development of the Company's suite of Knowledge Exploration tools and the end-to-end Drug Discovery platform supporting industry-leading collaborations.
- Approved the 2022 Research and Development Committee report.

Dear shareholder

As Chair of the Research and Development Committee, I am pleased to present you with the report of the Research and Development Committee (the "Committee") for the year ended 31 December 2023. This report provides an overview of the Committee's role, main activities and areas of focus during the year.

The role and responsibilities of the Research and Development Committee

The role of the Research and Development Committee is to bring broad strategic perspective and expertise to support the development and delivery of the Company's strategic priorities, work and investments in science, technology and engineering. The Committee focuses on supporting excellent and sustainable R&D activities to achieve the following goals:

- exploit the latest developments in AI and life sciences to deliver a compelling drug discovery pipeline;
- build and maintain a world-class AI drug discovery software capability;
- establish a world-class life sciences drug discovery capability; and
- deliver beneficial economic and social impacts through its R&D activities.

The Research and Development Committee conducted the annual review of its Terms of Reference during the year. In completing the review, the Committee concluded that its Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties. The full Terms of Reference of the Research and Development Committee can be found on the Company's website.

Composition and meeting attendance

Appointments to the Committee are made by the Board on the recommendation of the Nomination and Governance Committee. The Research and Development Committee comprises Independent Non-Executive Directors and has been chaired by me since its inception in September 2022. Dr. Jackie Hunter retired as a Non-Executive Director and was replaced by Marcello Damiani as a new member of the Committee on 21 June 2023. Dr. François Nader was appointed as an additional member of the Committee on 21 June 2023 and stepped-off temporarily on 21 September 2023 considering his Acting CEO role and related commitments. Dr. François Nader stepped back as a member of the Committee upon the new Executive Director and CEO joining the Company on 24 January 2024. Dr. John Orloff continues to be a member of the Committee. The biographies of all Committee members are detailed on pages 46 and 47.

During the year, the Committee held a total of seven meetings: four scheduled and three ad-hoc. The four scheduled meetings were held, in line with the quarterly meeting cycle of the Board, in March, June, September and December. Three additional meetings were held in January, March and April to discuss ad-hoc matters.

Committee meetings are attended by the members of the Committee and others who attend by invitation, being principally the CEO, COO, CSO, CTO, and the General Counsel and Company Secretary.

Committee membership and meeting attendance

			Meeting attendance in 2023	
Members of the Committee	**Role**	**Member since**	**Scheduled Meetings**	**Ad-hoc Meetings**
Prof Sir Nigel Shadbolt	Committee Chair	22 April 2022	4/4	3/3
Dr. John Orloff	Committee member	22 April 2022	4/4	3/3
Marcello Damiani	Committee member	21 June 2023	2/2	N/A
Dr. Jackie Hunter	Committee member	22 April 2022 until 21 June 2023	2/2	2/3*
Dr. François Nader	Committee member	21 June 2023 until 21 September 2023	1/1	N/A

* Dr. Jackie Hunter was not able to attend one ad-hoc Committee meeting organised at short notice during the year due to other commitments.

Composition and meeting attendance continued

Other members of the Executive Leadership Team and senior management may be invited to attend to provide insight or expertise in relation to specific matters, as appropriate.

Apart from the scheduled and ad-hoc Committee meetings, the members of the Committee held regular informal meetings with senior members of the Company's Drug Discovery and Product and Technology teams during the year to provide guidance and recommendations regarding the development of Drug Discovery programmes and Knowledge Exploration tools. Members of the Committee also make themselves available and accessible to senior management to share experience and expertise throughout the year, as appropriate.

The Committee meets without the Executive Director and members of the Executive Leadership Team being present after each meeting. The Chair of the Committee reports to the Board on the proceedings of the Committee after each scheduled meeting and makes recommendations to the Board, as appropriate.

The main activities and areas of focus of the Research and Development Committee in 2023

The Committee had a busy year overseeing the development of the Company's strategic plan, with the aim of maximising the potential of the Drug Discovery portfolio and expanding the differentiated technology platform to enable biopharma companies to advance new discoveries by harnessing the power of AI. The Committee provided guidance and recommendations during the year regarding both the Company's Drug Discovery portfolio and its evolving suite of technology products.

Drug Discovery

As announced by the Company in April 2023, BEN-2293, a topical pan-Trk inhibitor that was a legacy product not derived from the Company's target identification platform, successfully met the Phase 2a trial's primary endpoint of being safe and well tolerated, but did not achieve the secondary efficacy endpoints to reduce itch and inflammation. The Committee considered the results of the trial and recommended not to invest further in the asset.

Following the results of the BEN-2293 Phase 2a trial and as part of the strategic review of the Company's business and opportunities, the Committee conducted a comprehensive assessment of the Company's Drug Discovery portfolio. The aim of the review was to optimise the pipeline by focusing on the most advanced and high potential assets originated by the Company's AI platform with the purpose of progressing them to their appropriate value inflection points.

As part of this review process, the Committee held two ad-hoc meetings and members of the Committee also made themselves available for senior management to share their views and expertise, as appropriate.

Following a thorough review and recommendation from the Committee, the Board decided to prioritise the following assets:

- BEN-8744, an oral, potentially best-in-class, peripherally restricted PDE10 (phosphodiesterase 10) inhibitor for the treatment of Ulcerative Colitis;
- BEN-28010, an oral, potentially best-in-class CNS-penetrant CHK1 (checkpoint kinase 1) inhibitor for the treatment of Glioblastoma Multiforme and metastatic brain cancers;
- BEN-34712, an oral, potent and selective brain penetrant RARαβ (retinoic acid receptor alpha beta) based agonist, for the treatment of amyotrophic lateral sclerosis (ALS); and
- earlier-stage assets in neurodegenerative and immunological diseases (Parkinson's Disease and Fibrosis).

Please see pages 4, 12, 13 and 28 for more information on the Company's current preclinical and clinical development pipeline.

The Committee also considered and made recommendations regarding potential partnerships and other business development opportunities during the year. The validation of the Company's end-to-end Drug Discovery platform continues through industry-leading collaborations with AstraZeneca and Merck KGaA. The Committee receives updates and considers the progress of these and any potential new collaborations at each scheduled meeting.

Product and Technology

It is recognised that the fundamental shift in the AI landscape, which began with the introduction of publicly-available, high-quality LLMs in November 2022, will result in a wide adoption of AI tools across biopharma R&D and as such there is an increasing demand for technology products that are modular, biopharma specific, secure and increase probability of R&D success. The Company, based on its extensive experience building highly specific, biopharma sector and domain-specialised AI models and exploring generative AI approaches for use across R&D, has an opportunity to leverage its core competencies in drug discovery and data integration to support the development of these new products.

The Committee considered and provided input for the Company's new suite of Knowledge Exploration tools and received updates regarding their market assessment. Please see page 13 for more information.

Organisational changes

The Committee oversaw the alignment of the organisational structure of the Company to the new strategic direction during the year with the purpose of improving capital efficiency and operational effectiveness. During the reorganisation, the Committee ensured that key capabilities in drug discovery, target identification and technology were retained within the business and made recommendations regarding the Company's new commercial function to drive revenue growth.

Governance

The Research and Development Committee approved its 2022 report, being part of the 2022 Annual Report and Accounts of the Company, in March 2023.

The Committee reviewed and provided recommendations regarding the strategic metrics and objectives of the performance measures of the Company's 2022 Long Term Incentive Plan to the Remuneration Committee and the Board.

Prof Sir Nigel Shadbolt
Research and Development Committee Chair
19 March 2024

Remuneration Committee report

Dr. John Orloff
Remuneration Committee Chair

Key highlights

- Approved the 2022 Remuneration report of the Company and reviewed the 2023 AGM voting outcome and feedback received from proxy advisors.
- Considered and approved the compensation package of the Acting CEO and the terms of departure of the outgoing CEO.
- Considered and approved the compensation package of new members of the Executive Leadership Team, including the acting CFO and the new CFO and the CRO.
- Considered and approved an RSU settlement approach for RSU holders with settlement obligations by year end of 2023 for awards vesting through 2022.
- Approved clarification of the bonus plan format for the Executive Director and Senior Management* for 2024 rollout with target and maximum payout ranges against STI metrics.
- Approved the 2023 grant of awards under the Company's 2022 Long Term Incentive Plan (LTIP) to Senior Management and the workforce. Approved changes to the LTIP for implementation in 2024 that introduces target and maximum levels of attainment for non-financial LTIP metrics.
- Oversaw the Company's workforce pay policies and practices.

* The definition of Senior Management for this purpose includes the Executive Leadership Team of the Company and any other direct reports of the Chief Executive Officer at VP level and above.

Dear Shareholders,

As Chair of the Remuneration Committee (the "Committee"), I am pleased to present you with the report of the Remuneration Committee for the year ended 31 December 2023. This report provides an overview of the Committee's role, main activities and areas of focus during the year.

Roles and responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration policy operated by the Company in respect of the Executive Director and Non-Executive Directors of the Company. The Committee also sets and monitors the level and structure of remuneration for the Company's Senior Management.

The Remuneration Committee conducted the annual review of its Terms of Reference during the year. In completing the review, the Committee concluded that its Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties. The full Terms of Reference of the Remuneration Committee can be found on the Company's website.

Composition and meeting attendance

Appointments to the Committee are made by the Board on the recommendation of the Nomination and Governance Committee. The Committee comprises Independent Non-Executive Directors and has been chaired by myself since its inception in April 2022. Dr. Jackie Hunter retired as a Non-Executive Director and was replaced by Marcello Damiani as a new member of the Committee on 21 June 2023. Jean Raby stepped off as a member of the Committee on 21 June 2023 to join the Company's Nomination and Governance Committee. Dr. Susan Liautaud continues to be a member of the Committee. The biographies of all Committee members are detailed on pages 46 and 47.

During the year, the Committee held a total of seven meetings: four scheduled and three ad-hoc. The four scheduled meetings were held in line with the quarterly meeting cycle of the Board, in March, June, September and December. The additional three meetings were held in July, August and September to discuss ad-hoc matters.

Committee membership and meeting attendance

			Meeting attendance in 2023	
Members of the Committee	Role	Member since	Scheduled Meetings	Ad-hoc Meetings
Dr. John Orloff	Committee Chair	Since 22 April 2022	4/4	3/3
Dr. Susan Liautaud	Committee member	Since 27 July 2022	4/4	2/3*
Marcello Damiani	Committee member	Since 21 June 2023	2/2	3/3
Jean Raby	Committee member	22 April 2022 until 21 June 2023	2/2	N/A
Dr. Jackie Hunter	Committee member	22 April 2022 until 21 June 2023	2/2	N/A

* Dr. Susan Liautaud was not able to attend one ad-hoc Committee meeting organised at short notice during the year due to other commitments.

Composition and meeting attendance continued

Committee meetings are attended by the members of the Committee and others who attend by invitation, being principally the CEO, CPO, CFO, SVP Finance and General Counsel and Company Secretary. Other members of the Executive Leadership Team and senior management may be invited to attend to provide insight or expertise in relation to specific matters. The external advisors of the Remuneration Committee may also be invited to attend the meetings to provide guidance and answer any technical questions. The external advisors did not attend any meetings during the year.

The Committee meets without the Executive Director and members of the Executive Leadership Team being present after each meeting. As Committee Chair, I also meet with the CPO regularly to discuss meeting agendas and follow up actions.

The Chair of the Committee reports to the Board on the proceedings of the Committee after each scheduled meeting and makes recommendations to the Board, as appropriate.

Main activities and areas of focus of the Remuneration Committee in 2023

Directors' remuneration

The Committee considered the Company's Remuneration Policy and determined that it continued to support the strategy and promote the long-term success of the Company while following the principles of the QCA Code where relatable to the Company. The Committee will consider a review of the Remuneration Policy in 2024.

Executive Director and Senior Management remuneration

Considering and approving the compensation package of the Acting CEO, the terms of departure of the CEO and, post-year end, the compensation package of the new CEO

Joanna Shields stepped down as the Company's Executive Director and CEO on 21 September 2023. The Committee reviewed and approved the terms of Joanna Shields' departure, in line with the Remuneration Policy of the Company. Please see page 84 for further information.

Joanna Shields continued to support the Board and the Company in a strategic adviser capacity until 19 March 2024 and the Committee considered and approved her related compensation.

As an interim measure, Dr. François Nader was appointed as Acting CEO while maintaining his role and responsibilities as Chair of the Board. The Committee considered and approved his Acting CEO compensation package for this period. Please see page 84 for more information.

Post-year end, following a thorough search process and the recommendation of the Nomination and Governance Committee the Board appointed Dr. Joerg Moeller as Executive Director and CEO with effect from 24 January 2024. The Committee reviewed and approved the compensation package of Dr. Joerg Moeller. Please see page 88 and 89 for more information.

Considering and approving the compensation packages of Senior Management

Setting and monitoring the level and structure of remuneration of Senior Management is within the Remuneration Committee's remit and in 2023 the Committee reviewed and approved the terms of departure of the outgoing CFO, compensation of the acting CFO, the new CFO and the CRO.

Non-Executive Directors' remuneration

The Board reviewed the Non-Executive Director annual fees during the year and recommended changes to the structure and level of additional annual fees paid to the Non-Executive Directors in respect of committee membership and committee chair appointments. The Board also approved additional annual fees for the Senior Independent Director and the Workforce NED. Please see page 89 for more information.

Short Term Incentive Plan (STIP)

In line with best practice the Committee approved clarification of the bonus plan and introduced a target and maximum payout range for the Executive Director and Senior Management for 2024 (with a view to roll out to the wider workforce in 2025) to ensure alignment of compensation with performance. Please see pages 79 and 85 for further information.

Long Term Incentive Plan (LTIP)

The Committee approved the grant of awards under the Company's 2022 Long Term Incentive Plan (LTIP) to Senior Management and the workforce.

The Committee considered and approved the following changes to the LTIP in 2023. This will be applicable for any PSU awards issued from 2024.

- Introduced target and maximum levels of attainment in respect of non-financial LTIP metrics on PSU awards as set out below:
  - Strategic measures (40% of award): Introduction of a target (10%) and maximum (20%) for vesting percentages on two strategic measures;
  - TSR (50% of award): No change to TSR-related vesting proportions as metric is directly quantifiable and the full comparator group can be found on page 88; and
  - ESG (10% of award): Introduction of target (3%) and maximum (6%) for number and type of third party ESG rating awards. Thresholds are not applicable to the other ESG measures.
- The Committee reviewed and approved the Peer Group for TSR to ensure that it remained appropriate in the context of the Company's evolving strategy and current market capitalisation. The full list of the constituents of the Peer Group can be found on page 88.

Long Term Incentive Plan (LTIP) continued

Evaluating and approving ongoing share portal closure due to liquidity challenges

During 2023, the BenevolentAI share portal remained closed due to low liquidity of shares. All participants (Executive Director, Non-Executive Directors, Senior Management and the workforce) continued to be restricted from receiving shares from settlement of RSUs and exercise of options, except for the Company funded RSU settlement as described below. The Company and Board re-evaluated its position in June 2023. The decision was made to continue with portal closure due to the ongoing low liquidity challenge, daily liquidity being unlikely to meet the expected need surrounding commonly used "sell to cover" arrangements to settle tax obligations of participants arising on settlement of RSUs and exercise of options. It's likely that the portal will remain closed for transactions for all participants, until such time as there is stock liquidity sufficient to settle transactions.

Considering and approving a Company-funded RSU settlement approach for RSU holders with settlement obligations by year end of 2023 for awards vesting through 2022

The Committee considered and recommended for Board approval the settlement of RSUs granted under the 2016 Share Option Plan of the Company to participants (Executive Director*, Non-Executive Directors, Senior Management and the workforce) who have US tax exposure as part of their profile and which had vested in the calendar year 2022. Settlement of the RSUs was needed due to US tax rules and mandated time periods following a vesting date. The RSUs were settled on 25 October 2023 on a net basis for employees (current and former*) and one Non-Executive Director and on a gross basis for non-employees (consultants and one Non-Executive Director). The settled shares reside in the Employee Benefit Trust, and are locked up by virtue of the share portal closure until this restriction due to the liquidity challenge is reassessed and solved for. Please see page 86 and 87 for further information.

* At the point of RSU settlement Joanna Shields was no longer in role.

Share Ownership Guidelines for the Executive Director and Senior Management

The Executive Director and Senior Management are encouraged to hold shares in the Company. The Committee acknowledges the importance of having formal Share Ownership Guidelines in place to govern minimum shareholding requirements for executives. The Committee is committed to reviewing and considering this requirement in the coming year. The Committee believes that the recent strategic review of the business and changes at executive level mean the Committee and the Board would benefit from a period of reflection to appropriately assess how best to meet this requirement. The Committee continues to monitor the level of shareholdings by Directors.

Workforce

The Committee reviewed and approved the Company's proactive and strategic approach to workforce retention incentives in response to business right-sizing and restructuring, recognising the importance of retaining key talent during this transitional period.

Oversaw the Company's pay policies and practices for its wider workforce

During the year, the Committee also reviewed and considered pay policies and practices for the wider workforce, including delegating authority for the Executive Leadership Team to grant awards under the LTIP, confirming and reviewing end of year reward structures (including annual salary review and assessing the extent to which targets have been achieved under the performance-related bonus scheme) and ensuring the alignment of incentives and rewards with culture. These considerations were taken into account when reviewing and approving the compensation package of the new Executive Director and the level and structure of the remuneration of Senior Management.

Remuneration Policy

The key objective of the Company's Remuneration Policy is to set out the overall principles and structure for remuneration of the Directors of the Company, including

- support retention, motivation and recruitment of talented executives in a competitive and dynamic environment;
- strengthen focus on short-term and long-term objectives through performance-related pay and awards;
- support the delivery of the Company's business strategy, alignment with the long-term interests of stakeholders and the creation of long-term sustainable value; and
- ensure fairness and transparency in how Directors are compensated and how pay decisions are made.

Remuneration Policy continued

The table below sets out the key elements of the Remuneration Policy for the Executive Director.

Element	Purpose & Link to Strategy	Operation	Maximum Opportunity	Performance Metric
Base Salary	To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the business strategy.	The Remuneration Committee sets base salaries, taking into account a range of factors including: • the individual's skills, performance and experience; • internal relativities and wider workforce salary levels; • external benchmark data and market practice in the biotech and technology sectors; • the size and responsibility of the role; • the complexity of the business and geographical scope; and • economic indicators.	Base salary will be targeted to be positioned around the upper quartile of other companies of a similar size and complexity, taking into account practice at other companies in the biotech and technology sectors. Increases will normally be in line with the typical level of increases awarded to other employees at the Company and will be a reflection of the individual's performance. The Remuneration Committee may award increases above this level in certain circumstances, including if there is an increase in the scope of roles and responsibilities. Base salaries are usually reviewed at least every two years.	N/A
STIP	To support the delivery of the Group's annual business plan. The focus is on the delivery of annual portfolio, platform and tools, commercial and corporate objectives. Bonus metrics for 2023 are detailed on page 85.	Performance targets are approved annually by the Remuneration Committee. The Remuneration Committee exercises its judgement to determine payout levels after the year end, based on performance against targets. This ensures that the outcome is fair in the context of overall Group performance and against personal goals.	The maximum award opportunity in respect of any financial year is based on role and is up to 100% of base salary for the Executive Director (CEO). The annual bonus will normally be payable in cash in February, following the year end. In 2024, the bonus plan format for the Executive Director will include a target and maximum bonus opportunity linked to attainment levels against specified goals.	Performance is measured against a range of key objectives across drug discovery, product and technology, commercial and corporate as well as the underlying performance of the business, the individual's personal performance and the stakeholder experience during the period. Stretch targets are set for maximum payout. Performance is measured over twelve months.

