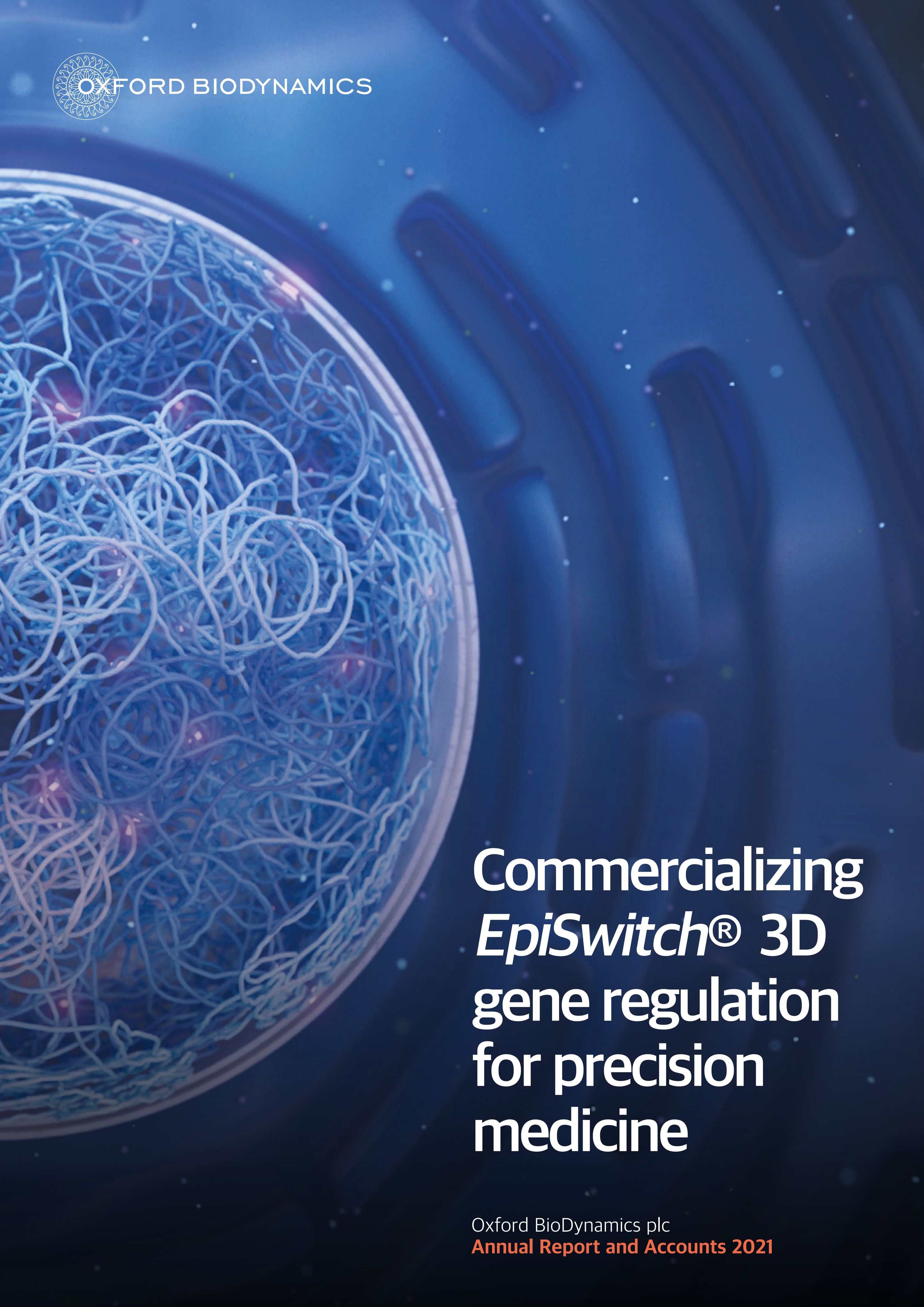


OXFORD BIODYNAMICS

Commercializing *EpiSwitch*® 3D gene regulation for precision medicine

Oxford BioDynamics plc

Annual Report and Accounts 2021

We are a global biotechnology company advancing personalized healthcare by developing and commercializing precision medicine tests for life-changing diseases.

Since last year's report, we have launched our first commercial test, *EpiSwitch*® CST (Covid Severity Test) and the first commercially available microarray kit for high-resolution 3D genome profiling and biomarker discovery, *EpiSwitch*® Explorer Array Kit. We expect to launch our second commercial test, *EpiSwitch*® CiRT (Checkpoint Inhibitor Response Test) in the near future.

The 3D configuration of the genome plays a crucial role in gene regulation. By mapping this architecture and identifying abnormal configurations our award-winning proprietary platform, *EpiSwitch*®, can be used to diagnose patients or determine how individuals might respond to a disease or treatment.

Built on over 10 years of research, *EpiSwitch*® enables screening, evaluation, validation and monitoring of 3D genomic biomarkers. The technology is fully developed, based on testing of over 10,000 samples in 30 disease areas, and reduced to practice.

Cautionary statement

Sections of this Annual Report, including but not limited to the Strategic Report, the Remuneration report and the Directors' report, may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial condition, business performance and results of the Company. These have been made by the Directors in good faith using information available up to the date on which they approved this report. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual future financial conditions, business performance, results or developments of the Company to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

2019

Awarded April 2019

Cover image

Taken from one of OBD's educational videos, which may be viewed at **myobdx.com/EpiSwitchAnimation**

Highlights

Corporate and operational highlights

- Initial launch of *EpiSwitch*® CST (COVID-19 Severity Test) (March 2021)
- Launch of *EpiSwitch*® Explorer Array Kit allowing researchers to access OBD's *EpiSwitch*® technology platform (March 2021)
- Lease and fitout of expanded UK lab and office space (April – September 2021)
- Receipt of prestigious FNIH Partnership for Accelerating Cancer Therapies (PACT) grant award (August 2021)
- Expansion of strategic focus to include development and commercialization of laboratory tests in addition to existing projects with pharma partners (December 2020)
- Strengthening of Senior Management Team and Board, including the appointment of Matthew Wakefield as Non-Executive Chairman (December 2020)

Post-year end highlights

- *EpiSwitch*® CST (COVID severity test) fully available on market in US (November 2021)
- Raising of £3.6m ($5m) by way of subscription from leading US-based healthcare fund, Armistice Capital Master Fund Ltd (October 2021)
- Opening of US offices in Gaithersburg, Maryland (October 2021)

Financial highlights

Revenue

£0.3m

(2020: **£0.5m**)

Operating loss*

£7.5m

(2020: **£5.0m**)

Cash and term deposits

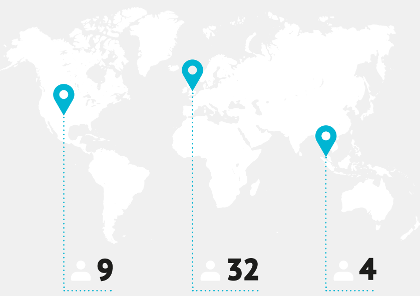
£4.3m

As at 30 September 2021
(2020: **£11.5m)**

* Reflecting planned increased R&D, staff, general and administration costs and depreciation.

Our teams and locations

The Group's 24,000 sq ft headquarters in Oxford, UK houses offices and an ISO-certified, state-of-the-art reference laboratory. OBD's US commercial team has an office in Gaithersburg, MD, USA and the Group has a further ISO-certified reference laboratory in Penang, Malaysia.



Contents

For the latest news and information on our Company and its activities check out our corporate website and Twitter feed to stay up to date.

oxfordbiodynamics.com
@OxBioDynamics

Chief Executive Officer's review

"The Group's flagship *EpiSwitch*® CiRT will be launched shortly.

EpiSwitch® CiRT identifies individuals with a high likelihood of response to ICIs

Read about our Business model on **page 6**

The OBD team has achieved remarkable progress over the last year, with the launch of the Group's first products and the expansion of its UK and US infrastructure leaving the business well positioned for commercial success as we enter 2022. In particular, the forthcoming launch of the flagship *EpiSwitch*® CiRT test in the US will mark a major advance towards the expanded strategic aims announced a little over a year ago. I am pleased to report to shareholders on the progress made during and after the financial year ended 30 September 2021 and immensely proud of the team that has pivoted OBD onto a more commercial footing.

The proprietary products we have developed and launched, based on OBD's *EpiSwitch*® technology, represent the first fruits in an entirely new market, of commercially available, clinically validated and usable 3D genomic tests. 3D genomics will continue to play a crucial role in the personalized medicine revolution and OBD is excellently placed to benefit from the growth that we anticipate in this market over the coming years.

EpiSwitch® CiRT (Checkpoint Inhibitor Response Test)

The Group's flagship *EpiSwitch*® CiRT will be launched shortly once all clinical validation processes are completed. We announced in December 2021 that the final stages of clinical validation of CiRT were being constrained by the resurgence of COVID-19 in the US, causing staffing shortages and surging demand for the processing of COVID diagnostic tests at our partner lab. All validation testing has progressed well to date and as this report goes to press we anticipate launching CiRT® in the near future.

The test benefits cancer patients by assisting oncologists to reach an informed decision on whether to recommend immune checkpoint inhibitor (ICI) therapy. Every cancer patient travels a unique, difficult route from diagnosis to treatment that includes taking complex decisions with their doctor. Many patients are considered for ICI immunotherapy – a different approach to chemotherapy or radiation – that work with a patient's own immune system to find and fight cancer. ICIs have been the paramount breakthrough in cancer treatment in recent years, used as first or second lines of treatment for over 50 cancers. However, fewer than one third of patients receiving ICIs generally respond. Most given ICIs have no benefit and can be seriously impacted by toxicity affecting almost any organ. For these patients, treatment with the wrong therapy delays other options and may come with unnecessary and significant financial costs.

EpiSwitch® CiRT identifies individuals with a high likelihood of response to ICIs, including treatment with anti-PD-L1 and anti-PD-1 immunotherapies. It is the only smart blood test that specifically reports a patient's likely response to ICI monotherapy. The test is taken before the start of ICI treatment to inform a physician who is considering whether to recommend ICIs, enabling the physician and patient to make a more informed and confident decision on whether to start on an ICI or consider other options – without any lost time.

EpiSwitch® CiRT will be available through the Group's partnership with NEXT Molecular Analytics (VA, USA). The test is being clinically validated in NEXT's CLIA-certified laboratory, demonstrating best-in-class performance, with high specificity (93%), sensitivity (84%), accuracy (86%) and PPV (97%).

As well as directly benefiting patients and oncologists, the *EpiSwitch*® CiRT represents an opportunity to save amounts spent on ICI therapy that does not benefit patients (thought to be in excess of $10 billion annually in the US alone).

The Group's commercial team began pre-selling the *EpiSwitch*® CiRT to oncologists in late 2021 and post-launch will be focused on generating sales, including through an extensive digital marketing campaign. Concurrently, the Group will collate evidence of the test's use and clinical utility to be fed into our ongoing interaction with US healthcare payors.

EpiSwitch® CST (COVID Severity Test)

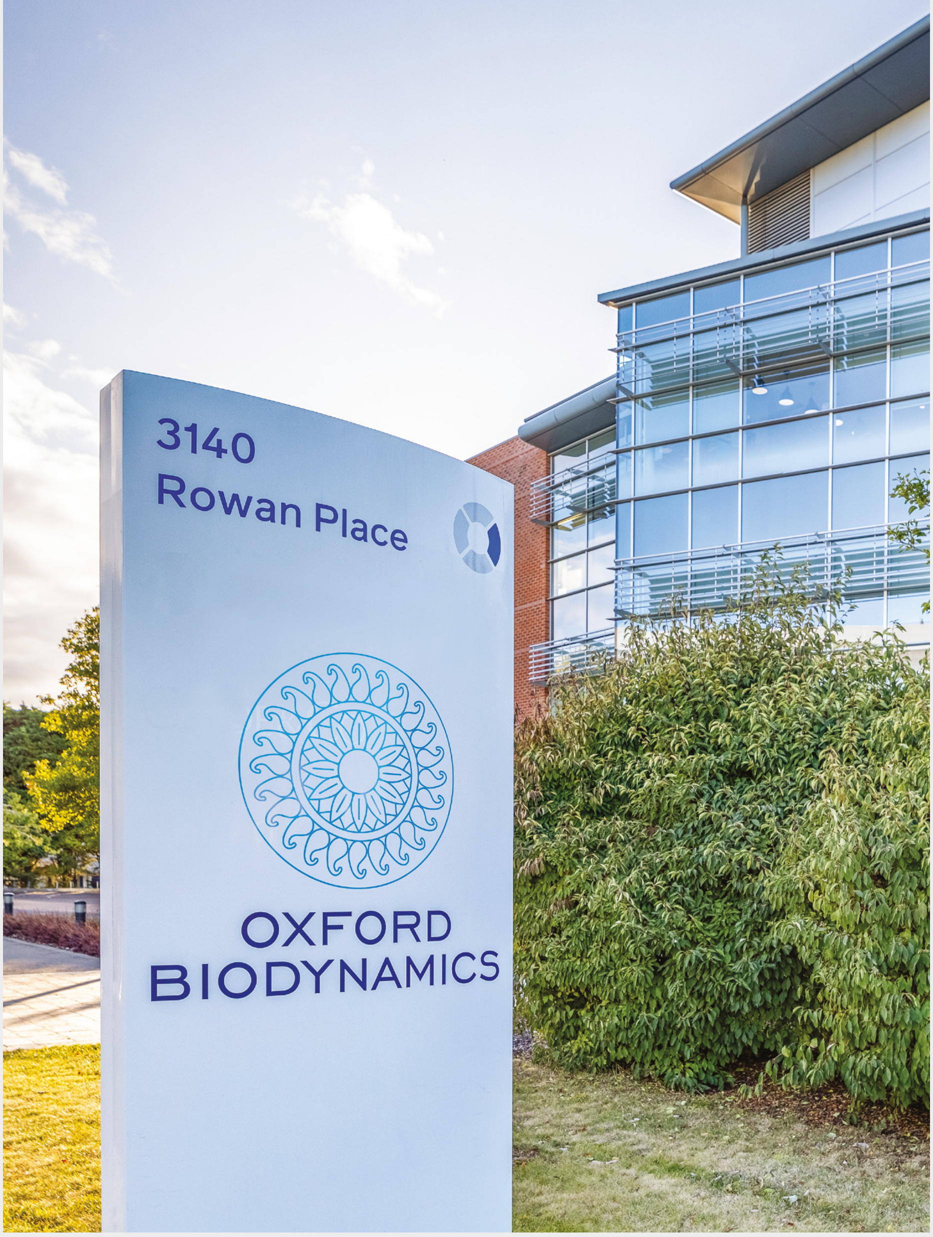
EpiSwitch® CST is the Group's first proprietary test, initially launched in March 2021 and fully available to the US market later in 2021. As previously announced, the validation and reproducibility work to enable the Group's partner lab to perform the test to clinical standards took longer than anticipated, in part because technology transfer teams could not work alongside one another whilst COVID-related restrictions were in place. The unfortunate recent resurgence of the COVID-19 pandemic in late 2021 as well as the likelihood that further variants will emerge mean that, despite the delays experienced in 2021, the Group continues to see a significant opportunity for *EpiSwitch*® CST as an important tool to assess personalized risk in case of infection with the SARS-CoV-2 virus.

The test is being marketed digitally direct to consumers, initially in the US, and can be ordered for patients by healthcare practitioners through the Group's covidseveritytest.com site.

The OBD product development team learnt a lot through the process of technology transfer and clinical validation associated with *EpiSwitch*® CST. Delays to the test's availability were of course frustrating for many of the Group's stakeholders, including management, staff teams and shareholders. However, the process of developing and validating *EpiSwitch*® CST, including transferring an *EpiSwitch*® qPCR to a commercial, CLIA-registered laboratory in the US for the first time, provided invaluable experience which was immediately applied by the team to the development of *EpiSwitch*® CiRT.

EpiSwitch® Explorer Array Kits

We first announced our intention to open up OBD's *EpiSwitch*® technology to researchers across the world in December 2020 and the launch of the *EpiSwitch*® Explorer Array Kit, along with an associated supply and resale agreement with Agilent Technologies (NYSE:A) was completed in March 2021. These kits allow those engaged in R&D in academia or commercial settings to interrogate their own samples using OBD's *EpiSwitch*® 3D genomics platform.



The kits include OBD's proprietary biochemical reagents, alongside custom-designed micro array slides, manufactured by Agilent Technologies, that include almost one million of OBD's custom probes for identifying key features in the 3D structure of the genome.

The Group has successfully engaged with researchers for a number of prestigious academic institutions, providing training in the use of the kit and advice on including the use of 3D genomic testing and specifically *EpiSwitch*® Explorer Array Kits in R&D funding proposals.

Expanded UK and US infrastructure

During the year, the team also delivered on the upgrading of the Group's UK and US infrastructure to support our expanded strategy. At 24,000 sq ft, the new UK laboratory and office space in Oxford is around four times the size of the previous premises. Design work began in earnest in the first quarter of 2021, with construction completed in time for the Group to move in, in September 2021. The newly installed laboratories allow the business to operate our core activities simultaneously, without having to run (for example) product development and work for pharma customers in the same rooms, requiring time-consuming resetting of laboratory equipment.

In addition, the Group had already outgrown its existing office space – the new offices and meeting space in Oxford allow for our planned expansion and are already facilitating improved collaboration within the team.

Shortly after the year-end, the Group also opened its office and training space in Gaithersburg, MD. The new space is conveniently located for many of the Group's US commercial team.

Grant awards, publications and presentations

In August 2021, OBD was awarded an FNIH Partnership for Accelerating Cancer Therapies (PACT) grant to use the *EpiSwitch*® platform for accurate prediction of a patient's response to Immune Checkpoint Inhibitors (ICIs) from a routine blood sample. The grant is worth $910,000 over two years. PACT is a precompetitive collaboration between the National Institutes of Health (NIH), National Cancer Institute (NCI), US Food and Drug Administration (US-FDA), and 12 leading pharmaceutical companies which seeks to provide a systematic approach to cancer biomarker investigation in clinical trials by supporting development of standardized assays.

Chief Executive Officer's review continued

> During the year, the team also delivered on the upgrading of the Group's UK and US infrastructure to support our expanded strategy.

The two-year $910,000 PACT grant awarded to OBD will fund extended application of the *EpiSwitch*® technology used in the development of the Group's *EpiSwitch*® CiRT to the analysis of primary and acquired resistance to ICI in several trials, including over 186 longitudinal samples from an observational trial, encompassing at least four separate ICI therapies and seven common cancer types. In awarding the PACT grant, the reviewers highlighted the strengths of OBD's success in applying the *EpiSwitch*® platform for biomarker discovery, the prior experience of the team, the clinical practicality of non-invasive *EpiSwitch*® testing from blood and the high relevance of the 3D genomic epigenetic modality. Income from the grant is expected to be recognized in the years ending 30 September 2022 and 2023. A total of £169,000 was included in grant creditors at the year end in respect of the PACT grant.

OBD is also one of 26 participants in the EU-funded HIPPOCRATES consortium (Health initiatives in psoriasis and psoriatic arthritis consortium European states) which as a whole was awarded a total of €21 million over five years in July 2021. Psoriasis is an autoimmune disease that primarily affects the skin. However, 20-30% of people with psoriasis develop a condition called psoriatic arthritis (PsA), which results in pain, joint stiffness and fatigue and can dramatically impact the quality of life of those affected. PsA is very hard to diagnose, and it is not possible to predict which psoriasis patients will go on to develop PsA.

The aim of the HIPPOCRATES project is to deliver knowledge and tools that will make it easier to identify psoriasis patients who are at greatest risk of developing PsA and to diagnose them faster. In addition, the team hopes to make it easier to predict how fast a patient's condition is likely to worsen, and which treatments are most likely to be effective for them. The Group's contribution to the project will include developing predictive and theranostic biomarkers for PsA using its *EpiSwitch*® platform. Income from the grant will be recognized during its five-year term. £44,000 of upfront funding received before the year-end was included in grant creditors at the year end.

The year also saw further validation of OBD's technology through publications and invited presentations. The Group's scientists had papers published on prostate cancer [1](“*Chromatin conformation changes in peripheral blood can detect prostate cancer and stratify disease risk groups*” in the Journal of Translational Medicine, January 2021, with collaborators from University of East Anglia, Norfolk and Norwich NHS Trust, Imperial College London and University of Essex), COVID-19 [2](“*3D genomic capture of regulatory immuno-genetic profiles in COVID-19 patients for prognosis of severe COVID disease outcome*” in BioRxiv, March 2021 and [3]“*Development and validation of blood-based prognostic biomarkers for severity of COVID disease outcome using EpiSwitch 3D genomic regulatory immuno-genetic profiling*” in MedRxiv, June 2021) and, post-year end on immuno-oncology [4](“*Development and validation of blood-based predictive biomarkers for response to PD-(L)-1 checkpoint inhibitors: evidence of a universal systemic core of 3D immunogenetic profiling across multiple oncological indications*” in MedRxiv, December 2021). The Group's Chief Scientific Officer gave a presentation at the Boston Society's Applied Biomarker Analysis event in October 2020 entitled “*Clinical Biomarkers for Immune Health in 3D Genomics: From Auto-Immunity to Immuno-Oncology and COVID Severity*” and post-year end in November 2021, with the Group's Chief Data Officer, presented an “*Introduction to EpiSwitch*®” to the Walter and Elisa Hall Institute of Medical Research (WEHI), Melbourne, Australia.

IP portfolio development

OBD has again continued to add to its international patent portfolio over the year, which now extends to 18 families, covering a variety of claims relating to the Group's technology, both broad and specific applications of it, and the Group's pipeline of proprietary tests. The Group's intellectual property is not limited to its patent estate, but also includes significant proprietary know-how and increasingly, brand value as more *EpiSwitch*® products are developed and launched.

Post-year end fundraise

In October 2021, the Group raised £3.62m (US$5m) by way of a subscription for 7,791,803 new shares at 46.5p per share (“Subscription”) from leading US-based healthcare fund, Armistice Capital. Warrants to subscribe for 7,791,803 new ordinary shares at 58.125p per share were issued to Armistice Capital following approval at the Company's general meeting in November 2021. This was an important step for the Group, with the Subscription not only providing funding to accelerate the commercialization of the *EpiSwitch*® product line, particularly the *EpiSwitch*® CiRT test, but also representing a bridge to the US capital markets by adding the Company's first US-based institutional investor.

Planning for progress in 2022

It is gratifying to review progress against the goals the Group set itself a year ago, to drive near-term commercialization of the *EpiSwitch*® technology, via multiple commercial pathways, which began with *EpiSwitch*® CST, making our biomarker arrays and 3D genome bioinformatics tools commercially available to the R&D market (*EpiSwitch*® Explorer Array Kits), expanding our team and infrastructure, continuing to work with pharma to leverage the insights of our 3D genome knowledgebase, and, shortly, launching *EpiSwitch*® CiRT. At the same time, the delays faced, particularly to the full availability of *EpiSwitch*®CST, have been frustrating and positive feedback and engagement from pharma partners was not translated, in the year under review, to significant new revenue.

The Group therefore enters 2022 “full steam ahead” to generate value for our shareholders: *EpiSwitch*® CiRT will be launched soon, *EpiSwitch*®CST is available in the US, we are engaging with researchers keen to use the Explorer Array Kit, and we are planning for further revenue-generating work for pharma customers.

Dr Jon Burrows
Chief Executive Officer
Oxford BioDynamics plc

24 January 2022

Focus on: OBD's UK headquarters

The Group moved into its tailor-made UK headquarters in September 2021

- 24,000 sq ft over three floors in Oxford, UK
- major increase in capacity from previous premises
- houses office, collaboration and state-of-the-art laboratories with dedicated space for each activity
- expanded and improved sample and consumables storage and manufacturing space to support growth
- facility allows delivery of products and services in a scalable way
- OBD remains on the Oxford Business Park continuing strong relationship with our supportive landlord, Arlington

1 Alshaker, H., Mills, R., Hunter, E. et al. *Chromatin conformation changes in peripheral blood can detect prostate cancer and stratify disease risk groups.* J Transl Med 19, 46 (2021). **https://doi.org/10.1186/s12967-021-02710-y**

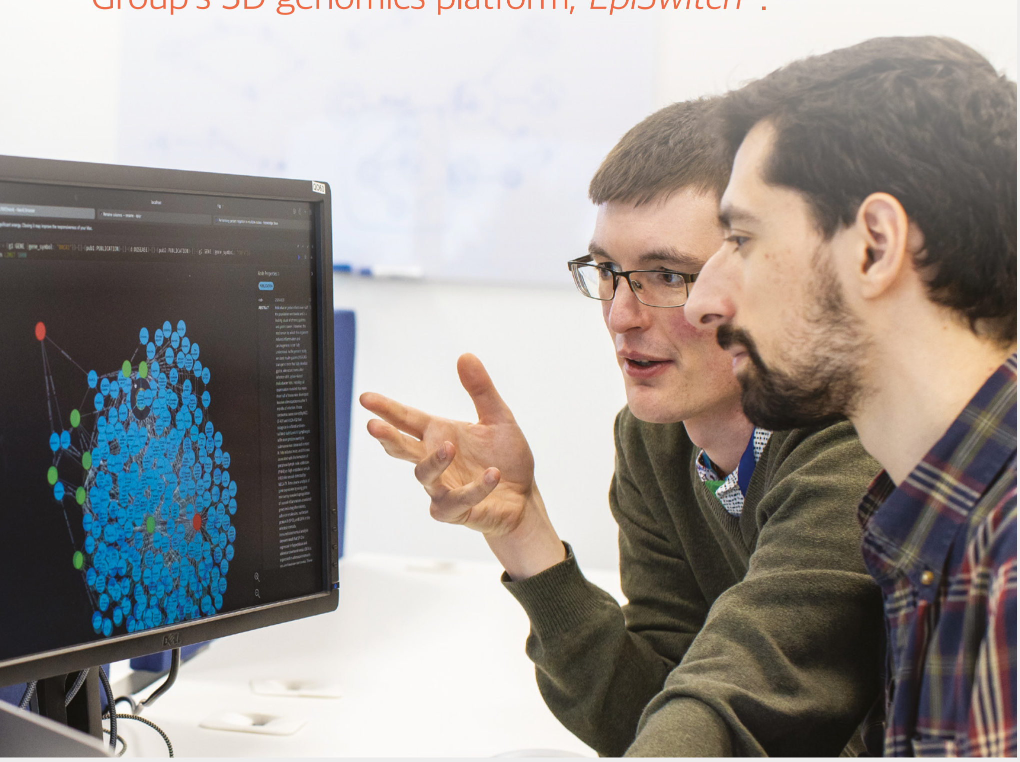
2 *3D genomic capture of regulatory immuno-genetic profiles in COVID-19 patients for prognosis of severe COVID disease outcome* Ewan Hunter, Christina Koutsothanasi, Adam Wilson, Francisco C. Santos, Matthew Salter, Ryan Powell, Ann Dring, Paulina Brajer, Benedict Egan, Jurjen W. Westra, Aroul Ramadass, William Messer, Amanda Brunton, Zoe Lyski, Rama Vancheeswaran, Andrew Barlow, Dmitri Pchejetski, Peter A. Robbins, Jane Mellor, Alexandre Akoulitchev bioRxiv 2021.03.14.435295; doi: **https://doi.org/10.1101/2021.03.14.435295**

3 *Development and validation of blood-based prognostic biomarkers for severity of COVID disease outcome using EpiSwitch 3D genomic regulatory immuno-genetic profiling* Ewan Hunter, Christina Koutsothanasi, Adam Wilson, Francisco C. Santos, Matthew Salter, Jurjen W. Westra, Ryan Powell, Ann Dring, Paulina Brajer, Benedict Egan, Matthew Parnall, Catriona Williams, Aemilia Katzinski, Thomas Lavin, Aroul Ramadass, William Messer, Amanda Brunton, Zoe Lyski, Rama Vancheeswaran, Andrew Barlow, Dmitri Pchejetski, Peter A. Robbins, Jane Mellor, Alexandre Akoulitchev medRxiv 2021.06.21.21259145; doi: **https://doi.org/10.1101/2021.06.21.21259145**

4 *Development and validation of blood-based predictive biomarkers for response to PD-(L)-1 checkpoint inhibitors: evidence of a universal systemic core of 3D immunogenetic profiling across multiple oncological indications* Ewan Hunter, Mehrnoush Dezfouli, Christina Koutsothanasi, Adam Wilson, Francisco C. Santos, Matthew Salter, Jurjen W. Westra, Ryan Powell, Ann Dring, Benedict Egan, Matthew Parnall, Morgan Thacker, Jayne Green, Aroul Ramadass, Serene Ng, Chun Ren Lim, Cheah Soon Keat, Ang Tick Suan, Rakesh Raman, Ho Kean Fatt, Fabian Lee Wei Luen, Thomas Guiel, Robert Heaton Jr, Jedd Levine, Alexandre Akoulitchev medRxiv 2021.12.21.21268094; doi: **https://doi.org/10.1101/2021.12.21.21268094**

Our strategy and business model

Oxford BioDynamics plc (OBD) is a global biotechnology company, advancing personalized healthcare by developing and commercializing precision medicine tests for life-changing diseases, based on the Group's 3D genomics platform, *EpiSwitch*®.

