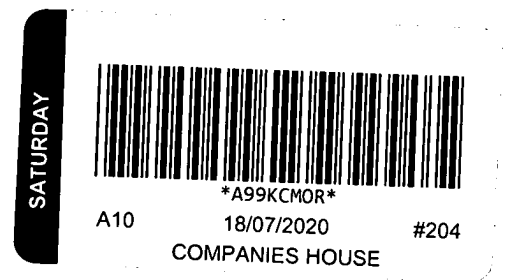


REGISTERED NUMBER: 08839972 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 January 2020
for
Genomics plc**



Contents of the Financial Statements
for the year ended 31 January 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Statement of Directors' Responsibilities	7
Independent Auditor's Report to the Members of Genomics plc	8
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15

Genomics plc

Company Information *for the year ended 31 January 2020*

DIRECTORS:

D R Norwood
Dr D Altshuler
Professor S C Davies
Professor P J Donnelly
Dr S Knight
Professor G McVean
J Tananbaum
Dr S C Williams

SECRETARY:

Pinsent Masons Secretarial Limited

REGISTERED OFFICE:

King Charles House
Park End Street
Oxford
OX1 1JD

REGISTERED NUMBER:

08839972 (England and Wales)

AUDITOR:

KPMG LLP
Chartered Accountants
Registered Auditor
2 Forbury Place
33 Forbury Road
Reading
Berkshire
RG1 3AD

Strategic Report

for the year ended 31 January 2020

The directors present their strategic report for the year ended 31 January 2020.

REVIEW OF BUSINESS

The Company's principal activities during the year continued to be the development of a platform that can be used to derive biological insights from genetic and linked phenotypic data. Efforts to source and obtain data from genotyping and genome studies and then integrate into one interrogable quality-controlled database have resulted in the most powerful database of its kind in the world, with work ongoing to enable further scaling of the resource. Methods and tools for analysis have continued to be developed and refined to further improve the value that can subsequently be derived. The value of the insights that can be derived from this technology is demonstrated by a new multi-year collaboration agreement with Vertex Pharmaceuticals Inc. The goal of this collaboration is to further advance Vertex's efforts to develop transformative precision medicine for people with serious diseases.

The key financial and other performance indicators during the year were as follows:

	2020	2019
	£	£
Revenue	2,409,633	2,825,870
Operating loss	(6,856,285)	(3,225,570)
Loss after tax	(5,416,509)	(2,527,245)
Shareholders' funds	29,507,844	34,047,732
Average number of employees	55	41

Impact of COVID-19

The full extent of the impact of coronavirus is unclear and it is difficult to evaluate all the potential implications for the company's trade, customers, suppliers and the wider economy. The company has substantial cash reserves at 31 January 2020 and the directors believe that the company is well placed to deal with these uncertainties. In addition, considering the current coronavirus situation, the Directors have reviewed current performance, forecasts and risk, and have a reasonable expectation that the Company can continue in operation, have adequate resources to meet its liabilities as they fall due and continue as a going concern for the foreseeable future. Alongside this, the Directors have a robust ongoing review process for forecasts and actuals and consequently the ability to amend future spend if necessary.

Strategic Report

for the year ended 31 January 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are set out below.

Coronavirus risk

The spread of Coronavirus disease 2019 (COVID-19) represents one of the most serious global health emergencies in the last 100 years. Genomics Plc is monitoring the evolving impact of COVID-19 on the business and has put in place appropriate plans to mitigate disruption to research and development activities and ensuring the safety of its employees. At present, Genomics Plc's operations are proving resilient and flexible with limited long-term impact anticipated as a result of COVID-19.

Brexit risk

The Company does not anticipate any significant business impact from Brexit in terms of sales revenue or costs. Recruitment of non-UK staff may be impacted given that the company hires from both within and outside the EU, but given the highly specialist nature of the roles recruited for, it is expected that the company will continue to benefit from the shortage occupation criteria in the Government's visa regulations.

Research and development risk

The Company is involved in complex scientific research and technology development. There is no guarantee that the Company will be successful in its research and technology development. Some of the Company's technology and intellectual property portfolio is at an early stage of commercial development. The Company may not be able to develop and exploit its technology sufficiently to enable it to develop commercial value.

