

Company registration number 11563620 (England and Wales)

APIS ASSAY TECHNOLOGIES LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

APIS ASSAY TECHNOLOGIES LTD.

COMPANY INFORMATION

Directors	J Schorr I C Kavanagh R M Burns M D Rahn
Company number	11563620
Registered office	Second Floor, Citylabs 1.0 Nelson Street Manchester M13 9NQ
Auditor	Alexander & Co LLP Centurion House 129 Deansgate Manchester M3 3WR

APIS ASSAY TECHNOLOGIES LTD.

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APIS ASSAY TECHNOLOGIES LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

APIS continues to make strong progress, by 2022 APIS has established a comprehensive diagnostic development capability, acquired a bioinformatics and software capability, developed specific biomarkers capable of transforming disease management, expertly delivered on contract development services, secured over 100 jobs and established its reputation as an employer, member of the Manchester biotechnology community and international developer of transformative diagnostic solutions.

APIS' ambitions are significant, and it has future plans to establish itself as a Biologics Development Organisation (BDO) with a broader client base, to profitably invest in its own biomarker development programs and move into direct supply of IVD assays starting with a COVID-19 ELISA/ELONA and a breast cancer (BC) subtyping assay.

A key part of APIS' strategy, compared to a regular Contract Research Organisation (CRO), is developing its own biomarkers and therapeutics for licensing to commercial partners and/or product co-marketing and sales strategies. The biomarkers/therapeutics each have the potential to change healthcare in their disease areas.

APIS added Clickmer technology to its technology toolbox in Q1 2022, including this technology into an APIS immunoassay product and exploring the therapeutic applications of Clickmers in pilot projects.

APIS has exciting future plans to explore the clinical utility of various MDx and CDx Biomarkers including therapeutic Clickmers.

Principal risks and uncertainties

The biggest risk to the company is related to the addition of new contracts into the Contract Development pipeline. APIS mitigates this risk with ongoing focused Business Development activities.

Financial risk

The company does not have any short or long-term debt and therefore the directors do not consider the company to have any exposure to interest rate or foreign exchange risk.

Development and performance

The target for 2023 is to expand the release of the Breast Cancer Subtyping to the market outside UK through a global commercial partnership. At the same time APIS will increase the Bioinformatics client base, beyond the pharma partnerships currently in place. In the mid-term, APIS will explore expanding the Clickmer technology capabilities into potential therapeutic applications with strategic pharma partnerships.

The strategic plan for the next 3-5 years is to expand the service offering into partnerships with smaller and mid-size Biotech and Pharma companies. At the same time APIS will continue to execute on the strategic expansion in development and manufacturing of products, making use of the APIS Technology Toolbox.

The outlook for APIS remains positive based on continuous growth and applying dissemination and diversification within the future business strategy.

APIS ASSAY TECHNOLOGIES LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

The group reports a loss for the year of £4,262,969 (2021 profit: £3,791,027) on turnover of £6,802,201 (2021: £9,551,192). The reported loss in the year is an impact of the ongoing investment into the Biomarker Research and Development Programme (Biomarker R&D) which is intended to be a recurring process of investment prior to growth of high margin products sales.

With start-up equity investment of £4.7 million and cumulative retained profits of £14,025,514 the group reports a strong balance sheet position at 31st December 2022 with net assets of £18,725,514.

The directors consider the company to be in good health with a working capital position reporting net current assets of £15,428,908 of which £14,889,771 is represented by cash at bank.

On behalf of the board

J Schorr
Director

16 August 2023

APIS ASSAY TECHNOLOGIES LTD.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the group is that of realising the clinical and commercial potential of genomic medicine in the diagnosis and stratification of treatment, and in the prediction and prevention of disease.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

J Schorr
I C Kavanagh
R M Burns
M D Rahn

Auditor

In accordance with the company's articles, a resolution proposing that Alexander & Co LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

J Schorr
Director

16 August 2023

APIS ASSAY TECHNOLOGIES LTD.