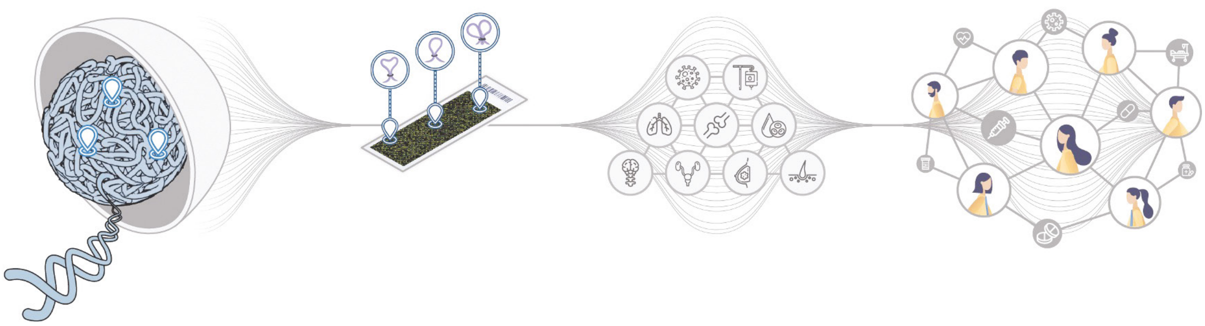


OBD is building the commercial market for 3D Genomics, by:

- Commercializing the Group's pipeline of molecular diagnostic tests, initially in the US
- Working with leading pharma, biotech and academic institutions in clinical development and biomarker discovery
- Making OBD's *EpiSwitch*® technology and the world's largest 3D genomics knowledgebase available to commercial and academic researchers

We focus on 3D Genomics because the 3D configuration of the genome plays a crucial role in gene regulation. By mapping this architecture and identifying abnormal configurations, *EpiSwitch*® can be used to diagnose patients or determine how individuals might respond to a disease or treatment.

In addition to stratifying patients with respect to anticipated clinical outcome, *EpiSwitch*® data offer insights into systems biology and the physiological manifestation of disease that are beyond the scope of other molecular modalities. The technology has performed well in academic medical research settings and has been validated through its integration in biomarker discovery and clinical development with big pharma.



1. **We have decoded the 3D genome** – identifying critical regulatory control points underlying clinical phenotype in human diseases.
2. **OBD's *EpiSwitch*® platform enables actionable mapping of the regulatory 3D human genome** for the first time in a clinically relevant context.
3. Using this **3D genome map**, we have compiled the **world's largest 3D genomic knowledgebase**, with disease-specific maps for 30+ human clinical indications.
4. We are now able to **rapidly build & deploy powerful molecular tests** to address the most challenging questions in precision medicine.

Our history

OBD was spun out from Oxford University in 2007 with the aim of translating fundamental scientific advances into a commercialized platform technology and a new generation of biomarkers for cancer and other diseases.

Since then, the Group has participated in more than 40 partnerships with big pharma and leading institutions including Pfizer, EMD Serono, Genentech, Roche, Biogen, Mayo Clinic, Massachusetts General Hospital and Mitsubishi Tanabe Pharma America.

The Company has created a valuable technology portfolio, including biomarker arrays, molecular diagnostic tests, bioinformatic tools for 3D genomics and an expertly-curated 3D genome knowledgebase comprising hundreds of millions of data points from over 10,000 samples in more than 30 human diseases.

The Company completed its successful initial public offering on AIM in December 2016.

OBD launched its first proprietary test, *EpiSwitch*® CST (COVID severity test) in 2021.

Our team and infrastructure

The Group's 24,000 sq ft headquarters in Oxford, UK houses offices and an ISO-certified, state-of-the-art reference laboratory. OBD's US commercial team has an office in Gaithersburg, MD, USA and the Group has a further ISO-certified reference laboratory in Penang, Malaysia.

The global OBD team is based in the UK (32), US (9) and Malaysia (4).

Our vision

Our vision is to make a significant impact on health service around the world through the adoption of our biomarker discovery and monitoring platform, *EpiSwitch*®.

We aim to be at the forefront of the personalized medical revolution through using *EpiSwitch*® biomarkers for patient stratification, advanced disease understanding and new target identification in the context of drug development and patient healthcare.

Read about our new laboratory and office spaces on **page 5**

"The 3D configuration of the genome plays a crucial role in gene regulation.

Our values

The Group's strategy is underpinned by its values, which are reflected in all of the Group's activity.

Innovative
Saving lives by producing high quality *EpiSwitch*® biomarkers.

Pioneering
Willing to explore and adapt to new ideas and changes.

Achieving Excellence
Adhering to good working practice and quality procedure compliance. Delivering results of unique value.

Diverse
Respecting others and encouraging a diverse work environment.

Professional
Maintaining a high standard of work and professionalism.

Our strategy and business model continued

OBD's business model is described below, showing in more detail how the Group pursues its strategic aims, including:

- the critical, unique inputs that the Group relies on
- what the Group actually does
- how the Group generates revenue
- the stakeholders for whom value is generated

Inputs

Assets, resources, strengths, relationships

Proprietary ***EpiSwitch*® technology platform,** built on over 10 years of research, robust and validated, proven and reduced to practice, award-winning technology, protected by early, broad, worldwide patents.

The world's largest curated **3D genomics knowledgebase** with 10,000+ samples, 30+ diseases, hundreds of millions of datapoints.

Custom proprietary **biomarker arrays** for 3D genome discovery.

Pipeline of deployable (qPCR) molecular diagnostic tests.

Proprietary **bioinformatic tools** for 3D genomic analyses.

Experienced management and staff team, led by Jon Burrows, the growing OBD team includes proven commercial leaders, scientific pioneers and operational experts with decades of industry experience. OBD's people are key to the Group's success.

Diverse customer and partner base and collaborative research network. Extensive customer base within the pharmaceutical and biotechnology industry. The Group has entered into multiple contracts with eight of the top ten global pharmaceutical companies (by 2020 revenue)[1]. OBD maintains collaborative links with several world-class academic institutions, and is represented on three FNIH Biomarker Consortium Steering Committees.

Unique position within large, growing markets with strong macro drivers – *EpiSwitch*® remains the only commercially available high-throughput 3D genomics discovery platform. OBD's proprietary tests are first to market in the 3D genomics space. We expect 3D genomics to play a pivotal role in the evolution of precision medicine and personalized healthcare. This represents a unique position within the large and growing molecular diagnostics and biomarkers sectors.

1 *Pharm Exec's Top 50 Companies, 2021*

What we do

To achieve its strategic aims, OBD engages in:

- **Biomarker discovery and validation** using its *EpiSwitch*® platform through:
  - R&D projects for commercial partners
  - Internal proprietary research, building the Group's pipeline of deployable tests

See page 11 to 12 for more detail on the process of biomarker discovery using the Group's *EpiSwitch*® platform.

See page 13 for information on the Group's pipeline of deployable qPCR tests.

- **Product development and commercialization**, launching and supporting:
  - proprietary tests from OBD's pipeline
  - *EpiSwitch*® Kits and knowledgebase access to enable researchers

See features on *EpiSwitch*® CiRT, *EpiSwitch*® CST and *EpiSwitch*® Explorer Array Kits on pages 14 to 18 for more detail on the Group's recently-launched products.

- **Supporting clinical development programs** for pharma partners and using *EpiSwitch*® biomarker assays
- **Exploiting opportunities to outlicense IP as they arise**

How we generate revenue

The Company generates income from its three available proprietary products, service and licensing fees and grant income. It also has a pipeline of deployable products that are expected to generate revenue in the medium term:

EpiSwitch® **CiRT**

See feature on page 14

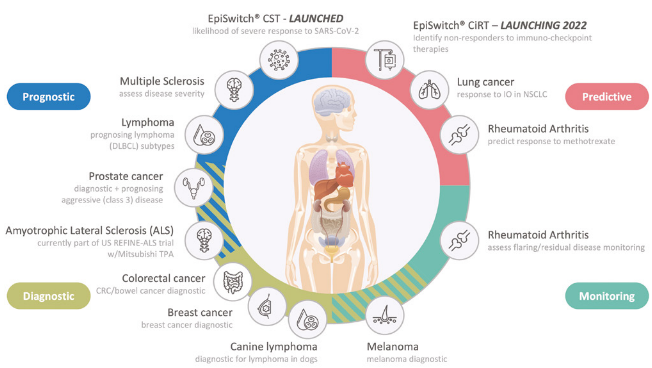
EpiSwitch® **CST**

See feature on page 16

EpiSwitch®
Explorer Array Kit

See feature on page 18

- Service fees from commercial biomarker discovery projects for major pharmaceutical and biotechnology companies
- Service fees from projects supporting clinical development programs of commercial partners
- Grant income from the FNIH's PACT, Innovate UK and other funding bodies
- Service fees and upfront signing fees from licence agreements for the use of biomarkers in clinical diagnostics in Asia and specific non-clinical areas worldwide



For more detail on OBD's pipeline of deployable qPCR tests, see page 13

Outputs

We create value for:

Investors

- We seek to benefit our investors through increases in the Company's share price and eventually through dividend payments.
- We are committed to operating in accordance with the principles of good corporate governance, and providing timely, regular and reliable information on the business to all of its shareholders.

Customers

- Our proprietary tests assist clinicians in their decision-making, benefiting patients in turn.
- Our proprietary technology platform
  - Gives pharmaceutical companies significant insights into disease mechanisms.
  - Supports the personalization of therapeutics to patients, to ensure better clinical outcomes.
  - Helps companies to accelerate and improve the rate of drug discovery and development.

Employees

- We provide rewarding and meaningful employment in a culture of continuous improvement and excellence.
- We give structured training and career development opportunities based on employees' individual requirements and aspirations.
- We recognize individual and team contribution and reward employees appropriately.

Society

In addition to direct benefits for patients, our science and technology education through animations and explainers helps members of the general public to understand:

- the benefits of precision medicine for personalized healthcare
- the basic principles of 3D genomics and epigenetics
- how immune health monitoring can help long-term health

See Focus on: Social media on page 25 for more detail on the Group's educational outreach.

Our strategy and business model continued

As noted above, OBD is engaged in building the commercial market for 3D genomics. At this stage, the Group's tests and services, whilst different from existing testing and research modalities, can most helpfully be considered as being part of the molecular diagnostics and outsourced biomarker discovery markets.

Market trends and factors affecting the Group's business

The molecular diagnostics market as a whole was estimated to be worth over US$36 billion in 2020 (following significant growth related to the COVID-19 pandemic) and is expected to grow at a compound annual growth rate (CAGR) of 3.9% over the period 2021-28[1]. Within this, the market for liquid biopsy tests alone is estimated to be worth $1.2 billion in 2020 and expected to grow at a CAGR of 29.7% over the period 2021-27[2].

The global biomarkers market, including companion diagnostics, is estimated to be worth over US$40 billion in 2021[3]. Increasingly, pharmaceutical and biotechnology companies have sought to use outsourced capability for the discovery of biomarkers due to the considerable time, cost and expertise involved.

Key long-term factors affecting the markets in which OBD operates include:

- The development and increasing prevalence of precision medicine, which involves tailoring decisions on treatment and relies on the ability to stratify patient groups in a clinically validated way
- The increasing prevalence of cancer worldwide
- The growing importance of companion diagnostics, which are used to determine whether treatment with a particular drug is appropriate for a given patient
- Increased reliance on biomarkers in all stages of the drug discovery and development process, with biomarker discovery often outsourced by pharma and biotechnology companies
- Emergence of innovative new biomarker testing modalities

Each of these factors is expected to continue to be relevant in the long-term (multiple decades).

In addition, the COVID-19 pandemic has had a significant effect on the market for diagnostic, prognostic and predictive testing related specifically to the SARS-CoV-2 virus and its variants. Some estimates suggest that the global COVID-19 diagnostics market was worth over US$60 billion in 2020[4] and that this may continue to grow, rather than decline, over the next five years. This is significantly in excess of most estimates earlier in the pandemic.

Whilst OBD's *EpiSwitch*® CST is not a diagnostic test, the Directors expect that the market opportunity for this test remains significant, with a potential addressable US market alone of several millions of people.

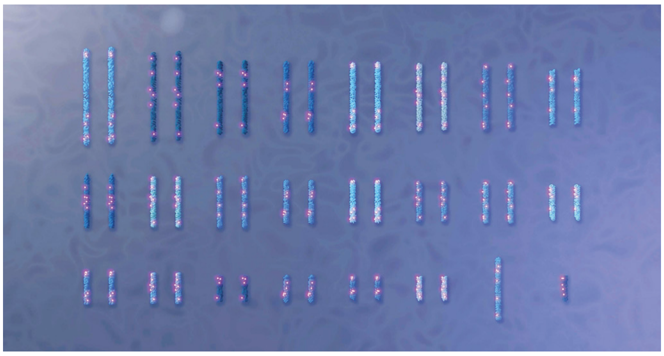
OBD's *EpiSwitch*® CiRT test addresses unmet need in the immune checkpoint inhibitors (ICIs) market. It is estimated that over US$10 billion is spent annually in the US on ICI therapy that does not benefit cancer patients. These drugs have a high cost (often in excess of US$160k for a six-month course). Generally, fewer than one-third of patients treated with an ICI respond and many suffer significant toxicity that can affect almost any organ.

As well as the *EpiSwitch*® CiRT test offered direct to physicians to aid decision-making across cancer indications and ICI therapies, there is significant scope for the Group to develop indication- and drug-specific biomarker tests with pharma and biotech partners.

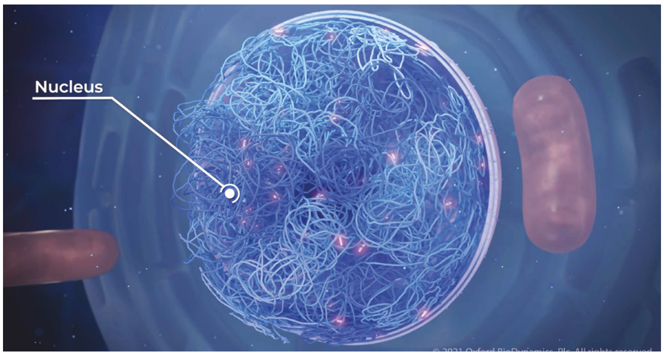
More widely, the Directors expect that the trend for outsourcing of biomarker discovery work by pharmaceutical and biotechnology companies is likely to continue.

The Board also expects there to be significant opportunity in clinical markets other than IO and in the discovery and exploitation of biomarkers for use in non-clinical and non-human applications. The market for these applications outside of the human clinical sphere is relatively undeveloped, and at this stage the Directors have not estimated its likely size.

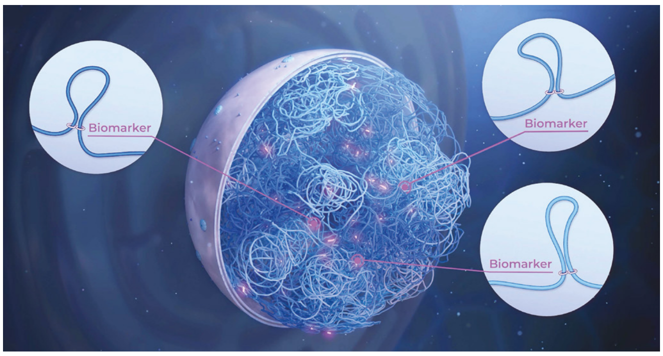
1 Grand View Research Molecular Diagnostics Market Size and Share Report, April 2021
2 Global Market Insights Liquid Biopsy Market Report, November 2021
3 Markets and Markets Biomarkers Market, July 2021
4 BCC Research COVID-19 Diagnostic Services, August 2020, Grand View Research COVID-19 Diagnostics, December 2020



Artist's impression of 23 pairs of chromosomes, with coding regions highlighted.



Artist's impression of the genome folded within the cell nucleus, in a highly specific, 3D regulated network.



Artist's impression showing loops and other features of the 3D structure of the genome that can act as biomarkers.

Biomarker discovery and product development using *EpiSwitch*®

Within the trillions of cells that make up the human body, most people have 23 pairs of chromosomes, making up the genome, containing around 20,000 genes. The DNA in these genes codes for proteins that make up the human body, including the blood and immune system, but this coding DNA only accounts for 1-2% of the total genome.

The remaining 98% is non-coding DNA, which actively regulates crucial genes by folding the genome within the small cellular nucleus in a highly specific way, organizing it into a three-dimensional shape, bringing distant genes close together into a three-dimensional regulated network. When a cell divides, the genome is duplicated with a copy going to each daughter cell and, crucially, the 3D shape of the genome is reproduced and conserved in the new cells. The genome's 3D shape imposes layers of regulatory and environmental exposure information (known as epigenetics) on top of an individual's unique genome.

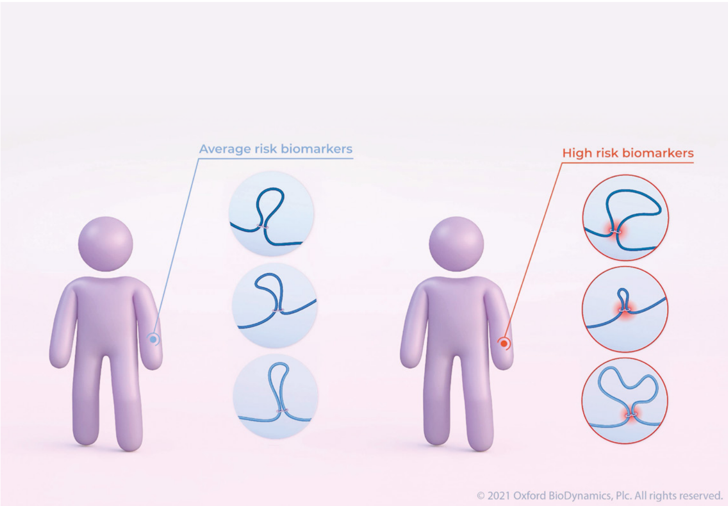
OBD has pioneered the interpretation of how the genome's 3D structure influences genes in both healthy and unhealthy conditions. This understanding of 3D genomics is key to identifying features in the 3D structure of the genome whose presence or absence can serve as biomarkers for diagnosing disease, predicting drug response in patients and determining immune health and disease severity.

Images on this page are taken from one of OBD's educational videos, which may be viewed at
myobdx.com/EpiSwitchAnimation

Our strategy and business model continued

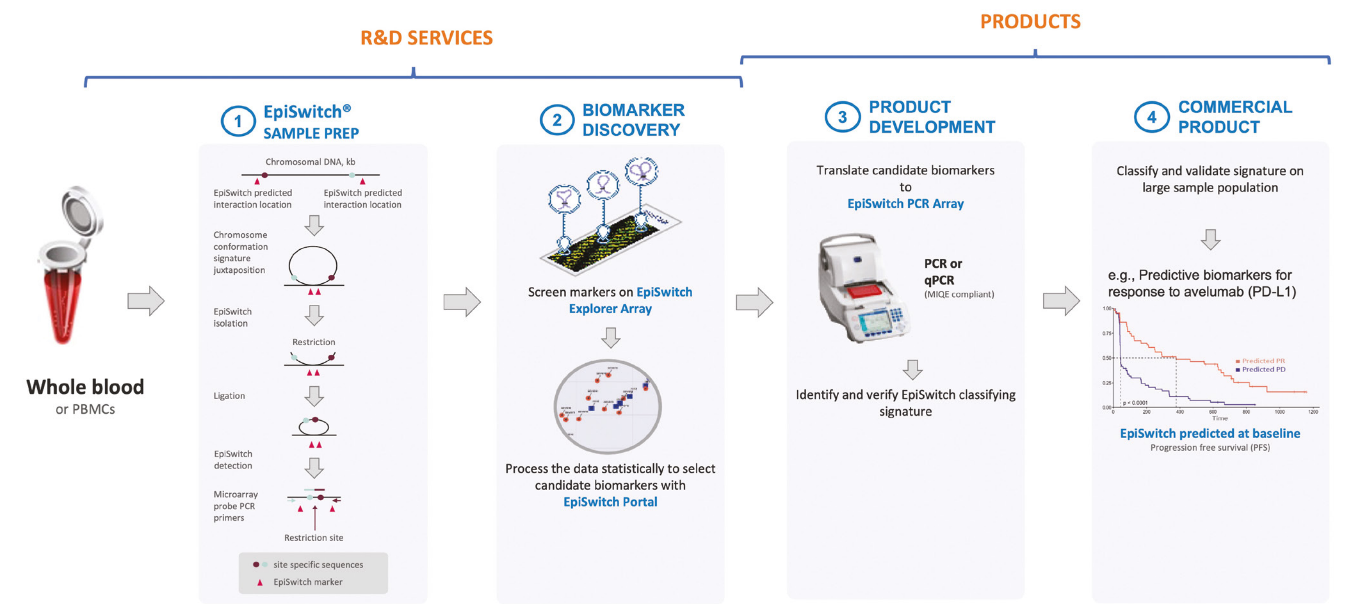
Biomarker discovery and product development using *EpiSwitch*® continued

OBD's *EpiSwitch*® technology interrogates the 3D genome using simple blood samples and provides crucial quantitative and actionable information to aid doctors, medical researchers, and pharmaceutical drug developers.



Patient stratification using EpiSwitch® 3D genomic biomarker panels.

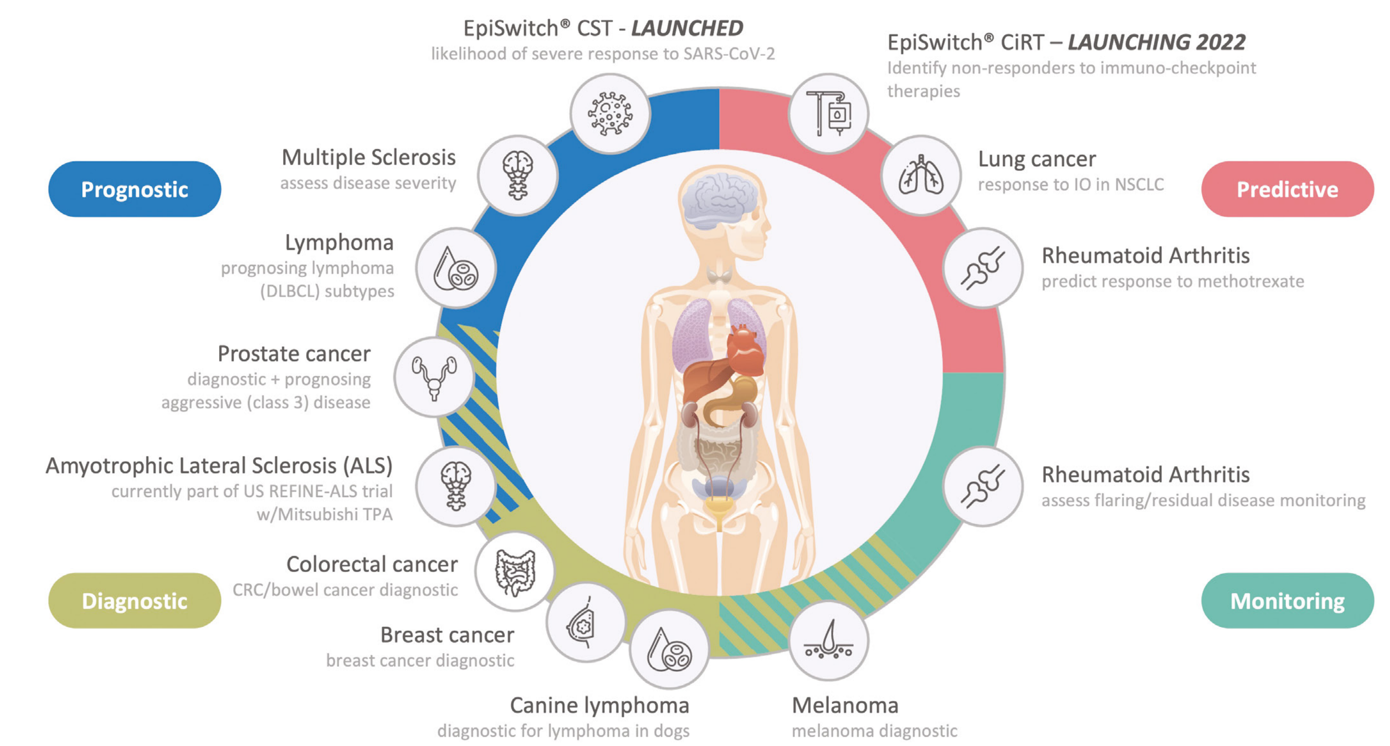
OBD has developed a mature, end-to-end reproducible industrial workflow for delivering 3D genomics services and products, beginning with annotated patient blood samples, through biomarker discovery (using *EpiSwitch*® Explorer microarrays and the Group's proprietary data analysis tools) to PCR/qPCR assay generation and commercial product development.



OBD's 3D Genomics workflow.

Product pipeline

The Group has used its *EpiSwitch*® platform to develop a comprehensive pipeline of deployable molecular diagnostic tests in several indications that may be suitable for commercialization over the medium term (two to five years). The Group has previously highlighted diagnostic/prognostic tests for early-stage detection and staging of prostate cancer and colorectal cancer and, in veterinary medicine, a diagnostic/prognostic test for canine lymphoma as potentially the most promising and lucrative of these. The pipeline also includes diagnostic, prognostic, predictive and monitoring tests in indications such as rheumatoid arthritis (RA), amyotrophic lateral sclerosis (ALS or motor neurone disease), multiple sclerosis (MS), lymphoma and other cancers.



Examples of deployable tests in OBD's product pipeline, (including already-launched EpiSwitch® CST and soon-to-be-launched EpiSwitch® CiRT).

Focus on

EpiSwitch® CiRT

This first-of-its kind blood test predicts an individual patient's therapeutic response to checkpoint-inhibitor immunotherapy.

EpiSwitch® CiRT provides patient-by-patient guidance to support informed decision-making regarding checkpoint-inhibitor therapy.

EpiSwitch® CiRT assesses the probability of therapeutic success of checkpoint inhibitor therapy with high accuracy.

Features of *EpiSwitch*® CiRT

By identifying critical drivers of patients' immune-genetic makeup, ***EpiSwitch*® CiRT** helps oncologists to:

- Select the **most effective** course of therapy **sooner**
- Avoid delivery of ineffective treatment and **treatment-related** pulmonary, neurological, or **endocrine toxcity**, hepatic or renal adverse events, or pneumonitis or hepatitis resulting in death
- Improve overall patient response rate by **accurately stratifying** patients prior to starting therapy

For more information visit
myCiRT.com

Benefits of *EpiSwitch*® CiRT

***EpiSwitch*® CiRT** is a Validated Prognostic Test for predicting response to checkpoint-inhibitor immunotherapy.

***EpiSwitch*® CiRT** delivers high sensitivity and specifically for predicting the beneficial use of an ICI agent. The blood test measures eight epigenetic markers to determine the most likely outcome of treatment.

***EpiSwitch*® CiRT** delivers fast, easy-to-understand and actionable prediction of a patient's personalized probability of response.

With a routine qPCR blood test, the test delivers a confidential report that includes a detailed prediction of individual patient response, with no need for a biopsy.

Patients with a positive ***EpiSwitch*® CiRT** can begin their therapy confidently, knowing that their genomic fingerprint is likely to respond to a checkpoint inhibitor.

EpiSwitch® CiRT performance

Accuracy	86%
Specificity	93%
Sensitivity	84%
Negative Predictive Value	66%
Positive Predictive Value	97%

Focus on

EpiSwitch® CST

EpiSwitch® CST provides an essential personalized measure of the risk of severe illness due to COVID-19.

Benefits of *EpiSwitch*® CST

Many people have questions about how the COVID-19 pandemic may affect them:

- "What will happen if I get infected?"
- "Will I have a severe immune response?"
- "Am I at risk for being hospitalized?"

***EpiSwitch*® CST** is an advanced blood test that measures an individual's likelihood of a severe response if they are infected by SARS-CoV-2 and assesses the risk that COVID-19 poses to the individual.

***EpiSwitch*® CST** is the first and only commercially-available blood test for the prediction of COVID-19 severity in ANY adult, independent of COVID-19 status.

The test is designed to provide healthcare providers and their patients with actionable decision-making information to reduce individuals' risk during the COVID-19 pandemic based on their unique 3D genetic immune profile.

Patient risk is presented as a single, easy-to-read ***EpiSwitch*® CST** score, assessing the prognosis of patients if they become infected with SARS-CoV-2.

***EpiSwitch*® CST** includes clear guidance for interpretation of the Risk Score by a healthcare professional – Decisions on care and treatment should be based on the independent medical judgment of the treating HCP, taking into consideration all available information.

For more information visit
covidseveritytest.com

Features of *EpiSwitch*® CST

***EpiSwitch*® CST** delivers essential information based on genetic markers to aid in determining an individual's risk of severe immune response requiring critical care due to COVID-19.

***EpiSwitch*® CST** is the first and only prognostic blood test that can predict a severe immune response to future COVID-19 infection

Helps identify critical individuals who would most likely require critical care

Can be used by any adult, independent of their COVID-19 status including those who have never been infected, or those who are currently infected

Conventional COVID-19 tests can only detect infection with SARS-CoV-2. They cannot predict whether an individual will have a severe immune response to COVID-19

Knowledge of the ***EpiSwitch*® CST** score allows HCPs and patients to formulate an effective management plan

A molecular test that uses routine blood draws with results in 48-72 hours

"*EpiSwitch*® CST is an advanced blood test that measures an individual's likelihood of a severe response if they are infected by SARS-CoV-2 and assesses the risk that COVID-19 poses to the individual.

Focus on

EpiSwitch® Explorer Array Kit

The *EpiSwitch*® Explorer Array Kit is the world's first commercially available microarray kit for high-throughput, high-resolution 3D genome profiling and biomarker discovery. The kit opens up the Group's *EpiSwitch*® platform to researchers worldwide.

- For use by academic and clinical researchers

Kit contains:

- custom OBD microarrays manufactured by Agilent Technologies (NYSE:A)
- OBD's proprietary biochemical reagents for sample preparation

Designed for analysis of blood, PBMC and cell line samples

Simultaneously interrogates over 960,000 high-confidence chromosome conformations across the entire human genome

Compatible with Agilent® SureScan Microarray Scanners

Includes access to the Group's *EpiSwitch*® Analytical Portal for:

- Array processing
- Core statistical analysis
- Additional analysis and data visualization

Optional access to *EpiSwitch*® Data Portal:

- Multi-omic integration
- Layering *EpiSwitch*® databases
- Genomic rendering and mapping
- Additional biological interpretation

For more information visit
oxfordbiodynamics.com/products/episwitch-explorer-array-kit/

Agilent

***EpiSwitch*® Explorer Array Kit** microarrays manufactured by Agilent Technologies

Risk management and principal risks

The Board is responsible for the Group's risk management strategy. The Group's Senior Management Team meets regularly to identify areas of risk and to communicate with the Board as appropriate. The Group's Quality Management System includes extensive risk assessment, planning, internal audit and reporting as well as the maintenance of detailed risk registers covering its ISO-certified facilities in the UK and Malaysia. A detailed financial reporting and procedures framework is also in place, with financial risk management overseen by the Audit Committee. The Board ensures that all key risks are understood and appropriately managed in the light of the Group's strategy and objectives and is satisfied that the Group's risk management and internal control systems are adequate. At this stage of the Company's development, the Board does not consider it to be necessary to establish a financial internal audit function, but this is kept under review, primarily by the Audit Committee in consultation with the External Auditor and the Chief Financial Officer.