Early stage of operations

The Company is still at an early stage of development. There are a number of operational, strategic and financial risks associated with such early stage companies. In particular, the Company's future growth and prospects will depend on its ability to develop its technology and generate sufficient commercial value. It also needs to develop operational, financial and quality control systems on a timely basis, at a time of business growth, whilst at the same time maintaining effective cost controls. Any failure to develop operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on its business, financial condition and results of operations.

The Company is currently loss making and there can be no certainty that the Company will achieve sustainable revenues, profitability or positive cash flow from its operating activities within the timeframe expected by the Board or at all. The development of the Company's revenues is difficult to predict. The Company has a limited operating history upon which its performance and prospects can be evaluated.

Competition risk

Given the potentially disruptive nature of the Company's technology in relation to established markets, the Company may face significant competition and negative commentary from organisations which have greater capital resources than it and/or which have a product offering competitive to that of the Company, to the detriment of the Company.

Dependence on key executives and personnel and the ability to attract and retain appropriately qualified personnel

The Company's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The Company cannot give assurances that members of the senior management team and the executive Directors will continue to remain within the Company. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

Intellectual property

The Company's success will depend in part on its ability to maintain adequate protection of its intellectual property, covering its processes and applications. The intellectual property on which the Company's business is based is a combination of patent applications and proprietary know-how. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company's patents will be held valid if challenged, or that third parties will not claim rights in, or ownership of, the patents and other proprietary rights held by the Company.

Strategic Report
for the year ended 31 January 2020

There can be no assurance that others have not developed or will not develop similar products, duplicate any of the Company's products or design around any patent applications held by the Company. Others may hold or receive patents which contain claims having a scope that covers products developed by the Company (whether or not patents are issued to the Company). In addition, no assurance can be given that others will not independently develop or otherwise acquire substantially equivalent techniques or otherwise gain access to the Company's unpatented proprietary technology or disclose such technology or that the Company can ultimately protect meaningful rights to such unpatented technology.

Any claims made against the Company's intellectual property rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Company's resources.

Third party intellectual property

Although the Board believes that the Company's current products, products in development and processes do not infringe the intellectual property rights of any third parties, it is impossible to be aware of all third party intellectual property. No assurance can be given that third parties will not in the future claim rights in or ownership of the patents and other proprietary rights from time to time held by the Company.

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's prudent liquidity risk management and implies maintaining sufficient cash reserves. The Board monitors forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow. At 31 January 2020, the Company had £25,972,803 (31 January 2019: £32,663,380) of cash and cash equivalents.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's policies are aimed at minimising such losses and require that credit terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in note 9 of the financial statements. At 31 January 2020 there were outstanding trade debtors of £593,430 against which no provision is deemed necessary.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Company is managed and adjusted to reflect changes in economic circumstances. In determining how the Company should be financed, through a combination of debt and equity, the Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Company's capital is made up of share capital, share premium and retained earnings totalling £29,507,844 at 31 January 2020 (2019: £34,047,732).

The Company funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans.

ON BEHALF OF THE BOARD:



.....
Professor P J Donnelly - Director

Date: 24 June 2020
.....

Genomics plc (Registered number: 08839972)

Report of the Directors *for the year ended 31 January 2020*

The directors present their report with the financial statements of the company for the year ended 31 January 2020.

DIVIDENDS

The directors do not recommend the payment of a dividend (2019: £nil).

RESEARCH AND DEVELOPMENT

The Company has incurred research and development expenditure of £4,726,000 (2019: £2,968,502) which has been charged to the Statement of Comprehensive Income as incurred.

FUTURE DEVELOPMENTS

The Directors anticipate that there will be many opportunities in the next twelve months to expand Genomics plc's world-leading database in scale and scope, and create new and innovative methods and tools for extracting further biological insights from this resource. Further commercial progress remains a priority.

