# Genomics plc

## Annual Report

## and

## Consolidated Financial Statements

## 31 December 2021

Registered Number: 08839972

# CONTENTS

## Reports



## Financial Statements

# STRATEGIC REPORT

*for the 11 months ended 31 December 2021*

The Directors present their strategic report for the 11 months ended 31 December 2021.

## Review of business

The principal activities of the Group are focused on Precision Health and Therapeutics. Through its Precision Health division, the Group is leading a new area of genomic prevention: a paradigm-changing approach to sustainable healthcare which for the first time allows reliable, personalised estimates of risk for common diseases, well ahead of disease manifestation, allowing targeted interventions and tailored screening to prevent disease entirely, or to catch it early when outcomes remain favourable. Within Therapeutics, the Group incorporates its deep understanding of human genetics into research and development for the discovery and validation of new drug targets. The Group runs an in-house target discovery and validation programme in addition to its existing multi-year collaboration with Vertex Pharmaceuticals Inc. The goal of the collaboration with Vertex is to further advance efforts to develop transformative precision medicine for people with serious diseases through innovative target discovery. To support both of these areas of activity, efforts have continued to source and obtain data from genomic and functional genomic studies and then integrate into one interrogable, quality-controlled database. This work has 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 key financial and other performance indicators during the period were as follows:

| | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| Revenue | **2,542,268** | 2,406,441 |
| Operating loss | **(14,511,601)** | (12,882,482) |
| Loss for the period | **(12,448,386)** | (10,648,721) |
| Shareholders' funds | **30,334,903** | 19,440,435 |
| Average number of employees | **111** | 83 |

## Impact of COVID-19

The Group has successfully continued its business operations since the start of the Covid-19 pandemic in March 2020 without noticeable loss of productivity. All employees are fully equipped and accustomed to remote working. The agile and robust nature of the existing systems has enabled employees to collaborate on and progress with both R&D and progress towards commercial activities through the period ended 31 December 2021.

# STRATEGIC REPORT (continued)

The Group has substantial cash reserves at 31 December 2021. Consequently, the Directors believe that the Group is well placed to deal with any future Covid-19 related uncertainties. In addition, considering the current coronavirus situation, the Directors have reviewed current performance, forecasts and risk, and have a reasonable expectation that the Group can continue in operation, has 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.

## Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group 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. The Group is monitoring the 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, the Group's operations are proving resilient and flexible with limited long-term impact anticipated as a result of COVID-19.

***Early stage of operations***

The Group 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 Group's future growth and prospects will depend on its ability to develop its technology and generate sufficient commercial value. It also needs to continue 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 Group's growth could have a material adverse effect on its business, financial condition and results of operations.

The Group is currently loss making and there can be no certainty that the Group 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 Group's revenues is difficult to predict. The Group has a limited operating history upon which its performance and prospects can be evaluated.

***Competition risk***

Given the potentially disruptive nature of the Group's technology in relation to established markets, the Group 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 Group, to the detriment of the Group.

# STRATEGIC REPORT (continued)

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

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

***Intellectual property***

The Group's success will depend in part on its ability to maintain adequate protection of its intellectual property, covering its processes and applications. 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 Group, that any of the Group'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 Group.

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

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

Although the Board believes that the Group'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 Group.

# STRATEGIC REPORT (continued)

***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 Group'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 Group is managed and adjusted to reflect changes in economic circumstances. In determining how the Group 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 Group's capital is made up of share capital, share premium, own share reserve and retained earnings totalling £30,334,903 at 31 December 2021 (31 January 2021: £19,440,435).

The Group 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 Group's commitments and development plans.

**On behalf of the Board**

DocuSigned by:
Peter Donnelly
A202E0395F904C1...

Professor Peter J Donnelly

Chief Executive Officer

Date: 26 May 2022

**Registered Office**
King Charles House
Park End Street
Oxford
OX1 1JD

# DIRECTORS' REPORT

*for the 11 months ended 31 December 2021*

The Directors present their report with the financial statements of the Group for the period ended 31 December 2021. The Directors have taken the decision to change the Company's accounting reference date to 31 December 2021 and consequently these financial statements are for an 11-month period. As a result, the comparative amounts presented in the financial statements, including the related notes, are not entirely comparable. In addition, the published financial statements for the year ended 31 January 2021 were presented for the parent Company only, whereas these financial statements are the first set to present information for the Group as a whole, for both the current and prior period.

## Dividends

The Directors do not recommend the payment of a dividend (Year ended 31 January 2021: £nil).

## Research and development

The Group has incurred research and development expenditure of £8,406,930 (Year ended 31 January 2021: £6,552,066) which has been charged to the Income Statement 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 in Precision Health and Therapeutics remains a priority.

## Directors

The Directors shown below have held office during the whole of the period from 1 February 2021 to the date of this report.

