

Genomics plc

Annual Report and Consolidated Financial Statements 31 December 2022

Registered Number: 08839972



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STRATEGIC REPORT

for the year ended 31 December 2022

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

Review of business

The Group is leading the new field of genomic risk prediction: a paradigm-changing approach to sustainable healthcare that allows reliable, personalised estimates of risk for common diseases, years in advance of disease manifestation, allowing targeted interventions and tailored screening to prevent disease entirely, or to catch it early when outcomes remain favourable, and to advance treatment of disease.

Principal activities are centred around three core client segments: Enterprise, Life Sciences and Payers & Providers. Current focus markets are the UK and the US, with other geographies considered for the future and enabled by the Group's established capabilities to deliver products globally. Whilst the Group is at the beginning of commercialisation, revenue is already generated in both focus markets and across all three customer segments, with Life Sciences currently being the largest.

Enterprise

- In 2022, the Group successfully delivered a commercial pilot with a top five US life insurer.
- The Group is now commercialising its end-to-end product solution with a broad range of enterprise clients, including life insurance.

Life Sciences

- The Group is working with pharmaceutical companies to enhance clinical trial selection, support therapeutic expansion and improve the development of new drug targets.
- The existing multi-year collaboration with Vertex Pharmaceuticals Inc. has successfully grown by more than 40% during the financial year.
- The Group is currently negotiating the first opportunity of its kind to develop a companion diagnostic based on genomic risk.

Payers & Providers

- During the financial year 2022, the Group entered a partnership with Our Future Health, the UK's largest health research program with up to five million participants.
- In this multi-year partnership, the Group is the exclusive provider of polygenic risk scores to Our Future Health and will see results across multiple diseases returned to participants.
- The Group has also conducted a pioneering clinical trial – the HEART study – with over 800 participants in the UK. In this study, a genetic based risk assessment was combined with the current standard of care (QRISK2) to provide an integrated risk tool for cardiovascular disease risk management to primary care physicians.

STRATEGIC REPORT (continued)

To support all of these areas of activity, efforts have continued to source and obtain data from genomic and functional genomic studies and then integrate into one harmonised, 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 Group has continued to validate its methods in a broad range of geographies and ancestries including the US and Asia-Pacific, and to publish its findings in scientific papers. The American Heart Association's scientific statement explicitly referenced the Group's publication in the management of cardiovascular disease risk as best in class.

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

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Revenue	3,734,765	2,542,268
Operating loss	(18,929,146)	(14,511,601)
Loss for the period	(16,401,588)	(12,448,386)
Shareholders' funds	15,973,808	30,334,903
Average number of employees	132	111

Principal Risks and Uncertainties

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

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.

STRATEGIC REPORT (continued)

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.

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 offers attractive remuneration and benefits packages, including share option schemes, to staff throughout the organisation. 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 £15,973,808 at 31 December 2022 (2021: £30,334,903).

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.

Section 172 of the Companies Act 2006 Statement

In accordance with the Companies Act 2006 (the "Act"), the Directors provide this statement describing how they have had regard to the matters set out in Section 172 of the Act, when performing their duty to promote the success of the Group, under Section 172. In doing this, section 172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and others;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct;
- and
- need to act fairly as between members of the Group.

In discharging its section 172 duties the Group has regard to the factors set out above. The Group also has regard to other factors which it considers relevant to the decision being made. Those factors, for example, include the interests and views of the Group's employees and other stakeholders, including customers, suppliers, strategic partners, and shareholders; the impact of the Group's activities on the community and the environment; and the Group's reputation. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its shareholders in the long term.

a. The likely consequences of any decision in the long-term

The Directors make decisions in the long-term interest and sustainability of the business. There is a 10 year business plan that drives long-term growth. Examples of current activities are outlined above in the review of business.

STRATEGIC REPORT (continued)

b. The interests of the Group's employees

The Group has an inclusive approach to recruitment, retention and promotion. We appoint colleagues according to their role and talent. We have ongoing diversity and inclusion programs and this remains a priority in our overall people strategy.

We remain committed to equality and diversity within the workplace. We are proud of our diverse workforce and the role that everybody plays in the success of our business.