DIRECTORS

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

D R Norwood
Dr D Altshuler
Dr JC Barrett – resigned 11 May 2020
J E B Colenutt - resigned 31 December 2019
Professor S C Davies – appointed 6 March 2020
Professor P J Donnelly
Dr S Knight
Professor G McVean
J Tananbaum
Dr S C Williams

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the strategic report on page 4.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2019: £nil).

GOING CONCERN

In determining the appropriate basis of preparation of the financial statements for the year ended 31st January 2020, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company for a period of 12 months from the date of signing the accounts. These considerations included the Company's liquidity position and the risk mitigation options that are within the control of the Directors, all considering the potential impacts of the current Coronavirus pandemic.

The company is investor funded and has sufficient funding in place to secure the business beyond the going concern consideration timeframe of 12 months. The Company's financial forecasts use severe but plausible assumptions that there will be a significant downturn in both new and renewal business in the short term. Business is forecast to continue as planned through the next 12 months, with activities and revenue projected to continue materially as planned. It is however now projected that a new revenue stream previously anticipated in Q4 2020 will now commence in 1H 2021 and grow thereafter.

To mitigate the risks outside of the Company's control, the Directors have a number of measures in place including, but not limited to, monthly review of actual results vs budget, conservative annual pay increases for all employees, scrutiny of all new hire positions in advance of recruitment and ongoing critical review of general expenditure. In addition, the Directors are confident that they have the ability to flex and reduce future spend further if necessary.

Report of the Directors
for the year ended 31 January 2020

At the balance sheet date the Company had net current assets of £28,074,318 (2019: £33,212,572) and was holding cash of £25,972,803 (2019: £32,663,380). The Company's cash position is sufficient to meet liquidity requirements in the forecast period.

Having reviewed current performance, forecasts and risks, the Directors have a reasonable expectation that the Company can continue in operation, have adequate resources to meet its liabilities as they fall due and therefore continue as a going concern for the foreseeable future.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, KPMG LLP, will be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
Professor P J Donnelly - Director

Date: 24 June 2020
.....

Registered office:
King Charles House
Park End Street
Oxford
OX1 1JD

Statement of Directors' Responsibilities
for the year ended 31 January 2020

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Genomics plc

Opinion

We have audited the financial statements of Genomics plc ("the company") for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Genomics plc

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Terri Coughlan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
Berkshire
RG1 3AD
25 June 2020

Genomics plc (Registered number: 08839972)

Statement of Comprehensive Income
for the year ended 31 January 2020

	Notes	2020 £	2019 £
REVENUE	3	2,409,633	2,825,870
Administrative expenses		<u>(9,265,918)</u>	<u>(6,051,440)</u>
OPERATING LOSS	6	(6,856,285)	(3,225,570)
Interest receivable and similar income		<u>270,896</u>	<u>94,600</u>
LOSS BEFORE TAXATION		(6,585,389)	(3,130,970)
Tax on loss	7	<u>1,168,880</u>	<u>603,725</u>
LOSS FOR THE FINANCIAL YEAR		(5,416,509)	(2,527,245)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(5,416,509)</u>	<u>(2,527,245)</u>

The notes form part of these financial statements

Genomics plc (Registered number: 08839972)

Statement of Financial Position

31 January 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Property, plant and equipment	8	1,433,526	835,160
CURRENT ASSETS			
Debtors	9	2,548,624	1,070,811
Cash at bank		<u>25,972,803</u>	<u>32,663,380</u>
		28,521,427	33,734,191
CREDITORS			
Amounts falling due within one year	10	<u>(447,109)</u>	<u>(521,619)</u>
NET CURRENT ASSETS		<u>28,074,318</u>	<u>33,212,572</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,507,844</u>	<u>34,047,732</u>
CAPITAL AND RESERVES			
Called up share capital	13	89,384	89,372
Share premium	14	44,365,268	44,363,998
Retained earnings	14	<u>(14,946,808)</u>	<u>(10,405,638)</u>
SHAREHOLDERS' FUNDS		<u>29,507,844</u>	<u>34,047,732</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2020 and were signed on its behalf by:



