Oxford BioDynamics

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

Oxford BioDynamics plc
Annual Report and Accounts 2022

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 flagship test, ***EpiSwitch*® CiRT** (Checkpoint inhibitor Response Test). Available in the US and UK, *EpiSwitch*® CiRT is a first-of-its-kind blood test that predicts an individual patient's therapeutic response to checkpoint inhibitor immunotherapy.

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 more than 30 disease areas, and reduced to practice.

Highlights

Corporate and operational highlights

- Launch of *EpiSwitch*® CiRT (Checkpoint inhibitor Response Test) in US (February 2022), and UK (June 2022)
- Granting of US CPT Code‡ for *EpiSwitch*® CiRT (July 2022)
- Highlighting of benefits of *EpiSwitch*® platform in podium presentation at European Society of Medical Oncology (ESMO) Congress (September 2022)
- Presentation of clinical utility data of *EpiSwitch*® CiRT at American Society of Clinical Oncology (ASCO) Annual Meeting (June 2022)
- Opening of US offices in Gaithersburg, MD (October 2021)
- Raising of £3.62m ($5m) by way of subscription (October 2021)

Post-year end highlights

- Successful placing, open offer and subscription, raising gross proceeds of £9.3m, at a 33% premium to the then share price (October 2022)

‡ A Current Procedural Terminology (CPT) code is used in the US to report medical and diagnostic services to entities such as health care professionals and payors.

Financial highlights

Revenue
£0.2m
(2021: £0.3m)

Other operating income (grant funding)
£0.4m
(2021: £nil)

Operating loss*
£8.6m
(2021: £7.5m)

Cash and term deposits
£1.0m
As at 30 September 2022 (2021: £4.3m) prior to October 2022 fundraising.

* Reflecting increased staff, general and administration costs and depreciation.

Our websites provide extensive information on OBD and supporting documentation for our products

myobdx.com **mycirt.com**

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.

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2019
Awarded
April 2019

Our business at a glance

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

Our strategic priorities

A Commercializing OBD's pipeline of molecular tests, initially in the US

B Working with leading pharma, biotech and academic institutions in clinical development and biomarker discovery

C Making OBD's *EpiSwitch*® technology and the world's largest 3D genomics knowledgebase available to commercial and academic researchers

Our products

EpiSwitch® CiRT

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

Learn more at mycirt.com

EpiSwitch® CiRT provides physicians with valuable patient-by-patient guidance, supporting them in deciding whether to begin or continue treatment with an essential widely-used class of therapeutics: immune checkpoint inhibitors.

EpiSwitch® CST

This advanced blood test measures an individual's likelihood of a severe response to infection with SARS-CoV-2 (COVID-19).

Learn more at covidseveritytest.com

Launched in 2021, *EpiSwitch*® CST is the first and only commercially available blood test for the prediction of COVID-19 severity in any adult.

EpiSwitch® Explorer Array Kit

The world's first commercially available microarray kit for high-throughput, high-resolution 3D genome profiling.

Learn more at store.oxfordbiodynamics.com/products/episwitch-explorer-array-kit/

The Explorer Array Kit opens up OBD's *EpiSwitch*® platform to researchers worldwide.

The kit includes custom microarrays manufactured by Agilent Technologies (NYSE:A), OBD's proprietary biochemical reagents and access to OBD's *EpiSwitch* Analytical Portal with optional access to OBD's *EpiSwitch*® Data Portal.

Our values

Innovative
Saving lives by reducing-to-practice and commercializing high-quality, impactful, *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 teams and infrastructure

Our 24,000 sq ft headquarters in Oxford, UK, houses state-of-the-art laboratories, fully compliant with the requirements of ISO 13485:2016 (Medical Devices) and ISO 9001:2015 (Quality Management Systems).

OBD's commercial team is led from our office in Gaithersburg, MD and we have a further reference laboratory in Penang, Malaysia, compliant with the requirements of EN ISO 13485:2016.

Global offices & laboratories

Gaithersburg, MD, USA
Commercial, Clinical Operations
Staff: 11

Oxford, UK
Corporate HQ, Core R&D and Product Development
Staff: 32

Penang, Malaysia
Reference Lab
Staff: 3

Our history

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

2016
IPO and listing on AIM

2020
New CEO and commercial team, expansion of strategic focus to include proprietary product development

2021
Launch of first proprietary test, *EpiSwitch*® CST (COVID Severity Test)

Move to new HQ and labs in Oxford, UK and opening of US office in Gaithersburg, MD

2022
Launch of flagship product, *EpiSwitch*® CiRT

Since its formation, OBD has:

- launched proprietary tests based on its *EpiSwitch*® 3D genomics technology
- participated in more than 40 partnerships with pharma, biotech and leading institutions including Pfizer, EMD Serono, Genentech, Mitsubishi Tanabe Pharma America, Roche, Biogen, Mayo Clinic and Massachusetts General Hospital
- built the world's largest 3D genomics knowledgebase, with hundreds of millions of data points from over 10,000 patient samples in more than 30 disease indications
- created a valuable technology and intellectual property portfolio including biomarker arrays and molecular diagnostic tests, protected by 18 families of patents

Chief Executive Officer's review

"Most importantly, we launched the Group's flagship product *EpiSwitch*® CiRT"

Introduction

It has been another year of significant progress at OBD – the highlight being the launch of our *EpiSwitch*® CiRT (Checkpoint Inhibitor Response Test) in the US and UK markets.

Through the year, we pursued our expanded strategy, first announced in December 2020, which includes the development of proprietary laboratory tests and making the Group's *EpiSwitch*® 3D genomics technology and knowledgebase available to researchers worldwide, alongside the Group's ongoing work with pharma customers.

Most importantly, we launched the Group's flagship product, *EpiSwitch*® CiRT – the latest output from a continually maturing *EpiSwitch*® platform and OBD product development pipeline – both in the US and the UK. The launch represented a major milestone in the execution of OBD's strategy, and our major focus through 2023 will be on growing adoption of the CiRT test.

Big pharma biomarker development projects and initiatives to expand third party validation of our *EpiSwitch*® technology have continued apace. These have included clinical research involving a leading Pfizer cancer drug, and in amyotrophic lateral sclerosis (ALS or motor neurone disease) as part of the Phase IV REFINE-ALS clinical trial sponsored by Mitsubishi Tanabe Pharma America (MTPA) and assessed by Massachusetts General Hospital (MGH). These initiatives have added to the large body of evidence confirming both the significance of 3D genomics in personalized medicine and the robustness of OBD's reduced-to-practice core *EpiSwitch*® platform technology.

Financial performance during the year has been modest, reflecting our continued investment in the commercialization of our *EpiSwitch*® product line, which has the potential to be a truly disruptive technology within the industry. The Group's equity fundraisings in October 2021 and, post-year end in October 2022, to support the launch and initial sales push of *EpiSwitch*® CiRT demonstrated the opportunity for growth that investors have recognized in our strategy. The fundraisings generated a combined total of c.£13m, with the most recent equity placing, open offer and subscription completed at a 33% premium to the then share price.

Comments made in last year's Annual Report bear repeating: we strongly believe 3D genomics will play a crucial role in the personalized medicine revolution and OBD is now even more strongly placed to benefit from the growth that we anticipate in this market over the coming years. The OBD team has achieved an enormous amount over the year, building on the pivoting of the Group to a more commercial footing that began in the prior year. Our focus for the new financial year is on growing the adoption of *EpiSwitch*® CiRT: increasing the number of healthcare professionals, payors and other partners who use and benefit from the test.

EpiSwitch® CiRT (Checkpoint Inhibitor Response Test)

EpiSwitch® CiRT is OBD's flagship product, a first-of-its-kind predictive test of a patient's likely response to an important class of cancer medicines, immune checkpoint inhibitors (ICIs), which work with a patient's immune system to find and fight cancer.

Learn more ›
About our flagship product *EpiSwitch*® CiRT at **mycirt.com** or read more on **pages 18 and 19**

EpiSwitch® CiRT

The marketplace

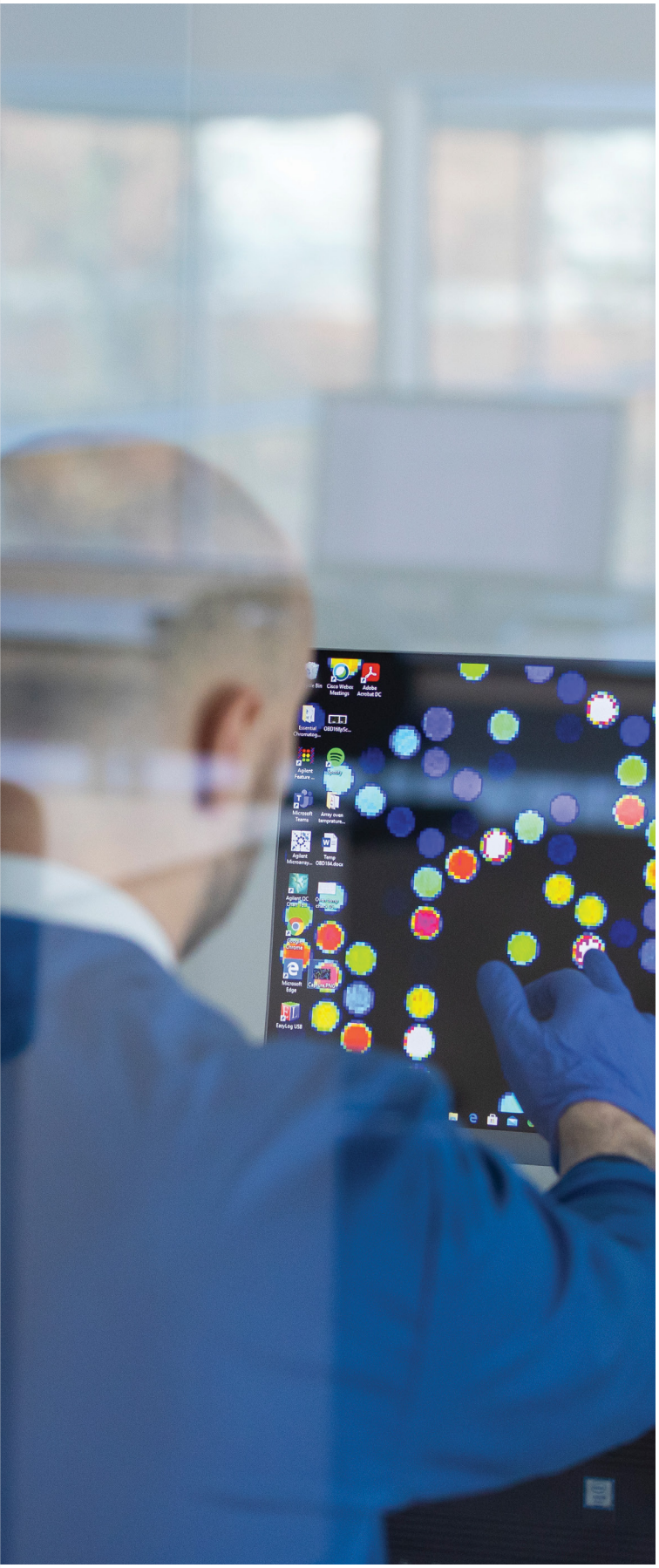
Some patients treated with ICIs see striking results but, depending on cancer indication, over two-thirds of patients do not benefit from the treatment and a significant subset of these will suffer potentially life-threatening side effects from these drugs. It is estimated that each year over $10 billion is spent on ineffective ICI therapy in the US alone. As well as the obvious potential clinical benefit to patients of more appropriate courses of treatment, smart testing offers significant opportunities for financial efficiencies for patients and healthcare payors alike. CiRT can also contribute to pharma companies' drug development programs, helping to stratify or analyse patients in more targeted clinical trials.

There is no other reliable predictive test of a patient's likely response to ICIs and other commonly used testing modalities typically require invasive tissue or tumor biopsy. In contrast, from a simple liquid biopsy (a few ml of blood), *EpiSwitch*® CiRT provides an unequivocal, binary result to assist oncologists in their decision-making as to the best treatment plan for their patient.

EpiSwitch® CiRT

EpiSwitch® CiRT was launched in the US in February 2022, with availability to private physicians in the UK in June 2022. The test was launched as a lab-developed test (LDT), allowing physicians to access the test as quickly as possible. OBD's LDTs are offered through its CAP-CLIA† -accredited partner laboratory at NEXT Molecular Analytics (VA, US). There are no barriers for oncologists to immediately begin using CiRT for patient management strategies: the test requires only a simple blood draw and physicians can order it like any other routine lab test. Once the lab receives the blood, results are returned in a secure report, typically in 3-4 days.

† CAP-CLIA regulated laboratories are accredited by the College of American Pathologists as being compliant with the Clinical Laboratory Improvement Amendments, 1988 (42 CFR, Part 493).



The test has demonstrated validated, best-in-class performance, with high sensitivity (93%), specificity (82%), accuracy (85%), NPV (97%) and PPV (64%). An indication of the importance of this predictive test was the assignment of a unique CPT‡ code for the test only four months after its launch. The CPT code is unique to OBD as manufacturer, the CiRT test itself and the Group's partner lab and is a critical step in gaining straightforward payment for the test from healthcare payors, allowing requests for reimbursement from US insurers, whether private, Medicare or Medicaid. The first reimbursements from US payors under the unique CPT code have now been received, for amounts in the range anticipated by the Group.

Initial sales development activity focused on early adopter oncologists in one geographic area (FL, US) and the test has seen steady growth there since its launch. To date, over 150 tests have been ordered by 16 doctors. Post-year end, in November and December 2022, we successively recorded highest monthly sales to date, a combination of repeat orders from established users of the test and newly-ordering oncologists. In December 2022, the first test order from outside the US was received. These are encouraging results early in the life cycle of a new high complexity molecular test.

Our intention in this early phase of commercialization, as well as growing adoption of the test, has been to learn from oncologists how they are beginning to use the test and how they see it benefiting their patients. Our interactions with ordering physicians are absolutely invaluable in helping to train our growing sales team and to refine our explanatory collateral. At a general level, the test is intended to help physicians decide whether to begin or continue treatment with an ICI; it has been helpful and instructive to learn in more detail about how oncologists have used the test in specific patient case studies.

From these discussions, we can see the potential for *EpiSwitch*® CiRT to transform the clinical decision-making process in respect of ICIs in several ways.

Firstly, in treatment planning, if the CiRT test indicates a high likelihood of response, a doctor may recommend ICI therapy with confidence for their patient, building on the understanding that the molecular immune profile is associated with clinical benefit from ICIs, regardless of the results of other testing modalities, such as their PD-L1 status. Even if the patient does not initially respond to therapy, they will likely benefit later from continuing therapy for longer, acknowledging a slow immune response.

On the other hand, a low-likelihood result is a strong indication that the patient will not respond to ICI treatment. In this case, a doctor may limit the ICI therapy to a shorter duration before re-imaging and/or evaluating other options.

As many as 40 percent of those treated with ICIs will face a cascade of treatment-related toxicity, called an immune-related adverse event (irAE), a significant side-effect that can occur at any time when the immune system is re-engaged. As a result, often, the treatment must be stopped, and without adequate tests, such as *EpiSwitch*® CiRT, it is very difficult for doctors to know whether to recommend resuming therapy. Interestingly, emerging evidence suggests that patients with strong irAEs may have better chances of achieving a durable response to ICIs if they are reset by continuing their treatment course.

CiRT is initially being used as a complementary test, giving doctors additional guidance to make a balanced therapy recommendation. However, as adoption grows, we are confident that it could significantly impact how immunotherapy is administered.

‡ A Current Procedural Terminology (CPT) code is used in the US to report medical and diagnostic services to entities such as health care professionals and payers.

Chief Executive Officer's review *continued*

FY2023 focus

OBD's focus in 2023 is firmly on *EpiSwitch*® CiRT. Activities will include further building an already-expanded sales team into new US geographies, adding to the clinical operations and customer support team, engaging directly with an OBD-convened group of key opinion leaders from healthcare payors – collectively covering a total of over 100 million US lives – and developing and refining our evidence base of clinical usage and utility, and health economics and outcomes research (HEOR). This activity can easily be encapsulated in a single sentence, yet it will reflect many thousands of hours' work by the OBD team throughout 2023.

Work with pharma and independent validation of the Group's *EpiSwitch*® technology

The Group continued its work on a number of pre-existing agreements with pharma and academic partners during the year, including on the Mitsubishi Tanabe Pharma America (MTPA)-sponsored REFINE-ALS clinical trial.

Our teams had a number of positive interactions with pharma partners over the course of the year, including at the prestigious American Society of Clinical Oncologists (ASCO) and the European Society for Medical Oncology (ESMO) meetings. These engagements, most of which remain 'live' as at the date of this report, have presented useful opportunities to explain, often to scientific experts new to the field of 3D genomics, the enormous potential of working with OBD's *EpiSwitch*® platform.

We remain confident that we will see commercial agreements with industry players in due course – cautiousness in adoption is not unusual for a truly disruptive technology such as *EpiSwitch*®.

Peer group events and publications

OBD team members have long been at the forefront of publishing and presenting on the Group's research and achievements in the field of 3D genomics. This was augmented this year by a number of high-profile presentations and publications in which third parties positively referenced the performance of *EpiSwitch*® biomarkers developed or used in the Group's work with pharma partners.

» *EpiSwitch*® in oncology

In September 2022, in a plenary talk at the European Society for Medical Oncology (ESMO) 2022 Congress entitled "Genomic biomarkers in peripheral blood from patients enrolled in the JAVELIN Bladder 100 trial of avelumab first-line (1L) maintenance in advanced urothelial carcinoma (aUC)", renowned oncology expert Prof Thomas Powles (Director, Barts Cancer Centre) drew attention to the performance of OBD's *EpiSwitch*® biomarkers in an important clinical trial of avelumab, a leading ICI. In the presentation, co-authored with Pfizer, Prof Powles highlighted the benefits to clinical practice of including *EpiSwitch*® blood testing when predicting treatment response to avelumab.

