

# Physiomics

**Physiomics Plc**

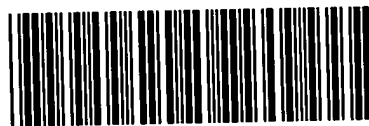
**Annual Report and Financial Statements**

**For the Year Ended**

**30 June 2024**

Company Registration No. 04225086

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## Officers and Professional Advisors

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### DIRECTORS

Dr J S Millen  
Dr T H Corn  
Mr S Kumar  
Dr P J Sargent (Appointed 22 January 2024)

Non-Executive Chairman  
Non-Executive Director  
Non-Executive Director  
Chief Executive Officer

### SECRETARY

Strategic Finance Director Limited

### REGISTERED OFFICE

Bee House  
140 Eastern Avenue  
Milton Park  
Abingdon  
OX14 4SB

### AUDITOR

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

### REGISTRAR

Link Group  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### BANKER

Barclays Bank UK Plc  
Leicester  
LE87 2BB

### BANKER

National Westminster Bank Plc  
Norwich Gentleman's Walk  
Norwich  
Norfolk  
NR2 1NA

### NOMINATED ADVISER

Strand Hanson Limited  
26 Mount Row  
Mayfair  
London  
W1K 3SQ

### SOLICITOR

Mishcon de Reya LLP  
Africa House  
70 Kingsway  
London  
WC2B 6AH

### BROKER

Hybridan LLP  
Birchin Court  
20 Birchin Lane  
London  
EC3V 9DU

Physiomics Plc is a limited liability company incorporated in England & Wales and domiciled in the United Kingdom.

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## Highlights

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### Financial Highlights

- The financial year ending 30 June 2024 resulted in a record year for the total value of new contracts won (more than £1.1m) during the period and ended with a record level (based on last six years of data) of contracted revenue to be taken forward into the following year (more than £500k)
- Total income (revenue and grant income) decreased 6% to £570,561 (2023: £605,734)
- The operating loss increased 17% to £670,816 (2023: £573,733)
- The loss after taxation increased 28% to £609,352 (2023: £477,257)
- At 30 June 2024, the surplus of shareholders' funds was £282,527 (30 June 2023: £531,720)
- Cash and cash equivalents at 30 June 2024, and before the post year end funding of £191,072 (30 June 2023: £416,592)

### Operational highlights

- Appointment of Chief Operating Officer, Dr Peter Sargent in September 2023, with his transition to Chief Executive Officer and Director in January 2024; coinciding with Dr Jim Millen's appointment as Non-Executive Chairman
- Awarded a grant by Innovate UK and the Office for Life Sciences to advance the development of the Company's G-CSF dosing tool. The Company will receive £137,376 out of the total £570,651 grant award
- Implementation of the Company's Personalised Dosing Software onto DoseMe's newly launched platform, allowing access to the software for research purposes initially, with the aim to add paid for functionality later
- Awarded two large contracts exceeding £286k, in aggregate, with two new clients, one of whom is at the forefront of AI driven drug discovery
- Follow-on contracts with Bicycle Therapeutics, Numab Therapeutics, Merck KGaA and Sheffield University exceeding, in aggregate, £822k
- Continued operational build of a Biostatistics service line, with the initial appointment of a Head of Biostatistics and then the onboarding of a Principal Biostatistics consultant

### Post period end

- Successful completion of a fundraise, with gross proceeds raised of £406,417. Funds were raised to continue driving growth in the business, including the following key activities:
  - Recruitment of a Head of Modelling & Simulation: currently in final stages of candidate recruitment

- Continued investment into business development and marketing across Modelling and Biostatistics service lines
- Exploration of strategic opportunities in Biostatistics
- Development of personalised dosing tool

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## Chairman and Chief Executive Officer's Statement

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### Overview

Following a strategic review at the start of the year, the Company has begun implementing the operating model changes necessary to position the business for growth. Even though these changes are yet to effect total income, which was down approx. 6% on the previous year, significant increases in other performance metrics were seen. The Company achieved record levels of contract awards, with more than £1.1m of new contracts signed during the financial year and a record level of contracted revenue (more than £500k) to be taken forward into the next financial year ending 30 June 2025. Additional revenue has also been contracted for the two years ended 2026 and 2027.

The Company's primary focus remains its core Modelling and Simulation service-line. For this, the business continues to broaden its offering into new therapeutic areas and drug development phases, as well as diversifying its client base. Driven by an increase in presence at both physical key global conferences and virtually through various online channels, the Company has achieved a 5-fold increase in the total value of new client contract wins compared with the previous year, whilst still nurturing and delivering on work for established clients (i.e. Numab, Merck KGaA, CRUK, Bicycle Therapeutics). The financial year ended 30 June 2024 has seen the Company win contracts outside oncology, in areas such as dermatology, as well as in areas outside its typical translational modelling focus, such as data science and target identification (discovery phase).

Progress has also been made with the Company's Personalised Dosing Software initiative. In November 2023, the Company was awarded a grant from Innovate UK and the Office for Life Sciences to fund a project in collaboration with Beyond Blood Diagnostics and Blackpool Teaching Hospital NHS Foundation Trust to further develop its personalised dosing tool. Physiomics will receive £137,376 of the £570,651 total award over the course of the project, which is due to complete in October 2025. In June 2024, the Company also announced the re-engagement of its US partner, DoseMe, resulting in an agreement to implement its Personalised Dosing Software on the partner's newly updated platform. Through the platform, the Company's dosing software will be made available to selected DoseMe clients on a research basis with an objective of adding paid for functionality later.

Finally, the Company continues to build out its second consultancy service-line providing biostatistics solutions. During the year, both organic and in-organic options to build this capability have been progressed in parallel. Shortly following recruitment of a Head of Biostatistics in October 2023, the Company decided that alternative expertise was required and that until a suitable replacement Head of Biostatistics can be identified, experienced biostatistician contractors will be utilised. The Company now has two senior biostatistics contractors and with their support, it has started early engagement with prospective clients. In addition to organic development of this service-line, a European-wide search for Biostatistics service companies was conducted and the Company continues partnership and acquisition discussions with a number of targets.

## Financial Review

The Company's total income for the year ended 30 June 2024 of £570,561, which represents a 6% decrease from the financial year ended 30 June 2023, despite the Company having signed a record £1.1m of new contracts during the period. The relatively long sale cycle of 6-18 months associated with modelling and simulation services means that only approximately 44% of this total contract value has been recognised as revenue in the financial year ended 30 June 2024, however, as noted above, over £500k of carried forward contracts are expected to be completed in the current financial year ending 30 June 2025.

The disappointing lack of revenue growth, combined with necessary investment in operating model changes led to an increase in loss after taxation of 28% to £609,352 (2023: £477,257).

At 30 June 2024, the surplus of shareholders' funds was £282,527 (30 June 2023: £531,720) of which cash and cash equivalents were £191,072 (30 June 2023: £416,592). However, this was just prior to the receipt of funds from a fundraise completed on 4 July 2024 the gross proceeds of which were £406,417.

## Staff

As a result of a strategic review of its operating model, the Company has completed a restructuring at both Board and operating level staff to better position the business for growth. This includes the recruitment of Dr Peter Sargent as Chief Executive Officer and Director, the decision to recruit service-line leads and the redundancy of the Chief Scientific Officer role.

Staff utilisation rates are regularly reviewed as part of the Company's workforce planning process and the Company would like to thank all its staff for their continuing hard work and commitment during the year.

## Outlook

The impact of the Company's strategic review of its operating model earlier in the year and its increased investment in business development and marketing activities has already resulted in key performance metrics hitting record levels. As a result, the Company started the financial year ending 30 June 2025 with more than £500k of contracted revenue and momentum across its key initiatives, such as its personalised dosing software and biostatistics service line. The Company is actively seeking to build upon this solid base and the Board looks forward to a successful financial year 2025.

Dr James Millen, Non-Executive Chairman

*J S Millen*

26 Sep 2024

Dr Peter Sargent, Chief Executive Officer

*[Signature]* (24, 8:46pm)

26 Sep 2024

Dr Peter Sargent (Sep 26, 2024, 8:44pm)

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## Strategic Report

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### Principal activities

Physiomics is engaged in providing consulting services to pharmaceutical companies and research institutes in the areas of outsourced quantitative pharmacology, computational biology and biostatistics, using a combination of industry standard technologies and its own proprietary technology platform, Virtual Tumour™. In simple terms, this means helping drug developers accelerate the development of their therapies towards market by supporting them gain insights from their data that will better inform their research decisions and support regulatory review.