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group 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 accounting 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APIS ASSAY TECHNOLOGIES LTD.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF APIS ASSAY TECHNOLOGIES LTD.

Opinion

We have audited the financial statements of Apis Assay Technologies Ltd. (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

APIS ASSAY TECHNOLOGIES LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF APIS ASSAY TECHNOLOGIES LTD.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

APIS ASSAY TECHNOLOGIES LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF APIS ASSAY TECHNOLOGIES LTD.

Capability of the audit in detecting irregularities, including fraud

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

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the legal and regulatory framework that the group operates in. We considered the extent to which non-compliance might have a material effect on the financial statements. The key laws and regulations we considered in this context included UK Companies Act 2006 and health and safety legislation.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates.

As a result of the above, our audit procedures performed included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud.
- Agreeing financial statements disclosures to underlying supporting documentation and assessing compliance with relevant laws and regulations.
- Testing the appropriateness of journal entries and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Enquiring with the group's legal advisors as to whether they are aware of any non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK).

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors of APIS Assay Technologies Ltd.

Use of our report

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

APIS ASSAY TECHNOLOGIES LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF APIS ASSAY TECHNOLOGIES LTD.

Stephen Jolley (Senior Statutory Auditor)
For and on behalf of Alexander & Co LLP

16 August 2023

Chartered Accountants
Statutory Auditor

Centurion House
129 Deansgate
Manchester
M3 3WR

APIS ASSAY TECHNOLOGIES LTD.

GROUP PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	As restated
	Notes	£	2021
			£
Turnover	4	6,802,201	9,551,192
Cost of sales		(7,962,099)	(5,930,825)
Gross (loss)/profit		(1,159,898)	3,620,367
Administrative expenses		(4,751,695)	(3,356,484)
Other operating income		1,545,203	4,432,686
Operating (loss)/profit	6	(4,366,390)	4,696,569
Interest receivable and similar income	10	37,361	8,990
Interest payable and similar expenses	11	-	(25,100)
(Loss)/profit before taxation		(4,329,029)	4,680,459
Tax on (loss)/profit	12	66,060	(889,432)
(Loss)/profit for the financial year		(4,262,969)	3,791,027

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

APIS ASSAY TECHNOLOGIES LTD.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
(Loss)/profit for the year	(4,262,969)	3,791,027
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(4,262,969)</u>	<u>3,791,027</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

APIS ASSAY TECHNOLOGIES LTD.

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		949,655		93,718
Other intangible assets	13		949,471		-
Total intangible assets			1,899,126		93,718
Tangible assets	14		1,397,480		1,162,893
			3,296,606		1,256,611
Current assets					
Debtors	17	4,811,890		2,686,977	
Cash at bank and in hand		14,889,771		23,238,500	
			19,701,661		25,925,477
Creditors: amounts falling due within one year	18	(4,272,753)		(3,976,083)	
Net current assets			15,428,908		21,949,394
Total assets less current liabilities			18,725,514		23,206,005
Provisions for liabilities					
Deferred tax liability	19	-		217,522	
					(217,522)
Net assets			18,725,514		22,988,483
Capital and reserves					
Called up share capital	21		106,600		106,600
Share premium account			4,593,400		4,593,400
Profit and loss reserves			14,025,514		18,288,483
Total equity			18,725,514		22,988,483

The financial statements were approved by the board of directors and authorised for issue on 16 August 2023 and are signed on its behalf by:

J Schorr
Director

Company registration number 11563620 (England and Wales)