Read more ›
About our product pipeline **on page 17**

Prof Powles said:

"We looked at *EpiSwitch*® markers in the blood of almost 500 patients from the JAVELIN 100 clinical study. Exploratory work with *EpiSwitch*® testing could pick out patients who would respond to checkpoint inhibitors that conventional tumor mutational burden (TMB) testing did not identify. What is exciting is that the *EpiSwitch*® platform enables us to do this from blood, rather than traditional methods which require an invasive tissue biopsy from the tumor."

The ESMO session's co-chair, Dr Rana McKay (UC San Diego Health), later reiterated the findings that the *EpiSwitch*® platform successfully captures key host factors in the blood that are associated with better or worse outcomes, which tissue-based methods cannot see. The work was authored with collaborators from Pfizer and five global medical centers: Dana-Farber Cancer Institute (MA, US), Barts Cancer Institute (UK), Fred Hutchinson Cancer Center (WA, USA), Princess Margaret Cancer Center (Canada) and Meyer Cancer Center (NY, USA).

Post-year end, in December 2022, Steven Mamus MD, Medical Director of Oncology/Hematology, Cancer Center of Sarasota (FL, US), an early adopter of the Group's *EpiSwitch*® CiRT, presented to the Precision Medicine Leaders Summit Liquid Biopsy Virtual Summit on "Navigating the Toughest Challenges of Immunotherapy with the *EpiSwitch*® CiRT". Giving real-world patient case studies, Dr. Mamus outlined how he is now routinely using *EpiSwitch*® CiRT in his practice to aid in his decision-making as to optimal treatment courses for his patients.

» *EpiSwitch*® in ALS (motor neurone disease)

In December 2022, Dr. James Berry, Director of Massachusetts General Hospital (MGH) Neurological Clinical Research Institute, shared an interim analysis from the MTPA-sponsored REFINE-ALS clinical trial that included an initial assessment of the *EpiSwitch*® assay used in the trial.

OBD announced its involvement in the REFINE-ALS trial in May 2019 and, as announced in June 2022, the Group was able to restart its work on the study during the year after recruitment to it had been impacted by a number of factors, including the COVID-19 pandemic.

The initial assessment shared by Dr. Berry showed that the *EpiSwitch*® assay used in the trial was better than other biomarker modalities at stratifying patients, at baseline, into those with fast or slow progressing ALS.

The ability to stratify patients is vitally important because fast progressors have on average overall survival of less than 15 months and current diagnosis of ALS can take on average 12 months from the onset of symptoms because there are no definitive, clinically validated measures available. This delay can have a significant impact on the timely treatment of patients, especially those with fast-progressing disease, while also limiting the recruitment of early-stage patients to clinical trials. Early stratification could therefore offer significant benefits to those with this devastating disease. These initial results also highlight the potential utility of *EpiSwitch*® biomarkers for pharma companies developing drugs for ALS and for physicians running clinical trials in leading ALS clinical testing centres around the world, such as at MGH.

As noted above, these examples of validation by respected experts add to the existing, growing corpus of data that speaks to the relevance of 3D genomics to personalized medicine and the maturity and high performance of the *EpiSwitch*® platform in particular. The Group's own scientists have also continued to publish the results of our work through the year[1,2].

1 "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" Hunter, E., et. al., medRxiv 2021.12.21.21268094; doi: https://doi.g/10.1101/2021.12.21.21268094

2 "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" Akoulitchev, A., et. al., Journal of Clinical Oncology 2022 40:16_suppl, e14525-e14525, June 2, 2022

PACT and other grant-funded research

» *PACT (oncology)*

The Group announced in August 2021 that it had been awarded a two-year, $910,000 FNIH Partnership for Accelerating Cancer Therapies (PACT) grant to use the *EpiSwitch*® platform for accurate prediction of a patient's response to ICIs from a routine blood sample.

PACT is a precompetitive collaboration between the prestigious National Institutes of Health (NIH), National Cancer Institute (NCI), US Food and Drug Administration (FDA), and 12 leading pharmaceutical companies, which seeks to provide a systematic approach to cancer biomarker investigation in clinical trials by supporting the development of standardized assays.

Work to date has been progressing well and is ahead of schedule. After presentation of the latest results from OBD to the PACT Executive Committee, the Group has been invited to submit an application for funding for a follow-on study to investigate the phenomenon of so-called 'hyperprogression' observed in some patients whose disease rapidly progresses following treatment with ICIs.

OBD's involvement in PACT has helpfully brought the Group and its *EpiSwitch*® technology to the attention of the key US institutions and major pharma companies in the partnership.

» *HIPPOCRATES (Psoriatic Arthritis)*

As previously announced, OBD is one of 26 participants in the EU-funded HIPPOCRATES (Health initiatives in psoriasis and psoriatic arthritis consortium European states) consortium, which as a whole was awarded a total of €21 million over five years in July 2021.

The purpose of the HIPPOCRATES consortium is to promote early identification and improving outcomes in psoriatic arthritis (PsA). Psoriasis is an autoimmune disease that primarily affects the skin. However, 20-30% of people with psoriasis develop a condition called psoriatic arthritis, 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.

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.

Agilent

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

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 context

Available online >

The Explorer Array Kit may be ordered at **store.oxfordbiodynamics.com/products/episwitch-explorer-array-kit/**

Chief Executive Officer's review *continued*

» *HIPPOCRATES (Psoriatic Arthritis) continued*

The HIPPOCRATES project aims 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 consortium aims 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 includes developing predictive and theranostic biomarkers for PsA using the *EpiSwitch*® platform. This work began following the receipt of patient samples after the year end.

Development pipeline

OBD has previously highlighted its extensive pipeline of deployable molecular tests, in several disease areas, indicating that the most likely prospects for subsequent product development are in prostate and colorectal cancer screening, and canine lymphoma. This remains the case and we have been proceeding with internal and collaborative R&D work in these areas.

In prostate cancer, for example, OBD is involved in a Prostate Cancer Research-funded project to develop a test to aid detection of prostate cancer in black men, who suffer both increased prevalence of, and mortality from, this disease compared to other groups.

This work, carried out in conjunction with University of East Anglia (UEA) and Imperial College NHS Healthcare Trust builds on OBD's successful participation in the PROSTAGRAM trial. A forthcoming paper jointly written by OBD with Department of Surgery and Cancer, Imperial College, London; School of Medicine, University of East Anglia, Norwich; and King's Clinical Trials Unit, King's College London, entitled "Circulating chromosome conformation signatures significantly enhance PSA positive predicting value and overall accuracy for prostate cancer detection" sets out the exciting results of OBD's participation in the PROSTAGRAM trial.

Follow OBD on social media

The Group regularly posts updates on three platforms (LinkedIn, Twitter and facebook), having expanded its presence on social media in the prior year.

As well as the main OBD accounts on each platform, there are separate pages for *EpiSwitch*® CiRT and *EpiSwitch*® CST.

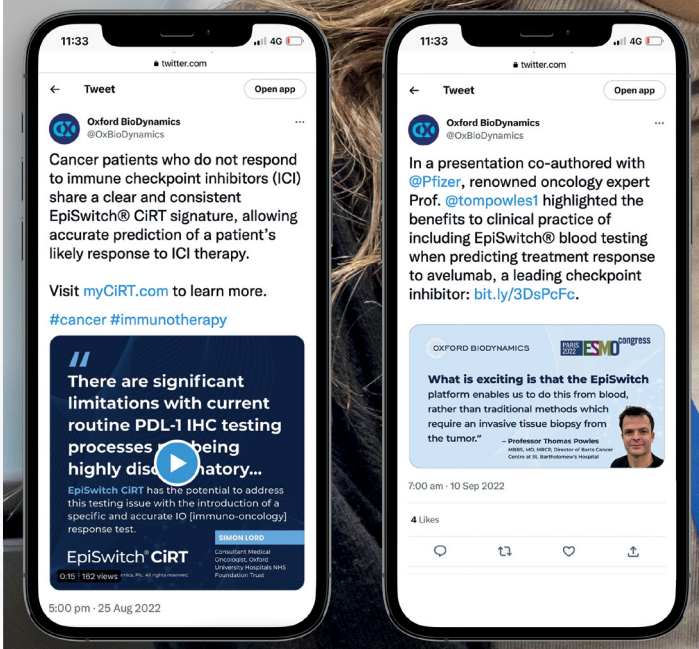
The Group's marketing team continued to deliver campaigns aimed at growing brand awareness of OBD and its products, and educating users on specific themes pertinent to the Group's business.

Over the last year, alongside educational campaigns on *EpiSwitch*® and 3D genomics, OBD's social media output has increasingly focused on key features of and expert opinion on the Group's products:

linkedin.com/company/oxford-biodynamics
linkedin.com/showcase/episwitchcirt
linkedin.com/showcase/episwitchcst

@OxBioDynamics
@EpiSwitchCiRT
@EpiSwitchCST

facebook.com/OxfordBioDynamics
facebook.com/EpiSwitchCiRT
facebook.com/EpiSwitchCST



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 above.

Email alerts to all of the Company's regulatory news announcements may be obtained by signing up at **https://www.oxfordbiodynamics.com/investors/email-alerts**

While prostate cancer has a high lifetime prevalence (1 in 6 men), there is no generally accepted screening programme. The widely-used prostate-specific antigen (PSA) test does not have sufficient accuracy, resulting in numerous unnecessary biopsies and false reassurances. *EpiSwitch*® results from the PROSTAGRAM trial demonstrate that combining a standard PSA readout with non-invasive *EpiSwitch* biomarkers in a Prostate Screening *EpiSwitch* (or "PSE") test results in significantly enhanced positive predictive value (PPV) and overall accuracy for prostate cancer detection, compared to the current PSA test.

The Group will continue to prepare for the development and launch of subsequent commercial products. Whilst we will be ready to respond quickly to opportunities for commercialization in these areas, our plan is for the primary application of the Group's existing resources through 2023 to be in support of our flagship *EpiSwitch*® CiRT product.

Intellectual property, including new visual identity

As we have pursued our expanded strategy over the last 2 years, OBD's marketing and educational collateral has been transformed by our marketing and social media teams. Initially, their focus has been on producing content to support the Group's proprietary products, with dedicated websites, informational collateral, requisition forms, etc. created for *EpiSwitch*® CiRT (mycirt.com) and *EpiSwitch*® CST (covidseveritytest.com). Alongside this, the team has invested in well-received content to explain 3D genomics and the Group's technology to a broad audience of stakeholders, disseminated on the Group's social media accounts and at industry conferences.

The next stage in this work, culminating shortly before the release of this report, has been to bring OBD's visual identity up to date with a fresh logo and website that better reflects the Group's position as a commercially-focused business. The new design provides a modern, clean look consistent with this identity and offers a brand ecosystem within which the Group's existing and future products can comfortably sit. It is our expectation that patients, physicians, customers, investors and other stakeholders will appreciate this clearer, more professional presentation.

As awareness of OBD, our tests and *EpiSwitch*® platform grows, our corporate and product branding will become increasingly important, alongside the Group's existing patents, registered trademarks and proprietary know-how. The Group's portfolio of broad, early patents extends to 18 international families of patents covering a variety of claims relating to the Group's technology and its pipeline of proprietary tests. Within these 18 families, a total of 17 individual patents were granted during the year.

Strategic focus for FY2023

For the current financial year, our efforts and resources are concentrated on continuing to grow adoption of *EpiSwitch*® CiRT, by deploying expanded sales teams in new US geographies and engaging directly with healthcare payors: creating a clinical revenue engine to drive the Group's future commercial success.

We are also focused on serving pharma customers in biomarker discovery and clinical development – our engagement with existing and potential pharma customers continues apace, notwithstanding the delays experienced during the last year in getting new projects 'over the line'; expanding access to the *EpiSwitch*® technology and knowledgebase through the Explorer Array Kit; and our work with prestigious bodies such as PACT.

We are applying our current resources, including the funds recently raised, to pursuing these goals. As the team continues its hard work in these areas, we look forward to reporting yet more commercial and scientific progress at OBD.

Dr Jon Burrows
Chief Executive Officer
Oxford BioDynamics plc

23 January 2023

Our strategy and business model

OBD's goal is advancing personalized healthcare by developing and commercializing precision medicine tests for life-changing diseases, based on the Group's 3D Genomics platform, *EpiSwitch*®.

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.

Our strategy

OBD's strategy involves building the commercial market for 3D Genomics, by:

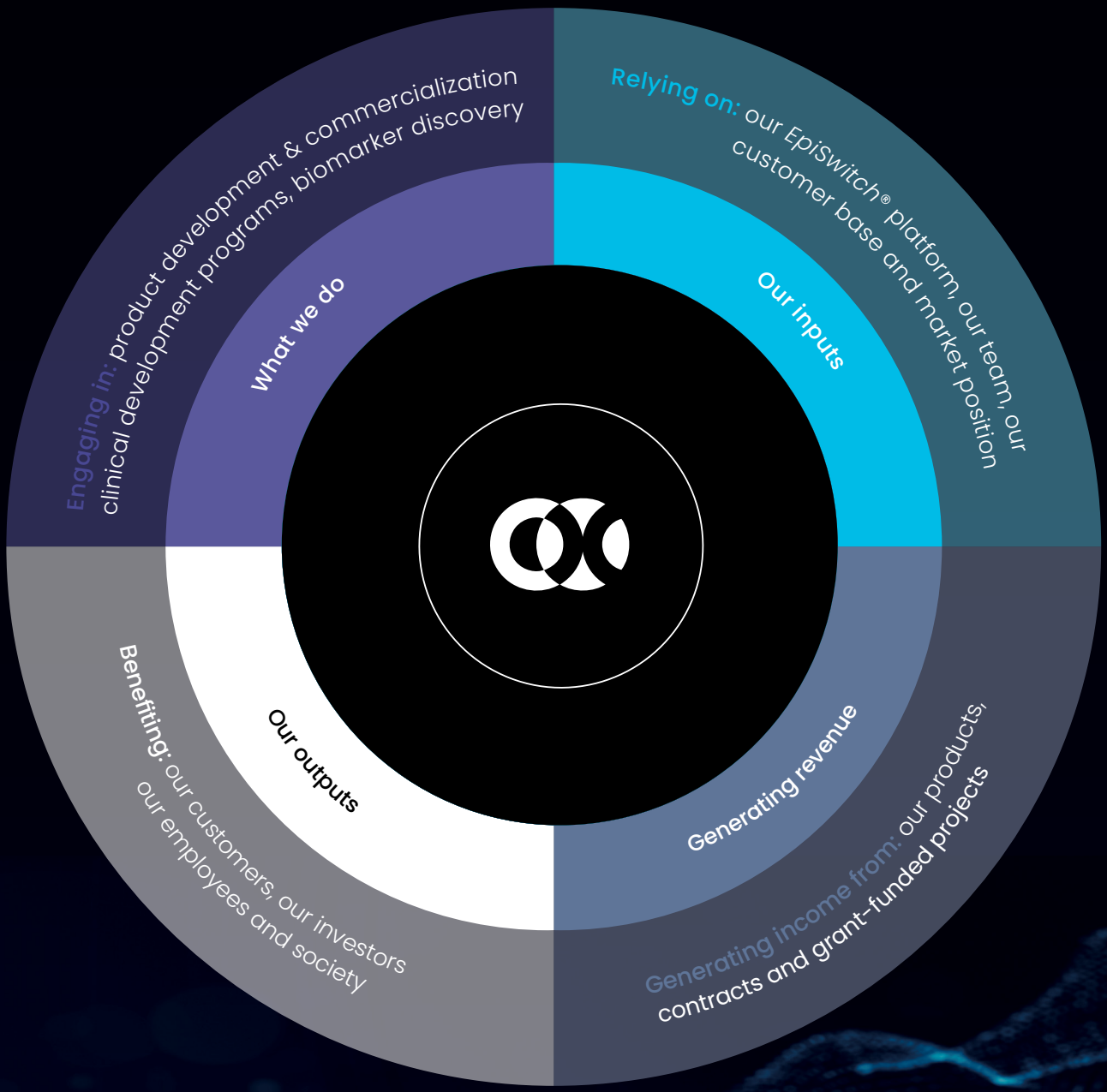
A Commercializing the Group's pipeline of molecular diagnostic tests

B Working with pharma, biotech and academia in clinical development and biomarker discovery

C Making OBD's *EpiSwitch*® technology and the world's largest 3D genomic knowledgebase available to commercial and academic researchers

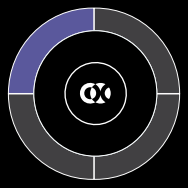
Our business model

Read more ›
About How we create financial value on pages 12 and 13



Our strategy and business model *continued*

What we do:



Product development and commercialization, launching and supporting:

- proprietary tests including our flagship product, *EpiSwitch*® CiRT (pages 18 and 19)
- *EpiSwitch*® Explorer Array Kits and knowledgebase access to enable researchers (page 7)

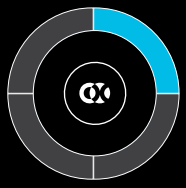
Biomarker discovery and validation using our *EpiSwitch*® platform in:

- R&D projects for commercial partners
- Internal proprietary research, building the group's pipeline of deployable tests

Supporting clinical development programs for pharma partners using *EpiSwitch*® biomarker assays

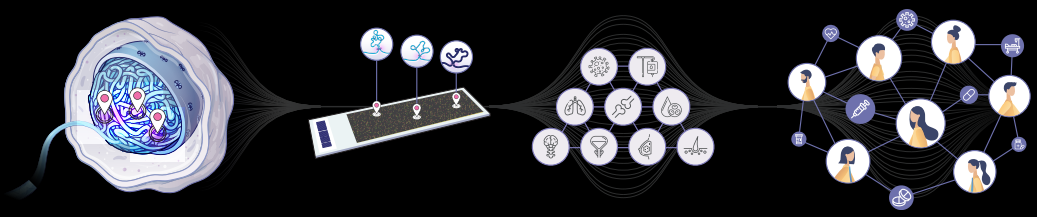
Exploiting opportunities **to outlicense IP** as they arise

We rely on:



Our *EpiSwitch*® platform

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.