#### Modelling and simulation using Virtual Tumour™ and other tools

The Company's focus is almost exclusively on the provision of modelling, simulation and data science services, to support discovery, preclinical and clinical drug development activities. The Company generates fee for service revenues by providing insights to clients based on its modelling. The Company utilises its proprietary Virtual Tumour™ predictive software, industry standard tools (such as MATLAB), as well as developing bespoke models using the R programming language. Extensions to Virtual Tumour™ have been developed over the last few years to address specialist areas such as immuno-oncology, DNA damage repair inhibitors, radiation therapy and other areas of specialism. Projects often require a blend of several approaches to deliver the optimal insights to clients. Client companies rely heavily on the knowledge and experience of our team when evaluating data and devising new programmes. The team's exposure to and expanding expertise in a wide range of cancer treatment modalities, as well as in other therapeutic areas, is attractive to new and existing clients.

The Company's expertise in discovery, preclinical and clinical phases of pharmaceutical R&D, enables it to add value by helping companies to efficiently derive insights from their data. This is achieved in a variety of ways ranging from data analysis, visualisation and interpretation to mathematical modelling of the performance of drugs. The result is that our clients are in a better position to optimise the treatments they are developing by selecting the right targets, drugs, dosages, timing and combinations. We believe that we add particular value in early development during the transition from pre-clinical to first-in-human studies. We believe our experience and capabilities have been helpful in supporting clients in identifying optimal clinical trial designs and justifying them to regulatory authorities. In recent projects, the Company has been able to:

- Work with one biotech company to support the selection of its first human dose for its lead product
- Work with another biotech company to model the PK of its drug, confirming its potential advantages vs a competitor and contributing to its eventual acquisition
- Support a big pharma company in optimising the balance of efficacy and toxicity for complex combination cancer regimens
- Support another big pharma in exploring the mechanism of action of a new immune-oncology drug targeting NK cells and creating a model to predict its efficacy in preclinical and clinical settings

#### Biostatistics

In addition to its core modelling and simulation business, the Company has started building capabilities in biostatistics, expanding its offering to clients as part of a second service line. Biostatistics is an essential component of clinical research, playing a pivotal role in the setup, conduct and reporting of trials. It ensures studies are well designed, data are accurately collected and analysed, and results are interpreted correctly.

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The strategic rationale for developing Biostatistics service capabilities is three-fold; firstly, the application of Modelling & Simulation and Biostatistics in drug development overlaps, with often the output of the former being a key input to the latter, allowing for natural follow-on work to be offered to clients. Secondly, biostatistics is a necessary component to the setup, conduct and reporting of any interventional clinical trial, from Phase 1 through to Phase 4, regardless of the therapeutic area. This opens up a significant market for the Company, giving greater opportunity to scale. Finally, with both service lines utilising the same business model and similar expertise across mathematics and data science, this allows the Company to operate flexible staffing across service lines to meet demand and maximise utilisation.

### Personalised Medicine

In addition to its consultancy service business, the Company has continued to develop its technology for use in the field of personalised medicine. Physiomics' approach is to apply its technology and expertise in interpreting pre-clinical and clinical cancer data to help predict when to treat patients and with what dose of drug. This approach relies on advanced analytical techniques, many of which (such as machine learning and neural networks) are in the field of artificial intelligence (AI).

To date this work has been funded by three Innovate UK grants and one NIHR grant and has not drawn materially on shareholder funds. The Company completed its observational "PARTNER" study at Portsmouth University Hospitals NHS Trust which validated the ability of the software to predict levels of neutropenia. Although this was felt to be of interest by clinicians, it was determined that the software's use to guide the use of the expensive biological drug GCSF (used to counteract neutropenia) might have a higher commercial value. Funded through the latest Innovate UK grant award announced in November 2023, the Company has kicked off project (PREDICT-ONC) in partnership with UK based start-up Beyond Blood Diagnostics and Blackpool Teaching Hospital NHS Foundation Trust to generate data that will help further validate the software's use to guide dosing of GCSF. The project, which is due to run until October 2025, will leverage Beyond Blood Diagnostics' miniature device that allows blood count measurement in community and primary care settings.

During the year, the Company re-engaged with its US partner DoseMe and entered an agreement to implement its personalised medicine software onto their newly updated platform. Once implemented, the software will be initially made available to a selection of DoseMe's clients for research purposes only, with an objective of adding paid for functionality later.

### **Business Model**

The Company's main commercial business is the provision of consulting services which rely substantially on its Virtual Tumour™ pre-clinical and clinical models that are proprietary to the Company. Physiomics works primarily on a fee for service basis, although we are open to and continue to explore other approaches including risk sharing and collaboration.

Although the Company continues to be open to alternative approaches, it is envisaged that fee-for-service consulting will continue to be the main driver of revenues in the short to medium term.

## Key strengths

The consulting business is the core of the Company's commercial activity and we believe that it is unique in a number of respects:

- Our expertise and tools can be applied across multiple therapeutic areas. Our team has accumulated over 140 years of combined experience in the development of new drugs and computational biology, and in particular of quantitative pharmacology (essentially analysing how much drug to use and trying to predict what effect it will have). Over the Company's lifetime it has completed over 120 projects covering hundreds of targets, cell lines and drugs. A large percentage of these projects have focussed on oncology therapies; however, the Company is increasingly working in other therapeutic areas;
- We use a proprietary in-house platform called Virtual Tumour™. Although the team can take advantage of all commonly used modelling, simulation and data analysis techniques in the cancer field, we also have access to an internally developed platform that is uniquely useful when considering combinations of cancer drugs (and most anti-cancer regimes eventually involve using multiple agents simultaneously);
- We have particular expertise in the sourcing, curating and analysis of healthcare data. Whether originating from clients or within the public domain, our team comprises experts in data analysis, coding and machine learning (AI) techniques that underpin the modelling activities we carry out on behalf of our clients; and
- We provide a flexible and bespoke service. We differentiate ourselves in the market by offering flexible, bespoke services that best answers our client's questions and fits in with their timelines. Some competitor companies often try and answer their clients' questions with off the shelf models and offer less flexibility in their service.

## Our strategy

Physiomics' strategy is to grow its consulting business across modelling & simulation and biostatistics while actively applying this expertise in the development of personalised medicine assets. Our main strategic aims are as follows:

- Continue to expand and diversify our core consulting business (Modelling & Simulation) both through repeat business and through the acquisition of new clients;
- Expand our services into related fields, starting with biostatistics. This will be the subject of further announcements later this calendar year;
- Supplement our core consulting revenues through grant funded projects, especially in the field of personalised medicine (CRUK, Innovate UK, NIHR etc);
- Develop new, complementary areas of business such as personalised medicine and other service offerings in drug discovery and development that can add long term value to the business.

## Obligations under s172 of the Companies Act

The Directors are mindful of their obligations under s172(1) of the Companies Act 2006 to act in good faith to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following:

Principle	Company's actions
The likely consequences of any decision in the long term.	The Company has a long term vision as set out in this report.
The interests of the Company's employees.	The Company values its employees and implements training, offers development opportunities and has in place appropriate incentive programs to support their retention.
The need to foster the Company's business relationships with suppliers, customers and others.	The Company spends significant effort in reaching out to new and existing customers and in soliciting their feedback following engagements.
The impact of the Company's operations on the community and the environment.	The Company's operations have minimal impact on the community and environment.
The desirability of the Company maintaining a reputation for high standards of business conduct.	The Company maintains a high standard of business ethics, complying with the QCA code for corporate governance.
The need to act fairly as between members of the Company.	The Company treats all members equitably and attempts to ensure a timely and accurate flow of information to all members.

## Review of Business

The Company is principally engaged in providing consulting services to pharmaceutical companies in the areas of outsourced quantitative pharmacology and computational biology.

- Total income (revenue and grant income) decreased 6% to £570,561 (2023: £605,734)
- The operating loss increased 17% to £670,816 (2023: £573,733)
- The loss after taxation increased 28% to £609,352 (2023: £477,257)
- At 30 June 2024, the surplus of shareholders' funds was £282,527 (30 June 2023: £531,720)
- Cash and cash equivalents at 30 June 2024 of £191,072 (30 June 2023: £416,592)

## Consulting Business

Physiomics' consulting business is at the heart of its offering to clients. The Company uses its proprietary Virtual Tumour™ software platform but also develops mathematical models from scratch and leverages models in the public domain. It is a combination of our technology and the oncology experience of our team that enables us to be able to deliver clients both a targeted product offering that meets their needs whilst at the same time delivering value for money. We believe that we are unique in offering a combination of:

- Deep experience and knowledge of oncology;
- An exclusive focus on model-based approaches to supporting our clients' R&D projects; and
- A level of flexibility and responsiveness that is not typically found in larger organisations.

We have continued to develop our brand through a variety of marketing and business development activities including:

- Engagement of external social media and marketing expertise to advise and support our Head of Business Development in the execution of key marketing initiatives.
- Continued use of social media to engage with current and potential new clients;
- Increased attendance at key conferences such as this year at AACR-EORTC where we presented a poster in collaboration with Ankyra, sponsoring the World ADC event, BIOEurope, Bio International and Immuno-oncology UK; and
- Further development of our website to refine our messaging and include case studies based on actual client projects.