Remuneration Policy continued

Element	Purpose & Link to Strategy	Operation	Maximum Opportunity	Performance Metric
LTIP (PSU)	To reward participants for the delivery of the Group's goals of driving shareholder value through measures such as the Group's strategic objectives, TSR and ESG.	Award of shares subject to performance measured over a three-year period. Performance targets are set annually for each three-year cycle by the Remuneration Committee. Awards are subject to review by the Remuneration Committee at the end of the three-year performance period to confirm that vesting of the award is appropriate. Unvested awards can be reduced or withheld in certain circumstances. Vested awards are subject to a two-year holding period for the Executive Director (CEO).	The maximum annual award opportunity is based on role and is 200% of base salary for the Executive Director (CEO).	Vesting of the award is currently based on a combination of the following performance measures: • Strategic objectives covering the pipeline, out-licensing activities, collaborations; • ESG measures that prioritise our impact and allow us to monitor progress; and • Cumulative Group TSR compared to a predefined list of EU and US biotechnology peers. Further details can be found on pages 77 and 88. The split between measures, for each grant, is set annually by the Remuneration Committee. In 2023, 40% of the award was based on strategic objectives, 10% on ESG measures and 50% on TSR. The Committee reviewed the composition and split of these metrics in 2023 and determined this to be the appropriate balance for current business alignment. Alternative measures and weightings, as appropriate, will be similarly considered going forward.
LTIP (RSU)	To retain and reward participants for the delivery of the Group's goals of driving shareholder value.	Award of shares subject to time served over a three-year period. Awards are subject to review by the Remuneration Committee at the end of the three-year performance period to confirm that vesting of the award is appropriate. Unvested awards can be reduced or withheld in certain circumstances. Vested awards are subject to a two-year holding period for the Executive Director (CEO).	The maximum annual award opportunity is based on role and is up to 75% of base salary every three years (equivalent to 25% annually) for the Executive Director (CEO).	Vesting is subject to continued employment over a fixed period. It is intended that any RSU awards will normally vest annually over a three-year period, but the Remuneration Committee retains discretion to apply a shorter, longer or phased vesting period and to require a post-vesting holding period. Vesting of RSU awards will not normally be subject to the achievement of performance conditions.

Remuneration Policy continued

Element	Purpose & Link to Strategy	Operation	Maximum Opportunity	Performance Metric
Pension	To provide a competitive, flexible retirement benefit in a way that does not create an unacceptable level of financial risk or cost to the Group.	The Executive Director (CEO) is auto-enrolled into a defined contribution pension plan and is offered the alternative of a cash allowance.	Employer contribution into the Group's defined contribution pension plan of up to 5% of salary for the UK (or a cash payment in lieu), and 3% matching contribution to the US 401k plan.	N/A
Other Benefits	To provide market competitive monetary and non-monetary benefits, in a cost-effective manner, to assist employees in carrying out their duties efficiently.	The Executive Director (CEO) is provided with a package of core benefits, including private healthcare, health cashback plan, life insurance, and reimbursement of membership fees of professional bodies.	There is no maximum value of the core benefit package as this is dependent on the cost to the Company and the individual's circumstances.	N/A

Notes to the policy table

1. Malus and clawback

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of LTIP awards. These provisions may be applied without limitation where the Remuneration Committee considers that there are exceptional circumstances. Such exceptional circumstances include serious reputational damage, negligence or gross misconduct by the participant, corporate failure, a failure of risk management, material financial misstatement, an error in available financial information or misleading data which led to the grant of an award or vesting of an award being greater than it would otherwise have been, or personal misconduct. The Remuneration Committee can make a determination in relation to a malus and clawback event within three years of becoming aware of it. No malus or clawback provisions were utilised in the financial year ended 31 December 2023.

2. Payment for loss of office

In a departure event, the Committee will typically consider whether any element of bonus should be paid for the financial year. Generally, any bonus, if paid, will be limited to the period served during the financial year in which the departure occurs. The Committee will consider whether any of the share element of deferred bonus awarded or LTIP in prior years should be preserved either in full or in part and whether any deferred cash payments should be preserved either in full or in part. The Committee has a discretionary approach to the treatment of leavers, on the basis that the facts and circumstances of each case are unique.

The overriding approach to payments for loss of office is to act in the shareholders' interests. The default position is that an unvested share award, LTIP or cash entitlement lapses on cessation of employment. This provides the Committee with the maximum flexibility to review the facts and circumstances of each case, allowing differentiation between good and bad leavers, and avoiding payment for failure. When considering a departure event, there are a number of factors which the Committee takes into account. These include:

- the position under the relevant plan documentation;
- the individual circumstances of the departure;
- the performance of the Company/individual during the year to date; and
- the nature of the handover process.

If the Committee, at its discretion, permits an award to vest in a departure event, awards which would otherwise lapse by default may vest either on the normal vesting date or on cessation of employment, under the rules of the relevant plan. These circumstances may include death, injury, ill-health, disability, redundancy or sale of the Company or business.

Remuneration report

This section of the Remuneration report explains how the Remuneration Policy has been implemented during the year.

Remuneration received by Directors in the year ended 2023

The table below sets out the Single Total Figure of Remuneration ('STFR') for the Executive Director (CEO) and Non-Executive Directors for 2023.

		For the year ended 31 December 2023					
Name	Role	Salary (£)	Fees (£)	Bonus[10] (£)	Benefits[11] (£)	Total LTIP awards[12] (£)	STFR[13] (£)
Dr. François Nader[1]	Non-Executive Director and Chair, and Acting CEO from 21 September 2023	**227,404**[1a]	**99,825**[1b]	—	—	—	**327,229**
Joanna Shields[2]	Executive Director and CEO (until 21 September 2023)	**395,544**	—	—	**21,151**	—	**416,695**
Dr. John Orloff[3]	Non-Executive Director	—	**100,000**	—	—	—	**100,000**
Jean Raby[4]	Non-Executive Director	—	**100,000**	—	—	—	**100,000**
Dr. Jackie Hunter (until 21 June 2023)[5]	Non-Executive Director	—	**37,949**	—	**4,315**[11a]	—	**42,264**
Marcello Damiani (from 4 May 2023)[6]	Non-Executive Director	—	**55,538**	—	—	—	**55,538**
Prof Sir Nigel Shadbolt[7]	Non-Executive Director	—	**90,000**	—	—	—	**90,000**
Dr. Olivier Brandicourt[8]	Non-Executive Director	—	**88,051**	—	—	—	**88,051**
Dr. Susan Liautaud[9]	Non-Executive Director	—	**86,667**	—	—	—	**86,667**

		For the year ended 31 December 2022						
Name	Role	Salary (£)	Fees (£)	Other (£)	Bonus (£)	Benefits (£)	Total LTIP awards (£)	STFR (£)
Dr. François Nader	Non-Executive Director and Chair	—	93,795	—	—	—	—	93,795
Joanna Shields	Executive Director and CEO	526,713	—	—	279,548	20,322	369,049	1,195,632
Dr. John Orloff	Non-Executive Director	—	73,795	—	—	—	—	73,795
Jean Raby (from 22 April 2022)	Non-Executive Director	—	55,179	—	—	—	—	55,179
Dr. Jackie Hunter	Non-Executive Director	—	73,795	—	—	13,814	—	87,609
Prof Sir Nigel Shadbolt	Non-Executive Director	—	73,795	—	—	—	—	73,795
Dr. Olivier Brandicourt (from 22 April 2022)	Non-Executive Director	—	55,179	—	—	—	—	55,179
Dr. Susan Liautaud (from 30 June 2022)	Non-Executive Director	—	40,308	—	—	—	216,684	256,992

Remuneration report continued

Remuneration received by Directors in the year ended 2023 continued

Table footnotes

1. Dr. François Nader*
   1a. Representative of Acting CEO earnings from 21 September 2023 to 31 December 2023 (84,968 USD per month attributable to CEO salary)
   1b. Representative of NED and committee membership earnings in 2023. Annual fee structure as follows:
   - 1 January 2023 – 1 May 2023
     - Chair of the Board Fee (80,000 GBP)
     - Chair of the Nomination and Governance Committee and member of the Audit, Finance and Risk Committee (20,000 GBP)
   - 1 May 2023 – 21 September 2023
     - Chair of the Board Fee (80,000 GBP)
     - Chair of the Nomination and Governance Committee (20,000 GBP)
     - Member of the Audit, Finance and Risk Committee until 21 June 2023 and member of the Research and Development Committee from 21 June 2023 until 21 September 2023 (15,000 GBP)
   - 21 September 2023 – 31 December 2023
     - Chair of the Board (8,134 USD per month)

* USD converted into GBP for purposes of calculating STFR.

2. Joanna Shields representative of actual earnings in 2023 up to the departure date of 21 September 2023 (full year salary 545,000 GBP)
3. Dr. John Orloff representative of NED and committee membership earnings in 2023. Annual fee structure as follows:
   - 1 January 2023 – 1 May 2023
     - Non-Executive Director (60,000 GBP)
     - Chair of the Remuneration Committee and member of the Research and Development Committee (20,000 GBP)
   - 1 May 2023 – 31 December 2023
     - Non-Executive Director (60,000 GBP)
     - Chair of the Remuneration Committee (20,000 GBP)
     - Member of the Research and Development Committee (15,000 GBP)
     - Workforce NED (15,000 GBP)
4. Jean Raby representative of NED and committee membership earnings in 2023. Annual fee structure as follows:
   - 1 January 2023 – 1 May 2023
     - Non-Executive Director (60,000 GBP)
     - Chair of the Audit, Finance and Risk Committee and member of Remuneration Committee (20,000 GBP)
   - 1 May 2023 – 31 December 2023
     - Non-Executive Director (60,000 GBP)
     - Chair of Audit, Finance and Risk Committee (20,000 GBP)
     - Member of the Remuneration Committee until 21 June 2023 and member of the Nomination and Governance Committee from 21 June 2023 (15,000 GBP)
     - Senior Independent Director (15,000 GBP)
5. Dr. Jackie Hunter representative of NED and committee membership earnings until 21 June 2023. Annual fee structure as follows:
   - 1 January 2023 – 21 June 2023
     - Non-Executive Director (60,000 GBP)
     - Member of the Remuneration Committee and member of the Research and Development Committee (20,000 GBP)
6. Marcello Damiani representative of NED and committee membership earnings from 4 May 2023. Annual fee structure as follows:
   - 4 May 2023 – 21 June 2023
     - Non-Executive Director (60,000 GBP)
   - 21 June 2023 – 31 December 2023
     - Non-Executive Director (60,000 GBP)
     - Member of the Remuneration Committee (15,000 GBP)
     - Member of the Research and Development Committee (15,000 GBP)
7. Prof Sir Nigel Shadbolt representative of NED and committee membership earnings in 2023. Annual Fee structure as follows:
   - 1 January 2023 – 1 May 2023
     - Non-Executive Director (60,000 GBP)
     - Chair of Research and Development Committee and member of the Nomination and Governance Committee (20,000 GBP)
   - 1 May 2023 – 31 December 2023
     - Non-Executive Director (60,000 GBP)
     - Chair of Research and Development Committee (20,000 GBP)
     - Member of the Nomination and Governance Committee until 21 June 2023 and Member of Audit, Finance and Risk Committee from 21 June 2023 (15,000 GBP)
8. Dr. Olivier Brandicourt representative of NED and committee membership earnings in 2023. Annual fee structure as follows:
   - 1 January 2023 – 1 May 2023
     - Non-Executive Director (60,000 GBP)
     - Member of Nomination and and Governance Committee and member of the Audit, Finance and Risk Committee (20,000 GBP)
   - 1 May 2023 – 21 September 2023
     - Non-Executive Director (60,000 GBP)
     - Member of Audit, Finance and Risk Committee (15,000 GBP)
     - Member of Nomination and Governance Committee (15,000 GBP)
   - 21 September 2023 – 31 December 2023
     - Non-Executive Director (60,000 GBP)
     - Member of Audit, Finance and Risk Committee (15,000 GBP)
     - Chair of Nomination and Governance Committee (20,000 GBP)
9. Dr. Susan Liautaud representative of NED and committee membership earnings in 2023. Annual fee structure as follows:
   - 1 January 2023 – 1 May 2023
     - Non-Executive Director (60,000 GBP)
     - Member of the Nomination and Governance Committee and member of the Remuneration Committee (20,000 GBP)
   - 1 May 2023 – 31 December 2023
     - Non-Executive Director (60,000 GBP)
     - Member of the Remuneration Committee (15,000 GBP)
     - Member of Nomination and Governance Committee (15,000 GBP)
10. No bonus paid to Joanna Shields as CEO due to departure and no bonus paid to Dr. Francois Nader as Acting CEO
11. Benefits inclusive of private medical insurance, health cash plan, pension scheme employer contribution and pension cash allowance
    a. The benefit shown for Dr. Jackie Hunter is representative of Private Medical Insurance only. This was a legacy healthcare benefit and was discontinued in 2023 prior to the retirement as Non-Executive Director of the Company in June 2023. There is no ongoing medical coverage or benefits for any other Non-Executive Directors.
12. No LTIP (inclusive of Restricted Share Units or Performance Share Units) were granted in 2023.
13. STFR inclusive of salary, and or fees, bonus and benefits in 2023.

Remuneration report continued

Executive Director remuneration 2023

On 21 September 2023, Joanna Shields stepped down as CEO and Executive Director of the Company. In order to provide the Company with continuity whilst the search process was underway, Dr. François Nader assumed the role of Acting CEO on an interim basis on 21 September 2023, while maintaining his Chair of the Board role and responsibilities. Dr. François Nader stepped down as chair and member of the Nomination and Governance Committee and member of the Research and Development Committee during his tenure as Acting CEO.

Following the appointment of Dr. Joerg Moeller as CEO and Executive Director on 24 January 2024, Dr. François Nader stepped down as Acting CEO and reverted to his position as Independent Non-Executive Chair of the Board, chair of the Nomination and Governance Committee and member of the Research and Development Committee.

During his role as Acting CEO, Dr. François Nader received an interim executive compensation package inclusive of a monthly rate of 93,102 USD (84,968 USD attributed to Acting CEO role and 8,134 USD to Chair role). No annual performance bonus was issued to Dr. François Nader during this period and there was no participation in the Company's LTIP.

On departure, Joanna Shields was entitled to receive 12 months of Pay in Lieu of Notice (545,000 GBP) and outstanding holiday payment owed (50,308 GBP). As part of the departure, Joanna had 4,913,813 RSUs retained and settled via the RSU settlement process and 340,440 RSUs retained as a vested amount to be settled at a later date. 797,882 total LTIP (inclusive of RSUs and PSUs) were forfeited as a result of departure. No new LTIP were issued to Joanna in 2023; no performance bonus was paid; and, no further loss of office payments were made.

Joanna Shields continued to support the Board and the Company in a strategic adviser capacity until 19 March 2024.

CEO Single Total Figure of Remuneration

The table below sets out the CEO's single total figure of remuneration for the year ended 31 December 2023; there is no percentage of maximum bonus shown for 2023, as the decision was taken by the Remuneration Committee to award no bonus to the CEO in light of her leaving office on 21 September 2023.

The table below is also inclusive of the Acting CEO's single total figure of remuneration for the year ended 31 December 2023 (comprising Acting CEO salary and Chair of the Board fees).

	For the year ended 31 December 2023	
	Joanna Shields	**Dr. Francois Nader**
Total remuneration[1] (£)	**395,544**	**327,229**
Annual bonus[2] (as a % of maximum opportunity)	—	—
LTIP value[3] (£)	—	—

	For the year ended 31 December 2022
	Joanna Shields
Total Remuneration[4] (£)	526,713
Annual bonus[5] (as a % of maximum opportunity)	63%
LTIP value (£)	369,049

Table Footnotes

1. Total remuneration representative of actual earnings for Joanna Shields up to the departure date of 21 September 2023 and total earnings for Dr. François Nader as Acting CEO and Chair from 21 September to 31 December 2023.
2. No performance bonus was awarded to Joanna Shields or Dr. François Nader in 2023.
3. No LTIP (inclusive of Restricted Share Units or Performance Share Units) was granted in 2023.
4. 2022 base salary is representative of earnings in the year, combined salary pre-listing (490,140 GBP) and post-listing (545,000 GBP).
5. 2022 annual bonus % representative of 31% out of the maximum 50% from old bonus scheme in the period from January to April and 63% out of the maximum 100% from new bonus scheme in the period from May to December.

Remuneration report continued

Annual Bonus

For the year ended 31 December 2023 the Executive Director (CEO) was eligible to earn an annual bonus of up to 100% of salary for the period from 1 January to 31 December, based upon achievement of Company objectives and personal performance measures in accordance with the Remuneration Policy. The decision was taken by the Remuneration Committee to award no bonus to Joanna Shields for 2023 in light of her leaving office on 21 September 2023.

The metrics set out below provide insight into what performance meant for 2023, and how the outcomes for the Company were assessed against strategic goals.

Metrics for 2023 were amended to take into account the deployment of an updated strategic plan and restructure following business rightsizing and restructuring.

Company objectives unlock up to 50% of maximum bonus potential, whilst personal performance unlocks up to 50%. The bonus calculation in relation to Company objectives is set out below. Given the commercially sensitive nature of these targets, high-level descriptions are provided.

In line with best practice the annual bonus structure for 2024 for the Executive Director will incorporate a target and maximum payout range to ensure alignment of compensation with performance.

Area	Description	Target (%)	Achievement (%)
Portfolio	Objectives covered a range of pipeline measures and were moderated during the year following the strategic review with key items including: completion of Phase IIa study for BEN-2293; initiating Phase Ia study for BEN-8744; completing IND-enabling studies for BEN-280101 and transitioning BEN-34712 to IND-ready	30%	23%
Platform and Tools	Objectives covered a range of deliverables including; supporting and delivering on collaborations, and exploring initial development and validation of Knowledge Exploration tools, new data sources and TID offerings and capabilities	15%	9%
Commercial	Objectives covered a range of deliverables including signing a new strategic collaboration with Merck	35%	17.5%
Corporate	Completing a corporate restructure and retaining critical talent among a range of deliverables	20%	12%

Pension and Benefits

The former CEO was provided with Company benefits in line with the workforce, including pension scheme with up to 5% of the former CEO's base salary, matching employer contribution to a stakeholder pension scheme in the UK (or a cash payment in lieu). The former CEO also received private medical insurance (family level cover) and life assurance of up to 4x base salary. The Acting CEO and Chair received no Company benefits for the duration of his tenure in the role.