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

## Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Directors have considered the Group's liquidity position. The Group is investor funded and has sufficient funding in place to secure the business beyond the going concern consideration timeframe of 12 months. At 31 December 2021, the Group had £21,264,466 of cash and cash equivalents and £6,500,000 of cash on term deposits. The Group's financial forecasts use assumptions that there will be a continuation of advances towards a series of validated commercial products through the going concern timeframe, alongside continued R&D activities.

# DIRECTORS' REPORT (continued)

## Going concern (continued)

Business is forecast to continue as planned through the next 12 months, with activities and revenue projected to continue materially as planned.

To mitigate the risks outside of the Group's control, the Directors have a number of measures in place including, but not limited to, monthly review of actual results vs budget, carefully considered 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 in future months if necessary. The Directors take further comfort from the fact that the Group has been able to attract substantial additional funding from existing investors in its most recent funding round and had further additional demand for investment, both from existing as well as potential new investors, and therefore could have raised significantly more capital.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Political contributions

The Group made no political donations or incurred any political expenditure during the period (Year ended 31 January 2021: £nil).

## 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 Group'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 Group's auditor is aware of that information.

## Auditor

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

**The Directors' Report was approved by order of the board on.**26 May 2022**........**

DocuSigned by:
Peter Donnelly
A202E0395F904C1...
Professor Peter J Donnelly

Chief Executive Officer

Registered office:

King Charles House, Park End Street, Oxford, OX1 1JD

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

*for the 11 months ended 31 December 2021*

The directors are responsible for preparing the Strategic Report and the Directors' Report and the Group and parent Company 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 Group and parent Company 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company 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 Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group 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 period ended 31 December 2021 which comprise the Consolidated Statement of Profit and Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the Group accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the period 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 Group in accordance with, UK ethical requirements including the FRC's Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could cast significant doubt over their 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENOMICS PLC

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and inspection of policy documentation as to the policies and procedures to prevent and detect fraud that apply to this Company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud;
- reading Board minutes;
- considering remuneration incentive schemes; and
- using analytical procedures to identify unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period.

We did not identify any additional fraud risks.

In determining the audit procedures we have taken into account the results of our evaluation and we performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included posted to unusual accounts involving revenue and cash.
- For a sample of revenue transactions around the period end, vouching to supporting external documentation to corroborate whether those items were recorded in the correct accounting period.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENOMICS PLC

Firstly, the Group and Company are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection law and certain aspects of company legislation, recognising the nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**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 (11-month period) 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

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 Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENOMICS PLC

**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.

Zena Gordon

**Zena Gordon**
**(Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*

Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

Date: 27 May 2022

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

*for the 11 months ended 31 December 2021*

| | Note | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|---|
| **Revenue** | 2 | **2,542,268** | 2,406,441 |
| Administrative expenses | | **(17,053,869)** | (15,288,923) |
| **Operating loss** | 3 | **(14,511,601)** | (12,882,482) |
| Finance income | 6 | **75,360** | 53,089 |
| Finance expense | 7 | **(595)** | - |
| **Loss before tax** | | **(14,436,836)** | (12,829,393) |
| Taxation | 8 | **1,988,450** | 2,180,672 |
| **Loss for the period/year** | | **(12,448,386)** | (10,648,721) |

The loss for both the current and prior period relates entirely to continuing operations.

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the 11 months ended 31 December 2021*

| | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| **Loss for the period** | **(12,448,386)** | (10,648,721) |
| *Other comprehensive income and expenses:* | | |
| **Items that may be reclassified to profit or loss** | | |
| Exchange differences on translation of foreign operations | **(5,262)** | (95) |
| Other comprehensive expense | **(5,262)** | (95) |
| **Total comprehensive expense for the period** | **(12,453,648)** | (10,648,816) |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

| | Notes | As at 31 December 2021 £ | As at 31 January 2021 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Property, plant and equipment | 9 | **753,444** | 1,031,270 |
| **Current assets** | | | |
| Trade and other receivables | 11 | **3,485,412** | 4,245,126 |
| Other financial assets | 12 | **6,500,000** | - |
| Cash and cash equivalents | 13 | **21,264,466** | 15,299,227 |
| | | **31,249,878** | 19,544,353 |
| **Creditors** | | | |
| Amounts falling due within one year | 14 | **(1,555,114)** | (1,073,603) |
| **Net current assets** | | **29,694,764** | 18,470,750 |
| **Total assets less current liabilities** | | **30,448,208** | 19,502,020 |
| Provisions for liabilities | 17 | **(113,305)** | (61,585) |
| **NET ASSETS** | | **30,334,903** | 19,440,435 |
| **Capital and reserves** | | | |
| Called up share capital | 18 | **133,130** | 89,391 |
| Share premium account | | **70,561,176** | 44,365,268 |
| Own share reserve | 18 | **(3,873,727)** | - |
| Profit and loss account | | **(36,485,676)** | (25,014,224) |
| **SHAREHOLDERS' FUNDS** | | **30,334,903** | 19,440,435 |

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 26 May 2022 ......................... They were signed on its behalf by:

Professor Peter J Donnelly
Chief Executive Officer

DocuSigned by:
Peter Donnelly
A202E0395F904C1...