The Company continues to be successful in attracting repeat business this year from clients such as Merck KGaA, Numab Therapeutics and Bicycle Therapeutics, whilst also driving business with new clients.

The Company's clients in this financial year have been located in the USA, UK, EU and Switzerland. In terms of the mix of work, we continue to work across the full spectrum of R&D from discovery to development. Even though our primary focus is still on translational projects involving assets entering clinical development for the first time, we are also delivering on projects supporting R&D activities as far upstream as discovery in areas such as target identification, as well as projects outside of oncology, such as dermatology and immunology. We are also supporting clients across a wide array of disease modalities, including but not limited to antibody drug conjugates, radiopharmaceuticals, DNA damage repair agents and combination therapies.

### **Personalised Medicine**

The personalised medicine and digital health space continues to generate significant interest from both investors and healthcare systems. Many start-ups in this area focus on the use of genetic markers or the pattern-recognition capabilities of artificial intelligence applications. However, we believe that there is a significant opportunity in the analysis of existing clinical data to identify better ways to treat patient using existing drugs and procedures.

The Company has developed a tool for personalised dosing, funded mainly by three Innovate UK and one NIHR grant as noted above.

### **Strategic and financial performance indicators**

The Company is focused on the creation of long-term value for its shareholders.

The Directors consider that the key performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being revenue, profitability, and shareholders' funds, as well as indicators of future performance, being value of new contracts won, contracted future revenue and pipeline value.

Total revenues during the last five financial years (year ended June 2020 to year ended June 2024) exceed the total revenues of the first seventeen accounting periods (from incorporation to June 2019).

Considering performance trends across periods, total income for the past 3 financial years (year ended June 2022 to year ended June 2024) has averaged £692k annually, compared with £785k for the 3 years before that (year ended June 2019 to year ended June 2021) and £360k for the 3 years before that (year ended June 2016 to year ended June 2018). The recent performances of FY23 and FY24 with delayed client projects in both periods have caused the 3-year average trend to pause its upward growth.

Similarly, loss after tax for the past 3 financial years (year ended June 2022 to year ended June 2024) has averaged £447k, compared with an average of £128k for the 3 years before that (year ended June 2019 to year ended June 2021). These increases result mainly from increased investment in technical and business staff intended to drive the Company's key strategic initiatives and increase revenues over time.

Year-end net assets at 30 June 2024 of £282k have fallen from their year-end peak at June 2020 of £1,315k, primarily due to contracting delays affecting income, along with increased investment in people and technology needed to drive future growth.

The financial year ending 30 June 2024 resulted in a record year for the total value of new contracts won (more than £1.1m), a peak unweighted pipeline value of more than £1.7m and a record level (based on last six years of data) of contracted revenue to be taken forward into the following year (more than £500k).

### Principal Risks

The Company faces a number of risks and maintains a risk register that identifies specific risks, their potential impact, their likelihood and mitigating actions. This register is updated as required and on an annual basis as a minimum. Selected key risks are addressed below.

Risk	Description	Mitigation
Loss of major customer	The business has a high dependence on repeat business. This leads to the risk that these existing customers could significantly reduce or cancel its contracts with the Company.	For the year ending 30 June 2024, new contracts from repeat clients contributed to 74% of the value of all contracts won in that period, with 26% of the value coming from contracts signed with new clients. The contracts resulting from repeat business however came from four different clients. The total value of new client contracts has increased 5-fold from the previous year, financial year ending 30 June 2023.

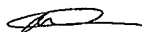
Risk	Description	Mitigation
<b>Competition</b>	<p>Physiomics operates in a competitive environment which could lead to pricing pressure. Whilst the business uses its own proprietary technology a competitor could attempt to replicate its Virtual Tumour™ technology.</p>	<p>Our focus on oncology and the way in which we employ Virtual Tumour™ requires a combination of technology and specialised skills, which we believe is hard to replicate.</p> <p>We continually develop our model to improve the scope and applicability of the technology, adding further value to our clients and differentiating our service from our competitors.</p> <p>In addition, in the last four years we have developed a personalised medicine offering that we are currently seeking to commercialise and which would help reduce dependency on our consulting business.</p> <p>We are in parallel seeking other ways in which to broaden the base of activities of the Company, including the expansion of its consulting business into the field of biostatistics. It is our intention in the future to develop further service-lines beyond Biostatistics.</p>
<b>Personnel &amp; skills</b>	<p>The success and future growth of the Company is in part dependent on the continued performance and delivery of certain Directors, managers, key staff and contractors. The Company operates in a highly specialised field where there is strong competition for required skills and talent.</p> <p>Key personnel leaving the Company could lead to a short-term reduced capacity to service client projects.</p>	<p>The Company seeks to recruit, develop, and manage talent on a continuous basis and has built a network of contracted specialists who can provide additional resource when required.</p> <p>In order to attract the best talent, the Company offers competitive packages to its staff which includes a share option scheme, private medical insurance and flexible working. A collegiate working environment and opportunities for personal and professional development also help to maintain staff satisfaction.</p> <p>Over the course of this financial year, the Company restructured its management team, taking on a new CEO and terminating the CSO position in order to focus resource on revenue generating activities.</p>

Risk	Description	Mitigation
<b>Financial</b>	<p>The financial risks faced by the Company include the ability to cover working capital needs, raise sufficient funds to support the Company through to profitability and failure to secure further contracts.</p> <p>The process of winning major contracts is typically protracted and the Company operates in a competitive environment. This means the Company often faces significant uncertainties in its cash flow.</p>	<p>The Board addresses financial uncertainties by monitoring actual performance against internal projections and responding to significant variances. The Company also employs tight cost controls across the business and has from time to time raised funds from investors.</p> <p>The Company seeks to ensure cash availability for working capital purposes and to reduce credit risk arising from cash and short-term deposits with banks and other financial institutions by holding deposits with an institution with a medium grade credit rating or better.</p> <p>In July 2024 the Company completed a fundraise of £406k gross to support expansion of the core modelling and simulation service-line, continued development of biostatistics capability and continued development of its personalised medicine software.</p>
<b>Regulation Changes</b>	<p>The Company's customers are predominately pharmaceutical companies who require outsourced quantitative pharmacology and computational biology services. There is a risk that the business model is impacted by future changes in regulations in the medical and pharmaceutical industry.</p>	<p>The Company regularly reviews regulations changes through proactive discussions with key industry officials, professional advisors and regulatory bodies where appropriate.</p> <p>Major agencies such as the FDA are actively promoting the use of modelling and simulation and issue advisory papers which set out their thinking.</p>
<b>Systems &amp; Infrastructure</b>	<p>The Company is dependent on its IT technical infrastructure and systems for the management of its core operations and research and development programmes.</p>	<p>Continuity of access to data and integrity of data is maintained through the implementation of a system of data storage, offsite backup and monitoring of key coding and modelling data. The Company maintains CyberEssentials accreditation of its systems hardware and processes in order to increase resilience vs cyber related attacks and risks.</p>

Risk	Description	Mitigation
<b>Prevailing economic conditions</b>	<p>The biotech market has seen a significant reduction in funding from both public and private sources since the beginning of 2022. Publicly listed biotech companies share prices have come under some pressure as a result and our clients' ability to raise capital may be impacted by this as well as adverse sentiment related to energy prices and the war in Ukraine.</p>	<p>Due to the drop in revenues in the financial year 2023, the Company is still to recover back to revenue levels seen previously. This primarily is down to the long sale cycles (12+ months) typical of such service business. Therefore, efforts made during the year ending June 2022 and start of the following year are only just converting into contracts. This is evidenced by this year being a record year for total value of contracts won, whilst only approx. 44% of this total contract value materialising into recognised revenue for the year.</p>

By order of the Board

**Dr Peter Sargent**  
**Chief Executive Officer**



26 Sep 2024

Dr Peter Sargent (Sep 26, 2024, 8:44pm)

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## Directors' Report

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The Directors submit their report and the audited financial statements of Physiomics Plc for the year ended 30 June 2024.

### Results

There was a loss for the year after taxation amounting to £609,352 (2023 loss after tax: £477,257). In view of accumulated losses, and given the stage of the Company's development, the Directors are unable to recommend the payment of a dividend.

### Directors

The Directors who served during the year were:

Dr J S Millen

Dr C D Chassagnole

(Resigned 31 May 2024)

Dr T H Corn

Mr S Kumar

Dr P J Sargent

(Appointed 22 January 2024)

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by United Kingdom (UK). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the financial performance and cash flows of the Company for that year.

The financial statements are required by law, and IFRS as adopted by the UK, to give a true and fair view of the state of affairs of the Company.