Remuneration report continued

Long Term Incentives

Directors interests and shareholdings

The direct or indirect interests of the Directors holding office in the financial year ended 31 December 2023 (or of persons closely associated with them) in the shares and other equity instruments of the Company are set out below:

	For the year ended 31 December 2023							
Participant	Shares Owned Outright[1]	Total Share Incentive Scheme Participation as at 1 January	Total Awards Lapsed	RSU Settled[4]	Number of Unvested Share Options/ RSUs with Performance Conditions (as at 31 December)	Number of Unvested Share Options without Performance Conditions (as at 31 December)	Number of Vested but Unsettled/ unexercised Share Options/ RSUs (as at 31 December)	Total Share Incentive Scheme Participation as at 31 December
Dr. François Nader[5]	1,410,056	1,867,988	—	(1,400,991)[4a]	—	155,666	311,331	466,997
Joanna Shields (until 21 September 2023)	—	6,097,103	(842, 850)[6]	(4,913,813)[4b]	—	—	340,440	340,440
Dr. John Orloff	54,315	115,479	—	(49,185)[4c]	—	27,801	38,493	66,294
Jean Raby[2]	868,354	—	—	—	—	—	—	—
Dr. Jackie Hunter (until 21 June 2023)	192,465	707,654	—	—	—	—	707,654	707,654
Marcello Damiani (from 4 May 2023)	—	—	—	—	—	—	—	—
Prof Sir Nigel Shadbolt	—	115,479	—	—	—	10,693	104,786	115,479
Dr. Olivier Brandicourt[3]	555,477	—	—	—	—	—	—	—
Dr. Susan Liautaud	—	39,604	—	—	—	26,403	13,201	39,604

Table footnotes

1. The direct or indirect interest of the Directors holding office in the financial year ended 31 December 2023 (or of persons closely associated with them) in the A Shares of the Company.
2. Jean Raby also holds 325,873 B Shares and 971,890 B Warrants.
3. Olivier Brandicourt also holds 217,248 B Shares and 647,925 B Warrants.
4. This figure is representative of RSUs (Restricted Stock Units) vested in calendar year 2022 (full breakdown per individual can be found below)
   a. Out of a total of 1,867,988 RSUs granted to Dr. François Nader under the BenevolentAI Limited Share Option Plan 2016, 1,400,991 vested up to and including 31 December 2022 and were settled by BenevolentAI S.A for an overall value of GBP 1,159,346.
   b. Out of a total 5,849,779 RSUs granted to Joanna Shields under the BenevolentAI Limited Share Option Plan 2016, 4,913,813 vested up to and including 31 December 2022 and were settled by BenevolentAI S.A. Out of the vested RSUs, 15,706 were withheld by the Company for strike price and 2,302,113 to settle UK tax obligations with 2,595,994 shares ultimately distributed for an overall value of GBP 4,053,276.
   c. Out of a total of 115,479 RSUs granted to Dr. John Orloff under the BenevolentAI Limited Share Option Plan 2016, 49,185 vested up to and including 31 December 2022. Out of the vested RSUs, 159 were withheld by the Company for strike price, and 3,679 to settle UK tax obligations with 45, 347 shares ultimately distributed for for an overall value of GBP 40,570.
5. Settled shares for Dr. François Nader were vested prior to stepping up to Acting CEO.
6. Inclusive of 797,822 RSUs lapsed due to departure and 44,968 RSUs lapsed due to an award grant error from 2022 corrected in the year.

Remuneration report continued

Post-year end A Share acquisitions

Post-year end the following Directors of the Company (or persons closely associated with them) directly or indirectly acquired A Shares of the Company as set out below:

Director	Date of acquisition	Number of A Shares of the Company	Resultant total A Shareholding as at the date of the report
Dr. François Nader	6 February 2024	50,000	1,460,056
Dr. John Orloff	In the period from 6 February to 8 February 2024	25,000	79,315
Jean Raby	In the period from 6 February to 8 February 2024	24,544	892,898
Marcello Damiani	6 February 2024	50,000	50,000
Dr. Olivier Brandicourt	6 February 2024	50,000	605,477
Dr. Joerg Moeller	6 February 2024	25,000	25,000

RSU Settlement

As outlined on page 78, in 2023, the Remuneration Committee considered and recommended for Board approval the settlement of restricted stock units (RSUs) granted under the 2016 Share Option Plan of the Company to participants who have US tax exposure as part of their profile and which had vested in calendar year 2022. The RSU settlement action and pricing was completed on 25 October 2023.

Share awards granted in 2023

Our LTIP for the Executive Director remains consciously weighted toward a higher % of PSUs, ensuring a substantial portion of the overall LTIP scheme is directly tied to performance metrics.

No LTIP awards were granted to Non-Executive Directors in 2023.

Joanna Shields as Executive Director and CEO rescinded her applicable 2023 annual award prior to grant, and no LTIP award was made to Dr. François Nader as Acting CEO during the year.

Although no PSU awards were granted to Joanna Shields as Executive Director and CEO in 2023, the metrics set out on page 88 provide insight into what the criteria for 2023 PSU awards means, and how these outcomes would be due to vest.

In September 2023, the Remuneration Committee approved the introduction of levels of attainment that will trigger target and maximum against the Strategic and ESG measures. As no PSUs were awarded in 2023, these will be applicable from 2024 (as outlined on page 77).

Remuneration report continued

LTIP metrics, weightings and vesting criteria for PSUs for the 2023 – 2026 measurement period

Performance Measure	Percentage of PSUs to which the measure applies
TSR performance[1] Full TSR Peer Group for 2023 can be found below	**50%**
Strategic measures[2,3]	**40%**
1. Demonstrate the strategic value of the technology platform	20%
2. Demonstrate value of the pipeline by out-licensing key pipeline assets	20%
ESG measures[2]	**10%**
1. Achieving a BBB/ABB rating with MSCI and Sustainalytics (amended for 2023 onward, to include EthiFinance)	6%
2. Delivering a sustainability framework with KPIs and targets	2%
3. Conducting materiality assessments with key stakeholders every two years	2%

Table footnotes

1. The TSR Peer Group for 2023 included the following companies:
   - Abcellera Biologics Inc
   - CureVac NV
   - Relay Therapeutics Inc
   - Schrodinger Inc
   - Idorsia Ltd
   - Immunocore Holdings PLC
   - Alvotech SA
   - Prothena Corporation PLC
   - Recursion Pharmaceuticals Inc
   - Pharma Mar SA
   - Formycon AG
   - Exscientia PLC
   - Valneva SE
   - Uniqure NV
   - Merus NV
   - Biogaia AB
   - Nykode Therapeutics ASA
   - Zealand Pharma A/S
   - BioArctic AB
   - MorphoSys AG

   Proportion of the relevant percentage of the PSUs to vest as follows;

   Below the median TSR of the TSR Comparator Group: 0%

   At least equal to the median TSR of the TSR Comparator Group: 25%

   Between the median TSR of the TSR Comparator Group and the upper quartile TSR of the TSR Comparator Group: Pro rata on a straight-line basis between 25% and 100%

   At or above the upper quartile TSR of the TSR Comparator Group: 100%

   In the event that one of the comparator companies set out above is no longer listed on a recognised stock exchange at the end of the TSR performance period or for similar reasons is no longer considered to be an appropriate comparator, the Remuneration Committee shall retain the discretion to determine the treatment of such comparator company.
2. Due to the commercially sensitive nature of the Company's Strategic measures we have omitted annual revenue figures and other such information specific to achievement of targets and maximums.
3. No thresholds applicable on Strategic or ESG measures as threshold attainment considered unrealistic in these measures.

Remuneration report continued

CEO 2024 transition

Post-year end, following a thorough search process and the recommendation of the Nomination and Governance Committee, the Board appointed Dr. Joerg Moeller as Executive Director and CEO with effect from 24 January 2024 to fill the vacancy created by the resignation of Joanna Shields.

Dr. Joerg Moeller's executive compensation structure was reviewed and approved by the Remuneration Committee in January 2024 taking into account the skills and experience of Dr. Joerg Moeller and Company direction and strategy. The Company's Remuneration Policy is that base salary should normally be positioned at or close to the upper quartile of companies of a similar size and complexity taking into account market practice at companies in the biotech and technology sectors.

Dr. Joerg Moeller's compensation consists of annual Base Salary of 460,000 GBP and annual Executive Director Fee of 60,000 GBP. Given that Dr.Joerg Moeller was required to relocate for this role, he also received a one-off cash amount of 50,000 GBP and a relocation services package of 8,000 GBP (inclusive of a 12-month clawback policy) to facilitate a seamless transition.

On-hire long term incentives for Dr. Joerg Moeller's CEO role in the form of restricted share units ('RSUs') at 100% of base salary and performance share units ('PSUs') at 225% of base salary will be issued in 2024 in order to incentivise and reward the CEO for the long-term strategy. On hire awards remained consciously weighted toward a higher percentage of PSUs, ensuring that a greater proportion of the CEO remuneration package is directly tied to performance metrics.

Dr. Joerg Moeller will also be eligible to participate in the annual bonus scheme, where payout ranges are tied to personal performance targets, as well as the Company's overall performance. The annual target bonus is set at 50% of Base Salary with a maximum bonus at 100% of Base Salary.

Details of the performance measures versus targets will be disclosed in next year's remuneration report. Metrics for PSUs will be in line with those disclosed on page 77. Target and maximum levels of attainment in relation to the annual bonus scheme and PSU measures will apply from 2024.

Non-Executive Director fees

In March 2023, the Board reviewed and approved a change to the structure and level of additional fees paid to the Non-Executive Directors in respect of committee membership and committee chair appointments. Additional fees for other responsibilities such as Senior Independent Director and Workforce NED were also introduced as set out below.

Non-Executive Director fees were reviewed against companies of a similar size and complexity and it was determined that the annual fee structure remained broadly in line with market practice.

NEDs are not eligible to participate in incentive arrangements or receive pension or other benefits.

Annual fee and additional fee structure of the Non-Executive Directors is set out as follows:

- Annual fee of Non-Executive Directors (not including the Chair): GBP 60,000
- Annual fee of the Chair: GBP 80,000
- Additional annual fee for Non-Executive Directors serving on committees (regardless of the number of committee appointments): GBP 20,000 effective until 1 May 2023
- Additional annual fee for Non-Executive Directors serving as committee members (applicable per committee appointment): GBP 15,000 effective from 1 May 2023
- Additional annual fee for Non-Executive Directors serving as committee chairs (applicable instead of committee membership fee): GBP 20,000 effective from 1 May 2023
- Additional annual fee for the Senior Independent Non-Executive Director: GBP 15,000 effective from 1 May 2023
- Additional annual fee for the Workforce Non-Executive Director: GBP 15,000 effective from 1 May 2023

CEO pay ratio

The Company has chosen to use Option A as defined by the UK-listed company remuneration reporting requirements, as we recognise that this is the most statistically accurate method for calculating the ratio. Option A calculates the total full-time equivalent pay and benefits (inclusive of FTE remuneration, taxable benefits, and bonus) into a single total figure of remuneration (STFR) for all our UK employees as at 31 December 2023 in order to identify and rank the 25th, 50th and 75th percentiles.

These three pay ratios are then calculated against the CEO's single total figure of remuneration (inclusive of FTE remuneration, taxable benefits, and bonus). The above covers the period from 1 January 2023 to 31 December 2023, consistent with the single total figure of remuneration.

For transparency and consistency and in order to facilitate year-on-year comparison, the Company has decided to use the permanent CEO's full-time remuneration inclusive of 2023 remuneration. This provides a more accurate representation of the organisation's executive compensation structure, as the Acting CEO and Chair's annual salary is not reflective of the permanent executive compensation structure and does not allow for an accurate comparison year on year.

Remuneration report continued

CEO pay ratio continued

For the CEO and each UK employee employed on 31 December 2023, the single total figure of remuneration comprises the summation of base pay and benefits received from 1 January 2023 to 31 December 2023, including employer pension contributions or cash equivalent and includes the full-year bonus for the year ended 31 December 2023.

Financial Year	Method	Element	P25 (lower quartile)	P50 (median)	P75 (upper quartile)	CEO STFR 2023
2023	**Option A**	**CEO Pay Ratio**	**9:1**	**7:1**	**5:1**	
		Total Pay & Benefits[1]	**61,472**	**84,532**	**110,093**	**573,040[2]**
		Salary Only	**54,038**	**72,000**	**95,167**	**545,000**
2022	Option A	CEO Pay Ratio	14:1	11:1	8:1	
		Total Pay & Benefits	59,836	77,983	105,085	826,583
		Salary Only	50,000	65,000	86,400	526,713

Table footnotes

1. Workforce total pay and benefits inclusive of permanent UK employees employed as at 31 December 2023 and includes FTE remuneration, taxable benefits (inclusive of pension and private medical insurance), and 2023 annual bonus. This figure does not include LTIP for either the CEO or the workforce.
2. Due to CEO departure in September, Remuneration for 2023 is based on CEO earnings extrapolated forward to cover 12 months and includes FTE Remuneration, taxable benefits (inclusive of pension and private medical insurance). 2023 Bonus for the CEO is not reflected in STFR due to no bonus being paid out due to CEO departure.

Gender pay gap reporting

The Group recognises the importance of diversity and inclusion, including gender, at all levels of the Company.

Whilst the Group is not legally obliged to report on its gender pay gap given its relative size, it was the intention of the Group to begin reporting on gender pay gap in 2023. However, given the significant business change and right-sizing during the year, reporting was postponed to 2024 in order to appropriately reflect the revised population of the business.

Directors' agreements

Executive Director

Until 21 September 2023, the outgoing Executive Director (CEO) Joanna Shields was employed by BenevolentAI Limited pursuant to a combined Director's service agreement and terms of employment agreement ("CEO Agreement"). This set out standard and customary provisions covering both Executive Director and CEO duties and responsibilities. The agreement was of indefinite duration and governed by the laws of England and Wales.

The CEO agreement could be terminated by either party giving twelve months' prior written notice to the other party. BenevolentAI Limited was additionally entitled to terminate the Executive Director's (CEO) employment immediately and make a payment in lieu of notice equal to base salary. There were normally no other benefits payable on termination of employment but the Committee retained discretion to make a payment in lieu of pension and benefits for the notice period. In addition, the Company could terminate the CEO Agreement with immediate effect in certain circumstances that customarily entitle the termination of a service agreement without notice.

From 21 September 2023, Dr. François Nader was appointed as Acting CEO pursuant to a letter of employment with Benevolent Technology Inc. This was an "at will" employment relationship which was terminated effective 24 January 2024 upon the appointment of the new CEO Dr. Joerg Moeller.

Non-Executive Director

The Non-Executive Directors are elected for an initial term of three years pursuant to Non-Executive Director agreements for the provision of services (the " Services Agreements"). The Services Agreements may be terminated by either party on three months' prior written notice or six months' prior written notice in the case of the Chair's Services Agreement, and by the Company without notice where the Non-Executive Director is dismissed by the general meeting of the Company, breaches a material obligation of the service agreement, and in certain other circumstances that customarily entitle the termination of a service contract. The Services Agreements do not provide for the payment of any benefits to the Non-Executive Directors in the event of termination. The Company is entitled to terminate the Services Agreements immediately and make a payment to the Non-Executive Director equal to the fees the Non-Executive Director would have received during the outstanding notice period.

Dr. John Orloff
Remuneration Committee Chair
19 March 2024

Responsibility statement by the Board of Directors

for the year ended 31 December 2023

The Board of Directors of the Company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the consolidated financial position of the Company and its undertakings included in the consolidation taken as a whole (together "the Group") with reasonable accuracy at all times and to ensure that an appropriate system of internal controls is in place to ensure that the Group's business operations are carried out efficiently and transparently. In accordance with Article 3 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Board of Directors of the Company declare that, to the best of their knowledge, the audited consolidated financial statements of the Company for the year ended 31 December 2023 as presented in this Annual Report, and established in conformity with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities and financial position of the Group as of that date and results of the Group for the period then ended. In addition, the Annual Report includes a fair review of the development and performance of the Group's business operations during the year and of principal risks and uncertainties, where appropriate, faced by the Group as well as other information required by the Article 68 ter of the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended.

On behalf of the Board of Directors of the Company:

Dr. François Nader
Chair
19 March 2024

Dr. Joerg Moeller
Chief Executive Officer
19 March 2024

Independent auditor's report

to the Shareholders of BenevolentAI S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of BenevolentAI S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated 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.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 6 to the consolidated financial statements.

Report on the audit of the consolidated financial statements continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for revenue collaboration agreements During the year ended 31 December 2023, the Group recognised revenue from collaboration agreements with AstraZeneca and Merck ("collaboration agreements"). The collaboration agreements each have their own separate terms and conditions. We considered the accounting for the collaboration agreements to be a key audit matter due to the judgements involved in applying the IFRS 15 "Revenue from Contracts with Customers", in particular the complete identification of performance obligations, allocation of the transaction price to those performance obligations and the estimation of costs to complete collaboration agreements.	In respect of the revenue recognised for the year ended 31 December 2023: • We inspected the signed collaboration agreements to understand their key terms; • We assessed the appropriateness of the identification by management of the performance obligations and the appropriateness of the accounting for those collaboration agreements; • We evaluated management's allocation of the transaction price to the performance obligations of the collaboration agreements; • We assessed the completeness and accuracy of both costs incurred to the reporting date and calculations prepared by management on the costs to complete the collaboration agreements; and • We assessed the appropriateness of the disclosures in Notes 5 "Revenue" and 2.15 "Revenue recognition" to the consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Annual Report including the Consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Report on the audit of the consolidated financial statements continued

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 4 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:

- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Represented by

Andrei Chizhov
PricewaterhouseCoopers, Société coopérative
Luxembourg
19 March 2024

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	**2023 Total £'000**	2022 Total £'000
Revenue	5	**7,331**	10,560
Research and development ("R&D") expenses		**(60,776)**	(71,884)
Included within R&D expenses:			
Restructuring programme expenses[1]	22	**(3,867)**	—
Employee-related share-based payment ("SBP") expenses	23	**(441)**	(6,791)
Administrative expenses		**(24,551)**	(135,876)
Included within administrative expenses:			
Restructuring programme expenses[1]	22	**(1,055)**	—
Listing service expense[1]		**—**	(83,067)
Employee-related SBP expenses	23	**(1,086)**	(20,823)
Other income		**423**	166
Operating loss		**(77,573)**	(197,034)
Finance income	8	**5,330**	19,286
Included within finance income:			
Fair value revaluation of warrants[1]	8	**352**	17,737
Finance expense	9	**(407)**	(2,104)
Loss before taxation		**(72,650)**	(179,852)
Taxation	10	**9,333**	15,924
Loss for the year		**(63,317)**	(163,928)
Basic and diluted loss per share, expressed in pence	11	**(53.5p)**	(150.2p)
Weighted average ordinary shares outstanding, number	11	**118,308,029**	109,110,109
Loss for the year		**(63,317)**	(163,928)
Other comprehensive expense that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**37**	31
Total comprehensive loss for the year		**(63,280)**	(163,897)

1. Non-normalised expenses are defined as those related to the restructuring programme undertaken following the strategic plan announced on 25 May 2023; those related to the Business Combination which took place in 2022 (the "Transaction"); the revaluation of investments which BAI does not control directly; and the revaluation of the warrants. See note 2.4 for further details.

No dividend has been declared or paid in either reporting period.

The notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Goodwill	12	**23,479**	23,479
Intangible assets	13	**19**	20
Property, plant and equipment	14	**2,290**	2,561
Investments	15	**1,892**	1,892
Right-of-use assets	16	**4,592**	5,915
Trade and other receivables	17	**171**	—
		32,443	33,867
Current assets			
Trade and other receivables	17	**8,715**	5,784
R&D tax receivable[1]		**9,767**	16,119
Short-term deposits	18	**36,429**	41,740
Cash and cash equivalents	18	**36,477**	88,442
		91,388	152,085
Total assets		**123,831**	185,952
Non-current liabilities			
Lease liabilities	21	**3,823**	5,688
Provisions	22	**700**	626
		4,523	6,314
Current liabilities			
Trade and other payables	19	**10,356**	14,877
Deferred income	20	**11,595**	2,874
Warrants		**2**	352
Lease liabilities	21	**925**	1,665
Provisions	22	**2,159**	5,871
		25,037	25,639
Total liabilities		**29,560**	31,953
Net assets		**94,271**	153,999
Equity			
Called up share capital	24	**103**	100
Share premium		**976,784**	930,495
Share-based payments reserve		**160,999**	203,739
Accumulated losses		**(519,408)**	(456,091)
Merger difference		**(524,572)**	(524,572)
Currency translation reserve		**365**	328
Total equity		**94,271**	153,999

1. It is expected that cash of £12.2 million will ultimately be recovered by the Group, following the retroactive increase in recoverable rate that was substantively enacted on 22 February 2024, after the end of the reporting period.