Company Number: 08839972

# COMPANY STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

| | Notes | As at 31 December 2021 £ | As at 31 January 2021 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 10 | **1,555** | 1,555 |
| Property, plant and equipment | 9 | **753,444** | 1,031,270 |
| | | **754,999** | 1,032,825 |
| **Current assets** | | | |
| Trade and other receivables | 11 | **4,107,491** | 4,245,126 |
| Other financial assets | 12 | **6,500,000** | - |
| Cash and cash equivalents | 13 | **21,229,488** | 15,297,963 |
| | | **31,836,979** | 19,543,089 |
| **Creditors** | | | |
| Amounts falling due within one year | 14 | **(1,427,879)** | (1,073,603) |
| **Net current assets** | | **30,409,100** | 18,469,486 |
| **Total assets less current liabilities** | | **31,164,099** | 19,502,311 |
| Provisions for liabilities | 17 | **(113,305)** | (61,585) |
| **NET ASSETS** | | **31,050,794** | 19,440,726 |
| **Capital and reserves** | | | |
| Called up share capital | 18 | **133,130** | 89,391 |
| Share premium account | | **70,561,176** | 44,365,268 |
| Own share reserve | 18 | **(3,873,727)** | - |
| Profit and loss account | | **(35,769,785)** | (25,013,933) |
| **SHAREHOLDERS' FUNDS** | | **31,050,794** | 19,440,726 |

The loss for the period in the accounts of the Company is £11,738,048 (Year ended 31 January 2021: loss of £10,648,525).

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 26 May 2022............ They were signed on its behalf by:

Professor Peter J Donnelly
Chief Executive Officer

DocuSigned by:
Peter Donnelly
A202E0395F904C1...

Company Number: 08839972

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the 11 months ended 31 December 2021*

| | Share capital £ | Share premium account £ | Own share reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|---|
| **At 1 February 2020** | **89,384** | **44,365,268** | **-** | **(14,946,808)** | **29,507,844** |
| Loss for the year | - | - | - | (10,648,721) | (10,648,721) |
| Other comprehensive expense for the year | - | - | - | (95) | (95) |
| **Total comprehensive expense for the year** | - | - | - | (10,648,816) | (10,648,816) |
| Shares issued | 7 | - | - | - | 7 |
| Share based payment charge | - | - | - | 581,400 | 581,400 |
| **At 31 January 2021** | **89,391** | **44,365,268** | **-** | **(25,014,224)** | **19,440,435** |
| Loss for the period | - | - | - | (12,448,386) | (12,448,386) |
| Other comprehensive expense for the period | - | - | - | (5,262) | (5,262) |
| **Total comprehensive expense for the period** | - | - | - | (12,453,648) | (12,453,648) |
| Shares issued | 43,739 | 26,195,908 | (3,873,727) | - | 22,365,920 |
| Share based payment charge | - | - | - | 982,196 | 982,196 |
| **At 31 December 2021** | **133,130** | **70,561,176** | **(3,873,727)** | **(36,485,676)** | **30,334,903** |

The accompanying notes form part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

*for the 11 months ended 31 December 2021*

| | Share capital £ | Share premium account £ | Own share reserve £ | Profit and loss account £ | Total equity £ |
|---|---|---|---|---|---|
| **At 1 February 2020** | **89,384** | **44,365,268** | - | **(14,946,808)** | **29,507,844** |
| Loss for the year | - | - | - | (10,648,525) | (10,648,525) |
| Other comprehensive income for the year | - | - | - | - | - |
| **Total comprehensive income for the year** | - | - | - | (10,648,525) | (10,648,525) |
| Shares issued | 7 | - | - | - | 7 |
| Share based payment charge | - | - | - | 581,400 | 581,400 |
| **At 31 January 2021** | **89,391** | **44,365,268** | - | **(25,013,933)** | **19,440,726** |
| Loss for the period | - | - | - | (11,738,048) | (11,738,048) |
| Other comprehensive income for the period | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | (11,738,048) | (11,738,048) |
| Shares issued | 43,739 | 26,195,908 | (3,873,727) | - | 22,365,920 |
| Share based payment charge | - | - | - | 982,196 | 982,196 |
| **At 31 December 2021** | **133,130** | **70,561,176** | **(3,873,727)** | **(35,769,785)** | **31,050,794** |

The accompanying notes form part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