The Group has comprehensive policies and procedures for employees, including equal opportunities, flexible working and family leave.

c. The need to foster the Group's business relationships with suppliers, customers and others

Business relationships with suppliers, customers and other stakeholders are of great importance to the Group and of key importance in delivering our long-term development and growth.

The Group has long-term relationships with suppliers locally, nationally and internationally, many of whom have grown with the business over the preceding years. Supplier payment terms and prices are negotiated at an arm's-length. Payments to suppliers are made in line with agreed payment terms and the business takes a collaborative approach in ensuring agreed programs are successfully delivered.

Internal policies, including an anti-bribery and anti-corruption policy, are in place and communicated to all employees, to ensure the Group conducts all of its business in an honest and ethical manner.

d. The impact of the Group's operation on the community and the environment

The Group considers its impact on the environment, for example by assessing the impact of new business supply chains. Effort is made to ensure transportation is optimised.

The Group's offices target a paper free environment, and recycling schemes are fully embraced in our offices. Our data warehouse uses 100% renewable energy. Travel is kept to a minimum and a hybrid working policy is in place further reducing daily employee travel.

e. The desirability of the Group maintaining a reputation for high standards of business conduct

Board meetings are held at least quarterly. These meetings include financial performance, commercial discussions and contract negotiations, annual reports, budget and forecast approvals, business and market reviews and remuneration reviews.


There is also a weekly all employee meeting where important topics are discussed, policies and procedures are communicated, and expectations shared.

f. The need to act fairly between members of the Group

The subsidiary, Genomics Inc., is 100% owned by its parent, Genomics plc. Therefore, business decisions do not have any impact on the need to act fairly between members of the Group. All decisions are made with the best interests of all members of the Group.

STRATEGIC REPORT (continued)

On behalf of the Board

DocuSigned by:

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Professor Peter J Donnelly

Chief Executive Officer

20 March 2023
Date:

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

DIRECTORS' REPORT

for the year ended 31 December 2022

The Directors present their report with the financial statements of the Group for the year ended 31 December 2022. In 2021, the Directors took the decision to change the Company's accounting reference date to 31 December and consequently the prior year financial statements are for an 11-month period. As a result, the comparative amounts presented in these financial statements, including the related notes, are not entirely comparable.

Dividends

The Directors do not recommend the payment of a dividend for the year (period ended 31 December 2021: £nil).

Research and development

The Group has incurred research and development expenditure of £10,677,859 (period ended 31 December 2021: £8,406,930) 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 January 2022 to the date of this report.

S P Dingemans (appointed 7 September 2022)

Dr D Altshuler

Professor S C Davies

Professor P J Donnelly

Dr S Knight

Professor G McVean

D R Norwood

J Tananbaum

Dr S C Williams

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £16,401,588 for the year to 31 December 2022 (2021: loss of £12,448,386), operating cash outflow of £8,096,236 (2021: operating cash inflow of £5,965,222) and at 31 December 2022 has cash and cash equivalents of £13,172,355. Further, the Directors consider that the current economic outlook presents significant challenges in terms of securing new commercial contracts. Whilst the Directors have instituted measures to preserve cash and secure additional finance, there is uncertainty over future trading results and cash flows.

The Group has made significant progress with its research and development and commercialisation activities in 2022. The Group held cash and cash equivalents of £13,172,355 as at 31 December 2022, with these funds expected to cover the working capital requirements to September 2023.

DIRECTORS' REPORT (continued)

Going concern (continued)

The Directors have performed a going concern assessment for the period to April 2024 ("the assessment period") which includes forecasts for the whole assessment period. These forecasts assume that the existing commercial relationships are maintained and new contracts are signed. Operating expenses are mainly dependent on total contract volumes.

The Company has commenced discussions with existing and new investors to secure additional funding by September 2023, however no formal terms have been agreed at this stage. The level of funding requested from existing and new investors will be accurately determined following completion of the formal discussions. However, the funding level requested will exceed the working capital requirements for a period of at least 12 months from the date of approval of these financial statements. The Directors are confident that as at the date of approval of these financial statements that they will be able to secure additional funding but there can be no certainty that this funding will be available. If the funding is not forthcoming the Group will not be able to meet its liabilities beyond September 2023.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Political contributions

The Group made no political donations nor incurred any political expenditure during the year (period ended 31 December 2021: £nil).