The notes form an integral part of these consolidated financial statements.

These consolidated financial statements were authorised by the Board of Directors on 19 March 2024.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Note(s)	Called up share capital £'000	Share premium £'000	SBP reserve £'000	Accumulated losses £'000	Merger difference £'000	Currency translation reserve £'000	Total equity £'000
Balance at 1 January 2022		243	211,158	86,854	(292,172)	54,568	297	60,948
Loss for the year		—	—	—	(163,928)	—	—	(163,928)
Foreign exchange difference		—	—	—	—	—	31	31
Transactions with owners, recorded directly in equity								
Capital reorganisation of Odyssey Acquisition S.A. ("Odyssey")		(149)	584,462	—	—	(579,140)	—	5,173
Repurchase and cancellation of G2 Growth Shares		(9)	—	—	9	—	—	—
Equity of PIPE Financing and backstop facility, net of costs		15	134,875	—	—	—	—	134,890
Listing service SBP expense		—	—	83,067	—	—	—	83,067
Equity-settled employee-related SBP transactions		—	—	33,818	—	—	—	33,818
Total contributions by and distributions to owners		(143)	719,337	116,885	9	(579,140)	—	256,948
Balance at 31 December 2022		100	930,495	203,739	(456,091)	(524,572)	328	153,999
Balance at 1 January 2023		100	930,495	203,739	(456,091)	(524,572)	328	153,999
Loss for the year		—	—	—	(63,317)	—	—	(63,317)
Foreign exchange difference		—	—	—	—	—	37	37
Transactions with owners, recorded directly in equity								
Net settlement of restricted stock units ("RSUs")	23, 24	3	46,289	(48,433)	—	—	—	(2,141)
Equity-settled employee-related SBP transactions	23	—	—	5,693	—	—	—	5,693
Total contributions by and distributions to owners		3	46,289	(42,740)	—	—	—	3,552
Balance at 31 December 2023		**103**	**976,784**	**160,999**	**(519,408)**	**(524,572)**	**365**	**94,271**

The notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note(s)	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year		**(63,317)**	(163,928)
Non-cash adjustments for:			
Depreciation and amortisation charges	13, 14, 16	**2,880**	3,056
Loss on disposal of property, plant and equipment		**5**	2
Equity-settled employee-related SBP expense	23	**5,693**	33,818
Non-cash listing service SBP expense		**—**	83,067
Foreign exchange loss/(gain)		**669**	(3,141)
Finance expense	9	**407**	2,104
Finance income	8	**(5,330)**	(19,286)
Revaluation of investment	15	**—**	491
R&D expenditure tax credit		**(9,780)**	(16,119)
Cash adjustments for:			
Gain on forward exchange settlement	8	**198**	—
Cost of settling RSUs under net settlement arrangement	23	**(2,141)**	—
Tax credit received		**16,132**	12,150
Operating cash flow before changes in working capital		**(54,584)**	(67,786)
Increase in trade and other receivables		**(3,102)**	(1,460)
Increase/(decrease) in trade and other payables		**4,200**	(1,505)
Decrease in provisions		**(3,638)**	(6,160)
Net cash from operating activities		**(57,124)**	(76,911)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,105)**	(1,158)
Transfers into short-term deposits		**(39,958)**	(41,740)
Transfers from short-term deposits		**45,269**	—
Interest received on bank deposits		**3,676**	1,544
Net cash from investing activities		**7,882**	(41,354)
Cash flows from financing activities			
Principal repayment on lease liabilities	21	**(1,684)**	(1,816)
Interest repayment on lease liabilities	21	**(326)**	(417)
Equity issue of PIPE and backstop facility		**—**	136,680
Expenses related to equity issue of PIPE and backstop facility		**—**	(11,338)
Payment of other finance expenses	9	**(81)**	(122)
Loss on forward exchange settlement		**—**	(1,565)
Cash acquired from capital reorganisation		**—**	41,556
Net cash from financing activities		**(2,091)**	162,978
Net (decrease)/increase in cash and cash equivalents		**(51,333)**	44,713
Cash and cash equivalents at 1 January		**88,442**	40,553
Effect of exchange rate fluctuations on cash held		**(632)**	3,176
Cash and cash equivalents at 31 December		**36,477**	88,442
Short-term deposits at 31 December		**36,429**	41,740
Cash, cash equivalents and short-term deposits at 31 December	18	**72,906**	130,182

The notes form an integral part of these consolidated financial statements.

1 Background to the Group

1.1 Corporate information

BenevolentAI (the "Company"), which is a Société Anonyme, is a publicly listed company on the Euronext Amsterdam, with the ticker symbol BAI.

The Company is limited by shares, incorporated under the laws of Luxembourg under registered number B255412, having its registered office 9, rue de Bitbourg, L-273 Luxembourg, Grand Duchy of Luxembourg.

The principal activity of the Company and its subsidiaries (collectively, the "Group" or "BAI Group") is that of creating and applying AI and machine learning to transform the way medicines are discovered and developed.

1.2 Group structure

BAI Group is managed by its ultimate parent company BenevolentAI, with the following five trading subsidiaries operating under one segment. The Group's opportunity to deliver future value depends on a unified and amalgamated approach across the whole of the Group and could not be achieved independently by any individual entity or separately identifiable line of business.

	Registered office address[2]	Principal business	Class of shares held	Ownership
BenevolentAI Limited	4-8 Maple Street, London, W1T 5HD, United Kingdom	Holding	Ordinary shares	100%
BenevolentAI Cambridge Limited[1]	4-8 Maple Street, London, W1T 5HD, United Kingdom	R&D	Ordinary shares	100%
BenevolentAI Bio Limited[1]	4-8 Maple Street, London, W1T 5HD, United Kingdom	R&D	Ordinary shares	100%
BenevolentAI Technology Limited[1]	4-8 Maple Street, London, W1T 5HD, United Kingdom	R&D	Ordinary shares	100%
Benevolent Technology Inc[1]	15 MetroTech Center, 8th FL, NY 11201, United States	R&D	Ordinary shares	100%
BenevolentAI Energy Limited[1]	4-8 Maple Street, London, W1T 5HD, United Kingdom	Dormant	Ordinary shares	100%
Stratified Medical Limited[1]	4-8 Maple Street, London, W1T 5HD, United Kingdom	Dormant	Ordinary shares	100%

1. Held indirectly.
2. The registered office address for each subsidiary is also its principal place of business, with the exception of BenevolentAI Cambridge Limited which operates from the Babraham Campus, Cambridge, CB22 3AT, United Kingdom.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards ("IFRS") as adopted by the EU, and applicable law. They have been prepared on a historical cost basis, except for financial instruments measured at fair value, and all amounts have been rounded to the nearest £'000. As set out in note 2.2 below, the consolidated financial statements have been prepared on a going concern basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements. Judgements made by the Board of Directors in the application of these accounting policies that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- IFRS 17 "Insurance Contracts"
- Definition of accounting estimates – amendments to IAS 8
- International tax reform – Pillar Two Model Rules – amendments to IAS 12
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12
- Disclosure of accounting policies – amendments to IAS 1 and IFRS Practice Statement 2

2 Accounting policies continued

2.1 Basis of preparation continued

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group:

- Classification of liabilities as current or non-current – amendments to IAS 1
- Non-current liabilities with covenants – amendments to IAS 1
- Lease liability in a sale and leaseback – amendments to IFRS 16
- Supplier finance arrangements – amendments to IAS 7 and IFRS 7
- Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28

These amendments are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

2.2 Going concern

The consolidated financial statements have been prepared on the going concern basis, which the Board of Directors considers appropriate for the following reasons.

The Group has prepared cash flow forecasts, that provide a cash runway, excluding any unsigned revenue to mid-2025, approximately 18 months after the end of the reporting period of these consolidated financial statements, being the period covered by Management's going concern assessment (the "assessment period").

The Group looks to sign additional collaborations in this period and, in the event of this being successfully concluded, this would further extend the Group's cash runway. Additionally, downside scenarios have also been considered, with corresponding cost-saving mitigating actions that allow for an extension of the Group's cash runway.

The Group's cash, cash equivalents and short-term deposits position of £72.9 million (2022: £130.2 million) comes from issuing equity via the Business Combination completed in April 2022 and related equity PIPE investment, in addition to upfront payments and other cash inflows from the ongoing collaboration with AstraZeneca ("AZ") and new collaboration signed with Merck during the year. The Group also benefits from cash inflows from the UK's R&D Tax credit scheme, with the most recent receipt being in July 2023.

The downside scenarios consider a range of possible risks, including exposure to macroeconomic factors, such as inflation and supply chain risk. No combination of these factors indicates that additional funding will be needed throughout the assessment period, due to various mitigating actions that the Board of Directors could implement to preserve cash and therefore extend the cash runway, if needed. These mitigating actions include signing additional revenues from signing further collaborations or outlicensing of proprietary pipeline programmes, and/or a reduction in operating expenses which are within the control of the Board of Directors.

As described in the outlook in the Financial review, the Group looks to sign at least one new collaboration in 2024, as well as outlicense at least one of its proprietary products, and continues to look for opportunities to reduce costs or reallocate to areas where it is believed the investment will generate the best shareholder value. These cash flow forecasts indicate that the Group will have sufficient funds to meet its liabilities for the assessment period.

Beyond mid-2025, the Group would require additional inflows to fund current operations and maximise the opportunity the Group sees within the AI-enabled drug discovery field. The Board of Directors remains confident that this is able to be achieved through inflows from signing additional revenues (as described above) and, if needed, additional funding and/or cost reduction measures.

2 Accounting policies continued

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.4 Normalised operating loss

Normalised operating loss for the years ended 31 December 2023 and 31 December 2022 is defined as operating loss excluding non-normalised transactions, defined as those related to the restructuring programme undertaken following the strategic plan announced on 25 May 2023; those related to the Transaction; the revaluation of investments which BAI does not control directly; and the revaluation of the warrants recognised as finance income. This is to show an underlying representation of operating losses for the respective periods and extends to normalised operating cash flows on the same basis.

Normalised operating losses, normalised operating cash flows and non-normalised transactions are each alternative performance measures ("APM"s) that are not calculated in accordance with IFRS and, therefore, may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to, and are not intended to substitute or supersede, IFRS measures.

This APM is in our view an important metric for a biotech company in the development stage. Removing the non-normalised costs, given their material, isolated and one-off nature, enables users to better compare the Group's normal operating performance between reporting periods.

The following table presents a reconciliation of normalised operating loss, to the closest IFRS measures, for the year ended 31 December:

		2023			2022		
	Note	**Normalised £'000**	**Non-normalised £'000**	**Total £'000**	Normalised £'000	Non-normalised £'000	Total £'000
Revenue	5	**7,331**	**—**	**7,331**	10,560	—	10,560
R&D expenses		**(56,909)**	**(3,867)**	**(60,776)**	(71,884)	—	(71,884)
Included within R&D expenses:							—
Restructuring programme expenses	22	**—**	**(3,867)**	**(3,867)**	—	—	—
Employee-related SBP expenses	23	**(441)**	**—**	**(441)**	(6,791)	—	(6,791)
Administrative expenses		**(23,496)**	**(1,055)**	**(24,551)**	(33,440)	(102,436)	(135,876)
Included within administrative expenses:							
Restructuring programme expenses	22	**—**	**(1,055)**	**(1,055)**	—	—	—
Employee-related SBP expenses	23	**(1,086)**	**—**	**(1,086)**	(16,940)	(3,883)	(20,823)
Listing service SBP expense		**—**	**—**	**—**	—	(83,067)	(83,067)
Transaction-related expenditure		**—**	**—**	**—**	—	(11,255)	(11,255)
Transaction-related stamp duty		**—**	**—**	**—**	—	(3,740)	(3,740)
Revaluation of investments		**—**	**—**	**—**	—	(491)	(491)
Other income		**423**	**—**	**423**	166	—	166
Operating loss		**(72,651)**	**(4,922)**	**(77,573)**	(94,598)	(102,436)	(197,034)

2 Accounting policies continued

2.4 Normalised operating loss continued

Similarly, normalised operating cash flows are considered on the same basis and to the same effect. The following table presents a reconciliation to the closest IFRS measures for the year ended 31 December:

	Note(s)	2023 £'000	2022[1] £'000
Cash flows from operating activities			
Loss for the year		**(63,317)**	(163,928)
Non-cash adjustments for:			
Non-normalised operating expenses	2.4	**4,922**	102,436
Depreciation and amortisation charges	13, 14, 16	**2,880**	3,056
Loss on disposal of property, plant and equipment		**5**	2
Other employee-related SBP expense	23	**5,693**	29,935
Foreign exchange loss/(gain)		**669**	(3,141)
Finance expense	9	**407**	2,104
Finance income	8	**(5,330)**	(19,286)
R&D expenditure tax credit		**(9,780)**	(16,119)
Cash adjustments for:			
Gain on forward exchange settlement	8	**198**	—
Cost of settling RSUs under net settlement arrangement	23	**(2,141)**	—
Tax credit received	23	**16,132**	12,150
Normalised operating cash flow before changes in working capital		**(49,662)**	(52,791)
Increase in trade and other receivables		**(3,102)**	(1,460)
Increase/(decrease) in trade and other payables		**4,200**	(1,505)
Decrease in other provisions		**(4,702)**	(6,160)
Cash expended from operating activities before non-normalised items		**(53,266)**	(61,916)
Cash outflows in respect of restructuring programme expenses		**(3,858)**	—
Cash outflows in respect of Transaction-related expenditure		**—**	(11,255)
Cash outflows in respect of Transaction-related stamp duty		**—**	(3,740)
Net cash outflow from operating activities		**(57,124)**	(76,911)

1. The 2022 comparative has been aligned with the presentation used in 2023, involving reclassifications which Management believes results in more relevant information.

2.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, GBP, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

2 Accounting policies continued

2.5 Foreign currency continued

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control, or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, is recycled to profit or loss as part of the gain or loss on disposal.

2.6 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these consolidated financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, short-term deposits, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any expected credit losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash balances and cash deposits with maturities of less than three months at their inception.

Short-term deposits

Short-term deposits include cash deposits with maturities of greater than three months but less than twelve months at their inception.

Investments

Investments are recognised initially at fair value. Subsequent to initial recognition they are measured at fair value through profit or loss using latest observable share price.

2.8 Derivative financial instruments

Warrants

As part of the Business Combination in 2022, BAI Group took on warrants which had been initially issued by Odyssey prior to the Transaction, as part of financing Odyssey's working capital and investment.

A derivative, other than a derivative that meets the definition of an equity instrument, is initially recognised as a financial asset or financial liability at its fair value on the date the derivative contract is entered into, and the related transaction costs are expensed. The fair values of the derivatives are remeasured at the end of each reporting period with changes in fair values recognised through profit or loss.

A derivative that will be settled by the Company delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash in terms of its functional currency or another financial asset is classified and presented as an equity instrument, rather than a financial liability. As the exercise price of the Company's share purchase warrants that are exercisable into common shares is denominated in EUR, however, the Company will receive a variable amount of cash in terms of its GBP functional currency upon exercise of the warrants subject to movements in foreign exchange.

The warrants are, therefore, presented as derivative financial liabilities.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation of the EUR denominated warrants are recognised as finance income/expense in the statement of comprehensive income.

2 Accounting policies continued

2.9 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to a single identifiable cash-generating unit and is not amortised but instead tested annually for impairment.

Research and development

Expenditure on research activities is recognised in the statement of comprehensive income as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible; the Group intends and has the technical ability and sufficient resources to complete development; future economic benefits are probable; and the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

Patents or rights to their future income acquired by the Group are initially recognised based on transaction price and stated at this cost less accumulated amortisation. Indicators of impairment are assessed at the end of each reporting period.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is recognised as an administrative expense in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, starting from the date they are available for use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful lives are as follows:

- Patents or rights to their future income – over the expected duration of the patent
- Software – length of software licence

Goodwill and intangible assets with an indefinite useful life are not amortised but are systematically tested for impairment annually.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of comprehensive income under either the administrative expense or R&D expense, depending on the classification of the asset, on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

• laboratory equipment	4–10 years
• computer equipment	3 years
• fixtures and fittings	4–5 years
• leasehold improvements	over the term of the lease or to the first-break clause, whichever is deemed most appropriate for the facility

Assets under construction are not depreciated until the asset is available for use, at which point the asset is transferred into either fixtures and fittings or leasehold improvements, and depreciated accordingly.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

2 Accounting policies continued

2.11 Lease liabilities and right-of-use assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (with terms of twelve months or less) and leases of low-value assets. Lease payments on these short-term or low-value assets are expensed to profit or loss on a straight-line basis over the term of the lease.

Lease liabilities

The lease liability is initially measured at the present value of lease payments over the lease term, less any already paid at the commencement date, discounted by using the rate implicit in the lease. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. If the rate implicit in the lease cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability, with a corresponding adjustment to the related right-of-use asset, whenever a lease contract is modified and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date and any lease incentives received, plus initial direct costs incurred and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life of the underlying asset. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

2.12 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2 Accounting policies continued

2.13 Impairment

Financial assets (including receivables)

Financial assets are assessed for indicators of impairment at the end of the reporting period. The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs of disposal ("FVLCOD"). Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. In assessing the fair value of the CGU to which the Goodwill has been allocated, Management has considered quoted market prices in an active market, as it considers the Group as a single CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Share-based payment transactions – BenevolentAI Equity Incentive Scheme ("BEIS")

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. At the point of exercise or settlement, awards are treated as equity-settled, including any portion withheld for tax purposes under a net settlement agreement.

Options or RSUs granted under the BEIS are composed of tranches that represent each increment that participants become entitled to over the vesting period. The fair value of each of these vesting tranches is recognised as an employee or related expense in the statement of comprehensive income, on a straight-line basis over the longer of either the time until the service condition is met or the trigger event is expected to take place ("vesting period"), with a corresponding movement to equity reserves. For each tranche continuing to have their FV charged after the trigger event, this is spread on a straight line basis over the service period. The fair value of the awards granted is measured using the Black-Scholes model. The amount to be expensed over the vesting period is adjusted to reflect the number of awards for which the related non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related non-market performance conditions at the vesting date.

At each consolidated statement of financial position date, the Group revises its estimates of the number of awards that are expected to vest, as well as the estimate of the vesting period. The impact of the revisions of original estimates, if any, is recognised in the statement of comprehensive income, with a corresponding adjustment to equity reserves, over the remaining vesting period.

2 Accounting policies continued

2.14 Employee benefits continued

Share-based payment transactions – Long Term Incentive Plan ("LTIP")

Awards granted to participants under the LTIP comprise RSUs and performance stock units ("PSUs"). The fair value for the RSUs has been determined and recognised on the same basis as under the BEIS post-trigger event, namely tied to the service condition.