*for the 11 months ended 31 December 2021*

| | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before tax | **(14,436,836)** | (12,829,393) |
| Depreciation of property, plant and equipment | **488,429** | 534,971 |
| Loss/(profit) on disposal of property, plant and equipment | **3,412** | (11,716) |
| Share-based payment expense | **982,196** | 581,400 |
| Research and development expenditure credits | **(106,988)** | (102,290) |
| Finance income | **(75,360)** | (53,089) |
| Finance expense | **595** | - |
| Increase in provisions | **51,720** | 61,585 |
| Increase in trade and other receivables | **(23,248)** | (82,420) |
| Increase in trade and other payables | **476,232** | 626,399 |
| Cash generated from operations | **(12,639,848)** | (11,274,553) |
| Finance expense | **(595)** | - |
| Tax refunded | **2,878,400** | 668,880 |
| **Net cash from operating activities** | **(9,762,043)** | (10,605,673) |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(214,015)** | (132,999) |
| Sale of property, plant and equipment | **-** | 12,000 |
| Movement in long term bank deposits | **(6,500,000)** | - |
| Finance income | **75,360** | 53,089 |
| **Net cash from investing activities** | **(6,638,655)** | (67,910) |
| | | |
| **Cash flows from financing activities** | | |
| Share issue | **22,365,920** | 7 |
| **Net cash from financing activities** | **22,365,920** | 7 |
| | | |
| Increase/(decrease) in cash and cash equivalents | **5,965,222** | (10,673,576) |
| Cash and cash equivalents at beginning of the period | **15,299,227** | 25,972,803 |
| Effect of exchange rate fluctuations on cash held | **17** | - |
| **Cash and cash equivalents at end of the period (note 21)** | **21,264,466** | 15,299,227 |

The accompanying notes form part of these financial statements.

# GROUP ACCOUNTING POLICIES

*for the 11 months ended 31 December 2021*

## General Information

Genomics plc is a public limited company limited by shares, domiciled and registered in England and Wales under the Companies Act with registered number 08839972. The address of the registered office is King Charles House, Park End Street, Oxford, OX1 1JD. The nature of the Group's operations and its principal activities are set out in the strategic report.

## Basis of Preparation

The Group and parent Company financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Details of the significant judgements and estimates are provided in note 1.

### *Parent Company disclosure exemptions*

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- No cash flow statement or net debt reconciliation has been presented for the parent Company;
- Disclosures in respect of the parent Company's income, expense, net gains and losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- Disclosures in respect of the details of the parent Company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

### *Going concern*

The Group and parent Company financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have considered the Group's liquidity position. The Group is investor funded and has sufficient funding in place to secure the business beyond the going concern consideration timeframe of 12 months. At 31 December 2021, the Group had £21,264,466 of cash and cash equivalents and term deposits of £6,500,000, all of which mature in 2022.

# GROUP ACCOUNTING POLICIES (continued)

The Group's financial forecasts use assumptions that there will be a continuation of advances towards a series of validated commercial products through the going concern timeframe, alongside continued R&D activities. The Directors have considered downside scenarios in forecast planning. Business is forecast to continue as planned through the next 12 months, with activities and revenue projected to continue materially as planned.

To mitigate the risks outside of the Group's control, the Directors have a number of measures in place including, but not limited to, monthly review of actual results vs budget, carefully considered 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 in future months if necessary. The Directors take further comfort from the fact that the Group has been able to attract substantial additional funding from existing investors in its most recent funding round and had further additional demand for investment, both from existing as well as potential new investors, and therefore could have raised significantly more capital.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The following principal accounting policies have been applied:

## Basis of Consolidation

The consolidated financial statements present the results of Genomics plc (the "Company") and its subsidiary undertaking (together "the Group"). Subsidiaries are entities over which the Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. This is the first period for which the Company has presented consolidated financial statements.

The parent Company is exempt under section 408 of the Companies Act 2006 from the requirement to present its own profit and loss account.

## Foreign currency translation

*(a) Functional and presentation currency*

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and the Group's presentation currency. The Group includes entities whose functional currencies are not in Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the Balance Sheet date and income and expenses are translated at weighted average rates during the period. Translation differences are recognised in other comprehensive income.

*(b) Transactions and balances*

Transactions in currencies other than an entity's functional currency are recorded at the exchange rate on the transaction date, whilst assets and liabilities are translated at exchange rates at the Balance Sheet date. Exchange differences are recognised in the Income Statement.

# GROUP 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 historical cost less accumulated depreciation and any accumulated impairment losses.

Historical 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 down the cost of assets to their estimated residual values over their remaining useful lives on a straight-line basis.

Estimated useful lives are summarised as follows:

| | |
|---|---|
| Leasehold improvements | the term of the lease or useful life if shorter |
| Plant and machinery | 5 years |
| Fixtures and fittings | 5 years |
| Computer equipment | 3 years |

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 – non-financial assets

At each reporting date, the Group reviews the carrying amounts of non-financial 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 Group 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.

# GROUP ACCOUNTING POLICIES (continued)

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.

## Research and development

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

Development costs and patents are capitalised as an intangible asset when the following criteria are met:

- it is technically feasible to complete the asset so that it is available to use.
- Management intends to complete the asset for use in the business.
- There is an ability to use or sell the asset.
- It can be demonstrated how the asset will generate probable economic benefits in the future.
- Adequate technical, financial and other resources are available to complete the asset.