APIS ASSAY TECHNOLOGIES LTD.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		1,313,952		1,144,853
Investments	15		155,920		135,124
			<u>1,469,872</u>		<u>1,279,977</u>
Current assets					
Debtors	17	6,993,506		2,670,040	
Cash at bank and in hand		14,793,760		23,046,960	
		<u>21,787,266</u>		<u>25,717,000</u>	
Creditors: amounts falling due within one year	18	(3,931,279)		(3,834,578)	
Net current assets			<u>17,855,987</u>		<u>21,882,422</u>
Total assets less current liabilities			<u>19,325,859</u>		<u>23,162,399</u>
Provisions for liabilities					
Deferred tax liability	19	-		217,522	
		<u>-</u>	<u>-</u>	<u>(217,522)</u>	
Net assets			<u><u>19,325,859</u></u>		<u><u>22,944,877</u></u>
Capital and reserves					
Called up share capital	21		106,600		106,600
Share premium account			4,593,400		4,593,400
Profit and loss reserves			<u>14,625,859</u>		<u>18,244,877</u>
Total equity			<u><u>19,325,859</u></u>		<u><u>22,944,877</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £3,619,018 (2021 - £3,697,466 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 August 2023 and are signed on its behalf by:

J. Schorr
Director

Company registration number 11563620 (England and Wales)

APIS ASSAY TECHNOLOGIES LTD.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	106,600	4,593,400	14,497,456	19,197,456
Year ended 31 December 2021:				
Profit and total comprehensive income	-	-	3,791,027	3,791,027
Balance at 31 December 2021	106,600	4,593,400	18,288,483	22,988,483
Year ended 31 December 2022:				
Loss and total comprehensive income	-	-	(4,262,969)	(4,262,969)
Balance at 31 December 2022	106,600	4,593,400	14,025,514	18,725,514

APIS ASSAY TECHNOLOGIES LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	106,600	4,593,400	14,547,411	19,247,411
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	3,697,466	3,697,466
Balance at 31 December 2021	106,600	4,593,400	18,244,877	22,944,877
Year ended 31 December 2022:				
Profit and total comprehensive income	-	-	(3,619,018)	(3,619,018)
Balance at 31 December 2022	106,600	4,593,400	14,625,859	19,325,859

APIS ASSAY TECHNOLOGIES LTD.

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27				
		(4,822,755)		1,188,381	
Interest paid		-		(25,100)	
Income taxes paid		(874,306)		(1,128,262)	
Net cash (outflow)/inflow from operating activities		(5,697,061)		35,019	
Investing activities					
Purchase of intangible assets		(1,955,535)		-	
Purchase of tangible fixed assets		(788,518)		(423,320)	
Proceeds from disposal of tangible fixed assets		55,754		-	
Foreign exchange differences on tangible fixed assets		(730)		1,562	
Interest received		37,361		8,990	
Net cash used in investing activities		(2,651,668)		(412,768)	
Net decrease in cash and cash equivalents		(8,348,729)		(377,749)	
Cash and cash equivalents at beginning of year		23,238,500		23,616,249	
Cash and cash equivalents at end of year		14,889,771		23,238,500	

APIS ASSAY TECHNOLOGIES LTD.

COMPANY STATEMENT OF CASH FLOWS **FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28				
		(6,824,604)		1,018,709	
Interest paid		-		(25,100)	
Income taxes paid		(813,726)		(1,124,628)	
Net cash outflow from operating activities		(7,638,330)		(131,019)	
Investing activities					
Purchase of tangible fixed assets		(699,765)		(422,917)	
Proceeds from disposal of tangible fixed assets		55,754		-	
Acquisition of subsidiaries		(20,796)		-	
Interest received		49,937		10,457	
Net cash used in investing activities		(614,870)		(412,460)	
Net decrease in cash and cash equivalents		(8,253,200)		(543,479)	
Cash and cash equivalents at beginning of year		23,046,960		23,590,439	
Cash and cash equivalents at end of year		14,793,760		23,046,960	

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Apis Assay Technologies Ltd. ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Second Floor, Citylabs 1.0, Nelson Street, Manchester, M13 9NQ.

The group consists of Apis Assay Technologies Ltd. and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Investments in subsidiaries are accounted for at cost less impairment.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Apis Assay Technologies Ltd. together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In determining this, the directors have considered the loss of £4,262,969 made in the year. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Revenue is recognised when the directors consider it is probable that the economic benefits associated with the transaction will flow to the entity.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Revenue from contracts for the provision of services is recognised by reference to the stage of completion at the end of the accounting period when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is established by reference to milestones set out in the service contracts entered into with clients.

Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Patents & licences	Over the life of the patent or licence
Other rights and assets	10 years

1.8 Tangible fixed assets

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

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

Leasehold improvements	Over the lease term
Fixtures and fittings	20% straight line
Computers	33% straight line
Lab equipment	20% or 35% straight line

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

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

1.16 Retirement benefits

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

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The grant is recognised under the accrual model and is recognised in income on a systematic basis over the periods in which the related costs are recognised.

2 Change in prior year accounting policy

In the year, the company began recognizing research and development tax credits within other income, as permitted under the R&D expenditure credit (RDEC) scheme. In prior years, this credit was posted directly to tax. The comparative figures (and associated notes) have been amended so that they are consistent with the new accounting policy.

The effect of the change in accounting policy on the prior year is to increase the tax charge and other operating income by £560,497. There has been no impact on the profit after tax or shareholder's funds.

3 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The goodwill and patents have been capitalised on the basis that future economic benefits, in the form of new revenue streams, are expected to be generated from this research. Given the nature of such research, this is considered a key judgement area. This assumption that the research will generate future revenue is reviewed at least annually by the directors and it is assessed whether it is still reasonable or whether any impairment of the balances is required.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue recognition

Revenue from contracts for the provision of services is recognised by reference to the stage of completion at the end of the accounting period when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is established by reference to milestones set out in the service contracts entered into with clients.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Contract assay development	6,215,478	6,006,835
Biomarker development	-	3,000,000
Bioinformatics & software development	586,723	544,357
	<u>6,802,201</u>	<u>9,551,192</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
UK	1,072,707	499,527
Europe	5,125,459	8,678,213
US	604,035	373,452
	<u>6,802,201</u>	<u>9,551,192</u>
	2022	2021
	£	£
Other revenue		
Interest income	37,361	8,990
Grants received	760,698	3,872,189
	<u></u>	<u></u>

5 Exceptional item

	2022	2021
	£	£
Income		
Exceptional item - Biomarker sale	-	3,000,000
	<u></u>	<u></u>
Expenditure		
Exceptional item - Bad debt write off	619,889	-
	<u></u>	<u></u>

Included within turnover of the comparative year is £3,000,000 representing amounts received by the company net of payments made to the grantee following non-exercising of the option agreement which expired during the comparative year.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Operating (loss)/profit

	2022	2021
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(106,062)	3,544
Government grants	(760,698)	(3,872,189)
Depreciation of owned tangible fixed assets	498,907	385,701
Amortisation of intangible assets	150,127	26,772
Operating lease charges	493,271	391,550
	<u> </u>	<u> </u>

7 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group	31,870	20,000
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	35,000	51,988
All other non-audit services	6,274	5,266
	<u> </u>	<u> </u>
	<u>41,274</u>	<u>57,254</u>

8 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Directors	3	3	3	3
Technical staff	82	70	76	65
Management and administrative staff	8	4	5	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>93</u>	<u>77</u>	<u>84</u>	<u>71</u>

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,876,644	3,376,571	3,215,202	3,052,762
Social security costs	399,335	332,435	352,933	332,435
Pension costs	139,004	106,572	139,004	106,572
	<u>4,414,983</u>	<u>3,815,578</u>	<u>3,707,139</u>	<u>3,491,769</u>

9 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	544,741	867,077
Company pension contributions to defined contribution schemes	17,472	16,845
	<u>562,213</u>	<u>883,922</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	<u>300,891</u>	<u>664,686</u>

10 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>37,361</u>	<u>8,990</u>

	2022 £	2021 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>37,361</u>	<u>8,990</u>

11 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Other interest	<u>-</u>	<u>25,100</u>

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	151,462	309,034
Adjustments in respect of prior periods	-	(558,524)
	<u>151,462</u>	<u>(249,490)</u>
Total current tax	<u>151,462</u>	<u>(249,490)</u>
Deferred tax		
Origination and reversal of timing differences	(217,522)	1,138,922
	<u>(217,522)</u>	<u>1,138,922</u>
Total tax (credit)/charge	<u>(66,060)</u>	<u>889,432</u>