Statement as to disclosure of information to auditor

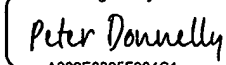
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each Director has taken all the steps 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 20 March 2023

DocuSigned by:


A202F0395F994C1
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 year ended 31 December 2022

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 year ended 31 December 2022 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 accounting policies in note.

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 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Basis of Preparation in the Group Accounting Policies on page 21 which indicates that the Group's and the parent Company's ability to continue as a going concern is dependent on the successful completion of a funding round by 1 September 2023. These events and conditions, along with the other matters explained in Basis of Preparation in the Group Accounting Policies, constitute a material uncertainty that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENOMICS PLC

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- 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 not appropriately recognised as per the contract terms.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and 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 those posted to unusual accounts involving revenue and cash, entries containing consistent ending numbers and certain keywords.

Identifying and responding to risks of material misstatement related due to 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENOMICS PLC

Secondly, the Group and Company are 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: data protection laws, employment law, regulatory capital and liquidity, and certain aspects of company legislation, recognising the nature of the Group's and 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.

Strategic report and Directors' report

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

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

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

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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENOMICS PLC

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.

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

Suite 23
BLOCK
Royal William Yard
Plymouth
PL1 3RP

21 March 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	11-months ended 31 December 2021 £
Revenue	2	3,734,765	2,542,268
Administrative expenses		(22,663,911)	(17,053,869)
Operating loss	3	(18,929,146)	(14,511,601)
Finance income	6	92,384	75,360
Finance expense	7	(759)	(595)
Loss before tax		(18,837,521)	(14,436,836)
Taxation	8	2,435,933	1,988,450
Loss for the year/period		(16,401,588)	(12,448,386)

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 year ended 31 December 2022

	Year ended 31 December 2022 £	11-months ended 31 December 2021 £
Loss for the year/period	(16,401,588)	(12,448,386)
<i>Other comprehensive income and expenses:</i>		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	20,946	(5,262)
Other comprehensive expense	20,946	(5,262)
Total comprehensive expense for the year/period	(16,380,642)	(12,453,648)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 31 December 2022

		As at 31 December 2022	As at 31 December 2021
	Notes	£	£
Fixed assets			
Property, plant and equipment	9	837,570	753,444
Current assets			
Trade and other receivables	11	4,185,384	3,485,412
Other financial assets	12	-	6,500,000
Cash and cash equivalents	13	13,172,355	21,264,466
		17,357,739	31,249,878
Creditors			
Amounts falling due within one year	14	(2,056,476)	(1,555,114)
Net current assets		15,301,263	29,694,764
Total assets less current liabilities		16,138,833	30,448,208
Provisions for liabilities	17	(165,025)	(113,305)
NET ASSETS		15,973,808	30,334,903
Capital and reserves			
Called up share capital	18	136,381	133,130
Share premium account		71,337,606	70,561,176
Own share reserve	18	(4,504,176)	(3,873,727)
Profit and loss account		(50,996,003)	(36,485,676)
SHAREHOLDERS' FUNDS		15,973,808	30,334,903

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2023..... They were signed on its behalf by:

Professor Peter J Donnelly
Chief Executive Officer

DocuSigned by:

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Company Number: 08839972

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022


	Notes	As at 31 December 2022 £	As at 31 December 2021 £
Fixed assets			
Investments	10	1,555	1,555
Property, plant and equipment	9	833,093	753,444
		834,648	754,999
Current assets			
Trade and other receivables	11	6,205,690	4,107,491
Other financial assets	12	-	6,500,000
Cash and cash equivalents	13	13,143,509	21,229,488
		19,349,199	31,836,979
Creditors			
Amounts falling due within one year	14	(1,652,936)	(1,427,879)
Net current assets		17,696,263	30,409,100
Total assets less current liabilities		18,530,911	31,164,099
Provisions for liabilities	17	(165,025)	(113,305)
NET ASSETS		18,365,886	31,050,794
Capital and reserves			
Called up share capital	18	136,381	133,130
Share premium account		71,337,606	70,561,176
Own share reserve	18	(4,504,176)	(3,873,727)
Profit and loss account		(48,603,925)	(35,769,785)
SHAREHOLDERS' FUNDS		18,365,886	31,050,794

The loss for the year in the accounts of the Company is £14,704,455 (period ended 31 December 2021: loss of £11,738,048).

