

16 June 2020

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

**OXFORD BIODYNAMICS PLC**  
("OBD" or the "Company" and, together with its subsidiaries, the "Group")  
**INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2020**

***Strategic and operational progress supports further worldwide commercialization of EpiSwitch™ platform***

Oxford BioDynamics Plc (AIM: OBD), a biotechnology company focused on the discovery and development of epigenetic biomarkers, based on regulatory 3D genome architecture, using its liquid biopsy platform *EpiSwitch™*, today announces its interim results for the six month period to 31 March 2020.

**CORPORATE AND OPERATIONAL HIGHLIGHTS**

- Board restructuring to support future growth worldwide, with a special focus on the US, with the appointment of Dr Jon Burrows as Global Chief Executive Officer (March 2020)
- Presentation of significant results of the utility of OBD's *EpiSwitch™* in predicting response to immuno-oncology (IO) treatments, co-authored with Pfizer, EMD Serono and Mayo Clinic, offering significant commercial potential (November 2019)
- Signature of master services agreement with top US pharmaceutical company (December 2019)
- Publication in peer-reviewed *Translational Medicine (Communications)* of the development of the first successful blood-based assay for prognostic stratification and disease subtyping in diffuse large B-cell lymphoma (DLBCL), in collaboration with Roche and Genentech (March 2020)
- Recruitment of first patient to the Mitsubishi Tanabe Pharma America (MTPA)-sponsored REFINE-ALS clinical study, in which *EpiSwitch™* biomarkers are used to assess the rate of amyotrophic lateral sclerosis (ALS) disease progression (October 2019)
- Appointment of Professor Iain McInnes to the Company's Scientific Advisory Board (October 2019)

**FINANCIAL HIGHLIGHTS**

- Revenue of £0.2m (H1 2019: £0.6m)
- Operating loss of £2.4m (H1 2019: £1.7m)
- Cash and term deposits of £13.9m as at 31 March 2020 (31 March 2019: £16.9m, 30 September 2019: £15.5m)

**POST-PERIOD END**

- Inclusion of the Group's *EpiSwitch™* technology in the GETAFIX clinical study, in collaboration with University of Glasgow, to perform prognostic and predictive profiling of COVID-19 patients (April 2020)
- Receipt of first 500 samples under master services agreement with top US pharmaceutical company announced in December 2019 (April 2020)
- Appointment of the Group's Chief Scientific Officer, Dr Alexandre Akoulitchev, to represent OBD on the Foundation for the National Institutes of Health (FNIH) Biomarkers Consortium Steering Committees in Oncology, Inflammation & Immunity, and Neuroscience in Bethesda, MD, USA (April 2020)
- Appointment of industry expert Dr Peter Pack as Independent Non-Executive Chairman, succeeding Stephen Diggie (June 2020)

**Commenting on the results, Jon Burrows, Chief Executive Officer of Oxford BioDynamics, said:**

*"By reducing to practice and presenting the utility of our IO non-response EpiSwitch™ classifier at SITC in November 2019 followed by the commercially validating execution of an MSA with one of the industry's leading pharma companies in December 2019 to use the EpiSwitch™ platform for biomarker development, it is clear that OBD is beginning to put itself firmly on the map as an innovative value adding technology company to partner with for pharma drug development and precision medicine.*

*The completion and publication of our work in DLBCL with Roche and Genentech and our participation in the REFINE-ALS clinical trial with Mitsubishi Tanabe Pharma America are further evidence of our early reach into the commercial space.*

*Finally, the turn in a commercially dedicated direction has been completed by the appointments of a commercially seasoned Global CEO and Chairman to lead the Company through the effects of COVID-19 and into the commercial opportunities of 2021. We look forward to updating the market on our future progress."*

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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**Notes for Editors**

**About Oxford BioDynamics Plc**

Oxford BioDynamics Plc (AIM: OBD) ("Oxford BioDynamics") is a biotechnology company focused on the discovery and development of epigenetic biomarkers for use within the pharmaceutical and biotechnology industry.

The Company's award-winning, proprietary technology platform, *EpiSwitch*<sup>™</sup>, aims to accelerate the drug discovery and development process, improve the success rate of therapeutic product development and take advantage of the increasing importance of personalised medicine.

In particular, *EpiSwitch*<sup>™</sup> can reduce time to market, failure rates and the costs at every stage of drug discovery. Additionally, the technology provides significant insights into disease mechanisms for drug discovery and product re-positioning programmes and enables the personalization of therapeutics for patients in the context of challenging pricing environments where improved clinical outcomes are critical.

In April 2019, Oxford BioDynamics received the Queen's Award for Enterprise: Innovation. The Queen's Awards for Enterprise are the most prestigious awards for UK businesses.

The Company is headquartered in the UK and listed on the London Stock Exchange's AIM under the ticker "OBD". For more information please visit [www.oxfordbiodynamics.com](http://www.oxfordbiodynamics.com).

A copy of this announcement is available on the Company's website at [www.oxfordbiodynamics.com](http://www.oxfordbiodynamics.com).

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "will", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, readers are cautioned not to rely on any forward-looking statement.

## CHIEF EXECUTIVE OFFICER'S REVIEW

### **Introduction**

During the six-month period to 31 March 2020, OBD continued to make significant commercial, organizational and scientific progress. The period also saw the introduction of COVID-19-related restrictions in the Group's key locations and markets: as well as contributing to the research-driven fight against coronavirus, OBD's strengthened leadership team is focused on planning to emerge from current restrictions with renewed commercial focus.

### **New leadership with extensive industry experience and US commercial focus**

I joined the Group as Chief Executive Officer at the end of the period, on 23 March 2020 and nearly three months of my tenure have been spent in the COVID-19 lockdown. This extraordinary situation has severely curtailed the Company's business development continuity, but it has afforded me a valuable opportunity to spend time getting to know the rest of the OBD executive team, reviewing the Group's current position and reshaping the commercial mindset of the team. I am pleased to report my overwhelmingly positive experience of the OBD team that I am leading, of the Group's *EpiSwitch*<sup>™</sup> technology and the remarkable depth of R&D, data and know-how possessed by the Company. In my deep dive into OBD's niche platform technology and capabilities I see significant commercial potential, particularly in the *EpiSwitch*<sup>™</sup> classifiers that have been developed to predict likely response to IO therapies, our prognostic and disease subtyping assay for DLBCL, which outperformed a number of industry standard tests, our rapidly developing work on disease severity in COVID-19 and in the bioinformatics foundation that supports the contextual interpretation of OBD's data.

As we plan for the gradual ending of lockdown in the US and UK, I am very positive about the Group's prospects. I intend to bring a refreshed mindset and unrelentingly commercial focus to all of our activities. To that end, we are planning for a number of appointments to critical positions, predominantly in the US (in human resources, customer service, product development, marketing and bioinformatics) as soon as we are able.