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.

Read more ›
About the process of biomarker discovery using the Group's *EpiSwitch*® platform on **page 16** and about the Group's pipeline of deployable qPCR tests on **page 17**

Our 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.

Our customers, partners and suppliers

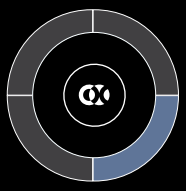
The Group has an extensive customer base within the pharmaceutical and biotechnology industry, having entered into multiple contracts with eight of the top ten global pharmaceutical companies (by 2021 revenue)[1]. OBD maintains collaborative links with several world-class academic institutions, and is represented on three FNIH Biomarker Consortium Steering Committees.

Our unique position in large and growing markets

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, 2022.

We generate income from:



Our proprietary tests and R&D kits:

- EpiSwitch® Explorer Array Kit
- EpiSwitch® CiRT
- EpiSwitch® CST

Contracts with Pharma and Biotech customers:

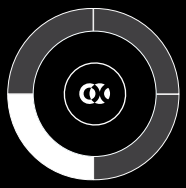
- Supporting clinical development programs
- Commercial biomarker development

Pfizer, Genentech, EMD Serono, Mayo Clinic, Roche, Massachusetts General Hospital, Mitsubishi Tanabe Pharma America, Biogen

Grant-funded projects:

FNIH (Foundation for the National Institutes of Health), PACT, HIPPOCRATES

We benefit:



Customers

Our tests help clinicians in their decision-making, benefiting patients in turn.
EpiSwitch® CiRT has the potential to save healthcare payors significant sums through the avoidance of futile treatment.

Our *EpiSwitch*® platform provides unique insight into disease biology and patient response, enabling patient stratification to improve customers' drug discovery and clinical development programs.

Investors

We want to create value for investors through increases in the Company's share price and eventually through dividend payments.
Alongside financial potential, OBD's investors are supporting the ethical development of products and services that can genuinely benefit patients, healthcare systems and society as a whole.

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.

Employees

We provide interesting, meaningful employment in a culture of continuous improvement and excellence.

We seek to reward and retain our staff through generous remuneration and benefits, an excellent working environment and structured training and career development programs. We recognize and celebrate individual and team performance.

Society

We believe we are on the cusp of a 3D genomics revolution that will bring significant societal benefits: OBD's *EpiSwitch*® platform is unlocking vast previously untapped data critical for health.

We provide education about the principles and benefits of 3D genomics, personalized medicine and immune health monitoring through animations, social media posts and other collateral.

Our teams and individuals have contributed creatively to several charitable endeavours over the last year, raising money and increasing awareness of important causes.

Our strategy and business model *continued*

Our markets

The Group's **proprietary tests** can be considered as being part of the liquid biopsies sector of the broader molecular diagnostics market and the growing market for personalized medicine biomarkers.

Market		2021 global market size	Forecast CAGR (2022-30)
Molecular Diagnostics	Total	$37bn	(1.6)%
	Liquid biopsy	$8bn	14%
Personalized Medicine Biomarkers		$12bn	15.5%

The global **molecular diagnostics market** is estimated to be worth over US$37 billion (in 2021)[1], following significant growth driven by the COVID-19 pandemic. Overall, this market is forecast to contract as demand for COVID-19 diagnostics reduces and the remainder of the underlying market continues to grow. Within this, the global market for **liquid biopsy** is estimated to be worth approximately $8 billion (in 2021) and is expected to grow at a CAGR of approximately 14% over the period 2022-28[2].

The global **personalized medicine biomarkers** market, including companion diagnostics, is estimated to be worth over US$12 billion (in 2021), with a forecast CAGR of 15.5% over the period 2022-30[3]. Regionally, North America dominates this market with the US alone accounting for approximately 40% of global spend, with an expected growth rate of 14.9% over 2022-30[3]. The Asia Pacific region is expected to show the highest growth rates over the same period as a result of growing populations, a relatively high prevalence of cancer and improving healthcare infrastructure.

OBD's *EpiSwitch*® CiRT test addresses significant unmet need in the **immune checkpoint inhibitors (ICIs)** market:

Global sales of FDA-approved ICIs (2021)[4]:	$33.5 bn
North America market size (2021, approximate)[5]:	$16 bn
YoY growth (2020-21)[4]:	17%
Forecast CAGR (2022-30)[5]:	7%
Typical response rates[6]:	15-30% (most solid tumors) 45-60% (melanoma and MSI-H tumors)
Estimated annual spend on ineffectual treatment (US)[4]:	>$10bn

The Group's **commercial services** to pharma and biotech customers are part of the **outsourced biomarker discovery market**, which was estimated to worth approximately $3 billion by 2016[7].

1 Grand View Research Molecular Diagnostics Market Size and Share Report, April 2022.
2 Grand View Research Liquid Biopsy Market Report, October 2021.
Research and Markets Liquid Biopsy Market Report, October 2021.
Precedence Research Liquid Biopsy Market Report, December 2021.
3 Grand View Research Personalized Medicine Biomarkers Market Report, November 2022.
4 OBD internal analysis.
5 Precedence Research Immune Checkpoint Inhibitors Market Report, October 2022.
6 Das, S., Johnson, D.B. Immune-related adverse events and anti-tumor efficacy of immunecheckpoint inhibitors. j. immunotherapy cancer 7, 306 (2019). https://doi.org/10.1186/s40425-019-0805-8
7 'Outsourcing Biomarkers in Clinical Trials', Robert Holt, in 'Handbook of Biomarkers and Precision Medicine', Carini et al, 2019, https://doi.org/10.1201/9780429202872

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

1.
Increasing incidence of cancer and chronic ailments worldwide

2.
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

3.
Increased reliance on biomarkers in all stages of the drug discovery and development process, with biomarker discovery often outsourced by pharma and biotechnology companies

4.
Growing importance of companion diagnostics, used to determine whether treatment with a particular drug is appropriate for a given patient

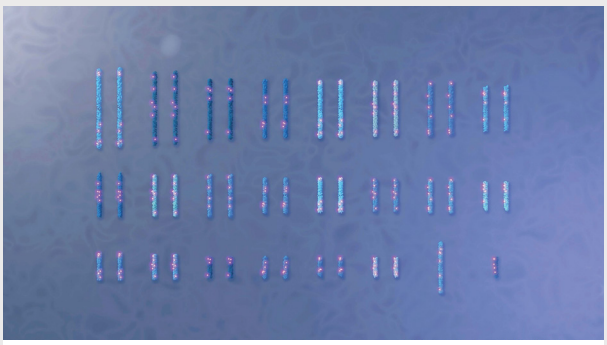
5.
Increased focus on the use of biomarkers in diagnostics and early detection of disease

6.
Emergence of innovative new biomarker testing modalities

Biomarker discovery and product development using *EpiSwitch*®

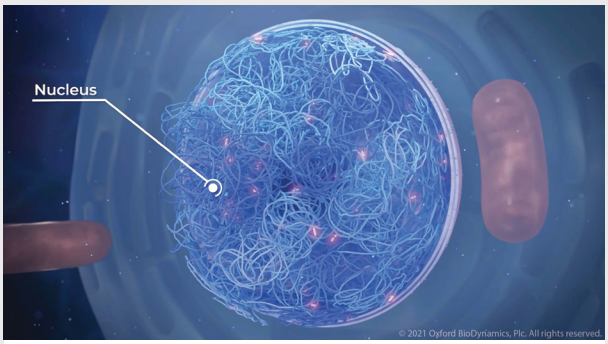
See more ›
Images on this page are taken from one of OBD's educational videos, which may be viewed at www.oxfordbiodynamics.com/episwitch-platform

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.



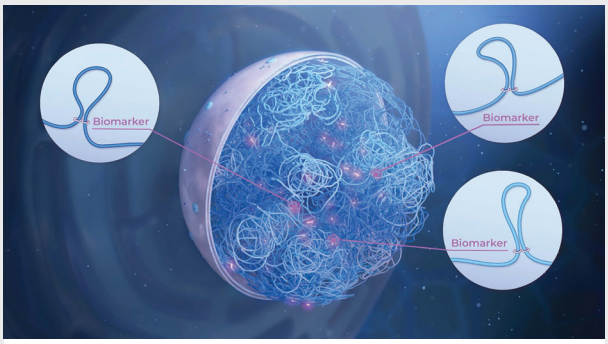
Artist's impression of 23 pairs of chromosomes, with coding regions highlighted

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.



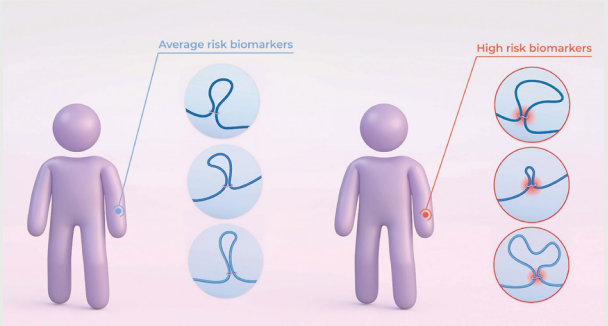
Artist's impression of the genome folded within the cell nucleus, in a highly specific, 3D regulated network

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.



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

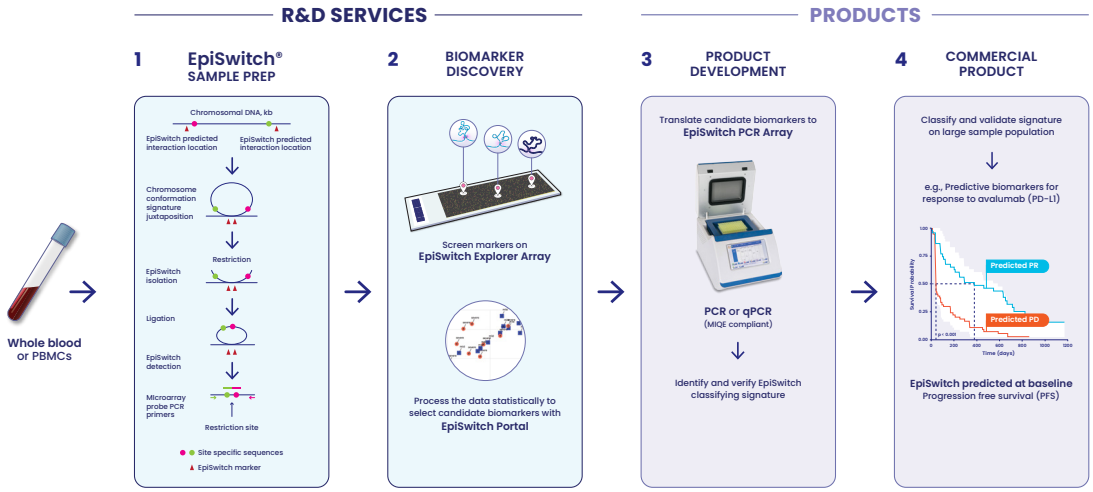
OBD's *EpiSwitch*® technology interrogates the 3D genome, using simple blood samples, providing crucial quantitative and actionable information to aid doctors, medical researchers, and pharmaceutical drug developers.



Patient stratification using *EpiSwitch*® 3D genomic biomarker panels

Biomarker discovery and product development using *EpiSwitch*® *continued*

OBD has developed a mature, end-to-end reproduceable 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.



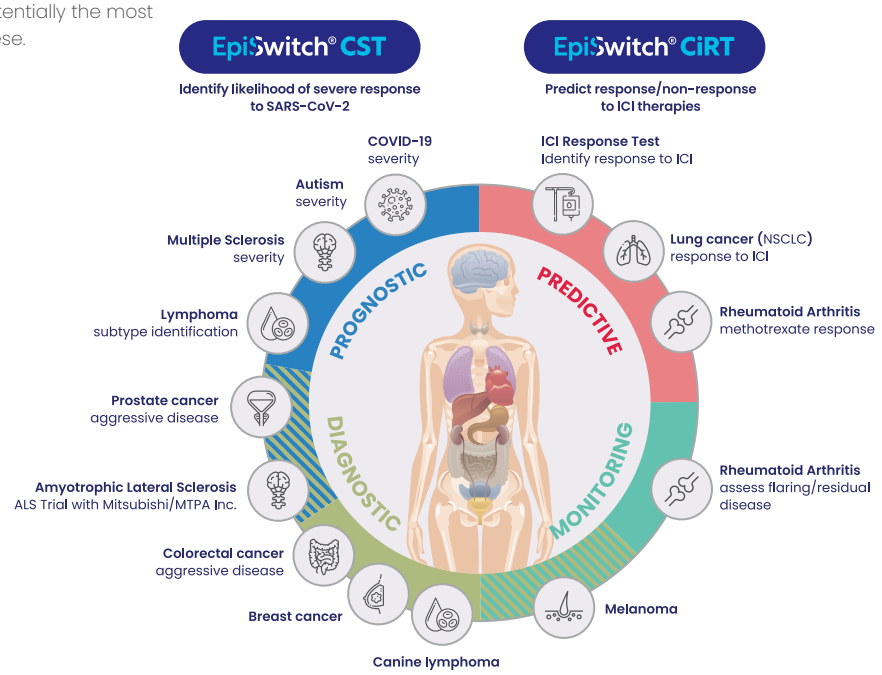
OBD's 3D genomics industrial workflow.

Product pipeline

OBD 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.

The Group has previously highlighted diagnostic/prognostic tests for early-stage detection and staging of prostate cancer and colorectal cancer and, in veterinary medicine, diagnostic/prognostic tests for canine cancer 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*® CiRT and CST tests).

EpiSwitch® CiRT

EpiSwitch® CiRT is a first-of-its kind blood test that predicts how a patient will respond to immune checkpoint inhibitor (ICI) therapies, with high accuracy.

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

EpiSwitch® CiRT is a validated test for predicting response to an ICI.

Accuracy	85%
Sensitivity	93%
Specificity	82%
Positive Predictive Value	64%
Negative Predictive Value	97%

OBD's *EpiSwitch*® CiRT allows physicians to personalize guidance for each patient. The test is intended to identify a patient's likelihood of response to an immune checkpoint inhibitor (ICI) therapy.

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.

The *EpiSwitch*® CiRT report includes indications for a healthcare professional to interpret a patient's likelihood of response to ICI therapy and formulate an effective management plan.

***EpiSwitch*® CiRT is available in the US and via private physicians in the UK.**
Physicians considering ICI therapy for their patients can access the test at myCiRT.com

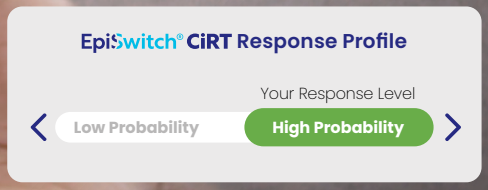
The dedicated site provides valuable information for both physicians and patients including downloads of:

- sample reports
- technical overviews
- requisition forms

Learn more ›

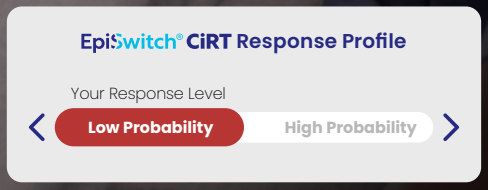
For more information visit myCiRT.com

OBD's flagship *EpiSwitch*® CiRT (Checkpoint Inhibitor Response Test) was launched in February 2022.



Individuals with a response level in the high probability range have a greater chance of benefiting from an ICI.

The *EpiSwitch*® Checkpoint inhibitor Response Test (CiRT) result for this specimen is in the High Likelihood of Response range to an ICI therapy. Individuals in the group have a greater chance of benefiting from an ICI agent. This result should be considered along with other clinical features for interpretation by a licensed medical professional.



Conversely, individuals with a response level in the low probability range have a reduced chance of benefiting from an ICI.

The *EpiSwitch*® Checkpoint inhibitor Response Test (CiRT) result for this specimen is in the Low Likelihood of Response range to an ICI therapy. This result should be considered along with other clinical features for interpretation by a licensed medical professional.

These results are considered along with other clinical features for interpretation by a licensed medical professional.

Key performance indicators and financial review

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

The table opposite provides an explanation of what is included in each element and why it has changed since last year. The financial key performance indicators (KPIs) most closely monitored by the Board are also identified. More detail is provided in the financial statements and associated notes on pages 63 to 107.

Key

KPI Key Performance Indicator

Financial performance

Element	Comprising	Main drivers of movement
Revenue KPI £0.15m 2022 £0.15m 2021 £0.34m £0.19m decrease	Revenue from contracts with pharma customers.	Revenue on existing contracts is driven by timing of receipt of samples from customers.
Cost of sales (£0.04m) 2022 (£0.04m) 2021 – £0.04m increase	Amounts payable to the Group's partner lab and other costs relating to proprietary tests processed in the period.	These costs relate to *EpiSwitch*® CiRT tests ordered and processed between the test's launch in February 2022 and the year end.
R&D expenditure (excluding staff costs) (£0.53m) 2022 (£0.53m) 2021 (£0.90m) £0.37m decrease	Lab consumables, equipment maintenance etc.	There was increased internal R&D activity in the prior year, including on the development of proprietary tests.
Staff costs (£4.48m) 2022 (£4.48m) 2021 (£3.77m) £0.71m increase	Staff and directors' remuneration and benefits.	Full year impact of FY21 recruits and FY22 in-year recruitment (average FTEs increased by 13%), plus inflationary pay increases.
General and other admin costs (£2.45m) 2022 (£2.45m) 2021 (£1.85m) £0.60m increase	Other costs including marketing, legal and other professional services.	Increases of c.£0.3m in premises-related costs, reflecting a full year of occupancy in new UK HQ and US offices, c.£0.2m in travel-related expenses for sales teams and post-pandemic business development, and c.£0.1m in website development and other IT services.
Share option charges (£0.39m) 2022 (£0.39m) 2021 (£0.25m) £0.14m increase	Non-cash charge spreading fair value of options over their vesting period.	Reflects higher fair value of options granted during the period, which had market value (rather than above market value) exercise prices.
Depreciation and amortization (£1.21m) 2022 (£1.21m) 2021 (£1.09m) £0.12m increase	Depreciation and amortization of intangible assets, property plant and equipment and right-of-use assets.	Increase relates to depreciation on right-of-use assets. Property, plant and equipment depreciation and patent amortization were slightly lower than the prior year.