In preparing the Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether in preparation of the financial statements the Company has complied with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the Physiomics Plc website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

### Substantial shareholdings

The Company has been informed, based on a beneficial ownership search carried out by its registrar, as at 16 August 2024, there are no individual shareholders who hold an interest of more than 3% in the issued ordinary shares of the Company.

On 16 August 2024, Dr Jim Millen held 1,884,393 ordinary shares a holding percentage of 0.93%.

### Directors' remuneration

Details of Directors' remuneration in the year ended 30 June 2024 is set out below:

	Emoluments	Bonus	Benefits	Pension Contributions	Total 2024	Total 2023
	£	£	£	£	£	£
Dr J S Millen	61,361	-	2,245	3,827	67,433	138,606
Dr C D Chassagnole	69,117	-	1,667	9,681	80,465	87,477
Mr S Kumar	20,000	-	-	-	20,000	23,667
Dr T H Corn	20,000	-	-	-	20,000	20,000
Dr P J Sargent	72,946	-	-	5,800	78,746	-
<b>Total</b>	<b>243,424</b>	<b>-</b>	<b>3,913</b>	<b>19,308</b>	<b>266,644</b>	<b>269,750</b>

### Corporate governance

Physiomics Plc has chosen to comply with the Quoted Companies Alliance ("QCA") Corporate Governance Code. High standards of corporate governance are a priority for the Board, and details of how Physiomics addresses key governance principles defined in the QCA code are set out below.

#### 1. Establish a strategy and business model which promote long-term value for shareholders

The Company's business model is focused on helping big pharma and biotech clients to reduce costs and optimise outcomes of their oncology R&D through modelling and analysis of client and other data. In particular, the Company leverages its own in-house technology, Virtual Tumour™, which is specifically focused on predicting the effects of combination drug treatments. The Company operates mainly on a fee for service basis but is also open to other arrangements such as risk-based milestones and licensing although these have not formed a material part of the Company's revenues historically. In addition to its commercial business the Company engages in grant driven projects which do not generate profit but which provide valuable "paid for" R&D which can then be leveraged through the Company's commercial activities. The Company aims to deliver shareholder value by increasing the number and value of its commercial clients and by increasing the amount

and value of grant projects and by investigating the commercial potential of new areas such as personalised medicine. The Company believes that its strategy will be effective in helping it to meet challenges such as competitive pressure and the rapid pace of technological change in the pharmaceutical industry.

## **2. Seek to understand and meet shareholder expectations**

The Company maintains a dedicated email address which investors can use to contact the Company which is prominently displayed on its website together with the Company's address and phone number. The Company holds an Annual General Meeting ("AGM") to which all members are invited and during the AGM, time is set aside specifically to allow questions from attending members to any Board member. As the Company is too small to have a dedicated investor relations department, the CEO is responsible for reviewing all communications received from members and determining the most appropriate response. In addition to these passive measures, the CEO typically engages with members through a roadshow once or twice each year and the Company subscribes to the InvestorMcctCompany online investor relations platform.

## **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

In addition to members, the Company believes its main stakeholder groups are its employees and clients. The Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups via meetings dedicated to obtaining feedback (see principle 2 above).

In addition, the Company has a close relationship with the University of Oxford and the Oxford University Hospitals NHS Foundation Trust. Prof Mark Middleton, who leads oncology research at these institutions is an advisor to the Company and has been a collaborator on several grant projects. The relationship with the Company is mutually beneficial as the University and NHS Trust also has a mandate to encourage and collaborate with local businesses.

With regards corporate social responsibility, there is little direct impact of the Company's day-to-day activities however the Company is proud that its overarching goal is to support the treatment of cancer, a disease that has a profound impact on society.

## **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Company maintains a register of risks across several categories including personnel, clients, competition, finance, technical and legal. For each risk we estimate the impact, likelihood as well as identify mitigating strategies. This register is reviewed periodically as the Company's situation changes and as a minimum annually. During such reviews, each risk category is considered by the Directors with a view to understanding (i) whether the nature, impact or likelihood of any risks has changed, (ii) whether the mitigating actions taken by the Company should change as a result and (iii) whether any new risks or categories of risk have arisen since the last review. The Company's risk register is reviewed by its auditor as part of its annual audit process, providing a degree of external assurance as to the suitability of its risk management strategy.

**5. Maintain the board as a well-functioning, balanced team led by the Chairman**

The Board of Physiomics Plc currently comprises one Executive Director, two independent Non-Executive Directors, one Non-Executive Chairman and a secretary (non-director). The Board meets at least monthly for one day (except August) and all current Board members have attended all Board meetings in the current financial year (since their appointment). Each Director is re-elected to the Board on a rotating basis by a vote of members at the Company's AGM.

Executive Directors are employees of the Company. Non Executive Directors' contracts require that directors dedicate a minimum of one day per month. In addition, non-executive directors may provide additional paid consulting services at rates specified in their contracts.

Following a period when Dr Jim Millen has fulfilled the roles of both Executive Chairman and CEO, there is now a more balanced ratio of executive and non-executives on the Company's Board. This also addresses the guidance in the QCA Code regarding separation of the roles of Chairman and Chief Executive Officer.

**6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The current Directors of the Company, together with their experience, skills, and personal qualities relevant to the Company's business are outlined below:

- Dr Peter Sargent (Chief Executive Officer) joined Physiomics in September 2023, initially joining the Board as Chief Operating Officer before transitioning to Chief Executive Officer in January 2024. He brings over 20 years of experience in life sciences, leading R&D and commercial teams across drug and diagnostic development businesses. Prior to joining Physiomics, Dr Sargent held a senior management role at global consultancy business Syneos Health Inc (NASDAQ: SYNH), leading large teams of professionals and servicing a variety of clients in the biopharmaceuticals space. Among his earlier roles, Dr Sargent has also been Head of Business Development for the UK's National Institute for Health and Care Research (NIHR), leading a team supporting global life science businesses access to funding and research infrastructure in the UK. He holds a PhD in Biochemistry from King's College London.
- Dr Jim Millen (Non-Executive Chairman) joined Physiomics in April 2016, bringing over 15 years' experience in pharmaceuticals and biotechnology gained at a number of blue-chip global companies as well as smaller UK-based organisations. At Allergan, Jim was responsible for corporate development in its Europe, Africa and Middle East region where he was pivotal in expanding the Company's geographical footprint before moving to a senior role responsible for commercial strategy and market access. Prior to that, at GSK, Jim held business development roles of increasing responsibility including within the Company's innovative Centre of Excellence for External Drug Discovery. Jim has also supported a number of smaller companies in fund raising and strategic partnering activities. Over the course of his career he has completed an array of deals worth many hundreds of millions of dollars, spanning licencing, acquisition, divestment, development and commercialisation. Jim studied medicine at Queens' College, Cambridge University and qualified as a doctor from the London Medical School. He holds an MBA from INSEAD. Jim's ability to develop and grow businesses and drive towards ambitious goals is of great value in his role as Non-Executive Chairman.
- Dr Tim Corn (Non-Executive Director) qualified in medicine at King's College Hospital and, after becoming honorary Consultant and Senior Lecturer, joined the pharmaceutical industry in 1983. He has held senior positions in both big and small pharma as well as at the MHRA and became CMO of several small but highly successful venture-backed companies, such as EUSA Pharma and Zeneus Pharma. He has played a key role in more than twenty regulatory approvals in the USA and Europe, is the author of more than forty scientific publications, and was elected Fellow of both the Faculty of Pharmaceutical Medicine and the Royal College of Psychiatrists.

- Mr Shalabh Kumar (Non-Executive Director) is a proven business executive with over 30 years of experience within the life sciences consulting and services industry. Shalabh co-founded, and subsequently was the Chief Executive Officer of Kinapse, a life sciences consulting and outsourcing service provider. The company was later acquired by Syneos Health® (Nasdaq: SYNH) after growing to employ over 600 people across UK, India and US. Prior to that he has worked in Accenture, Gillette (Procter & Gamble) and Unilever. More recently, Shalabh has been working as an independent strategy consultant and angel investor in the life sciences industry, working with biopharmaceutical companies, life sciences services and technology companies and private equity firms. Recent roles include Chairman of the Board of Clustermarket Ltd, a lab software start-up; independent strategy consultant to the life sciences R&D group of Accenture plc (NYSE: ACN); and Global Head of Services at Navitas Life Sciences, a technology-backed life sciences contract research organisation. Shalabh is also Chairman of Pharmalancers Ltd, a UK-based life sciences services tech start-up.
- Anthony Clayden, of Strategic Finance Director Ltd (Company Secretary) is Head of Finance and Company Secretary with over 24 years' experience directing or advising over 50 high growth potential businesses of differing size and complexity and brings broad experience of strategic, operational, and financial matters. His career encompasses numerous businesses in the life sciences and healthcare sector including 6 years as Chief Financial Officer of AIM quoted Futura Medical Plc where he was involved in its IPO and a series of placings. Previously, Anthony worked with KPMG and PwC on a range of corporate finance matters including fundraisings, company sales and acquisition advice. Anthony has a B.Sc. (Hons) in Natural Sciences from Durham University and is a Qualified Chartered Accountant. Although Anthony is not a Director of the Company, he provides invaluable advice on all matters financial.