.....
Professor P J Donnelly - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 January 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 February 2018	50,493	(8,596,682)	11,372,726	2,826,537
Deficit for the year	-	(2,527,245)	-	(2,527,245)
Total comprehensive income	-	(2,527,245)	-	(2,527,245)
Issue of share capital	38,879	-	33,296,334	33,335,213
Share-based payment expense	-	718,289	-	718,289
Expenses of share issues	-	-	(305,062)	(305,062)
Total transactions with owners, recognised directly in equity	38,879	718,289	32,991,272	33,748,440
Balance at 31 January 2019	89,372	(10,405,638)	44,363,998	34,047,732
Deficit for the year	-	(5,416,509)	-	(5,416,509)
Total comprehensive income	-	(5,416,509)	-	(5,416,509)
Issue of share capital	12	-	1,270	1,282
Share-based payment expense	-	875,339	-	875,339
Total transactions with owners, recognised directly in equity	12	875,339	1,270	875,339
Balance at 31 January 2020	89,384	(14,946,808)	44,365,268	29,507,844

The notes form part of these financial statements

Genomics plc (Registered number: 08839972)

Statement of Cash Flows
for the year ended 31 January 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(5,951,877)	(2,693,806)
Taxation refund		-	603,725
Net cash from operating activities		<u>(5,951,877)</u>	<u>(2,090,081)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,011,157)	(456,882)
Sale of tangible fixed assets		279	-
Interest received		<u>270,896</u>	<u>94,600</u>
Net cash from investing activities		<u>(739,982)</u>	<u>(362,282)</u>
Cash flows from financing activities			
Share issue		<u>1,282</u>	<u>33,030,141</u>
Net cash from financing activities		<u>1,282</u>	<u>33,030,141</u>
(Decrease)/increase in cash and cash equivalents		<u>(6,690,577)</u>	<u>30,577,778</u>
Cash and cash equivalents at beginning of year	2	<u>32,663,380</u>	<u>2,085,602</u>
Cash and cash equivalents at end of year	2	<u><u>25,972,803</u></u>	<u><u>32,663,380</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the year ended 31 January 2020

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Loss before taxation	(6,585,389)	(3,130,970)
Depreciation charges	411,528	307,927
Loss on disposal of fixed assets	984	-
Share-based payment expense	875,339	718,289
Finance income	(270,896)	(94,600)
	(5,568,434)	(2,199,354)
Increase in trade and other debtors	(308,933)	(791,481)
(Decrease)/increase in trade and other creditors	(74,510)	297,029
Cash generated from operations	<u>(5,951,877)</u>	<u>(2,693,806)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 January 2020

	31/1/20	1/2/19
	£	£
Cash and cash equivalents	<u>25,972,803</u>	<u>32,663,380</u>

Year ended 31 January 2019

	31/1/19	1/2/18
	£	£
Cash and cash equivalents	<u>32,663,380</u>	<u>2,085,602</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/2/19	Cash flow	At 31/1/20
	£	£	£
Net cash			
Cash at bank and in hand	<u>32,663,380</u>	<u>(6,690,577)</u>	<u>25,972,803</u>
	<u>32,663,380</u>	<u>(6,690,577)</u>	<u>25,972,803</u>
Total	<u>32,663,380</u>	<u>(6,690,577)</u>	<u>25,972,803</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 January 2020

1. STATUTORY INFORMATION

Genomics plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Statement of compliance

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 January 2020.

Basis of preparation

The financial statements of Genomics plc were approved for issue by the Board of Directors on 24 June 2020. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £. The financial statements are prepared using the historical cost basis.

At 31 January 2020 the company was making significant progress with its research and development and commercialisation activities. The company held cash of £25,972,803 at 31 January 2020, with these funds currently expected to cover the working capital requirements for a period of at least 12 months from the date of approval of the financial statements.

Going Concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31st January 2020, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company for a period of 12 months from the date of signing the accounts. These considerations included the Company's liquidity position and the risk mitigation options that are within the control of the Directors, all considering the potential impacts of the current Coronavirus pandemic.