Element	Comprising	Main drivers of movement
Other operating income £0.35m 2022 £0.35m 2021 £0.00m £0.35m increase	Income associated with grants.	Income arises from the PACT grant awarded in August 2021, recognized over the term of the grant.
Operating loss KPI (£8.60m) 2022 (£8.60m) 2021 (£7.51m) £1.09m increase		As noted above.
Fair value gain on financial liabilities designated as FVTPL £1.10m 2022 £1.10m 2021 – £1.10m increase	Non-cash movement in fair value of liability recognized in connection with warrants issued in November 2021.	The fair value of the warrant liability decreased over the period, generating this gain, mainly because of the fall in the Company's share price.
Finance income £0.13m 2022 £0.13m 2021 £0.03m £0.10m increase	Interest income and foreign exchange gains.	Increase relates to gains from US exchange rate movement, with a reduction in interest receivable from lower cash and term deposit balances during the year.
Finance costs (£0.20m) 2022 (£0.20m) 2021 (£0.15m) £0.05m increase	Calculated lease interest, foreign exchange losses.	Full year of lease interest costs on UK property and additional lease interest costs on new US property.
Tax £0.86m 2022 £0.86m 2021 £0.95m £0.09m decrease	UK R&D tax credits offset by current and deferred taxes in subsidiaries.	Decrease primarily driven by higher current tax charges in subsidiary entities, offset by higher R&D tax credits because of increased R&D-related staff costs.
Loss per share KPI (6.7p) 2022 (6.7p) 2021 (7.2p) 0.5p decrease	Loss for the year divided by weighted average number of shares in issue.	Driven by the higher average number of shares in issue during FY22.

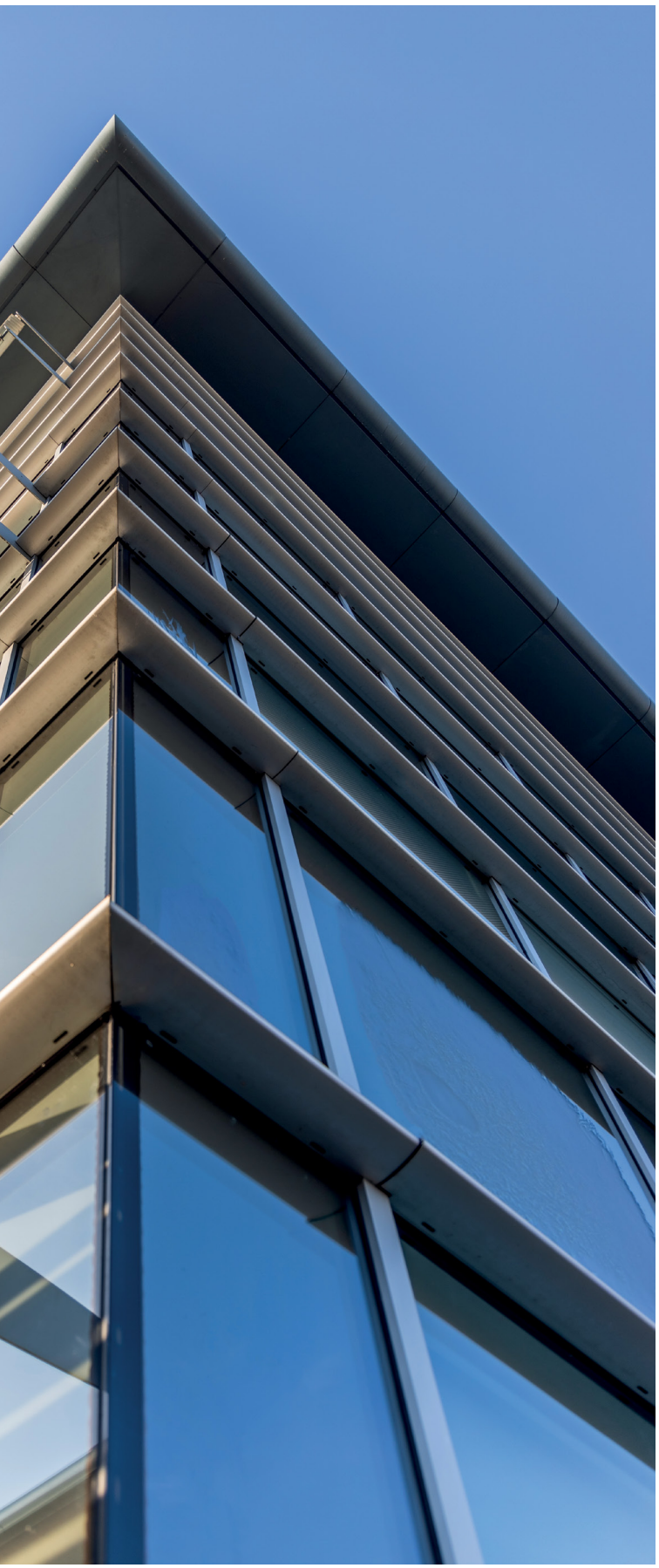
Key performance indicators and financial review *continued*

Cash flow

Element	Comprising	Main drivers of movement
Net cash used in operating activities KPI (£5.18m) 2022 (£5.18m) 2021 (£5.92m) £0.74m decrease	Operating loss, adjusted for non-cash items and movements in working capital.	Similar loss before tax, c.£0.4m increase in tax credits received (driven by increased R&D costs in FY21 compared to FY20) and adjustments for movements in working capital and non-cash items were c.£0.3m higher than in the prior year.
Net cash generated by investing activities £1.25m 2022 £1.25m 2021 £2.83m £1.58m decrease	Expenditure on fixed assets, offset by interest income and maturing term deposits.	Receipts from maturing term deposits were c.£1.1m lower. c.£0.5m increase in net expenditure on property, plant and equipment and intangible assets (spend on PPE in the prior year was largely covered by a lease incentive received).
Net cash generated by / (used in) financing activities £2.56m 2022 £2.56m 2021 (£0.80m) £3.36m increase	Proceeds from equity issues offset by lease payments.	c.£3.6m receipts from issue of equity, offset by c.£0.1m increase in lease payments (mainly for the Group's new US office) and c.£0.1m payments to acquire minority shareholding in subsidiary entity.

Financial position

Element	Comprising	Main drivers of movement
Cash and term deposits KPI £1.00m 2022 £1.00m 2021 £4.34m £3.34m decrease	Cash and term desposits.	The overall reduction in cash and term deposits approximates to the operating cash outflow of c.£5.2m, plus capital expenditure of c.£0.9m, offset by the net inflow from financing activities of c.£2.6m and foreign exchange gains of c.£0.2m.
Total assets £11.34m 2022 £11.34m 2021 £15.38m £4.04m decrease	"Right-of-use" assets associated with the Group's leased properties, tangible and intangible fixed assets, inventories, debtors and prepayments and cash and term deposits.	Overall decrease principally due to the reduction in cash and term deposits.
Total liabilities £8.76m 2022 £8.76m 2021 £8.69m £0.07m increase	Trade creditors, accruals, contract liabilities, lease liabilities, provisions and warrant liability.	Increases in trade creditors, accruals and newly-recognized warrant liability, offset by expected reductions in lease liabilities.



In addition to the main financial key performance indicators ("KPIs") set out on pages 20 to 22, the Group monitors its performance by reference to a number of non-financial criteria, including:

	2022	2021
Commercial products launched:	EpiSwitch® CiRT	EpiSwitch® CST EpiSwitch® Explorer Array Kit
Turn-around time (TAT) of proprietary tests:	4 days (Sept 2022)	n/a
New agreements with commercial customers / grant awarding bodies:	–	2
Intellectual property: patent families and patents granted during the year:	18 families 17 patents granted	18 families 10 patents granted

Corporate sustainability

The Group is still at an early stage in the process of identifying the most appropriate metrics by which to efficiently and meaningfully monitor its environmental, social and governance (ESG) impact and performance.

This year, the Group has used the Sustainability Accounting Standards Board's (SASB) "Materiality Finder" to guide its assessment of the issues that are considered to be most significant contributors to its sustainability performance. The SASB's standards were codified in 2018 and include 444 industry-specific disclosure topics, 98% of which can be mapped to one or more of the UN's 17 Sustainable Development Goals.

For OBD, the SASB Materiality Finder highlights 8 of 26 issues as being particularly relevant to businesses operating in the wider pharmaceutical and biotechnology industries. These are listed on pages 25 and 26, with explanations of the approach OBD follows and other relevant information in each case.

SUSTAINABLE DEVELOPMENT GOALS

Learn more at https://sdgs.un.org/goals

SASB STANDARDS

SASB Material Finder: https://www.sasb.org

For a business to be sustainable, its success cannot be derived at the expense of the environment or wider society.

Issue category	Industry specific disclosure topics	OBD's approach
Social capital	***Human rights and community relations*:** Safety of clinical trial participants	OBD does not itself develop drugs. Clinical trials operated by OBD are IRB reviewed and approved. *EpiSwitch*® biomarker assays have successfully been incorporated into clinical development programs and trial protocols by the Group's customers. OBD's biomarkers have the potential to improve the safety of trial participants, for example by identifying patients likely to experience severe immune-related adverse events (irAEs).
	***Access and affordability*:** Access to medicines Affordability & pricing	The Group has sought to enable access to its tests as quickly as possible by making them available as lab-developed tests (LDTs). In the US, the CPT code issued for *EpiSwitch*® CiRT allows the Group to offer it to insured patients, including those on Medicare and Medicaid. *EpiSwitch*® CST (and *EpiSwitch*® CiRT in markets other than the US) are currently available through private physicians. The Group hopes in due course to be able to expand access to its tests, especially *EpiSwitch*® CiRT, to patients in (for example) the UK NHS. The Group's products are priced appropriately compared to other high-complexity molecular tests.
	***Product quality and safety*:** Drug safety	OBD does not produce drugs, but it is important that the Group's products and services provide high quality dependable results: Clinical products are offered through a CAP CLIA-registered partner laboratory, after an extensive technology transfer process, including validation and reproducibility testing. OBD's lab-based services to customers are performed through procedures and facilities certified under ISO standards (ISO 9001 and ISO 13485).
	***Customer welfare*:** Counterfeit drugs	There are several layers of protection for patients and physicians as the ultimate beneficiaries of OBD's clinical products that prevent the marketing of counterfeit versions of the Group's tests including: • patent and trademark protection; • extensive proprietary know-how; and • the legal and regulatory frameworks in operation in the Group's main markets. As the relevance of 3D genomics becomes increasingly recognized, the potential for substandard products claiming similar performance is expected to increase.
	***Selling practices and product labelling*:** Ethical marketing	OBD has developed carefully defined 'intended use statements' for each of its launched tests and ensures all marketing communications, test reports and other collateral are fully in line with these. In the US, the Food and Drug Administration (FDA) is empowered to review marketing material to ensure these are appropriate. OBD's material makes clear reference to the products' intended use and status as LDTs. The Group's mycirt.com website includes extensive supporting documentation for *EpiSwitch*® CiRT including test requisition forms, example test reports, a technical overview, FAQs, and an explanatory video.

Corporate sustainability *continued*

Issue category	Industry specific disclosure topics	OBD's approach
Human capital	***Employee engagement, diversity and inclusion:*** Employee recruitment, development & retention	OBD relies on its employee team for all of its activities. More detail on improvements made in the areas of recruitment, development and retention during the period is provided on page 32.
Business model & innovation	***Supply chain management***	New suppliers are subject to an approval process that considers the importance of the product to OBD, quality and quality management, price, and supplier financial health. The Group is also part of a purchasing group which consolidates the catalogues of several suppliers. OBD has consulted with the purchasing group on the steps it takes to verify suppliers' standards and performance in respect of pertinent issues, including compliance with sanctions and avoidance of modern slavery. Verification of whole supply chains across several suppliers is complex and the purchasing group is at an early stage in a process of improving the actions it takes to assess and report on suppliers to its customers (including OBD). One prominent example in this area was the 2021 ban by the US and Canada of imports of rubber gloves manufactured by certain Malaysian suppliers, after several indicators of forced labour were identified in a US Customs and Border Protection investigation. OBD followed up directly with its lab glove suppliers to understand the approach they adopt to managing this specific aspect of their supply chain. In one case, manufacture of specific glove product lines was independently certified as compliant with fundamental conventions of the International Labour Organization (ILO). Another supplier shared a well-developed Modern Slavery Policy and required each of its suppliers to self-certify against the requirements of that policy. These responses were reassuring, but illustrative of the complexity of the issue.
Leadership & governance	***Business ethics***	OBD operates honestly and transparently. Maintaining a high standard of work and professionalism is one the Group's core values. The Group is subject to legislation such as the US Foreign Corrupt Practices Act (FCPA, 1977) and UK Bribery Act (2010). The Board must review and update its internal procedures so that they remain sufficient to ensure compliance with relevant laws and policies as the Group grows. OBD's whistleblowing policy is available to all staff and is accessible on its recently-updated website.
Environmental	(No industry-specific environmental issues highlighted by SASB)	Like all businesses, OBD's activities obviously have various environmental impacts. In the Group's case these are mainly in the form of CO_2 and other emissions from travel and usage of utilities and the use of resources such as single-use plastics and chemicals as a consequence of the safe management of clinical waste and maintenance of high levels of cleanliness in its facilities. In general, the Group's approach is to seek to minimize its environmental impact by minimising travel and resource use without adversely affecting either its business development, sales and product support activity or the quality of its R&D and services to customers. As the Group continues to grow and particularly as it expands the geographic area into which its products are sold, it is anticipated that the Group's indirect CO_2 emissions will increase.

Risk management and principal risks

The Board has overall responsibility for the Group's risk management strategy and maintains a corporate risk register to help monitor key risks and responses to them, in the light of the Group's strategy and objectives.

The Group's senior staff regularly identify areas of risk and communicate these to the Board as necessary. 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 processes. A detailed financial reporting and procedures framework is in place, with financial risk management overseen by the Audit Committee.

As at the date of this report, the Board is satisfied that the risk management and internal control systems in place are adequate for this stage of the Group's development. The Board does not consider it to be necessary to establish a financial internal audit function, but this is kept under review by the Audit Committee, in consultation with the External Auditor and the Chief Financial Officer.

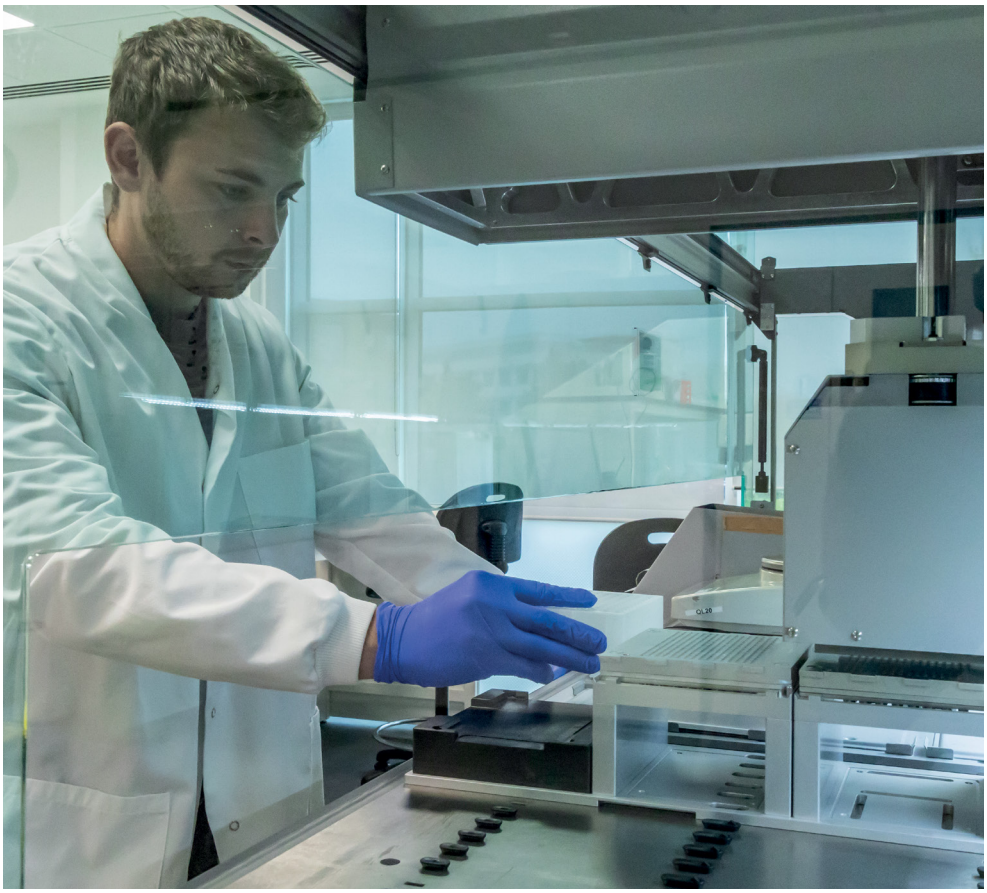
The tables below show the principal risks faced by the Group, how each risk is managed or mitigated, how the risks map onto the Group's strategic objectives and the Directors' assessment of the change in significance of each risk since the last Annual Report.