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
(Loss)/profit before taxation	(4,329,029)	4,680,459
	<u>(4,329,029)</u>	<u>4,680,459</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(822,516)	889,287
Tax effect of expenses that are not deductible in determining taxable profit	4,270	2,055
Unutilised tax losses carried forward	618,774	-
Adjustments in respect of prior years	-	(558,523)
Permanent capital allowances in excess of depreciation	(31,300)	(11,960)
Other permanent differences	19,604	10,922
Deferred tax adjustments in respect of prior years	-	1,127,651
Biomarker sale taxed in 2019	-	(570,000)
R&D credit taxable	145,108	-
	<u>(66,060)</u>	<u>889,432</u>
Taxation (credit)/charge	<u>(66,060)</u>	<u>889,432</u>

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Intangible fixed assets

Group	Goodwill	Patents & Other rights and licences	assets	Total
	£	£	£	£
Cost				
At 1 January 2022	133,876	-	-	133,876
Additions	954,281	911,239	90,015	1,955,535
At 31 December 2022	1,088,157	911,239	90,015	2,089,411
Amortisation and impairment				
At 1 January 2022	40,158	-	-	40,158
Amortisation charged for the year	98,344	45,031	6,752	150,127
At 31 December 2022	138,502	45,031	6,752	190,285
Carrying amount				
At 31 December 2022	949,655	866,208	83,263	1,899,126
At 31 December 2021	93,718	-	-	93,718

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

In the year, Clickmer Systems GmbH (a wholly owned subsidiary of APIS Assay Technologies Ltd.) acquired the assets of the Clickmer Systems project from Life Science Inkubator Betriebs GmbH & Co. KG, LSI Pre-Seed-Fonds GmbH and the Clickmer Research team.

This included all of the assets and intellectual property that was held by the Clickmer Systems project at the date of acquisition. Included within this are patents which allow the company to continue work to further develop the Clickmer technology.

The goodwill and patents have been capitalised on the basis that the directors anticipate future economic benefits, in the form of new revenue streams, are expected to be generated from this research in the long term. This assumption is reviewed at least annually by the directors and it is assessed whether it is still reasonable or whether any impairment of the balances is required.

The goodwill is amortised over the directors' estimate of its useful economic life of 10 years. The remaining useful economic life of intangible assets arising on acquisition is approximately 9 years.

The goodwill on consolidation relates to the company's investment in its current subsidiaries. The goodwill is amortised over the directors' estimate of its useful economic life of 10 years. The remaining useful economic life of intangible assets arising on consolidation is approximately 8 years. This is reviewed annually for impairment or more frequently if there are any indications that the goodwill might be impaired.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Lab equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2022	281,921	107,256	159,155	1,359,581	1,907,913
Additions	178,395	39,714	34,242	536,167	788,518
Disposals	-	-	-	(84,783)	(84,783)
Exchange adjustments	22	-	-	-	22
At 31 December 2022	460,338	146,970	193,397	1,810,965	2,611,670
Depreciation and impairment					
At 1 January 2022	119,107	49,469	92,675	483,769	745,020
Depreciation charged in the year	97,377	26,151	43,722	331,657	498,907
Eliminated in respect of disposals	-	-	-	(29,029)	(29,029)
Exchange adjustments	13	-	(721)	-	(708)
At 31 December 2022	216,497	75,620	135,676	786,397	1,214,190
Carrying amount					
At 31 December 2022	243,841	71,350	57,721	1,024,568	1,397,480
At 31 December 2021	162,814	57,787	66,480	875,812	1,162,893
Company					
	Leasehold improvements	Fixtures and fittings	Computers	Lab equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2022	281,518	107,256	130,406	1,359,581	1,878,761
Additions	178,395	17,533	28,655	475,182	699,765
Disposals	-	-	-	(84,783)	(84,783)
At 31 December 2022	459,913	124,789	159,061	1,749,980	2,493,743
Depreciation and impairment					
At 1 January 2022	118,995	49,469	81,675	483,769	733,908
Depreciation charged in the year	97,242	23,248	32,967	321,455	474,912
Eliminated in respect of disposals	-	-	-	(29,029)	(29,029)
At 31 December 2022	216,237	72,717	114,642	776,195	1,179,791
Carrying amount					
At 31 December 2022	243,676	52,072	44,419	973,785	1,313,952
At 31 December 2021	162,523	57,787	48,731	875,812	1,144,853