The adjacent table shows the principal risks faced by the Group, how each risk is managed or mitigated, and the Directors' assessment of the change in significance of each risk since the last Annual Report.

Principal risks

The Group is at an early stage of commercial development with a relatively limited track record of revenue generation

Whilst OBD has been revenue-generating for several years through a number of contracts, it has been (and is expected to remain) loss-making over the near term as it continues to pursue the commercialization of its proprietary products. There is a risk that the Group will be unable to secure sufficient product, service or licensing revenues in the long term.

A number of factors influence the Directors' assessment of the significance of this risk as having increased since the last Annual Report:

- the COVID-19 pandemic has continued to delay some customers' projects and has made routine business development activity more difficult
- cash resources, although increased post-year end on the issue of new shares to Armistice Capital, were lower than the prior year
- revenues from the Group's products remain subject to an inherent level of uncertainty.
- the Group's cost base has increased relative to its historic level

The going concern section of Note 2 to the financial statements on page 67 provides more detail of the Board's assessment in this area.

How these risks are managed or mitigated

The Directors expect that the Group will have sufficient cash resources from investors and revenue-generating and grant-funded projects to fund its short-term development plans. Note, however, the material uncertainty as to going concern set out in more detail in Note 2 on page 67.

The actions the Group has taken to commercialize its *EpiSwitch®* platform, through the development and launch of its own products, initially in the US, mitigate this general risk by providing opportunities for more revenue and wider appreciation of the Group's technology in this critical market.

In order to maximize the likelihood of commercial success, the Group has continued to build its team of suitably experienced executives, particularly in the US.

The Group has reduced to practice the process it follows to discover and develop biomarkers with its *EpiSwitch®* platform.

Post-year end, the Group raised £3.62m through a subscription for newly-issued shares, providing additional funds for short-term commercialization plans.

Change in risk profile in the last 12 months*

↑

* Directors' estimates.

The Group relies on key suppliers

Description
Certain stages of the Group's proprietary processes involve products or services currently sourced from single third party suppliers.

How these risks are managed or mitigated
Relationships with key suppliers are subject to written agreements. Where possible, the Group seeks to enter into agreements with well-resourced suppliers, for example in its agreement with Agilent Technologies for the manufacture of probe sets for its *EpiSwitch*® Explorer Array Kit.

The Group reduced this risk during 2019 by bringing critical steps in the process 'in-house', employing specialist new staff and increasing capability at its UK laboratory.

The Group also relies on multiple suppliers and the membership of purchasing groups where possible.

Change in risk profile in the last 12 months*

The Group has remained largely reliant on the pharmaceutical and biotechnology industry for its revenues

Whilst the Group has continued to broaden its customer base during recent years, a significant portion of its revenue is expected to be generated through collaborations with pharmaceutical and biotechnology companies. In the event that the pharmaceutical and biotechnology industry reduces its expenditure on drug development and discovery, or can meet its requirements for biomarker discovery through internal capability and resources, the Group's operations or financial results could be adversely impacted.

How these risks are managed or mitigated
Following the expansion of its strategic focus, the Group has launched proprietary products direct to the US healthcare market (initially through partner laboratories) and the global R&D market.

The Group seeks funding from bodies other than pharma / biotech companies, including grant awarding bodies such as the FNIH's PACT in the US.

The Group also seeks to mitigate this risk by contracting with several major pharmaceutical and biotech customers.

Change in risk profile in the last 12 months*

The Company may incur significant costs as a result of intellectual property disputes

The Company's ability to compete depends, in part, on the successful protection of its intellectual property. Third parties may infringe upon or otherwise challenge the Company's intellectual property, release confidential information about the Company's intellectual property or claim technology which is registered to the Company.

How these risks are managed or mitigated
The Company seeks to protect its leading intellectual property position through 1) the strategic filing of worldwide patent applications where permissible, 2) strict protection of the know-how behind *EpiSwitch*®, 3) maintaining its lead in offering a high quality solution in the field in which it operates, and 4) including robust confidentiality obligations in contracts with its employees, collaborators, subcontractors and licences in order to protect the Company from the release of information relating to its know-how.

Change in risk profile in the last 12 months*

Risk management and principal risks continued

Principal risks

The Group expects to face competition from other biotechnology companies, which could adversely impact the rate and level of commercialization of its technology if it fails to compete effectively

The Group's competitors within the molecular diagnostics and biomarker discovery industries may have:

- better-resourced marketing and access to healthcare markets
- superior R&D capabilities
- better access to pharmaceutical companies who require novel biomarkers.

Further, a number of the Group's potential competitors have greater financial, technical and human capital, which can be deployed in any attempts to gain a superior market position. This risk is expected to increase as the quality of the Group's products and *EpiSwitch*® platform becomes more generally known.

How these risks are managed or mitigated
The Group has demonstrated its commitment to commercialization through the appointment of an experienced commercial team, led by Jon Burrows as Chief Executive Officer.

The Group has secured and continues to support broad, early intellectual property protection in what is still a relatively nascent field. In the development of its *EpiSwitch*® platform technology, the Group has also acquired significant know-how, which would be difficult and time-consuming for any competitor to replicate.

Change in risk profile in the last 12 months*

The Group may face disruption and losses as a result of cyber attack

In common with all businesses, the Group faces a potential threat from cyber attacks that could result in loss of data, inability to operate, theft and/or malicious disclosure of IP, financial losses arising from recovery of systems and data or ransom-type attacks and reputational and financial impacts arising from the loss or disclosure of customers' data. This risk is considered to have increased, because threats to cybersecurity are generally increasing and the Group, its products and technology are becoming more widely known.

How these risks are managed or mitigated
The Group operates a process of continuous review and improvement of its policies and procedures regarding information security (IS). Progress on IS-related projects is reported to the Board on a quarterly basis.

Where appropriate, insurance covering cybersecurity risks is obtained.

Change in risk profile in the last 12 months*

The Group depends upon a small number of key personnel

In line with groups of a similar size, the Group is managed by a limited number of key personnel, including the Executive Directors and the Senior Management Team, who have significant experience within the Group and the sectors it operates in, and who could be difficult to replace.

How these risks are managed or mitigated
The Board has previously reviewed succession planning to determine the risks posed to the Group by the potential loss of individual team members. Previous reviews have identified potential internal successors where these are in post, and specific actions, including recruitment and training to be undertaken, to reduce the potential impact of loss of key personnel.

The Group has continued to mitigate this risk by recruiting new staff to its teams during the year.

Executive and employee remuneration plans, incorporating long-term incentives, are designed to attract and retain staff with appropriate skills.

The Group has invested in an expanded HR function, which actively reviews and improves practices relating to performance management, benefits and employee recognition and wellbeing.

A limited number of 'key man' insurance policies are in place.

Change in risk profile in the last 12 months*

Foreign exchange rate fluctuations may adversely affect the Group's financial performance and position or future operations

Most of the Group's revenues are denominated in US dollars, with expenditure in UK pounds sterling, US dollars or, to a lesser extent, Malaysian ringgits. Fluctuations in the exchange rates between these currencies (particularly the USD/GBP rate) could have a material impact on the Group's earnings and financial position, which are required to be reported in UK pounds sterling.

How these risks are managed or mitigated
The Group plans what balances to retain in the currencies to which it is exposed. To date it has mainly been able to use US dollars received from customers to meet liabilities denominated in US dollars.

The Group does not engage in foreign currency trading or speculation.

Change in risk profile in the last 12 months*

The Group may face continued challenges because of the COVID-19 pandemic

The main risks likely to be faced by the Group are:

- renewed restrictions on international travel
- reductions in the number of staff who can safely work in the Group's facilities at any time
- infection or self-isolation of staff members (especially those whose roles require attendance at the Group's laboratories) leading to insufficient availability for specific technical duties

How these risks are managed or mitigated

The Group has continued to operate throughout the ongoing pandemic. In the UK, the Company has not placed any staff on furlough or otherwise drawn on government support.

The Group's new UK infrastructure allows all staff to work with appropriate social distancing.

Relaxations of restrictions on international travel during the year have allowed senior staff from the US to visit the Group's UK site, improving collaboration and product development activity.

The Group's cash resources have again allowed it to continue in operation despite the delays to some of its revenue-generating activity as a result of the pandemic.

Change in risk profile in the last 12 months*

↓

Other risks monitored by the Board

The Group may face risks associated with the UK's departure from the EU

The main Brexit-related risks to the Group are considered to be:

- difficulties in sourcing laboratory consumables from those of the Company's suppliers (who are mainly UK-based), that in turn rely on EU suppliers
- supply chain difficulties in the wider economy (whether or not directly attributable to Brexit)
- recruiting staff from outside the EU

The Group's main customers are predominantly based outside of the EU and the majority of the Group's expenditure originates in the UK or US. Accordingly, the Directors have not noted, and do not expect, a material impact on the performance and position of the Group as a result of Brexit.

How these risks are managed or mitigated

The Directors have continued to monitor Brexit-related developments over the period.

Change in risk profile in the last 12 months*

↓

The Group may face disruption to its activities as a result of climate change

The main direct risks to the Group are assessed to be disruption of its supply chain and/or access to its facilities as a result of extreme weather events arising from environmental changes such as increased precipitation.

The Group may also face increased costs associated with requirements for climate-related financial disclosure and net-zero targeting in the future.

How these risks are managed or mitigated

The Directors continue to monitor the risks and opportunities presented by climate change and the actions that might be taken to mitigate it, as part of meeting national and international targets on net zero and sustainability.

None of the Group's facilities is in an area at high risk of flood.

Change in risk profile in the last 12 months*

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* Directors' estimates.

Financial review

This section of the Annual Report provides a summary explanation of the Group's financial performance over the year and its financial position at the year-end.

More detail is provided in the financial statements and associated notes on pages 59 to 103.

Financial performance

The table below summarizes the principal elements of the Group's financial performance (as shown in the consolidated income statement on page 59) and provides an explanation of what is included in each element and why it has changed since last year.

Element	Comprising:	2021 £m	2020 £m	Year-on-year change £m	Main drivers of movement
Revenue	Revenue from contracts with pharma customers	0.34	0.46	0.12 decrease	Contract revenue driven by timing of receipt of samples from customers. Similar level to previous year.
R&D expenditure	Lab consumables, equipment maintenance etc	(0.90)	(0.62)	0.28 increase	Increased internal R&D activity including on development of proprietary tests.
Staff costs	Staff and Directors' remuneration and benefits	(3.77)	(2.75)	1.02 increase	Full year of FY20 recruits, plus in-year recruitment.
General and other admin costs	Other costs including marketing, legal and other professional services	(1.85)	(1.32)	0.53 increase	Increases of £0.3m PR and marketing costs, £0.2m legal and professional costs, £0.1m consultancy and £0.1m insurance and premises-related costs offset by £0.2m reduction in travel-related expenses.
Share option charges	Charges spreading fair value of options over their vesting period	(0.25)	(0.25)	–	–
Depreciation and amortization	Depreciation and amortization of intangible assets, property plant and equipment and right-of-use assets.	(1.09)	(0.47)	0.62 increase	Accelerated depreciation of leasehold improvements and right-of-use asset associated with former UK lab and offices. Increased patent amortization charge and depreciation on expanded asset base.
Operating loss		(7.51)	(4.95)	2.56 increase	As noted above.
Finance income	Interest income and foreign exchange gains	0.03	0.12	0.09 decrease	Lower cash and term deposit balances during the year.
Finance costs	Calculated lease interest, foreign exchange losses	(0.15)	(0.08)	0.07 increase	Higher lease interest costs on new UK property.
Tax	UK R&D tax credits offset by current and deferred taxes in subsidiaries	0.95	0.60	0.35 increase	Higher R&D costs and R&D-related staff costs.
		2021	2020		
Loss per share	Loss for the year divided by weighted average number of shares in issue	(7.2)p	(4.7)p	2.5p increase	Entirely driven by increase in loss for the year.

Focus on: Social media

During the year the Group proactively expanded its presence on social media. The team delivered a series of carefully curated campaigns aimed at increasing the Group's followers on social media, growing brand awareness of OBD and its products, and educating users on specific themes pertinent to the Group's business.

Since September 2020, each of the Group's social media feeds has seen significant growth in numbers of followers:

Social media platform	Account	Followers (OBD account)	Growth (since Sept 2020)
LinkedIn	linkedin.com/company/oxford-biodynamics linkedin.com/showcase/episwitchcst linkedin/showcase/episwitchcirt	1,229	+724
Twitter	@OxBioDynamics @EpiSwitchCST @EpiSwitchCiRT	86	+84
Facebook	facebook.com/OxfordBioDynamics facebook.com/EpiSwitchCST facebook.com/EpiSwitchCiRT	814	+812

As well as the main Oxford BioDynamics accounts on each platform, the Group also set up and ran accounts for *EpiSwitch*® CST.

During the year, the Group's social media team have created several educational campaigns on subjects including 3D genomics (using the hashtag #letstalk3DG), epigenetics and immune checkpoint inhibitors.

Alongside popular OBD news items, the team also highlighted a number of charitable initiatives during the year including breast cancer and prostate cancer awareness.

Interested shareholders may keep up to date with the Group's social media posts by following or liking the accounts and pages listed in the table.

Cash flow

Net cash used in operating activities for the year ended 30 September 2021 was increased at £5.92m (2020: £3.40m). The increase in operating cash outflow broadly matches the movement in operating loss, when depreciation and amortization and share option charges (which are "non-cash" items) are excluded. Net cash generated by investing activities was £2.83m (2020: £4.58m). As shown in more detail on the cash flow statement, the Group received £2.64m (2020: £nil) of funds by way of lease incentives and capital contributions associated with the lease of its new UK headquarters. Spend on additions of tangible and intangible fixed assets amounted in total to £3.09m (2020: £0.46m), much of which was associated with the fit-out of the new UK headquarters, including lab equipment. The investing activities figure also includes the effect of withdrawing funds from notice accounts and the maturity of term deposits with an initial maturity of between three and twelve months: a net inflow of £3.22m (2020: £4.91m). Net cash used in financing activities was £0.80m (2020: £0.18m), being property lease payments accounted for under IFRS 16.

Overall, there was a net decrease in cash and term deposits for the year ended 30 September 2021 of £7.17m (2020: £3.99m) including exchange losses on opening non-sterling denominated deposits of £0.05m (2020: £0.08m).

Financial position

Cash and term deposits at 30 September 2021 totalled £4.3m (2020: £11.5m), the increased net outflow compared to the prior year mainly resulting from higher operating costs.

Total assets at 30 September 2021 were £15.38m (2020: £14.93m), with increases in "right-of-use" assets associated with the Group's leased properties, tangible and intangible fixed assets and to a lesser extent, inventories more than offsetting the overall reductions in cash and other assets.

Total liabilities increased to £8.7m at 30 September 2021 (2020: £1.8m), reflecting lease liabilities associated with the Group's new UK facilities and trade creditors associated with the final stages of their fit-out. The increased long-term provisions balance is also associated with the Group's UK property.

Key performance indicators

The Directors use a range of measures to monitor performance, with the main financial key performance indicators ("KPIs") being:

- revenue (including product sales volumes)
- operating loss before non-recurring items
- net cash used in operating activities
- overall cash resources
- profit or loss per share

In addition, the Group monitors its performance by reference to a number of non-financial criteria, including:

- the number of commercial products and services that it successfully launches
- the number of contracts agreed with customers
- the quality of results achieved in biomarker discovery and development projects
- the time taken for individual project phases
- recruitment to the Group's staff team against plans
- the number of high-quality presentations and publications of the Group's research.
- and the extent of the protection of the Group's intellectual property afforded by its patent and trademark portfolio

Section 172(1) statement

The Directors acknowledge their duty under section 172 of the Companies Act 2006 and consider that they have, individually and as a Board, taken account of the views of the Group's stakeholders in Board discussions and decision-making.

Section 172(1) sets out six matters to which the Directors must have regard when performing their duty. These are listed below, with explanations of how the Directors have addressed the matter and, where appropriate, references to relevant information presented elsewhere in this report.

The likely consequences of any decision in the long term

During the period, the Board made a number of critical decisions that were focused on how best to achieve long-term value creation for shareholders and stakeholders, including the expansion of the Group's strategy to include the development and commercialization of proprietary tests and the improvement of its UK infrastructure. Also, several of the principal risks faced by the Group and the mitigating actions taken by the Board to address these (shown on pages 20 to 23) are related to the long-term prospects of the Group.

Read about our business model on **page 6**

"Critical decisions that were focused on how best to achieve long-term value creation.

The interests of the Company's employees

The Group is reliant on its employees for the achievement of its strategic objectives and commercial success. The Board aims to foster the recruitment and retention of suitably qualified and experienced team members across the Group's operations. During the year, the Group has significantly increased its investment in human resources (HR), including by employing suitably qualified people to newly-created roles. As part of an ongoing process of review and development, the Group has already implemented several improvements to its HR processes.

The Board and its sub-committees have specific roles in respect of the recruitment and remuneration of Directors. The Directors' responsibilities for ensuring the interests of the wider staff team are addressed include:

- creating a safe, professional, diverse work environment, free of harassment and bullying, where everyone is treated with dignity and respect;
- providing salary and benefits packages that are competitive and reward good performance;
- providing appropriate training to enable staff to perform their duties; and
- ensuring that appropriate mechanisms are in place for staff to raise any grievances.

The Group's policies and procedures are designed to:

- ensure employees operate and behave in line with the values of the Group;
- respect the rights and dignity of every employee and treat them fairly and without discrimination;
- encourage team working and the sharing of knowledge by creating transparency and trust among employees;
- recognize employees' individual and team contribution and reward them appropriately;
- ensure each member of staff has structured training and development opportunities based on their individual requirements and aspirations;
- encourage a pioneering environment where employees are willing to explore and adapt to new ideas and embrace change; and
- create a culture of continuous improvement and excellence by encouraging innovation and a high standard of work and professionalism.

Diversity

The Directors recognize the benefits of diversity in the OBD team. All appointments are made based on candidates' suitability for the roles concerned, without reference to characteristics such as those protected in the UK by the Equality Act 2010 (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation). The Directors note the Group's experience of having a diverse international team continues to have a hugely positive impact on the strength and success of its business as a whole.

Health and safety

The Directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. Alexandre Akoulitchev is the Director with overall responsibility for health and safety matters.

The Group meets legal requirements aimed at providing a healthy and secure working environment to all employees. The Group's successful health and safety management involves regular review of its health and safety policy – including, during and after the year ended 30 September 2021, on the opening of its new facilities in the UK and US – and integrating sound principles and practice into its day-to-day operating procedures and quality management arrangements. This requires the collaborative effort of all employees, who undergo regular training in this area and are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

The need to foster the Company's business relationships with suppliers, customers and others

The Group is committed to:

- providing high quality, consistent, accessible and reliable services to its customers;
- ensuring that contractors and suppliers are aware of, and where necessary work with it to comply with, its business principles, policies and standards; and
- conducting its operations in accordance with the principles of good corporate governance, and providing timely, regular and reliable information on the business to all of its shareholders.

The development and commercialization of the Group's products and the pursuit of its wider strategy rely both on contractual agreements, and more importantly positive, mutually-supportive and open business relationships, with key partners. These include Agilent Technologies for the *EpiSwitch*® Explorer Array Kit, NEXT Molecular Analytics (the Group's CLIA-certified partner laboratory in VA, USA) for the *EpiSwitch*® CST and *EpiSwitch*® CiRT tests, as well as its pharmaceutical customers and, particularly during the year ended 30 September 2021, its UK landlord and building contractor.

Section 172(1) statement continued

The impact of the Company's operations on the community and the environment

Community

The Group's aim is that the communities in which it operates should benefit from its presence, both through the wealth and jobs created and also the direct involvement of its staff in activities that have a positive impact on the community. The Directors are pleased to have again increased the geographic footprint of the Group's staff team this year. During the year the Group has also furthered these aims in new ways, including a number of activities co-ordinated by UK-based staff to support local charities, and awareness and educational campaigns on the Group's growing social media feeds, focused, for example, on particular diseases.

Environment

The Directors acknowledge the principle that for a business to be sustainable, its success cannot be derived at the expense of the environment or wider society. The Group is aware of the environmental impact of its activities and seeks to minimize resource usage, for example by seeking to engage only in essential business travel and where possible recycling the single-use plastic consumable items necessary for its laboratory operations. The Group is not subject to significant regulatory requirements in addition to those faced by most businesses; however, it does hold all of the licences necessary to operate its business, including a Human Tissue Authority licence for the storage of material from the human body (in the form of blood samples). The Group also maintains uniform levels of quality control and quality assurance standards throughout its reference facilities and laboratories, through the application of its quality management systems as demonstrated by its meeting the requirements of international standards ISO 13485 and ISO 9001.

The Group's business activities result in various environmental impacts (mainly in the form of CO_2 and other emissions, from travel and usage of utilities and as a consequence of the safe management of clinical waste and maintenance of high levels of cleanliness in its facilities).

Aside from the risks associated with climate change discussed on page 23, the Directors do not consider that there are environmental factors that pose a direct and significant risk to the Group's business, nor are any of the Group's primary activities necessarily environmentally damaging. The Directors recognize, however, that the Group is at an early stage in the process of identifying the most appropriate metrics with which to monitor its environmental impact, though these are likely to include energy usage, water consumption, CO_2 production and waste generation. In future, the Board expects to gather more detailed data to help the Group to improve its environmental performance whilst continuing to comply with all relevant legislative, regulatory and other requirements.

Human rights

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates, and to:

- identify, assess and manage human rights risks, including those relating to modern slavery and human trafficking, within its supply chain, sphere of influence and other activities, working firstly to avoid or mitigate them, and then seeking to remedy any actual or potential impacts;
- respect and support internationally recognized human rights standards wherever the Group operates and seek to ensure non-complicity in human rights abuses.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Group operates honestly and transparently. Further details of how the Group promotes a corporate culture based on ethical values and behaviours, specifically in connection with its compliance with Principle 8 of the QCA Code, is included in the Corporate governance statement on page 35.

Corporate social responsibility

The Directors recognize the importance of corporate social responsibility, both generally and in the opinion of the Group's many stakeholders. The Group is committed to maintaining the highest standards of corporate social responsibility in its business activities.

Pursuit of the Group's strategic aims offers significant potential societal as well as individual benefits by making available of proprietary *EpiSwitch*® tests and biomarkers for disease detection, prognostic testing and screening for drug responses in patient healthcare.

The Group aspires to high standards of business practice through a process of continual improvement and the adoption of international codes and standards where appropriate for a business of the Group's size. This commitment finds application across all aspects of the Group's activities, but includes paying suppliers and employees on time, paying taxes in the jurisdictions in which the Group operates and honouring contractual commitments with customers and suppliers alike.

The Group has implemented, and continues to review and update, policies and management systems in its operations that accord with the requirements of its corporate social responsibility standards, and strives to:

- comply with all applicable laws and regulations, wherever the Group operates;
- achieve and comply with relevant quality and people management standards;
- consult with and respond to the concerns of our stakeholders; and
- behave with honesty and integrity in all the Group's activities and stakeholder relationships and reject bribery and corruption in all its forms.

The need to act fairly between members of the Company

Notwithstanding the fact that some of the Directors also hold significant shareholdings in the Company, Board discussions and decision-making are focused on seeking the long-term benefit of the Company's members as a body, without favour for individual members or groups of members. Directors are required to declare any interests in matters discussed at Board meetings. The Group is committed to complying fully with all legal and regulatory requirements that pertain to the fair treatment of members and potential members. To this end, whenever necessary, Directors seek and follow the independent advice of the Company's nominated adviser.

In common with other public companies, Directors are likely to hold individual meetings with institutional and other significant shareholders during the year. However, any member may contact the Directors through the Group's investor relations email address (investorrelations@oxfordbiodynamics.com) and members are welcome to attend and to ask questions of the Board at the Company's annual general meeting.

The Strategic Report, which incorporates this S172(1) Statement and comprises pages 2 to 29, has been approved by the Board and is signed by order of the Board by:

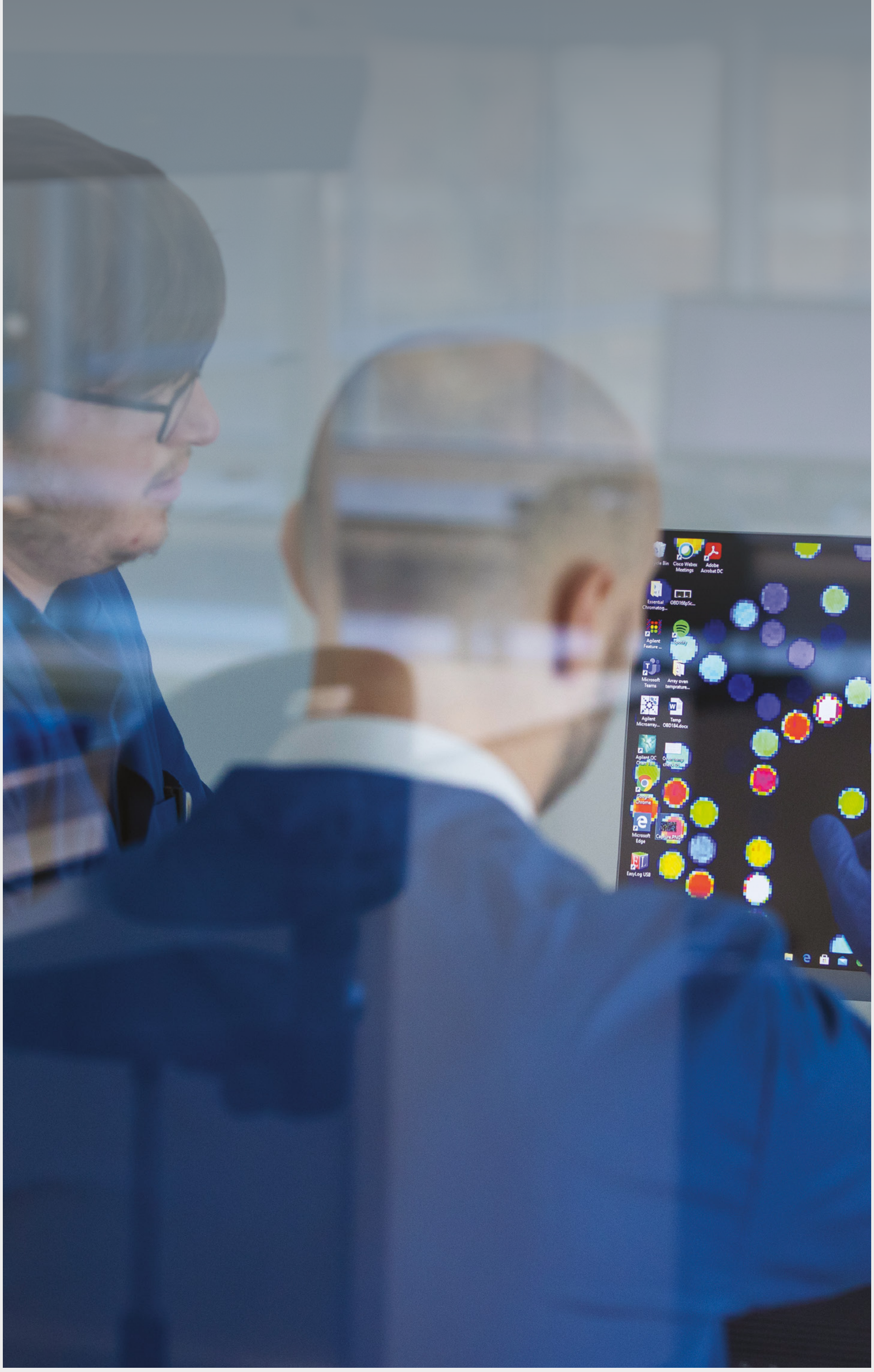
Jon Burrows
Chief Executive Officer

24 January 2022

Registered office:
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford, UK
OX4 2WB

Registered number:
06227084

“The Group is committed to maintaining the highest standards of corporate social responsibility in its business activities.



Board of Directors

Matthew Wakefield
Non-Executive Chairman

Date of appointment: 14 December 2020
Committees: N A R

Skills and experience:
Matthew was appointed to the Board as Non-Executive Chairman on 14 December 2020. Matthew graduated with a degree in law and has an MBA in finance. He has spent almost 30 years in the City working in senior positions in both the fund management and investment banking industries.

Matthew started his career as a fund manager at Legal and General Plc before moving into broking at Nomura Holdings, Inc. He joined Collins Stewart Hawkpoint Limited ('Collins Stewart') in 1992 and was Head of Sales and a member of the management committee. He left Collins Stewart in 2004 to work for two charities, The Besom Foundation and The 999 Club. In 2011 Matthew set up the broking partnership Baden Hill LLP, where he remains as a partner and shareholder.

Matthew has an in-depth knowledge of the Company having been one of the Company's earliest external shareholders. Baden Hill LLP raised capital for the company at its IPO in 2016 and Matthew acted as an adviser to the Company before his appointment as Chairman. Matthew chairs the Nomination Committee and is a member of the Audit and Remuneration Committees.

Dr Jon Burrows
Chief Executive Officer

Date of appointment: 23 March 2020
Committees: N

Skills and experience:
Jon was appointed as Group Chief Executive Officer on 23 March 2020. He brings over 25 years of industry experience with an established track record in oncology and personalized medicine within big pharma, biotech and molecular diagnostics companies. Jon leads the Group from Maryland, USA, a location which will help OBD to further expand its US presence.