Key

- Increased
- Decreased
- No change

OBD's Strategic Objectives

- A Commercializing the Group's pipeline of molecular diagnostic tests
- B Working with pharma, biotech and academia in clinical development and biomarker discovery
- C Making OBD's *EpiSwitch*® technology and the world's largest 3D genomic knowledgebase available to commercial and academic researchers



Principal risks	Description	How these risks are managed or mitigated
Cash resources Strategic objectives: A, B, C Change in risk profile in the last 12 months*: =	There is a risk that the Group is unable to generate and retain enough cash resources to achieve its strategic objectives. The Directors assess the significance of this risk to be at a similar level compared to the date of the last Annual Report. There were notable successes during and after the year in the launch and growing adoption of its flagship product and in raising funds from investors. The Board expects that the Group will have sufficient cash resources from investors and revenue-generating and grant-funded projects to fund its short-term development plans, notwithstanding that the Group's cost base has again increased compared to the prior year. In this context, however, shareholders should note the material uncertainty as to going concern set out in more detail in Note 2 on pages 70 and 71.	During the year, the Group raised £3.62m through a subscription for newly-issued shares, which provided additional funds for short-term commercialization plans. Post-year end, the Group raised £9.3m (before expenses) through a placing and open offer as working capital to continue the commercialization of the *EpiSwitch*® product line, primarily to support the adoption of *EpiSwitch*® CiRT. The Group seeks to conserve cash by minimizing spend whenever possible.

* Directors' estimates.

Principal risks	Description	How these risks are managed or mitigated
Revenue Strategic objectives: A, B Change in risk profile in the last 12 months*: =	There is a risk that the Group will be unable to secure sufficient product, service or licensing revenues to become profitable in the long-term. The Group has made significant progress this year but is still at an early stage of its commercial development: it has a track record of relatively modest revenue generation through several contracts with pharma partners; it has begun to grow adoption of its flagship *EpiSwitch*® CiRT test; and it is seeking to commercialize subsequent proprietary products. The Board assesses the significance of this risk as broadly remaining the same as in the prior period. The going concern section of Note 2 to the financial statements on pages 70 and 71 provides more detail of the Board's assessment in this area.	The actions the Group has taken to commercialize its *EpiSwitch*® platform, through the development and launch of its own products in the US and other markets, mitigate this general risk by providing opportunities for more revenue and wider appreciation of the Group's products and technology. The successful launch and increasing adoption of *EpiSwitch*® CiRT, including obtaining a unique CPT code for the test in the US, significantly reduce the risk that the Group will fail to generate sufficient future revenue. There are a number of other factors that have either remained the same or increased in significance since the last Annual Report: • delays in signing new agreements with pharma and biotech partners • revenues from the Group's products remaining subject to an inherent level of uncertainty In order to maximize the likelihood of commercial success, the Group has continued to build its team of 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.
Reliance on key suppliers, partners and equipment Strategic objectives: A, B, C Change in risk profile in the last 12 months*: =	The Group currently has a single US partner laboratory for the provision of its clinical tests. Certain stages of the Group's proprietary processes involve products or services currently sourced from single third party suppliers. The Group uses high-tech equipment in its R&D processes that can be subject to long lead-times and set-up times when replaced.	Relationships with key suppliers are subject to written agreements. Where possible, the Group seeks to enter into agreements with established well-resourced suppliers, for example in its agreements with Next Molecular Analytics as its partner laboratory and with Agilent Technologies for the manufacture of probe sets for its *EpiSwitch*® Explorer Array Kit. The Group brought several critical steps in the process of biomarker discovery 'in-house' in 2019, 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.
People-related risks Strategic objectives: A, B, C Change in risk profile in the last 12 months*: =	The Group relies on a small 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. The Group may not be able to recruit and retain suitably qualified and experienced individuals for its technical positions, including in lab-based roles, quality and regulatory assurance and financial reporting. The Board assesses this risk as broadly the same as in the prior year: recruitment has allowed for key know-how to be spread across more individuals, but it is more difficult to recruit in the labour markets in the US and UK than was the case last year.	The Board has previously reviewed succession planning to determine the risks posed to the Group by the potential loss of individual team members and the Nomination Committee has revisited this work post-year end. 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, thereby increasing the number of people able to cover several roles. Executive and employee remuneration plans, incorporating long-term incentives, are designed to attract and retain staff with appropriate skills. During the year, the Group continued to invest in its HR function, which actively reviews and improves practices relating to performance management, training, benefits and employee recognition and wellbeing. A limited number of 'key person' insurance policies are in place to assist the Group in transition periods if key people are incapacitated.

* Directors' estimates.

Risk management and principal risks *continued*

Principal risks	Description	How these risks are managed or mitigated
Competitors Strategic objectives: A, B, C Change in risk profile in the last 12 months*: ↑	The Group may 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 facilities; • better access to pharmaceutical customers; and • greater financial resources. This risk is judged to have increased as the quality of the Group's products and the results obtained from its *EpiSwitch*® platform have become more generally known.	The Group is not aware of any 3D genomics technology currently available that compares favourably with *EpiSwitch*® or the Group's products. Part of the purpose of the Group's work on its grant-funded project for PACT is to seek to develop *EpiSwitch*® as an industrial standard for 3D genomic assays. The Group has demonstrated its commitment to commercialization, having now launched three products since the appointment of Jon Burrows as CEO in March 2020. This commercialization was made possible only by more than 10 years of dedicated research which would be difficult to re-perform quickly. Furthermore, the Group has secured and continues to support broad, early intellectual property protection in the field of 3D genomics. In developing its *EpiSwitch*® platform technology, the Group has acquired significant proprietary know-how, which would be difficult and time-consuming for any competitor to replicate.
R&D risks Strategic objectives: A, B Change in risk profile in the last 12 months*: ↓	There is a risk that the Group fails to generate sufficient valuable, robust, reproduceable data for customers and/or for development and validation of future proprietary products.	The Group's *EpiSwitch*® platform has performed exceptionally well in all recent internal, commercial and grant-funded R&D projects. The Group's ever-growing corpus of experimental results permit the Board to be increasingly confident that application of *EpiSwitch*® to a broad range of clinical and non-clinical questions, across multiple indications and species, is highly likely to result in meaningful, translatable results. The Group's experience of successfully developing and launching *EpiSwitch*® CST and *EpiSwitch*® CiRT also reduces to some extent the risk inherent in future product development projects.
Intellectual property (IP) risks Strategic objectives: A, B Change in risk profile in the last 12 months*: =	The Company may incur significant costs as a result of IP disputes – the Company's ability to operate competitively depends, in part, on the successful protection of its IP. Third parties may infringe upon or otherwise challenge the Company's IP, release confidential information about the Company's IP or claim technology which is registered to the Company. There is a risk that the Company is unable to obtain sufficient IP protection for its products and technology.	The Company seeks to protect its leading IP position through 1) the strategic filing of worldwide patent applications where permissible, 2) strict protection of the know-how behind EpiSwitch®, 3) maintaining its first-to-market position in offering high quality 3D genomics solutions, 4) including robust confidentiality obligations in contracts with its employees, collaborators, subcontractors and licensees in order to protect the Company from the release of information relating to its know-how.
Regulatory risks Strategic objectives: A, B Change in risk profile in the last 12 months*: =	Regulations and legislation in the principal markets in which the Group operates may be subject to change that would necessitate significant effort and expense in order to maintain the Group's freedom to market its products and services.	The Group employs and consults with regulatory experts as necessary. It has successfully maintained ISO certifications for aspects of its UK and Malaysian operations for several years. The Group's US partner laboratory is CAP-CLIA accredited, meeting the current requirements for provision of lab developed tests (LDTs) in the US market.

* Directors' estimates.

Principal risks	Description	How these risks are managed or mitigated
Information and cybersecurity risks Strategic objectives: A, B, C Change in risk profile in the last 12 months*: ↑	Like 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.	The Group operates a process of continuous review and improvement of its policies and procedures regarding information security (IS). Progress on IS-related projects and any IS-related incidents are reported to the Board on a quarterly basis. Where appropriate, insurance covering cybersecurity risks is obtained.
Financial reporting risks Change in risk profile in the last 12 months*: =	In common with other businesses, the Group faces the risk of material misstatement of its financial statements through inaccurate, incomplete or untimely information, human error or deliberate fraud. Misstatements could lead to financial cost and reputational damage. Risks in this area are judged to have remained level since the prior period.	The Group employs suitably qualified staff in its finance team and consults with its external Auditor and independent accountants as necessary. The Group has increased the size of its financial reporting team in order to improve segregation of duties in this area as the Group grows. The Audit Committee and Board have focused on audit quality rather than lowest cost in recommending external Auditors for appointment by the Company's members.
External "macro" risks Strategic objectives: A, B Change in risk profile in the last 12 months*: ↓	The Group may face challenges because of the COVID-19 (or another future) 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; and • 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. Inflationary pressures in the Group's main markets may lead to increased costs, as a result of supplier price increases and decisions to award inflationary increases in staff remuneration. 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. The Group may also face increased costs associated with requirements for climate-related financial disclosure and net-zero targeting in the future.	The Group has continued to operate throughout the COVID-19 pandemic. In the UK, the Company did not place any staff on furlough or otherwise draw on government support. The Group's UK infrastructure allows all staff to work with appropriate social distancing. Relaxations of restrictions on international travel thankfully became more permanent during the year and have allowed business development staff to engage directly with potential customers and product development, sales and clinical operations team members to collaborate face-to-face. The Group's financial forecasts assume significant increases in key costs, such as staff costs and utilities. None of the Group's facilities is in an area at high risk of flood. The Directors continue to monitor the risks presented by climate change and the actions that might be required to mitigate them, including activities that may be required of the Group as part of national and international guidance on sustainability.
Foreign exchange risk Strategic objectives: A, B Change in risk profile in the last 12 months*: ↑	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 reported in UK pounds sterling. This risk is judged to have increased since the last Annual Report because of the large increase in expected volatility of the UK pound shortly after the year end, although this has reduced to some extent in recent months.	As far as possible, the Group plans what balances to retain in the currencies to which it is exposed. To date it has used US dollars received from customers to meet liabilities denominated in US dollars, with a limited requirement to purchase US dollars using other funds. The Group does not engage in foreign currency trading or speculation.

* Directors' estimates.

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 each matter and, where appropriate, references to relevant information presented elsewhere in this report.

The likely consequences of any decision in the long term

Several of the Board's decisions during the period related directly to promoting the long term prospects of the Company and thereby to the creation of long-term value for shareholders and other stakeholders. In particular, the Board considered the likely long-term consequences of its decisions to raise funds from investors in October 2021 and, post-year-end, in October 2022. The Board's pivotal decision to expand the Group's strategy to include the development and commercialization of proprietary tests and the improvement of its UK infrastructure, taken in 2020, was intended to promote and protect the Group's long-term prospects. Several of the principal risks faced by the Group and the mitigating actions taken by the Board to address these (shown on pages 28 to 31) are related to the long-term prospects of the Group.

The interests of the Company's employees

The Group is reliant on its global team of employees for the achievement of its strategic objectives and commercial success. Following expansion and improvement of the Group's human resources (HR) function last year, the Board has continued to focus on recruiting and retaining suitably qualified and experienced team members across the Group's operations. Over the last year, in promoting the interests of its employees, the Group has delivered:

- training for managers at all levels in the organisation;
- a new, improved, standardized objective-setting and performance evaluation and bonus-award process;
- improved employee induction;
- share option grants for new joiners and existing team members;
- a new employee assistance program and 24/7 medical helpline access; and
- improved benefits including group life and income protection cover and an employee referral program.

The Board and its sub-committees have specific roles in respect of the recruitment and remuneration of directors and persons discharging managerial responsibilities (PDMRs). The Directors' responsibilities for ensuring that the interests of OBD's whole 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 again note the Group's experience that 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 Board receives regular updates on health and safety from each of the Group's locations.

The Group meets legal requirements aimed at providing a healthy, safe and secure working environment to all employees. The Group's successful health and safety management involves regular reviews of its health and safety policy and integrating sound principles and practice into its day-to-day operating procedures and quality management systems, including in laboratory environments that can necessarily include hazardous materials. This relies on the collaborative effort of all employees, who undergo regular health and safety training relevant to their roles 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 products and 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 relies both on contractual agreements, and more importantly positive, mutually-supportive and open business relationships, with key partners. These include NEXT Molecular Analytics (the Group's CLIA-certified partner laboratory in VA, USA) for the *EpiSwitch*® CiRT and *EpiSwitch*® CST tests, Agilent Technologies for the *EpiSwitch*® Explorer Array Kit, and the Group's three landlords in Oxford, Gaithersburg and Penang.

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

Community

The Group intends the communities in which it operates to benefit from its presence, both through the creation of employment and the involvement of its staff in activities that have a positive impact in the community. During the year the Group has again supported a number of activities co-ordinated by UK-based staff to support local charities, and awareness and educational campaigns on the Group's social media accounts, focused, for example, on particular diseases.

Environment

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 31, 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 as it grows, whilst also 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 seek 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 corporate sustainability section of the Strategic report on pages 24 to 26 provides more information on the Group's approach to environmental matters and human rights.

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 40.

Corporate social responsibility

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

Pursuit of the Group's strategic objectives, particularly through the commercialization of proprietary tests such as *EpiSwitch*® CiRT, offers significant potential societal as well as individual benefits.

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 are aligned with its commitment to corporate social responsibility. OBD 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 stakeholders;
- 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 in full 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 and outside legal counsel.

In common with other public companies, Directors often 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 33, has been approved by the Board and is signed by order of the Board by:

Jon Burrows
Chief Executive Officer
Oxford BioDynamics plc

23 January 2023

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

Registered number:
06227084

Chairman's introduction

"A continued commitment to following best practice in corporate governance."

Dear Shareholders, The Annual Report provides an opportunity to reflect on the progress the Company has made over the last year, much of which has been highlighted in the Chief Executive Officer's review on pages 4 to 9. I would like to express my thanks to OBD's growing international staff team for their hard work in the year on which we are reporting.

The corporate governance statement on the following pages and the Strategic Report set out OBD's continued commitment to following best practice in corporate governance. We are aware that investors generally wish to see increased meaningful reporting on governance, as part of a welcome increased focus on environmental, social and governance matters. To that end, it is good to be able to reflect on the additional information introduced to these sections of the Annual Report over the last two years.

I noted last year that as a public company, we are mindful of the trust placed in the Board by institutional and retail investors, employees and other stakeholders. The needs of the Group's stakeholders – especially its shareholders – are at the forefront of all of the decisions the Board takes. I would specifically want to highlight the two fundraisings completed during and after the year under review as examples of this. Raising almost £13m between October 2021 and October 2022, it was heartening to note the interest in and commitment to the Group from a range of new and existing investors.

It was particularly welcome to be able to complete the recent fundraising at a significant premium to the share price and to allow all shareholders an opportunity to participate through an open offer process. I would like to thank all the investors who have continued to support the Group during the last year.

The Group's corporate governance activities exist to help the Board make its decisions in a confident, informed way and to manage risk. In my role as Chairman of the Board I, along with my fellow non-executive and executive directors seek to ensure that corporate governance at OBD remains fit-for-purpose, through the work that the Board and its three subcommittees undertake through the year.

Read more ›
About how we operate on the Corporate Governance Statement on **pages 38 to 44**

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.

It has been good to meet more of the Company's shareholders over the last year and to welcome new investors to its register. I and the other non-executive directors continue to welcome contact from any of our shareholders by email to: investorrelations@oxfordbiodynamics.com.

Matthew Wakefield
Non-Executive Chairman


EpiSwitch® CiRT
EpiSwitch® CiRT
Checkpoint inhibitor Response Test
Fast and actionable personalized guidance for each cancer patient
from blood – no biopsy
Learn more at myCiRT.com
nd to checkpoint inhibitors?
EpiSwitch CiRT
ICI response prediction before
Accurately identifies responders from blood
Only one simple blood test
EpiSwitch® CiRT
can predict the patient response to ICIs supporting oncologists' decisions on whether checkpoint inhibitor therapy is appropriate for a patient.
PERSONALIZED insight into ICI therapy response
EASY to implement
IMPACTFUL actionable guidance

Board of Directors

Key

- (A) Audit Committee
- (N) Nomination Committee
- (R) Remuneration Committee

- Committee Chair
- Committee Member

Matthew Wakefield

Non-Executive Chairman

Joined	December 2020
Committees	A N R

Skills and experience

Matthew was appointed to the Board as Non-Executive Chairman in December 2020. 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. Matthew acted as an advisor to the Company before his appointment as Chairman and Baden Hill LLP raised capital for the company at its IPO in 2016 and again at its recent fundraising in October 2022. Matthew chairs the Nomination Committee and is a member of the Audit and Remuneration Committees. He has a degree in Law and an MBA in Finance.

Dr Jon Burrows

Chief Executive Officer

Joined	March 2020
Committees	N

Skills and experience

Jon was appointed as Group Chief Executive Officer in 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 helps 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

Joined	June 2007
Committees	–

Skills and experience

Sasha was born in Zhitomir, Ukraine and 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 twenty top graduate students from the USSR, before its dissolution in 1991.

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 and The Medical Research Council. Sasha is also a Fellow of the Royal Society of Medicine. He was appointed to the Board on 8 June 2007.

Paul Stockdale

Chief Financial Officer

Joined	September 2017
Committees	–

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

Joined	April 2019
Committees	A N R

Skills and experience

David is a proven leader in business development and healthcare investing, with 30 years' experience in the life sciences sector. A qualified physician and MBA graduate from Harvard Business School, he 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. 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, Director, Life Sciences at the Cambridge University Seed Fund and until July 2021, Senior Independent Director at Worldwide Healthcare Trust plc.

David was appointed to the OBD Board in April 2019. He chairs the Audit and Remuneration Committees and is a member of the Nomination Committee.

Stephen Diggle

Non-Executive Director

Joined	October 2016
Committees	–

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. He was appointed to the Board in October 2016.