Post-period end on 3 June 2020, the Board elected industry expert Dr Peter Pack to the position of Independent Non-Executive Chairman. Peter joined the OBD Board in April 2019 and in his first year as a Non-Executive Director has provided excellent support and challenge to the Executive Directors, as well as developing a deep understanding of OBD's technology and business. Peter's extensive industry experience, much of it gained in the fields of diagnostics and biomarkers, make him particularly well-suited to helping guide the OBD Board through the next stages of the Group's journey.

Peter and I are already working well together, and I look forward to him leading the Board as we move toward fuller realization of the commercial potential of the *EpiSwitch*<sup>™</sup> technology platform. The Board also thanks Stephen Diggle for his commitment and leadership in the role of Interim Chairman since April 2019. Steve has returned to his role as Non-Executive Director.

Earlier, in October 2019, the Company was pleased to appoint Professor Iain McInnes CBE to its Scientific Advisory Board. Iain is currently the Director of the Institute of Infection, Immunity, and Inflammation, Muirhead Professor of Medicine and Professor of Rheumatology at the University of Glasgow. OBD has collaborated with Professor McInnes and his teams on several successful research projects since 2014, and immediately following my appointment we jumped right into the Group's recently announced participation in the *GETAFIX* COVID-19-related clinical study, with the University of Glasgow which is outlined below.

### **Response to COVID-19 pandemic**

Shortly after the period end, in April 2020, the Company announced the selection of its *EpiSwitch*<sup>™</sup> platform for prognostic and predictive profiling of COVID-19 patients in the *GETAFIX* clinical study, in collaboration with the University of Glasgow. As well as seeking a biomarker profile to predict likely response to the anti-viral treatment Favipiravir, OBD plans to develop a predictive disease severity classifier, to help identify patients who may be at increased risk of serious illness or death as a result of overreaction of their immune systems in so-called "cytokine storms". These occur when the response of the body goes into overdrive triggering excessive release of key regulators of inflammation - cytokines, leading to tissue damage by the patient's own immune system. Cytokine storms are well-known complications in a number of diseases such as flu, SARS, or sepsis and similar reactions are observed in patients with multiple sclerosis, pancreatitis, or as a common side effect of IO treatments such as CAR-Ts and TCRs. We believe such a classifier could therefore have broad clinical utility and significant commercial potential.

In addition to its involvement in the research-driven fight against COVID-19, the Group set out its operational response to the current pandemic in our business update on 21 May 2020. We restate here that the COVID-19 pandemic has already had an impact, which is expected to continue, on the timing of certain existing projects, directly as a result of delays in receipt of blood samples, especially from cohorts of patients who are considered particularly vulnerable to serious illness from a COVID-19 infection. In addition, travel restrictions worldwide have impacted business development activity. The likely severity and duration of the pandemic and its impact on OBD's customers' activities remains uncertain.

Notwithstanding these issues, the Group is in a strong position to navigate the current crisis, with cash and fixed-term deposits at 31 March 2020 of £13.9m, sufficient to fund planned activity for several years. To date, none of the Company's UK employees has been put on furlough. Activity has continued on several projects including the receipt, in April 2020, of the first 500 patient samples to be analysed under the master services agreement announced on 20 December 2019 (referred to below). The Company continues to do everything possible to keep its employees safe. Our most recent risk assessments have allowed us cautiously to increase the number of laboratory personnel permitted to work at our facilities, while still following strict social distancing rules.

### **Commercial and scientific progress**

In October 2019 the first patient was enrolled in the Mitsubishi Tanabe Pharma America-sponsored REFINE-ALS clinical study, in which the Group's *EpiSwitch*<sup>™</sup> technology platform is to be used to assess the rate of ALS disease progression using highly novel epigenetic biomarkers. Recruitment to this study has been affected by the COVID-19 pandemic and we have not yet received patient samples for laboratory analysis.

In November 2019, the Company's *EpiSwitch*<sup>™</sup> technology featured in two poster presentations at The Society for Immunotherapy of Cancer's 34th Annual Meeting. The presentations, co-authored with collaborating scientists from EMD Serono, Pfizer, Oxford BioDynamics and the Mayo Clinic, showed that biomarkers identified by *EpiSwitch*<sup>™</sup> using blood samples from patients treated with immune checkpoint inhibitors enabled robust exclusion of non-responders across cancer indications and therapeutic combinations, provided asset-specific classifiers with high positive predictive value, and had the potential to enable IO drug development programmes to advance with smaller patient cohorts. As we noted at the time, the ability to stratify patients based on their genomic architecture to reduce the risk, cost and time-to-market for therapeutic development programmes would be a game changer in IO.

In December 2019, the Group entered into a master service agreement for the development of predictive *EpiSwitch*<sup>™</sup> biomarkers with a top US pharmaceutical company. This agreement built on OBD's proven ability to develop predictive biomarkers for response in IO, granting the customer access to OBD's unique *EpiSwitch*<sup>™</sup> technology for use in the development of predictive biomarkers. The first 500 patient samples to be analysed under the agreement were received shortly after the period end in April 2020 and laboratory work has been progressing as planned.

In January 2020, further evidence of the applicability of *EpiSwitch*<sup>™</sup>-derived biomarkers across species was presented at American Association for Cancer Research (AACR) Conference on Advances in Liquid Biopsies, in Miami, Florida. In work conducted in collaboration with the University of Minnesota Department of Veterinary Clinical Sciences, Animal Cancer Care and Research Program, College of Veterinary Medicine and Masonic Cancer Center, OBD utilised its proprietary datasets of markers specific for regulatory 3D genome architecture associated with lymphoma in humans, as determined by *EpiSwitch*<sup>™</sup>. The Company's scientists were able to translate the markers from humans into dogs, to generate a new biomarker signature using whole blood from a cohort of dogs with lymphoma and validate it on a second cohort. The results of this study indicate that *EpiSwitch*<sup>™</sup> biomarkers can be successfully translated across species for related pathologies and conditions and highlight the potential application of non-invasive *EpiSwitch*<sup>™</sup> biomarkers in new therapeutic developments, including in the veterinary industry.

In March 2020, the results of OBD's work in collaboration with Roche and Genentech to develop a blood-based *EpiSwitch*<sup>™</sup> signature for non-invasive prognostic stratification of Diffuse large B-cell lymphoma (DLBCL) patients were published in the peer-reviewed journal *Translational Medicine (Communications)*. DLBCL is the second most common type of blood cancer after Hodgkin's Lymphoma. Within this disease there are two distinct subtypes associated with cell of origin: germinal centre B-cell-like (GCB) and activated B-cell-like (ABC). Conventional methods for identifying disease subtypes use complex and time-consuming gene expression-based platforms that require an invasive biopsy to obtain a diagnosis and often fail to assign the correct subtype. The two subtypes follow different disease courses and respond differently to therapeutic intervention, with the ABC subtype having a far worse survival prognosis; it is therefore important to determine a patient's subtype as early as possible. Importantly, a significant group of patients do not manifest clear ABC or GCB transcriptional profiles and are classified as Type III (Unclassified), despite showing underlying differences in prognostic outcomes. OBD's *EpiSwitch*<sup>™</sup> platform was used in a full programme of biomarker development, beginning with screening and biomarker evaluation in 60 patients with a known subtype, followed by validation of that *EpiSwitch*<sup>™</sup> prognostic classifier on an independent cohort of 58 Type III patients, comparing the prognostic call made with *EpiSwitch*<sup>™</sup> with the clinical outcome of patient survival. The results of the study were striking, showing that the *EpiSwitch*<sup>™</sup> DLBCL biomarker signature was accurate in classifying confirmed ABC and GCB subtypes in patient samples of known status, providing an identical call in all 60 samples. Furthermore, the *EpiSwitch*<sup>™</sup> biomarker signature was able to classify all 58 Type III samples into subtypes, correctly predicting clinical outcome with a high level of statistical significance and outperforming a number of current industry standard gene expression-based assays. The prognostic calls on patients prior to their treatment made using the *EpiSwitch*<sup>™</sup> classifier had significant correlation with actual survival rates, demonstrating the potentially transformative utility of an *EpiSwitch*<sup>™</sup> assay in the clinical management of DLBCL.