The company is investor funded and has sufficient funding in place to secure the business beyond the going concern consideration timeframe of 12 months. The Company's financial forecasts use severe but plausible assumptions that there will be a significant downturn in both new and renewal business in the short term. Business is forecast to continue as planned through the next 12 months, with activities and revenue projected to continue materially as planned. It is however now projected that a new revenue stream previously anticipated in Q4 2020 will now commence in 1H 2021 and grow thereafter.

To mitigate the risks outside of the Company's control, the Directors have a number of measures in place including, but not limited to, monthly review of actual results vs budget, conservative annual pay increases for all employees, scrutiny of all new hire positions in advance of recruitment and ongoing critical review of general expenditure. In addition, the Directors are confident that they have the ability to flex and reduce future spend further if necessary.

At the balance sheet date the Company had net current assets of £28,074,318 (2019: £33,212,572) and was holding cash of £25,972,803 (2019: £32,663,380). The Company's cash position is sufficient to meet liquidity requirements in the forecast period.

Having reviewed current performance, forecasts and risks, the Directors have a reasonable expectation that the Company can continue in operation, have adequate resources to meet its liabilities as they fall due and therefore continue as a going concern for the foreseeable future.

Notes to the Financial Statements - continued
for the year ended 31 January 2020

2. ACCOUNTING POLICIES - continued

Revenue

Revenue comprises income from the provision of contract services, net of VAT.

Services supplied to customers under contracts are recognised over the period of the contract based upon the level of completion of the work.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the statement of financial position as either accrued or deferred income. Amounts included in accrued or deferred income due within one year are expected to be recognised within one year. Accrued income is included with current assets and deferred income is included within current liabilities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Leasehold improvements - over the term of the lease on a straight-line basis

Plant and machinery - 20% on cost on a straight-line basis

Fixtures and fittings - 20% on cost on a straight-line basis

Computer equipment - 33% on cost on a straight-line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Impairment of fixed assets

At each reporting date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the year ended 31 January 2020

2. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset;
- the probability of future economic benefits;
- the reliable measurement of costs;
- the ability and intention of the company to use or sell the intangible asset.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third-party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets.

Foreign currencies

The financial statements are presented in Sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated on foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

Leases

Rentals payable under operating leases are charged in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

Pension costs and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

Notes to the Financial Statements - continued
for the year ended 31 January 2020

2. ACCOUNTING POLICIES - continued

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(i) Trade debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of profit or loss when there is objective evidence that the assets are impaired.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iii) Equity instruments

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

(iv) Trade creditors

Trade creditors are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

(v) Classification of financial instruments

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Notes to the Financial Statements - continued
for the year ended 31 January 2020

2. ACCOUNTING POLICIES - continued

Share based payments

Certain employees and consultants (including Directors and senior executives) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments of the company ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by the company, by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest in the parent company. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period with a corresponding credit arising in the profit and loss reserve.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. In addition, all internal activities related to research and development are continuously monitored by the Directors. To date, no development costs have been capitalised.

3. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2020	2019
	£	£
United States of America	<u>2,409,633</u>	<u>2,825,870</u>
	<u>2,409,633</u>	<u>2,825,870</u>

Notes to the Financial Statements - continued
for the year ended 31 January 2020

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	4,543,864	3,134,128
Social security costs	544,026	383,863
Other pension costs	207,002	132,174
	<u>5,294,892</u>	<u>3,649,165</u>

The average number of employees during the year was as follows:

	2020	2019
Research and development	44	33
Administration	<u>11</u>	<u>8</u>
	<u>55</u>	<u>41</u>

A share-based payment expense of £875,339 (2019: £718,289) has been charged to the Income Statement which arises from transactions accounted for as equity settled share-based payment transactions. Included in other pension costs is £207,002 (2019: £132,174) in respect of contributions to defined contribution schemes.

5. DIRECTORS' EMOLUMENTS

	2020	2019
	£	£
Directors' remuneration	614,828	536,999
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>8,333</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

The number of directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes was 3 (2019: 3). No directors exercised share options during the year (2019: 1 director).