Read more ›

about our Leadership Team on **our website.**

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 10 to 17 of the Strategic report. OBD's approach to risk management, and key risks and their mitigation, is shown on pages 28 to 31 of the Strategic report. The Directors' obligation under s172(1) to consider the long-term consequences of their decisions is addressed on pages 32 to 33.
QCA Principle 2: Seek to understand and meet shareholder needs and expectations	✓	The Board engages with the Company's shareholders throughout the year and reports formally to them when its full-year and half-year results are published. Post-year end, the Board ensured that all shareholders had the opportunity to take part in the Group's October 2022 fundraising, by operating an open offer as well as a placing. The Executive Directors and Chairman seek to understand the needs and expectations of shareholders, primarily through online and in-person meetings. Individual meetings are generally held with institutional or significant shareholders, and all shareholders can attend and ask questions at webinar presentations advertised on the Group's website and annual and other general meetings. The Non-Executive Directors may be contacted by shareholders who wish to raise matters with them, and the Chairman and other Non-Executive Directors will attend meetings with institutional investors and analysts as required. Investors may contact the Company directly through its 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 its customers and suppliers and the communities in which the Group operates. 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. The Group is constantly refining its offering to maximize these benefits, through ongoing engagement with physicians, healthcare systems and payors. 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 information relevant to shareholders and stakeholders; • Providing safe, secure and healthy working conditions for all employees; • Promoting equality, diversity and inclusion; and • Observing the laws and regulations of each country in which it operates.

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 pages 28 to 33. The Board maintains a corporate risk register, considering 'macro' risks faced by the business and determining appropriate responses to these risks. The Group also follows detailed prescribed risk assessment and management processes for its ISO-certified activities. 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; • Detailed, computerised quality and project management systems; • Internal audits of ISO-certified activities; 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 35, and meeting attendance and the management of Board activities is described in more detail on page 44.
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. More detail on the Committee's recent considerations is provided in its report on page 45. Directors' skills and experience and the processes in place to ensure the Board maintains appropriate capabilities are set out on page 43.
QCA Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	The Board completed its last evaluation process during the year, explained in more detail on page 44. The Board is using the outcomes of the evaluation process to pursue improvement and expects to conduct another review in 2023.

Corporate governance statement *continued*

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 a 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 subcommittees, summaries of 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 41.
QCA Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	As noted against QCA Principle 2 on page 38, the Directors typically meet or communicate with institutional shareholders during the year as required and all shareholders are encouraged to attend webinars (advertised on the Company's website) on the release of preliminary and interim results and the Company's annual general meeting (and any other general meetings), at which the Group's activities are considered and shareholders' questions answered. Dialogue with other stakeholders (including employees, customers, suppliers and regulatory and governmental bodies) is maintained through various formal and informal means, principally by Executive Directors and Senior Management Team members. 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, all recent Company announcements and copies of annual reports. 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 six 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. The Non-Executive Directors are available to discuss any matter stakeholders wish to raise.

Governance structure

OBD's governance structure includes the Board of Directors and three subcommittees: an Audit Committee, a Nomination Committee and a Remuneration Committee with formally delegated duties and responsibilities, as summarized below.

The Board

The Board is responsible to shareholders for the effective stewardship of the Group's affairs. There is a formal schedule of matters reserved for decision by the Board in place (available on the Company's website). This enables the Board to provide effective leadership, ensuring critical decisions are taken at the highest level.

Audit Committee

The Audit Committee's main responsibilities 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 46 to 48.

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 re-appointment of any Directors required to resign and stand for re-election.

Members

Matthew Wakefield (Chair)

David Holbrook

Jon Burrows

The Nomination Committee's report is found on page 45.

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 49 to 51.

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

Corporate governance statement *continued*

Two of the 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, on which he reports 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.

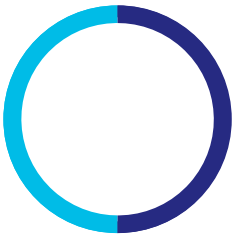
The appropriateness of the Board's structures, processes and roles are reviewed through the Board evaluation process detailed on page 44 and on an ad hoc basis by the Chairman together with the other Directors. The Board expects these to evolve in line with the Group's objectives, strategy and business 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 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 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:

Board tenure



- 1-5 years, 3 Directors
- Over 5 years, 3 Directors

Board independence

- Independent non-executive, 2 Directors
- Non-independent non-executive, 1 Director
- Executive, 3 Directors

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 support and challenge 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.

Board skills and experience

The Board currently comprises three Executive and three Non-Executive Directors whose collective balance of sector, financial and public market skills and experience is summarized 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 36 and 37. In particular, the experience and knowledge of each of the Non-Executive 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 process 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 UK 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 roles. 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 matters reserved for decision by the Board, which is available on the Company's website. Board approval is required for 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 an indication of 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 (and after) 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.

Corporate governance statement *continued*

Attendance at Board and Committee meetings

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

The Board met five times for formal meetings during the year ended 30 September 2022 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[2]
Alexandre Akoulitchev	5/5	–	–	–
Jon Burrows	5/5	–	–	–
Stephen Diggle	4/5	–	–	–
David Holbrook	5/5	2/2	2/2	–
Paul Stockdale	5/5	–	–	–
Matthew Wakefield	5/5	2/2	2/2	–

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 subcommittees of the Board on an ad hoc basis to deal with routine matters – meetings of these subcommittees are not reflected in the above table.
2 The Nomination Committee met shortly after the period end.

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 make presentations to the Board on their areas of responsibility as required.

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 an 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 completed during the year, in late 2021. In carrying out the review, 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 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.

Development or improvement in these areas has been ongoing during the year and is expected to continue.

The Board expects to carry out its next evaluation process during 2023 and to report on the outcome of that process in the next Annual Report.

Nomination Committee report

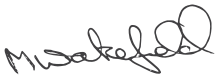
The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, ensuring that as a body, the Directors have the skills, knowledge and experience required to ensure that it operates effectively. The Nomination Committee meets at least once per year and at other 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. The other members are David Holbrook and Jon Burrows.

Since the last Annual Report there have been no appointments to the Board and the Nomination Committee has met once, shortly after the reporting period. Details of meeting attendance are shown in the corporate governance statement on page 44.

The Committee has reviewed the composition and balance of the Board at the end of the reporting period, being three Executive Directors and three Non-Executive Directors (two of whom are considered to be independent for the purposes of the QCA Code). Whilst this composition is considered appropriate at the present time, the Committee has noted the outcome of the most recently undertaken Board evaluation process (in late 2021), which identified the balance of the Board with respect to independence, diversity and to a lesser extent, particular skills and experience as an area for near-term development.

The Nomination Committee is also responsible for succession planning of the Group's executive leadership team. The Committee first identified the need for a more active succession planning process three years ago: this was partly addressed by the Group's successful implementation of the first stage of the plans it developed during 2020 to strengthen its commercial, scientific and administrative teams, when several appointments were made which reduced the Group's reliance on a small number of executives in key roles. More recently, the Committee has initiated an update to the Group's succession plan, including more roles in the scope of the plan and reviewing the level of key person insurance in place to assist the Group in any unexpected transition.

The Nomination Committee is also responsible for considering the retirement and re-election of Directors. Each of Alexandre Akoulitchev, Stephen Diggle and David Holbrook was either elected or re-elected at the 2020 AGM. As a result, in accordance with the Company's articles of association, each of them must retire and offer himself for re-election at the forthcoming AGM.



Matthew Wakefield
Chairman of the Nomination Committee

23 January 2023

Audit Committee report

I am pleased to present the Annual Report of the Group's Audit Committee for the year ended 30 September 2022. 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 main 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 Committee remains committed to ensuring that the information presented in this report and other financial statements issued by the Company is prepared effectively and presented in a way that is helpful to shareholders and other stakeholders. On behalf of the Committee, I welcome feedback and questions from shareholders relating to its work, which may be submitted via the Company's investorrelations@oxfordbiodynamics.com email address, or raised at the forthcoming AGM.

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 normally meets at least twice a year, in line with the external financial 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.

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 and present to the Committee at its meetings on a regular basis. 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 consults regularly with others involved in the Company's governance, including the Chief Executive Officer, the Chief Financial Officer, the Chairman, the Company Secretary and the external Auditor.

Role of the Audit Committee

The Audit Committee has primary responsibility for:

- monitoring the quality of internal financial controls;
- reviewing reports from the Group's Auditor relating to the Group's accounting and internal controls; and
- ensuring that the financial performance of the Group is properly measured and reported on.

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 develops.

The Committee is also responsible for reviewing and monitoring:

- 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;
- the Group's whistleblowing, anti-bribery and fraud protection procedures; and
- the independence and objectivity of the Group's external Auditor and the effectiveness of the audit process, and for making recommendations to the Board on the appointment and re-appointment of the Group's external Auditor.

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

External Auditor

The Audit Committee makes recommendations to the Board on the appointment, re-appointment or removal of the external Auditor and assesses annually the qualifications, expertise, resources, remuneration and independence of the external Auditor. The Audit Committee also receives reports at least annually on the external audit firm's own internal quality control procedures (which address both independence and audit quality) and ensures that for each annual cycle, appropriate plans are in place for the external audit.

Audit tender process

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 five successive years. In accordance with professional standards, the 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. As a matter of governance good practice, the Committee has indicated that it is planning to conduct an audit tender process, to which Grant Thornton UK LLP will be invited along with other audit firms, within the next 12 months. A resolution proposing the re-appointment of Grant Thornton UK LLP as auditors of the Company for the year ending 30 September 2023 will be tabled at the forthcoming annual general meeting.

Review of audit effectiveness

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, most recently in relation to the audit of the financial statements for the year ended 30 September 2022. 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, members of the Audit Committee 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 letter 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, as well as the overall quality of the audit.

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 8 on page 83.

Work undertaken by the Audit Committee

The Audit Committee met twice during the period. Details of meeting attendance during the period are shown in the Corporate governance statement on page 44.

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 2021 and 30 September 2022;
- 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 2022;
- 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, 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-year end 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 pages 70 and 71, made in relation to the consideration of going concern.

Accounting for warrants issued during the period

The Group issued 7,791,803 warrants to subscribe for ordinary shares ("Warrants") in November 2021. The Committee reviewed actions taken by Management in determining the appropriate accounting treatment for and fair valuation of the Warrants. These actions included seeking independent expert accounting advice. The Committee concurred with the approach taken by Management and noted in discussion with the external Auditor the resulting accounting entries and disclosures. The Warrants are classified as liabilities, as explained in more detail in Note 4 on pages 79 and 80.

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 in respect of the year ended 30 September 2020. During the prior year, the Group entered into a material lease for its new UK property. In the current year, the Group entered into a lease for its US offices. 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.

Audit Committee report *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 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 the assets (including patents) within the CGU containing the Company's patents was compared to the Group's fair value less cost of disposal (FVLCOD) at 30 September 2022. In addition, each patent family was assessed for obsolescence. The Committee concurred with Management's conclusion that no impairment existed at the year end. 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 can require considerable judgement. In addition, the Group's performance obligations under contracts with customers can change during the contract and when this happens, it is necessary to consider carefully how to account for the associated revenue. Depending on the customer, revenue for the Group's clinical products is recognized on receipt of reimbursements from payors. Determination of the correct treatment of clinical product revenue also requires 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 2022 are 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 are reasonable and consistent with prior years.

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, as set out in the Strategic Report on pages 28 to 31. 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. The Audit Committee carried out a detailed review of 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) in the prior year.

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

23 January 2023

Remuneration Committee report

As Chairman of the Remuneration Committee, I am pleased to present our report for the year ended 30 September 2022. 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 for 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 an AIM-listed company, 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 is responsible for determining 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.

The Remuneration Committee met twice during the reporting period and twice after the reporting period. Details of meeting attendance are shown in the Corporate governance statement on page 44.

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 2021;
- determined salary changes for Executive Directors and PDMRs (which took effect from 1 January 2022); and
- reviewed and approved the issue of share options to certain Executive Directors.

After the year end, the Remuneration Committee met to:

- review and approve grants of share options to certain Executive Directors and PDMRs;
- consider and approve bonus awards to Executive Directors and PDMRs in respect of the year ended 30 September 2022, in light of performance reviews shared with the Remuneration Committee;
- consider the Remuneration Committee's approach to performance objectives for Executive Directors and PDMRs for the year ending 30 September 2023.

The Committee expects to meet to determine any salary increases to be received by Executive Directors and PDMRs with effect from 1 January 2023 shortly after the date of this report.

Policy on executive remuneration

The Remuneration Committee aims, through the Group's policy on executive remuneration, to ensure that the Executive Directors and PDMRs 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) that is likely 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 and other stakeholders. When setting the remuneration policy for Executive Directors and PDMRs, the Remuneration Committee reviews and considers the pay and employment conditions of other Group employees and also within the sector in which the Group operates, especially when determining any salary increases.

Policy on Non-Executive Directors' remuneration

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

Ordinarily, the Non-Executive Directors do not participate in bonus or incentive schemes. Each of Matthew Wakefield and David Holbrook has been awarded share options in connection with their respective roles on the Board. In the case of Matthew Wakefield, options were granted during the period with a market value exercise price. David Holbrook's options were granted shortly after he joined the Board in 2019, with an exercise price in excess of the share price at the date of grant. Further details of all Directors' share options are set out on page 51.

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

Executive Directors' remuneration packages

Executive Directors' remuneration packages include base salary, discretionary 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 the Remuneration Committee is not obliged to increase basic salary.

Remuneration Committee report *continued*

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 25% and 60% of base salary.

After conducting its reviews of performance for the year ended 30 September 2022, the Remuneration Committee awarded bonuses to each of the Executive Directors at 85% of target (2021: 85%).

For the year ending 30 September 2023, 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 corporate and personal near-term goals, which are consistent with the long-term interests of shareholders and aligned with the Group's strategic objectives.

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 an Executive Director's 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 set out below:

	Base salary £000	Payment in lieu of pension £000	Bonus £000	Other benefits £000	Total 2022 £000	Total 2021 £000	Retirement contributions 2022 £000	Retirement contributions 2021 £000
Non-Executive Directors								
Stephen Diggle[1]	–	–	–	–	–	–	–	–
David Holbrook	42	–	–	–	42	34	–	–
Peter Pack (resigned 14 December 2020)[2]	–	–	–	–	–	12	–	–
Matthew Wakefield (appointed 14 December 2020)	78	–	–	–	78	63	–	–
Executive Directors								
Alexandre Akoulitchev[3]	174	–	39	2	215	206	31	30
Jon Burrows[4,5]	302	15	154	35	506	450	15	13
Christian Hoyer Millar (resigned 31 December 2020)[6]	–	–	–	–	–	120	–	–
Paul Stockdale[7]	158	–	34	1	193	187	19	15
					1,034	1,072	65	58
Share-based payments					231	167	–	–
Total					1,265	1,239	65	58

Notes:
1. Stephen Diggle's annual fee for his services as a Non-Executive Director is £1.
2. Peter Pack was Non-Executive Chairman in the prior year 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 2022 (2021: Jon Burrows).
6. Total payments to Christian Hoyer Millar in the prior year included £25,000 in lieu of notice.
7. Paul Stockdale's base salary is stated net of salary sacrificed in exchange for increased employer pension contributions.

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 generally vest between one year and three years from the date of grant (although certain options have been granted with vesting dates set on the anniversary of the relevant Executive's appointment). 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 2021 No.	Granted in the period No.	Exercised in the period No.	Lapsed in the period No.	30 September 2022 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 June 2029
Matthew Wakefield	–	250,000	–	–	250,000	17p	20 May 2023 to 20 May 2025	20 May 2032
Executive Directors								
Alexandre Akoulitchev[1]	1,096,131	–	–	–	1,096,131	34p	1 Jan 2009 to 1 Jan 2011	31 Dec 2027[2]
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	–	501,757	–	–	501,757	17.25p	23 Mar 2023 to 23 Mar 2025	13 May 2032
Jon Burrows (total)	1,388,396	501,757	–	–	1,890,153			
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)[1]	600,000	–	–	–	600,000			

1 Each of Alexandre Akoulitchev and Paul Stockdale was granted 250,000 options with an exercise price of 18.9p, after the year end, on 9 November 2022.

2 As announced on 14 December 2022, the independent Directors of the Company approved an extension of the exercise period of options which were due to expire on 31 December 2022 unless exercised prior to that date. Those options will now expire on 31 December 2027. 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

23 January 2023

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 UK-adopted international accounting standards, 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 UK-adopted international accounting standards;
- 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 2022. The Corporate governance statement on pages 38 to 44 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 2022, key performance indicators and principal risks may be found in the Strategic report on pages 28 to 31.

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 33.

Capital structure

The Company was admitted to AIM on 6 December 2016. Movements in the Company's issued share capital during the year under review are shown in Note 24 to the financial statements. The issued share capital as at 30 September 2022 was £1,003,515.74, comprising 100,351,574 ordinary shares of 1 pence each. As at 20 January 2023 (the latest practicable date before the publication of this document), the issued share capital was £1,467,123.80, comprising 146,712,380 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 UK 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 20 January 2023 (the latest practicable date before the publication of this document), options to subscribe for shares which entitle their holders to acquire 9,856,082 ordinary shares of 1 pence each (representing approximately 6.8% of the issued share capital) and warrants which entitle their holders to acquire 7,791,803 ordinary shares of 1 pence each (representing approximately 5.3% 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 2022 (2021: £nil).

Research and development

The Group's research and development activities relate to the development and operation of technologies to discover and develop novel biomarkers for use within the pharmaceutical and biotechnology industries and in the Group's proprietary products. During the financial year ended 30 September 2022, not including the cost of staff engaged in research and development, the Group invested £526,000 into research and development (2021: £898,000).

Directors

The current members of the Board of Directors are presented on pages 36 and 37. The Directors of the Company who served during the year ended 30 September 2022 were:

A Akoulitchev
J A J Burrows
S C Diggle
D M A Holbrook
P L Stockdale
M A Wakefield

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, each of Dr Alexandre Akoulitchev, Stephen Diggle and Dr David Holbrook will retire at the forthcoming AGM and, being eligible, offer himself for re-election.