Jon joined OBD from Oncology Partners, a consulting and clinical advisory firm focused on providing strategic counsel to development stage pharma, biotech, medical devices and diagnostic companies, which he co-founded. Previously Jon was President and CEO of OncoPlex Diagnostics, a leader in clinical proteomics for oncology. Under Jon's leadership OncoPlex was transformed from a private, pre-revenue stage company into a thriving clinical diagnostics business with marketed products, which was ultimately acquired by NantOmics in May 2015. From 2007 to 2009, he was Director of Business Development and Interim Head of the Translational Diagnostics Business Unit at Ventana Medical Systems, and subsequently Director of Pharma Operations at Roche, following the $3.4 billion acquisition of Ventana Medical Systems by Roche in 2008. His early career was in oncology drug development and the development of molecular diagnostics for precision medicine.

Jon holds a Bachelor's degree in Industrial Chemistry (Colour) from the University of Leeds (UK), and a Master's degree in Physical Chemistry and PhD in Cell and Molecular Biology from the University of Nevada. He completed postdoctoral studies in the laboratory of Dr David Perlmutter at Washington University in St Louis, Children's Hospital before becoming the inaugural Alpha One Foundation Young Investigator for Clinical Research at Washington University Medical School in St Louis. Jon is a member of the Company's Nomination Committee.

Dr Alexandre (Sasha) Akoulitchev
Chief Scientific Officer

Date of appointment: 08 June 2007

Skills and experience:
Sasha read Mathematics, Physics, Chemistry, Biochemistry and Biophysics at Moscow Institute of Physics and Technology. In 1989 he was selected by the George Soros Foundation for the Oxford Scholarship, associated with St. Antony's College, along with 20 top Soviet graduate students from the USSR. He obtained his PhD in cell biology from University College, London (with the research based at the Imperial Cancer Research Fund).

He spent six years at the Robert Wood Johnson Medical School-UMDNJ, NJ, as a research assistant funded by the Howard Hughes Medical Institute. Upon his return to England, he established his research laboratory at the Sir William Dunn School of Pathology, University of Oxford. He was a University Academic Fellow (Research Council UK) and a Senior Fellow of Exeter College, sponsored by Cancer Research UK, The Wellcome Trust, The Medical Research Council. Sasha is also a Fellow of the Royal Society of Medicine.

Committee key

Audit Committee:	A
Nomination Committee:	N
Remuneration Committee:	R
Committee member:	■
Committee Chair:	■

Paul Stockdale
Chief Financial Officer

Date of appointment: 15 September 2017

Skills and experience:
Paul joined the Company in September 2017 from e-Therapeutics plc, where he held the position of Financial Controller from 2012. Paul is a Chartered Accountant, beginning his career at Deloitte, where he worked from 1996 until 2004.

Following this, he worked in finance and operations management in the charitable and automotive sectors. He read Natural Sciences at St John's College, University of Cambridge.

Dr David Holbrook
Non-Executive Director

Date of appointment: 05 April 2019
Committees: A R N

Skills and experience:
David is a proven leader in business development and healthcare investing, with 30 years' experience in the life sciences sector. David, a qualified physician and MBA graduate from Harvard Business School, has worked for a variety of companies, charities and academic institutions including: GlaxoSmithKline, Roche, Imperial College London and the University of Cambridge.

In addition to his Non-Executive Directorship at OBD, David also holds roles as Adviser and Investment Committee member at RYSE Asset Management and Chairman of The Liver Group Charity. Until July 2021 he was Senior Independent Director at Worldwide Healthcare Trust plc.

David brings a wealth of healthcare investment expertise as inaugural Head of Seed Funds at LifeArc, General Partner and Head of Healthcare Investing at MTI Ventures LLP, and Director, Life Sciences at the Cambridge University Seed Fund. David chairs the Audit and Remuneration Committees and is a member of the Nomination Committee.

Stephen Diggle
Non-Executive Director

Date of appointment: 4 October 2016

Skills and experience:
Stephen is the founder and Chief Executive Officer of Vulpes Investment Management (a significant shareholder in the Company), and co-founder and former managing partner of Artradis Fund Management, one of the largest hedge fund groups in Asia.

He has been involved in equity capital markets for over 30 years and has considerable experience investing in and supporting life science businesses through the Vulpes Life Sciences Fund. Stephen holds an MA from the University of Oxford.

Chairman's introduction

Dear Shareholders,
Since my appointment as Non-Executive Chairman in December 2020, the Group has embarked on a significant expansion of its strategy and it is encouraging to look back on what has been achieved over the last year. I would like to express my gratitude to all the OBD staff who have worked so hard and who share a passion for the ground-breaking work that the Company is doing.

The Annual Report, and particularly the corporate governance statement on the following pages provides an opportunity to review and restate OBD's commitment to following best practice in corporate governance.

As a public Company, with a growing register of shareholders from across the globe, we remain mindful of the trust placed in the Board by institutional and retail investors, employees and other stakeholders. The Group's corporate governance activities exist to help the Board make robust, informed decisions and to manage risk. This forms a large part of my role in leading the Board, assisted by my Non-Executive and Executive colleagues, the Company secretary and the Group's professional advisers. Maintaining and developing the Group's corporate governance practice is particularly important as the Group continues to expand its international footprint.

The Board has adopted the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") to support the Company's ongoing development and operation of its governance activities. These principles focus on the pursuit of medium to long-term value for a diverse shareholder base, without stifling the Group's entrepreneurial spirit. The following statement sets out how we currently apply each of the QCA Code's ten principles, and the reasons for any current departures from compliance.

As ever, I and the other Non-Executive Directors welcome contact from shareholders by email to: investorrelations@oxfordbiodynamics.com
I look forward to leading the Board over the coming year.

Matthew Wakefield
Non-Executive Chairman

Corporate governance statement

QCA Code governance principle	Compliant	Explanation and further information
QCA Principle 1: Establish a strategy and business model which promote long-term value for shareholders	✓	OBD's strategy and business objectives are underpinned by the Group's values: Innovative, Pioneering, Achieving Excellence, Diverse, Professional. The Group's strategy and business model are set out on pages 6 to 13 of the Strategic Report. OBD's approach to risk management, as well as key risks and their mitigation, is shown on pages 20 to 23 of the Strategic Report. The Directors' obligation under s172(1) to consider the long-term consequences of their decisions is addressed on page 26.
QCA Principle 2: Seek to understand and meet shareholder needs and expectations	✓	The Company recognizes the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published. The Board also seeks to engage with shareholders to understand their needs and expectations, primarily through online and in-person meetings with the Executive Directors, both individually as required (this mainly applies to institutional investors and/or those with significant shareholdings), by webinar presentations advertised on the Group's website and at annual and other general meetings, at which all shareholders are welcome and may ask questions of the Board. The Non-Executive Directors may be contacted by shareholders who wish to raise matters with them, and the Chairman and other Non-Executive Directors attend meetings with institutional investors and analysts as required. Investors may contact the Company directly through the investor relations email address: investorrelations@oxfordbiodynamics.com
QCA Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	The Board recognizes that it is responsible not only to the Company's shareholders and employees, but to a wider group of stakeholders (including customers and suppliers) and the communities in which the Group operates. Whilst OBD still does not have direct contact with patients, the Group aims through its products and technology to improve outcomes for the public, including those who are suffering from diseases with unmet or poorly-met medical needs. As noted in the Strategic Report and s172(1) statement, the Group seeks to follow best practice by: • Treating all stakeholders fairly; • Communicating openly and honestly all shareholder and stakeholder information; • Providing safe, secure and healthy working conditions for all employees; • Promoting equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation nor political opinion; and • Observing the laws and regulations of each country in which it operates.

Corporate governance statement continued

QCA Code governance principle	Compliant	Explanation and further information
QCA Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organization	✓	The Board has implemented what it considers to be a sensible approach to risk management for a Company of OBD's size. The Group's approach to risk management, including the maintenance of risk registers, is outlined in the Strategic Report on page 20. The Group follows detailed prescribed risk assessment and management processes for its ISO-certified activities. In addition, the Board regularly considers risks relating to other areas of the business and steps taken to mitigate or reduce them. The principal elements of the Group's internal control system include: • Direct management of the day-to-day activities of the Group by the Executive Directors; • Clearly defined lines of responsibility and delegated authority; • A comprehensive system for consolidating financial results from Group companies and reporting these to the Board each month; • Annual revenue, cost, and capital forecasts, which are reviewed regularly during the year, regular monitoring of management accounts and capital expenditure reported to the Board, and regular comparisons with forecasts; • Financial control policies and procedures including hierarchical dual authorization of purchases and payments and segregation of duties; • Computerized quality and project management systems; and • Audit Committee approval of audit plans and published financial information, review of reports from the external Auditor arising from the audit and consideration of the Group's approach to financial risk management.
QCA Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair	✓	The Board, led by the Chairman, is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. More information on the composition of the Board is given on page 37, and meeting attendance and the management of Board activities is described in more detail on page 39.
QCA Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✓	The Nomination Committee is responsible for identifying and assessing the suitability of candidates to fill vacancies on the Board, and also for assessing the appropriateness of the size and composition of the Board as the Group develops. Directors' skills and experience and the processes in place to ensure the Board maintains appropriate capabilities are set out on page 38.
QCA Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	The Board undertook an evaluation process during and shortly after the year, which is explained in more detail on page 40. The Board will use the outcomes of the evaluation process to pursue continuous improvement over the coming year.

QCA Code governance principle	Compliant	Explanation and further information
QCA Principle 8: Promote a corporate culture that is based on ethical values and behaviours	✓	Each member of the Board acknowledges that the maintenance of an organizational culture of ethical values and behaviour is set 'from the top down'. The Directors seek to promote and support such values and behaviour in the way they lead the Group as a whole. The Group's employee handbook, which is read by all employees as part of their induction, sets out in detail the Group's values and ethical policies, including its anti-bribery, standards of business conduct, whistleblowing, equal opportunities, recruitment, health and safety, training, grievance, share dealing and other policies. The Strategic Report and s172(1) statement provide further detail on the policies in place to promote and support ethical behaviour and the Group's values, and how these align with the Group's objectives, strategy and business model.
QCA Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	✓	The governance structure of the Board and its sub-committees, their terms of reference and matters for which they are responsible and the governance responsibilities of Directors who undertake specific roles are shown in more detail on page 36 to 37.
QCA Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	The Directors typically meet or communicate with institutional shareholders during the year as required. Shareholders are encouraged to attend webinars (advertised on the Company's website) on the release of preliminary and interim results as well as the annual general meeting (and any other general meetings) at which the Group's activities are considered and questions answered. General information about the Group is also available on the Company's website (www.oxfordbiodynamics.com), where there is an overview of activities of the Group, up to date information on its corporate governance and details of all recent Company announcements. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and the Independent Non-Executive Directors will attend meetings with investors and analysts as required. Results of shareholder votes are made public on the Company's website after the meetings concerned. None of the resolutions proposed at any of the five annual general meetings held by the Company to date had a significant proportion (more than 20%) of votes cast against them. The work undertaken by of each of the Board's sub-committees during the year is detailed in their reports on the following pages.

Corporate governance statement continued

Governance structure

OBD has established an Audit Committee, a Nomination Committee and a Remuneration Committee with formally delegated duties and responsibilities, as summarized in the table below.

The Board

The Board is responsible to shareholders for the effective stewardship of the Group's affairs and, as mentioned above, there is a formal schedule of matters reserved for decision by the Board in place, which enables the Board to provide leadership and ensure effectiveness, and which may be found on the Company's website.

Audit Committee

The Audit Committee's principal functions include ensuring that appropriate systems of accounting and financial controls are in place, monitoring the integrity of the Group's financial statements, reviewing the effectiveness of the accounting and internal control systems, reviewing reports from the Group's auditors relating to accounting and internal controls, and reviewing the interim and annual results and reports to shareholders, in all cases having due regard to the interests of shareholders.

Members

David Holbrook (Chair)

Matthew Wakefield

The Audit Committee's report is found on pages 42 to 44.

Nomination Committee

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that it continues to operate effectively. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the reappointment of any Non-Executive Directors.

Members

Matthew Wakefield (Chair)

David Holbrook

Jon Burrows

The Nomination Committee's report is found on page 41.

Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration packages for each of the Executive Directors (the remuneration of the Non-Executive Directors is determined by the Board). The Remuneration Committee considers all aspects of the Executive Directors' remuneration, including pensions, bonus arrangements, benefits, incentive payments and share option awards, and the policy for, and scope of, any termination payments. No Director is involved in discussions relating to their own remuneration.

Members

David Holbrook (Chair)

Matthew Wakefield

The Remuneration Committee's report is found on pages 45 to 47.

Copies of each Committee's detailed terms of reference are available in the Investors section of the Company's website.

Certain Directors undertake individual roles with defined responsibilities, as set out below:

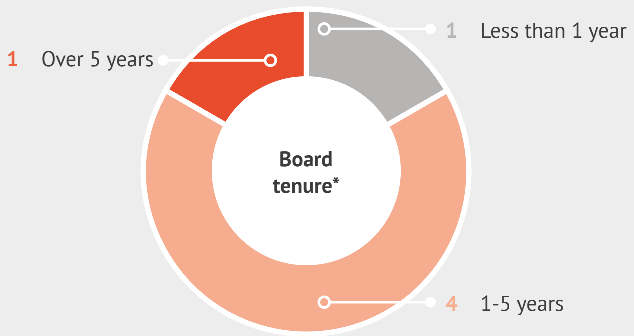
Role	Responsibilities
Chairman	The Chairman, Matthew Wakefield, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures that communication with shareholders is effective and facilitates the contribution of Non-Executive Directors to the Board. He is responsible for leading the Board's regular evaluation of its effectiveness.
Chief Executive Officer	The Chief Executive Officer, Jon Burrows, is responsible for running the Group's business and for managing the Senior Management Team, which reports formally to the Board at each Board meeting. With the other Executive Directors, the Chief Executive Officer is responsible for the delivery of the Group's business model, within the strategy set by the Board.

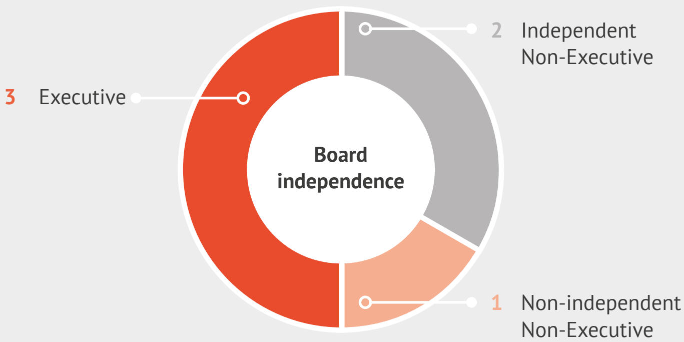
The appropriateness of the Board's structures, processes and roles are reviewed through the Board evaluation process detailed on page 40 and on an ad hoc basis by the Chairman together with the other Directors, and these are expected to evolve in parallel with the Group's objectives, strategy and business model as the business develops.

Board composition and independence

The QCA Code recommends that a Company should have at least two independent Non-Executive Directors, further noting that it may not be possible for growing companies to meet all of the objective independence criteria demanded of the largest listed companies. During the reporting period, the Board comprised four and, following the resignation of Christian Hoyer Millar, three, Executive Directors and three Non-Executive Directors. Of the current Board, David Holbrook and Matthew Wakefield are considered by the Directors to be independent for the purposes of the QCA Code. David Holbrook joined the Board on 5 April 2019 and prior to his appointment did not have any association with the Company. Matthew Wakefield joined the Board during the year on 14 December 2020.

The balance of independence and length of tenure of the current membership of the Board is summarized in the charts below:





* As at 30 September 2021

Stephen Diggle represents a significant shareholder (through the combined holdings of Vulpes Life Sciences Fund and Vulpes Testudo Fund) and, therefore, is not considered by the Board to be independent for the purposes of the QCA Code.

Each of the Non-Executive Directors offers robust challenge and support to the Executive Directors and is committed to representing the interests of all shareholders.

At each of its meetings, the Board considers Directors' conflicts of interest. The Company's articles of association provide for the Board to authorize any actual or potential conflicts of interest.

The Nomination Committee is responsible for identifying and assessing the suitability of candidates to fill vacancies on the Board, and also for assessing the appropriateness of the size and composition of the Board as OBD develops.

The Directors are satisfied that the Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will continue to monitor the requirement for additional suitably qualified Non-Executive Directors as the Group continues to grow.

Corporate governance statement continued

Board skills and experience

The Board currently comprises three Executive and three Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience to enable the Board to deliver the Group's strategy for the benefit of shareholders over the medium to long term. The balance of skills and experience of the Board is summarized in the table below:

Director	Biotech/ pharma sector	Financial	General management	Other public Company (Board level)
Alexandre Akoulitchev	✓			
Jon Burrows	✓		✓	
Stephen Diggle	✓	✓	✓	
David Holbrook	✓	✓		✓
Paul Stockdale	✓	✓		
Matthew Wakefield		✓	✓	

Further details of the skills and experience of the Directors are provided in their biographies on pages 30 and 31. The experience and knowledge of each of the Directors gives them the ability to constructively challenge and contribute to the Company's strategy and to scrutinize its performance. The Board also consults external advisers, at the Company's expense, where necessary.

On joining the Board, Directors take part in a formal induction process, including briefing on AIM rules by the Company's Nominated Adviser ("NOMAD") and the provision of past Board materials to provide background information on the Company and information on the Board's processes and governance framework. The induction is tailored to meet each new Director's specific needs and Committee membership. The Directors also receive regular briefings and updates from the Company's NOMAD in respect of continued compliance with the AIM Rules and the Market Abuse Regulation.

The Board and Committees receive training as appropriate, and the Directors and the Senior Management Team are encouraged to attend external seminars on areas relevant to their role. In particular, the members of the Audit Committee receive technical updates from the Company's external auditor to keep them abreast of the latest accounting, auditing, tax and reporting developments.

The Company Secretary provides information and advice on corporate governance and individual support to Directors on any aspect of their role, particularly supporting the Chairman and those who chair Board Committees. The Company Secretary is also responsible for ensuring that Board procedures are followed and that the Board receives the information it needs to fulfil its duties effectively.

The Company strongly supports and recognizes the benefits of diversity in the boardroom. Appointments to the Board are made with reference to a number of different criteria, including promoting diversity of gender, background and personal attributes, alongside the necessity for Directors to have appropriate skills and experience.

Board function

QCA Principle 5 requires that the Board is maintained as a well-functioning, balanced team led by the Chair. There is a formal schedule of other matters reserved for decision by the Board, which is available on the Company's website. The Board routinely approves financial statements, dividends (if any), significant changes in strategy or accounting practices and key corporate or commercial activities.

Time commitments

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential Director candidate (whether an Executive Director or Non-Executive Director) is required to disclose all significant outside commitments prior to their appointment.

The Board is satisfied that the Chairman and each of the other Non-Executive Directors is able to, and does, devote sufficient time to the Company's business. Each of the Executive Directors is employed on a full-time basis.

In appropriate circumstances, the Board may authorize Executive Directors to take Non-Executive positions in other companies and organizations, provided the associated time or other commitments do not conflict with the Director's duties to the Company. The acceptance of appointment to such positions is subject to the approval of the Chairman.

Attendance at Board and Committee meetings

The Board meets at least four times per year for formal Board meetings.

The Board considers that it has shown its commitment to leading and controlling the Group by meeting five times for formal meetings during the year ended 30 September 2021 and the attendance of each Director at Board and Committee meetings during the period is set out in the table below:

Director	Board[1]	Audit Committee[1]	Remuneration Committee[1]	Nomination Committee[1]
Alexandre Akoulitchev	5/5	–	–	–
Jon Burrows	5/5	–	–	1/1
Stephen Diggle	5/5	–	–	–
David Holbrook	5/5	2/2	2/2	1/1
Christian Hoyer Millar (resigned 31 December 2020)	1/1	–	–	–
Peter Pack (resigned 14 December 2020)	0/0	0/0	1/1	0/0
Paul Stockdale	5/5	–	–	–
Matthew Wakefield (appointed 14 December 2020)	5/5	2/2	1/1	0/0

1 Attendance is expressed as the number of meetings attended/number eligible to attend. Directors' attendance by invitation at meetings of Committees of which they are not a member is not reflected in the above table. In addition, authority was delegated to sub-committees of the Board on an ad hoc basis to deal with routine matters – meetings of these sub-committees are not reflected in the above table.

Timeliness and quality of Board information

The Board seeks to ensure that Directors are properly briefed on issues arising at Board and Committee meetings by establishing procedures for distributing Board and Committee papers in a timely manner in advance of meetings; considering the adequacy and quality of the information provided before making decisions; and adjourning meetings or deferring decisions if Directors have concerns about the information available to them.

The Board receives detailed reports from executive management on the operational and financial performance of the Group at Board meetings and other information as necessary, and Senior Management Team members regularly make presentations to the Board on their areas of responsibility.

Corporate governance statement continued

Board evaluation

The Board uses a process of annual review to assess its performance and to identify ways in which it might improve its effectiveness. Alongside the formal annual evaluation discussed below, the Chairman routinely assesses the performance of the Board and its members and discusses any issues as they arise with the relevant Directors.

The annual review of the effectiveness of the Board and its Committees is conducted through questionnaires and interviews with the Chairman. The Executive Directors and the other Non-Executive Directors are responsible for evaluating the performance of the Chairman.

The annual review includes a rigorous assessment of the Board's performance, balance of skills, experience, independence, diversity and other factors relevant to its effectiveness (and that of its Committees) and, alongside the work undertaken by the Remuneration Committee in respect of the Executive Directors, the performance of its individual Directors.

The most recent formal evaluation of the Board's performance, and that of its Committees, was initiated during the year, with the outcomes of the process shared with Directors by the Chairman after the year end. In preparation, the Chairman solicited the views of the other Directors, including the completion by each Director of a confidential questionnaire, with results collated by the Company Secretary.

The performance evaluations focused on the Board, specifically:

- Its scope of responsibilities and duties within the Company and to all its stakeholders;
- The appropriateness and timeliness of information provided to it;
- Its procedures;
- Its composition and that of its Committees (i.e. mix of skills, diversity and experience);
- Continuing professional development;
- The effectiveness of its communication with shareholders;
- Its contribution to developing and testing strategy and to risk management;
- The quality of advice received from its external advisers;
- Corporate social responsibility; and
- The effectiveness of Board Committees.

In addition to the above, the Chairman, Matthew Wakefield, was evaluated on his:

- Effective leadership of the Board;
- Management of relationships and communications with shareholders;
- Identification of development needs of individual Directors with a view to enhancing the overall effectiveness of the Board as a team;
- Promotion of the highest standards of corporate governance; and
- Management of Board meetings and ensuring effective implementation of Board decisions.

After reviewing the results of the 2021 evaluation process, the Board has identified the following areas as those in which it will seek to develop in the near term:

- The balance of the Board with respect to independence, diversity and to a lesser extent, particular skills and experience;
- Access to appropriate external training for Board members;
- Reporting to the Board on meetings with institutional investors; and
- Facilitation of site visits by, and pre-Board presentations to, Non-Executive Directors.

Nomination Committee report

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board ensuring that as a body, the Directors have the skills, knowledge and experience required to ensure that it operates effectively. The Nomination Committee meets at least once per year and at other times as necessary. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors. Matthew Wakefield is Chairman of the Nomination Committee (during the year ended 30 September 2021, Peter Pack was Chairman until his resignation on 14 December 2020). The other members are David Holbrook and Jon Burrows.

During the reporting period, the Nomination Committee met once. Details of meeting attendance are shown in the Corporate governance statement on page 39.

In discharging its duties during the year, the Nomination Committee was involved in the appointment as Director and recommended to the Board the election as Non-Executive Chairman, of Matthew Wakefield.

The Committee is responsible for monitoring and reviewing the structure, size and composition of the Board. The composition of the Board at the end of the reporting period of three Executive Directors and three Non-Executive Directors (two of whom are considered to be independent for the purposes of the QCA Code) is considered appropriate at the present time.

The Nomination Committee is also responsible for succession planning of the executive leadership team and makes recommendations to the Board for the re-appointment of any Non-Executive Directors as necessary. Two years ago the Committee identified the need for a more active succession planning process as the Group grows. Following the appointment of Jon Burrows as Chief Executive Officer in March 2020, and the expansion of the Group's strategy announced in December 2020, the Group has successfully implemented the first stage of the plans it developed during 2020 to strengthen its commercial, scientific and administrative teams. There were several appointments during the period which reduced the Group's reliance on a small number of executives in key roles. The process of strengthening the leadership of the Company and ensuring stable continuity through succession planning will continue.

The Nomination Committee is also responsible for considering the retirement and re-election of Directors. Each of the current Directors was either elected or re-elected at either the 2020 or 2021 AGM. As a result, in accordance with the Company's articles of association, none of the Directors must retire and offer himself for re-election at the forthcoming AGM.

Matthew Wakefield
Chairman of the Nomination Committee

24 January 2022

Audit Committee report

The Annual Report of the Group's Audit Committee for the year ended 30 September 2021 is shown on the following pages.

This report explains the role of the Audit Committee on behalf of the Board, and its activities during the year. It also sets out the issues relating to the financial statements that the Committee has considered as part of our work, and the conclusions it has reached, in consultation with the external Auditor where appropriate.

The members of the Audit Committee are mindful of the importance of its role in ensuring that financial and other information is prepared effectively by executives and other team members and of reporting the activity of the Committee over the year in such a way as to enhance shareholders' knowledge of, and confidence in, this aspect of the Group's management.

Dr David Holbrook
Chairman of the Audit Committee

Audit Committee

The Audit Committee's principal functions include ensuring that the appropriate accounting systems and financial controls are in place, monitoring the integrity of the financial statements of the Group, reviewing the effectiveness of the Group's accounting and internal control systems, reviewing reports from the Group's Auditor relating to the Group's accounting and internal controls, and reviewing the interim and annual results and reports to shareholders, in all cases having due regard to the interests of shareholders.

The Audit Committee typically meets at least twice a year, with regard to the reporting and audit cycle. Committee Chairman David Holbrook has recent and relevant financial experience through his roles as a Director and member of the Audit Committee of the Worldwide Healthcare Trust plc and as inaugural Head of Seed Funds at LifeArc. Matthew Wakefield is the other member of the Audit Committee and also has significant relevant financial experience in his previous and other current roles. Peter Pack was a member of the Audit Committee until his resignation on 14 December 2020.

Only the members of Audit Committee receive automatic invitations to meetings of the Audit Committee. The Chief Financial Officer and external Auditor are invited to attend meetings on a regular basis, and other non-members may be invited to attend all or part of any meeting if considered appropriate and necessary. The Company Secretary acts as secretary to the Audit Committee.

The Audit Committee meets the external Auditor at least once a year without executive management present, and the Chairman of the Audit Committee keeps in touch on a continual basis with the key people involved in the Company's governance, including the Chief Executive Officer, the Chief Financial Officer, the Chairman, the Company Secretary and the Senior Statutory Auditor.

Summary of the role of the Audit Committee

The Audit Committee has primary responsibility for monitoring the quality of internal financial controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's Auditor relating to the Group's accounting and internal controls, in all cases having regard to the interests of shareholders. In the course of discharging these duties and responsibilities, the Audit Committee focuses particularly on compliance with legal requirements and accounting standards and on ensuring that the Group's system of internal financial controls is effective and appropriately updated as the Group's business develops.

Its other areas of focus include reviewing and monitoring:

- the external Auditor's independence and objectivity and the effectiveness of the audit process, and making recommendations to the Board on the appointment and re-appointment of the Group's external Auditor;
- the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- the requirement for an internal audit function;
- the Group's internal financial controls and internal control and risk management systems; and
- the Group's whistleblowing, anti-bribery and fraud protection procedures.

The Audit Committee reports to the Board, and the effectiveness of the Audit Committee is reviewed by the Board.

External Auditor

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment or removal of the external Auditor and assesses annually the qualifications, expertise, resources, remuneration and independence of the external Auditor. The Audit Committee also receive reports annually on the external audit firm's own internal quality control procedures and ensures that for each annual cycle, appropriate plans are in place for the external audit.

Grant Thornton UK LLP were appointed as the Company's and the Group's external Auditor following an extensive tender process, commencing with the audit of the financial year ended 30 September 2018 and have therefore served as external Auditor for four years. There are no contractual obligations restricting the Company's choice of external auditor.

In accordance with professional standards, the Grant Thornton LLP senior statutory auditor responsible for the audit is rotated at least every five years. The current senior statutory auditor was first appointed in respect of the year ended 30 September 2021

The Audit Committee annually reviews the effectiveness of the external Auditor. This process involves the external Auditor presenting to the Audit Committee its proposed audit scope, such presentation last having taken place shortly after the year end, in October 2021 in relation to the audit of the financial statements for the year ended 30 September 2020 and plans for the audit of the financial statements for the year ended 30 September 2021. The external Auditor also reports annually to the Audit Committee on its detailed year-end work, presenting on the completion of the audit and any significant findings. At this meeting, the Audit Committee is able to ask questions of the external Auditor to understand their findings and judgements. In making its assessment of external Auditor effectiveness, the Audit Committee reviews the audit engagement letters before signature, reviews the external Auditor's summary of Company issues, and conducts an overall review of the effectiveness of the external audit process and the external Auditor. The Audit Committee reports its findings to the Board.

The Audit Committee and the Board have been satisfied with the performance of Grant Thornton UK LLP since their appointment as external Auditor and with the policies and procedures they have in place to maintain their objectivity and independence.

The Audit Committee also approves in advance any non-audit services to be performed by the Auditor such as tax compliance and advisory work, and non-audit-related assurance services. Any non-audit services that are to be provided by the external Auditor are reviewed in order to safeguard Auditor objectivity and independence. No non-audit services have been provided by the external Auditor in either the reporting period or the prior year. Accordingly, the Audit Committee confirms that during the reporting period there have been no non-audit services that are considered to have impaired the objectivity and independence of the external Auditor. A breakdown of all fees payable to the external Auditor during the financial year is disclosed in Note 9 on page 80.

Work undertaken by the Audit Committee

The Audit Committee met twice during the period and twice after the period. Details of meeting attendance during the period are shown in the Corporate governance statement on page 39.