The PSUs include both non-market vesting conditions and market vesting conditions. As with the BEIS, the number of equity instruments expected to vest which are tied to the non-market conditions is revisited at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest.

Market vesting conditions, however, are factored into the fair value of the awards granted. The portion of each PSU which relates to market vesting conditions carries a separate fair value, determined using the Monte Carlo Simulation model. Provided all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Tax payments related to share-based payments

This liability is recognised in-line with the relative portion of fair value charged for each tranche as at the balance sheet date, under both the BEIS and LTIP, adjusted for changes in expectation with regards to the non-market vesting conditions and based on the latest market share price available as at that same date.

2.15 Revenue recognition

Revenues to date have consisted principally of collaboration revenues, which typically consist of an initial upfront payment, periodic collaboration payments and potential milestone payments for research, development and commercial achievements plus royalties on net sales.

The Group initially recognises income under the collaboration as deferred revenue.

Once the contract has been identified in line with IFRS 15, each distinct performance obligation underpinning the collaboration agreement is determined, based on an assessment of whether the promises in an agreement are capable of being distinct and are distinct from the other promises to transfer goods and/or services in the context of the contract.

Fixed upfront payments are allocated against the performance obligations to which that upfront payment relates, using an input model which considers the proportion of total expected research and development costs expected to be required in order to deliver each performance obligation. Revenue is then recognised over directly attributable costs incurred thus far, necessarily incurred towards producing the required output, as a proportion of total direct costs expected to be incurred. This cost-to-cost method of revenue recognition provides a measure of the progress towards satisfaction of the underlying performance obligation. Frequent meetings between collaborators to discuss progress helps ensure this measure of progress provides a faithful depiction of the transfer of services.

Collaboration agreements may involve a series of milestone payments and bonus payments as the collaboration successfully progresses. These amounts represent variable consideration which are only included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This is typically only when the milestone or bonus is achieved, as confirmed by the collaborator. Where payments are included in the transaction price, we estimate the amount to be included in the transaction price using the most likely amount method.

At the end of each subsequent reporting period, Management re-evaluates the probability of achievement of relevant milestones and any related constraint. If necessary, we adjust our estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, affecting revenue in the period of adjustment.

Collaboration agreements include sales-based royalties, including commercial milestone payments based on the level of sales. Related revenue is recognised only as the subsequent underlying sales occur.

Management has determined that costs directly attributable to the collaboration agreements are immaterial. Cost of sales has, therefore, not been presented.

2.16 Other income

The Group recognises income for all government grants in relation to research and development, where there is reasonable assurance that the grant will be received and attached conditions will be complied with.

2 Accounting policies continued

2.17 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease where these are short-term leases with a period remaining of less than twelve months or of low value. Other leases that are assessed under IFRS 16 as finance leases have been accounted for in accordance with IFRS.

R&D expenditure

R&D expenditure, which includes a proportion of staff costs and directly attributable overheads, is currently recognised in the statement of comprehensive income as incurred, on the basis that the recognition criteria of IAS 38 (Intangible Assets) are currently not met.

2.18 Interest income and expenditure

Interest income and expenditure is recognised in the statement of comprehensive income as it accrues on a timely basis, by reference to the principal outstanding and effective interest rate applicable. Other finance income and expenditure relates to the fair value revaluation of the warrant liabilities at the balance sheet date, as well as the settlement of forward contracts.

2.19 Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.20 Issued capital

Ordinary and Sponsor shares are classified as equity. Proceeds in excess of the par value of the shares are shown as share premium in equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of share premium, net of tax, from the proceeds.

2.21 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability, where this would be material.

For the restructuring programme initiated in the year, the corresponding provision includes expenditure that is directly attributable and necessarily entailed by the programme and does not relate to the ongoing activities of the Group. Included in these costs are those associated with contractual obligations that no longer provide economic benefit to the Group.

3 Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other relevant factors, including Management's reasonable expectations of future events. The preparation of these consolidated financial statements requires Management to make estimates and assumptions concerning the future. The estimates and the underlying assumptions are subject to continuous review.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

In preparing these consolidated financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are as follows.

3.1 Critical judgements in applying accounting policies

Revenue

The second AZ collaboration, entered into in 2022, is related to two disease areas and has been treated by the Group as a separate agreement, since it has identified new and distinct performance obligations that did not exist in the previous agreement entered in 2021.

This collaboration works across two disease areas using a similar methodology in each. In identifying the performance obligations within the contract, Management has made judgements in categorising each disease area as its own discrete performance obligation, where their delivery is both independent from one another and deemed to require an equal amount of effort, and where they are individually considered a distinct bundle of services.

Similarly, the new collaboration entered into with Merck in the year relates to three separate disease areas, each considered to involve a distinct bundle of services. Each research plan includes upfront payments, in addition to separate and sequential discovery milestones which trigger collaboration payments to become due to BAI if successfully passed. The allocation of consideration for any performance obligation is an estimate based on the proportion of total expected directly attributable costs to be incurred in their delivery.

Whilst the upfront payments are considered fixed consideration, the corresponding transaction price for each discovery milestone is seen as variable consideration and, therefore, factored in only when Management considers it at least highly probable that the associated milestone will be achieved.

At the end of a research plan's discovery phase, fees and royalties may become due to BAI as the asset progresses through further development and commercial milestones, with tiered royalties also payable on net sales of any commercialised products.

Goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

The determination of the fair value of the assets and liabilities is based, to a considerable extent, on Management's judgement and on industry benchmarks and information relevant to the specific assets in focus.

Goodwill impairment

During 2023, Management has performed an impairment assessment on the goodwill in accordance with IAS 36. For the purposes of the impairment assessment, goodwill has been allocated to the Group's CGU defined as the whole of the BAI Group. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. Management's judgement, as part of its continued evaluation of the goodwill, has considered that the CGU for 2023, consistent with the conclusion in 2022, is the BAI Group, since Management considers that the assets held by BenevolentAI Cambridge Limited are now, and increasingly so, strategically integrated with the other legal entities in the Group. By this very nature, Management believes that, for any future commercial value created through the current and future drug programmes and collaboration delivery, a unified and amalgamated approach is required across the whole of the Group.

Per IAS 36.6, impairment is recognised as administrative expense in the statement of comprehensive income if the recoverable value (the higher of FVLCOD or value in use) of an asset is less than its carrying value. Given Management's judgement that the CGU is representative of the whole Group, the FVLCOD can be determined through the market capitalisation, determined through directly observable market prices. The value in use is determined through a combination of valuation techniques, including risk-adjusted net present value calculations of pipeline assets, operating costs and collaborations, alongside platform tools valued as multiples of potential revenue. These inherently involve Management judgements, benchmarked to industry standards wherever possible.

3 Critical accounting judgements and key sources of estimation uncertainty continued

3.2 Other accounting estimates

The Group has not identified any significant accounting estimates, being those which present a significant risk of material adjustment in the next financial period. However, other areas of estimation uncertainty have been identified as follows:

Revenue

In recognising revenue against the individual performance obligations, estimates have been made in the calculation of their percentage of completion, the key driver of revenue release. This requires an estimation of inputs needed to fully satisfy each performance obligation, including full-time equivalent days and risk-adjusted contingent costs where the satisfaction of performance obligations may require more work.

SBP expense and employer-related social security provision

The Group operates the BEIS and LTIP. The fair value of equity incentive awards, or respective portions of awards, related solely to non-market vesting conditions is measured using the Black Scholes model at each grant date. The number of equity instruments expected to vest which are tied to the non-market conditions is revisited at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments expected to eventually vest.

The employer-related social security provision incorporates similar estimates and is remeasured to reflect the closing share price at the balance sheet date, which may ultimately not be equal to the share price that the corresponding awards are exercised at or settled at.

The fair value of equity incentive award portions related to market vesting conditions is measured using the Monte Carlo Simulation model at each grant date. Provided all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

The net increase in relative portion of fair value charge during the year is recognised in the statement of comprehensive income. The assumptions used in both the Black-Scholes and Monte Carlo Simulation models are detailed in note 23.

Fair value revaluation of Class A warrants and Class B warrants

The Company's warrants are classified and presented as derivative financial liabilities and measured at fair value through profit or loss. The fair value of each warrant class is determined at each reporting date and exercise date and is based on quoted market prices, where available, or independently valued using the Binomial Tree method and Monte Carlo Simulation models, the inputs for which derive from significant observable market inputs (volatility, discount rate and share price).

Restructuring programme provision

The provision recognised in relation to the restructuring programme initiated by the Group in 2023 comprises a measurement of the expected costs directly attributable to carrying out the restructuring and necessarily entailed by the programme. The unused provision balance, therefore, represents an estimate of the costs until such a point that they are known.

4 Accounting impact of the Business Combination in the prior year

The Business Combination with Odyssey on 22 April 2022 ("Closing date") was achieved through the contribution of ordinary and preferred shares in BenevolentAI Limited ("BAI Ltd") in exchange for new ordinary shares in BenevolentAI (previously Odyssey), the result being that the new BAI Group became listed on the Euronext Amsterdam stock exchange.

The Business Combination was accounted for within the scope of IFRS 2 as a capital reorganisation since Odyssey did not meet the definition of a business in accordance with IFRS 3. Under this accounting method, Odyssey was treated as the acquired company for financial reporting purposes, and the activity and position of the acquired Odyssey was considered in the consolidated financial statements only from the Closing date onwards.

Accordingly, for financial reporting purposes, the Transaction was treated as the equivalent of BAI Ltd issuing shares at the closing of the Business Combination for the net assets of Odyssey at the Closing date. The capital reorganisation reflects the transition of the share capital and share premium from BAI Ltd to BenevolentAI, which comprised the legal essence of the Transaction. This resulted in a decrease within share capital and related increase to share premium, to align the equity of BAI Ltd (as the acquirer for financial reporting purposes) with the equity of the Group's new ultimate legal parent, BenevolentAI. The book value accounted for on consolidation was reflected through a corresponding charge to merger difference, such that the net impact to equity was equal to the £5.2 million of net assets acquired.

4 Accounting impact of the Business Combination in the prior year continued

The excess of the fair value of consideration for Odyssey over the fair value of its identifiable net assets acquired represents a compensation for the service of a stock exchange listing for its shares and expenses as incurred. At the Closing date, the fair value of BAI Ltd's shares that were deemed to be issued to Odyssey amounted to £88.3 million, based on the initial closing price of shares of Odyssey according to the table below. In return, BenevolentAI received Odyssey's listing service and its net assets, equal to £5.2 million, which mainly consisted of remaining cash net of redemptions and liabilities related to the warrants. This resulted in a non-cash listing service SBP expense of £83.1 million, determined under IFRS 2 and recognised in administrative expenses:

	Fair value in £m
Class A shares (4.9 million shares at £8.22 per share)	40.0
Class B shares 2/3 (5 million shares at £8.22 per share)	41.1
Class B shares 1/3 (2.5 million shares at £2.87 per share)	7.2
BAI Ltd's shares deemed issued	88.3
Less Odyssey's net assets	(5.2)
IFRS 2 non-cash listing service SBP expense	83.1

Odyssey's net assets at Closing, excluding the gross proceeds of €136.1 million (£113.0 million) from PIPE Financing, of which £9.5 million was non-cash consideration; €40 million (£33.2 million) backstop; and the £11.3 million of expenses related to them:

	Fair value in £m at Closing
Cash	41.6
Prepayments and other debtors	0.2
Accruals and trade creditors	(18.5)
Warrants at fair value	(18.1)
Net assets acquired	5.2

The warrants acquired represent the fair value of the 10,000,000 Class A warrants and 6,600,000 Class B warrants at the Closing date, assessed using significant observable market inputs.

In conjunction with the Transaction, Odyssey entered into subscription agreements with investors ("PIPE Investors") in a Private Investment in Public Equity transaction (the "PIPE Financing") in the aggregate amount of €136.1 million (£113.0 million). In return for their investment, the PIPE Investors received a total of 13,613,394 additional Odyssey Class A shares. An equity Backstop facility for €40 million (£33.2 million) resulted in a further issuance of 4,000,000 ordinary shares were also issued. This resulted in a total consideration of £146.2 million across the equity PIPE and Backstop, of which £136.7 million was received as cash.

Prior to closing, as consistent with the original public share offering by Odyssey, a total of 25.1 million ordinary shares with an agreed redemption price of €9.96 per share were redeemed for cash by eligible ordinary shareholders, following the redemption process. These are currently held as treasury shares. The redemption payable of €250.3 million (£207.8 million) was paid by Odyssey prior to Transaction close.

As part of the capital reorganisation, BAI Ltd's share capital was exchanged for shares in Odyssey of £75k, being 90 million shares at a par value of €0.001. This capital reorganisation reflects the transition of the share capital and share premium from BAI Ltd to BenevolentAI. This results in a decrease within share capital of £0.2 million from the old share capital (par value of £0.10) with an increase of £584.5 million reflecting the share premium as recorded by Odyssey in the share for share exchange. The book value accounted for on consolidation is reflected through a corresponding charge to merger difference of £579.1 million, such that the net impact to equity of £5.2 million is equal to the net assets acquired of £5.2 million.

See note 24 for further details of the share for share exchange.

5 Revenue

The Group initially recognises income under collaborations as deferred revenue, which the Group becomes entitled to recognise as revenue in line with the delivery efforts towards the completion of tasks and provision of the deliverables set out in the agreements governing each respective collaboration. For the year to 31 December 2023, this is represented by revenue of £7.3 million (2022: £10.6 million) with £11.6 million deferred revenue recognised as at 31 December 2023 (31 December 2022: £2.9 million).

Revenue recognised in relation to contract liabilities since the beginning of each year has been explored further in note 20.

Second AZ collaboration

Building on the success of the first collaboration, the relationship with AZ was expanded into a new three-year partnership in 2022, focusing on systemic lupus erythematosus and heart failure.

Merck collaboration

The new collaboration entered into with Merck in the year utilises BenevolentAI's end-to-end AI platform capabilities to deliver novel drug candidates, initially for three targets in oncology, neurology and immunology, readying them for onward pre-clinical and clinical development.

The agreement includes payments to BenevolentAI, consisting of a low double-digit million dollar upfront payment on signing and then discovery, development and commercial milestones. Tiered royalties will also be payable on net sales of any commercialised products.

	2023 £'000	2022 £'000
By category:		
Collaboration revenue	**7,331**	10,560
	7,331	10,560

	2023 £'000	2022 £'000
By geographical market:		
UK	**6,710**	10,560
EU	**621**	—
	7,331	10,560

There is no related party revenue in the year to 31 December 2023 (2022: £nil). See note 26 for related party information.

6 Reported operating loss

The following table provides additional information on the nature of operating expenses included in the consolidated statement of comprehensive income:

	Note	2023 £'000	2022 £'000
Aggregate payroll costs, excluding SBP expenses	7	**41,191**	38,096
Employee-related SBP expenses	23	**1,527**	27,614
Depreciation of right-of-use assets	16	**1,596**	1,682
Depreciation of property, plant and equipment	14	**1,279**	1,371
Amortisation of intangible assets	13	**5**	3
Listing service SBP expense arising from Transaction		**—**	83,067
Decrease in fair value of investments	15	**—**	491
Auditors' remuneration		**458**	680
Other expenses		**39,271**	54,756
Total operating expenses[1]		**85,327**	207,760

1 Comprising R&D expenses and administrative expenses.

Amounts receivable by the Group's auditors and their associates in respect of:

	2023 £'000	2022 £'000
Audit of these consolidated financial statements	**418**	575
Audit of financial statements of subsidiary companies	**38**	41
Advisory costs related to non-audit services	**2**	64
	458	680

7 Staff numbers and costs

The average number of persons employed by the Group (including the Board of Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Research and development	**277**	293
Administration	**66**	61
	343	354

The number of people employed by the Group at the end of 2023 was 248 (2022: 378).

The aggregate payroll costs of these persons were as follows:

	Note	2023 £'000	2022 £'000
Wages and salaries		**32,887**	32,900
Equity-settled employee-related SBP charge	23	**5,693**	33,818
Social security costs		**3,723**	3,804
Settlement payments and other staff costs arising from restructuring activities		**3,149**	—
Contributions to defined contribution plans		**1,432**	1,392
Credit for social security provision in relation to equity-settled SBP	23	**(4,166)**	(6,204)
		42,718	65,710

7 Staff numbers and costs continued

Settlement payments not arising from restructuring activities of £210k are not included above (2022: £216k).

The Group operates a defined contribution pension plan. The total expense relating to this plan in the current year was £1,432k (2022: £1,392k). There was an accrual of £207k at 31 December 2023 (2022: £260k).

8 Finance income

	2023 £'000	2022 £'000
Interest income on bank deposits	**3,854**	1,544
Gain on modification of lease liability	**920**	—
Fair value revaluation of warrants	**352**	17,737
Change in fair value of settled forward contract	**198**	—
Unwinding of rent deposits	**6**	5
	5,330	19,286

9 Finance expense

	2023 £'000	2022 £'000
Interest expense on lease liabilities	**326**	417
Other finance expenses	**81**	122
Change in fair value of settled forward contract	**—**	1,565
	407	2,104

10 Taxation

	2023 £'000	2022 £'000
Recognised in the consolidated statement of comprehensive income		
Current tax on income for the year	**9,333**	15,924
Deferred tax	**—**	—
Total tax credit	**9,333**	15,924
Reconciliation of effective tax rate		
Loss for the year before taxation	**(72,650)**	(179,852)
Tax using the UK corporation tax rate of 23.52% (2022: 19.00%)	**(17,087)**	(34,172)
Surrender of tax losses for R&D tax credit refund	**9,058**	4,946
Additional deduction for R&D expenditure	**(9,581)**	(11,820)
R&D expenditure credits	**99**	31
Expenses not deductible for tax purposes	**569**	23,770
Deferred tax not recognised on trading losses	**7,609**	1,311
Fixed asset differences	**—**	10
Total tax refund included in consolidated financial statements	**(9,333)**	(15,924)

A deferred tax asset of £54.6 million (2022: £53.7 million) has not been recognised due to uncertainties over future profitability. The amount of trading losses carried forward indefinitely where a deferred tax asset has not been recognised is £206.6 million (2022: £174.3 million).

The UK corporation tax rate for year ended 31 December 2023 is 23.52% (2022: 19.00%). Deferred tax has been calculated using 25% (2022: 25%) as this is the corporation tax rate effective 1 April 2024, following the announcement in the Budget on 3 March 2021 which has been substantively enacted.

10 Taxation continued

The UK R&D tax credit rate used in the calculation of R&D receivable in the financial statements, equal to £9.8 million, is based on 14.5% applied to expenditure for the period to 31 March 2023 and 10% for the period of expenditure from 1 April 2023. These are the rates effective and substantively enacted as at 31 December 2023. On 22 February 2024, Royal Assent was granted to apply the 14.5% research intensive industry rate for those companies meeting the UK tax authority's R&D tax scheme criteria with retrospective effect from 1 April 2023. The Group expects to meet the criteria set out, the impact being an additional £2.4 million in estimated R&D receivable recoverable for the period from 1 April 2023 to 31 December 2023, giving a total expected R&D tax credit of £12.2 million.

11 Loss per share

Loss per ordinary share has been calculated by dividing the loss attributable to equity holders of BenevolentAI after taxation for each financial period by the weighted average number of ordinary shares in issue during the financial period, exclusive of both Sponsor shares and those held in treasury. The weighted average number of shares is calculated from the number of ordinary BenevolentAI shares in circulation at the beginning of the period adjusted by the number of ordinary shares issued during the period, alongside the impacts of the Transaction in 2022 and multiplied by a time-weighting factor. The time-weighting factor reflects the ratio of the number of days on which ordinary shares were issued and the total number of days of the period.