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 2022 in the issued share capital of the Company were as follows:

	As at 30 September 2022 Number of shares	As at 1 October 2021 Number of shares
Ordinary share capital		
Alexandre Akoulitchev	6,253,082	6,153,082
Jon Burrows	150,000	–
Stephen Diggle[1]	16,252,123	12,242,874
David Holbrook	–	–
Paul Stockdale	100,000	23,000
Matthew Wakefield	650,000	468,813

[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 51.

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 20 January 2023, 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
Odey Asset Management	26,945,092	18.37%
Vulpes Life Sciences Fund and Vulpes Testudo Fund	18,914,174	12.89%
Unicorn Asset Management	10,000,000	6.82%
C & P Hoyer Millar	9,195,370	6.27%
Investec Wealth & Investment	7,319,886	4.99%
Alexandre Akoulitchev	6,303,082	4.30%
The Chancellor, Masters and Scholars of the University of Oxford	5,724,476	3.90%
Aroul Ramadass and Family	5,490,468	3.74%
GL Healthcare Investment L.P.	4,688,000	3.20%

Purchase of own shares by the Company
At the general meeting held on 30 March 2022, shareholders authorized the Directors to make market purchases of the Company's ordinary shares up to a maximum number of 10,035,157 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 20 January 2023, being the latest practicable day prior to the publication of this report, the Company had 146,712,380 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 14,671,238 ordinary shares, being approximately 10% of the Company's issued ordinary share capital on 20 January 2023 (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

In October 2022, the Company announced that it had raised a total of approximately £9.3m by way of a placing and open offer of 46,360,806 newly-issued ordinary shares of 1 pence each from institutional and other investors, certain employees and qualifying existing shareholders, at a price of 20 pence per share. More detail is provided in Note 36 on page 106.

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 and the extent to which the Group will be able to source additional equity financing in future. More detail is provided in Note 2 on pages 70 and 71.

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 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 2023 at 12pm. The notice convening the meeting is set out on pages 108 and 109, 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

23 January 2023

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 2022, 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 UK-adopted international accounting standards 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 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards 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 fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Going concern note included in Note 2 in the financial statements which indicates 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. As stated in the Going concern note included in Note 2 in the financial statements, these events or conditions, along with the other matters as set forth in the Going concern note included 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 management's 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 2024 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;
- engaging an internal specialist to assist in assessing the reasonableness of the assumptions included in the models;
- corroborating key assumptions, such as assessing the feasibility of winning pipeline revenue contracts and product revenue, the accuracy of operating expenses in relation to macroeconomic impacts, the impact of the research and development claim, 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 not raising funds through share issues and whether this is a reasonable assumption;
- 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 bonus payments;
- assessing the accuracy of management's past forecasting by comparing management's future forecasts modelled in the two prior financial years to the actual results for that relevant year and considering the impact on the going concern models; and
- 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 financial statements.

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

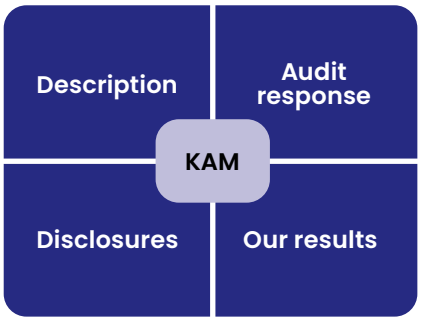
	Overview of the audit approach
Grant Thornton  	***Overall materiality:*** Group: £591,000, which represents approximately 7.5% of the Group's loss before tax. Parent company: £561,000, which represents 7.1% of the Parent Company's loss before tax.
	In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. Presentation and valuation of warrant liability (new this year). Our auditor's report for the year ended 30 September 2021 included one key audit matter which has not been reported as a key audit matter in our current year's report. This relates to the impairment of intangible assets allocated to cash generating units. Impairment of intangible assets was not considered a key audit matter in the current year as the impairment calculation is non-complex, being based on factual data available to the public, whereas in the prior year, a change in the accounting policy elevated the risk.
	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 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.

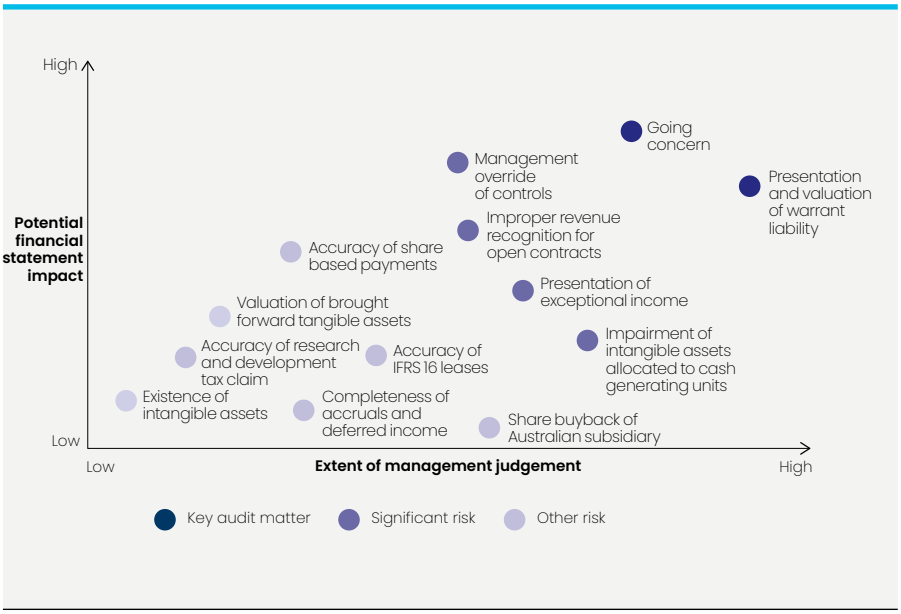
Independent Auditor's report to the members of Oxford BioDynamics plc *continued*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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 the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.





Key Audit Matter – Group and Parent company	How our scope addressed the matter – Group and Parent company
Presentation and valuation of warrant liability We identified presentation and valuation of the warrant liability as one of the most significant assessed risks of material misstatement due to error. During the year a share issue with gross proceeds of £3.6m was made. As part of this transaction, warrants were also issued to the subscribers of the shares. The process for determining the appropriate classification as equity or debt, bifurcation of the total proceeds received and valuation of the warrant liability under IAS 32 'Financial Instruments – Presentation' and IFRS 9 'Financial Instruments' is complex and requires significant management judgement to be applied.	In responding to the key audit matter, we performed the following audit procedures: • Obtained an understanding and assessed the design and implementation of the group's processes and relevant controls relating to identification of related contracts and determining the appropriate classification as debt or equity. • Obtained the warrant agreement and agreed the number of shares and value per share to management's schedule and the total proceeds received. • Obtained an understanding of management's assessment of the most appropriate classification and accounting treatment in accordance with the requirements of IAS 32 and IFRS 9. • Compared the accounting policy applied to the requirements of IAS 32 and IFRS 9. • Assessed the key assumptions used in determining the fair value of warrants at issue date and year end against available information in the market. • Recalculated an expected value of the warrants with the assistance of our internal valuations specialists by using an appropriate option-pricing model and comparing this to the amount calculated by management. • Examining the disclosures made in the financial statements with respect to significant estimates and judgements made around the value of the warrant liability.
Relevant disclosures in the Annual Report and Accounts 2022 • Financial statements: Note 4 and 27, • Audit Committee report: "Accounting for warrants issued during the period"	**Our results** Based on our audit work, we are satisfied that the assumptions made in management's assessment of the accounting treatment and the carrying value of the warrants is appropriate and that the significant judgements and estimates applied in determining the value of the warrant liability have been disclosed appropriately in the financial statements.

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	£591,000, which is approximately 7.5% of the Group's loss before tax.	£561,000, which is 7.1% of the Parent Company's loss before tax, capped at 95% of group materiality.
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. • 7.5% was deemed to be an appropriate measurement percentage to take into account the additional risks and pressures following the decline in the share price in the financial year with the share price being of interest to potential shareholders as cash in the group is raised through share issues. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2021 to reflect the increase in the loss this year and the increase in the measurement percentage, following an update in the firm's internal policies.	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. • This has been capped at 95% of group materiality for group audit purposes. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2021 to reflect the capping at a percentage of the materiality determined for the group, referred to above, which was higher this 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	£443,000, which is 75% of financial statement materiality.	£421,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements. Our experience with auditing the financial statements in the prior year, where minimal audit findings were identified, including a minimal number of misstatements for which were not considered significant. We also identified an effective control environment.	In determining performance materiality, we made the following significant judgements. Our experience with auditing the financial statements in the prior year , where minimal audit findings were identified, including a minimal number of misstatements for which were not considered significant. We also identified an effective control environment.
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	We determined a lower level of specific materiality for the following areas: • Revenue; • Directors' remuneration; and • Related party transactions outside the normal course of business.	We determined a lower level of specific materiality for the following areas: • Revenue; • Directors' remuneration; and • Related party transactions outside the normal course of business.

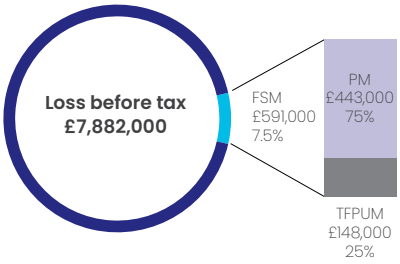
Independent Auditor's report to the members of Oxford BioDynamics plc *continued*

Our application of materiality *continued*

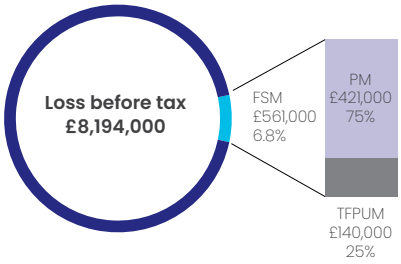
Materiality measure	Group	Parent company
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£30,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£28,000 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 and parent company, their components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- The engagement team obtained an understanding of the effect of the group organisational structure on the scope of the audit, identifying that the group financial reporting system is centralised and that there is use of management experts where required.

Identifying significant components

- Significant components were identified through assessing their relative share of key financial metrics including total revenue, total expenses, absolute loss before taxation, total assets and total liabilities.
- All other components of the group were selected as 'neither significant nor material' and analytical procedures performed.

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 and performed audit procedures over specific classes of transactions, account balances and disclosures of Oxford BioDynamics Inc.
- At the Group level we also tested the consolidation process and carried out analytical procedures for the remaining components to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of those remaining components.

Performance of our audit

- We physically attended and observed the year end inventory count in the UK.
- The majority of the year-end audit was conducted remotely. This was supported through the use of software collaboration platforms for the secure and timely delivery of requested audit evidence.
- 100% of the Group's revenue, 96% of the Group's total assets and 98% 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.

Changes in approach from previous period

- The subsidiary in Singapore has been removed from the targeted procedures audit owing to its financial insignificance in context of the group as a whole.

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 UK-adopted international accounting standards, together with the QCA Corporate Governance Code, the AIM Rules for Companies, the Corporation Tax Act 2010 and those laws and regulations relating to employee matters.
- We obtained an understanding of how the Group and the Parent Company are complying with those legal and regulatory frameworks by making enquiries of management to identify non-compliance. 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 and open revenue contracts. 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, journals posted by the CFO and those impacting areas of estimation uncertainty;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - agreeing the value of open revenue contracts to the signed agreement, cash received in bank and third party confirmation to assess whether performance obligations had been met.

  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;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team, included 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. These include being Regulated and Licensed by Human Tissue Authority and ISO 9001 and ISO 13485 accredited.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

23 January 2023

Consolidated income statement
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Continuing operations			
Revenue	5	154	341
Cost of sales		(38)	–
Gross profit		116	341
Research & development costs (excluding staff costs)		(526)	(898)
Staff costs	11	(4,483)	(3,768)
General & other admin costs		(2,452)	(1,850)
Share option charges		(394)	(251)
Depreciation and amortization		(1,213)	(1,088)
Other operating income		351	2
Operating loss		(8,601)	(7,512)
Fair value gain on financial liabilities designated as FVTPL	27	1,095	–
Finance income	9	134	31
Finance costs	10	(195)	(148)
Loss before tax		(7,567)	(7,629)
Income tax	12	857	947
Loss for the year from continuing operations	7	(6,710)	(6,682)
Loss attributable to:			
Owners of the Company		(6,710)	(6,682)
Non-controlling interest		–	–
		(6,710)	(6,682)
Earnings/(loss) per share			
From continuing operations			
Basic and diluted (pence per share)	15	(6.7)	(7.2)

Consolidated statement of comprehensive income
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Loss for the year	7	(6,710)	(6,682)
Exchange differences on translation of foreign operations that may be reclassified to the income statement		(40)	(35)
Total comprehensive income for the year		(6,750)	(6,717)
Total comprehensive income attributable to:			
Owners of the Company		(6,750)	(6,716)
Non-controlling interest		–	(1)
		(6,750)	(6,717)

Consolidated statement of financial position
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Intangible fixed assets	16	1,601	1,152
Property, plant and equipment	17	2,582	2,828
Right-of-use assets	18	4,396	4,718
Deferred tax asset	30	–	–
Total non-current assets		8,579	8,698
Current assets			
Inventories	21	337	392
Trade and other receivables	22	1,429	1,951
Fixed-term deposits	23	25	2,163
Cash and cash equivalents	23	974	2,175
Total current assets		2,765	6,681
Total assets		11,344	15,379
Equity and liabilities			
Capital and reserves			
Share capital	24	1,004	926
Share premium	25	19,020	16,740
Translation reserves	25	119	159
Share option reserve	25	3,154	3,022
Retained earnings	25	(20,709)	(14,171)
Equity attributable to owners of the Company		2,588	6,676
Non-controlling interest		–	17
Total equity		2,588	6,693
Current liabilities			
Trade and other payables	26	2,000	1,661
Warrant liability	27	114	–
Lease liabilities	28	736	634
Provisions	29	–	–
Current tax liabilities		61	–
Total current liabilities		2,911	2,295
Non-current liabilities			
Lease liabilities	28	5,400	5,953
Provisions	29	424	408
Deferred tax	30	21	30
Total non-current liabilities		5,845	6,391
Total liabilities		8,756	8,686
Total equity and liabilities		11,344	15,379

The financial statements of Oxford BioDynamics Plc, registered number 06227084, were approved by the Board of Directors and authorized for issue on 23 January 2023.

Signed on behalf of the Board of Directors:

Dr Jon Burrows
Chief Executive Officer

23 January 2023

Company statement of financial position
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Intangible fixed assets	16	1,524	1,135
Property, plant and equipment	17	2,216	2,453
Right-of-use assets	18	4,213	4,714
Deferred tax asset	30	–	–
Investment in subsidiaries	19	281	281
Total non-current assets		8,234	8,583
Current assets			
Inventories	21	306	362
Trade and other receivables	22	1,393	2,026
Fixed-term deposits	23	25	2,163
Cash and cash equivalents	23	818	1,528
Total current assets		2,542	6,079
Total assets		10,776	14,662
Equity and liabilities			
Capital and reserves			
Share capital	24	1,004	926
Share premium	25	19,020	16,740
Share option reserve	25	3,154	3,022
Retained earnings	25	(21,162)	(14,443)
Total equity		2,016	6,245
Current liabilities			
Trade and other payables	26	2,270	1,426
Warrant liability	27	114	–
Lease liabilities	28	649	630
Provisions	29	–	–
Total current liabilities		3,033	2,056
Non-current liabilities			
Lease liabilities	28	5,303	5,953
Provisions	29	424	408
Deferred tax	30	–	–
Total non-current liabilities		5,727	6,361
Total liabilities		8,760	8,417
Total equity and liabilities		10,776	14,662

The Parent Company's loss for the year ended 30 September 2022 was £6,981,000 (2021: £6,745,000 loss).

The financial statements of Oxford BioDynamics Plc, registered number 06227084, were approved by the Board of Directors and authorized for issue on 23 January 2023.