The matters addressed by the Audit Committee in its meetings during and after the year included:

- review and approval of the Annual Report and Accounts for the years ended 30 September 2020 and 30 September 2021;
- discussions with the external Auditor on the audit approach and strategy, the audit process, significant audit risks and key matters of focus for the annual audit;
- review of significant issues related to the financial statements, as described in more detail below;
- review of the financial integrity of the Group's financial statements including relevant corporate governance statements;
- consideration and approval of the audit fees for the financial year ended 30 September 2021;
- the appropriateness of any non-audit work to be carried out by the external Auditor;
- confirmation of the independence and objectivity of the external Auditor;
- review of the internal controls and risk management systems within the Group;
- review and update of the Group's financial risk register;
- review and approval of recommended updates to the Group's approval matrix, which sets out permitted approval levels for certain activities by role or committee;
- consideration of the size and composition of the Group's finance team;
- consideration of the requirement for the Group to have an internal audit function; and
- review of the effectiveness of the external Auditor, as more fully described above.

The Board has ultimate responsibility for reviewing and approving the financial statements in the interim and Annual Reports.

Significant issues related to the financial statements

The Audit Committee, in conjunction with the external Auditor, has considered significant issues relating to the preparation of the financial statements contained in this Annual Report as follows:

Going concern

Consulting with the external Auditor, post-period the Committee reviewed the Board's determination of the appropriateness of adopting the going concern assumption in preparing the financial statements and the additional disclosures, shown in Note 2 on page 67, made in relation to the consideration of going concern.

Prior period adjustment in respect of the carrying value of the Company's shareholding in Holos Life Sciences

The Audit Committee received detailed explanation from the external Auditor of the technical reasons that the accounting treatment of the Group's shareholding in Holos Life Sciences Pte Ltd ("Holos") adopted in the previous years' audited financial statements had been incorrect. Accordingly, the Audit Committee reviewed and approved the associated prior period adjustment, which is explained in more detail in Note 5. In each of the previous two years, taking into account the views of the external Auditor, the Audit Committee had reviewed the valuation of and disclosure included in the financial statements in respect of the Company's shareholding in Holos and Management's assessment of whether there existed any indications of impairment of the goodwill associated with the investment. Following the correction of the accounting treatment for the Group's investment in Holos in line with IAS 28 – 'Investments in associates and joint ventures', it was not necessary to perform a review for impairment in the current year.

Lease accounting under IFRS 16

The Audit Committee first reviewed the impact on the Group's financial performance and position of the adoption of IFRS 16 Leases last year, in respect of the year ended 30 September 2020. During the current year, the Group entered into a material lease for its new UK property. The Audit Committee, taking into account the views of the external Auditor, considered the steps taken to determine appropriate accounting treatment for the new lease, including the estimation of the incremental borrowing rate to be used in the calculation of lease interest charges. The impact of this estimate is set out in more detail in Note 4 on page 76.

Audit Committee report continued

Significant issues related to the financial statements continued

Review for impairment and estimate of useful economic lives of patent assets

The Audit Committee received and, taking into account the views of the external Auditor, assessed an impairment review of the Group's capitalized patents prepared by Management. The impairment review was carried out following Management's assessment that certain factors, including the decline in the Company's market value during and following the period under review, were potentially indicative of impairment. Each of the Group's patent families was reviewed in detail, considering its overall applications and claims. For the purposes of the impairment review, Management considered that the Group has one cash-generating unit, noting, however, that this assessment may change as the Group develops. The carrying value of patents was compared to the Group's market capitalization less the carrying value of its non-patent assets. In addition, each patent family was assessed for obsolescence. The Committee concurred with Management's conclusion that no impairment existed at the date of signing these accounts. In addition, the Committee reviewed and approved Management's estimates of the useful economic lives of patent assets for amortization purposes.

Revenue recognition

The Group's contracts with customers include research service contracts with different deliverables and payment milestones, and licence agreements. The payment milestones may not necessarily equate to the revenue recognition points. The determination of the number of revenue components contained in contracts and the appropriate revenue recognition points requires considerable judgement. The Audit Committee reviewed the judgements of Management, taking into account the views of the external Auditor, and was satisfied that the judgements made in respect of the amounts included in the Annual Report for the year ended 30 September 2021 were appropriate.

Share options

The Audit Committee reviewed the assumptions and estimates used by Management in the calculation of share option-related charges, taking into account the views of the external Auditor, and was satisfied that the valuation methodologies adopted and estimates used were reasonable.

Risk management and internal control

The Board has overall responsibility for maintaining a system of internal controls to safeguard shareholders' investment and the Group's assets. The Board also undertakes a process of identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been in place throughout the period and up to the date of approval of the Annual Report and Accounts. During the period, as noted above, the Audit Committee reviewed the Group's financial risk register and reviewed and recommended to the Board several updates to the Group's approval matrix (which sets out, alongside other matters, the levels of approval required for all types of financial transactions).

The Board's internal control and risk management review process (conducted with the assistance of the Audit Committee) is outlined on page 20.

Internal audit

The Board considers the need for a financial internal audit function annually and in consultation with the Auditor has concluded that, given the current size of the Group's operations, such a function is not necessary at this time.

Approved on behalf of the Board

Dr David Holbrook
Chairman of the Audit Committee

24 January 2022

Remuneration Committee report

As Chairman of the Remuneration Committee, I am pleased to present our report for the year ended 30 September 2021. This report provides details of the remuneration of all Directors and gives a general statement of the Group's policy on Directors' remuneration as it is currently applied.

This report is prepared with reference to the AIM Rules and the QCA's recommendations on remuneration committees and is designed to provide shareholders and stakeholders with sufficient relevant information about the decisions taken by the Remuneration Committee during the year. It does not constitute a full Directors' remuneration report in accordance with the Companies Act 2006. As a Company whose shares are admitted to trading on AIM, the Company is not required by the Companies Act to prepare such a report.

Dr David Holbrook
Chairman of the Remuneration Committee

Remuneration Committee

The Remuneration Committee considers all aspects of the Executive Directors' remuneration, including base salary, pension contributions, bonus arrangements, benefits and share option awards, and the policy for, and scope of, any termination payments. The remuneration of the Non-Executive Directors is determined by the Board. The Remuneration Committee meets at least twice a year (and at such other times as may be necessary). No Director may be involved in discussions relating to his or her own remuneration. David Holbrook is the Chairman and Matthew Wakefield is the other member of the Remuneration Committee. Peter Pack was Chairman of the Remuneration Committee until his resignation on 14 December 2020.

The Remuneration Committee met twice during the reporting period. Details of meeting attendance are shown in the Corporate governance statement on page 39.

In discharging its responsibilities during the year, the Remuneration Committee:

- considered and approved bonus awards to Executive Directors and persons discharging managerial responsibility ("PDMRs") in respect of the year ended 30 September 2020;
- determined salary changes for the period ended 30 September 2021;
- reviewed and approved the issue of share options to certain Executive Directors and PDMRs; and
- considered and updated aspects of the Remuneration Committee's structure and decision-making processes.

After the year end, the Remuneration Committee met to:

- consider and approve bonus awards to Executive Directors and PDMRs in respect of the year ended 30 September 2021, in light of performance reviews shared with the Remuneration Committee;
- review and propose increases to Executive Directors' and PDMRs' salaries; and
- consider the Remuneration Committee's approach to performance objectives for Executive Directors and PDMRs for the year ending 30 September 2022.

Policy on executive remuneration

The policy of the Remuneration Committee is to ensure that the Executive Directors are rewarded for their individual contributions to the Company's overall performance, and to provide them with a fair and competitive remuneration package (including long-term incentive plans) to attract, retain and motivate individuals of the experience and competence required to ensure that the Company is managed effectively and successfully, having regard to the interests of shareholders. When setting the remuneration policy for Executive Directors, the Remuneration Committee reviews, and has regard to, the pay and employment conditions across the Group and also within the sector in which the Group operates, especially when determining salary increases.

Policy on Non-Executive Directors' remuneration

Non-Executive Directors receive a fixed fee and do not receive any pensions payments or other benefits. Matthew Wakefield receives an additional fee in his role as Non-Executive Chairman. No additional fees are payable in respect of membership of the Board's Committees.

Ordinarily, the Non-Executive Directors do not participate in bonus or incentive schemes. David Holbrook was awarded a modest number of share options, with an exercise price in excess of the share price at the date of grant, shortly after joining the Board in 2019. Further details of all Directors' share options are set out on page 47.

The notice periods for all Non-Executive Directors are three months.

Executive Directors' remuneration packages

Executive Directors' remuneration packages include base salary, bonuses, pension contributions and other benefits including health insurance. Base salaries are reviewed by the Remuneration Committee annually taking into account a number of factors, including individual contributions, salaries typically paid for similar roles by comparable organizations and the current position of the Group as a whole. There is no prescribed minimum or maximum increase, and there is no obligation on the Remuneration Committee to increase basic salary.

Executive Directors may also receive bonuses, depending on whether certain strategic, financial or operational objectives are met. The annual target bonus for the Executive Directors ranges between 20% and 60% of base salary.

After conducting its reviews of performance for the year ended 30 September 2021, the Remuneration Committee awarded bonuses to each of the Executive Directors at 85% of target. In the prior year, the Remuneration Committee awarded bonuses at 75% of target.

For the year ending 30 September 2022, the Remuneration Committee expects to review performance of the Group and individual Executive Directors throughout the year, with any bonuses for Executive Directors determined by the achievement of specific corporate and personal near-term goals, which are consistent with the long-term interests of shareholders and aligned with the Group's business objectives.

Remuneration Committee report continued

Executive Directors' remuneration packages continued

The benefits packages offered to Executive Directors include private health insurance and payments to money purchase pension schemes. It is possible for Executive Directors to receive additional salary in lieu of contributions to pension schemes and, for US-based Directors, healthcare benefits. Where made, such payments may be adjusted to take account of employer's national insurance contributions and similar amounts payable, so that the total cost to the Company is no higher as a result. Payments in lieu of pension contributions or healthcare benefits are not included in calculations of base salary for bonus purposes. Executive Directors may also elect to sacrifice salary in exchange for increased employer contributions to money purchase pension schemes: in such cases any bonus entitlement payable is calculated by reference to the pre-sacrifice salary of the Director concerned.

Notice periods for Executive Directors are set at between three and six months.

Directors' emoluments

Details of the emoluments of Directors who served during the current and prior years are also set out below:

					Total		Retirement contributions	
	Base salary £000	Payment in lieu of pension £000	Bonus £000	Other benefits £000	2021 £000	2020 £000	2021 £000	2020 £000
Non-Executive Directors								
Stephen Diggle[1]	–	–	–	–	–	–	–	–
David Holbrook	34	–	–	–	34	30	–	–
Peter Pack (resigned 14 December 2020)[2]	12	–	–	–	12	40	–	–
Matthew Wakefield (appointed 14 December 2020)	63	–	–	–	63	–	–	–
Executive Directors								
Alexandre Akoulitchev[3]	166	–	38	2	206	197	30	30
Jon Burrows (appointed 23 March 2020)[4,5]	267	14	136	33	450	246	13	3
Christian Hoyer Millar (resigned 31 December 2020)[6]	111	9	–	–	120	302	–	–
Paul Stockdale	153	–	33	1	187	172	15	15
					1,072	987	58	48
Share-based payments					167	119	–	–
Total					1,239	1,106	58	48

Notes:
1. Stephen Diggle's annual fee for his services as a Non-Executive Director is £1.
2. Peter Pack was Non-Executive Chairman from 3 June 2020 until his resignation on 14 December 2020.
3. Alexandre Akoulitchev's base salary is stated net of salary sacrificed in exchange for increased employer pension contributions.
4. Jon Burrows is paid in US dollars. Figures shown above are translated to sterling at the average rate for the period.
5. Jon Burrows was the highest paid Director in 2021 (2020: Christian Hoyer Millar).
6. Total payments to Christian Hoyer Millar included £25,000 in lieu of notice.

Directors' share options

The share options of the Directors who served during the year are shown in the table below. Exercise prices of options are set equal to or above the market price on the date of grant. Options awarded to Directors vest between one year and three years from the date of grant. Apart from a requirement that Directors continue to serve the Company throughout the vesting period, there are no performance conditions that affect vesting of the options, therefore provided a Director's service period continues up to the vesting date, 100% of the options granted will vest and become exercisable.

	30 September 2020 No.	Granted in the period No.	Exercised in the period No.	Lapsed in the period No.	30 September 2021 No.	Exercise price Pence	Date from which exercisable	Expiry date
Non-Executive Directors								
Stephen Diggle	–	–	–	–	–	n/a	n/a	n/a
David Holbrook	40,000	–	–	–	40,000	158p	12 Jun 2020 to 12 Jun 2022	12 Jun 2029
Peter Pack	40,000	–	–	(40,000)	–	158p	12 Jun 2020 to 12 Jun 2022	12 Jun 2029
Peter Pack	210,000	–	–	(210,000)	–	100p	8 Jul 2021 to 8 Jul 2023	8 Jul 2030
Peter Pack (total)	250,000	–	–	(250,000)	–			
Matthew Wakefield	–	–	–	–	–	n/a	n/a	n/a
Executive Directors								
Alexandre Akoulitchev	1,096,131	–	–	–	1,096,131	34p	1 Jan 2009 to 1 Jan 2011	31 Dec 2022[1]
Jon Burrows	925,598	–	–	–	925,598	100p	31 Mar 2021 to 31 Mar 2023	31 Mar 2030
Jon Burrows	–	462,798	–	–	462,798	100p	14 May 2022 to 14 May 2024	14 May 2031
Jon Burrows (total)	925,598	462,798	–	–	1,388,396			
Christian Hoyer Millar	1,730,742	–	–	(400,000)	1,330,742	34p	1 Jan 2009 to 1 Jan 2011	31 Dec 2022[1]
Paul Stockdale	120,000	–	–	–	120,000	170p	19 Mar 2019 to 19 Mar 2021	19 Mar 2028
Paul Stockdale	–	480,000	–	–	480,000	100p	14 May 2022 to 14 May 2024	14 May 2031
Paul Stockdale (total)	120,000	480,000	–	–	600,000			

1 As announced on 13 December 2017, in order to ensure the continued alignment of the interests of shareholders and the option holders, in light of the liquidity of the Company's shares, the independent Directors of the Company approved an extension of the exercise period of certain options which were due to expire on 31 December 2017 unless exercised prior to that date. Those options will now expire on 31 December 2022. All other terms and conditions, including the exercise price, remain unchanged.

Approved on behalf of the Board

Dr David Holbrook
Chairman of the Remuneration Committee

24 January 2022

Directors' responsibilities statement in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the current rules of the London Stock Exchange's AIM Market, they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and have elected to prepare the Parent Company financial statements on the same basis.

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 their 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 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, 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report

The Directors present their Directors' report together with the financial statements for the year ended 30 September 2021. The Corporate governance statement on pages 33 to 40 also forms part of this Directors' report.

Review of business

A review of the business, the Group's trading for the year ended 30 September 2021, key performance indicators and principal risks may be found in the Strategic report on pages 2 to 29.

Likely future developments in the business of the Company

An indication of likely future developments in the Group's business may also be found in the Strategic Report on pages 2 to 29.

Capital structure

The Company was admitted to AIM on 6 December 2016. There were no movements in the Company's issued share capital during the year under review, as shown in Note 25 to the financial statements. The issued share capital as at 30 September 2021 was £925,597.71, comprising 92,559,771 ordinary shares with a nominal value of 1 pence each. As at 21 January 2022 (the latest practicable date before the publication of this document), the issued share capital was £1,003,515.74, comprising 100,351,574 ordinary shares of 1 pence each. Each share carries one vote, and all rank equally. Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights, either in person or by proxy, on resolutions proposed at general meetings and participate in any distribution of income or capital. There are no restrictions on the transfer of the ordinary shares in the Company other than certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and pursuant to the Market Abuse Regulation whereby certain employees of the Company require the approval of the Company to deal in the ordinary shares.

Share option schemes and warrants

As at 21 January 2022 (the latest practicable date before the publication of this document), options to subscribe for shares which entitle their holders to acquire 9,208,150 ordinary shares of 1 pence each (representing approximately 9.2% of the issued share capital) and warrants which entitle their holders to acquire 7,791,803 ordinary shares of 1 pence each (representing approximately 7.8% of the issued share capital) were outstanding.

Results and dividend

The results for the period and financial position of the Company and the Group are as shown in the annexed financial statements and reviewed in the Strategic Report. No dividends will be proposed for the financial year ended 30 September 2021 (2020: £nil).

Research and development

The Group's research and development activities relate to the development of technologies to discover and develop novel biomarkers for use within the pharmaceutical and biotechnology industry. During the financial year ended 30 September 2021, not including the cost of staff engaged in research and development, the Group invested £898,000 into research and development (2020: £622,000).

Directors

The current members of the Board of Directors are presented on pages 30 and 31. The Directors of the Company who served during the year ended 30 September 2021 were:

A Akoulitchev
J A J Burrows
S C Diggle
D M A Holbrook
C G Hoyer Millar (resigned 31 December 2020)
P Pack (resigned 14 December 2020)
P L Stockdale
M A Wakefield (appointed 14 December 2020)

Election of Directors

All Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. The Company's current articles of association state that each Director shall retire and (unless his/her terms of appointment with the Company specify otherwise) is eligible for election or re-election at the annual general meeting held in the third calendar year (or such earlier calendar year as may be specified for this purpose in his/her terms of appointment with the Company) following his/her last appointment, election or re-election at any general meeting of the Company. In practice, this means that every Director stands for re-election at intervals of not more than three years.

Dr Jon Burrows and Matthew Wakefield were elected and Paul Stockdale retired and was re-elected at the 2021 AGM. Dr David Holbrook was elected and Dr Alexandre Akoulitchev and Stephen Diggle retired and were re-elected at the 2020 AGM. Accordingly, none of the current Directors is required to retire and offer himself for re-election at the forthcoming AGM.

Directors' indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report. In addition, the Company has purchased and maintains Directors' and Officers' liability insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties.

Directors' report
continued

Directors' interests

The beneficial interests of the Directors holding office on 30 September 2021 in the issued share capital of the Company were as follows:

	As at 30 September 2021 Number of shares	As at 1 October 2020 Number of shares
Ordinary share capital		
Alexandre Akoulitchev	6,153,082	6,153,082
Jon Burrows	–	–
Stephen Diggle[1]	12,242,874	12,242,874
David Holbrook	–	–
Paul Stockdale	23,000	15,000
Matthew Wakefield (appointed 14 December 2020)	468,813	n/a

1 Includes the shareholdings of Vulpes Life Sciences Fund and Vulpes Testudo Fund which are associated with Stephen Diggle.

Details of the Directors' share options are disclosed on page 47.

Political donations

The Company made no political donations during the reporting period.

Financial instruments

The Group's financial risk management objectives and policy are set out in Note 34 in the notes to the consolidated financial statements.

Major interests

As at 21 January 2022, being the latest practicable day prior to the publication of this report, the Company had been notified of the following shareholdings amounting to 3% or more of the issued share capital of Oxford BioDynamics plc. Figures shown in the table below are the most recent number of shares and percentage holding notified to the Company. Percentage holdings have not been recalculated to take account of shares issued subsequent to the notifications concerned.

Shareholder	Number of shares	% holding
Vulpes Life Sciences Fund and Vulpes Testudo Fund	15,909,878	15.04%
C & P Hoyer Millar	9,195,370	9.16%
Armistice Capital Master Fund Ltd	7,791,803	7.76%
Odey Funds	8,592,523	9.98%
The Chancellor, Masters and Scholars of the University of Oxford	6,360,529	6.90%
Alexandre Akoulitchev	6,153,082	6.13%
Aroul Ramadass and Family	5,830,468	5.81%
GL Healthcare Investment L.P.	4,688,000	4.67%
Jeremy Richard Chancellor Ironside	3,612,057	3.90%

Purchase of own shares by the Company

At the general meeting held on 24 March 2021, shareholders authorized the Directors to make market purchases of the Company's ordinary shares up to a maximum number of 9,255,977 shares on such terms and in such manner as the Directors determined from time to time, subject to the limitations set out in the resolution.

This authority remains valid until the date of the next annual general meeting. No such purchases were made during the year. At the close of business on 21 January 2022, being the latest practicable day prior to the publication of this report, the Company had 100,351,574 ordinary shares in issue, none of which were held in treasury. A renewal of the authority to make market purchases of the Company's ordinary shares, if believed appropriate, will be sought at the forthcoming annual general meeting, although the Board has no present intention of exercising such authority. If this resolution is passed, the Company will be authorized to purchase up to a maximum of 10,035,157 ordinary shares, being approximately 10% of the Company's issued ordinary share capital on 21 January 2022 (being the latest practicable date before the date of this document). The resolution sets out the minimum and maximum price that the Company may pay for purchases of its ordinary shares.

Post-balance sheet events

On 25 October 2021, the Company announced that it had raised £3.62m, by way of a Subscription for 7,791,803 newly-issued ordinary shares of 1p each at a price of 46.5p per share, from leading US-based healthcare fund, Armistice Capital Master Fund Ltd ("Armistice Capital"). Subsequently, on 11 November 2021, the issue to Armistice Capital of 7,791,803 warrants to subscribe for new ordinary shares was approved by a general meeting of the Company's shareholders. The warrants have an exercise price of 58.125p and may be exercised for a period beginning one year and ending five years following the date of issuance.

Going concern

After making appropriate enquiries, the Directors consider that it remains appropriate to adopt the going concern basis in preparing the financial statements. However, a number of conditions exist that, taken together, present a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. These conditions include the inherent difficulty, at the time of signing the accounts, in forecasting the likely sales that will be generated by the Group's proprietary products. More detail is provided in Note 2 on page 67.

Disclosure of information to the Auditor

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- The Director has taken all reasonable steps as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditor

Grant Thornton UK LLP were first appointed as the Group's Auditor following an extensive tender process in 2018. A resolution to re-appoint Grant Thornton UK LLP as Auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Annual general meeting

The annual general meeting of the Company will be held at the Company's Registered Office 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB on 30 March 2022 at 12pm. The notice convening the meeting is set out on pages 104 to 105, along with a summary of the business to be transacted. A copy of the notice is also available on the Company's website at www.oxfordbiodynamics.com.

By order of the Board

Dr Jon Burrows
Chief Executive Officer

24 January 2022

Independent Auditor's Report to the members of Oxford BioDynamics plc

Opinion

Our opinion on the financial statements is unmodified.

We have audited the financial statements of Oxford BioDynamics Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows, the Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 30 September 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 the 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 as applied to listed entities, and we have fulfiled 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.

Material uncertainty related to going concern

We draw attention to the going concern paragraph in Note 2 in the financial statements which highlights the risks of the Group's and the Parent Company's ability to continue as a going concern due to the uncertainty around its ability to either generate sufficient revenues and the timing of receipts from customers, or to raise sufficient finance, to meet its expected costs, or an unexpected impact of COVID-19 on future business development activities. As stated in the going concern paragraph in Note 2 in the financial statements, these events or conditions, along with the other matters as set forth in the going concern paragraph in Note 2, indicate that a material uncertainty exists 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.

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.

Our evaluation of management's assessment of the entity's ability to continue as a going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included obtaining management's going concern assessments covering the period to 30 September 2023 and performing the following procedures:

- obtaining an understanding of relevant controls over management's going concern models, including those over the inputs and assumptions used in the models;
- corroborating key assumptions, such as assessing the feasibility of winning pipeline revenue contracts, the likely outlay of expenditure, the ability to implement cost saving exercises where possible and the ability to generate future funding where necessary, and challenging management where necessary;
- assessing the impact of not achieving expected revenue and evaluating the impact if only existing contracted revenue was generated. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken;
- assessing the impact of the mitigating factors available to management in respect of the ability to reduce expenditure through cost saving exercises, such as delaying or cancelling Director bonus payments and evaluating the timing of implementing such cash mitigating exercises;
- assessing the accuracy of management's past forecasting by comparing management's future forecasts modelled the prior year to the actual results for the current year and considering the impact on the going concern models;
- evaluating events that occurred post balance sheet date and challenging management as to whether these have been correctly reflected in the forecasts prepared; and
- assessing the adequacy of related disclosures within the Annual Report and Accounts.

Our responsibilities

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Our approach to the audit

Grant Thornton

Overview of our audit approach

Overall materiality:

Group: £324,000, based on approximately 4.3% of the Group's loss before tax.

Parent Company: £285,000, based on approximately 4.9% of the parent Company's loss before tax.

Key audit matters were identified as:

- Impairment of intangible assets allocated to cash generating units (new this year) for the Group and Parent Company; and
- Going concern (new this year).

Our auditor's report for the year ended 30 September 2020 included two key audit matters that have not been reported as key audit matters in our current year's report. These relate to improper revenue recognition and impairment of investment in the associate. Improper revenue recognition is not considered a key audit matter in the current year as the balance has significantly decreased and transactions were simple in nature. Impairment of investment in the associate is not considered a key audit matter in the current year as it is not material.

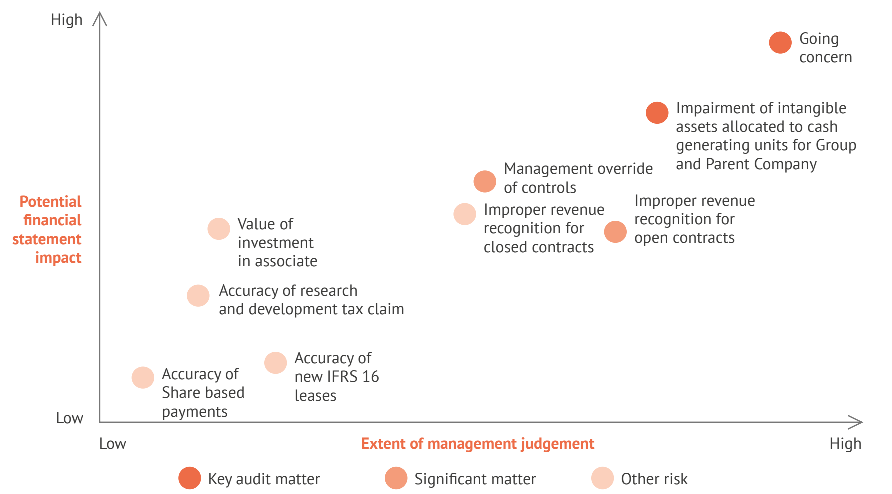
We performed a full-scope audit on the financial statements of Oxford BioDynamics plc (the Parent Company), and performed audit procedures over specific classes of transactions, account balances and disclosures of Oxford BioDynamics PTE Limited and Oxford BioDynamics Inc. Analytical procedures were performed on the financial information of other component entities based on their overall size and the value of their specific financial statement line items.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Independent Auditor's Report to the members of Oxford BioDynamics plc continued

Key Audit Matter - Group and Parent Company	How our scope addressed the matter - Group and Parent Company
Impairment of intangible assets allocated to cash generating units (CGUs) We identified the impairment of intangible assets allocated to cash generating units as one of the most significant assessed risks of material misstatement due to error for the Group and Parent Company. The process for assessing whether an impairment exists under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex. This involves determining the recoverable amount of the CGU balances through calculating the higher of the value in use and the fair value less cost to dispose. Management have determined that Oxford BioDynamics plc operates as one CGU given that it is not possible to assign separate groups of assets to particular cashflows. With very limited exceptions, people, premises, equipment and patents are generally applied to both products and pharma and academic research contracts. This is consistent to the Segmental Reporting in Note 7. Management have determined that the fair value less cost to dispose is a more reliable estimate of the recoverable amount of the CGU. This due to the lack of historical information to forecast a reliable value in use calculation given the release of new products during the financial year and post year end for which there is limited sales data available currently. Calculating the recoverable amount is highly judgemental and as a result can be subject to management bias. We identified significant management judgements in the following areas of the fair value less costs of disposal calculation: • determination of an appropriate enterprise value to use as a fair value; and • estimation of costs to dispose.	In responding to the key audit matter, we performed the following audit procedures: • Obtaining an understanding and assessing the design and implementation of the Group's and Parent Company's processes and relevant controls relating to: determining CGUs; calculating the carrying value of the CGU; and determining the recoverable amount of the CGU; • Obtaining an understanding of management's assessment of the most appropriate method to use in valuing the recoverable amount in respect of the CGU in accordance with the requirements of IAS 36; • Recalculating an expected enterprise value of the Company, by taking the market capitalisation of the Group as a base and comparing this to the amount calculated by management; • Revised the going concern model provided by management to construct a shadow value in use model to calculate an approximate recoverable amount, and compared this to the recoverable amount calculated by management; • Assessing the key assumptions used in determining costs to dispose against available evidence and sensitising management's model to determine the impact of changes in total costs to dispose; and • Examining the disclosures made in the financial statements with respect to significant estimates and judgements made around the conclusion that the CGU was not impaired, and agreeing these to the requirements of IAS 36.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 17	**Our results** Based on our audit work, we are satisfied that the assumptions made in management's assessment of impairment are appropriate and that the CGU is not impaired. We consider that the disclosure given in Note 17 is in accordance with IAS 36.

We did not identify any key audit matters relating to the audit of the financial statements of the parent Company.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

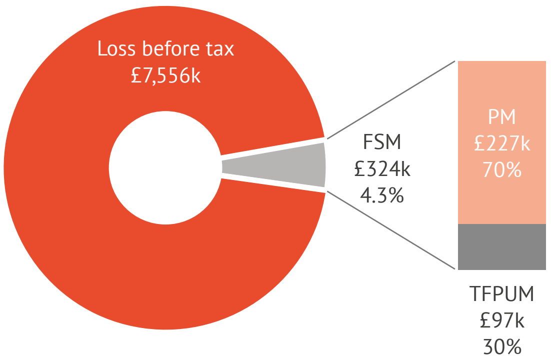
Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£324,000, which is approximately 4.3% of the Group's loss before tax for the year.	£285,000, which is approximately 4.9% of the Parent Company's loss before tax for the year.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • The Group's loss before tax is considered the most appropriate benchmark because it is a prominent key performance measure for the users of the financial statements. Materiality for the current year is higher than the level that was determined for the year ended 30 September 2020 to reflect the increase in the Group's loss before tax during the year.	In determining materiality, we made the following significant judgements: • The Parent Company's loss before tax is considered the most appropriate benchmark because it is a prominent key performance measure for the users of the financial statements. Materiality for the current year is higher than the level that was determined for the year ended 30 September 2020 to reflect the increase in the Parent Company's loss before tax during the year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	• £226,800, which is 70% of financial statement materiality.	• £199,500, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • We reviewed the prior year audit findings document, where minimal audit findings were identified, including a minimal number of misstatements for which were not considered significant. We also identified a strong control environment; and • We determined that there was a significant increase in operations and therefore potential increased risk of error, therefore a lower measurement percentage was used this year compared to last year.	In determining performance materiality, we made the following significant judgements: • We reviewed the prior year audit findings document, where minimal audit findings were identified, including a minimal number of misstatements for which were not considered significant. We also identified a strong control environment; and • We determined that there was a significant increase in operations and therefore potential increased risk of error, therefore a lower measurement percentage was used this year.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • related party transactions.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • related party transactions.