The Company holds annual briefings for the Board covering regulations that are relevant to their role as Directors of an AIM-quoted company.

The Company has not to date sought external advice on keeping Director's skills up to date but believes that their blend of past and ongoing experience provides them with the relevant up to date skills needed to act as board members for a small company. The Company keeps close contact with its NOMAD and nominated broker on all such issues

**7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Evaluation of the performance of the Board has historically been implemented in an informal manner. The Board will review and consider the performance of each Director at or around the time of the Company's annual general meeting.

On an ongoing basis, Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current Board members, however, the Directors consider that the Company is too small to have either an internal succession plan and that it would not be cost effective to maintain an external candidate list prior to the need arising.

**8. Promote a corporate culture that is based on ethical values and behaviours**

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Company maintains and annually reviews a handbook that includes clear guidance on what is expected of every employee and officer of the Company. Adherence of these standards is a key factor in the evaluation of performance within the Company, including during annual performance reviews. In addition, staff matters are a standing topic at every Board meeting and the CEO reports on any notable examples of behaviours that either align with or are at odds with the Company's stated

values. The Directors believe that the Company culture encourages collaborative, ethical behaviour which benefits employees, clients and shareholders. The Directors further believe that all employees and consultants have worked in line with the Company's values during this financial year.

**9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board of the Company, together with its sub-committees, is responsible for the following:

- The setting of and execution of the overall strategy of the Company;
- The setting of financial targets and monitoring of the Company's performance vs these targets on a monthly basis;
- The preparation and approval of interim and final results for the Company;
- The commissioning and oversight of the audit of the Company's full year results;
- The preparation and approval of the Company's Annual Report;
- The preparation of resolutions to be voted upon in the Company's Annual General Meeting;
- Approval of regulatory communications;
- The setting of guidelines for remuneration of employees, Directors and consultants, including where appropriate long-term incentives such as share option schemes;
- The approval and oversight of any changes to the capital structure of the Company such as the raising of capital through placings;
- The identification, evaluation and monitoring of key strategic risks to the Company's business; and
- The employment of key officers and Directors of the Company (the latter as recommendations to be voted on at the Company's AGM).

The key Board roles are as follows:

- **Chairman:** The primary responsibility of the chair is to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. The chair is also responsible for making sure that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company's strategy and its overall implementation
- **CEO:** Charged with the delivery of the business model within the strategy set by the Board. Works with the other directors in an open and transparent way. Keeps the Board up-to-date with operational performance, risks and other issues to ensure that the business remains aligned with the strategy

The Board has two sub-committees appointed by the Board of Directors. They are as follows:

- **Audit Committee:** The Committee meets to consider matters relating to the Company's financial position and financial reporting. The Committee reviews the independence and objectivity of the external auditors, Shipleys LLP, as well as the amount of non-audit work undertaken by them, to satisfy itself that this will not compromise their independence. Details of the fees paid to Shipleys LLP during the current accounting period are given in the notes to the accounts. The Audit Committee currently comprises Dr Peter Sargent and Mr Shalabh Kumar, with Strategic Finance Director Ltd (Company Secretary) attending as secretary.
- **Remuneration Committee:** The Remuneration Committee has been established primarily to determine the remuneration, terms and conditions of employment of the Executive Directors of the Company. Any remuneration issues concerning Non-Executive Directors are resolved by this Committee and no Director participates in decisions that concern his own remuneration. The Remuneration Committee comprises Dr Tim Corn and Dr Jim Millen, with Strategic Finance Director Ltd (Company Secretary) attending as secretary

Finally, the Company gives regular consideration to how best to evolve its governance framework as it grows. It currently does not have a nominations committee.

**10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

On the Company's website shareholders can find all historical RNS announcements, interim reports and annual reports. Annual Reports and Annual General Meeting Circulars are made available to all registered shareholders or nominees via electronic shareholder communication system managed by the Company's registrar and results of Annual General Meeting votes are also published on the Company's website. The Company's website allows shareholders and other interested parties to sign up to a mailing list to enable them to directly receive regulatory and other Company releases. As described earlier, the Company also maintains email and phone contacts which shareholders can use to make enquiries or requests.

**Environmental and Social Governance**

The Company has a relatively small environmental footprint and implements various policies to ensure it is kept to a minimum, including:

- Use of modular office space with services shared with other occupiers
- Adoption of flexible "hot-desking", especially in light of new more flexible home/ office working models post-COVID
- Recycling of office waste where possible

The activities of the Company are targeted at supporting companies developing drugs and therapies to fight cancer and in addition, the computer-based modelling we undertake serves to reduce the volume of animal testing needed in developing such therapies.

Finally, in terms of diversity and inclusion, of seven employees, five are women and two are non-UK nationals.

**Post balance sheet events**

On 9 July 2024, a date which is after the reporting date but prior to the date of signing these financial statements, the Board allotted 67,736,240 ordinary shares. All shares were placed at £0.006 per share, with gross proceeds raised of £406,417.

There were no additional post reporting events to note.

**Statement as to disclosure of information to auditors**

The Directors in office on 26 September 2024 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

**Going concern, responsibilities and disclosure**

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Internal controls and risk management

The Board is responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Directors have a reasonable expectation that the Company will safeguard the Company's assets. The risk management process and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the Company's system of internal control are as follows:

- a clearly defined organisational structure and set of objectives;
- the executive Directors play a significant role in the day to day operation of the business; and
- detailed monthly management accounts are produced for the Board to review and take appropriate action.

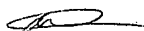
## Annual General Meeting

The Company values the views of its shareholders and recognises their interest in the Company's strategy, performance and the ability of the Board. The AGM provides an opportunity for two-way communication and all shareholders are encouraged to attend and participate. Separate resolutions will be put to shareholders at the AGM, giving them the opportunity to discuss matters of interest. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after each has been dealt with on a show of hands.

The Company intends to hold an in-person (rather than online) AGM this year, further details of which will be announced shortly.

By order of the Board

Dr Peter Sargent, Chief Executive Officer



26 Sep 2024

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Dr Peter Sargent (Sep 26, 2024, 8:44pm)

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## Independent Auditors' Report to the Members of Physiomics Plc

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### Opinion

We have audited the financial statements of Physiomics Plc for the year ended 30 June 2024 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the Scope of our audit responded to the risk
<b>Management override of controls</b> Journals can be posted that significantly alter the Financial Statements and give rise to fraud and/or material misstatement in the financial statements	We examined journals posted around the year end, specifically focusing on areas which are more easily manipulated such as accruals, prepayments, investment valuation and the bank reconciliation.
<b>Going Concern</b> There is a risk that the Company is not a going concern.	We reviewed the Directors' assessment of the business remaining a Going Concern. We compared this assessment to our own understanding of the risks, and the nature of the Company's operations and customer base. We then conducted a review of going concern in respect of reviewing forecasts and current trading performance, and carrying out stress testing. The work undertaken considered a period of at least 12 months from the date of approving these financial statements.  The disclosures in the financial statements adequately reflect the Directors' conclusions around the going concern assumption remains appropriate
<b>Fraud in Revenue Recognition</b> There is a risk that revenue is materially understated due to fraud.	Income was tested on a sample basis from contracts. No evidence of fraud or other understatement was identified.
<b>Accounting Estimates</b> Potential risk of inappropriate accounting estimates giving rise to misstatement in the accounts.	All areas were examined to identify any potential accounting estimates. These estimates were then reviewed and tested for adequacy.
<b>Overstatement of Administrative Expenses</b> There is a risk that the Company's administrative expenses are overstated.	A proof in total calculation and substantive testing were both undertaken and no evidence of overstatement was identified.
<b>Grant Income</b> There is a risk that grant income may be materially misstated.	Grant income was reviewed and a sample basis from contracts. No evidence of misstatement was identified.
<b>Trade Debtors</b> There is a risk that the trade debtors are not recoverable	The trade debtors were reviewed and all relevant amounts were recovered after the year end and by time of this audit report.
<b>R&amp;D Tax Credit</b> There is risk that the Research and Development Tax Credit is overstated and not recoverable from HMRC	The assumptions and calculations behind the R&D Tax Credit were reviewed and tested and agree that they are in line with current guidance.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial

Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Our application of materiality**

We define materiality as the magnitude of misstatement in the Financial Statements that of materiality makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning and in the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Company to be £17,117. Performance materiality was determined for the company to be £11,982 and triviality was determined for the company to be £856 We agreed with the Audit Committee that we would report to them all audit differences in excess of 5% of materiality, as well as differences below that which would, in our view, warrant reporting on a qualitative basis. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

### **An overview of the scope of our audit**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Our responsibilities for the audit of the financial statements**

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined the most significant are those that relate to the reporting framework (IFRS, the Companies Act 2006) and the relevant tax compliance regulations in which the Company operates.