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	155,920	135,124

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	135,124
Additions	20,796
At 31 December 2022	155,920
Carrying amount	
At 31 December 2022	155,920
At 31 December 2021	135,124

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
APIS Assay Technologies DOO Belgrade-Palilula	(1)	Bioinformatics and software development	Ordinary	100.00
Clickmer Systems GmbH	(2)	Clickmer research and development	Ordinary	100.00

Registered office addresses:

- (1). 3/50 Karnedzijeva Street, 14th Floor, 11060 City of Belgrade, City Municipality Palilula, Serbia
- (2). Marie-Curie-Strasse 1, 53359 Rheinbach, Germany

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,948,241	724,408	1,859,770	668,011
Corporation tax recoverable	1,128,036	436,894	1,105,513	436,894
Amounts owed by group undertakings	-	-	33,305	39,402
Other debtors	375,894	358,810	363,349	358,810
Prepayments and accrued income	1,359,719	1,166,865	1,351,632	1,166,923
	<u>4,811,890</u>	<u>2,686,977</u>	<u>4,713,569</u>	<u>2,670,040</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	2,279,937	-
	<u>-</u>	<u>-</u>	<u>2,279,937</u>	<u>-</u>
Total debtors	<u>4,811,890</u>	<u>2,686,977</u>	<u>6,993,506</u>	<u>2,670,040</u>

Included within amounts owed by group undertakings of the company is £2,279,937 owed by Clickmer Systems GmbH, a wholly owned subsidiary. This loan has no set repayment date and incurs interest at a fixed rate of 0.75% per annum.

18 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Trade creditors	643,519	701,712	415,445	701,016
Corporation tax payable	-	31,702	-	-
Other taxation and social security	90,887	78,536	90,887	78,536
Other creditors	41,117	3,948	32,832	3,948
Accruals and deferred income	3,497,230	3,160,185	3,392,115	3,051,078
	<u>4,272,753</u>	<u>3,976,083</u>	<u>3,931,279</u>	<u>3,834,578</u>

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	238,316	217,522
Tax losses	(235,876)	-
Retirement benefit obligations	(2,440)	-
	<u>-</u>	<u>217,522</u>
	<u><u>-</u></u>	<u><u>217,522</u></u>
	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	238,316	217,522
Tax losses	(235,876)	-
Retirement benefit obligations	(2,440)	-
	<u>-</u>	<u>217,522</u>
	<u><u>-</u></u>	<u><u>217,522</u></u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	217,522	217,522
Credit to profit or loss	(217,522)	(217,522)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Asset at 31 December 2022	-	-

20 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	139,004	106,572
	<u><u>139,004</u></u>	<u><u>106,572</u></u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary Shares of £1 each	100,000	100,000	100,000	100,000
Series A Shares of 10p each	66,000	66,000	6,600	6,600
	<u>166,000</u>	<u>166,000</u>	<u>106,600</u>	<u>106,600</u>

The shares rank pari passu regarding dividends and voting rights.

In the event of a sale or liquidation the subscription price paid for the series A shares shall be distributed in priority with the residue being distributed on a pro rata basis.

22 Financial commitments, guarantees and contingent liabilities

The terms of contracts for the supply of services entered into by the company provide for repayment of amounts received if regulatory approval of the technology is not obtained. The projects covered by the contracts are closely monitored by the company and the clients and at the balance sheet date no provision has been made as the directors consider it unlikely that repayments will become due. The amount of the contingent liability is £11,924,982.