Independent Auditor's Report to the members of Oxford BioDynamics plc continued

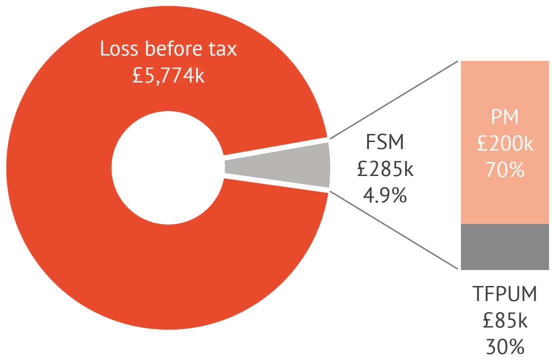
Materiality measure	Group	Parent Company
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£16,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	• £14,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality - Group



Overall materiality - Parent Company



FSM: Financial statements materiality,
PM: Performance materiality,
TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- Evaluating the Group's internal control environment, documenting controls relevant to the audit and performing process walkthroughs and documenting, and assessing, the relevant controls covering the Key Audit Matters and certain other risks in the financial reporting system identified as part of our risk assessment. The processes and systems are centralised and as such our understanding of the Group's controls are the same for all components.

Identifying significant components

- We identified the significant components of the Group based on the relative contribution of revenue, loss before tax and net assets of each component to the Group.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We performed a full-scope audit on the financial statements of Oxford BioDynamics plc (the Parent Company), and performed audit procedures over specific classes of transactions, account balances and disclosures of Oxford BioDynamics PTE Limited and Oxford BioDynamics Inc, these line items being cash and cash equivalents for Oxford BioDynamics PTE Limited and accruals and contract liabilities, staff costs and general and other administrative costs for Oxford BioDynamics Inc. Analytical procedures were performed over the financial information of other component entities based on their overall size and the value of their specific financial statement line items.
- We identified going concern and the impairment of consolidated intangible assets allocated to cash generating units as key audit matters relating to the Group, and the procedures performed in respect of these have been included in the key audit matters section of our report. These two key audit matters were addressed by full-scope audit procedures.

Performance of our audit

- 100% of the Group's revenue, 96% of the Group's total assets and 89% of the Group's loss before tax were included in the scope of our full scope and specific-scope audit procedures based on the above strategy.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' report.

Matters on which we are required to report by exception

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 for the financial statements

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 Group's and 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 Group or 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the members of Oxford BioDynamics plc continued

Explanation as to what extent the audit was considered capable of 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant which are directly relevant to the financial statements are those related to the reporting framework, being the Companies Act 2006 and international accounting standards in conformity with the requirements of the Companies Act 2006, together with the QCA Corporate Governance Code, the AIM Rules for Companies and those laws and regulations relating to employee matters.
- We obtained an understanding of how the Oxford BioDynamics plc Group and Parent Company is complying with those legal and regulatory frameworks by making enquiries of management and the Company legal counsel. We corroborated our enquiries through our review of Board minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment. We considered the risk of fraud to be highest through the potential for management override of controls. Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material manual journals, including those posted directly to revenue and cash, those journals, if any, posted by the CFO and those impacting areas of estimation uncertainty; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.

  In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and Accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Group and the parent Company operate; and
  - understanding of the legal and regulatory requirements specific to the Group and the parent Company.

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.

GRANT THORNTON UK LLP.

Jonathan Oakey FCA
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

24 January 2022

Consolidated Income Statement
for the year ended 30 September 2021

	Note	2021 £000	Restated 2020 £000
Continuing operations			
Revenue	6	341	456
Research & development costs (excluding staff costs)		(898)	(622)
Staff costs	12	(3,768)	(2,747)
General & other admin costs		(1,850)	(1,321)
Share option charges		(251)	(253)
Depreciation and amortization		(1,088)	(467)
Other operating income		2	3
Operating loss		(7,512)	(4,951)
Share of loss from equity accounted investments	21	–	(36)
Finance income	10	31	121
Finance costs	11	(148)	(80)
Loss before tax		(7,629)	(4,946)
Income tax	13	947	597
Loss for the year from continuing operations	8	(6,682)	(4,349)
Loss attributable to:			
Owners of the Company		(6,682)	(4,349)
Non-controlling interest		–	–
		(6,682)	(4,349)
Earnings/(loss) per share			
From continuing operations			
Basic and diluted (pence per share)	16	(7.2)	(4.7)

Consolidated Statement of Comprehensive Income
for the year ended 30 September 2021

	Note	2021 £000	Restated 2020 £000
Loss for the year	8	(6,682)	(4,349)
Exchange differences on translation of foreign operations that may be reclassified to the income statement		(35)	(11)
Total comprehensive income for the year		(6,717)	(4,360)
Total comprehensive income attributable to:			
Owners of the Company		(6,716)	(4,359)
Non-controlling interest		(1)	(1)
		(6,717)	(4,360)

Consolidated Statement of Financial Position
as at 30 September 2021

	Note	2021 £000	Restated 2020 £000	Restated 2019 £000
Assets				
Non-current assets				
Intangible fixed assets	17	1,152	869	555
Property, plant and equipment	18	2,828	700	891
Right-of-use assets	19	4,718	480	–
Deferred tax asset	30	–	–	–
Investments accounted for using the equity method	21	–	–	36
Total non-current assets		8,698	2,049	1,482
Current assets				
Inventories	22	392	323	243
Trade and other receivables	23	1,951	1,053	1,183
Fixed-term deposits	24	2,163	5,387	10,300
Cash and cash equivalents	24	2,175	6,119	5,198
Total current assets		6,681	12,882	16,924
Total assets		15,379	14,931	18,406
Equity and liabilities				
Capital and reserves				
Share capital	25	926	926	926
Share premium	26	16,740	16,740	16,740
Translation reserves	26	159	193	203
Share option reserve	26	3,022	3,018	2,788
Retained earnings	26	(14,171)	(7,736)	(3,468)
Equity attributable to owners of the Company		6,676	13,141	17,189
Non-controlling interest		17	18	19
Total equity		6,693	13,159	17,208
Current liabilities				
Trade and other payables	27	1,661	1,102	1,081
Lease liabilities	28	634	130	–
Provisions	29	–	42	–
Current tax liabilities	13	–	13	25
Total current liabilities		2,295	1,287	1,106
Non-current liabilities				
Lease liabilities	28	5,953	411	–
Provisions	29	408	65	92
Deferred tax	30	30	9	–
Total non-current liabilities		6,391	485	92
Total liabilities		8,686	1,772	1,198
Total equity and liabilities		15,379	14,931	18,406

The financial statements of Oxford BioDynamics Plc, registered number 06227084, were approved by the Board of Directors and authorized for issue on 24 January 2022.

Signed on behalf of the Board of Directors:

Dr Jon Burrows
Chief Executive Officer

24 January 2022

Company Statement of Financial Position
as at 30 September 2021

	Note	2021 £000	Restated 2020 £000	Restated 2019 £000
Assets				
Non-current assets				
Intangible fixed assets	17	1,135	869	555
Property, plant and equipment	18	2,453	602	770
Right-of-use assets	19	4,714	480	–
Deferred tax asset	30	–	–	–
Investment in subsidiaries	20	281	281	281
Investments accounted for using the equity method	21	–	–	36
Total non-current assets		8,583	2,232	1,642
Current assets				
Inventories	22	362	291	207
Trade and other receivables	23	2,026	1,084	1,268
Fixed-term deposits	24	2,163	5,387	10,300
Cash and cash equivalents	24	1,528	5,471	4,552
Total current assets		6,079	12,233	16,327
Total assets		14,662	14,465	17,969
Equity and liabilities				
Capital and reserves				
Share capital	25	926	926	926
Share premium	26	16,740	16,740	16,740
Share option reserve	26	3,022	3,018	2,788
Retained earnings	26	(14,443)	(7,945)	(3,643)
Equity attributable to owners of the Company		6,245	12,739	16,811
Non-controlling interest		–	–	–
Total equity		6,245	12,739	16,811
Current liabilities				
Trade and other payables	27	1,426	1,078	1,066
Lease liabilities	28	630	130	–
Provisions	29	–	42	–
Total current liabilities		2,056	1,250	1,066
Non-current liabilities				
Lease liabilities	28	5,953	411	–
Provisions	29	408	65	92
Deferred tax	30	–	–	–
Total non-current liabilities		6,361	476	92
Total liabilities		8,417	1,726	1,158
Total equity and liabilities		14,662	14,465	17,969

The Parent Company's loss for the year ended 30 September 2021 was £6,745,000 (2020: £4,347,000 loss).

The financial statements of Oxford BioDynamics plc, registered number 06227084, were approved by the Board of Directors and authorized for issue on 24 January 2022.

Signed on behalf of the Board of Directors:

Dr Jon Burrows
Chief Executive Officer

24 January 2022

Consolidated Statement of Changes in Equity
for the year ended 30 September 2021

	Share capital £000	Share premium £000	Translation reserve £000	Share option reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
At 1 October 2020, as previously stated	926	16,740	193	3,018	(7,314)	13,563	18	13,581
Correction to investments accounted for using the equity method	–	–	–	–	(422)	(422)	–	(422)
At 1 October 2020, restated	926	16,740	193	3,018	(7,736)	13,141	18	13,159
Loss for the year	–	–	–	–	(6,682)	(6,682)	–	(6,682)
Other comprehensive income for the period	–	–	(34)	–	–	(34)	(1)	(35)
Total comprehensive income for the period	–	–	(34)	–	(6,682)	(6,716)	(1)	(6,717)
Share option credit	–	–	–	251	–	251	–	251
Lapse of vested share options	–	–	–	(247)	247	–	–	–
At 30 September 2021	926	16,740	159	3,022	(14,171)	6,676	17	6,693

for the year ended 30 September 2020

	Share capital £000	Share premium £000	Translation reserve £000	Share option reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
At 1 October 2019, as previously stated	926	16,740	203	2,788	(3,082)	17,575	19	17,594
Correction to investments accounted for using the equity method	–	–	–	–	(386)	(386)	–	(386)
Adjustment arising on adoption of IFRS 16	–	–	–	–	58	58	–	58
At 1 October 2019 (restated, adjusted)	926	16,740	203	2,788	(3,410)	17,247	19	17,266
Loss for the year	–	–	–	–	(4,349)	(4,349)	–	(4,349)
Other comprehensive income for the period	–	–	(10)	–	–	(10)	(1)	(11)
Total comprehensive income for the period	–	–	(10)	–	(4,349)	(4,359)	(1)	(4,360)
Share option credit	–	–	–	253	–	253	–	253
Lapse of vested share options	–	–	–	(23)	23	–	–	–
At 30 September 2020 (restated)	926	16,740	193	3,018	(7,736)	13,141	18	13,159

Company Statement of Changes in Equity
for the year ended 30 September 2021

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
At 1 October 2020, as previously stated	926	16,740	3,018	(7,523)	13,161	–	13,161
Correction to investments accounted for using the equity method	–	–	–	(422)	(422)	–	(422)
At 1 October 2020, restated	926	16,740	3,018	(7,945)	12,739	–	12,739
Loss for the year	–	–	–	(6,745)	(6,745)	–	(6,745)
Other comprehensive income for the period	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(6,745)	(6,745)	–	(6,745)
Share option credit	–	–	251	–	251	–	251
Lapse of vested share options	–	–	(247)	247	–	–	–
At 30 September 2021	926	16,740	3,022	(14,443)	6,245	–	6,245

for the year ended 30 September 2020

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
At 1 October 2019, as previously stated	926	16,740	2,788	(3,257)	17,197	–	17,197
Correction to investments accounted for using the equity method	–	–	–	(386)	(386)	–	(386)
Adjustment arising on adoption of IFRS 16	–	–	–	58	58	–	58
At 1 October 2019, (restated, adjusted)	926	16,740	2,788	(3,585)	16,869	–	16,869
Loss for the year	–	–	–	(4,383)	(4,383)	–	(4,383)
Other comprehensive income for the period	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(4,383)	(4,383)	–	(4,383)
Share option credit	–	–	253	–	253	–	253
Lapse of vested share options	–	–	(23)	23	–	–	–
At 30 September 2020	926	16,740	3,018	(7,945)	12,739	–	12,739

Consolidated Statement of Cash Flows
for the year ended 30 September 2021

	Note	2021 £000	Restated 2020 £000
Loss before tax for the financial year		(7,629)	(4,946)
Adjustments to reconcile loss for the year to net operating cash flows:			
Net interest	10,11	83	(102)
Share of loss from equity accounted investments	21	–	36
(Profit) on disposal of property, plant and equipment		–	(1)
Depreciation of property, plant and equipment	18	571	318
Depreciation of right-of-use assets	19	404	113
Amortization of intangible assets	17	113	36
Net foreign exchange movements		10	71
Movement in provisions	29	(99)	15
Share based payments charge	31	251	253
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(560)	136
Increase in inventories		(69)	(80)
Increase in trade and other payables		416	165
Operating cash flows before interest and tax paid		(6,509)	(3,986)
R&D tax credits received		608	598
Tax paid		(17)	(13)
Net cash used in operating activities		(5,918)	(3,401)
Investing activities			
Interest received		56	123
Lease incentive received		2,636	–
Purchases of property, plant and equipment		(2,693)	(107)
Purchases of intangible assets		(396)	(350)
Proceeds from disposal of tangible assets		–	1
Decrease in term deposits		3,224	4,913
Net cash generated by investing activities		2,827	4,580
Financing activities			
Lease payments		(804)	(181)
Net cash used in financing activities		(804)	(181)
Net (decrease)/increase in cash and cash equivalents		(3,895)	998
Foreign exchange movement on cash and cash equivalents		(49)	(77)
Cash and cash equivalents at beginning of year		6,119	5,198
Cash and cash equivalents at end of year		2,175	6,119

Company Statement of Cash Flows
for the year ended 30 September 2021

	Note	2021 £000	Restated 2020 £000
Loss before tax for the financial year		(7,716)	(4,990)
Adjustments to reconcile loss for the year to net operating cash flows:			
Net interest		83	(100)
Share of loss from equity accounted investments	21	–	36
(Profit) on disposal of property, plant and equipment		–	(1)
Depreciation of property, plant and equipment	18	549	298
Depreciation of right-of-use assets	18	387	113
Amortization of intangible assets	17	114	36
Net foreign exchange movements		49	78
Movement in provisions	29	(99)	15
Share-based payments charge	31	251	253
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(604)	180
Increase in inventories		(71)	(84)
Increase in trade and other payables		217	162
Operating cash flows before interest and tax paid		(6,840)	(4,004)
R&D tax credits received		608	598
Net cash used in operating activities		(6,232)	(3,406)
Investing activities			
Interest received		56	122
Lease incentive received		2,636	–
Purchases of property, plant and equipment		(2,407)	(103)
Purchases of intangible assets		(380)	(350)
Proceeds from disposal of tangible assets		–	1
Decrease in term deposits		3,224	4,913
Net cash generated by investing activities		3,129	4,583
Financing activities			
Lease payments		(791)	(181)
Net cash used in financing activities		(791)	(181)
Net (decrease)/increase in cash and cash equivalents		(3,894)	996
Foreign exchange movement on cash and cash equivalents		(49)	(77)
Cash and cash equivalents at beginning of year		5,471	4,552
Cash and cash equivalents at end of year		1,528	5,471

Notes to the Consolidated Financial Statements
for the year ended 30 September 2021

1. Corporate information

The consolidated financial statements of Oxford BioDynamics plc and its subsidiaries (collectively, "the Group") for the year ended 30 September 2021 were authorized for issue in accordance with a resolution of the Directors on 24 January 2022. Oxford BioDynamics plc (the "Company") is a public limited Company incorporated in the United Kingdom, whose shares were admitted to trading on the AIM market on 6 December 2016. The Company is domiciled in the United Kingdom and its registered office is 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB. The registered Company number is 06227084 (England & Wales).

The Group is primarily engaged in the commercialization of proprietary molecular diagnostics products and biomarker research and development.

2. Basis of accounting

Basis of preparation

These consolidated financial statements and the financial statements of the Company have been prepared under the historical cost convention in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Group's accounting policies. The areas for which significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

Reporting currency

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

New accounting standards adopted for the first time in these financial statements

The Group applied the following accounting standards and amendments for the first time in these financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective date: 1 January 2020)
- Amendment to IFRS 3 'Definition of a Business' (effective date: 1 January 2020)
- Amendments to IAS 1 and IAS 8 'Definition of Material' (effective date: 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform' (effective date: 1 January 2020)
- Amendment to IFRS 16 'COVID-19-Related Rent Concessions' (effective date: 1 June 2020)

None of the standards or amendments above had a material impact on the financial statements.

Applicable accounting standards and interpretations issued but not yet adopted

At the date of authorization of the consolidated financial statements, the following Standard and Amendments which have been issued and endorsed by the UK, have not been applied by the Group in preparing the consolidated financial statements:

- IFRS 17 'Insurance contracts' (effective date: 1 January 2023)
- Amendments to IFRS 3 'References to the Conceptual Framework' (effective date: 1 January 2022)
- Amendments to IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9' (immediately available)
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds Before Intended Use' (effective date: 1 January 2022)
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfiling a Contract' (effective date: 1 January 2022)
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 'Annual Improvements to IFRS Standards 2018-2020' (effective date: 1 January 2022)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – phase 2' (effective date: 1 January 2021)
- Amendment to IFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' (effective date: 1 April 2021)
- Amendments to IFRS 17 (effective date 1 January 2023)

In addition, there are a number of other Amendments that have not yet been endorsed for use in the UK. The Directors do not expect that the adoption of the Standard and Amendments listed above will have a material impact on the consolidated financial statements of the Group in future periods.

2. Basis of accounting continued

Going concern

In assessing the appropriateness of adopting the going concern assumption, the Group and Parent Company has prepared a detailed financial forecast ("the base case") for the period ending 30 September 2023. The forecast includes:

- estimates of likely revenue arising from the Group's and Parent Company's proprietary products (based on the Group's and Parent Company's own assessments of market opportunities and independently commissioned market research)
- anticipated revenues from contracts with pharmaceutical partners
- operating costs reflecting continued expansion of the Group's and Parent Company's staff teams in the US and UK and increased spend to support the Group's and Parent Company's products
- capital expenditure on lab equipment, software and patents

The Directors consider that the base case represents a reasonable best estimate of the performance of the Group and Parent Company over the period to 30 September 2023. In the base case, both product and contract revenue are anticipated to be significantly higher than was the case in the year ended 30 September 2021. Further, in the base case, revenues are also forecast to grow in subsequent years and these increases in revenue would be necessary to allow the Group and Parent Company to continue to expand its staff team and to continue to develop and launch successive products.

The Group and Parent Company has also modelled a reasonably likely "downside scenario", which assumes significantly reduced and/or delayed product and project revenues.

The Directors are satisfied that in the base case scenario, the Group and Parent Company would be able to continue as a going concern, although this would require delaying some planned discretionary spending in early 2023 by a short period. In the downside scenario, after taking action to reduce costs, it would be likely that the Group and Parent Company would need either to generate increased sales revenue or to obtain additional funding, most likely by around the third quarter of 2023.

In preparing the base case, the Directors note the existence of a number of factors that increase the difficulty inherent in predicting the Group's and Parent Company's performance, including its cash generation. These include:

- a lack of sufficient historical information from which to reliably predict sales volumes, long-term prices and timing of receipts from customers in respect of the Group's and Parent Company's proprietary products (*EpiSwitch*® CST, *EpiSwitch*® CiRT and *EpiSwitch*® Explorer Array Kit). Each of these products is now or will shortly be available, but in the case of the proprietary tests, this has only been the case relatively recently.
- uncertainty regarding the progression of the COVID-19 pandemic, which had a negative impact on business development activity with pharmaceutical partners. In the event of a significant worsening of the impact of the pandemic, anticipated revenue arising from research projects for pharma customers may be delayed or not received
- although the Group and Parent Company has successfully raised £3.62m in equity funding from investors post-year end, at the time of signing the accounts, there is no guarantee that it will be able to access further cash resources
- at the levels of forecast revenue and expansion of the Group's and Parent Company's staff team included in the base case, the Group would need to delay some planned discretionary spend in early 2023 in order to preserve cash resources

The Directors do not believe that any of the factors above is unusual or unexpected for the Group and Parent Company at this point in its progress. However, shareholders should be aware that there is uncertainty around its ability to generate sufficient revenues and the timing of receipts from customers, the ability to raise sufficient finance to meet its expected costs, and the potential unexpected impact of COVID-19 on future business development activities. These conditions present a material uncertainty which may cast significant doubt on the Group and Parent Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

3. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Basis of consolidation

a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value each reporting date and subsequent changes in fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

c) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

e) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies continued

Revenue

The Group recognizes revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is shown net of sales taxes, discounts and after eliminating intra-Group sales.

To determine whether to recognize revenue, the Group follows a five-step process:

1. Identifying the contract(s) with a customer
2. Identifying the performance obligation(s) in each contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied

Revenue is recognized either at a point in time or over time when (or as) the Group satisfies performance obligations by transferring promised services and goods to its customer (when the customer obtains control of the services or goods).

The Group recognizes contract liabilities for consideration received for any unsatisfied performance obligations. These amounts are reported in trade and other payables in the statement of financial position (see Note 27). Similarly, if the Group satisfies a performance obligation before receipt of the relevant consideration, the Group recognizes either a contract asset or a receivable in trade and other receivables in the statement of financial position (see Note 23), depending on whether something other than the passage of time is required before the consideration becomes due.

a) Provision of services

The Group typically recognizes revenue from the performance of its research service contracts over time. To the extent that service contracts are assessed to contain more than one performance obligation, each performance obligation is considered separately and its stage of completion is assessed based on progress towards project milestones specified in the contract, recorded by the Group's scientists in its project management system.

b) Interest income

Interest income is not classed as revenue from contracts with customers and is therefore not accounted for according to the five-step process set out in IFRS 15 and outlined above. Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other operating income

a) Government grants

Grant income is not classed as revenue from contracts with customers and is therefore not accounted for according to the five-step process set out in IFRS 15 and outlined above. Government grants are included within other operating income and are recognized so as to match the expenditure to which they are intended to contribute. Previous government grants comprised amounts from Innovate UK to support the Group's biomarker research and development activities whereby 60% of eligible costs incurred can be claimed for. During the period, the Company was awarded an FNIH Partnership for Accelerating Cancer Therapies (PACT) Grant. No income was recognized in respect of this grant in the period. Grants received in advance of the income being recognized in other operating income are included in grant creditors. There are no unfilled conditions or contingencies relating to grant income recognized in the income statement.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

3. Significant accounting policies continued

Leasing

The Group adopted IFRS 16 Leases with effect from 1 October 2019. In the current and prior year the Group acted only as a lessee, not as a lessor.

For any new contracts entered into on or after 1 October 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether each of the following criteria apply:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the commencement date of a lease, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received.

The Group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when indicators of impairment exist.

At the commencement date of a lease, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate. As the Group does not have any other borrowings, indicative rates received from the Group's bankers have been used to estimate the incremental borrowing rate that the Group would incur were it to enter into borrowing (see Note 4 on page 76).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under any residual value guarantees and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

If a lease liability is remeasured, a corresponding adjustment is reflected in the value of the right-of-use asset, or, if the carrying value of the right-of-use asset is already reduced to zero, the income statement.

The Group has elected to account for short-term leases (with a term of up to 12 months) and leases of low-value assets using the practical expedients available in IFRS 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to such leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets are included in non-current assets and lease liabilities have been included in both current and non-current liabilities.

Foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). Sterling is the predominant currency of the Group and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate) gross of any associated tax impact.

3. Significant accounting policies continued

Retirement benefit costs

Payments to personal pension schemes of employees are charged as an expense as they fall due.

Holiday pay accrual

The Group recognizes an accrual for entitlement to annual leave accrued by employees as a result of services rendered in the current period, in order to account for the timing difference between the Group's holiday year and its financial year. This amount is measured at the salary cost (including employer's national insurance contributions) payable for the period of absence and is included in the accounts as an accrual, in trade and other payables (Note 27).

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

a) Dilapidations

Provisions for dilapidations are recognized on a lease-by-lease basis and are based on the Group's best estimate of the likely committed outflow.

Taxation

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

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 balance sheet date.

Full provision is made for research and development tax credits calculated at the tax rates effective for the current year. It is included as an income tax credit under trade and other receivables.

b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 in the foreseeable future.

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 realized based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tangible and intangible assets

a) Property, plant and equipment

The Group has held no land and buildings in the period covered by these financial statements.

Other items of property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is recognized so as to write off the cost or valuation of assets less residual value over their useful lives, using the straight-line method, on the following bases:

Laboratory equipment	3 years
Office equipment	3 years
Fixtures and fittings	5 years
Leasehold improvements	Life of lease
Right-of-use assets	Life of lease

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 recognized in income on the transfer of the risks and rewards of ownership.

The Group has no class of tangible fixed asset that has been revalued in the period covered by the consolidated financial statements.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

3. Significant accounting policies continued

Tangible and intangible assets continued

b) Research and development expenditure

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

An internally-generated intangible asset is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as product designs and new processes);
- it is technically feasible that the asset can be completed so that it will be available for use or sale;
- the Group has the intention to complete the development of the asset;
- the Group has the ability to use or sell the asset;
- the Group has sufficient financial, technical and other resources to complete the development of the asset;
- it is probable that the asset created will generate future economic benefits; and
- the costs of developing this asset can be measured reliably.

Internally-generated intangible assets are amortized over the useful life of the asset on a straight-line basis, unless the pattern of benefits can be determined reliably, in which case amortization is charged so as to reflect the pattern of economic benefits likely to accrue to the Group.

To the extent that the above conditions are not met, any development costs are recognized as an expense in the period in which they are incurred.

c) Patents and trademarks

External expenditure on the creation of patents and trademarks is capitalized to the extent that the conditions listed in b) above are met and carried at cost less accumulated amortization and accumulated impairment losses. Expenditure to maintain patents and trademarks after the date of their grant is charged to the income statement as incurred. Patents and trademarks are amortized on a straight-line basis over the remainder of their term from the date of their grant or the beginning of their useful lives, whichever is earlier.

d) Impairment of tangible and intangible assets

At each balance sheet 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 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. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of: (i) fair value less costs to sell and (ii) 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 recognized 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 to the extent that the revaluation balance is greater than the impairment loss.

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 only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years for the asset (or cash-generating unit). A reversal of an impairment loss is recognized 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.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using either the First-In-First-Out method or, for fast moving items, the average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and term deposits with an initial maturity of less than three months.

3. Significant accounting policies continued

Financial instruments

a) Recognition and derecognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

b) Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

In the periods presented the Group does not have any financial assets categorized as either FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

c) Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions and they are not classified as FVTPL:

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where its effect would be immaterial. The Group's cash and cash equivalents, term deposits, trade and other receivables fall into this category.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

3. Significant accounting policies continued

Financial instruments continued

d) Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognized for 'Stage 1' financial instruments, while 'lifetime expected credit losses' are recognized for 'Stage 2' financial instruments. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

e) Classification and measurement of financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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 Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities include trade and other payables. The Group does not have any borrowings or derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless classified as a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Group holds no financial liabilities classified as financial liabilities at FVTPL.

Costs charged directly to equity

Costs relating directly to the issue of new shares are deducted from the share premium reserve. Costs relating jointly to the Company's IPO in December 2016 and the issue of new shares were allocated between share premium and the income statement by considering the number of shares newly issued at the time of the IPO as a proportion of the total number of shares in issue immediately following the IPO.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Identification of the Group's cash-generating unit

In carrying out the impairment review of patent assets set out in more detail below, Management exercised judgement in determining that the Group currently has one cash-generating unit (CGU). Guidance states that CGUs are "the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows for other assets or groups of assets".

The Group's strategy was expanded in December 2020 to include the development and commercialization of proprietary tests. As at 30 September 2021 there were two lab developed test products that were either launched or close to launch, namely the *EpiSwitch*® CST and *EpiSwitch*® CiRT tests. Revenue from products and customer contracts is reported separately to Directors in the Group's internal management accounts. However, it is not currently possible to assign separate groups of OBD assets to particular cash flows. With very limited exceptions, people, premises, equipment and patents are generally applied to both product and customer contract revenue streams. This position may change as i) dedicated product sales and marketing teams are developed, and ii) dedicated product development support lines are established in the Group's laboratories.

At present, Management conclude that the Group has one CGU, relating to all commercial exploitation of its *EpiSwitch*® technology. If this judgement were to be incorrect and the Group determined to contain more than one separately identifiable CGU, as part of the impairment review of the Group's patent assets conducted at the year end, it would have been necessary to estimate the recoverable value of each CGU separately and to allocate patents to those CGUs.

Impairment review

Intangible assets are reviewed for indicators of impairment at the end of each reporting period. An impairment review of patent assets was conducted as at the year end, principally because the reduction in the Company's share price during and after the second half of the year ended 30 September 2021 was considered to be an indicator of potential impairment. In addition, an impairment review is required for any assets not yet being amortized.