Shortly after the period end, in April 2020, the Group's Chief Scientific Officer, Dr Alexandre (Sasha) Akoulitchev, was appointed to represent OBD on three Steering Committees of the FNIH Biomarkers Consortium, in Oncology, Inflammation & Immunity, and Neuroscience, in Bethesda, MD, USA. The Biomarkers Consortium is a public-private biomedical research partnership managed by the FNIH that endeavours to discover, develop, and seek regulatory approval for biomarkers, to support new drug development, preventive medicine, and medical diagnostics. The members of the Steering Committees represent a variety of sectors, including academia, government, industry and not-for-profit/advocacy organisations and are responsible for identifying and moving forward promising biomarker projects for implementation by the Consortium. Sasha's appointment to the Steering Committees represents both a major recognition of his expertise in the field and an opportunity to share the application of OBD's *EpiSwitch*<sup>™</sup> platform in a highly respected scientific forum.

#### ***IP portfolio development***

OBD's IP portfolio now includes fourteen patent families, with the latest application having been filed after the period end in early June 2020. During the period, the Group continued its strategy of seeking to obtain claims which provide the best possible protection for its *EpiSwitch*<sup>™</sup> platform and the biomarkers that are derived from it; two patents were granted, a further one entered the national phase and supplementary information was submitted to patent offices in connection with one other. The Group also benefits from significant technological and scientific know-how within its team and valuable proprietary experimental data.

#### ***Looking forward***

The period to 31 March 2020 saw the Group continue to make commercial and scientific progress on several fronts whilst initiating a transition to newly appointed, commercially focused executive leadership. The period saw the beginning of COVID-19-related restrictions, with the Group in a strong position not only to survive the period without external financial assistance, but also to apply its *EpiSwitch*<sup>™</sup> technology to research into the effects of the virus.

In the remainder of the year, we expect to emerge from the immediate effects of the pandemic with renewed organizational focus, building on the Group's progress to date for significant growth in 2021 and beyond. We look forward to providing shareholders with news of further positive developments in due course.

***Dr Jon Burrows***

*Chief Executive Officer*

## FINANCIAL REVIEW

### Overview

The six-month period ended 31 March 2020 included modest project revenue alongside slightly increased operating costs. The Group ended the period in a strong financial position, with sufficient resources to continue to operate through and beyond restrictions arising from the COVID-19 pandemic.

### Financial performance

Revenue for the six-month period to 31 March 2020 was £0.2m (H1 2019: £0.6m), entirely derived from research projects (H1 2019 also included some licence fee income). Revenue on research projects is recognised as the Group meets its performance obligations under the relevant contracts, and the timing of this work is in turn largely dependent on the receipt of blood samples from customers.

Operating expenses before share option charges were £2.45m, (H1 2019: £2.11m), reflecting a 27% increase, compared to H1 2019, in direct (non-staff) research and development costs and more modest increases in staff costs and general and administration costs. Research and development costs are principally laboratory consumables and reagents, with cost broadly reflecting the level of activity on both internal and revenue-generating research projects.

Staff costs of £1.24m (H1 2019: £1.06m) increased because of expansion of the staff team, including as a result of a number of senior appointments since March 2019, as well as salary increases for existing staff.

Increases in general and administration costs (£0.69m, H1 2019: £0.66m), in addition to general inflationary rises, included costs incurred following the Group's establishment of its US subsidiary and for recruitment of senior staff. These increases are offset by a reduction in the level of rent charges included under general and administration costs following the adoption of IFRS 16 'Leases' with effect from 1 October 2019. The adoption of IFRS 16 was also the principal cause of the increase in depreciation to £0.24m (H1 2019: £0.19m).

The Group's operating loss for the period was £2.4m (H1 2019: £1.7m), reflecting the lower revenue and increased costs noted above.

Finance income for the period of £80k related to interest receivable and realised and unrealised exchange gains (H1 2019: £98k of interest receivable) and reflected both lower balances and lower deposit interest rates. Finance costs of £10k are lease interest charges calculated under IFRS 16 'Leases' (H1 2019: £14k related to realised and unrealised exchange losses). In both periods, exchange movements were driven almost entirely by the effect on US dollar-denominated cash and debtor balances of movements in the sterling-to-US dollar exchange rate.

The taxation credit for the six months to 31 March 2020 of £0.26m represents tax relief on applicable research and development expenditure incurred by the Company during the period and was broadly similar to the prior period (H1 2019: £0.32m). The Group has so far not recognised any deferred tax assets in respect of trading losses arising in the current or prior financial periods.

Net loss for the half year was £2.03m (H1 2019: £1.28m). Loss per share for the six months ended 31 March 2020 was 2.2 pence (H1 2019: 1.4 pence).

### Financial position

Additions to intangible and tangible fixed assets during the period were primarily related to patents and computer equipment. Right-of-use assets of £0.54m (31 March 2019 and 30 September 2019: £nil) are recognised for the first time in the current period on the adoption of IFRS 16 'Leases' and relate to the Group's leased laboratory and office space.

Inventory balances have remained broadly level at £0.25m (31 March 2019: £0.24m, 30 September 2019: £0.24m). Prior to March 2019, the Group had engaged in planned stockpiling of certain laboratory supplies in advanced of the then-anticipated departure of the UK from the EU. Subsequently new lines of consumables have been added to inventory and there was some limited re-ordering in advance of the implementation of the COVID-19-related lockdown.

Trade and other debtors were £1.10m (31 March 2019: £0.73m, 30 September 2019: £1.18m). The increase in this balance relative to 31 March 2019 is primarily due to amounts receivable from customers, all of which were received on time shortly after the period end. Compared to 30 September 2019, customer receivables were slightly increased, offset by a reduction in the debtor associated with the Company's R&D Tax Credit claim in respect of the year ended 30 September 2019, which was received during the six months ended 31 March 2020.

Cash and cash equivalents and fixed-term deposits at 31 March 2020 were £13.9m (31 March 2019: £16.9m, 30 September 2019: £15.5m).