	Note	**2023 £'000**	2022 £'000
Basic and diluted loss per share, expressed in pence		**(53.5p)**	(150.2p)
Weighted average ordinary shares outstanding, number		**118,308,029**	109,110,109
Loss for the year		**(63,317)**	(163,928)
Adjustments for:			
Non-normalised items within operating expenses	2.4	**4,922**	102,436
Fair value of warrants within finance income	8	**(352)**	(17,737)
Normalised total loss		**(58,747)**	(79,229)
Normalised basic and diluted loss per ordinary share, expressed in pence		**(49.7p)**	(72.6p)

The dilutive shares and other instruments total 145,126,303 (2022: 145,126,303), as per note 24, including 20,686,419 treasury shares (2022: 25,137,581). Outstanding equity awards, including those which are yet to vest, are included in note 23. A loss, however, cannot be further diluted beyond the basic per share calculation. As such, the loss per share is an equal value for both a basic and diluted view.

12 Goodwill

	£'000
Cost	
Balance at 1 January 2022 and 31 December 2022	23,479
Balance at 1 January 2023 and 31 December 2023	**23,479**
Net book value	
At 31 December 2022	23,479
At 31 December 2023	**23,479**

The recoverable amount of the CGU was determined on the basis of the FVLCOD using the Company's quoted market value. Management believes that the quoted share price of the Company best represents the fair value of the CGU in the eyes of active market participants. For the purposes of measuring FVLCOD, both the effects of control premium and the costs of disposal have been disregarded, with the former expected to be far in excess of the latter.

The quoted closing share price of BAI at 31 December 2023 was £0.94 per share (€1.08 per share), equivalent to an overall £114.2 million fair value of the CGU (31 December 2022: £364.8 million). This exceeds the Group's net assets of £94.3 million, inclusive of the goodwill amount, such that no impairment has been recognised to the current carrying value of the goodwill.

Under IAS 36, the recoverable amount of the CGU is the higher of its FVLCOD and value in use. Management has carried out its own internal valuations, representing the value in use of the CGU. This sits significantly in excess of its FVLCOD.

13 Intangible assets

	Rights to future income £'000	Software £'000	Total £'000
Cost			
Balance at 1 January 2022	10,700	46	10,746
Disposals	—	(14)	(14)
Balance at 31 December 2022	10,700	32	10,732
Additions	—	4	4
Disposals	(10,700)	—	(10,700)
Balance at 31 December 2023	**—**	**36**	**36**
Accumulated amortisation			
Balance at 1 January 2022	10,700	23	10,723
Amortisation charge	—	3	3
Disposals	—	(14)	(14)
Balance at 31 December 2022	10,700	12	10,712
Amortisation charge	—	5	5
Disposals	(10,700)	—	(10,700)
Balance at 31 December 2023	**—**	**17**	**17**
Net book value			
At 31 December 2022	—	20	20
At 31 December 2023	**—**	**19**	**19**

Software

Modest balances relate to software intangibles representing domain names and software, all of which are integrated and fully used in the business and subject to amortisation. Management does not believe there to be any indicators of impairment for these items.

Rights to future income

Relates to a fully-impaired partial economic interest in an asset held by a third party who have decided to stop further development of that asset and is, therefore, regarded as disposed of in the year.

14 Property, plant and equipment

	Lab equipment £'000	Leasehold improvement £'000	Assets under construction £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost						
Balance at 1 January 2022	3,120	1,960	—	1,636	697	7,413
Additions	757	—	—	373	28	1,158
Disposals	(118)	—	—	(4)	—	(122)
Balance at 31 December 2022	3,759	1,960	—	2,005	725	8,449
Additions	832	6	95	76	9	1,018
Disposals	(210)	—	—	(69)	—	(279)
Balance at 31 December 2023	**4,381**	**1,966**	**95**	**2,012**	**734**	**9,188**
Accumulated depreciation						
Balance at 1 January 2022	1,548	1,250	—	1,347	490	4,635
Depreciation charge	615	394	—	230	132	1,371
Disposals	(115)	—	—	(3)	—	(118)
Balance at 31 December 2022	2,048	1,644	—	1,574	622	5,888
Depreciation charge	689	315	—	238	37	1,279
Disposals	(200)	—	—	(69)	—	(269)
Balance at 31 December 2023	**2,537**	**1,959**	**—**	**1,743**	**659**	**6,898**
Net book value						
At 31 December 2022	1,711	316	—	431	103	2,561
At 31 December 2023	**1,844**	**7**	**95**	**269**	**75**	**2,290**

	2023 £'000	2022 £'000
Contracted capital commitments	**216**	330

15 Investments

	2023 £'000	2022 £'000
Investments	**1,892**	1,892

Unlisted investments

The Group's unlisted investments include 315,465 (2022: 315,465) ordinary £0.001 shares in Adarga Limited, equal to a 3.09% equity stake (31 December 2022: 7.85%). The investment is carried at fair value of £1.9 million (2022: £1.9 million), being the value of the most observable recent price-setting transaction, which occurred during the year ended 31 December 2023. It is, therefore, classified as Level 2 in the fair value hierarchy defined under IFRS 13. As the result of a review for the need for impairment, £nil (2022: £491k) has been recognised in administrative expenses in the consolidated statement of comprehensive income.

16 Right-of-use assets

	Leasehold property £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
Balance at 1 January 2022	11,933	20	21	11,974
Additions	363	—	12	375
Balance at 31 December 2022	12,296	20	33	12,349
Additions	3,352	—	—	3,352
Disposals	(2,626)	—	—	(2,626)
Remeasurement arising from lease modification	(3,077)	—	—	(3,077)
Balance at 31 December 2023	**9,945**	**20**	**33**	**9,998**
Accumulated depreciation				
Balance at 1 January 2022	4,738	12	2	4,752
Depreciation charge	1,667	4	11	1,682
Balance at 31 December 2022	6,405	16	13	6,434
Depreciation charge	1,582	4	10	1,596
Disposals	(2,624)	—	—	(2,624)
Balance at 31 December 2023	**5,363**	**20**	**23**	**5,406**
Net book value				
At 31 December 2022	5,891	4	20	5,915
At 31 December 2023	**4,582**	**—**	**10**	**4,592**

17 Trade and other receivables

	2023 £'000	2022 £'000
Non-current		
Rent deposit	**171**	—
	171	—
Current		
Other taxation and social security	**3,158**	1,186
Prepayments	**2,927**	3,526
Accrued income	**2,123**	563
Other receivables	**476**	322
Rent deposit	**31**	187
	8,715	5,784

Notes to the financial information continued

for the year ended 31 December 2023

18 Cash, cash equivalents and short-term deposits

	2023 £'000	2022 £'000
Cash and cash equivalents	**36,477**	88,442
Short-term deposits	**36,429**	41,740
	72,906	130,182

Bank credit ratings are considered in note 25.

19 Trade and other payables

	2023 £'000	2022 £'000
Accruals	**6,851**	9,832
Trade payables	**2,281**	3,578
Taxation and social security	**802**	964
Other payables	**422**	503
	10,356	14,877

20 Deferred income

	£'000
Balance at 1 January 2022	31
Additions	13,143
Released to revenue	(10,300)
Balance at 31 December 2022	2,874
Additions	13,463
Released to revenue	(4,742)
Balance at 31 December 2023	**11,595**

The balance of revenue recognised in the year for 2023 arose from collaboration work invoiced in arrears.

The majority of additions to deferred income in 2022 and releases in 2022 and 2023 relate to revenue derived under the AZ collaboration, which sits as an accrued income balance at the year end. Additions in 2023 mainly focus around the new collaboration with Merck, with revenue expected to be recognised over the next two to three years, consistent with the delivery of the contract.

21 Lease liabilities

	Note	£'000
Balance at 1 January 2022		8,794
Repayment of lease liabilities[1]		(2,233)
Interest expense on lease liabilities	9	417
Additions	16	375
Balance at 31 December 2022		7,353
Current		1,665
Non-current		5,688
Balance at 1 January 2023		7,353
Repayment of lease liabilities[1]		(2,010)
Interest expense on lease liabilities	9	326
Additions		3,075
Remeasurement arising from lease modification		(3,996)
Balance at 31 December 2023		**4,748**
Current		925
Non-current		3,823

1. Represents the total cash outflow related to the lease liabilities.

The lease modification arises on the reduction in scope of an ongoing lease, committed to in the year but not subject to legal completion until January 2024.

	Note	**2023 £'000**	2022 £'000
Recognised in the consolidated statement of comprehensive income			
Depreciation expense on right-of-use assets	16	**1,596**	1,682
Interest expense on lease liabilities	9	**326**	417
Gain on modification of lease liability	8	**920**	—
		2,842	2,099

See note 25 for the contractual maturities of the lease liabilities in years to come.

22 Provisions

	Dilapidation on leased office premises £'000	Liquidation of Odyssey Acquisition B.V. £'000	Tax related to SBP £'000	Restructuring programme £'000	Total £'000
Balance at 1 January 2022	251	—	12,374	—	12,625
Provision acquired through the Transaction	—	32	—	—	32
Additional provisions made/(released)	73	—	(6,204)	—	(6,132)
Provision utilised	—	(29)	—	—	(29)
Balance at 31 December 2022	324	3	6,170	—	6,497
Current	324	3	5,544	—	5,871
Non-current	—	—	626	—	626
Balance at 1 January 2023	324	3	6,170	—	6,497
Restructuring provision recognised	—	—	—	5,290	5,290
Additional provisions made/(released)	304	(3)	(4,166)	(368)	(4,233)
Provisions utilised	—	—	(623)	(4,072)	(4,695)
Balance at 31 December 2023	**628**	**—**	**1,381**	**850**	**2,859**
Current	59	—	1,250	850	2,159
Non-current	569	—	131	—	700

The provision related to dilapidations on leased office premises reflects the updated projections for future dilapidation costs at the end of revised term ends, following the modification and renewal of property leases across the Group and any restorative measures to discharge any relevant dilapidations obligations.

The provision related to the employer tax arising from share-based payments is recognised in line with the relative portion of fair value charged for each tranche as at the balance sheet date under the two share incentive schemes, as a function of the share price and prevailing tax rates. The non-current portion relates to tranches which have an expected vesting date greater than twelve months from year end. These two share incentive schemes are discussed further in note 23.

As part of the strategic plan announced on 25 May 2023, the Group considered its cost base and organisational structure and commenced a collective consultation process around proposed headcount reductions, adhering to the UK Collective Consultation for Redundancy Rules and Procedures. The restructuring programme provision reflects all expected expenditure, necessarily entailed by the restructuring that does not relate to the ongoing activities of the Group, including costs associated with contractual obligations that no longer provide economic benefit to the Group.

23 Share-based payments

23.1 BenevolentAI Equity Incentive Scheme ("BEIS")

Under the BEIS, all employees were offered options or RSUs upon joining. RSUs operate in such a way as to give the same economic benefit as options, reflecting the requirements of certain jurisdictions.

This scheme is now in run off since the closing of the Transaction in 2022 and is effectively closed to new entrants, with the only vesting continuing for awards already granted. During the year ended 31 December 2023, therefore, no awards were granted (2022: 1,423,351 options and 75,793 RSUs). 939,375 options and 602,874 RSUs under the BEIS were forfeited over the course of the year (2022: 1,077,485 options and 93,974 RSUs). No options were exercised during the year (2022: no options exercised nor RSUs settled).

23 Share based payments continued

23.1 BenevolentAI Equity Incentive Scheme ("BEIS") continued

In the year, the Company undertook a net settlement process for a portion of vested RSU awards, through to the end of 2022, to adhere to tax requirements in certain jurisdictions. Scheme participants who were affected had their RSUs settled to them as shares, net of any exercise price and tax payable as required of the Company, using treasury shares held by the Company. The Company withheld 2,607,989 RSUs with a total value of £2.1 million, in part for the purposes of exercise price but predominantly equal to the value of the payment made by the Group to the tax authorities on behalf of the scheme participants. An additional payment of £0.6 million was made by the Group to comply with employer-related taxes, with a corresponding reduction to the provision previously put in place. The remaining 4,451,162 shares are held by the participants under the nominee provisions of the Employee Benefit Trust and are locked up, in accordance with all vested, but not yet settled, awards in the scheme.

The net settlement arrangement resulted in an increase to share premium of £46.3 million due to a reallocation from the SBP reserve, reflecting the historic fair value charge that had been recognised for the total 7,059,151 vested RSUs affected.

23.2 Long Term Incentive Plan ("LTIP")

Under the LTIP, RSUs and PSUs are granted to eligible employees and may be subject to one or more performance conditions.

During the period, 2,160,526 RSUs and 899,580 PSUs were granted under the LTIP (2022: 980,123 RSUs and 815,282 PSUs). 412,667 RSUs and 261,167 PSUs were forfeited due to the grantees no longer being employed by the Group or forfeiting their awards (2022: 23,716 RSUs and 12,108 PSUs). No awards were settled during the period (2022: none).

	BEIS		LTIP	
Equity awards held in BenevolentAI	Number of Awards	Weighted average exercise price (£)	Number of Awards	Weighted average exercise price (£)
Awards outstanding at 1 January 2022	19,043,911	0.1	—	—
Granted	1,499,144	0.0	1,795,405	—
Exercised/settled	—	—	—	—
Forfeited	(1,171,459)	0.2	(35,824)	—
Outstanding at 31 December 2022	19,371,596	0.1	1,759,581	—
Exercisable at 31 December 2022	—	—	—	—
Awards outstanding at 1 January 2023	19,371,596	0.1	1,759,581	—
Granted	—	—	3,060,106	—
Exercised/settled	(4,451,162)	0.0	—	—
Withheld by the Company	(2,607,989)	0.0	—	—
Forfeited	(1,542,249)	0.0	(673,834)	—
Outstanding at 31 December 2023	**10,770,196**	**0.2**	**4,145,853**	**—**
Exercisable at 31 December 2023	**—**	**—**	**—**	**—**

For BEIS awards outstanding at the year end, the average weighted time to exercise or settlement is 0.2 years (2022: 0.4 years). For the LTIP awards, this is equal to 1.6 years (2022: 2.0 years).

23.3 IFRS 2 valuation

The fair value of services received in return for share awards granted are measured by reference to the fair value of goods or services received or reference to the fair value of share awards granted.

Black-Scholes

As permitted under IFRS 2, the Black-Scholes model has been used to calculate the fair value of each award granted under the BEIS at the date of grant, as well as for all RSUs under the LTIP. For PSUs granted under the LTIP, the Black-Scholes model has been utilised for the portion not subject to market vesting conditions.

To calculate the fair value of share options using the Black-Scholes model, the assumptions in the following table have been used. As the Group grants new equity awards at regular intervals, the weighted average of outstanding awards at the end of the financial year has been disclosed.

23 Share based payments continued

23.3 IFRS 2 valuation continued

Black-Scholes continued

The following assumptions were used in the Black-Scholes model in calculating the fair values of the awards granted under each scheme during the year:

	BEIS		LTIP	
Weighted average for awards granted during the year	**2023**	2022	**2023**	2022
Market value at date of grant	—	£5.22	**£1.04**	£3.53
Exercise price at grant date	—	£0.1	—	—
Volatility	—	60%	**60%**	50%
Time to exercise (years)	—	1.8	**2.0**	1.9
Risk-free rate	—	0.97%	**4.42%**	1.88%
Employee turnover	—	12%	**12%**	11%

For BEIS awards granted, the grant dates and corresponding vesting end dates reflect the wide and varied range in dates the participant joined the Group. For LTIP awards, these are typically done on a quarterly basis. Awards made under either scheme have an expiry term of ten years.

The expected volatility been assessed with reference to a benchmark of industry comparators, given BAI's relatively recent introduction to public markets. The expected period to exercise is based upon the date at which the service condition for each tranche in each award is met. The risk-free rate is based on the Bank of England's estimates of gilt yield curve as at each respective grant date.

Monte Carlo Simulations

The portion of each PSU under the LTIP which relates to market vesting conditions carries a separate fair value, determined using the Monte Carlo Simulation model.

The inputs into the Monte Carlo Simulation model for awards issued during the year were as follows:

	LTIP	
Weighted average for awards granted during the year	**2023**	2022
Market value at date of grant	**£0.77**	£5.50
Exercise price at grant date	—	—
Volatility	**60%**	50%
Time to exercise (years)	**2.5**	2.7
Risk-free rate	**4.40%**	1.77%

The Monte Carlo Simulation model has been used to value the portion of the awards which have a market performance vesting condition (achievement of a target company valuation). The model incorporates a discount factor reflecting this performance condition into the fair value of this portion of the award. The weighted average fair value of awards granted during the year determined using the Monte Carlo Simulation model at the grant date was £0.77 (2022: £5.47) per award.

The volatility assumption has been derived as the median volatility over a five-year period of a bespoke comparator group. For options granted during 2023, the expected life represents the term until expected vesting and exercise. The risk-free interest rate used reflects the UK Government five-year Gilt rate as reported by the Bank of England.

Employee-related share-based payment	**2023 £'000**	2022 £'000
SBP expenses	**5,693**	30,249
Transaction-related SBP expenses	—	3,569
	5,693	33,818
Credit to statement of comprehensive income for social security provision in relation to SBP	**(4,166)**	(6,518)
Transaction-related social security provision in relation to SBP	—	314
	(4,166)	(6,204)

23 Share based payments continued

23.3 IFRS 2 valuation continued

Monte Carlo Simulations continued

Under local jurisdiction tax law, the Group must withhold an amount for an employee's tax obligation associated with a share-based payment compensation earned in a given period and transfer that amount in cash to the tax authority on the employee's behalf.

For the RSUs and options granted under the Group's scheme, a sell-to-cover function will normally be undertaken on behalf of the scheme participants, in which the vested and settled or exercised awards are issued as shares and the Group sells the requisite number of shares in order to settle the employee's tax obligations. Once the sell-to-cover arrangement is completed on behalf of the participant, the realised proceeds are given to the Group to settle any participant tax obligation mechanically via payroll. The remaining shares on settlement or exercise are placed on a net basis into a participant nominee account operated under the provision of the Employee Benefit Trust.

There are also net settlement provisions included at the discretion of the Board of Directors in the scheme rules, as enacted during the year. If all of the RSUs and options outstanding as at 31 December 2023 were to be settled or exercised, the Group would be required to pay approximately £1.4 million to the taxation authority in relation to employer-related social security taxes (31 December 2022: £6.2 million).