As noted above, Management identified that at the current stage in the Group's development, it includes a single CGU, to which all patent assets are allocated. Management consider that the recoverable amount of the Group's single CGU is based on its fair value less cost of disposal, and that this value is attributable to its intellectual property, including patents and know-how, and its other assets, including property, plant and equipment. The most reliable available estimate for the fair value of the Group's CGU as a whole is the market capitalisation of the Company's shares. As at 30 September 2021, this equated to approximately £40.5m. As an estimate of the value attributable to the Group's intellectual property, including its patents, Management compared the market capitalization of the Company, less an estimated cost of disposal of 5%, to the gross value of the Group's assets other than patents (£14.3m as at 30 September 2021). The excess of the Company's market capitalization less cost of disposal over its gross assets other than patents was therefore approximately £24m, compared to a carrying value of patent assets of £1.196m. Management further reviewed each of the Company's patent families for other indicators of impairment, principally obsolescence, and determined that no such indicators existed at the year end. Management therefore concluded that no impairment of the Company's capitalized patents existed at the year end.

Management consider that a reduction in the Company's market capitalization to an amount comparable to the carrying value of its non-patent assets would lead to a reduction in the recoverable amount of its patent assets, potentially to nil. Management will continue to assess, at the end of each reporting period and more frequently if necessary, whether there are indicators that any of the Group's assets may be impaired.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

4. Critical accounting judgements and key sources of estimation uncertainty continued

Critical judgements in applying the Group's accounting policies continued

Estimate of incremental borrowing rate in accounting for leases under IFRS 16

As stated in Note 2, in recognising a lease liability and right-of-use asset under IFRS 16 the Group has used an estimated incremental borrowing rate of 3%. The Group does not have any borrowings, so in order to apply IFRS 16 it was necessary to estimate the incremental borrowing rate that would be faced by the Group. The rate of 3% was determined following enquiry with the Group's bankers. If the interest rate used in the calculation were higher, this would have the effect of reducing the size of both the lease liability and right-of-use asset, reducing the depreciation charge and increasing the interest charge in the consolidated income statement. The table below shows the impact of a change of +/-2% in the estimated incremental borrowing rate. There would be no change to operating cash flows or lease payments as a result of a change in the estimate of the incremental interest rate.

Estimated incremental interest rate:	1% £000	5% £000
Impact on consolidated income statement for the year ended 30 September 2021		
Right-of-use asset depreciation	(68)	59
Operating loss	(68)	59
Finance costs (lease interest)	120	(101)
Loss for the year from continuing operations	52	(42)

Impact on balance sheet as at 30 September 2021		
Right-of-use asset	650	(563)
Lease liability (current and non-current)	(619)	539
Net assets	31	(24)

Key sources of estimation uncertainty

The Directors are required to disclose information relating to any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimate of recoverable value of the Group's patent assets

Management conducted an impairment review of the Group and Company's patent assets as at 30 September 2021. In order to compare the recoverable value of the cash-generating unit to which patent assets were allocated in the review with the carrying value of those patent assets, Management prepared an estimate of the fair value less cost of disposal of the Company's shares, which included estimates of the market value of the Company's shares, the cost that might be incurred in disposing of them and the value that should be attributed to assets other than the Company's patent estate. The estimates used are set out in more detail in Note 17. To the extent that these estimates are materially incorrect, there is a possibility that Management would fail to recognise an impairment of the Group's patent assets.

Other judgements in applying the Group's accounting policies

Share option scheme

The Company has established a share option scheme ("the Scheme") through which options to purchase shares in the Company may be granted to certain individuals. The fair value of the options issued under the Scheme is derived by the Company using a Black-Scholes model and the resultant values are allocated to the income statement over the vesting period (typically one, two or three years).

In arriving at the fair value of options using this model, Management used judgement in arriving at the estimated share price volatility, which is used as a key input. A 10% change in the estimate of volatility used to value options granted during the period would have an impact on the loss for the year of approximately £14,000 (2020: approximately £13,000). Further details regarding the options granted and outstanding under the Scheme are set out in Note 31.

5. Prior period adjustment of carrying value of investment

On 5 October 2018, the Group exercised its option to acquire a 30% shareholding in Holos Life Sciences (Singapore) Pte Ltd ("Holos"), a Singapore-based Company which is not listed on any public exchange, for a nominal amount. The Group subsequently invested $540,000 in that entity as part of an interim fundraising. As at 30 September 2021, the Group owned 28.84% of Holos' issued share capital and the Group is determined to have acquired significant influence over its activities. Accordingly, Holos is accounted for as an associate undertaking, using the equity method (see Note 21).

Under IAS 28 'Investments in Associates and Joint Ventures', an investor's share of losses of an equity-accounted investee is recognized, until the carrying amount of the investor's equity interest in the investee is reduced to zero. In the accounts for the years ended 30 September 2019 and 30 September 2020, the Group's investment in Holos was incorrectly accounted for as goodwill, and subject to reviews for impairment. In accordance with IAS 28, the carrying value of the Group's holding in Holos has been restated to recognize the Group's share of losses incurred by Holos for the two financial years ending 30 September 2019 and 30 September 2020.

As a result, the initial investment of £422,000 has been reduced by £386,000 for the period ended 30 September 2019, being the Group's share of the loss incurred by Holos during that year, as disclosed in the 2019 Annual Report. The following year, the Group's share of the loss incurred by Holos was £107,000, of which £36,000 has been recognized, reducing the carrying amount of the Group's investment in Holos to zero. This restatement had no impact on operating or other cash flows.

Impact of restatement on prior years:

Consolidated income statement

	Restated 2020 £000	As previously stated 2020 £000	Restated 2019 £000	As previously stated 2019 £000
Share of loss from equity accounted investments	(36)	–	(386)	–
Loss before tax	(4,946)	(4,910)	(3,772)	(3,386)
Loss for the year from continuing operations	(4,349)	(4,313)	(3,186)	(2,800)
Total comprehensive income for the year	(4,360)	(4,324)	(3,160)	(2,774)

Consolidated statement of financial position

	Restated 2020 £000	As previously stated 2020 £000	Restated 2019 £000	As previously stated 2019 £000
Investments accounted for using the equity method	–	422	36	422
Total non-current assets	2,049	2,471	1,482	1,868
Total assets	14,931	15,353	18,406	18,792
Retained earnings	(7,736)	(7,314)	(3,468)	(3,082)
Equity attributable to owners of the Company	13,141	13,563	17,189	17,575
Total equity	13,159	13,581	17,208	17,594
Total equity and liabilities	14,931	15,353	18,406	18,792

Interest in associate undertaking

	Restated 2020 £000	As previously stated 2020 £000	Restated 2019 £000	As previously stated 2019 £000
Carrying amount of the investment	–	422	36	422

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

5. Prior period adjustment of carrying value of investment continued

Impact of restatement on prior years continued**:**

Company

	Restated 2020 £000	As previously stated 2020 £000	Restated 2019 £000	As previously stated 2019 £000
Share of loss from equity accounted investments	(36)	–	(386)	–
Parent Company loss for the year (see Note 15)	(4,383)	(4,347)	(3,243)	(2,857)

Company statement of financial position

	Restated 2020 £000	As previously stated 2020 £000	Restated 2019 £000	As previously stated 2019 £000
Investments accounted for using the equity method	–	422	36	422
Total non-current assets	2,232	2,654	1,642	2,028
Total assets	14,465	14,887	17,969	18,355
Retained earnings	(7,945)	(7,523)	(3,643)	(3,257)
Equity attributable to owners of the Company	12,739	13,161	16,811	17,197
Total equity	12,739	13,161	16,811	17,197
Total equity and liabilities	14,465	14,887	17,969	18,355

Interest in associate undertaking

	Restated 2020 £000	As previously stated 2020 £000	Restated 2019 £000	As previously stated 2019 £000
Carrying amount of the investment	–	422	36	422

6. Revenue

All revenue is derived from the Group's principal activities, namely sales of proprietary products and biomarker research and development. Analysis of the Group's revenue by principal activities, geography and pattern of revenue recognition is as follows:

	2021 £000	2020 £000
Continuing operations:		
Sales of proprietary products		
USA	–	–
Rest of World	–	–
	–	–
Biomarker research and development		
USA	341	378
Rest of World	–	78
	341	456
Consolidated revenue	341	456

	2021 £000	2020 £000
Continuing operations:		
Revenue recognized at a point in time	–	14
Revenue recognized over time	341	442
	341	456

7. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on costs incurred to support the Group's main activities. The Group is currently determined to have one reportable segment under IFRS 8, that of sales of proprietary products and biomarker research and development. This assessment will be kept under review as the Group's activity expands.

The Group's operating expenses and non-current assets, analysed by Geographical location, were as follows:

	2021 £000	2020 £000
Staff costs		
UK	2,516	2,151
USA	1,162	505
Rest of World	90	91
Total staff costs	3,768	2,747
Research & development costs		
UK	891	613
USA	–	–
Rest of World	7	9
Total research & development costs	898	622
General & other admin costs		
UK	1,430	1,109
USA	393	166
Rest of World	27	46
Total general & other admin costs	1,850	1,321
Non-current assets		
UK	8,301	1,952
USA	318	–
Malaysia	79	97
Total non-current assets	8,698	2,049

Information about major customers

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

	2021 £000	2020 £000
Revenue from individual customers each representing more than 10% of revenue for the period:	327	378

8. Loss for the year

Loss for the year has been arrived at after charging:

	Note	2021 £000	2020 £000
Net foreign exchange losses		34	61
Research and development costs (excluding staff costs)		898	622
Amortization of intangible assets	17	113	36
Depreciation and impairment of property, plant and equipment	18	571	318
Depreciation of right-of-use assets	19	404	113
Short-term lease expense (2020: operating lease rental expense)	33	–	38
Staff costs	12	3,768	2,747
Share based payments charged to profit and loss	31	251	253

Research and development costs consist of inventories recognized as an expense as disclosed in Note 22 and other costs of materials and services.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

9. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor:		
Annual audit	63	46
	63	46

10. Finance income

	2021 £000	2020 £000
Bank deposit interest	31	121
Finance income	31	121

11. Finance costs

	2021 £000	2020 £000
Interest payable	114	19
Exchange losses	34	61
Finance costs	148	80

Interest payable represents amounts arising on leases accounted for under IFRS 16.

12. Staff costs

	2021 £000	2020 £000
Wages and salaries	3,313	2,388
Social security costs	283	226
Other pension costs	172	133
	3,768	2,747

The average number of persons, including Executive Directors, employed by the Group during the year was as follows:

	2021 Number	2020 Number
Management, business development and administration	13	11
Laboratory-based	26	26
	39	37

13. Income tax

	2021 £000	2020 £000
Current tax:		
UK corporation tax credit at 19.0% (2020: 19.0%)	(971)	(608)
Over-/(under)- provision of tax credit in prior periods	–	1
Overprovision of foreign corporate income tax in prior periods	–	(12)
Foreign corporate income tax	3	13
Total current tax credit	(968)	(606)
Deferred tax:		
Origination and reversal of temporary differences	21	9
Total tax credit	(947)	(597)

The tax credits assessed for the two years ended 30 September 2021 and 30 September 2020 related entirely to R&D tax credit relief. Taxation for the overseas subsidiaries is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £000	Restated 2020 £000
Loss before tax on continuing operations	(7,629)	(4,946)
Weighted average corporation tax rate for the year	19.0%	19.0%
Tax at the above rate on loss for the year	(1,447)	(940)
Tax effect of:		
Expenses that are not deductible in determining taxable profit	68	12
Research and development relief	(419)	(262)
Net adjustments in respect of prior periods	2	(11)
Share-based payments	42	25
Deferred tax – origination of temporary differences	19	9
Unrecognized tax losses and other temporary differences	788	570
Tax credit for the year	(947)	(597)

Factors affecting the future tax charge

An increase in the main UK corporation tax rate for companies with profits in excess of £250,000 from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021.

In the US, corporate tax law changes proposed by President Biden include increasing the US corporate tax rate to 28%. At the date of this report, it is uncertain whether the US Congress will approve any of these changes, either as proposed or in modified form.

There is an unrecognized deferred tax asset at 30 September 2021 of approximately £3,874,000 (2020: £2,657,000) in respect of tax losses carried forward and unexercised share options. The asset has not been recognized in respect of these items because of uncertainty over its recoverability.

14. Dividends

No dividends have been declared for the year ended 30 September 2021 (2020: £nil).

15. Loss of Parent Company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not presented as part of these financial statements. The Parent Company's loss for the financial year ended 30 September 2021 was £6,745,000 (2020: £4,383,000 loss).

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

16. Earnings per share

From continuing operations

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

	2021 £000	Restated 2020 £000
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	(6,682)	(4,349)
Earnings for the purposes of diluted earnings per share	(6,682)	(4,349)

	2021 No	2020 No
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*	92,559,771	92,559,771

	Pence	Pence
Earnings per share		
Basic and diluted earnings per share	(7.2)	(4.7)

* Ordinary shares that may be issued on the exercise of options are not treated as dilutive as the entity is loss-making.

As set out in Note 36, two transactions occurred post-year end that would have significantly changed the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. These were as follows:

- On 25 October 2021, the Company issued 7,791,803 new ordinary shares
- On 11 November 2021, the Company issued 7,791,803 warrants to subscribe for new ordinary shares

17. Intangible fixed assets

Group	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2020	62	40	829	931
Additions	–	17	379	396
At 30 September 2021	62	57	1,208	1,327
Accumulated amortization				
At 1 October 2020	33	23	6	62
Charge for the year	21	13	79	113
At 30 September 2021	54	36	85	175
Carrying amount				
At 30 September 2021	8	21	1,123	1,152

Group	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2019	62	32	487	581
Additions	–	8	342	350
At 30 September 2020	62	40	829	931
Accumulated amortization				
At 1 October 2019	12	11	3	26
Charge for the year	21	12	3	36
At 30 September 2020	33	23	6	62
Carrying amount				
At 30 September 2020	29	17	823	869

17. Intangible fixed assets continued

Company	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2020	62	40	829	931
Additions	–	–	379	379
At 30 September 2021	62	40	1,208	1,310
Accumulated amortization				
At 1 October 2020	33	23	6	62
Charge for the year	21	13	79	113
At 30 September 2021	54	36	85	175
Carrying amount				
At 30 September 2021	8	4	1,123	1,135

Company	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2019	62	32	487	581
Additions	–	8	342	350
At 30 September 2020	62	40	829	931
Accumulated amortization				
At 1 October 2019	12	11	3	26
Charge for the year	21	12	3	36
At 30 September 2020	33	23	6	62
Carrying amount				
At 30 September 2020	29	17	823	869

As at 30 September 2021, in the Group and Company, a total of £187,000 (2020: £504,000) of patent assets were not yet being amortized because their useful life was determined not to have begun.

The Group and Company hold no intangible assets that are determined to have indefinite useful life.

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

18. Property, plant and equipment

Group	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2020	576	133	62	1,620	2,391
Additions	1,987	37	90	591	2,705
Disposals	(562)	(10)	(46)	(68)	(686)
Exchange differences	–	–	–	(3)	(3)
At 30 September 2021	2,001	160	106	2,140	4,407
Accumulated depreciation					
At 1 October 2020	237	72	37	1,345	1,691
Charge for the year	351	40	21	159	571
Eliminated on disposals	(562)	(10)	(46)	(68)	(686)
Exchange differences	–	–	–	3	3
At 30 September 2021	26	102	12	1,439	1,579
Carrying amount					
At 30 September 2021	1,975	58	94	701	2,828

	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2019	576	77	59	1,558	2,270
Additions	2	60	4	68	134
Disposals	–	(4)	–	–	(4)
Exchange differences	(2)	–	(1)	(6)	(9)
At 30 September 2020	576	133	62	1,620	2,391
Accumulated depreciation					
At 1 October 2019	166	48	29	1,136	1,379
Charge for the year	71	28	8	211	318
Eliminated on disposals	–	(4)	–	–	(4)
Exchange differences	–	–	–	(2)	(2)
At 30 September 2020	237	72	37	1,345	1,691
Carrying amount					
At 30 September 2020	339	61	25	275	700

18. Property, plant and equipment continued

Company	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2020	562	125	48	1,459	2,194
Additions	1,987	31	90	296	2,404
Disposals	(562)	(10)	(46)	(68)	(686)
At 30 September 2021	1,987	146	92	1,687	3,912
Accumulated depreciation					
At 1 October 2020	228	68	28	1,268	1,592
Charge for the year	350	38	20	145	553
Eliminated on disposals	(562)	(10)	(46)	(68)	(686)
At 30 September 2021	16	96	2	1,345	1,459
Carrying amount					
At 30 September 2021	1,971	50	90	342	2,453

	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2019	561	72	44	1,391	2,068
Additions	1	57	4	68	130
Disposals	–	(4)	–	–	(4)
At 30 September 2020	562	125	48	1,459	2,194
Accumulated depreciation					
At 1 October 2019	159	44	22	1,073	1,298
Charge for the year	69	28	6	195	298
Eliminated on disposals	–	(4)	–	–	(4)
At 30 September 2020	228	68	28	1,268	1,592
Carrying amount					
At 30 September 2020	334	57	20	191	602

Notes to the Consolidated Financial Statements continued
for the year ended 30 September 2021

19. Right-of-use assets

Group	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2020	734	–	734
Additions	4,968	18	4,986
Modification	(344)	–	(344)
Derecognition	(390)	–	(390)
At 30 September 2021	4,968	18	4,986
Accumulated depreciation			
At 1 October 2020	254	–	254
Charge for the year	399	5	404
Eliminated on derecognition	(390)	–	(390)
At 30 September 2021	263	5	268
Carrying amount			
At 30 September 2021	4,705	13	4,718

Group	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2019	734	–	734
Additions	–	–	–
Modification	–	–	–
At 30 September 2020	734	–	734
Accumulated depreciation			
At 1 October 2019	141	–	141
Charge for the year	113	–	113
Eliminated on disposals	–	–	–
At 30 September 2020	254	–	254
Carrying amount			
At 30 September 2020	480	–	480

19. Right-of-use assets continued

Company	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2020	734	–	734
Additions	4,948	18	4,966
Modification	(344)	–	(344)
Derecognition	(390)	–	(390)
At 30 September 2021	4,948	18	4,966
Accumulated depreciation			
At 1 October 2020	254	–	254
Charge for the year	383	5	388
Eliminated on derecognition	(390)	–	(390)
At 30 September 2021	247	5	252
Carrying amount			
At 30 September 2021	4,701	13	4,714

Company	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2019	734	–	734
Additions	–	–	–
Disposals	–	–	–
At 30 September 2020	734	–	734
Accumulated depreciation			
At 1 October 2019	141	–	141
Charge for the year	113	–	113
Eliminated on derecognition	–	–	–
At 30 September 2020	254	–	254
Carrying amount			
At 30 September 2020	480	–	480

Notes to the Consolidated Financial Statements continued
for the year ended 30 September 2021

20. Investment in subsidiaries

Company	Group undertakings £000	Total £000
Cost		
At 1 October 2020	524	524
Additions	–	–
At 30 September 2021	524	524
Amounts written off		
At 1 October 2020	243	243
Written off/(back) in year	–	–
At 30 September 2021	243	243
Carrying amount		
At 30 September 2021	281	281
At 30 September 2020	281	281

All subsidiary undertakings of the Company, listed below, are included in the consolidated financial statements of the Group:

Name and registered office address	Country of registration or incorporation and principal place of business	Principal activity	Class of shares	2021 %	2020 %
Oxford BioDynamics Inc 9801 Washingtonian Blvd., Suite 370 Gaithersburg, MD 20878 USA	USA	Sales & Marketing	Ordinary	100	100
Oxford BioDynamics (M) Sdn Bhd 18-22-A1, Gurney Tower, Persiaran Gurney, 10250 Georgetown, Pulau Pinang, Malaysia	Malaysia	Diagnostic research	Ordinary	100	100
Oxford BioDynamics Pte Ltd 137 Telok Ayer Street, #08-01, Singapore 068602	Singapore	Diagnostic research	Ordinary	100	100
Oxford BioDynamics Australia Pty Ltd PO Box 8270, 1/100 Hay Street, Subiaco East, WA 6008, Australia	Australia	Dormant	Ordinary	86	86

21. Interest in associate undertaking

Group and Company	Total £000
Cost	
At 1 October 2020	422
Additions	–
At 30 September 2021	422
Amounts written off	
At 1 October 2020	422
Group's share of losses of associate	–
At 30 September 2021	422
Carrying amount	
At 30 September 2021	–

	Total £000
Cost	
At 1 October 2019	422
Additions	–
At 30 September 2020	422
Amounts written off	
At 1 October 2019	386
Group's share of losses of associate	36
At 30 September 2020	422
Carrying amount	
At 30 September 2020	–

The Group has a 28.84% holding in Holos Life Sciences (Singapore) Pte Ltd ("Holos"), a Singapore-based Company, which is not listed on any public exchange and whose registered office is at 38 Club Street, Singapore 069418. The Group's interest in Holos is accounted for using the equity method. On 5 October 2018, the Company exercised a pre-existing option to acquire, for a nominal amount, a 30% shareholding in Holos. Subsequently, on 30 November 2018 the Company also participated in an interim fundraising by Holos, investing US$540,000 in that entity. In accordance with IAS 28 'Investments in Associates and Joint Ventures', the carrying value of the investment has been restated to recognize the Group's share of losses incurred in Holos in prior years (see Note 5). This restatement had no impact on operating or other cashflows. Summarized financial information for Holos and a reconciliation with the carrying amount of the Group's investment are set out below and on the following page:

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

	30 September 2021 £000	Restated 30 September 2020 £000
Current assets	103	203
Non-current assets	1	2
Current liabilities	(53)	(87)
Non-current liabilities	(915)	(969)
Equity	(864)	(851)
Group's share in equity – 28.84% (not recognized) (30 September 2020: 28.84%, not recognized)	–	–
Carrying amount of the investment	–	–

Notes to the Consolidated Financial Statements continued
for the year ended 30 September 2021

21. Interest in associate undertaking continued

Summarized income statement for Holos Life Sciences (Singapore) Pte Ltd

	1 October 2020 to 30 September 2021 £000	1 October 2019 to 30 September 2020 £000
Revenue	–	–
Cost of sales	–	–
R&D expenditure	–	(89)
Admin expenses	(65)	(268)
Finance costs	(10)	(15)
Loss before tax	(75)	(372)
Tax	22	–
Loss and total comprehensive income for the period	(53)	(372)
Group's share of loss for the period – 28.84% (not recognized) (2020: 28.84%, partially recognized)	(15)	(107)

The Group's share of Holos' losses has been recognized until the carrying value of the Group's interest in Holos is reduced to zero. The Group's share of Holos' net liabilities has not been recognized because the Group is not liable for any of Holos' liabilities and has not made any payments on behalf of Holos.

Holos had no contingent liabilities as at 30 September 2021 (2020: £nil).

22. Inventories

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Laboratory consumables	392	323	362	291

The cost of inventories recognized as an expense during the year was as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Cost of inventories recognized as an expense	705	478	697	469

No inventories have been pledged as security against borrowings during the year (year ended 30 September 2020: £nil).

23. Trade and other receivables

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Amounts receivable for the provision of services	347	2	347	2
Income taxes recoverable	971	608	971	608
Amounts owed by Group undertakings	–	–	97	39
Other debtors	378	193	378	193
Contract assets	15	30	15	30
Prepayments and accrued interest income	240	220	218	212
	1,951	1,053	2,026	1,084

Trade receivables disclosed above are classified as financial assets and are measured at amortized cost.

All amounts are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

The average credit period offered to customers invoiced during the year ended 30 September 2021 was 71 days (2020: 90 days). The average days sales outstanding ("DSO") in 2021 was 91 days (2020: 74 days). As the Group's revenue reflects a relatively small number of high-value contracts, with some invoicing in advance of performance obligations completed (and therefore revenue recognized), Management expect average DSO to be subject to significant variation from year to year. The recoverability of debtor balances is monitored on an invoice-by-invoice basis.

The Group has not charged interest for late payment of invoices in the year ended 30 September 2021 (2020: £nil). The Group monitors the probability of default by its customers following the Expected Credit Loss model of IFRS 9, with rates based on the Group's historic loss rates in the 48 months to 1 October 2021. No allowance for loss has been recognized at 30 September 2021 (2020: £nil).

Before accepting any significant new customer, the Group assesses the potential customer's credit quality. The Group has entered into commercial contracts with a number of customers, the majority of which are global pharmaceutical and biotechnology companies. The contracts in which the Group is involved tend to be invoiced by means of upfront and milestone payments covering a substantial portion of the whole project; this tends to reduce the Group's risk of performing significant levels of work without invoicing for it, but may also distort the Group's credit exposure profile at certain points during the financial period. Revenue from sales of the Group's proprietary tests is either received in advance of test performance, or, in the case of some sales, from the Group's partner laboratory, whose creditworthiness was checked as part of the Group's standard supplier selection procedures.

For the year ended 30 September 2021, the proportion of revenue attributable to one customer was 96% (2020: 83%), but the Directors are of the view that this does not signify that there is more than a low-to-moderate risk in this respect, and this is borne out by the Group's history of having had no bad debts throughout the period.

Trade receivables disclosed above include no amounts which are significantly past due at the year-end (see ageing analysis below). To date, the Group has experienced no credit losses from past events. There are no current conditions of which the Group is aware that affect the expected collectability of trade receivables. Accordingly, the Group has not recognized an allowance for expected credit losses (2020: £nil).

Ageing of trade receivables (none of which are considered to be impaired):

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Not overdue	347	2	347	2
Overdue between 0-30 days	–	–	–	–
Overdue between 31-60 days	–	–	–	–
Overdue between 61-90 days	–	–	–	–
Overdue between 91-120 days	–	–	–	–
Overdue more than 120 days	–	–	–	–
	347	2	347	2

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

24. Term deposits and cash and cash equivalents

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Term deposits	2,163	5,387	2,163	5,387
Cash and cash equivalents	2,175	6,119	1,528	5,471
	4,338	11,506	3,691	10,858

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The Directors consider the carrying amount of these assets to be approximately equal to their fair value.

25. Share capital of the Company

	2021 Number	2021 £	2020 Number	2020 £
Authorized shares				
Ordinary shares of £0.01 each – allotted and fully paid	92,559,771	925,598	92,559,771	925,598
Total	92,559,771	925,598	92,559,771	925,598

The Company has one class of ordinary shares which carry no right to fixed income.

During the year, the Company did not issue any shares on the exercise of options (2020: nil).

The Company has a number of shares reserved for issue under an equity-settled share option scheme; further details are disclosed in Note 31.

26. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium:	Amount subscribed for share capital in excess of nominal value
Translation reserve:	Gains/losses arising on retranslating the net assets of overseas operations into pounds sterling
Share option reserve:	Reserve account for share option equity-based transactions
Retained earnings:	All other net gains and losses and transactions not recognized elsewhere

27. Trade and other payables

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade payables	382	306	350	282
Other creditors including other taxes and social security	75	69	70	59
Amounts owed to Group undertakings	–	–	8	105
Grant creditors	213	–	213	–
Accruals and contract liabilities	991	727	785	632
	1,661	1,102	1,426	1,078

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases was 32 days (2020: 31 days). No interest costs have been incurred in relation to trade payables. The Group's policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments.

Other creditors include sales taxes, property taxes, social security and employment taxes due to local tax authorities.

Accruals and contract liabilities principally comprise accrued overhead expenses and deferred project revenue for which certain delivery or performance obligations remain outstanding at the period end.

The Directors consider that the carrying amount of trade and other payables is approximately equal to their fair value.

28. Lease liabilities

Group Maturity analysis:	2021 £000	2020 £000
Year 1	824	145
Year 2	819	145
Year 3	817	145
Year 4	813	145
Year 5+	4,282	–
Less: future interest charges	7,555	580
	(968)	(39)
	6,587	541
Analyzed as:		
Current	634	130
Non-current	5,953	411
	6,587	541

At 30 September 2021, the Group had committed to one property lease which had not yet commenced. The total future cash outflows payable under this lease are as follows:

Maturity analysis:	£000
Year ending 30 September 2022	69
Year ending 30 September 2023	74
Year ending 30 September 2024	74
Year ending 30 September 2025	12
Year 5+	–
	229

Company Maturity analysis:	2021 £000	2020 £000
Year 1	820	145
Year 2	819	145
Year 3	817	145
Year 4	813	145
Year 5+	4,282	–
Less: future interest charges	7,551	580
	(968)	(39)
	6,583	541
Analyzed as:		
Current	630	130
Non-current	5,953	411
	6,583	541

Notes to the Consolidated Financial Statements continued
for the year ended 30 September 2021

29. Provisions

Group & Company	Property dilapidations £000	Total £000
At 1 October 2020	107	107
Arising during the year	468	468
Used during the year	(88)	(88)
Reversed during the year	(79)	(79)
At 30 September 2021	408	408

	2021 £000	2020 £000
Analyzed as:		
Current	–	42
Non-current	408	65
	408	107

The property dilapidations provision is based on the future expected repair costs required to restore the Group's leased buildings to their fair condition at the end of their respective lease term.

30. Deferred tax

Deferred tax relates to the following:

Group	Statement of financial position 2021 £000	Statement of financial position 2020 £000	Consolidated income statement 2021 £000	Consolidated income statement 2020 £000
Accelerated tax depreciation	(315)	(108)	(207)	11
Unrelieved tax losses	285	99	186	(20)
Deferred tax (expense)/income			(21)	(9)
Net deferred tax asset/(liability)	(30)	(9)		

Company	Statement of financial position 2021 £000	Statement of financial position 2020 £000	Consolidated income statement 2021 £000	Consolidated income statement 2020 £000
Accelerated tax depreciation	(242)	(99)	(143)	14
Unrelieved tax losses	242	99	143	(14)
Deferred tax (expense)/income			–	–
Net deferred tax asset/(liability)	–	–		

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group or Company can benefit therefrom:

Group	Unrelieved tax losses £000	Share-based payments £000	Other £000	Total £000
At 1 October 2020	2,050	573	35	2,658
Movement in year including impact of tax rate changes and vesting of share options	1,716	(482)	(18)	1,216
At 30 September 2021	3,766	91	17	3,874

Company	Unrelieved tax losses £000	Share-based payments £000	Other £000	Total £000
At 1 October 2020	2,029	573	35	2,637
Movement in year including impact of tax rate changes and vesting of share options	1,715	(482)	(18)	1,215
At 30 September 2021	3,744	91	17	3,852

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

31. Share-based payments

Equity-settled share option scheme

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

The schemes include non-market-based vesting conditions only, whereby the share options may be exercised from the date of vesting until the 10th anniversary of the date of the grant. In most cases options vest under the following pattern: one-third of options granted vest on the first anniversary of the grant date; one-third on the second anniversary; and one-third on the third anniversary. The only exception to this pattern is 84,000 options which were granted in the year ended 30 September 2016 which vested immediately upon grant.