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	275,000	237,449
Pension contributions to money purchase schemes	<u>10,000</u>	<u>8,333</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2020	2019
	£	£
Other operating leases	320,962	261,662
Depreciation - owned assets	411,528	307,927
Loss on disposal of fixed assets	984	-
Auditor's remuneration	19,075	10,500
Foreign exchange differences	34,245	12,639
Research and development expenditure written off	<u>4,726,000</u>	<u>2,968,502</u>

Notes to the Financial Statements - continued
for the year ended 31 January 2020

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	<u>(1,168,880)</u>	<u>(603,725)</u>
Tax on loss	<u>(1,168,880)</u>	<u>(603,725)</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Loss before tax	<u>(6,585,389)</u>	<u>(3,130,970)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	<u>(1,251,224)</u>	<u>(594,884)</u>
Effects of:		
Expenses not deductible for tax purposes	193,715	152,596
Deferred tax not provided	1,058,397	593,267
R & D tax credits receivable	(1,168,880)	(603,725)
Employee share acquisition adjustment	<u>(888)</u>	<u>(150,979)</u>
Total tax credit	<u>(1,168,880)</u>	<u>(603,725)</u>

Factors that may affect future tax charges

The company has tax losses arising in the UK of approximately £12,080,000 (2019: £8,075,000) that are available indefinitely for offset against future taxable profits or which can be offset against claims for research and development tax credits. Deferred tax assets have not been recognised in respect of these losses as there is no certainty that they may not be used to offset against future taxable profits for some time.

Notes to the Financial Statements - continued
for the year ended 31 January 2020

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 February 2019	389,198	1,950	109,323	1,252,341	1,752,812
Additions	220,667	1,298	107,709	681,483	1,011,157
Disposals	-	-	-	(87,531)	(87,531)
Reclassification/transfer	-	(3,248)	3,248	-	-
At 31 January 2020	<u>609,865</u>	<u>-</u>	<u>220,280</u>	<u>1,846,293</u>	<u>2,676,438</u>
DEPRECIATION					
At 1 February 2019	118,424	1,170	65,128	732,930	917,652
Charge for year	45,291	585	27,404	338,248	411,528
Eliminated on disposal	-	-	-	(86,268)	(86,268)
Reclassification/transfer	-	(1,755)	1,755	-	-
At 31 January 2020	<u>163,715</u>	<u>-</u>	<u>94,287</u>	<u>984,910</u>	<u>1,242,912</u>
NET BOOK VALUE					
At 31 January 2020	<u>446,150</u>	<u>-</u>	<u>125,993</u>	<u>861,383</u>	<u>1,433,526</u>
At 31 January 2019	<u>270,774</u>	<u>780</u>	<u>44,195</u>	<u>519,411</u>	<u>835,160</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	593,430	492,287
Other debtors	163,283	18,295
Income tax receivable	1,168,880	-
VAT	128,664	142,461
Called up share capital not paid	-	10
Prepayments and accrued income	494,367	417,758
	<u>2,548,624</u>	<u>1,070,811</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	60,400	306,661
Social security and other taxes	255,078	123,475
Other creditors	72,967	72,673
Accruals and deferred income	58,664	18,810
	<u>447,109</u>	<u>521,619</u>

Notes to the Financial Statements - continued
for the year ended 31 January 2020

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	471,254	275,265
Between one and five years	<u>860,823</u>	<u>243,360</u>
	<u><u>1,332,077</u></u>	<u><u>518,625</u></u>

Operating lease agreements where the company is lessee:

On 22 December 2015, the company entered into a lease agreement in respect of its operating premises. This lease is for a 10-year period, effective from 13 November 2015 and ending on 12 November 2025. Annual rent of £210,000 is payable under this agreement, commencing on 1 January 2016, along with an annual service charge of £65,265. The lease contains a break clause at the end of the first 5 years. The minimum lease payments above are calculated up to the break point.

During 2019, the company entered into a new lease agreement in respect of additional operating premises. This lease is for a 10-year period, effective 20 June 2019 to 19 June 2029. Annual rent of £181,576 is payable under this agreement, commencing on 1 January 2020, along with an annual service charge of £41,766. The lease contains a break clause at the end of the first 5 years. The minimum lease payments above are calculated up to the break point.