Capitalised development costs 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 or patent costs incurred to date have been capitalised as intangible assets.

## Investments

Investments in subsidiary companies (parent Company only) are stated at cost, subject to review for impairment.

## 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.

# GROUP ACCOUNTING POLICIES (continued)

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.

## 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.

# GROUP ACCOUNTING POLICIES (continued)

## 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.

## Financial assets and liabilities

Financial assets and financial liabilities are recognised in the statement of financial position when the Group 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) Other financial assets

Other financial assets comprise cash held on bank term deposits with maturity dates falling 3 months or longer from the balance sheet date.

(iv) 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.

(v) 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.

# GROUP ACCOUNTING POLICIES (continued)

(vi) 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.

## Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The own share reserve represents amounts arising from the issue of shares under the Company's growth share scheme as set out in note 20.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the 11 months ended 31 December 2021*

## 1 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- The determination as to when the significant risks and rewards have transferred to the customer and a sale is recognised. This has been determined from a review of the terms of each contract and an assessment of the Group's performance obligations.

*Other key sources of estimate uncertainty*

- The share-based payment charge is based on various inputs and assumptions used for calculation of a fair value option price using a Black-Scholes formula. See notes 18 and 20 for further details.

## 2 Revenue

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

Analysis of revenue by country of destination:

| | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| United Kingdom | **185,000** | - |
| Rest of the world | **2,357,268** | 2,406,441 |
| | **2,542,268** | 2,406,441 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

## 3 Operating Loss

Group operating loss is stated after charging/(crediting):

| | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| Research and development – current year expenditure | **8,406,930** | 6,552,066 |
| Depreciation of property, plant and equipment | **488,429** | 534,971 |
| Loss/(profit) on disposal of property, plant and equipment | **3,412** | (11,716) |
| Operating lease expense | **454,608** | 425,860 |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | **43,500** | 21,000 |
| Fees payable to the Company's auditor and its associates for other services to the Group: | | |
| - Other services | **-** | 43,000 |
| Exchange differences | **(62,445)** | 183,106 |
| Share-based payment charge | **982,196** | 581,400 |

The amount of exchange differences recognised in other comprehensive income arising during the period was £5,262 (Year ended 31 January 2021: £95).

## 4 Employees

Staff costs consist of:

| **Group and Company** | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| Wages and salaries | **8,993,990** | 7,223,364 |
| Social security costs | **1,134,125** | 915,532 |
| Cost of defined contribution pension schemes | **484,688** | 362,814 |
| | **10,612,803** | 8,501,710 |
| Share-based payment expense – equity settled | **982,196** | 581,400 |
| **Total** | **11,594,999** | 9,083,110 |

Share-based payments comprise awards from the Company's share option plans, as well as its growth share scheme, details of which are given in note 20.

The average employee numbers during the period were as follows:

| **Group and Company** | **11 months ended 31 December 2021 £** | Year ended 31 January 2021 £ |
|---|---|---|
| Research and development | **85** | 59 |
| Administration | **26** | 24 |
| **Total** | **111** | 83 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

A defined contribution pension scheme is operated by the Group on behalf of the employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund. Group contributions amounting to £90,352 (31 January 2021: £73,361) were payable to the fund at the period end and are included in creditors.

## 5 Directors' remuneration

| | 11 months ended 31 December 2021 £ | Year ended 31 January 2021 £ |
|---|---|---|
| Directors' remuneration | **656,990** | 765,804 |
| Company contributions to defined contribution pension schemes | **14,569** | 33,316 |
| | **671,559** | 799,120 |

There was one Director in the Group's defined contribution pension scheme (31 January 2021: two). Emoluments of the highest paid director were £354,032 (31 January 2021: £331,756). Company pension contributions of £nil (31 January 2021: £nil) were made to a pension scheme on his behalf.

The number of Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes was 2 (31 January 2021: 2). No Directors exercised share options during the current or prior period.

## 6 Finance Income

| | 11 months ended 31 December 2021 £ | Year ended 31 January 2021 £ |
|---|---|---|
| Interest on bank deposits | **75,360** | 53,089 |
| **Finance income** | **75,360** | 53,089 |

## 7 Finance Expense

| | 11 months ended 31 December 2021 £ | Year ended 31 January 2021 £ |
|---|---|---|
| Other interest payable | **595** | - |
| **Finance expense** | **595** | - |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

## 8 Taxation

Total tax expense recognised in the consolidated statement of comprehensive income

| | 11 months ended 31 December 2021 £ | Year ended 31 January 2021 £ |
|---|---|---|
| *Current tax:* | | |
| R & D tax credits receivable on losses for the period | **(2,000,000)** | (1,650,000) |
| Adjustments in respect of prior periods | **9,100** | (530,672) |
| Foreign taxes paid | **2,450** | - |
| Total current tax | **(1,988,450)** | (2,180,672) |
| *Deferred tax:* | **-** | - |
| Total deferred tax | **-** | - |
| **Total tax** | **(1,988,450)** | (2,180,672) |