Trade and other payables at 31 March 2020 were £1.29m (31 March 2019: £0.69m, 30 September 2019: £1.11); reflecting increases in trade creditors and contract liabilities (amounts received from customers in advance of the recognition of revenue for the projects concerned).

Non-current liabilities have increased significantly with the recognition of a lease liability on the adoption of IFRS 16 'Leases' from 1 October 2019.

#### **Cash flow**

Net cash used in operating activities was increased at £1.39m (H1 2019: £0.80m), reflecting the increased operating loss, offset by an increase of £0.12m in receipts of R&D Tax Credits. Net cash generated by investing activities was £2.88m, including £2.97m of cash inflows on the maturity of various fixed-term deposits (H1 2019: net cash used of £9.75m, including the placement of £9m of funds into fixed-term deposits). Net cash used in financing activities reflects lease payments. In the prior period the cash generated from financing activities arose from the settlement of share option exercises during the period, of which there were none in the six months to 31 March 2020.

The overall reduction in cash and term deposits for the six-month period ended 31 March 2020 was £1.6m, representing a slightly increased burn rate compared to the prior year (H1 2019: £1.3m).

#### **Summary**

The Group's results for the six-month period to 31 March 2020 reflect genuine commercial progress, albeit tempered by the effect of delays to certain projects that were outside the Group's control. The OBD Board has also concentrated significant efforts on strengthening its commercial leadership, culminating in the appointment of Jon Burrows as CEO and, post-period end, Peter Pack as Non-Executive Chairman. The Group has continued research and development activity, growing its UK team and investing in its intellectual property portfolio. Whilst the COVID-19 crisis and its associated impact on the Company's operations remains open-ended and uncertain, the Board looks forward to emerging from the current restrictions more ready to benefit from the adoption of its unique and valuable technology platform, *EpiSwitch™*, by a growing customer base. The Board is satisfied that the Group's significant cash and term deposits mean it remains well funded both to withstand the likely effects of the pandemic and to fund its near-term plans.

#### **Paul Stockdale**

*Chief Financial Officer*

## Consolidated income statement

|   | Note | Six-month period<br>ended 31 March |                             | Year ended<br>30 September |
|---|------|------------------------------------|-----------------------------|----------------------------|
|   |      | 2020<br>(unaudited)<br>£000        | 2019<br>(unaudited)<br>£000 | 2019<br>(audited)<br>£000  |
| <b>Continuing operations</b>                          |      |                                    |                             |                            |
| Revenue   | 3,4  | 188                                | 574                         | 907                        |
| Research & development costs (excluding staff costs)  |      | (279)                              | (203)                       | (468)                      |
| Staff costs   |      | (1,242)                            | (1,055)                     | (2,117)                    |
| General & other admin costs                           |      | (691)                              | (664)                       | (1,423)                    |
| Share option charges                                  | 12   | (94)                               | (141)                       | (274)                      |
| Depreciation and amortization                         | 6-8  | (241)                              | (191)                       | (387)                      |
| Other operating income                                |      | 1                                  | 1                           | 39                         |
| <b>Operating loss</b>                                 |      | <u>(2,358)</u>                     | <u>(1,679)</u>              | <u>(3,723)</u>             |
| Finance income  |      | 80                                 | 98                          | 337                        |
| Finance costs   |      | (10)                               | (14)                        | -                          |
| <b>Loss before tax</b>                                |      | <u>(2,288)</u>                     | <u>(1,595)</u>              | <u>(3,386)</u>             |
| Income tax  |      | 262                                | 315                         | 586                        |
| <b>Loss for the period from continuing operations</b> |      | <u>(2,026)</u>                     | <u>(1,280)</u>              | <u>(2,800)</u>             |
| <b>Loss attributable to:</b>                          |      |                                    |                             |                            |
| Owners of the Company                                 |      | (2,026)                            | (1,280)                     | (2,800)                    |
| Non-controlling interest                              |      | -                                  | -                           | -                          |
|   |      | <u>(2,026)</u>                     | <u>(1,280)</u>              | <u>(2,800)</u>             |
| <b>Earnings per share</b>                             |      |                                    |                             |                            |
| From continuing operations                            |      |                                    |                             |                            |
| Basic and diluted (pence per share)                   | 5    | <u>(2.2)</u>                       | <u>(1.4)</u>                | <u>(3.0)</u>               |



## Consolidated statement of comprehensive income

|   | Six-month period<br>ended 31 March |                | Year ended<br>30 September |
|---|------------------------------------|----------------|----------------------------|
|   | 2020                               | 2019           | 2019                       |
|   | (unaudited)                        | (unaudited)    | (audited)                  |
|   | £000                               | £000           | £000                       |
| <b>Loss for the period</b>  | (2,026)                            | (1,280)        | (2,800)                    |
| Exchange differences on translation of foreign operations<br>that may be reclassified to the income statement | (42)                               | 5              | 26                         |
| <b>Total comprehensive income for the period</b>  | <u>(2,068)</u>                     | <u>(1,275)</u> | <u>(2,774)</u>             |
| <b>Total comprehensive income attributable to:</b>  |                                    |                |                            |
| Owners of the Company   | (2,065)                            | (1,275)        | (2,774)                    |
| Non-controlling interest  | (3)                                | -              | -                          |
|   | <u>(2,068)</u>                     | <u>(1,275)</u> | <u>(2,774)</u>             |