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2023. They were signed on its behalf by:

Professor Peter J Donnelly
Chief Executive Officer

DocuSigned by:

A202E0395F904C1...

Company Number: 08839972

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital £	Share premium account £	Own share reserve £	Retained earnings £	Total equity £
At 1 February 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
Loss for the year	-	-	-	(16,401,588)	(16,401,588)
Other comprehensive expense for the year	-	-	-	20,946	20,946
Total comprehensive expense for the year	-	-	-	(16,380,642)	(16,380,642)
Shares issued	3,251	776,430	(630,449)	-	149,232
Share based payment charge	-	-	-	1,870,315	1,870,315
At 31 December 2022	136,381	71,337,606	(4,504,176)	(50,996,003)	15,973,808

The accompanying notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital £	Share premium account £	Own share reserve £	Profit and loss account £	Total equity £
At 1 February 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
Loss for the year	-	-	-	(14,704,455)	(14,704,455)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(14,704,455)	(14,704,455)
Shares issued	3,251	776,430	(630,449)	-	149,232
Share based payment charge	-	-	-	1,870,315	1,870,315
At 31 December 2022	136,381	71,337,606	(4,504,176)	(48,603,925)	18,365,886

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022

	Year ended 31 December 2022 £	11-months ended 31 December 2021 £
Cash flows from operating activities		
Loss before tax	(18,837,521)	(14,436,836)
Depreciation of property, plant and equipment	404,996	488,429
Loss on disposal of property, plant and equipment	-	3,412
Share-based payment expense	1,870,315	982,196
Research and development expenditure credits	(232,113)	(106,988)
Finance income	(92,384)	(75,360)
Finance expense	759	595
Increase in provisions	51,720	51,720
Increase in trade and other receivables	(299,968)	(23,248)
Increase in trade and other payables	518,183	476,232
Cash used in operations	(16,616,013)	(12,639,848)
Finance expense	(759)	(595)
Tax refunded	2,268,042	2,878,400
Net cash outflow from operating activities	(14,348,730)	(9,762,043)
Cash flows from investing activities		
Purchase of property, plant and equipment	(489,122)	(214,015)
Movement in long term bank deposits	6,500,000	(6,500,000)
Finance income	92,384	75,360
Net cash inflow/(outflow) from investing activities	6,103,262	(6,638,655)
Cash flows from financing activities		
Share issue	149,232	22,365,920
Net cash inflow from financing activities	149,232	22,365,920
(Decrease)/increase in cash and cash equivalents	(8,096,236)	5,965,222
Cash and cash equivalents at beginning of the period	21,264,466	15,299,227
Effect of exchange rate fluctuations on cash held	4,125	17
Cash and cash equivalents at end of the period (note 21)	13,172,355	21,264,466

The accompanying notes form part of these financial statements.

GROUP ACCOUNTING POLICIES

for the year ended 31 December 2022

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 financial statements are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £16,401,588 for the year to 31 December 2022 (2021: loss of £12,448,386), operating cash outflow of £8,096,236 (2021: operating cash inflow of £5,965,222) and at 31 December 2022 has cash and cash equivalents of £13,172,355. Further, the Directors consider that the current economic outlook presents significant challenges in terms of securing new commercial contracts. Whilst the Directors have instituted measures to preserve cash and secure additional finance, there is uncertainty over future trading results and cash flows.

The Group has made significant progress with its research and development and commercialisation activities in 2022. The Group held cash and cash equivalents of £13,172,355 as at 31 December 2022, with these funds expected to cover the working capital requirements to September 2023.