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

| | 11 months ended 31 December 2021 £ | Year ended 31 January 2021 £ |
|---|---|---|
| Loss for the period | **(12,448,386)** | (10,648,721) |
| Total tax credit | **(1,988,450)** | (2,180,672) |
| **Loss excluding taxation** | **(14,436,836)** | (12,829,393) |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (31 January 2021 – 19%) | **(2,742,999)** | (2,437,585) |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | **203,156** | 116,582 |
| Deferred tax not provided | **1,547,880** | 1,388,746 |
| R & D tax credit scheme enhancement adjustments | **(1,008,037)** | (717,212) |
| Employee share acquisition adjustment | **-** | (531) |
| Foreign taxes | **2,450** | - |
| Prior year adjustments | **9,100** | (530,672) |
| **Total tax credit receivable** | **(1,988,450)** | (2,180,672) |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

The Group's overseas tax rates are higher than those in the UK primarily because profits earned in the United States of America are taxed a rate in excess of 19%. There is no indication that these rates are likely to change in the near future.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred tax balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

The Company has tax losses arising in the UK of approximately £21,377,000 (2021: £15,655,000) 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.

## 9 Property, plant and equipment

***Group and Company***

| | Leasehold improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 February 2020 | 609,865 | 220,280 | 1,846,293 | 2,676,438 |
| Additions | 5,531 | 6,006 | 121,462 | 132,999 |
| Disposals | - | - | (143,083) | (143,083) |
| **At 31 January 2021** | **615,396** | **226,286** | **1,824,672** | **2,666,354** |
| Additions | - | - | 214,015 | 214,015 |
| Disposals | - | (70,980) | (36,214) | (107,194) |
| **At 31 December 2021** | **615,396** | **155,306** | **2,002,473** | **2,773,175** |
| | | | | |
| **Depreciation** | | | | |
| At 1 February 2020 | 163,715 | 94,287 | 984,910 | 1,242,912 |
| Charge for the period | 62,141 | 43,674 | 429,156 | 534,971 |
| Eliminated on disposal | - | - | (142,799) | (142,799) |
| **At 31 January 2021** | **225,856** | **137,961** | **1,271,267** | **1,635,084** |
| Charge for the period | 57,892 | 21,597 | 408,940 | 488,429 |
| Eliminated on disposal | - | (70,980) | (32,802) | (103,782) |
| **At 31 December 2021** | **283,748** | **88,578** | **1,647,405** | **2,019,731** |
| | | | | |
| **Net book value** | | | | |
| **At 31 December 2021** | **331,648** | **66,728** | **355,068** | **753,444** |
| At 31 January 2021 | 389,540 | 88,325 | 553,405 | 1,031,270 |
| At 31 January 2020 | 446,150 | 125,993 | 861,383 | 1,433,526 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

## 10. Fixed asset investments

***Company***

| | Group undertakings £ |
|---|---|
| At 1 February 2021 | 1,555 |
| **At 31 December 2021** | 1,555 |

*Subsidiary undertakings*

The undertakings in which the Company's interest at the period end is 20% or more are as follows:

| Name | Registered address | Proportion of voting rights and ordinary share capital held |
|---|---|---|
| Genomics Inc. | 1 Main Street, 13th Floor, Cambridge, MA02141, USA | 100% |

The principal activity of Genomics Inc. is the same as that of the parent Company.

## 11 Trade and other receivables

| | **Group 31 December 2021 £** | Group 31 January 2021 £ | **Company 31 December 2021** | Company 31 January 2021 £ |
|---|---|---|---|---|
| Trade receivables | **3,696** | 612,365 | **3,696** | 612,365 |
| Other receivables | **327,606** | 357,425 | **327,606** | 357,425 |
| Income tax receivable | **2,000,000** | 2,782,962 | **2,000,000** | 2,782,962 |
| Amounts due from group undertakings | **-** | - | **622,079** | - |
| Prepayments and accrued income | **1,154,110** | 492,374 | **1,154,110** | 492,374 |
| | **3,485,412** | 4,245,126 | **4,107,491** | 4,245,126 |

The amounts due from group undertakings in the financial statements of the parent Company are unsecured, interest free and have no fixed terms for repayment.

## 12 Other financial assets

***Group and Company***

| | **31 December 2021 £** | 31 January 2021 £ |
|---|---|---|
| Term deposits | **6,500,000** | - |
| | **6,500,000** | - |

Term deposits all mature between 3 and 12 months from the balance sheet date.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

## 13 Cash and cash equivalents

| | **Group 31 December 2021 £** | Group 31 January 2021 £ | **Company 31 December 2021** | Company 31 January 2021 £ |
|---|---|---|---|---|
| Cash at bank and in hand | **10,307,395** | 14,731,630 | **10,272,417** | 14,730,366 |
| Short-term deposits | **10,957,071** | 567,597 | **10,957,071** | 567,597 |
| | **21,264,466** | 15,299,227 | **21,229,488** | 15,297,963 |

Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and earn interest at market deposit rates.