The options outstanding as at 30 September 2021 have exercise prices in the range of £0.34 to £2.10.

	2021		2020	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of period	7,846,519	0.72	6,640,921	0.66
Granted during the period	1,632,798	1.00	1,275,598	1.06
Forfeited during the period	(952,833)	(0.84)	(70,000)	(1.88)
Exercised during the period	–	–	–	–
Outstanding at end of period	8,526,484	0.76	7,846,519	0.72
Exercisable at end of period	5,881,421	0.63	6,224,253	0.59
Weighted average remaining contractual life (in years) of options outstanding at the period end		4.39		4.33

	2021 £000	2020 £000
Expense arising from share-based payment transactions	251	253

The fair value of share options has been estimated using the Black-Scholes option pricing model. Volatility has been estimated by reference to historical share price data over a period commensurate with the expected term of the options awarded. The assumptions for the options granted during the current and prior periods were as follows:

	2021 £000	2020 £000
Share price at date of grant	£0.74	£0.57 to £1.02
Exercise price	£1.00	£1.00 to £1.58
Expected volatility	52%	47% to 52%
Dividend yield	0%	0%
Expected life of option	8.4 years	8.5 to 8.6 years
Risk free interest rate	0.86%	0.18% to 0.82%

32. Retirement benefit schemes

Defined contribution schemes

The Group contributes to the personal pension schemes and, in the USA, 401(k) plans of individual employees.

Other than amounts that are deducted from employees' remuneration and accrued pending payment to the individuals' pension schemes, no further obligations fall on the Group as the assets of these arrangements are held and managed by third parties entirely separate from the Group.

The pension charge for the period represents contributions payable to the pension schemes and 401(k) plans of individual employees and these amounted to £172,000 for the year ended 30 September 2021 (2020: £133,000). Contributions owed to the schemes at 30 September 2021 amounted to £10,335 (2020: £12,645).

33. Commitments & contingencies

Capital and other commitments

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Minimum lease payments under operating leases recognized as an expense during the year	–	38	–	29

Future minimum lease payments under non-cancellable operating leases (under IAS 17) are as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	–	1	–	–
In the second to fifth years inclusive	–	–	–	–
After five years	–	–	–	–
	–	1	–	–

Operating lease payments represent rentals payable by the Group for its office properties together with office and laboratory equipment. Material lease agreements are accounted for under IFRS 16 (see Notes 19 and 28).

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

34. Financial instruments

Financial risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments, the main types of risk being market risk, credit risk and liquidity risk, which are described in more detail below.

The Group's financial assets and liabilities are summarized by category in the table below.

The Group's financial risk management is co-ordinated at its head office by its finance function, in close co-operation with the Board. It co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures.

The Group does not trade in financial assets for speculative purposes, nor has it entered into derivatives.

Categories of financial instruments

		Group		Company	
	Note	2021 £000	2020 £000	2021 £000	2020 £000
Financial assets					
Amortised cost					
Cash and cash equivalents	24	2,175	6,119	1,528	5,471
Term deposits	24	2,163	5,387	2,163	5,387
Trade and other receivables	23	1,715	861	1,811	901
		6,053	12,367	5,502	11,759
Financial liabilities					
Amortised cost					
Trade and other payables	27	1,168	809	933	785
Lease liabilities	28	6,587	541	6,583	541
		7,755	1,350	7,516	1,326

Fair value of financial instruments

Management has assessed that the fair values of cash and term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, none of the bases for valuation under the fair value hierarchy set out in IFRS 13 'Fair Value Measurement' have been deployed in arriving at the values shown above.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate to their fair values.

34. Financial instruments continued

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). To mitigate its exposure to foreign currency risk, the Group monitors amounts to be paid and received in specific currencies, and where these are expected largely to offset one another, no further currency hedging activity or forward exchange contracts are entered into. During the year the Group converted its excess US dollar deposits to sterling.

Foreign currency sensitivity

The Group undertakes transactions denominated in foreign currencies, therefore exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters, utilizing natural hedging as outlined above where possible.

The carrying amounts of the Group's and Company's foreign currency-denominated monetary assets and liabilities at the relevant period end dates are as follows:

	Liabilities		Assets	
Group	**2021 £000**	**2020 £000**	**2021 £000**	**2020 £000**
US dollar	(272)	(144)	694	1,035
Singapore dollar	(3)	(4)	249	262
Euro	(4)	(67)	–	–
Australian dollar	–	–	124	130
Malaysian ringgit	(1)	(2)	17	16
Outstanding at end of period	(280)	(217)	1,084	1,443

	Liabilities		Assets	
Company	**2021 £000**	**2020 £000**	**2021 £000**	**2020 £000**
US dollar	(20)	(5)	417	786
Euro	(4)	(67)	–	–
Outstanding at end of period	(24)	(72)	417	786

The Group is mainly exposed to variations in the exchange rate between sterling and the US dollar and, to a lesser extent, the Singapore dollar.

The following table details the Group's sensitivity to a 10% weakening in the pound sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible movement in foreign exchange rates over the medium term (3-12 months). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

For a 10% strengthening of the pound sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	US dollar impact		Singapore dollar impact	
Group	**2021 £000**	**2020 £000**	**2021 £000**	**2020 £000**
Profit	69	103	25	26

	US dollar impact		Singapore dollar impact	
Company	**2021 £000**	**2020 £000**	**2021 £000**	**2020 £000**
Profit	42	79	–	–

In Management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk through the year.

Interest rate sensitivity

The Group is not significantly exposed to interest rate risk because it does not have any external borrowings. It does hold funds on deposit in accounts paying variable interest rates. The Group's finance income is therefore affected by variations in deposit interest rates.

Notes to the Consolidated Financial Statements continued
for the year ended 30 September 2021

34. Financial instruments continued

Credit risk

Credit risk is the risk that a counterparty fails to discharge its contractual obligations, resulting in financial loss to the Group. The Group is primarily exposed to credit risk in respect of its cash, cash equivalents and term deposits and trade and other receivables.

Credit risk management

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group makes appropriate enquiries of the counterparty and independent third parties to determine creditworthiness. Use of other publicly available financial information and the Group's own trading records is made to rate its banking counterparties and major customers. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit exposure is also controlled by counterparty limits that are reviewed and approved by Group management continuously.

The vast majority of the Group's cash and cash equivalents are invested either with systemic UK and global banks or UK banks with a Tier 1 Capital ratio significantly in excess of the current regulatory recommendation. Cash is predominantly invested in short-term deposits, breakable term deposits or notice accounts which allow for instant access to funds if necessary. The Group holds some deposits in accounts requiring notice of 95 days to access funds.

Trade receivables consist of a small number of customers, spread across various geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Expected credit loss rates are based on the Group's historical credit losses during the 48 months prior to 1 October 2021. There were no credit losses during that period, but where appropriate, the historical rates are adjusted to reflect specific current and forward-looking factors that may affect a customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days of an invoice's due date and failure to engage with the Group on alternative payment arrangements would be considered indicative of no reasonable expectation of recovery.

Because the contracts in which the Group is involved tend to be invoiced by means of milestone payments covering a substantial portion of each project, this may distort the credit exposure profile at certain points during the financial period. Accordingly, for the year ended 30 September 2021 the proportion of revenue attributable to one customer was 96% (2020: 83%), but the Directors are of the view that this does not signify that there is more than a low to moderate risk in this respect, and this is borne out by the Group's history of having incurred no credit losses throughout the period covered by this report.

The carrying amount recorded for financial assets in the consolidated financial statements is stated net of any impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect of third parties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. To counter this risk, the Group operates with a high level of cash and no bank debt. The Group monitors forecast cash inflows and outflows and adjusts its term deposits accordingly to ensure that sufficient funds are available to meet cash requirements. In addition, it benefits from a substantial proportion of revenue being paid in advance when entering into biomarker projects with customers.

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Group	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2021							
Non-interest bearing		3,435	–	–	–	–	3,435
Variable interest rate instruments	0.3%	455	–	2,163	–	–	2,618
		3,890	–	2,163	–	–	6,053
30 September 2020							
Non-interest bearing		1,708	–	–	–	–	1,708
Variable interest rate instruments	0.7%	2,905	2,367	5,387	–	–	10,659
		4,613	2,367	5,387	–	–	12,367

34. Financial instruments continued
Liquidity risk continued

Company	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2021							
Non-interest bearing		3,022	–	–	–	–	3,022
Variable interest rate instruments	0.3%	317	–	2,163	–	–	2,480
		3,339	–	2,163	–	–	5,502
30 September 2020							
Non-interest bearing		1,243	–	–	–	–	1,243
Variable interest rate instruments	0.7%	2,762	2,367	5,387	–	–	10,516
		4,005	2,367	5,387	–	–	11,759

Variable rate instruments above are balances on interest-bearing notice accounts. The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if variable interest rates differ to those estimates of interest rates determined at the relevant year-ends presented above.

The following table details the expected maturity of the Group's non-derivative financial liabilities. Figures disclosed in the table are contractual undiscounted cashflows including, for lease liabilities, future interest charges.

Group	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2021							
Non-interest bearing		1,168	–	–	–	–	1,168
Fixed interest rate instruments	3%	1	207	616	3,262	3,469	7,555
		1,169	207	616	3,262	3,469	8,723
30 September 2020							
Non-interest bearing		933	–	–	–	–	933
Fixed interest rate instruments	3%	–	36	109	435	–	580
		933	36	109	435	–	1,513

Company	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2021							
Non-interest bearing		809	–	–	–	–	809
Fixed interest rate instruments	3%	1	205	614	3,262	3,469	7,551
		810	205	614	3,262	3,469	8,360
30 September 2020							
Non-interest bearing		785	–	–	–	–	785
Fixed interest rate instruments	3%	–	36	109	435	–	580
		785	36	109	435	–	1,365

Notes to the Consolidated Financial Statements continued for the year ended 30 September 2021

35. Capital management policies and procedures

The Group manages its capital to ensure entities within the Group are able to continue as going concerns while maximizing the return to stakeholders.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group and Company statements of changes in equity on pages 62 and 63 and Notes 25 and 26. Equity includes all capital and reserves of the Group that are managed as capital.

The Group is not subject to any externally imposed capital requirements.

36. Events after the balance sheet date

On 25 October 2021, the Company announced that it had raised £3.62m, by way of a Subscription for 7,791,803 newly-issued ordinary shares of 1p each at a price of 46.5p per share, from leading US-based healthcare fund, Armistice Capital Master Fund Ltd ("Armistice Capital"). Subsequently, on 11 November 2021, the issue to Armistice Capital of 7,791,803 warrants to subscribe for new ordinary shares was approved by a general meeting of the Company's shareholders. The warrants have an exercise price of 58.125p and may be exercised for a period beginning one year and ending five years following the date of issuance.

37. Related party transactions

Ultimate controlling party

There is no ultimate controlling party.

Subsidiaries

Transactions between the Parent Company and its subsidiaries reflect recharges for the cost of services performed on behalf of the Parent Company and purchases of fixed assets from Group Companies by the Parent Company. Transactions and balances between the Parent Company and Group entities are shown in the table below:

	Services provided by Group entities £000	Fixed assets purchased from Group entities £000	Services provided to Group entities £000	Amounts due from Group entities £000	Amounts due to Group entities £000
Year ended 30 September 2021					
Oxford BioDynamics Inc	1,656	113	–	73	–
Oxford BioDynamics (M) Sdn Bhd	152	–	–	24	–
Oxford BioDynamics Pte Ltd	–	–	–	–	8
Year ended 30 September 2020					
Oxford BioDynamics Inc	717	–	–	–	97
Oxford BioDynamics (M) Sdn Bhd	167	–	–	39	–
Oxford BioDynamics Pte Ltd	–	–	–	–	8

37. Related party transactions continued

Other related parties

During the year ended 30 September 2021, the Group had transactions with related parties as shown in the table below. In the opinion of the Directors, all of these transactions took place on terms equivalent to those that prevail in arm's length transactions.

Related party	Nature of relationship	Reason for transactions	Net amount paid/(received) 2021 £000	2020 £000
Holos Life Sciences (Singapore) Pte Ltd Group	Associate undertaking	Service income to OBD plc relating to the development of non-healthcare and non-human applications of the Group's technology.	–	(31)
Sibelius Limited	Common Directors: Stephen Diggle Dr Alexandre Akoulitchev Christian Hoyer Millar	Reimbursement of services provided by OBD plc staff, lab supply purchases made by OBD plc on behalf of Sibelius, and (in the prior period) property occupation costs, net of reimbursement for administrative services provided to OBD plc by Sibelius staff.	(9)	(59)
Mrs P M Hoyer Millar	Mrs Hoyer Millar is married to Christian Hoyer Millar who was a Director during the period	Part-time employment as an administrator in OBD plc.	2	4
Ms S Erdyneeva	Daughter of CEO Jon Burrows	Part-time employment as Social Media Specialist in OBD Inc.	31	2

As at 30 September 2021, there was no amount owed to Sibelius Limited (2020: £1,623). No amounts were owed to the other related parties at 30 September 2021 (2020: £nil). As at 30 September 2021, Sibelius Limited owed £619 (2020: £1,410) to the Company. No amounts were overdue at 30 September 2021 (2020: £nil).

Key management compensation

The key management personnel are the Directors of the Company and the remuneration that they have received during the year is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2021 £000	2020 £000
Short-term employee benefits	1,072	987
Share-based payments	167	119
Pension contributions	58	48
	1,297	1,154
Aggregate emoluments of the highest paid Director	463	302

Transactions involving key management personnel

No advances, credits or guarantees have been entered into with any of the Directors of the Company.

Notice of Annual General Meeting

OXFORD BIODYNAMICS PLC

(incorporated and registered in England and Wales under number 06227084)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt about its content or as to what action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorized under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorized independent adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all your shares in Oxford BioDynamics plc, please pass this document to the purchaser or transferee or to the stockbroker or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

A. Notice of annual general meeting and proposed resolutions

Notice is hereby given that the 2022 AGM of Oxford BioDynamics plc (the "Company") will be at 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB, UK on 30 March 2022 at 12.00 pm, to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 4 will be proposed as ordinary resolutions, and resolutions 5 and 6 will be proposed as special resolutions:

Ordinary business

1 To receive the financial statements and the reports of the Directors and the Auditors for the year ended 30 September 2021. **(Resolution 1)**

2 To re-appoint Grant Thornton UK LLP as Auditors of the Company. **(Resolution 2)**

3 To authorize the Directors to set the remuneration of the Auditor. **(Resolution 3)**

Special business

4 That the Directors be and are hereby generally and unconditionally authorized for the purposes of section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:

(a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £334,505.24 (being approximately 33.3% of the Company's issued share capital as at close of business on 25 February 2022) such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum; and

(b) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £669,010.49 (being approximately 66.7% of the Company's issued share capital as at close of business on 25 February 2022), such amount to be reduced by any allotments or grants made under (a) above, in connection with or pursuant to an offer by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever, these authorities to expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2023 (save that the Company may before such expiry make any offer or enter into any agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorizations conferred hereby had not expired). **(Resolution 4)**

5 That, subject to the passing of resolution 4 above, the Directors be and are hereby empowered pursuant to section 570(1) of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash pursuant to the authorization conferred by that resolution as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities for cash:

(a) in connection with or pursuant to an offer of or invitation to acquire equity securities (but in the case of the authorization granted under resolution 4(b), by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

(b) in the case of the authorization granted under resolution 4(a) above, and otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £100,351.57 (being 10% of the Company's issued share capital as at close of business on 25 February 2022),

and this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company to be held in 2023 (save that the Company may, at any time before the expiry of such power, make any offer or enter into any agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power conferred hereby had not expired). **(Resolution 5)**

6 That the Company be and it is hereby generally authorized pursuant to section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the number of such ordinary shares hereby authorized to be purchased by the Company shall not exceed 10,035,157;

(b) the price that may be paid by the Company for any of its ordinary shares shall not be less than 1 pence, being the nominal value of each ordinary share, and shall not be greater than the higher of:

(i) 105% of the average trading price of the ordinary shares as derived from the middle market quotations for an ordinary share on the London Stock Exchange Daily Official List for the five trading days immediately preceding the date on which such share is contracted to be purchased; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out, as stipulated by article 3(2) of the Commission Delegated Regulation (EU) 2016/1052 (as it forms part of UK law pursuant to Technical Standards (Market Abuse Regulation) (EU Exit) Instrument 2019 (FCA 2019/45); and

(c) unless previously revoked, renewed, extended or varied, the authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2023, provided that the Company may effect purchases following the expiry of such authority if such purchases are made pursuant to contracts for purchases of ordinary shares which are entered into by the Company on or prior to the expiry of such authority **(Resolution 6)**.

Any queries regarding the application or operation of this Section should be directed to the Company Secretary in writing to the Company's registered office or at the email address specified above.

Your Board believes that the resolutions to be proposed as ordinary and special business at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company.

By order of the Board

T Demain
For Alder Demain & Akers Ltd
Company Secretary

28 February 2022

Registered Office: 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford OX4 2WB

Registered in England and Wales No 06227084

Information for shareholders in respect of the AGM

The notes on the following pages explain the resolutions proposed at the AGM of Oxford BioDynamics Plc (the "Company"), to be held at 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB, UK on 30 March 2022 at 12.00 pm (the "AGM").

Explanatory notes to the resolutions

Resolutions 1 to 4 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 5 and 6 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

Resolution 1 - Adoption of Report and Accounts

For each financial year, the Directors are required to present the Directors' Report, the audited accounts and the Auditor's report to shareholders at a general meeting. The financial statements and reports laid before the AGM are for the financial year ended 30 September 2021, and the Company proposes a resolution on its financial statements and reports.

Resolutions 2 and 3 - Re-appointment of auditor and auditor's remuneration

Resolutions 2 and 3 propose the re-appointment of Grant Thornton UK LLP as the Company's Auditor for the year ending 30 September 2022, and the authorization of the Directors to agree the Auditor's remuneration. The Directors will delegate this authority to the Audit Committee.

Resolution 4 - Authority to allot shares

The Directors may only allot shares or grant rights over shares if authorized to do so by shareholders. The authorities granted on 24 March 2021 are due to expire at the Company's AGM in 2022 and therefore the authorities require renewal. This resolution, if passed, will continue to give the Directors flexibility to act in the best interests of shareholders, when the opportunity arises, by issuing new shares. Accordingly, resolution 4 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares (a) up to an aggregate nominal amount of £334,505.24 and (b) in connection with a rights issue up to an aggregate nominal amount (reduced by allotments under part (a) of the resolution) of £669,010.49.

These amounts represent approximately 33.3% and approximately 66.7% respectively of the total issued ordinary share capital of the Company as at close of business on 25 February 2022, being the last practicable day prior to the publication of this notice. If given, these authorities will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2023.

The Directors have no present intention of issuing shares pursuant to this authority.

As at the date of this notice the Company holds no treasury shares.

Resolution 5 - Disapplication of pre-emption rights

The Directors also require additional authority from shareholders to allot equity securities for cash and otherwise than to existing shareholders pro-rata to their holdings. The authorities granted on 24 March 2021 are due to expire at the conclusion of the Company's AGM in 2022 and therefore the authorities require renewal. Accordingly, resolution 5 will be proposed, as a special resolution, to grant such an authority. Apart from offers or invitations in proportion to the respective number of shares held, the authority will be limited to the allotment of equity securities for cash up to an aggregate nominal value of £100,351.57 (being 10% of the Company's issued ordinary share capital as at close of business on 25 February 2022, being the last practicable day prior to the publication of this notice). If Resolution 5 is passed, this authority will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2023.

Resolution 6 - Authority to purchase shares (market purchases)

This resolution, which will be proposed as a special resolution, renews the authority granted at the AGM held on 24 March 2021 which is due to expire on the date of the Company's AGM in 2022. The resolution authorizes the Company to make market purchases of its own ordinary shares as permitted by the Act. The authority limits the number of shares that may be purchased to a maximum of 10,035,157 (representing no more than 10% of the issued share capital of the Company as at 25 February 2022, being the latest practicable date prior to the publication of this Notice of AGM) and sets minimum and maximum prices. If Resolution 6 is passed, this authority will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2023.

Under the authority sought by this resolution, the Company may purchase its ordinary shares following the date on which the authority expires if such purchases are made pursuant to contracts entered into by the Company on or prior to the date on which the authority expires.

The Directors are of the opinion that it would be advantageous for the Company to have the flexibility to purchase its own shares should such action be deemed appropriate by the Board. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price, future investment opportunities and the overall position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Shares purchased would either be held as treasury shares or cancelled and the number of shares in issue reduced accordingly.

Procedural and other notes

Entitlement to attend and vote

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the right to attend and vote at the AGM is determined by reference to the Company's register of members. Only a member entered in the register of members as at close of business on 28 March 2022 (or, if the AGM is adjourned, in the register of members as at the close of business on the date which is two business days before the time of the adjourned AGM) is entitled to attend and vote at the AGM and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.

2 You may vote either:

a. using the proxy card included with this notice;

b. via www.sharegateway.co.uk and completing the authentication requirements. Shareholders will need to use their personal proxy registration code that is printed on the Form of Proxy to validate submission of their proxy online; or

c. in the case of CREST members, by utilizing the CREST electronic proxy appointment service in accordance with the procedures set out below.

Proxies

3 (a) As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM. You can only appoint a proxy using the procedures set out in these notes.

(b) Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

(c) A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

(d) You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share.

(e) If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box provided the number of shares in relation to which they are authorized to act as your proxy. If left blank your proxy will be deemed to be authorized in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. If you submit more than one completed valid proxy, the proxy received last before the latest time for receipt of proxies will take precedence.

(f) To appoint more than one proxy, you may photocopy the proxy form. Please indicate in the box on the form the number of shares in relation to which they are authorized to act as your proxy. Please also indicate with an "X" in the place provided on the proxy form if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

(g) To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting as he or she sees fit.

(h) In the case of a member which is a Company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorized officer of the Company or an attorney for the Company stating their capacity (e.g. Director, secretary).

(i) Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

(j) CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Neville Registrars Limited, whose CREST participant ID is 7RA11, by 12.00 pm on 28 March 2022.

(k) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

(l) If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

Information for shareholders in respect of the AGM continued

(m) As an alternative to completing a hard copy form of proxy, shareholders can vote electronically by visiting www.sharegateway.co.uk and completing the authentication requirements. Shareholders will need to use their personal proxy registration code that is printed on the Form of Proxy to validate the submission of their proxy online.

(n) In each case, whether through CREST or using a hard copy form of proxy, the appointment of a proxy must be received by Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD by 12.00 pm on 28 March 2022. Hard copy proxy forms should not be sent to the Company's registered office.

Corporate representatives

4 A shareholder of the Company which is a corporation may authorize a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, though there are restrictions on more than one such representative exercising powers in relation to the same shares.

Nominated persons

5 Any person to whom this Notice is sent as a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

6 The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

Issued share capital and total voting rights

7 As at close of business on 25 February 2022, being the last practicable day prior to the publication of this Notice, the Company's issued share capital comprised 100,351,574 ordinary shares of 1 pence. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this Notice is 100,351,574.

Members' requests under section 527 of the Act

8 Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to: (i) the audit of the Company's Accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

Members' rights to ask questions

9 Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

Inspection of documents

10 Copies of the executive Directors' service contracts and the letters of appointment of the Non-Executive Directors will be available for inspection at the registered office of the Company during normal business hours until the date of the AGM, and at the place of the AGM from 15 minutes before the AGM until it ends.

Security

11 Security measures will be in place to ensure your safety at the AGM. Please do not bring suitcases, large bags or rucksacks. If you do, we may ask you to leave the item in the cloakroom. Recording equipment, cameras and other items that might interfere with the good order of the meeting will not be permitted. Mobile phones must be turned off or on silent during the meeting. Please also note that those attending the AGM will not be permitted to hand out leaflets in the venue.

Website

12 A copy of this Notice, and other information required by section 311A of the Act, can be found at the Company's website, www.oxfordbiodynamics.com.

Voting results

13 The results of the voting at the AGM will be announced through a regulatory information service and will appear on the Company's website, www.oxfordbiodynamics.com, as soon as reasonably practicable.

Company information

Directors
A Akoulitchev
J A J Burrows
S C Diggle
D M A Holbrook
P L Stockdale
M A Wakefield

Secretary
Alder Demain & Akers Ltd
2 Michaels Court
Hanney Road
Southmoor
Oxford
OX13 5HR

Registered Office and Reference laboratory (UK)
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
OX4 2WB
UK

US Office
Oxford BioDynamics Inc
9801 Washingtonian Blvd., Suite 370
Gaithersburg, MD 20878
USA

Reference laboratory (Malaysia)
Oxford Biodynamics (M) Sdn Bhd (1114917-T)
Unit No. 4-09 Fourth Floor, Island Plaza
118, Jalan Tanjung Tokong
10470 Penang
Malaysia

Company number
06227084 (England & Wales)

ISO Certification
UK
Combined ISO 13485:2016/ISO 9001:2015

Malaysia
EN ISO 13485:2016

Regulated and Licensed by Human Tissue Authority
Licence No. 12571

Auditor
Grant Thornton UK LLP
Seacourt Tower, Botley
Oxford
OX2 0JJ

Nominated adviser and broker
Shore Capital
Cassini House
57 St James's Street
London
SW1A 1LD

Solicitors
Dechert LLP
Three Bryant Park
1095 Avenue of the Americas
New York
NY 10036-6797
USA

Registrars
Neville Registrars Ltd
Neville House
Steelpark Road
Halesowen
B62 8HD

Financial Public Relations
Instinctif Partners
65 Gresham Street
London
EC2V 7NQ

US Investor Relations
PCG Advisory Group
150 East 58th Street 20th Floor
New York
NY 10022
USA

Bankers
HSBC
Knightsbridge Premier Centre
102 Brompton Road
London
SW3 1JJ

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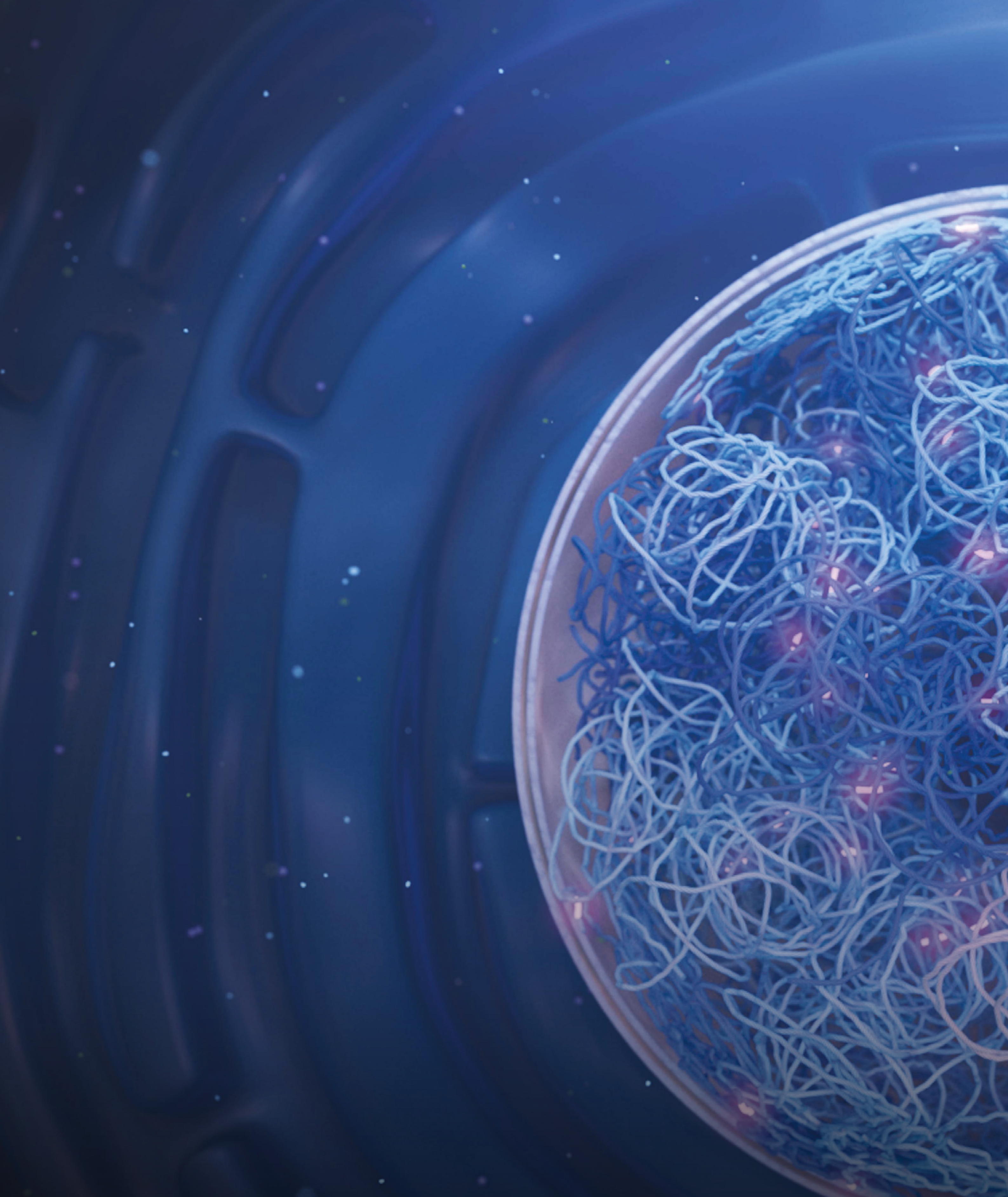

OXFORD BIODYNAMICS

Registered Office:
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford, OX4 2WB