## Consolidated statement of financial position

|   |             | 31 March<br>2020<br>(unaudited)<br>£000 | 31 March<br>2019<br>(unaudited)<br>£000 | 30 September<br>2019<br>(audited)<br>£000 |
|---|-------------|---|---|---|
| <b>Assets</b>                                       | <b>Note</b> |   |   |   |
| <b>Non-current assets</b>                           |             |   |   |   |
| Intangible fixed assets                             | 6           | 634                                     | 446                                     | 555                                       |
| Property, plant and equipment                       | 7           | 784                                     | 948                                     | 891                                       |
| Right-of-use assets                                 | 8           | 537                                     | -                                       | -   |
| Deferred tax asset                                  |             | -                                       | -                                       | -   |
| Investments accounted for using the equity method   |             | 422                                     | 422                                     | 422                                       |
| <b>Total non-current assets</b>                     |             | <u>2,377</u>                            | <u>1,816</u>                            | <u>1,868</u>                              |
| <b>Current assets</b>                               |             |   |   |   |
| Inventories   |             | 247                                     | 237                                     | 243                                       |
| Trade and other receivables                         |             | 1,101                                   | 726                                     | 1,183                                     |
| Fixed term deposits                                 |             | 7,331                                   | 9,000                                   | 10,300                                    |
| Cash and cash equivalents                           |             | 6,544                                   | 7,946                                   | 5,198                                     |
| <b>Total current assets</b>                         |             | <u>15,223</u>                           | <u>17,909</u>                           | <u>16,924</u>                             |
| <b>Total assets</b>                                 |             | <u><u>17,600</u></u>                    | <u><u>19,725</u></u>                    | <u><u>18,792</u></u>                      |
| <b>Equity and liabilities</b>                       |             |   |   |   |
| <b>Capital and reserves</b>                         |             |   |   |   |
| Share capital                                       | 11          | 926                                     | 926                                     | 926                                       |
| Share premium                                       |             | 16,740                                  | 16,740                                  | 16,740                                    |
| Translation reserve                                 |             | 164                                     | 182                                     | 203                                       |
| Share option reserve                                |             | 2,859                                   | 2,655                                   | 2,788                                     |
| Retained earnings                                   |             | (5,027)                                 | (1,562)                                 | (3,082)                                   |
| <b>Equity attributable to owners of the Company</b> |             | <u>15,662</u>                           | <u>18,941</u>                           | <u>17,575</u>                             |
| <b>Non-controlling interest</b>                     |             | 16                                      | 19                                      | 19  |
| <b>Total equity</b>                                 |             | <u><u>15,678</u></u>                    | <u><u>18,960</u></u>                    | <u><u>17,594</u></u>                      |
| <b>Current liabilities</b>                          |             |   |   |   |
| Trade and other payables                            |             | 1,289                                   | 688                                     | 1,081                                     |
| Current tax liabilities                             |             | 8                                       | -                                       | 25  |
| <b>Total current liabilities</b>                    |             | <u>1,297</u>                            | <u>688</u>                              | <u>1,106</u>                              |
| <b>Non-current liabilities</b>                      |             |   |   |   |
| Lease liabilities                                   | 10          | 514                                     | -                                       | -   |
| Provisions  |             | 102                                     | 77                                      | 92  |
| Deferred tax  |             | 9                                       | -                                       | -   |
| <b>Total non-current liabilities</b>                |             | <u>625</u>                              | <u>77</u>                               | <u>92</u>                                 |
| <b>Total liabilities</b>                            |             | <u>1,922</u>                            | <u>765</u>                              | <u>1,198</u>                              |
| <b>Total equity and liabilities</b>                 |             | <u><u>17,600</u></u>                    | <u><u>19,725</u></u>                    | <u><u>18,792</u></u>                      |

## Consolidated statement of changes in equity

|  | Share capital | Share premium | Translation reserve | Share option reserve | Retained earnings | Attributable to shareholders | Non-controlling interest | Total          |
|--|---------------|---------------|---------------------|----------------------|-------------------|------------------------------|--------------------------|----------------|
|  | £000          | £000          | £000                | £000                 | £000              | £000                         | £000                     | £000           |
| <b>At 1 October 2018</b>                           | <b>925</b>    | <b>16,696</b> | <b>177</b>          | <b>2,704</b>         | <b>(472)</b>      | <b>20,030</b>                | <b>19</b>                | <b>20,049</b>  |
| Loss for the period                                | -             | -             | -                   | -                    | (1,280)           | (1,280)                      | -                        | (1,280)        |
| Other comprehensive income for the period          | -             | -             | 5                   | -                    | -                 | 5                            | -                        | 5              |
| <b>Total comprehensive income for the period</b>   | <b>-</b>      | <b>-</b>      | <b>5</b>            | <b>-</b>             | <b>(1,280)</b>    | <b>(1,275)</b>               | <b>-</b>                 | <b>(1,275)</b> |
| <b>Transactions with owners recorded in equity</b> |               |               |                     |                      |                   |                              |                          |                |
| Exercise of share options                          | 1             | 44            | -                   | (30)                 | 30                | 45                           | -                        | 45             |
| Share option credit                                | -             | -             | -                   | 141                  | -                 | 141                          | -                        | 141            |
| Lapse of vested share options                      | -             | -             | -                   | (160)                | 160               | -                            | -                        | -              |
| <b>At 31 March 2019</b>                            | <b>926</b>    | <b>16,740</b> | <b>182</b>          | <b>2,655</b>         | <b>(1,562)</b>    | <b>18,941</b>                | <b>19</b>                | <b>18,960</b>  |
| At 1 April 2019                                    | 926           | 16,740        | 182                 | 2,655                | (1,562)           | 18,941                       | 19                       | 18,960         |
| Loss for the period                                | -             | -             | -                   | -                    | (1,520)           | (1,520)                      | -                        | (1,520)        |
| Other comprehensive income for the period          | -             | -             | 21                  | -                    | -                 | 21                           | -                        | 21             |
| <b>Total comprehensive income for the period</b>   | <b>-</b>      | <b>-</b>      | <b>21</b>           | <b>-</b>             | <b>(1,520)</b>    | <b>(1,499)</b>               | <b>-</b>                 | <b>(1,499)</b> |
| <b>Transactions with owners recorded in equity</b> |               |               |                     |                      |                   |                              |                          |                |
| Share option credit                                | -             | -             | -                   | 133                  | -                 | 133                          | -                        | 133            |
| <b>At 30 September 2019</b>                        | <b>926</b>    | <b>16,740</b> | <b>203</b>          | <b>2,788</b>         | <b>(3,082)</b>    | <b>17,575</b>                | <b>19</b>                | <b>17,594</b>  |
| At 1 October 2019                                  | 926           | 16,740        | 203                 | 2,788                | (3,082)           | 17,575                       | 19                       | 17,594         |
| Adjustment arising on adoption of IFRS 16          | -             | -             | -                   | -                    | 58                | 58                           | -                        | 58             |
| At 1 October 2019 (adjusted)                       | 926           | 16,740        | 203                 | 2,788                | (3,024)           | 17,633                       | 19                       | 17,652         |
| Loss for the period                                | -             | -             | -                   | -                    | (2,026)           | (2,026)                      | -                        | (2,026)        |
| Other comprehensive income for the period          | -             | -             | (39)                | -                    | -                 | (39)                         | (3)                      | (42)           |
| <b>Total comprehensive income for the period</b>   | <b>-</b>      | <b>-</b>      | <b>(39)</b>         | <b>-</b>             | <b>(2,026)</b>    | <b>(2,065)</b>               | <b>(3)</b>               | <b>(2,068)</b> |
| <b>Transactions with owners recorded in equity</b> |               |               |                     |                      |                   |                              |                          |                |
| Share option credit                                | -             | -             | -                   | 94                   | -                 | 94                           | -                        | 94             |
| Lapse of vested share options                      | -             | -             | -                   | (23)                 | 23                | -                            | -                        | -              |
| <b>At 31 March 2020</b>                            | <b>926</b>    | <b>16,740</b> | <b>164</b>          | <b>2,859</b>         | <b>(5,027)</b>    | <b>15,662</b>                | <b>16</b>                | <b>15,678</b>  |