The Directors have performed a going concern assessment for the period to April 2024 ("the assessment period") which includes forecasts for the whole assessment period.

GROUP ACCOUNTING POLICIES (continued)

These forecasts assume that the existing commercial relationships are maintained and new contracts are signed. Operating expenses are mainly dependent on total contract volumes.

The Company has commenced discussions with existing and new investors to secure additional funding by September 2023, however, no formal terms have been agreed at this stage. The level of funding requested from existing and new investors will be accurately determined following completion of the formal discussions. However, the funding level requested will exceed the working capital requirements for a period of at least 12 months from the date of approval of these financial statements. The Directors are confident that as at the date of approval of these financial statements that they will be able to secure additional funding but there can be no certainty that this funding will be available.

If the funding is not forthcoming the Group will not be able to meet its liabilities beyond September 2023.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

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.

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.

GROUP ACCOUNTING POLICIES (continued)

Research and development

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

Development costs 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.

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.

GROUP ACCOUNTING POLICIES (continued)

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 transaction price 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 transaction price 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 year ended 31 December 2022

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:

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
United Kingdom	-	185,000
Rest of the world	3,734,765	2,357,268
	3,734,765	2,542,268

3 Operating Loss

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

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Research and development – current year expenditure	10,677,859	8,406,930
Depreciation of property, plant and equipment	404,996	488,429
Loss/(profit) on disposal of property, plant and equipment	-	3,412
Operating lease expense	656,197	454,608
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	59,950	43,500
Fees payable to the Company's auditor and its associates for other services to the Group:		
- Other services	-	-
Exchange gains	(1,305,775)	(62,445)
Share-based payment charge	1,870,315	982,196

The amount of exchange differences recognised in other comprehensive income arising during the year was £20,946 (period ended 31 December 2021: £5,262).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

4 Employees

Staff costs consist of:

Group and Company	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Wages and salaries	11,903,574	8,993,990
Social security costs	1,524,423	1,134,125
Cost of defined contribution pension schemes	1,267,771	484,688
	14,695,768	10,612,803
Share-based payment expense – equity settled	1,870,315	982,196
Total	16,566,083	11,594,999

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	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Research and development	93	85
Operations and administration	39	26
Total	132	111

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 £124,634 (period ended 31 December 2021: £90,352) were payable to the fund at the period end and are included in creditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

5 Directors' remuneration

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Directors' remuneration	733,190	656,990
Company contributions to defined contribution pension schemes	28,025	14,569
	761,215	671,559

There was one Director in the Group's defined contribution pension scheme (2021: one). Emoluments of the highest paid Director were £403,478 (period ended 31 December 2021: £354,032). Company pension contributions of £nil (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 3 (period ended 31 December 2021: 2). No Directors exercised share options during the current or prior period.

6 Finance Income

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Interest on bank deposits	92,384	75,360
Finance income	92,384	75,360

7 Finance Expense

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Other interest payable	759	595
Finance expense	759	595

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

8 Taxation

Total tax expense recognised in the consolidated statement of comprehensive income:

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
<i>Current tax:</i>		
R & D tax credits receivable on losses for the period	(2,267,210)	(2,000,000)
Adjustments in respect of prior periods	(168,723)	9,100
Foreign taxes paid	-	2,450
Total current tax	(2,435,933)	(1,988,450)
<i>Deferred tax:</i>	-	-
Total deferred tax	-	-
Total tax	(2,435,933)	(1,988,450)

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

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Loss for the year/period	(16,401,588)	(12,448,386)
Total tax credit	(2,435,933)	(1,988,450)
Loss excluding taxation	(18,837,521)	(14,436,836)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	(3,579,129)	(2,742,999)
Effects of:		
Expenses not deductible for tax purposes	415,978	203,156
Deferred tax not provided	1,846,713	1,547,880
R & D tax credit scheme enhancement adjustments	(950,125)	(1,008,037)
Employee share acquisition adjustment	(647)	-
Foreign taxes	-	2,450
Prior year adjustments	(168,723)	9,100
Total tax credit receivable	(2,435,933)	(1,988,450)

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

8 Taxation (continued)

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 Group has tax losses amounting to £32,080,000 (2021: £22,066,000), of which £29,986,000 (2021: £21,377,000) arises in the UK and £2,094,000 (2021: £689,000) arises in the USA. These losses are available indefinitely for offset against future taxable profits or to be offset against claims for research and development tax credits.