- We understood how the Company is complying with those frameworks by making enquiries on the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring with management during the planning, fieldwork and completion phase of our audit. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the management and focus testing.

An auditor conducting an audit in accordance with ISAs (UK) is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error and in our audit procedures described above. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In our opinion, based on the work undertaken in the course of our audit:

- The information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements 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.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Benjamin Bidnell*

26 Sep 2024

Ben Bidnell (Sep 26, 2024, 8:51pm)

Benjamin Bidnell (Senior Statutory Auditor)  
For and on behalf of Shipleys LLP,  
Chartered Accountants and Statutory Auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

## Income Statement for the year ended 30 June 2024

		Year ended 30 June 2024 £	Year ended 30 June 2023 £
	<b>Notes</b>		
Revenue	<b>3</b>	543,250	597,354
Other operating income	<b>3</b>	27,311	8,380
<b>Total income</b>		570,561	605,734
Net operating expenses		(1,241,377)	(1,179,467)
<b>Operating loss</b>	<b>4</b>	(670,816)	(573,733)
Finance income	<b>7</b>	2,095	1,724
Finance costs	<b>8</b>	(33)	-
<b>Loss before taxation</b>		(668,754)	(572,009)
Income tax income	<b>9</b>	59,402	94,752
<b>Loss for the year attributable to equity shareholders</b>	<b>25</b>	(609,352)	(477,257)
<b>Earnings per share (shown in pence)</b>	<b>10</b>		
Basic and diluted		(0.45)p	(0.49)p

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**Statement of Comprehensive Income**


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	<b>Year ended 30 June 2024 £</b>	<b>Year ended 30 June 2023 £</b>
<b>Loss for the year</b>	(609,352)	(477,257)
Other comprehensive income	-	-
<b>Total comprehensive income/ (expense) for the year</b>	(609,352)	(477,257)
<b>Attributable to:</b>		
Equity holders	<u>(609,352)</u>	<u>(477,257)</u>

## Statement of Financial Position as at 30 June 2024

		2024	2023
	Notes	£	£
<b>Non-current assets</b>			
Intangible assets	12	4,379	5,479
Property, plant and equipment	13	16,829	7,757
Other receivables	14	-	180
		21,208	13,416
<b>Current assets</b>			
Trade and other receivables	14	210,323	244,385
Cash and cash equivalents		191,072	416,592
		401,395	660,977
<b>Total assets</b>		422,603	674,393
<b>Current liabilities</b>			
Trade and other payables	18	106,002	122,656
Deferred revenue	19	34,074	20,017
		140,076	142,673
<b>Net current assets</b>		261,319	518,304
<b>Net assets</b>		282,527	531,720
<b>Equity</b>			
Called up share capital	22	1,435,287	1,283,096
Share premium account	23	6,122,115	5,936,478
Other reserves	24	151,387	147,651
Retained earnings	25	(7,426,262)	(6,835,505)
<b>Total equity</b>		282,527	531,720

The financial statements were approved by the Board of Directors and authorised for issue 26 September 2024

Signed on its behalf by:

*J S Millen*

26 Sep 2024

*Jim Millen (Sep 26, 2024, 8:46pm)*

Dr Jim Millen – Non-Executive Chairman  
Company Registration No. 04225086

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**Statement of Changes in Equity for the year ended 30 June 2024**


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	Share capital	Share premium account	Other Reserves	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 July 2022</b>	1,283,096	5,936,478	281,660	(6,526,427)	974,807
<b>Year ended 30 June 2023:</b>					
Loss and total comprehensive income for the year	-	-	-	(477,257)	(477,257)
Transfer to other reserves	-	-	34,170	-	34,170
Other movements	-	-	(168,179)	168,179	-
<b>Balance at 30 June 2023</b>	<b>1,283,096</b>	<b>5,936,478</b>	<b>147,651</b>	<b>(6,835,505)</b>	<b>531,720</b>
<b>Year ended 30 June 2024:</b>					
Loss and total comprehensive income for the year	-	-	-	(609,352)	(609,352)
Issue of share capital	152,191	185,637	-	-	337,828
Transfer to other reserves	-	-	22,331	-	22,331
Other movements	-	-	(18,595)	18,595	-
<b>Balance at 30 June 2024</b>	<b>1,435,287</b>	<b>6,122,115</b>	<b>151,387</b>	<b>(7,426,262)</b>	<b>282,527</b>

## Cash Flow Statement for the year ended 30 June 2024

	Notes	2024		2023	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	32		(642,852)		(372,422)
Interest paid			(33)		
Tax refunded			94,752		105,835
<b>Net cash outflow from operating activities</b>			<b>(548,133)</b>		<b>(266,587)</b>
<b>Investing activities</b>					
Purchase of intangible assets		-		(3,350)	
Purchase of tangible fixed assets		(17,310)		(3,286)	
Proceeds on disposal of tangible fixed assets		-		416	
Interest received		2,095		1,724	
<b>Net cash used in investing activities</b>			<b>(15,215)</b>		<b>(4,495)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		380,477		-	
Share issue costs		(42,649)		-	
<b>Net cash generated from financing activities</b>			<b>337,828</b>		<b>-</b>
<b>Net decrease in cash and cash equivalents</b>			<b>(225,520)</b>		<b>(271,082)</b>
Cash and cash equivalents at beginning of year			416,592		687,674
Cash and cash equivalents at end of year			<b>191,072</b>		<b>416,592</b>

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## Notes to the Financial Statements

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### 1 Accounting policies

#### Company information

Physiomics PLC is a Company limited by shares incorporated in England and Wales. The registered office and principal place of business is Bee House, 140 Easten Avenue, Milton Park, Abingdon, OX14 4SB. The Company's ordinary shares of 0.4p each are admitted to trading on the AIM market of the London Stock Exchange plc.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

#### 1.2 Application of new and revised International Financial Reporting Standards ("IFRSs")

The following new standards, and amendments to standards, have been adopted by the group for the first time during the year commencing 1 July 2023

- Amendments to IAS 8 – Definition of Accounting Estimates.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group and/or company

At the date of authorisation of these financial statements, the Directors have reviewed the standards in issue by the International Accounting Standards Board ("IASB") and IFRIC, which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the consolidated financial statements.

#### 1.3 Going concern

The accounts have been prepared on the going concern basis. The Company primarily operates in the relatively defensive pharmaceutical industry.

The Company had £191,072 of cash and cash equivalents as at 30 June 2024 (2023: £416,592).

The Board operates an investment policy under which the primary objective is to invest in low-risk cash or cash equivalent investments to safeguard the principal.

The Company's projections, taking into account anticipated revenue streams, show that the Company has sufficient funds to operate for the next twelve months. In coming to this conclusion, the Company notes that current cash and currently contracted projects are projected to cover budgeted expenses for the majority of this period. In addition to currently contracted projects the Company anticipates a number of new clients as well as repeat business from some existing clients.

After reviewing the Company's projections, the Directors believe that the Company is adequately placed to manage its business and financing risks for the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### 1.4 Revenue recognition

The revenue shown in the income statement relates to amounts received or receivable from the provision of services associated with outsourced systems and computational biology services to pharmaceutical companies.

Revenue from the provision of the principal activities is recognised by reference to the stage of completion of the transaction at the balance sheet date where the amount of revenue can be measured reliably and sufficient work has been completed with certainty to ensure that the economic benefit will flow to the Company.

#### 1.5 Intangible assets other than goodwill

Intangible assets acquired separately from third parties are recognised as assets and measured at cost.

Following initial recognition, intangible assets are measured at cost or fair value at the date of acquisition less any amortisation and any impairment losses. Amortisation costs are included within the net operating expenses disclosed in the income statement.

Intangible assets are amortised over their useful lives as follows:

	Useful life	Method
Trademarks	10 years	Straight line
Licenses	5 years	Straight line

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Company does not have any intangible assets with indefinite lives.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	3 years straight line
IT Equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the profit and loss account.

#### 1.7 Research and development expenditure

Expenditure on research activity is recognised as an expense in the period in which it is incurred.

#### 1.8 Impairment of tangible and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of

assessing impairment, assets that do not individually generate cash flows are assessed as part of the cash generating unit to which they belong. Cash generating units are the lowest levels for which there are cash flows that are largely independent of the cash flows from other assets or groups of assets.

### **1.9 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

### **1.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

### **1.11 Financial assets**

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through the income statement, which are measured at fair value.

#### ***Trade and other receivables***

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is considered to be remote.