24 Shareholdings

24.1 Share movements

	BenevolentAI Limited (£0.10 par value)				BenevolentAI (€0.001 par value)			
	Ordinary shares	A Preference shares	G2 Growth shares	Total	Ordinary shares	Sponsor shares[1]	Treasury shares[1]	Total
At 1 January 2022	1,831,829	506,594	87,984	2,426,407				
Odyssey shares in issue prior to the Transaction	—	—	—	—	30,000,000	7,500,000	—	37,500,000
Redemptions	—	—	—	—	(25,137,581)	—	25,137,581	—
Equity Backstop facility	—	—	—	—	4,000,000	—	—	4,000,000
Cancellation of growth shares	—	—	(87,984)	(87,984)	—	—	—	—
Capital reorganisation[2]	(1,831,829)	(506,594)	—	(2,338,423)	90,012,909	—	—	90,012,909
Equity PIPE Financing	—	—	—	—	13,613,394	—	—	13,613,394
Conversion of two-thirds of Sponsor shares	—	—	—	—	5,000,000	(5,000,000)	—	—
Shares in issue at 22 April 2022 and 31 December 2022	—	—	—	—	117,488,722	2,500,000	25,137,581	145,126,303
Shares issued under net settlement arrangement	—	—	—	—	4,451,162	—	(4,451,162)	—
Shares in issue at 31 December 2023	**—**	**—**	**—**	**—**	**121,939,884**	**2,500,000**	**20,686,419**	**145,126,303**

1. The unconverted Sponsor shares, and the treasury shares, do not form part of the Basic total number of ordinary shares outstanding. The Sponsor shares derive their economic rights from their conversion to ordinary shares. The redemptions, at €9.96 per share, by ordinary shareholders ahead of the Closing date were transferred into treasury.
2. The Transaction described in note 4 involved the contribution of 2,338,423 existing BAI Ltd shares held by BAI Ltd shareholders against the issuance of new ordinary shares at an assumed price of €10.00 per share, adjusted based on the ratio of 1 BAI Ltd share (Ordinary & A Preference) into approximately 38.4930 ordinary shares.

24 Shareholdings continued

24.2 Share capital authorised and issued

The Company's share capital at the end of the year comprised the following:

31 December 2023	Number of shares authorised	Nominal value €	Number of shares issued and fully paid	Aggregate nominal value £
Ordinary shares	**205,544,124**	**0.001**	**121,939,884**	**101,373**
Sponsor shares	**2,500,000**	**0.001**	**2,500,000**	**2,076**
	208,044,124		**124,439,884**	**103,449**
Treasury shares[1]	**—**	**0.001**	**20,686,419**	**—**
	208,044,124		**145,126,303**	**103,449**

31 December 2022	Number of shares authorised	Nominal value €	Number of shares issued and fully paid	Aggregate nominal value £
Ordinary shares	205,544,124	0.001	117,488,722	97,574
Sponsor shares	2,500,000	0.001	2,500,000	2,076
	208,044,124		119,988,722	99,650
Treasury shares[1]	—	0.001	25,137,581	—
	208,044,124		145,126,303	99,650

1. The treasury shares issued but yet unpaid form part of the total of ordinary authorised and, therefore, do not require separate authorisation, and are accounted for at redemption in share premium.

The increase in ordinary shares is due to the issuance of shares related to the net settlement arrangement described in note 23.1, wherein ordinary shares were transferred to the beneficiaries from those held as treasury shares.

25 Financial instruments

The measured values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2023 £'000	Carrying amount 2022 £'000
Financial assets			
Financial assets measured at fair value			
Investment	15	**1,892**	1,892
Financial assets measured at amortised cost			
Short-term deposits		**36,429**	41,740
Cash and cash equivalents		**36,477**	88,442
Trade and other receivables	17	**2,801**	1,072
Total financial assets		**77,599**	133,146
Financial liabilities			
Financial liabilities measured at fair value			
Warrants		**2**	352
Financial liabilities measured at amortised cost[1]			
Trade and other payables	19	**9,554**	13,914
Lease liabilities	21	**4,748**	7,353
Provisions	22	**2,859**	6,497
Total financial liabilities		**17,163**	28,116

1. The 2022 comparative has been aligned with the basis used in 2023, including lease liabilities and provisions.

Risk management

The Group's principal financial instruments comprise cash at bank and short-term deposits, trade payables and other receivables. The main purpose of these financial instruments is to facilitate the Group's operations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Group currently does not have a provision for bad debt based on historic and current experience with relevant parties, consequently exposure to expected credit losses expected to be nil.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they come due. The Group expects to meet its financial obligations through operating and financing cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Contractual cash flows					
31 December 2023	**Carrying amount £'000**	**Total £'000**	**1 year or less £'000**	**1 to <2 years £'000**	**2 to <5 years £'000**	**5 years and over £'000**
Non-derivative financial liabilities						
Trade and other payables	**9,554**	**9,554**	**9,554**	—	—	—
Lease liabilities	**4,748**	**5,406**	**1,275**	**1,533**	**2,598**	—

25 Financial instruments continued

Liquidity risk continued

31 December 2022	Carrying amount £'000	Total £'000	1 year or less £'000	1 to <2 years £'000	2 to <5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Trade and other payables	13,914	13,914	13,914	—	—	—
Lease liabilities	7,353	8,830	1,996	1,801	1,599	3,434

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group has little exposure to interest rate risk other than that returns on short-term fixed interest deposits will vary with movements in underlying bank interest rates. The Group's principal market risk exposure is to movements in foreign exchange rates.

Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

31 December 2023	**Euro £'000**	**US Dollar £'000**	**British Pound £'000**	**Total £'000**
Cash and cash equivalents	**1,655**	**3,315**	**31,507**	**36,477**
Short-term deposits	**1,692**	**1,178**	**33,559**	**36,429**
Trade payables	**(195)**	**(511)**	**(1,575)**	**(2,281)**
Net exposure	**3,152**	**3,982**	**63,491**	**70,625**

31 December 2022	Euro £'000	US Dollar £'000	British Pound £'000	Total £'000
Cash and cash equivalents	3,230	4,719	80,493	88,442
Short-term deposits	3,861	2,479	35,400	41,740
Trade payables	(1,030)	(665)	(1,883)	(3,578)
Net exposure	6,061	6,533	114,010	126,604

A 10% weakening of the following currencies against the pound sterling at 31 December 2023 would have increased profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2022.

Sensitivity analysis	**2023 £'000**	2022 £'000
€	**(315)**	(606)
$	**(398)**	(653)

Bank credit ratings

The Group cash balances are held with bank and financial institution counterparties, which are rated investment grade or above (Moody's Long term – Baa3, Short term – P-3), based on credit ratings as at 31 December 2023, which is at minimum a positive outlook. Its cash equivalents balance is held in AAA rated liquidity funds. The Group considers that its cash and cash equivalents and short-term deposits have low credit risk based on the external ratings.

26 Related party transactions

Transactions with key management personnel ("KMPs")

The remuneration of the KMPs of the Group, defined as the Board of Directors inclusive of CEO, is set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures":

	2023 £'000	2022 £'000
Annual fees/salaries	**1,331**	1,032
Bonus	**—**	280
Other compensation	**545**	—
Social security costs	**27**	133
Benefits, including pension	**25**	34
Equity-settled employee-related SBP charge[1]	**63**	12,912
Credit for social security provision in relation to equity-settled SBP[1]	**(1,889)**	(3,953)
	102	10,438

1. The charges/credits related to SBP in the note above reflect what has been recognised in the profit or loss for the year for share awards held by KMPs, rather than the taxable income KMPs earned from vested share awards.

Remuneration of KMPs include remuneration paid by subsidiary undertakings in the current and prior financial years. Further disclosure related to remuneration of KMPs is included in the Remuneration Committee report.

27 Subsequent events

On 24 January 2024, BenevolentAI announced the appointment of Dr. Joerg Moeller as CEO and Executive Director with immediate effect.

Management report

for the year ended 31 December 2023

The Board of Directors (the "Board") of BenevolentAI (hereafter the "Company") submits its management report with the annual accounts of the Company for the year ended 31 December 2023.

1. Overview

BenevolentAI was incorporated on 1 June 2021 in Luxembourg and is registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés, in abbreviated "RCS"). The Company's purpose is the holding, management, development and disposal of participations and any interests in companies in any form whatsoever. The Company's particular current focus is on AI-related technology and drug discovery in the life sciences sector.

2. Review and development of the Company's business, financial performance and financial position

As at 31 December 2023, the Company, a listed entity, has 121,939,884 Class A shares and 10,000,000 Class A warrants traded in Euronext Amsterdam N.V. ("Stock Exchange") under the symbol "BAI" and "BAIW", respectively. The Company also has 20,686,419 Class A Shares categorised as treasury shares. The Company also has 2,500,000 Class B shares and 6,600,000 Class B warrants issued and outstanding as at 31 December 2023 that are not listed on a stock exchange. Details over equity instruments rights and obligations are disclosed in note 5 of the Company's annual accounts.

Financial performance highlights

The loss of the Company for the year ended 31 December 2023 was £317.5 million (2022: £693.6 million). This was mainly driven by the £252.7 million value adjustment of the Company's investment in its wholly-owned subsidiary BenevolentAI Limited (2022: £528.2 million) due to a decrease in the Company's share price; £55.0 million value adjustments on the Company's investment in own shares (2022: £129.8 million), also due to share price; and, a loss on disposal of part of the Company's investment in own shares of £3.7 million (2022: £nil). This loss on disposal reflects the utilisation of part of the Company's treasury shares for nil consideration as part of the net settlement arrangement under the Company's share awards scheme.

There are no specific performance indicators applicable only to the Company's performance beyond those described above. The financial performance highlights of the Group and key performance indicators, which also includes that of the Company, are discussed in detail on pages 38 to 40 of the Annual Report.

Financial position

The Company's main asset in the annual accounts refer to its investment in BenevolentAI Limited (100% ownership). An investment in own shares is also reflected in the balance sheet as a result of the share redemption prior to the Business Combination completed in 2022 (the "Transaction").

Future development

The future development of the Group and, as supported and enabled by the Company, is described on pages 18 and 19 of the Annual Report.

Activities in the field of research and development

While research and development activities are a core focus of the Group, the Company has not undertaken any such activities itself in the year ended 31 December 2023 or prior.

3. Principal risks and uncertainties

The Group, inclusive of the Company, has analysed the risks and uncertainties to its business, and the Board has considered their potential impact. These are discussed at length, with accompanying mitigants and approaches to further embedding the risk management framework are discussed on pages 41 to 45 of the Annual Report.

4. Corporate Governance statement

The Company is subject to and complies with the relevant applicable laws and regulations, including the Luxembourg Law of 10 August 1915 on commercial companies as amended, and the regulations applied by the Stock Exchange. The Company does not apply requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements. Governance activities of the Group are discussed in detail in the Governance section of the Annual Report, itself a component of the Consolidated Management Report along with the Strategic report.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the relevant applicable laws and regulations, including the Luxembourg Law of 10 August 1915 on commercial companies as amended, and the regulations applied by the Stock Exchange.

5. Risk management and internal controls

The Company's approach to risk management and internal controls is consistent with that applied to the BenevolentAI Group and is detailed in the Annual Report on pages 41 to 64.

6. Financial risk management objectives and policies

As at 31 December 2023, the Company had £4.6 million in cash at bank and in hand (31 December 2022: £7.9 million). The Company had a net equity of £132.3 million as at 31 December 2023 (31 December 2022: £449.8 million). The Financial Risk management activities for the Company are the same as those operated for the Group as a whole and are discussed on pages 41 to 45 of the Annual Report.

7. Annual Accounts of BenevolentAI

The Annual Accounts of BenevolentAI are shown on pages 130 to 145. These were prepared in accordance with Luxembourg's legal and regulatory requirements and using the going concern basis of accounting.

The loss of the Company for the year ended 31 December 2023 was £317.5 million. This was mainly driven by the £252.7 million value adjustment of the Company's investment in its wholly-owned subsidiary BenevolentAI Limited due to a decrease in the Company's share price; £55.0 million value adjustments on the Company's investment in own shares, also due to share price; and, a loss on disposal of part of the Company's investment in own shares of £3.7 million. This loss on disposal reflects the utilisation of part of the Company's treasury shares for nil consideration as part of the net settlement arrangement under the Company's share awards scheme.

It is proposed that the loss for the year ended 31 December 2023 will be allocated to the profit and loss brought forward at 1 January 2024. At 31 December 2023, the Company had no distributable amounts, as defined by Luxembourg law.

8. Take-over directive

Disclosures in respect of significant shareholdings of 5% or more of the voting rights in the Company are included in the Annual Report on page 61.

On behalf of the Board of Directors of the Company:

Dr. Joerg Moeller
Chief Executive Officer
19 March 2024

Responsibility statement by the Board of Directors

for the year ended 31 December 2023

The Board of Directors of the Company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the Company with reasonable accuracy at all times and to ensure that an appropriate system of internal controls is in place to ensure that the Company's business operations are carried out efficiently and transparently.

In accordance with Article 3 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Board of Directors of the Company declare that, to the best of their knowledge, the audited annual accounts of the Company for the year ended 31 December 2023, prepared in accordance with Luxembourg legal and regulatory requirements, give a true and fair view of the assets, liabilities, financial position of the Company as of that date and results of the Company for the year then ended. In addition, the management report includes a fair review of the development and performance of the Company's business operations during the year and of principal risks and uncertainties, where appropriate, faced by the Company, as well as other information required by the Article 68 ter of the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended.

On behalf of the Board of Directors of the Company:

Dr. François Nader
Chair
19 March 2024

Dr. Joerg Moeller
Chief Executive Officer
19 March 2024

Independent auditor's report

to the Shareholders of BenevolentAI S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of BenevolentAI S.A. (the "Company") as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period.

These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Management report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 in this regard.

Independent auditor's report continued

to the Shareholders of BenevolentAI S.A.

Report on the audit of the annual accounts continued

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the annual accounts have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The Management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 4 May 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

We have checked the compliance of the annual accounts of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to the requirement that annual accounts are prepared in a valid XHTML format.

In our opinion, the annual accounts of the Company as at 31 December 2023 have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Represented by

Andrei Chizhov
PricewaterhouseCoopers, Société coopérative
Luxembourg
19 March 2024

Balance sheet

as at 31 December

(in thousands of pounds sterling ("GBP"))	Note	2023	2022
Assets			
C. Fixed assets		**112,050**	364,774
III. Financial assets	3	**112,050**	364,774
1. Shares in affiliated undertakings		**112,050**	364,774
D. Current assets		**24,053**	86,008
II. Debtors		**74**	17
2. Amounts owed by affiliated undertakings		—	—
a) becoming due and payable within one year		—	—
4. Other debtors		**74**	17
a) becoming due and payable within one year		**74**	17
III. Investments	4	**19,382**	78,046
2. Own shares		**19,382**	78,046
IV. Cash at bank and in hand	6	**4,597**	7,945
E. Prepayments		**885**	1,154
Total assets		**136,988**	451,936

Capital, reserves and liabilities			
A. Capital and reserves	5	**132,260**	449,788
I. Subscribed capital		**120**	120
II. Share premium account		**1,130,226**	1,071,562
IV. Reserves		**20,453**	79,117
2. Reserve for own shares		**19,382**	78,046
4. Other reserves, including the fair value reserve		**1,071**	1,071
b) other non-available reserves		**1,071**	1,071
V. Profit or loss brought forward		**(701,011)**	(7,397)
VI Profit or loss for the financial year		**(317,528)**	(693,614)
C. Creditors	7	**4,728**	2,148
4. Trade creditors		**158**	384
a) becoming due and payable within one year		**158**	384
6. Amounts owed to affiliated undertakings		**4,570**	1,752
a) becoming due and payable within one year		**4,570**	1,752
8. Other creditors		—	12
a) Tax authorities		—	8
c) Other creditors		—	4
i) becoming due and payable within one year		—	4
Total capital, reserves and liabilities		**136,988**	451,936

Profit and loss account

for the year ended 31 December

(in thousands of GBP)	Note	2023	2022
4. Other operating income		**191**	122
5. Raw materials and consumables and other external expenses	8	**(1,320)**	(30,779)
b) Other external expenses		**(1,320)**	(30,779)
8. Other operating expenses	9	**(8,828)**	(1,652)
11. Other interest receivable and similar income	10	**214**	1,344
b) Other interest and similar income		**214**	1,344
13. Value adjustments in respect of financial assets and of investments held as current assets	3, 4	**(307,702)**	(657,983)
14. Interest payable and similar expenses		**(70)**	(918)
a) Concerning affiliated undertakings		**—**	(424)
b) Other interest and similar expenses	11	**(70)**	(494)
16. Profit or loss after taxation		**(317,515)**	(689,866)
17. Other taxes not shown under items 1 to 16	12	**(13)**	(3,748)
18. Profit or loss for the financial year		**(317,528)**	(693,614)

1 General

BenevolentAI (the "Company", formerly known as Odyssey Acquisition S.A.) was incorporated on 1 June 2021 as a public limited liability company (Société Anonyme or "S.A.") based on the laws of the Grand Duchy of Luxembourg ("Luxembourg") for an unlimited period. The Company is registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés, in abbreviated "RCS") under the number B255412, and its registered office of the Company is located at 9, rue de Bitbourg, L-1273 Luxembourg.

The Company is a listed entity with its 142,626,303 Class A shares ("Ordinary shares") listed on Euronext Amsterdam N.V. under ISIN LU2355630455, of which 20,686,419 are composed of treasury shares (see note 5.1). The Company has 10,000,000 Class A warrants ("Public warrants") traded under ISIN LU2355630968.

The Company also has 2,500,000 Class B shares ("Sponsor shares") and 6,600,000 Class B warrants ("Sponsor warrants") issued and outstanding as at 31 December 2023 that are not listed on a stock exchange.

The Company's corporate purpose is the holding, management, development and disposal of participations and any interests, in Luxembourg or abroad, in any companies and/or enterprises in any form whatsoever. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity in Luxembourg and abroad and in particular entities active in the biotechnology sector. It may participate in the creation, development, management and control of any company and/or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form. It may issue notes, bonds and any kind of debt and equity securities. The Company may lend funds, including without limitation, resulting from any borrowings of the Company and/or from the issue of any equity or debt securities of any kind, to its subsidiaries, affiliated companies and/or any other companies or entities it deems fit.

The Company may further guarantee, grant security in favour of or otherwise assist the companies in which it holds a direct or indirect participation or which form part of the same group of companies as the Company. The Company may further give guarantees, pledge, transfer or encumber or otherwise create security over some or all of its assets to guarantee its own obligations and those of any other company, and generally for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated activities of the financial sector without having obtained the required authorisation.

The Company may use any techniques and instruments to manage its investments efficiently and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

The Company may, for its own account as well as for the account of third parties, carry out any commercial, financial or industrial operation (including, without limitation, transactions with respect to real estate or movable property) which may be useful or necessary to the accomplishment of its purpose or which are directly or indirectly related to its purpose.

The Company's current financial year runs from 1 January 2023 to 31 December 2023.

The Company also prepares consolidated financial statements which are published under International Financial Reporting Standards as adopted by the European Union, and in accordance with the European Single Electronic Format regulation.

2 Summary of significant accounting policies

2.1 Basis of preparation

These annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements under the historical cost convention and on a going concern basis. This is based on the results of the going concern analysis assessment performed by the Company and its subsidiaries (together referred to as the "Group").

The accounting and valuation methods are determined and implemented by the Board of Directors, apart from the regulations of the law of 19 December 2002.

The preparation of these annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise significant judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present fairly the financial position and results.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. 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.

2 Summary of significant accounting policies continued

2.2 Foreign currency translation

The Company maintains its books and records in GBP.

Translation of foreign currency transactions

Foreign currency transactions are translated into GBP using the exchange rates prevailing at the dates of the transactions.

Translation of foreign currency balances as at the balance sheet date

- Financial assets denominated in currencies other than GBP are translated at the historical exchange rates.
- Other assets denominated in currencies other than GBP are translated at the lower of the exchange rate prevailing at the balance sheet date and historical exchange rate.
- Debts denominated in currencies other than GBP are translated at the lower of the exchange rate prevailing at the balance sheet date and historical exchange rate.
- Cash at bank and in hand denominated in currencies other than GBP are translated at the exchange rates prevailing at the balance sheet date.