The Group also has unrecognised notional tax credits of £126,856 (2021: £101,625) relating to research and development tax credit claim which are available to carry forward against future tax liabilities.

Unrecognised deferred tax asset

The Group has net deferred tax assets of £9,153,864 (2021: £6,238,582) which have not been recognised as there is no certainty that they may not be used to offset against future taxable profits for some time. These assets arise as follows:

	Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Asset arising on trading losses carried forward	8,020,000	5,516,000
Asset arising on share-based payments	1,235,864	780,582
Less: deferred tax liability on property, plant and equipment	(102,000)	(58,000)
Net deferred tax asset	9,153,864	6,238,582

Deferred tax has been calculated at the rate of 25% (2021: 25%).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

9 Property, plant and equipment

Group

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
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
Additions	-	-	489,156	489,156
At 31 December 2022	615,396	155,306	2,491,629	3,262,331
Depreciation				
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
Charge for the period	63,155	23,921	317,920	404,996
Exchange differences	-	-	34	34
At 31 December 2022	346,903	112,499	1,965,359	2,424,761
Net book value				
At 31 December 2022	268,493	42,807	526,270	837,570
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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

9 Property, plant and equipment (continued)

Company

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
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
Additions	-	-	482,956	482,956
At 31 December 2022	615,396	155,306	2,485,429	3,256,131
Depreciation				
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
Charge for the period	63,155	23,921	316,231	403,307
At 31 December 2022	346,903	112,499	1,963,636	2,423,038
Net book value				
At 31 December 2022	268,493	42,807	521,793	833,093
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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

10. Fixed asset investments

Company

	Group undertakings £
At 1 January 2022	1,555
At 31 December 2022	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, 13 th 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 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade receivables	2,345	3,696	2,345	3,696
Other receivables	441,224	327,606	437,952	327,606
Income tax receivable	2,400,004	2,000,000	2,400,004	2,000,000
Amounts due from group undertakings	-	-	2,029,545	622,079
Prepayments and accrued income	1,341,811	1,154,110	1,335,844	1,154,110
	4,185,384	3,485,412	6,205,690	4,107,491

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

	2022 £	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 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	3,345,950	10,307,395	3,317,104	10,272,417
Short-term deposits	9,826,405	10,957,071	9,826,405	10,957,071
	13,172,355	21,264,466	13,143,509	21,229,488

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 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade payables	381,129	320,762	283,558	299,669
Social security and other taxes	445,340	429,477	445,340	429,477
Other payables	137,247	100,458	134,147	100,458
Accruals and deferred income	1,092,760	704,417	789,891	598,275
	2,056,476	1,555,114	1,652,936	1,427,879

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:

	2022 £	2021 £
Within one year	659,964	641,697
Between one and five years	945,357	1,729,705
	1,605,321	2,371,402

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 £348,080 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

16 Financial instruments

Non-derivative financial assets

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

	2022 £	2021 £
Due within 3 months		
Cash and cash equivalents	13,172,355	21,264,466
Trade receivables	2,345	3,696
Other receivables	441,224	327,606
	13,615,924	21,595,768
Due between 3 and 12 months		
Other financial assets - term deposits	-	6,500,000
Other receivables	2,400,004	2,000,000
	2,400,004	8,500,000
Total	16,015,928	30,095,768

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:

	2022 £	2021 £
Due within 3 months		
Trade payables	381,129	320,762
Other payables	1,675,347	1,234,352
Total	2,056,476	1,555,114

17 Provisions

Group and Company

	2022 £	2021 £
Property costs		
At the beginning of the period	113,305	61,585
Provisions made in the period	51,720	51,720
At the end of the period	165,025	113,305