#### ***Impairment of financial assets***

Financial assets, other than those at fair value through the income statement, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### **1.12 Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through the income statement or other financial liabilities.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

### **1.13 Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

### **1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 1.17 Share-based payments

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. Fair value is measured by use of a Black-Scholes model.

### 1.18 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

### 1.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

### 1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

### 1.21 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

### 2 Critical accounting estimates and judgements

Revenue for projects started and completed during the financial year is recognised in full during the year. Revenue from a project which commences in one financial year and is completed in a subsequent financial year is recognised over the life of the project based on the expected period to completion as anticipated at each balance sheet date less what has already been recognised during a previous financial period or periods.

There were no other material accounting estimates or areas of judgements required.

### 3 Revenue & segmental reporting

An analysis of the Company's revenue is as follows:

	2024	2023
	£	£
Revenue	<u>543,250</u>	<u>597,354</u>
Other operating income		
Grant income	<u>27,311</u>	<u>8,380</u>

The principal activities are the provision of outsourced systems and computational biology services to pharmaceutical companies.

This activity comprises a single segment of operation of a sole UK base and entirely UK based assets. Revenue was derived in the UK, European Union Switzerland and USA (2023: UK, European Union Switzerland and USA) from its principal activity.

### 4 Operating loss

	2024	2023
	£	£
Operating loss for the period is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	109	491
Government grants	(27,311)	(8,380)
Fees paid to the Company's auditor, refer to below	11,250	11,025
Depreciation of property, plant and equipment	7,850	9,563
Profit on disposal of property, plant and equipment	388	(85)
Amortisation of intangible assets	1,100	(876)
Share-based payments	<u>22,331</u>	<u>34,170</u>

**5 Auditors remuneration**

	2024	2023
	£	£
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the Company's financial statements	11,250	11,025

**6 Employees**

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

2024	2023
Number	Number

11	10
----	----

Their aggregate remuneration comprised:

2024	2023
------	------

£	£
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Wages and salaries	612,186	514,836
Social security costs	69,811	55,419
Other pension and insurance benefit costs	57,220	47,312

739,217	617,567
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Details of the remuneration of Directors are included in the Directors Report on page 19.

**7 Finance income**

2024	2023
------	------

£	£
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**Interest income**

Bank deposits	2,095	1,724
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**8 Finance costs**

2023	2022
------	------

£	£
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**Interest income**

Other interest payable	33	-
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**Interest rate risk**

The Company finances its operations by cash and short-term deposits. The Company's policy on interest rate management is agreed at board level and is reviewed on an ongoing basis. Other creditors, accruals and deferred revenue values do not bear interest.

**Interest rate profile**

The Company had no bank borrowings at the 30 June 2024 and 30 June 2023.

**9 Income tax expense**

	<b>Continuing operations</b>	
	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Research and development tax credit: current year	(59,402)	(94,752)
	<u>(59,402)</u>	<u>(94,752)</u>

The charge for the year can be reconciled to the loss per the income statement as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(668,754)	(572,009)
Expected tax charge based on a corporation tax rate of 25% (2023: 20.5%)	(167,189)	(117,262)
Expenses not deductible in determining taxable profit	7,154	9,645
Unutilised tax losses carried forward	91,439	45,198
Research and development expenditure tax credit	(59,402)	(94,752)
Deferred / (accelerated) capital allowances	(4,357)	(667)
Research and development enhancement	(58,515)	(72,462)
Loss surrendered for tax credits	131,468	135,548
Tax charge for the year	<u>(59,402)</u>	<u>(94,752)</u>

At 30 June 2024 tax losses of £4,478,755, (2023: £4,112,999) remained available to carry forward against future taxable trading profits. These amounts are in addition to any amounts surrendered for Research and Developments tax credits. There is an unrecognised deferred tax asset of £1,122,797. (2023: £1,028,250).

Unrecognised deferred tax is calculated at 25%, the rate enacted at the balance sheet date. (2023: 25%)

**10 Earnings per share**

	2024	2023
	£	£
<b>Number of shares</b>		
Weighted average number of ordinary shares for basic earnings per share	<u>135,368,238</u>	<u>97,424,778</u>
<b>Earnings - Continuing operations</b>		
Loss for the period from continued operations	<u>(609,352)</u>	<u>(477,257)</u>
Earnings for basic and diluted earnings per share being net profit attributable to equity shareholders of the Company for continued operations	<u>(609,352)</u>	<u>(477,257)</u>
<b>Earnings per share for continuing operations</b>		
Basic and diluted earnings per share (shown in pence)	(0.45)	(0.49)
<b>Basic and diluted earnings per share</b>		
Loss from continuing operations (shown in pence)	<u>(0.45)</u>	<u>(0.49)</u>

The loss attributable to equity holders (holders of ordinary shares) of the Company for the purpose of calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 'Earnings per Share'.

**11 Financial instruments recognised in the statement of financial position**

	2024	2023
	£	£
Held at amortised cost:		
<b>Current financial assets</b>		
Trade and other receivables	117,743	114,002
Cash and cash equivalents	<u>191,072</u>	<u>416,592</u>
	<u>308,815</u>	<u>530,594</u>
<b>Current financial liabilities</b>		
Trade and other payables	<u>84,942</u>	<u>91,986</u>
	<u>84,942</u>	<u>91,986</u>

The Company's financial instruments comprise cash and short-term deposits. The Company has various other financial instruments, such as trade debtors and creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these are regularly reviewed and agreed by the Board.

It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

## 12 Intangible assets

	Licenses £	Trademarks £	Total £
<b>Cost</b>			
At 1 July 2022	-	4,298	4,298
Additions	3,350	-	3,350
At 30 June 2023	<u>3,350</u>	<u>4,298</u>	<u>7,648</u>
At 30 June 2024	<u>3,350</u>	<u>4,298</u>	<u>7,648</u>
<b>Amortisation and impairment</b>			
At 1 July 2022	-	1,293	1,293
Charge for the year	447	429	876
At 30 June 2023	<u>447</u>	<u>1,722</u>	<u>2,169</u>
Charge for the year	670	430	1,100
At 30 June 2024	<u>1,117</u>	<u>2,152</u>	<u>3,269</u>
<b>Carrying amount</b>			
At 30 June 2024	<u>2,233</u>	<u>2,146</u>	<u>4,379</u>
At 30 June 2023	<u>2,903</u>	<u>2,576</u>	<u>5,479</u>

**13 Tangible fixed assets**

	Fixtures and fittings	IT equipment	Total
Cost	£	£	£
At 1 July 2022	2,849	80,981	83,830
Additions	-	3,286	3,286
Disposals	-	(2,539)	(2,539)
At 30 June 2023	<u>2,849</u>	<u>81,728</u>	<u>84,577</u>
Additions	288	17,022	17,310
Disposals	(953)	(7,826)	(8,779)
At 30 June 2024	<u>2,184</u>	<u>90,924</u>	<u>93,108</u>
<b>Accumulated depreciation and impairment</b>			
At 1 July 2022	2,848	66,617	69,465
Charge for the year	1	9,561	9,562
Eliminated on disposal	-	(2,207)	(2,207)
At 30 June 2023	<u>2,849</u>	<u>73,971</u>	<u>76,820</u>
Charge for the year	88	7,762	7,850
Eliminated on disposal	(951)	(7,440)	(8,391)
At 30 June 2024	<u>1,986</u>	<u>74,293</u>	<u>76,279</u>
<b>Carrying amount</b>			
At 30 June 2024	198	16,631	16,829
At 30 June 2023	<u>-</u>	<u>7,757</u>	<u>7,757</u>
At 30 June 2022	<u>1</u>	<u>14,364</u>	<u>14,365</u>

**14 Trade and other receivables**

	Due within one year	
	2024	2023
	£	£
Trade debtors	102,510	32,320
Other receivables	6,705	16,008
Corporation tax recoverable	59,401	94,751
VAT recoverable	-	1,853
Prepayments and accrued income	41,707	99,453
	<u>210,323</u>	<u>244,385</u>

	Due after one year	
	2024	2023
	£	£
Prepayments and accrued income	-	180
	<u>-</u>	<u>180</u>

#### 15 Fair value of trade receivables

There are no material differences between the fair value of financial assets and the amount at which they are stated in the financial statements.

#### 16 Fair value of financial liabilities

There are no material differences between the fair value of financial liabilities and the amount at which they are stated in the financial statements.

#### 17 Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

#### 18 Trade and other payables

	Due within one year	
	2024	2023
	£	£
Trade creditors	34,787	18,130
Accruals	46,155	57,793
Social security and other taxation	21,060	30,670
Other creditors	<u>4,000</u>	<u>16,063</u>
	<u>106,002</u>	<u>122,656</u>

#### 19 Deferred revenue

	2024	2023
	£	£
Arising from invoices in advance	<u>34,074</u>	<u>20,017</u>

**Analysis of deferred revenue**

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2024	2023
	£	£
Current liabilities	<u>34,074</u>	<u>20,017</u>

**20 Retirement benefit schemes**

**Defined contribution schemes**

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £49,459 (2023: £38,421).