## 14 Trade and other payables

| | **Group 31 December 2021 £** | Group 31 January 2021 £ | **Company 31 December 2021** | Company 31 January 2021 £ |
|---|---|---|---|---|
| Trade payables | **320,762** | 137,641 | **299,669** | 137,641 |
| Social security and other taxes | **429,477** | 306,387 | **429,477** | 306,387 |
| Other payables | **100,458** | 85,910 | **100,458** | 85,910 |
| Accruals and deferred income | **704,417** | 543,665 | **598,275** | 543,665 |
| | **1,555,114** | 1,073,603 | **1,427,879** | 1,073,603 |

Trade payables do not bear interest and are generally settled on 30-day terms. Other creditors and accruals do not bear interest.

## 15 Leases

***Group and Company***

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

| | **31 December 2021 £** | 31 January 2021 £ |
|---|---|---|
| Within one year | **641,697** | 503,617 |
| Between one and five years | **1,729,705** | 1,725,225 |
| | **2,371,402** | 2,228,842 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

**Operating lease agreements where the company is lessee:**

On 22 December 2015, the Company entered into a new 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. The lease had a break point at November 2020, which the Company did not need to exercise. The current annual rent is £348,000 which was effective from 13 November 2020, along with an annual service charge of £65,265.

During 2019, the Company entered into a second 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 2019, 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.

## 16 Financial instruments

**Non-derivative financial assets**

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

| | **31 December 2021 £** | 31 January 2021 £ |
|---|---|---|
| **Due within 3 months** | | |
| Cash and cash equivalents | **21,264,466** | 15,299,227 |
| Trade receivables | **3,696** | 612,365 |
| Other receivables | **327,606** | 1,490,387 |
| | **21,595,768** | 17,401,979 |
| **Due between 3 and 12 months** | | |
| Other financial assets - term deposits | **6,500,000** | - |
| Other receivables | **2,000,000** | 1,650,000 |
| | **8,500,000** | 1,650,000 |
| **Total** | **30,095,768** | 19,051,979 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### Non-derivative financial liabilities

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

| | 31 December 2021 £ | 31 January 2021 £ |
|---|---|---|
| **Due within 3 months** | | |
| Trade payables | **320,762** | 137,641 |
| Other payables | **1,234,352** | 935,962 |
| **Total** | **1,555,114** | 1,073,603 |

## 17 Provisions

*Group and Company*

| | 31 December 2021 £ | 31 January 2021 £ |
|---|---|---|
| **Property costs** | | |
| At the beginning of the period | **61,585** | - |
| Provisions made in the period | **51,720** | 61,585 |
| **At the end of the period** | **113,305** | 61,585 |

The Company has made a provision for the estimated exit costs (repairs and reinstatement costs) of properties occupied by the Group in line with the terms of each lease. Further details of the lease terms are set out in note 15.

## 18 Share capital and reserves

*Group and Company*

| | Number of shares outstanding | Share capital £ | Share premium £ | Own share reserve £ | Total £ |
|---|---|---|---|---|---|
| **Allotted, called up and fully paid** | | | | | |
| *Ordinary shares of 1p each* | | | | | |
| At the start of the period | **8,939,062** | 89,391 | 44,365,268 | - | **44,454,659** |
| Issue of shares | **2,529,311** | 25,293 | 22,340,627 | - | **22,365,920** |
| **At the end of the period** | **11,468,373** | 114,684 | 66,705,895 | - | **66,820,579** |
| *G Ordinary shares of 1p each* | | | | | |
| At the start of the period | - | - | - | - | - |
| Issue of shares | **1,844,632** | 18,446 | 3,855,281 | (3,873,727) | - |
| **At the end of the period** | **1,844,632** | 18,446 | 3,855,281 | (3,873,727) | - |
| **Total - at the end of the period** | **13,313,005** | **133,130** | **70,561,176** | **(3,873,727)** | **66,820,579** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

On 25 February 2021 the Company issued 2,475,000 Ordinary shares of £0.01 each at a price of £9 per share, resulting in gross proceeds of £22,275,000 following an equity fund raise.

On 9 June 2021 the Company issued 1,273,288 G Ordinary shares of £0.01 each at a price of £2.10 per share, for non-cash consideration of £2,673,905. A further 571,344 G Ordinary shares were issued on 12 October 2021 at the same price, for non-cash consideration of £1,199,822

On various dates during the period the Company issued 54,311 Ordinary shares at prices ranging between £0.01 per share and £9.25 per share following the exercise of share options in the Company's share option schemes. Total proceeds from these exercises were £90,920.

The Ordinary shares carry the right to one vote per share and have full rights to receive dividends and a capital distribution (including on a winding up). The G Ordinary shares have no voting rights and do not have the right to receive a dividend.