As a result, realised exchange gains and losses and unrealised exchange losses are recorded in the profit and loss account. Unrealised exchange gains are not recognised unless they arise from cash at bank and in hand.

2.3 Other operating income

The Company's revenue is generated from service fees. This represents revenue from rendering services to affiliated undertakings and is recognised when the services are provided.

2.4 Interest income and expenses

Interest income and expenses are each recognised in the profit and loss account as they accrue on a timely basis, by reference to the principal outstanding and effective interest rate applicable.

2.5 Financial assets

Shares in affiliated undertakings and investments held as fixed assets are recorded at acquisition cost including the expenses incidental thereto.

At the end of each accounting period, shares in affiliated undertakings are subject to an impairment review. Where a permanent diminution in value is identified, this diminution is recorded in the profit and loss account as a value adjustment.

2.6 Cash at bank and in hand

Cash at bank and in hand comprise cash at banks and on hand and highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. It also includes short-term deposits with a maturity greater than three months but less than twelve months.

2.7 Debtors

Debtors are recorded at their nominal value. These are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.8 Own shares

Own shares are valued at acquisition cost. These are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.9 Warrants

The Company has issued Class A warrants and Class B warrants, which are equity-settled instruments and are presented as part of Other reserves. When such warrants are expected to be equity-settled, the Company does not book any provision to cover any surplus of the fair value of those warrants compared to the amounts booked in Other reserves, as the Company will not suffer any loss in relation to those warrants in the future.

2.10 Prepayments

Prepayments include expenditure items incurred during the financial year but relating to a subsequent financial year.

2.11 Provisions

Provisions are intended to cover losses or debts which originate in the financial year under review or in the previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date they will arise.

2 Summary of significant accounting policies continued

2.12 Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable of a financial liability is higher than the amount of cash received upfront, the related repayment premium is shown in the balance sheet as an asset and is amortised over the period of the related debt on a straight-line method.

2.13 Expenses

Expenses are accounted for on an accrual basis.

2.14 Income tax

The Company subject to income taxes in Luxembourg for the period up to 22 April 2022, after which the Company is subject to taxes in the United Kingdom, from where management of the business is undertaken.

3 Financial assets

Movements in financial assets during the year are as follows:

(in thousands of GBP)	Shares in affiliated undertakings
Gross book value	
Opening balance at 1 January 2022	249,078
Disposals	(249,078)
Additions	893,007
Balance at 31 December 2022 and 31 December 2023[1]	**893,007**
Accumulated value adjustment	
Opening balance at 1 January 2022	(761)
Reversals of value adjustments due to disposal	761
Allocation of value adjustments	(528,233)
Balance at 31 December 2022	(528,233)
Allocation of value adjustments	(252,724)
Balance at 31 December 2023	**(780,957)**
Net book value	
At 31 December 2022	364,774
At 31 December 2023	**112,050**

1. There were no additions or disposals in shares in affiliated undertakings during 2023.

Name of undertakings	Registered office	Ownership %	Last balance sheet date	Net equity at balance sheet date (unaudited)	Loss for the year (unaudited)
BenevolentAI Limited	4-8 Maple Street, London, W1T 5HD, United Kingdom	100	31 December 2023	345,458	(5,580)

Value adjustment to financial assets during the year

The investments made in the subsidiary have been assessed for impairment at the year end. Given the fall in Company's share price and the state of the equity market in the biotechnology field, and its impact on BAI's corresponding market cap as compared to the prior year reporting date, and Management's view that the value of BenevolentAI is largely representative of the Group as a whole, a value adjustment of £252,724 thousands has been recognised in the Company's profit and loss account, under value adjustments in respect of financial assets and of investments held as current assets.

The share price is subject to fluctuations such that, for every €0.01 movement, there is a corresponding £1.1 million change to the value adjustment.

4 Investments

Movements in investments in own shares during the year are as follows:

(in thousands of GBP)	Investment in own shares £'000
Gross book value	
Opening balance at 1 January 2022	—
Additions	207,796
Balance at 31 December 2022	207,796
Disposals	(36,795)
Balance at 31 December 2023	**171,001**
Accumulated value adjustment	
Opening balance at 1 January 2022	—
Allocation of value adjustments	(129,750)
Balance at 31 December 2022	(129,750)
Allocation of value adjustments[1]	(54,978)
Reversals of value adjustments due to disposal	33,109
Balance at 31 December 2023	**(151,619)**
Net book value	
At 31 December 2022	78,046
At 31 December 2023	**19,382**

1. For every €0.01 movement, there is a corresponding £0.2 million change to the value adjustment on the remaining own shares.

In the year, the Company undertook a net settlement process for restricted stock units ("RSUs") vested under the BenevolentAI Equity Incentive Scheme ("BEIS"). Scheme participants who were affected had their RSUs settled to them, net of any exercise price and tax payable. A total of 4,451,162 shares were utilised by the beneficiaries of the BEIS from the 25,137,581 treasury shares held by the Company as an investment in own shares. The utilisation of treasury shares is reflected as a disposal from the Company's investment in own shares and comprises a historic book value of £36,795 thousands; a historic accumulated value adjustment at the date of disposal of £33,109 thousands (including £10,134 thousands of value adjustment recognised in 2023 before disposal); and, therefore, a net book value of £3,686 thousands. Given the disposal was for nil consideration, a charge equal to this net book value has been recognised in the profit and loss account under "Other operating expenses".

As with the value adjustment to investments made in the subsidiary, the investment in own shares has been assessed for recoverability. Due to the fall in share price of the Company, a value adjustment of £44,844 thousands has been recognised in the Company's profit and loss account for the remaining own shares, under value adjustments in respect of financial assets and of investments held as current assets.

5 Capital and reserves

Movements during the year are as follows:

(in thousands of GBP)	Subscribed capital	Share premium	Legal reserve	Reserve for own shares	Other reserves	Profit or loss brought forward	Profit or loss for the year	Total
Balance at 31 December 2022	120	1,071,562	—	78,046	1,071	(7,397)	(693,614)	449,788
Value adjustment in reserve for own shares	—	54,978	—	(54,978)	—	—	—	—
Utilisation of treasury shares	—	3,686	—	(3,686)	—	—	—	—
Allocation of previous year's results	—	—	—	—	—	(693,614)	693,614	—
Results for the year	—	—	—	—	—	—	(317,528)	(317,528)
Balance at 31 December 2023	**120**	**1,130,226**	**—**	**19,382**	**1,071**	**(701,011)**	**(317,528)**	**132,260**

5 Capital and reserves continued
5.1 Subscribed capital and share premium

	0.001 euros par value			
Shares issued and outstanding	Ordinary shares	Sponsor shares[1]	Treasury shares[1]	Total
As at 1 January 2022	30,000,000	7,500,000	—	37,500,000
Redemptions	(25,137,581)	—	25,137,581	—
Equity Backstop facility	4,000,000	—	—	4,000,000
Capital reorganisation	90,012,909	—	—	90,012,909
Equity PIPE Financing	13,613,394	—	—	13,613,394
Conversion of two-thirds of Sponsor shares	5,000,000	(5,000,000)	—	—
As at 31 December 2022	117,488,722	2,500,000	25,137,581	145,126,303
Utilisation of treasury shares under net settlement arrangement	4,451,162	—	(4,451,162)	—
As at 31 December 2023	**121,939,884**	**2,500,000**	**20,686,419**	**145,126,303**

1. The unconverted Sponsor shares, and the treasury shares, do not form part of the basic total number of ordinary shares outstanding. The Sponsor shares derive their economic rights from their conversion to ordinary shares.

The total number of authorised shares is equal to 208,044,124.

5.2 Legal reserve
In accordance with Luxembourg law, the Company is required to allocate a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders. The legal reserve has not yet been formulated as the Company is loss-making since its incorporation. Absent profits, the legal reserve remains nil.

5.3 Reserve for own shares
The Company previously purchased its own shares as shown in balance sheet as Own shares (see note 4). Accordingly, the Company has provided a non-distributable reserve in accordance with the Luxembourg law for an amount equivalent to the acquisition cost, adjusted for any value adjustments thereafter.

5.4 Other reserves (Warrants)
Other reserves refer to the Public warrants and the Sponsor warrants.

Public warrants (Class A)
The Company issued 10,000,000 Public warrants in 2021 with ISIN code LU2355630968. Each Public warrant entitles its holder to subscribe for one Ordinary share, with a stated exercise price of 11.50 euros ("EUR"), subject to customary anti-dilution adjustments. Holders of Public warrants can exercise the warrants on a cashless basis unless the Company elects to require exercise against payment in cash of the exercise price.

Public warrants are exercisable and may only be exercised for a whole number of Ordinary shares. Public warrants expire in April 2027, or earlier upon redemption or liquidation. The Company may redeem Public warrants upon at least 30 days' notice at a redemption price of EUR 0.01 per Public warrant if (i) the closing price of its Ordinary shares for any 20 out of the 30 consecutive trading days equals or exceeds EUR 18.00 or (ii) the closing price of its Ordinary shares for any 20 out of the 30 consecutive trading days equals or exceeds EUR 10.00 but is below EUR 18.00, adjusted for adjustments as described in the section of redemption of warrants in the prospectus, and with the consent of Odyssey Sponsor Sàrl (the "Sponsor").

Sponsor warrants (Class B)
The 6,600,000 Sponsor warrants are identical to the Public warrants underlying the Units sold in the private placement, except that the Sponsor warrants are not redeemable and may always be exercised on a cashless basis while held by the Sponsor or their permitted transferees. Sponsor warrants were not part of the private placement and are not listed on a stock exchange.

6 Cash at bank and in hand

(in thousands of GBP)	31 December 2023	31 December 2022
Cash at bank and in hand[1]	**4,597**	7,945
Total	**4,597**	7,945

1. Cash at bank and in hand as at 31 December 2023 includes £3,905 thousands held in short-term deposits (2022: £4,974 thousands), as described in note 2.6.

7 Creditors

Creditors due and payable within one year are composed of the following:

(in thousands of GBP)	31 December 2023	31 December 2022
Amount owed to affiliated undertakings	**4,570**	1,752
Trade creditors and accruals	**158**	384
Other creditors	**—**	12
Total	**4,728**	2,148

Amounts owed to affiliated undertakings are explored further in note 15.

8 Other external expenses

(in thousands of GBP)	2023	2022
Insurance expense	**769**	969
Legal fees	**266**	6,138
Other expenses	**94**	14
Consulting, advisory, accounting and valuation fees	**91**	363
Listing and agency fees	**50**	512
Audit fees	**33**	265
Bank fees	**17**	17
Professional fees paid to shareholders	**—**	12,320
Transaction and PIPE-related fees, other than legal	**—**	5,939
Underwriting fees	**—**	4,140
Administrative services with Odyssey Sponsor S.à r.l.	**—**	66
Other professional fees	**—**	23
Notary fees	**—**	13
Total	**1,320**	30,779

The total audit fees paid are as follows:

(in thousands of GBP)	2023	2022
Statutory audit of the annual accounts	**33**	42
Audit-related fees[1]	**—**	223
Total	**33**	265

1. Audit-related fees, provided by the prior auditor, correspond to non-audit services in relation to the Group's preparation for listing as part of the Transaction.

Notes to the annual accounts continued

9 Other operating expenses

(in thousands of GBP)	2023	2022
Miscellaneous operating expenses[1]	8,066	1,100
Directors' fees	692	444
CSSF fees	70	106
Other operating expenses	—	2
Total	8,828	1,652

1. Includes recharged expenses from affiliated undertakings, comprising tax payments facilitated by affiliated undertakings under the 2023 net settlement arrangement; staff time spent on activities related to the Group parent; and, relevant third-party costs passed onto the Group parent. Also includes the net book value of disposed own shares, as described in note 4.

10 Other interest receivable and similar income

(in thousands of GBP)	2023	2022
Interest income	208	42
Foreign exchange gain	6	1,302
Total	214	1,344

11 Other interest and similar expenses

(in thousands of GBP)	2023	2022
Foreign exchange loss	70	414
Banking interest	—	80
Total	70	494

12 Other taxes

(in thousands of GBP)	2023	2022
Net wealth tax	13	9
Stamp duty arising from the Transaction	—	3,739
Total	13	3,748

13 Staff numbers and costs

The Company did not employ any staff during the year ended 31 December 2023 or period ended 31 December 2022.

14 Directors' remuneration

The Company granted emoluments of £658,030 across eight Directors in the year ended 31 December 2023 (22 April to 31 December 2022: £443,922 across nine Directors).

The Company has no commitments in respect of retirement pensions to members of its Board of Directors during the year ended 31 December 2023 (2022: none).

The Company did not grant any advances or loans to members of its Board of Directors during the year ended 31 December 2023 or period ended 31 December 2022.

15 Related party transactions

Transactions with related parties, where they exist, are performed on a commercial basis.

2023

There were no related party transactions in the year ended 31 December 2023, other than in transactions with other Group companies.

£191 thousands of service fee revenue was charged to other Group companies in 2023 (2022: £122 thousands), in addition to £4.4 million of service fee charges from other Group companies (2022: £1.1 million).

A net payable of £4.6 million owed to Group companies is outstanding at 31 December 2023 (31 December 2022: £1.8 million). There were no provisions for uncollectible receivables nor bad debts expense recognised in the period in relation to related parties.

Amounts owed to other Group companies are unsecured, interest free, have no fixed date of repayment but are repayable on demand.

2022

In 2022, up until the consummation of the Transaction, the Company had been compensating the Sponsor for administrative and day-to-day support services in an amount of £17 thousands per month.

The Company had also entered into an agreement with Zaoui & Co., an affiliate of the Sponsor, and the Sponsor, as M&A adviser in connection with the Transaction, whereby Zaoui & Co. provided to the Company (i) consulting and advisory services such as target screening and financial analysis as may be required by the Company to properly conduct its business and dedicated employee time, in an amount of £66 thousands per month and, (ii) services in respect of strategy, tactics, timing and structuring of the Business Combination, which the Company agreed to pay as a success fee in the form of equity, of £9.6 million upon consummation of the Transaction.

Prior to the Transaction, the Company agreed to pay a deferred underwriting commission of £2.5 million, to Zaoui & Co. upon consummation of the Transaction.

16 Off-balance sheet commitments and contingent liabilities

BenevolentAI Equity Incentive Scheme (“BEIS”)

The BEIS is in run-off since the consummation of the Transaction, closed to new entrants and with vesting continuing for awards already granted. There are 10,770,196 awards outstanding as at 31 December 2023, each of which carries a weighted average exercise price of £0.2. No options have yet been exercised. 4,451,162 RSUs were settled for shares in the year under a net settlement arrangement, with a further 2,607,989 RSUs withheld, in part for purposes of exercise price but predominantly equal in value to the £2.1 million payment made to the tax authorities on behalf of the scheme participants. This is further described in notes 4 and 5.1.

Long-term incentive plan (“LTIP”)

Under the LTIP, RSUs and performance stock units (“PSUs”) are granted to eligible employees and may be subject to one or more performance conditions.

There are 4,145,853 awards outstanding as at 31 December 2023, each of which carries a nil exercise price. No RSUs or PSUs were settled in the year.

Once the underlying vesting conditions of the awards are met, pending the Board approval of the Benevolent portal being opened to facilitate settlement or exercise under either the BEIS or LTIP, holders of the awards undergo a settlement of their awards for shares in BenevolentAI or become entitled to exercise their options for shares in BenevolentAI.

Contingent liabilities

There are no contingent liabilities as at 31 December 2023 (2022: none).

17 Subsequent events

On 24 January 2024, BenevolentAI announced the appointment of Dr. Joerg Moeller as CEO and Executive Director with immediate effect.

Glossary

AD	Atopic dermatitis.
AGM	Annual General Meeting.
AI.	Artificial intelligence.
ALS	Amyotrophic lateral sclerosis.
Articles of Association	The consolidated Articles of Association of the Company dated 13 October 2022 and as amended from time to time.
Benevolent Group or the 'Group'	BenevolentAI together with its consolidated subsidiaries.
Business Combination	On 22 April 2022, Odyssey SPAC and BenevolentAI Limited (the former parent company of the BAI Group before the Business Combination ("Transaction")), entered into a Business Combination agreement by way of contribution of all shares in BenevolentAI Limited into Odyssey SPAC in exchange for the issuance of new ordinary shares. The Transaction was completed on 22 April 2022 and resulted in changing the name of the Group's new holding company from Odyssey Acquisition S.A. to BenevolentAI (the "Group").
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
cGMP	Current good manufacturing practice.
Chair	The Chairperson of the Board.
CKD	Chronic kidney disease.
Company	BenevolentAI.
CRO	Chief Revenue Officer.
CSO	Chief Scientific Officer.
CSSF	The Commission de Surveillance du Secteur Financier, with registered office at 283, route d'Arlon, L-1150 Luxembourg, Luxembourg (telephone: +352 26 25 1-1).
CTA	Clinical trial applications in the United Kingdom and European Union.
Directors	Members of the Board.
DNDi	Drugs for Neglected Diseases initiative.
ELT	Executive Leadership Team.
ESG	Environmental, social and governance.
EU	European Union.
Euronext Amsterdam	The regulated market operated by Euronext Amsterdam N.V.
FDA	U.S. Food and Drug Administration.
FTE	Full time equivalent.
FX	Foreign exchange.
GBM	Glioblastoma multiforme.
GMP	Good manufacturing practice.
HF	Heart failure.
H&S	Health and Safety.
IBD	Inflammatory bowel disease.

IFRS	International Financial Reporting Standards.
IND	Investigational New Drug applications in the United States.
IP	Intellectual property.
IPF	Idiopathic pulmonary fibrosis.
KPIs	Key Performance Indicators.
MHRA	UK Medicines and Healthcare products Regulatory Agency.
NLP	Natural language processing.
R&D	Research and development.
SBP	Share based payments.
SLE	Systemic lupus erythematosus.
TargetID	Target identification.

Shareholder information

Full & short Company name
BenevolentAI

Directors
Dr. François Nader M.D.
Dr. Joerg Moeller (appointed post period in January 2024)
Dr. Olivier Brandicourt
Mr. Jean Raby
Dr. Susan Liautaud
Prof Sir Nigel Shadbolt
Dr. John Orloff
Mr. Marcello Damiani

Company Secretary
Mr. Will Scrimshaw

Company registered number
R.C.S. Luxembourg: B255412

Place of registration
Luxembourg

Registered office address:
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Luxembourg, Grand Duchy of Luxembourg

Postal address
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Head office
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United Kingdom

Independent Auditor
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External legal advisers
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Forward-looking statement
This Annual Report and Accounts contains forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “plans”, “targets”, “aims”, “believes”, “expects”, “anticipates”, “intends”, “estimates”, “will”, “may”, “should” and similar expressions. Forward-looking statements include statements regarding objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; economic outlook and industry trends; developments in BenevolentAI’s markets; the impact of regulatory initiatives; and/or the strength of BenevolentAI’s competitors. These forward-looking statements reflect, at the time made, BenevolentAI’s beliefs, intentions and current targets/aims. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The forward-looking statements in this Annual Report and Accounts are based upon various assumptions based on, without limitation, management’s examination of historical operating trends, data contained in BenevolentAI’s records, and third-party data. Although BenevolentAI believes these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond BenevolentAI’s control. Forward-looking statements are not guarantees of future performance, and such risks, uncertainties, contingencies and other important factors could cause the actual outcomes and the results of operations, financial condition and liquidity of BenevolentAI or the industry to differ materially from those results expressed or implied by such forward-looking statements. The forward-looking statements speak only as of the date of this release. No representation or warranty is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved.

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