## Consolidated statement of cash flows

|   | Note | Six-month period<br>ended 31 March |                     | Year ended<br>30 September |
|---|------|------------------------------------|---------------------|----------------------------|
|   |      | 2020                               | 2019                | 2019                       |
|   |      | (unaudited)<br>£000                | (unaudited)<br>£000 | (audited)<br>£000          |
| Loss before tax for the financial period                        |      | (2,288)                            | (1,595)             | (3,386)                    |
| Adjustments to reconcile loss for the period to net cash flows: |      |                                    |                     |                            |
| Net interest  |      | (65)                               | (98)                | (196)                      |
| (Profit) on disposal of property, plant and equipment           |      | -                                  | -                   | -                          |
| Amortization of intangible fixed assets                         | 6    | 17                                 | 9                   | 25                         |
| Depreciation of property, plant and equipment                   | 7,8  | 224                                | 182                 | 362                        |
| Movement in provisions  |      | 10                                 | 7                   | 22                         |
| Share based payments charge                                     | 12   | 94                                 | 141                 | 274                        |
| Working capital adjustments:                                    |      |                                    |                     |                            |
| (Increase) / decrease in trade and other receivables            |      | (269)                              | 154                 | (14)                       |
| Decrease in other financial instruments                         |      | -                                  | -                   | -                          |
| Increase in inventories   |      | (4)                                | (91)                | (97)                       |
| Increase /(decrease) in trade and other payables                |      | 292                                | (13)                | 381                        |
| <b>Operating cash flows before interest and tax paid</b>        |      | <b>(1,989)</b>                     | <b>(1,304)</b>      | <b>(2,629)</b>             |
| R&D tax credits received  |      | 598                                | 479                 | 480                        |
| Cash used in operations   |      | (1,391)                            | (825)               | (2,149)                    |
| Net foreign exchange movements                                  |      | 6                                  | 21                  | (122)                      |
| <b>Net cash used in operating activities</b>                    |      | <b>(1,385)</b>                     | <b>(804)</b>        | <b>(2,271)</b>             |
| <b>Investing activities</b>                                     |      |                                    |                     |                            |
| Interest received   |      | 71                                 | 61                  | 165                        |
| Purchases of property, plant and equipment                      |      | (72)                               | (280)               | (400)                      |
| Purchases of intangible fixed assets                            |      | (96)                               | (107)               | (232)                      |
| Proceeds from disposal of tangible assets                       |      | -                                  | -                   | -                          |
| Investment in associate   |      | -                                  | (422)               | (422)                      |
| Decrease / (increase) in fixed-term deposits                    |      | 2,969                              | (9,000)             | (10,300)                   |
| <b>Net cash generated by / (used in) investing activities</b>   |      | <b>2,872</b>                       | <b>(9,748)</b>      | <b>(11,189)</b>            |
| <b>Financing activities</b>                                     |      |                                    |                     |                            |
| Lease payments  |      | (98)                               | -                   | -                          |
| Issue of equity shares  |      | -                                  | 235                 | 236                        |
| Share issue costs   |      | -                                  | -                   | -                          |
| <b>Net cash (used in) / generated by financing activities</b>   |      | <b>(98)</b>                        | <b>235</b>          | <b>236</b>                 |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   |      | <b>1,389</b>                       | <b>(10,317)</b>     | <b>(13,224)</b>            |
| Foreign exchange movement on cash and cash equivalents          |      | (43)                               | (15)                | 144                        |
| <b>Cash and cash equivalents at beginning of year</b>           |      | <b>5,198</b>                       | <b>18,278</b>       | <b>18,278</b>              |
| <b>Cash and cash equivalents at end of period</b>               |      | <b>6,544</b>                       | <b>7,946</b>        | <b>5,198</b>               |

# Notes

## 1. General information

The interim financial information was authorised for issue by the Board of Directors on 15 June 2020. The information for the period ended 31 March 2020 has not been audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and should therefore be read in conjunction with the audited financial statements of the Company and its subsidiaries as at and for the year ended 30 September 2019, which were prepared in accordance with EU Adopted International Financial Reporting Standards and have been delivered to the Registrar of Companies. The Report of the Auditor on the financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This interim information does not comply with IAS 34 Interim Financial Reporting, as is permissible under the rules of AIM.

## 2. Basis of accounting

### Basis of preparation

These interim consolidated financial statements have been prepared under the historical cost convention and in accordance with the recognition and measurement principles of European Union Adopted International Financial Reporting Standards (IFRSs).

### Reporting currency

The consolidated financial statements are presented in pounds sterling (GBP), which is also the Company's functional currency.

### Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 30 September 2019, with the exception of IFRS 16 'Leases', which was adopted during the period.

### New accounting standard adopted as at 1 October 2019 – IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Group has recognised a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17, measured at the present value of the remaining lease payments at the date of initial application, discounted using a weighted average incremental borrowing rate of 3%.

The Group has recognised a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17, measured at its carrying amount as if IFRS 16 had been applied since the commencement date of the lease, but discounted using a weighted average incremental borrowing rate of 3%.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

### Impact of applying IFRS 16

The impact of applying IFRS 16 on the Group statement of financial position and equity on 1 October 2019 is as follows:

|  | <b>£000</b> |
|--|-------------|
| <b>Assets</b>                            |             |
| Right-of-use assets (carrying value)     | 593         |
| <b>Liabilities</b>                       |             |
| Lease liabilities                        | 703         |
| Lease incentives recognised under IAS 17 | (168)       |
| <b>Net impact on equity</b>              | <u>58</u>   |

Reconciliation of total operating lease commitments at 30 September 2019 to lease liabilities recognised at 1 October 2019

|   | <b>£000</b>              |
|---|--------------------------|
| Total operating lease commitments disclosed at 30 September 2019:         | 779                      |
| Recognition exemptions:   |                          |
| - Low value assets  | (8)                      |
| - Leases with a remaining term of 12 months or less                       | (11)                     |
|   | <u>(19)</u>              |
| Operating lease liabilities before discounting                            | <u>760</u>               |
| Discounted using incremental borrowing rate                               | (57)                     |
| Operating lease liabilities   | <u>703</u>               |
| Finance lease obligations as at 30 September 2019                         | -                        |
| <b>Total lease liabilities recognised under IFRS 16 at 1 October 2019</b> | <b><u><u>703</u></u></b> |

### Accounting judgements and estimates

There have been no significant changes to critical accounting judgements or accounting estimates of amounts reported in prior financial periods.

### 3. Revenue

All revenue is derived from the Group's principal activity, biomarker research and development. An analysis of the Group's revenue by geography and pattern of revenue recognition is as follows:

|                              | Six-month period<br>ended 31 March |            | Year ended<br>30 September |
|------------------------------|------------------------------------|------------|----------------------------|
|                              | 2020                               | 2019       | 2019                       |
|                              | £000                               | £000       | £000                       |
| <b>Continuing operations</b> |                                    |            |                            |
| USA                          | 109                                | 55         | 126                        |
| Rest of World                | 79                                 | 519        | 781                        |
| Consolidated revenue         | <u>188</u>                         | <u>574</u> | <u>907</u>                 |

|                                       | Six-month period<br>ended 31 March |            | Year ended<br>30 September |
|---------------------------------------|------------------------------------|------------|----------------------------|
|                                       | 2020                               | 2019       | 2019                       |
|                                       | £000                               | £000       | £000                       |
| <b>Continuing operations</b>          |                                    |            |                            |
| Revenue recognised at a point in time | -                                  | 519        | 519                        |
| Revenue recognised over time          | 188                                | 55         | 388                        |
|                                       | <u>188</u>                         | <u>574</u> | <u>907</u>                 |

## 4. Business segments

### Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the sole service which Oxford BioDynamics sells. The Group's sole reportable segment under IFRS 8 is therefore that of biomarker research and development.