23 Operating lease commitments

Lessee

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

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Within one year	483,528	431,915	483,528	431,915
Between two and five years	761,504	653,639	761,504	653,639
	<u>1,245,032</u>	<u>1,085,554</u>	<u>1,245,032</u>	<u>1,085,554</u>

24 Related party transactions

Transactions with related parties

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Related party transactions

(Continued)

QIAGEN NV is a 19.88% shareholder in APIS Assay Technologies Limited.

During the period, the company was party to several development agreements with Stat Dx Life, a subsidiary of QIAGEN NV. Revenue of £1,568,212 has been recognised in the period, of which £641,674 is included in trade debtors. Of this revenue, £685,025 is included within other debtors as accrued income, and £919,020 included in deferred income.

In the period, a number of Stat Dx Life agreements were reassigned to QIAGEN GmbH (another QIAGEN group company). Revenue of £3,616,091 has been recognised in the period, of which £1,218,096 is included in trade debtors.

During a prior period, the company granted an option to Stat Dx Life to acquire certain commercial rights related to technology being developed by the company. The option expired in 2021 and was not exercised. As a result, £3,000,000 was recognised within revenue and £3,000,000 was repaid to Stat Dx Life in the prior year.

During the period, the company purchased consumables from a number of subsidiaries of QIAGEN NV. A summary of these has been included below:

QIAGEN Beverly LLC - £1,650 (2021: £5,189)
QIAGEN DNA Synthesis AB - £218,156 (2021: £ Nil)
QIAGEN GmbH - £11,965 (2021: £4,345)
QIAGEN Limited - £188,679 (2021: £82,565)
Stat-Dx Life S.L. - £1,011,128 (2021: £ Nil)

During the year a payment of £5,000 (2021: £20,000) was made to Dinmore LLP, a limited liability partnership of which M D Rahn is a partner, for professional services.

Other information

The Council of the City of Manchester is a 19.88% shareholder. Grant income of £729,235 (2021: £3,662,661) was recognised in the year and is reflected in other operating income. The grant began in 2018 and came to an end in the year. Rates of £140,666 were recognised and paid to the Council of the City of Manchester.

25 Directors' transactions

At the reporting date, €245,000 was owed to J Schorr relating to his waiver of first rights of exploitation as part of the acquisition of Clickmer Systems GmbH in the year.

26 Controlling party

The ultimate controlling party of the company is J Schorr.

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Cash (absorbed by)/generated from group operations

	2022	2021
	£	£
(Loss)/profit for the year after tax	(4,262,969)	3,791,027
Adjustments for:		
Taxation (credited)/charged	(66,060)	889,432
Finance costs	-	25,100
Investment income	(37,361)	(8,990)
Amortisation and impairment of intangible assets	150,127	26,772
Depreciation and impairment of tangible fixed assets	498,907	385,701
Release of derivatives	-	(6,000,000)
Movements in working capital:		
(Increase)/decrease in debtors	(1,433,771)	2,034,376
Increase in creditors	328,372	44,963
Cash (absorbed by)/generated from operations	(4,822,755)	1,188,381

28 Cash (absorbed by)/generated from operations - company

	2022	2021
	£	£
(Loss)/profit for the year after tax	(3,619,018)	3,697,466
Adjustments for:		
Taxation (credited)/charged	(72,415)	854,001
Finance costs	-	25,100
Investment income	(49,937)	(10,457)
Depreciation and impairment of tangible fixed assets	474,912	375,804
Release of derivatives	-	(6,000,000)
Movements in working capital:		
(Increase)/decrease in debtors	(3,654,847)	2,119,275
Increase/(decrease) in creditors	96,701	(42,480)
Cash (absorbed by)/generated from operations	(6,824,604)	1,018,709

29 Analysis of changes in net funds - group

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	23,238,500	(8,348,729)	14,889,771

APIS ASSAY TECHNOLOGIES LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

30 Analysis of changes in net funds - company

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	23,046,960	(8,253,200)	14,793,760

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.