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

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					
<i>Ordinary shares of 1p each</i>					
At the start of the year	11,468,373	114,684	66,705,895	-	66,820,579
Issue of shares	24,862	248	148,873	-	149,121
At the end of the year	11,493,235	114,932	66,854,768	-	66,969,700
<i>G Ordinary shares of 1p each</i>					
At the start of the year	1,844,632	18,446	3,855,281	(3,873,727)	-
Issue of shares	300,267	3,003	627,557	(630,449)	111
At the end of the year	2,144,899	21,449	4,482,838	(4,504,176)	111
Total - at the end of the year	13,638,134	136,381	71,337,606	(4,504,176)	66,969,811

On 1 November 2022 the Company issued 11,111 Ordinary shares of £0.01 each at a price of £9 per share, resulting in gross proceeds of £99,999 following an equity issue to a Director.

On 1 November 2022 the Company issued 289,156 G Ordinary shares of £0.01 each at a price of £2.10 per share, for non-cash consideration of £607,227. A further 11,111 G Ordinary shares were issued on 1 November 2022 at the same price, for cash consideration of £111 and non-cash consideration of £23,222.

On various dates during the period the Company issued 13,751 Ordinary shares at prices ranging between £2.55 per share and £3.82 per share following the exercise of share options in the Company's share option schemes. Total proceeds from these exercises were £49,121.

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 2,144,899 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 2022 the nominee held 2,144,899 of the Company's shares (2021: 1,844,632). The shares are held for the purpose of the growth share scheme and all of these shares are under option to Directors and employees.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

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 £3,239,475 (period ended 31 December 2021: £2,237,243), 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 2022, no amounts were due from Vertex Pharmaceuticals Incorporated in respect of outstanding sales invoices (2021: £nil). At 31 December 2022, included within trade and other receivables is an amount of £616,661 (2021: £606,640) in respect of accrued income relating to work undertaken for Vertex Pharmaceuticals Incorporated, which was not invoiced until January 2023 in accordance with the terms of the contract with that company.

In the financial statements of the parent Company, an amount of £2,029,545 (2021: £622,079) 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 2022 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 2022, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (including amounts due from subsidiaries) (2021: £nil).

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

20 Share-based payment transactions (continued)

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

	EMI Options	Unapproved Options	Total	Weighted average exercise price per share (p)
At 31 January 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
Granted	394,150	16,500	410,650	403.82
Exercised	(13,751)	-	(13,751)	357.22
Lapsed/forfeited	(41,481)	(49,369)	(90,850)	389.88
At 31 December 2022	773,411	299,113	1,072,524	335.73
Exercisable at 31 December 2022	432,607	281,147	713,754	299.22

There were 713,754 share options outstanding at 31 December 2022 which were eligible to be exercised (2021: 581,655). 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 2022. Options have a range of exercise prices ranging from nominal value to 925 pence per share and have a weighted contractual life of 7.51 years (2021: 7.02 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	3.04%
Weighted average exercise price of a share	403.82

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

Growth shares

The Company operates 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 2022, 300,267 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

20 Share-based payment transactions (continued)

Movements in the period are as follows:

	Total	Purchase price per share (p)
At 31 January 2021	-	-
Issued in the year	1,844,632	210.00
At 31 December 2021	1,844,632	210.00
Issued in the year	300,267	210.00
At 31 December 2022	2,144,899	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 £1,870,315 (2021: £982,196) in the income statement in respect of share-based payments related to both the share option schemes and the growth share scheme.

21 Reconciliation of Net Funds

	31 December 2021 £	Cash flow £	Exchange differences £	31 December 2022 £
Cash and short-term deposits	21,264,466	(8,096,236)	4,125	13,172,355
Term deposits	6,500,000	(6,500,000)	-	-
Net funds	27,764,466	(14,596,236)	4,125	13,172,355

22 Capital commitments

The Group had no capital commitments at 31 December 2022 (2021: £413,000).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(continued)

23 Post balance sheet events

Following recent developments in the banking markets, the Directors have re-assessed the cash and deposits held by the company at the date of signing the financial statements as well as at the balance sheet date. The Directors believe the cash resources available to the Company are secure. In coming to this conclusion the Directors have taken into account recent assurances given by Regulators and Government. As a result there is no impact on the financial statements.