The Group's non-current assets (other than investments accounted for using the equity method), analysed by geographical location were as follows:

|                           | 31 March<br>2020<br>£000 | 31 March<br>2019<br>£000 | 30 September<br>2019<br>£000 |
|---------------------------|--------------------------|--------------------------|------------------------------|
| <b>Non-current assets</b> |                          |                          |                              |
| UK                        | 1,849                    | 1,269                    | 1,326                        |
| Malaysia                  | 106                      | 125                      | 120                          |
| USA                       | -                        | -                        | -                            |
| Total non-current assets  | <u>1,955</u>             | <u>1,394</u>             | <u>1,446</u>                 |

### Information about major customers

The Group's revenues for the periods covered by this report are derived from a small number of customers, many of which represent more than 10% of the revenue for the period. These are summarised below:

|  | Six-month period<br>ended 31 March<br>2020<br>£000 | 2019<br>£000 | Year ended<br>30 September<br>2019<br>£000 |
|--|--|--------------|--|
| Revenue from individual customers each representing more than 10% of revenue for the period: | <u>159</u>   | <u>519</u>   | <u>900</u>                                 |

## 5. Earnings per share

### From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

|  | Six-month period<br>ended 31 March<br>2020<br>£000 | 2019<br>£000      | Year ended<br>30 September<br>2019<br>£000 |
|--|--|-------------------|--|
| Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company | <u>(2,026)</u>                                     | <u>(1,280)</u>    | <u>(2,800)</u>                             |
| Earnings for the purposes of diluted earnings per share  | <u>(2,026)</u>                                     | <u>(1,280)</u>    | <u>(2,800)</u>                             |
|  | <b>No.</b>   | <b>No.</b>        | <b>No.</b>                                 |
| <b>Number of shares</b>  |  |                   |  |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*       | <u>92,559,771</u>                                  | <u>92,556,854</u> | <u>92,558,317</u>                          |
|  | <b>Pence</b>                                       | <b>Pence</b>      | <b>Pence</b>                               |
| <b>Earnings per share</b>  |  |                   |  |
| Basic and diluted earnings per share   | <u>(2.2)</u>                                       | <u>(1.4)</u>      | <u>(3.0)</u>                               |

\*Potential ordinary shares are not treated as dilutive as the Group is loss making.

## 6. Intangible fixed assets

| Group                   | Patents    | Website development costs | Software development costs | Total      |
|-------------------------|------------|---------------------------|----------------------------|------------|
|                         | £000       | £000                      | £000                       | £000       |
| <b>Cost</b>             |            |                           |                            |            |
| At 1 October 2019       | 487        | 62                        | 32                         | 581        |
| Additions               | 89         | -                         | 7                          | 96         |
| Disposals               | -          | -                         | -                          | -          |
| <b>At 31 March 2020</b> | <b>576</b> | <b>62</b>                 | <b>39</b>                  | <b>677</b> |
| <b>Amortization</b>     |            |                           |                            |            |
| At 1 October 2019       | 3          | 12                        | 11                         | 26         |
| Charge for the period   | 1          | 6                         | 10                         | 17         |
| <b>At 31 March 2020</b> | <b>4</b>   | <b>18</b>                 | <b>21</b>                  | <b>43</b>  |
| <b>Carrying amount</b>  |            |                           |                            |            |
| <b>At 31 March 2020</b> | <b>572</b> | <b>44</b>                 | <b>18</b>                  | <b>634</b> |
| At 30 September 2019    | 484        | 50                        | 21                         | 555        |

## 7. Property, plant and equipment

| Group                           | Leasehold improvements | Office equipment | Fixtures and fittings | Laboratory equipment | Total        |
|---------------------------------|------------------------|------------------|-----------------------|----------------------|--------------|
|                                 | £000                   | £000             | £000                  | £000                 | £000         |
| <b>Cost</b>                     |                        |                  |                       |                      |              |
| At 1 October 2019               | 576                    | 77               | 59                    | 1,558                | 2,270        |
| Additions                       | 1                      | 54               | 3                     | 9                    | 67           |
| Disposals                       | -                      | -                | -                     | -                    | -            |
| Exchange differences            | -                      | -                | (1)                   | (6)                  | (7)          |
| <b>At 31 March 2020</b>         | <b>577</b>             | <b>131</b>       | <b>61</b>             | <b>1,561</b>         | <b>2,330</b> |
| <b>Accumulated depreciation</b> |                        |                  |                       |                      |              |
| At 1 October 2019               | 166                    | 48               | 29                    | 1,136                | 1,379        |
| Charge for the period           | 36                     | 12               | 4                     | 116                  | 168          |
| Eliminated on disposals         | -                      | -                | -                     | -                    | -            |
| Exchange differences            | -                      | -                | -                     | (1)                  | (1)          |
| <b>At 31 March 2020</b>         | <b>202</b>             | <b>60</b>        | <b>33</b>             | <b>1,251</b>         | <b>1,546</b> |
| <b>Carrying amount</b>          |                        |                  |                       |                      |              |
| <b>At 31 March 2020</b>         | <b>375</b>             | <b>71</b>        | <b>28</b>             | <b>310</b>           | <b>784</b>   |
| At 30 September 2019            | 410                    | 29               | 30                    | 422                  | 891          |



## 8. Right-of-Use Assets

| Group                           | Buildings  | Total      |
|---------------------------------|------------|------------|
|                                 | £000       | £000       |
| <b>Cost</b>                     |            |            |
| At 1 October 2019               | 734        | 734        |
| Additions                       | -          | -          |
| Disposals                       | -          | -          |
| <b>At 31 March 2020</b>         | <b>734</b> | <b>734</b> |
| <b>Accumulated depreciation</b> |            |            |
| At 1 October 2019               | 141        | 141        |
| Charge for the period           | 56         | 56         |
| Eliminated on disposals         | -          | -          |
| <b>At 31 March 2020</b>         | <b>197</b> | <b>197</b> |
| <b>Carrying amount</b>          |            |            |
| <b>At 31 March 2020</b>         | <b>537</b> | <b>537</b> |
| At 30 September 2019            | -          | -          |

## 9. Interest in associate undertaking

The Group has a 28.84% holding in Holos Life Sciences (Singapore) Pte Ltd (“Holos”), a Singapore-based company which is not listed on any public exchange. The Group’s interest in Holos is accounted for using the equity method.