As at the statement of financial position date the Company had unpaid pension contributions totalling £4,000 (2023: £6,063).

## 21 Share-based payment transactions

The Company operates two share option schemes: (1) under the Enterprise Management Initiative Scheme ("EMI") and (2) an unapproved share option scheme. Both are equity settled. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. Some options are subject to performance criteria relating to either share price performance or the achievement of certain corporate milestones. The contractual life of the options is 10 years from the date of issue.

A summary of the options at the start and end of period for directors and all other employees is presented in the following table:

Holder	Outstanding at start of period	Granted during period	Forfeited during period	Exercised during period	Outstanding at end of period	Exercisable at end of period	Exercise price (p)	Date of grant	Date of expiry
Dr. C. Chassagnole (FD)	322,615	-	-	-	322,615	322,615	6.17	24-Mar-15	24-Mar-25
Dr. C. Chassagnole (FD)	659,641	-	-	-	659,641	659,641	2.50	28-Feb-17	28-Feb-27
Dr. C. Chassagnole (FD)	350,000	-	-	-	350,000	350,000	5.35	26-Mar-18	26-Mar-28
Dr. C. Chassagnole (FD)	267,000	-	-	-	267,000	267,000	3.16	26-Mar-19	26-Mar-29
Dr. C. Chassagnole	694,287	-	-	-	694,287	694,287	7.55	02-Mar-21	01-Mar-31
Dr. J. Millen	520,000	-	-	-	520,000	520,000	5.35	26-Mar-18	26-Mar-28
Dr. J. Millen	400,000	-	-	-	400,000	400,000	3.16	26-Mar-19	26-Mar-29
Dr. J. Millen	985,454	-	-	-	985,454	985,454	7.55	02-Mar-21	01-Mar-31
Dr. P. Harper (FD)	129,046	-	129,046	-	-	-	6.17	24-Mar-15	24-Mar-25
Dr. P. Harper (FD)	258,092	-	258,092	-	-	-	3.50	21-Dec-15	21-Dec-25
Dr. P. Harper (FD)	140,000	-	140,000	-	-	-	5.35	26-Mar-18	27-Mar-28
Dr. P. Harper (FD)	448,760	-	448,760	-	-	-	7.55	02-Mar-21	01-Mar-31
Dr. P. Sargent	-	1,354,725	-	-	1,354,725	677,363	1.55	06-Feb-24	05-Feb-34
Dr. P. Sargent	-	1,354,725	-	-	1,354,725	-	2.55	06-Feb-24	05-Feb-34
Dr. P. Sargent	-	1,354,725	-	-	1,354,725	-	3.55	06-Feb-24	05-Feb-34
Other staff	188,605	-	-	-	188,605	188,605	6.17	24-Mar-15	24-Mar-25
Other staff	54,596	-	-	-	54,596	54,596	3.50	21-Dec-15	21-Dec-25
Other staff	201,891	-	-	-	201,891	201,891	2.50	28-Feb-17	28-Feb-27
Other staff	240,000	-	-	-	240,000	240,000	5.35	26-Mar-18	26-Mar-28
Other staff	193,000	-	-	-	193,000	193,000	3.16	26-Mar-19	26-Mar-29
Other staff	582,333	-	-	-	582,333	582,333	7.55	02-Mar-21	01-Mar-31
Other staff	635,188	-	-	-	635,188	423,459	4.38	29-Apr-22	29-Apr-32
<b>Total</b>	<b>7,270,508</b>	<b>4,064,175</b>	<b>975,898</b>	<b>-</b>	<b>10,358,785</b>	<b>6,760,243</b>			

Please note, FD denotes Former director

There were 4,064,175 (2023: nil) share options granted during the year. The weighted average share price at the date of grant in the year was £0.03. The options vest according to time and performance-based criteria.

The options outstanding at 30 June 2024 had an exercise price ranging from £0.0155 to £0.0755, and a remaining contractual life ranging between 9 months and 10 years.

Fair value is measured using Black-Scholes share option pricing model.

The expected volatility is based on the sixty-day average historical volatility of the Company over 3 years.

The expected life of options is based on the share option exercise history with the Company. The risk-free rate of return is derived from UK treasury yields at 2 and 3 years.

Total expenses of £22,331 related to equity settled share-based payment transactions were recognised in the year (2023: £34,170).

## 22 Share capital

	2024	2023
	£	£
<b>Ordinary share capital, issued and fully paid</b>		
135,472,478 Ordinary of 0.4p each	541,890	389,699
2,481,657,918 Deferred of 0.036p each	<u>893,397</u>	<u>893,397</u>
	<u>1,435,287</u>	<u>1,283,096</u>

The ordinary shares carry no rights to fixed income. The deferred shares have no voting rights and have no rights to receive dividends or other income.

	2024	2023
	£	£
<b>Reconciliation of movements during the year:</b>		
A 1 July 2023	97,424,778	2,481,657,918
Issue of fully paid shares	<u>38,047,700</u>	-
At 30 June 2024	<u>135,472,478</u>	<u>2,481,657,918</u>

### Current year changes to Ordinary share capital

On 3 July 2023 the Company issued 38,047,400 ordinary shares of 0.4p at a price of 1p per ordinary share, the proceeds of which were used for working capital purposes.

## 23 Share premium account

	£
At 1 July 2022	<u>5,936,478</u>
At 30 June 2023	5,936,478
Issue of new shares	228,286
Share issue expense	<u>(42,649)</u>
At 30 June 2024	<u>6,122,115</u>

The share premium account consists of proceeds from the issue of shares in excess of their par value (which is included in the share capital account) less the direct costs of issue.

## 24 Other reserves: share-based compensation reserve

	£
At 1 July 2022	281,660
Additions	34,170
Other movements	<u>(168,179)</u>
At 30 June 2023	147,651
Additions	22,331
Other movements	<u>(18,595)</u>
At 30 June 2024	<u>151,387</u>

The share-based compensation reserve represents the credit arising on the charge for share options calculated in accordance with IFRS 2.

In respect of cancelled and exercised options that had vested, £18,595 (2023: £168,179) was transferred from the share-based payment reserve to the retained earnings.

## 25 Retained earnings

	£
At 1 July 2022	(6,526,427)
Loss for the year	(477,257)
Other movements	<u>168,179</u>
At 30 June 2023	(6,835,505)
Loss for the year	(609,352)
Other movements	<u>18,595</u>
At 30 June 2024	<u>(7,426,262)</u>

Retained earnings includes an amount of £237,889 (2023: £237,889) in relation to the Equity Swap Agreement in 2014 which under the Companies Act is not distributable.

In respect of cancelled and exercised options that had vested, £18,595 (2023: £168,179) was transferred from the share-based payment reserve to the retained losses reserve.

## 26 Operating lease commitments

### Lessee

Amounts recognised in the income statement as an expense during the period in respect of operating lease arrangements are as follows:

	2024	2023
	£	£
Minimum lease payments under operating leases	48,468	70,248

At the reporting end date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Within one year	3,825	7,354
	<u>3,825</u>	<u>7,354</u>

## **27 Capital commitments**

At 30 June 2024 and 30 June 2023 the Company had no capital commitments.

## **28 Capital risk management**

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in notes 22 to 25.

The Board's policy is to maintain an appropriate capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has a record of managing the timing and extent of discretionary expenditure in the business.

In order to maintain or adjust the capital structure the Company may issue new shares.

## **29 Events after the reporting date**

On 9 July 2024, a date which is after the reporting date but prior to the date of signing these financial statements, the Board allotted 67,736,240 ordinary shares. All shares were placed at £0.006 per share, with gross proceeds raised of £406,417.

There were no additional post reporting events to note.

## **30 Related party transactions**

### **Remuneration of key management personnel**

The remuneration of the Directors, who are the key management personnel of the Company, is set out on page 19.

There were no other related party transactions during the year.

## **31 Controlling party**

The Company does not currently have an ultimate controlling party and did not have one in this reporting year or the preceding reporting year.

## 32 Cash absorbed by operations

	2024	2023
	£	£
Loss for the year after tax	(609,352)	(477,257)
<b>Adjustments for:</b>		
Taxation credited	(59,402)	(94,752)
Finance costs	33	-
Investment income	(2,095)	(1,724)
Gain on disposal of tangible fixed assets	388	(85)
Amortisation and impairment of intangible assets	1,100	876
Depreciation and impairment of tangible fixed assets	7,850	9,563
Equity settled share-based payment expense	22,331	34,170
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(1,108)	154,724
Increase/(decrease) in creditors	(16,654)	(3,692)
(Decrease)/increase in deferred revenue outstanding	14,057	5,755
<b>Cash absorbed by operations</b>	<u>(642,852)</u>	<u>(372,422)</u>