**Growth share scheme**

Under the provisions of the Group's growth share scheme, the 1,844,632 G Ordinary shares in issue are held on trust for certain directors and employees by a nominee appointed by the Company.

**Own share reserve**

The own share reserve comprises the costs of shares in Genomics plc held by the nominee, to the extent that they have not become exercised. At 31 December 2021 the nominee held 1,844,632 of the Company's shares (31 January 2021: nil). The shares are held for the purpose of the growth share scheme and all of these shares are under option to directors and employees.

## 19 Related party transactions

There is no ultimate controlling party of Genomics plc.

During the period the Group entered into transactions, in the ordinary course of business, with other related parties. The Group made sales amounting to £2,237,243 (31 January 2021: £2,406,441), to Vertex Pharmaceuticals Incorporated, a company which has a directorship of Genomics plc and is represented on the board by Dr David Altshuler. On 31 December 2021, no amounts were due from Vertex Pharmaceuticals Incorporated in respect of outstanding sales invoices (31 January 2021: £812,365).

In the financial statements of the parent Company, an amount of £622,079 (31 January 2021: £nil) is due from its subsidiary undertaking, Genomics Inc. This relates to the provision of working capital funding for Genomics Inc. The outstanding balance at 31 December 2021 is unsecured, interest free and there are no fixed terms for repayment.

**Terms and conditions of transactions with related parties:**

Purchases between related parties are made on an arm's length basis. During the period ended 31 December 2021, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (including amounts due from subsidiaries) (31 January 2021: £nil).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

## 20 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 1 February 2020** | 274,294 | 530,888 | 805,182 | 259.14 |
| Granted | 340,567 | 202,833 | 543,400 | 547.46 |
| Exercised | - | (666) | (666) | 1.00 |
| Lapsed/forfeited | (24,588) | (293,094) | (317,682) | 508.80 |
| **At 31 January 2021** | **590,273** | **439,961** | **1,030,234** | **334.58** |
| Granted | - | - | - | - |
| Exercised | (45,423) | (8,888) | (54,311) | 167.41 |
| Reclassified | (9,277) | 9,277 | - | - |
| Lapsed/forfeited | (101,080) | (108,368) | (209,448) | 482.32 |
| **At 31 December 2021** | **434,493** | **331,982** | **766,475** | **306.06** |
| Exercisable at 31 December 2021 | | | | |

There were 581,655 share options outstanding at 31 December 2021 which were eligible to be exercised (31 January 2021: 548,747). The remaining options were not eligible to be exercised as these are subject to employment period conditions which had not been met at 31 December 2021. Options have a range of exercise prices ranging from nominal value to 925 pence per share and have a weighted contractual life of 7.02 years (31 January 2021: 8.07 years).

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

| | Options granted |
|---|---|
| Dividend yield | 0% |
| Expected volatility | 40% |
| Option maturity period | 10 years |
| Risk-free interest rate | 1.50% |
| Weighted average exercise price of a share | 547.00p |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS
**(continued)**

Any share options which are not exercised within 10 years from the date of grant will expire.

**Growth shares**

During the period the Company introduced a growth share scheme under which a number of growth shares have been issued to certain directors and employees. In the period ended 31 December 2021, 1,844,632 G Ordinary shares have been issued to the nominee to hold on trust on behalf of those directors and employees. G Ordinary shares have graded vesting and are equity-settled in the event of an exit where the G Hurdle (as defined in the Company's Articles) is achieved. The acquisition price for the shares is £2.10 per share.

Movements in the period are as follows:

| | Total | Purchase price per share (p) |
|---|---|---|
| **At 1 February 2020 and 31 January 2021** | - | - |
| Issued in the period | 1,844,632 | 210.00 |
| **At 31 December 2021** | **1,844,632** | 210.00 |

A share-based payment charge has been calculated using a Black-Scholes pricing model based on a G Hurdle and the following assumptions:

| | Growth shares issued |
|---|---|
| Dividend yield | 0% |
| Expected volatility | 45% |
| Maturity period | 5 years |
| Risk-free interest rate | 0.30% |
| Acquisition price per share | 210.00p |

The Company has recognised a total share-based payment charge of £982,196 (31 January 2021: £581,400) in the income statement in respect of share-based payments related to both the share option schemes and the growth share scheme.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS
**(continued)**

## 21 Reconciliation of Net Funds

| | 31 January 2021 £ | Cash flow £ | Exchange differences £ | 31 December 2021 £ |
|---|---|---|---|---|
| Cash and short-term deposits | **15,299,227** | 5,965,222 | 17 | **21,264,466** |
| Term deposits | - | 6,500,000 | - | **6,500,000** |
| **Net funds** | **15,299,227** | 12,465,222 | 17 | **27,764,466** |

## 22 Capital commitments

The Group had capital commitments amounting to £413,000 at 31 December 2021 (31 January 2021: £nil).

## 23 Post balance sheet events

There are no post balance sheet events.