On 5 October 2018, the Company exercised a pre-existing option to acquire, for a nominal amount, a 30% shareholding in Holos. Subsequently, on 30 November 2018 the Company also participated in an interim fundraising by Holos, investing US\$540,000 in that entity. Summarised financial information for Holos and a reconciliation with the carrying amount of the Group’s investment are set out below:

### Summarised statement of financial position of Holos Life Sciences (Singapore) Pte Ltd

|  | 31 March<br>2020<br>£000 | 31 March<br>2019<br>£000 | 30 September<br>2019<br>£000 |
|--|--------------------------|--------------------------|------------------------------|
| Current assets   | 298                      | 645                      | 260                          |
| Non-current assets   | 1                        | -                        | 1                            |
| Current liabilities  | (34)                     | (13)                     | (1,025)                      |
| Non-current liabilities  | (1,006)                  | (942)                    | -                            |
| <b>Equity</b>  | <b>(741)</b>             | <b>(310)</b>             | <b>(764)</b>                 |
| Group’s share in equity – 28.84% (31 March 2019 and 30 September 2019: 28.84%) | -                        | -                        | -                            |
| Goodwill   | 422                      | 422                      | 422                          |
| <b>Carrying amount of the investment</b>                                       | <b>422</b>               | <b>422</b>               | <b>422</b>                   |

### Summarised income statement for Holos Life Sciences (Singapore) Pte Ltd

|   | Six-month period<br>ended 31 March<br>2020<br>£000 | 5 October 2018 to<br>31 March 2019<br>£000 | 5 October 2018 to<br>30 September<br>2019<br>£000 |
|---|--|--|---|
| Revenue   | -  | -  | -   |
| Cost of sales   | -  | -  | -   |
| R&D expenditure   | (39)   | (674)                                      | (795)   |
| Admin expenses  | (183)  | (237)                                      | (519)   |
| Finance costs   | (9)  | (16)                                       | (25)  |
| <b>Loss before tax</b>  | <b>(231)</b>                                       | <b>(927)</b>                               | <b>(1,339)</b>                                    |
| Tax   | -  | -  | -   |
| Loss and total comprehensive income for the period  | <b>(231)</b>                                       | <b>(927)</b>                               | <b>(1,339)</b>                                    |
| Group’s share of loss for the period – 28.84% (not recognised)<br>(31 March 2019 and 30 September 2019: not recognised) | <b>(67)</b>  | <b>(267)</b>                               | <b>(386)</b>                                      |

Goodwill is subject to review for impairment on at least an annual basis, as set out in the accounting policies in the annual report and accounts for the year ended 30 September 2019.

Holos had no contingent liabilities as at 31 March 2020 (31 March 2019 and 30 September 2019: Nil). The Group is not liable for any of Holos’ liabilities.

## 10. Leasing

|                                 | 31 March<br>2020 | 31 March<br>2019 | 30 September<br>2019 |
|---------------------------------|------------------|------------------|----------------------|
|                                 | £000             | £000             | £000                 |
| Lease liabilities (current)     | 91               | -                | -                    |
| Lease liabilities (non-current) | 514              | -                | -                    |
|                                 | <u>605</u>       | <u>-</u>         | <u>-</u>             |

The Group has leases for its laboratory and office facilities.

Future minimum lease payments as at 31 March 2020 were as follows:

|                          | Within<br>1 year | One to<br>five years | After<br>five years | Total      |
|--------------------------|------------------|----------------------|---------------------|------------|
|                          | £000             | £000                 | £000                | £000       |
| Lease payments           | 108              | 544                  | -                   | 652        |
| Finance charges          | (17)             | (30)                 | -                   | (47)       |
| <b>Net present value</b> | <u>91</u>        | <u>514</u>           | <u>-</u>            | <u>605</u> |

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

## 11. Share capital of the Company

|                               | 31 March 2020     |                | 31 March 2019     |                | 30 September 2019 |                |
|-------------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
|                               | Number            | £              | Number            | £              | Number            | £              |
| <b>Authorised shares</b>      |                   |                |                   |                |                   |                |
| Ordinary shares of £0.01 each | <u>92,559,771</u> | <u>925,597</u> | <u>92,559,771</u> | <u>925,597</u> | <u>92,559,771</u> | <u>925,597</u> |

The Company has a number of shares reserved for issue under an equity-settled share option scheme: further details are disclosed in Note 12.

## 12. Share-based payments

### Equity-settled share option scheme

In November 2016, the Company established an Enterprise Management Incentive (“EMI”) share option scheme, under which options have been granted to certain employees, and a non-employee option scheme with similar terms, except that options granted under it do not have EMI status. EMI and non-EMI share options were also previously granted under a share option scheme established in October 2008 (“the 2008 Scheme”). The Company does not intend to grant any further options under the 2008 Scheme. All of the schemes are equity-settled share-based payment arrangements, whereby the individuals are granted share options of the Company’s equity instruments, namely ordinary shares of 1 pence each.

The schemes include non-market-based vesting conditions only, whereby the share options may be exercised from the date of vesting until the 10<sup>th</sup> anniversary of the grant date. In most cases options vest under the following pattern: one-third of options granted vest on the first anniversary of the grant date; one-third on the second anniversary and one-third on the third anniversary.

The options outstanding as at 31 March 2020 had exercise prices in the range of £0.34 to £2.10.

| Options outstanding   | Six-month period ended 31 March        |  | Year ended 30 September        |
|---|--|--|--------------------------------|
|   | 2020                                   | 2019                                     | 2019                           |
|   | Unaudited                              | Unaudited                                | Audited                        |
|   | Number                                 | Number                                   | Number                         |
| Outstanding at start of period  | 6,640,921                              | 6,840,812                                | 6,840,812                      |
| Granted during the period   | 1,065,598                              | 70,000                                   | 320,000                        |
| Forfeited during the period   | (70,000)                               | (466,258)                                | (466,258)                      |
| Exercised during the period   | -                                      | (53,633)                                 | (53,633)                       |
| Outstanding at end of period  | <u>7,636,519</u>                       | <u>6,390,921</u>                         | <u>6,640,921</u>               |
| Weighted average remaining contractual life (in years) of options outstanding at the period end | <u>4.68</u>                            | <u>4.66</u>                              | <u>4.37</u>                    |
| <b>Options exercisable</b>  | <b>Number of Options</b>               | <b>Weighted average exercise price £</b> | <b>Latest exercise price £</b> |
| At 31 March 2020  | <u>6,121,248</u>                       | <u>0.57</u>                              | <u>1.00</u>                    |
| At 31 March 2019  | <u>5,917,580</u>                       | <u>0.53</u>                              | <u>1.70</u>                    |
| At 30 September 2019  | <u>6,040,906</u>                       | <u>0.50</u>                              | <u>1.58</u>                    |
| <b>Share option expense</b>   | <b>Six-month period ended 31 March</b> | <b>Year ended 30 September</b>           |                                |
|   | <b>2020</b>                            | <b>2019</b>                              | <b>2019</b>                    |
|   | <b>£000</b>                            | <b>£000</b>                              | <b>£000</b>                    |
| Expense arising from share-based payment transactions   | <u>94</u>                              | <u>141</u>                               | <u>274</u>                     |