12. FINANCIAL INSTRUMENTS

Non-derivative financial assets

At the reporting date, the company held the following non-derivative financial assets:

	2020 £	2019 £
Due within 3 months:		
Cash and cash equivalents	25,972,803	32,663,380
Trade receivables	593,430	492,287
Other receivables	<u>1,460,827</u>	<u>160,756</u>
	<u><u>28,027,060</u></u>	<u><u>33,316,423</u></u>

Non-derivative financial liabilities

At the reporting date, the company held the following financial liabilities, all of which were classified as other non-derivative financial liabilities:

	2020 £	2019 £
Due within 3 months:		
Trade payables	60,400	306,661
Other payables	<u>328,045</u>	<u>196,148</u>
	<u><u>388,445</u></u>	<u><u>502,809</u></u>

Notes to the Financial Statements - continued
for the year ended 31 January 2020

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020 £	2019 £
Number:	Class:			
8,938,396	Ordinary	1p	<u>89,384</u>	<u>89,372</u>

During the year the company issued 1,168 ordinary shares at prices ranging between £0.01 and £2.55 per share following the exercises of share options in the company's EMI scheme.

14. RESERVES

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

15. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, along with trading balances outstanding at 31 January with other related parties, are as follows:

	Purchases from related parties 2020 £	Amounts owed to related parties 2020 £	Purchases from related parties 2019 £	Amounts owed to related parties 2019 £
The University of Oxford	2,508	-	3,707	480
Oxford University Innovation Limited	34,000	-	36,500	3,600
IP Group plc	-	-	6,612	1,365

The University of Oxford is a shareholder in the Genomics plc. The University of Oxford Consulting Limited and Oxford University Innovation Limited are connected companies of The University of Oxford.

IP Group plc is the parent company of IP2IPO Limited which is a shareholder in Genomics plc.

In addition, the company made sales amounting to £2,409,633 (2019: £2,001,239), to Vertex Pharmaceuticals Incorporated, a company which has a directorship of Genomics plc and is represented on the board by Dr David Altshuler. At 31 January 2020, an amount of £593,430 (2019: £492,287) was due from Vertex Pharmaceuticals Incorporated in respect of outstanding sales invoices.

Terms and conditions of transactions with related parties:

Purchases between related parties are made on an arm's length basis. During the year ended 31 January 2020, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2019: £nil).

Notes to the Financial Statements - continued
for the year ended 31 January 2020

16. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans (The Genomics plc Unapproved Share Option Scheme and The Genomics plc Enterprise Management Incentive Share Option Scheme) under which it grants options over ordinary shares to certain Directors and employees of the company. Options under these plans are exercisable at a range of exercise prices ranging from the nominal value of the company's shares to the market price of the company's shares on the date of the grant. The vesting period for shares is usually over a period of three years. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	EMI options	Unapproved options	Total	Weighted average exercise price per share (p)
At 31 January 2018	311,803	44,279	356,082	168.63
Granted during the year	221,877	296,095	517,972	30.40
Exercised during the year	(220,976)	-	(220,976)	(150.40)
Forfeited during the year	(33,209)	(218)	(33,427)	(186.34)
At 31 January 2019	279,495	340,156	619,651	58.62
Granted during the year	-	206,400	206,400	841.42
Exercised during the year	(500)	(668)	(1,168)	(109.73)
Forfeited during the year	(4,701)	(15,000)	(19,701)	(61.61)
At 31 January 2020	<u>274,294</u>	<u>530,888</u>	<u>805,182</u>	<u>259.14</u>

There were 354,043 share options outstanding at 31 January 2020 which were eligible to be exercised. The remaining options were not eligible to be exercised as these are subject to employment period conditions which had not been met at 31 January 2020. Options have a range of exercise prices ranging from nominal value to 900 pence per share and have a weighted contractual life of 8.20 years (2019: 8.84 years).

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.50%
Weighted average exercise price of a share	841.42p

Any share options which are not exercised within 10 years from the date of grant will expire. The company has recognised a charge of £875,339 (2019: £718,289) in the income statement in respect of share-based payments.