Signed on behalf of the Board of Directors:

Dr Jon Burrows
Chief Executive Officer

23 January 2023

Consolidated statement of changes in equity
for the year ended 30 September 2022

Year ended 30 September 2022

	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 2021	926	16,740	159	3,022	(14,171)	6,676	17	6,693
Loss for the year	–	–	–	–	(6,710)	(6,710)	–	(6,710)
Other comprehensive income for the period	–	–	(40)	–	–	(40)	–	(40)
Total comprehensive income for the period	–	–	(40)	–	(6,710)	(6,750)	–	(6,750)
Subscription for new shares	78	3,545	–	–	–	3,623	–	3,623
Issue of warrants to subscribe for new shares	–	(1,209)	–	–	–	(1,209)	–	(1,209)
Transaction costs for new shares	–	(56)	–	–	–	(56)	–	(56)
Share option credit	–	–	–	394	–	394	–	394
Lapse of vested share options	–	–	–	(262)	262	–	–	–
Buy-back and cancellation of minority interest shares	–	–	–	–	(90)	(90)	(17)	(107)
At 30 September 2022	**1,004**	**19,020**	**119**	**3,154**	**(20,709)**	**2,588**	**–**	**2,588**

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	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

Company statement of changes in equity
for the year ended 30 September 2022

Year ended 30 September 2022

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
At 1 October 2021	926	16,740	3,022	(14,443)	6,245
Loss for the year	–	–	–	(6,981)	(6,981)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(6,981)	(6,981)
Subscription for new shares	78	3,545	–	–	3,623
Issue of warrants to subscribe for new shares	–	(1,209)	–	–	(1,209)
Transaction costs for new shares	–	(56)	–	–	(56)
Share option credit	–	–	394	–	394
Lapse of vested share options	–	–	(262)	262	–
At 30 September 2022	**1,004**	**19,020**	**3,154**	**(21,162)**	**2,016**

Year ended 30 September 2021

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
At 1 October 2020	926	16,740	3,018	(7,945)	12,739
Loss for the year	–	–	–	(6,745)	(6,745)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(6,745)	(6,745)
Share option credit	–	–	251	–	251
Lapse of vested share options	–	–	(247)	247	–
At 30 September 2021	926	16,740	3,022	(14,443)	6,245

Consolidated statement of cash flows
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Loss before tax for the financial year		(7,567)	(7,629)
Adjustments to reconcile loss for the year to net operating cash flows:			
Net interest	9,10	184	83
Loss on disposal of property, plant and equipment		1	–
Depreciation of property, plant and equipment	17	539	571
Depreciation of right-of-use assets	18	574	404
Amortization of intangible assets	16	100	113
Net foreign exchange movements		(278)	10
Movement in provisions	29	16	(99)
Share-based payments charge	31	394	251
Fair value gain on financial liabilities		(1,095)	–
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		469	(560)
Decrease/(increase) in inventories		55	(69)
Increase in trade and other payables		475	416
Operating cash flows before interest and tax paid		(6,133)	(6,509)
R&D tax credits received		969	608
Tax paid		(13)	(17)
Net cash used in operating activities		(5,177)	(5,918)
Investing activities			
Interest received		14	56
Lease incentive received		–	2,636
Purchases of property, plant and equipment		(363)	(2,693)
Purchases of intangible assets		(538)	(396)
Decrease in term deposits		2,138	3,224
Net cash generated by investing activities		1,251	2,827
Financing activities			
Interest paid		(195)	(114)
Repayment of lease liabilities		(703)	(690)
Acquisition of minority interest shares in subsidiary entity		(107)	–
Issue of equity shares and warrants		3,623	–
Transaction costs relating to issue of equity shares		(56)	–
Net cash generated by/(used in) financing activities		2,562	(804)
Net decrease in cash and cash equivalents		(1,364)	(3,895)
Foreign exchange movement on cash and cash equivalents		163	(49)
Cash and cash equivalents at beginning of year	23	2,175	6,119
Cash and cash equivalents at end of year		974	2,175

Company statement of cash flows
for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Loss before tax for the financial year		(7,901)	(7,716)
Adjustments to reconcile loss for the year to net operating cash flows:			
Net interest	9,10	179	83
Depreciation of property, plant and equipment	17	447	549
Depreciation of right-of-use assets	18	501	387
Amortization of intangible assets	16	78	114
Net foreign exchange movements		(53)	49
Movement in provisions	29	16	(99)
Share-based payments charge	31	394	251
Fair value gain on financial liabilities		(1,095)	–
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		580	(604)
Decrease/(increase) in inventories		56	(71)
Increase in trade and other payables		972	217
Operating cash flows before interest and tax paid		(5,826)	(6,840)
R&D tax credits received		969	608
Net cash used in operating activities		(4,857)	(6,232)
Investing activities			
Interest received		14	56
Lease incentive received		–	2,636
Purchases of property, plant and equipment		(338)	(2,407)
Purchases of intangible assets		(467)	(380)
Decrease in term deposits		2,138	3,224
Net cash generated by/(used in) investing activities		1,347	3,129
Financing activities			
Interest paid		(189)	(114)
Repayment of lease liabilities		(631)	(677)
Issue of equity shares and warrants		3,623	–
Transaction costs relating to issue of equity shares		(56)	–
Net cash generated by/(used in) financing activities		2,747	(791)
Net decrease in cash and cash equivalents		(763)	(3,894)
Foreign exchange movement on cash and cash equivalents		53	(49)
Cash and cash equivalents at beginning of year	23	1,528	5,471
Cash and cash equivalents at end of year		818	1,528

Notes to the financial statements
for the year ended 30 September 2022

1. Corporate information

The consolidated financial statements of Oxford BioDynamics Plc and its subsidiaries (collectively, "the Group") for the year ended 30 September 2022 were authorized for issue in accordance with a resolution of the Directors on 23 January 2023. 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 UK-adopted international accounting standards.

The preparation of financial statements in accordance with UK-adopted international accounting standards 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 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)

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 IAS 16 'Property, Plant and Equipment – Proceeds Before Intended Use' (effective date: 1 January 2022)
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling 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 17 (effective date 1 January 2023)
- Amendments to IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9' (immediately available)
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-Current' (effective date 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective date 1 January 2023)
- Amendments to IAS 8 'Definition of Accounting Estimates' (effective date 1 January 2023)
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (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.

Going concern

In assessing the appropriateness of adopting the going concern assumption, the Group and Parent Company has prepared a detailed budget ("the budget") for the year ending 30 September 2023 and a further forecast ("the forecast") for the year ending 30 September 2024. The budget and forecast include:

- estimates of likely revenue arising from *EpiSwitch*® CiRT and the Group's other proprietary products (based on the Group's own assessments of market opportunities);
- anticipated revenues from contracts with pharmaceutical partners;
- operating costs reflecting the current cost base, with some increased spend to accelerate the commercialization of the *EpiSwitch*® product line, focusing in the period under review on *EpiSwitch*® CiRT; and
- capital expenditure, primarily to maintain and extend the Group's patent estate.

2. Basis of accounting *continued*

Going concern *continued*

Combined revenue and other operating income during the year ended 30 September 2022 was slightly increased compared to the previous year, but was significantly exceeded by the Group's operating costs. The Group was able to maintain its cash reserves during and after the year, including through the raising of £3.6m ($5m) by way of a subscription for new ordinary shares in October 2021 and, post-year end, £9.3m through a placing, subscription and open offer in October 2022. The Group also sought to continue to control costs and cash outflow, including by delaying planned recruitment to certain positions whilst still supporting product and sales development and business development activity with pharma.

The budget and forecast include estimates of product and contract revenue (based on orders of *EpiSwitch*® CiRT to September 2022 and the Board's assessment of ongoing engagements with pharma partners) that are significantly higher than was the case in the year ended 30 September 2022. Further, the forecast includes estimates of increases in product revenue beyond September 2023 and these increases 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, without receiving further funding from investors. The actions the Board will take in respect of the period covered by the forecast will depend on progress made during, and cash in hand at the end of, the year ending 30 September 2023.

The Board considers that the budget and forecast represent a reasonable best estimate of the Group's performance over the period to 30 September 2024. In the scenario modelled in the budget and forecast, the Directors are satisfied that the Group and Parent Company would be able to continue as a going concern, although this would require delaying some discretionary payments in early 2024 by a short period.

However, in preparing the budget and forecast, the Directors also note the existence of a number of factors that increase the difficulty inherent in predicting the Group's performance, including its cash generation. These include:

- a continued lack of sufficient historical information from which to reliably predict sales volume growth, long-term prices and timing of receipts from customers (including US payors) in respect of the Group's proprietary products (*EpiSwitch*® CiRT, and to a lesser extent the *EpiSwitch*® Explorer Array Kit). Initial uptake of *EpiSwitch*® CiRT by early adopter oncologists has been encouraging and the Group is seeing continued growth in adoption by additional physicians as new sales staff have begun to support *EpiSwitch*® CiRT in successive geographic areas, but there is no guarantee that the Group will be able to generate the level of growth in test sales included in the budget and forecast.
- the Group remains actively engaged in a number of business development interactions with several pharma partners up to the time of publication of this report, but there is no guarantee that the Group will be able to agree sufficient cash-generating projects to cover its costs. Also, the timing of projects for such customers can be impacted by delays in contracting and thereafter in receipt of blood or other patient samples on which to work, which in turn can lead to delays in receipt of cash payments.
- cash and fixed term deposits in the forecast through Q4 2023 and 2024 are anticipated to be at relatively low balances compared to the Group's ongoing operating cost base. Given the uncertainties above it is possible that the Group may hold low levels of cash in excess of its immediate requirements, depending on the timing of receipts from product sales and revenue-generating projects.
- at the levels of revenue and costs – including those arising from modest expansion of the Group's staff team – and working capital assumptions that are reflected in the budget and forecast, the Group would need to delay some planned discretionary spending in early 2024 in order to preserve cash resources.

In addition to the budget and forecast, the Directors considered a reasonably possible scenario in which both product and contract revenues were reduced compared to the budget and forecast (the "downside scenario"). The Directors further considered a number of remedial actions within the Board's control that could be taken to preserve cash resources, including delaying discretionary spending, delaying the forecast launch date (and associated supporting expenses) of the Group's next proprietary product and reducing expenditure on laboratory equipment to a level that would maintain but not increase the Group's laboratory equipment asset base (together, the "remedial actions"). In the downside scenario, after taking the remedial actions, the Group and Company would need to raise some additional funds by the second quarter of 2024 in order to continue as a going concern.

As well as funds received from investors, the Group is reliant on revenue from customers and income from grant awarding bodies to fund its activities. In the event that sufficient revenue and operating income is not generated, the Group would need to obtain additional funding in order to continue as a going concern.

The Group successfully raised £3.6m in equity funding from investors during the period and a further £9.3m, at a premium of 33% to the Company's then share price, post-year end in October 2022. However, as at the date of publication of this report, there is no guarantee that it will be able to access further cash resources from investors. This issue may be compounded if the Company's share price were to fall from its current level.

The Directors do not believe that any of the factors above is unusual or unexpected for the Group at this point in the execution of its strategy. However, shareholders should be aware that there is uncertainty around its ability to generate sufficient revenues and the timing of receipts from customers, as well as the ability of the Group to raise sufficient finance to meet its expected costs. 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 financial statements *continued* for the year ended 30 September 2022

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.

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. Recognizing 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 26). 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 22), depending on whether something other than the passage of time is required before the consideration becomes due.

The Group recognizes liabilities in respect of its obligation under its standard terms and conditions of sale to offer refunds in cases of nonconforming products supplied to customers, based on its experience to date of failure rates of its products. There was no provision for returns and refunds at 30 September 2022 (2021: nil).

3. Significant accounting policies *continued*

Revenue *continued*

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

c) 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. During the prior year, the Company was awarded an FNIH Partnership for Accelerating Cancer Therapies (PACT) Grant and 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. Previous government grants comprised amounts from Innovate UK to support the Group's biomarker research and development activities whereby 60% of eligible costs incurred were claimed for.

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.

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 recognizing 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.

Notes to the financial statements *continued*
for the year ended 30 September 2022

3. Significant accounting policies *continued*

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.

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 26).

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.

3. Significant accounting policies *continued*

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.

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.

Notes to the financial statements *continued*
for the year ended 30 September 2022

3. Significant accounting policies *continued*

Inventories
Inventories are stated at the lower of cost and net realisable 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 realisable 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.

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 categorised 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.

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, 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 instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions, in accordance with IAS 32:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that either of these conditions is not met, the financial instrument is classified as a financial liability.

Financial liabilities

The Group's financial liabilities include trade and other payables and warrants classified as financial liabilities. 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 fair value of warrants classified as financial liabilities is estimated using a Black-Scholes option pricing model, as set out in more detail in Notes 4 and 27.

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.

Notes to the financial statements *continued*
for the year ended 30 September 2022

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 2022, there were two lab developed test products that had been launched, namely the *EpiSwitch*® CST (COVID severity) and *EpiSwitch*® CiRT (checkpoint inhibitor response) 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 cashflows. 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, ii) dedicated product development support lines are established in the Group's laboratories.

At present, Management continues to 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 and market value over the year to 30 September 2022 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 (FVLCOD), 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 enterprise value of the Group, which is in turn the market value of the Company on a cash- and debt-free basis. As at 30 September 2022, this equated to approximately £16.7m. Estimates of the likely cost of disposal (COD) of a business vary considerably: Management considered a round sum estimate of £2m, representing a COD of approximately 12% of the enterprise value, which is within the range of estimates of disposal costs reviewed by Management. The FVLCOD of the Company as at 30 September 2022 was therefore estimated to be £14.7m. Management then compared the FVLCOD of the Company to the gross value of the Group's assets excluding patents (£7m as at 30 September 2022). The excess of the Company's FVLCOD over its gross assets excluding patents was therefore approximately £7.7m, compared to a carrying value of patent assets of £1.523m. 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 considers that a reduction in the Company's estimated FVLCOD 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.

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

Critical judgements in applying the Group's accounting policies *continued*

Critical accounting judgement in respect of Warrants

On 25 October 2021, the Company 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 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 (the "Warrants") was approved by a general meeting of the Company's shareholders. The Warrants were issued pursuant to the terms of a Warrant Instrument dated 11 November 2021 and the Securities Purchase Agreement signed on the Subscription, dated 25 October 2021.

The Directors must exercise judgement in determining the appropriate accounting treatment for the Warrants. The Directors considered the following relevant accounting standards and how these should be applied in the case of the Warrants:

- *IAS 32 Financial Instruments: Presentation* deals with the presentation and classification of financial instruments as financial liabilities or equity, and sets out requirements regarding the offset of financial assets and financial liabilities in the statement of financial position;
- *IFRS 9 Financial Instruments: Recognition and Measurement* contains the key guidance regarding the recognition and measurement of financial instruments other than equity; and
- *IFRS 13 Fair Value Measurement* defines fair value and includes requirements on disclosures regarding assets and liabilities measured at fair value

The determination of the classification of the Warrants as equity or liability requires an assessment of each of the terms and conditions of the Warrant Instrument against the requirements of IAS 32.

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 by the Warrant Holder exchanging 58.125p per new ordinary share in the Company. This 'fixed for fixed' test would tend to suggest that the Warrants should be classified as equity instruments.

In certain circumstances, the Warrants may be exercised by way of a 'cashless exercise' whereby holders are entitled to receive a number of warrant shares equal to [(A-B) x 7,7941,803]/(A), where A is the value of the Company's ordinary shares at the time, and B is the warrant exercise price of 58.125p. Also, anti-dilution provisions are in place such that if there is an adjustment for any dividends paid or changes to ordinary share capital at any time whilst the warrant is outstanding, the number of shares issued on exercise of the warrant is adjusted to take into account the proportionate change with a limitation on fractional shares. Neither the allowance for cashless exercise nor the anti-dilution provisions require classification as a liability under IAS 32.

However, on the completion of certain "Fundamental Transactions" defined in the Warrant Instrument, the holder of the Warrants may be entitled to "Alternative Consideration" other than shares, such as cash or property. Examples of Fundamental Transactions include: business combinations or mergers; the Company effecting any reclassification, reorganization or recapitalization of ordinary shares; or any transactions in which the Company disposes of substantially all of its assets. Some events defined as Fundamental Transactions are outside of the control of the Company and could give rise to a contractual obligation on the Company or its successors to deliver cash or another financial asset to the holder of the Warrants. If the Warrant Holder were to choose one of these forms of Alternative Consideration, the settlement of the Warrant may not be for a fixed number of shares at a fixed price. The Directors have therefore concluded that in the case of a Fundamental Transaction, the strict requirements of IAS 32.22 would not be met and the Warrants should therefore correctly be classified within liabilities in the financial statements.

The Directors also exercised judgement in their determination that:

- the Warrants should be classed as linked to the issue of the Subscription Shares, and therefore that the consideration received on the issue of the Subscription Shares is considered as consideration for both the Subscription Shares and the Warrants; and
- the most appropriate approach to allocating the consideration between the Subscription Shares and the Warrants is the "residual value method".

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 2022. 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 4 on page 78. To the extent that these estimates are materially incorrect, there is a possibility that Management would fail to recognize an impairment of the Group's patent assets.

Notes to the financial statements *continued*
for the year ended 30 September 2022

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

Key sources of estimation uncertainty *continued*

Estimate of fair value of Warrants

Having determined that the Warrants should be classified as liabilities in the financial statements, the Directors are required to estimate the fair value of the Warrants on issue and at least at each subsequent reporting date.

The fair value of the Warrants issued was derived by the Company using a Black-Scholes model. The resultant value was recognized as a liability on issue, with the balance of the consideration received on the issue of the Subscription Shares allocated to the share premium reserve. At subsequent reporting dates, the fair value of the Warrants is re-measured, with any movement passing through the income statement.

Under IFRS 9, the fair value of an asset or liability is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

In arriving at the fair value for the Warrants using the Black-Scholes model, Directors used judgement in arriving at the estimates of share price volatility and risk-free rate, which are used as key inputs to the model. The Warrant Instrument provides guidance on the use of a Black-Scholes model, and the inputs to be used in it, in the case of a Fundamental Transaction to calculate the value of Alternative Consideration. These include the use of a minimum estimate for volatility of 100% and a risk-free rate based on US Treasury rates for a period commensurate with the remaining life of the Warrants at the time of the Fundamental Transaction. The Directors consider that the value derived by using these inputs to the Black-Scholes model is not likely to correspond to the fair value of the Warrants under IFRS 9, since this would only be the case if such a Fundamental Transaction were to be certain to occur. The Directors must therefore use judgement to select appropriate estimates of inputs to the Black-Scholes model, in order to derive the fair value of the Warrants.

The estimates of volatility and risk-free rate used in arriving at the fair value of the Warrants are shown in Note 27. By far the most significant of these inputs, in terms of its impact on the derived fair value, is the estimate of likely share price volatility over the remaining life of the Warrants. To the extent that this estimate was to be revised, it is possible that there could be a material impact on the statement of financial position and consolidated income statement as follows:

	As at 30 September 2022		As at 11 November 2021	
	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000
Statement of financial position				
Impact on fair value of warrants (positive figures indicate increased liability):	**+279**	**+/-38**	+1,281	+/-144

	Year ended 30 September 2022	
	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000
Income statement		
Impact on fair value gain on financial liabilities designated as FVTPL:	**+1,002**	**+/-109**

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 £8,000 (2021: approximately £14,000). Further details regarding the options granted and outstanding under the Scheme are set out in Note 31.

5. 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:

	2022 £000	2021 £000
Continuing operations:		
Sales of proprietary products		
USA	–	–
Rest of World	–	–
	–	–
Biomarker research and development		
USA	107	341
Rest of World	47	–
	154	341
Consolidated revenue	154	341

	2022 £000	2021 £000
Continuing operations:		
Revenue recognized at a point in time	–	–
Revenue recognized over time	154	341
	154	341

Notes to the financial statements *continued*
for the year ended 30 September 2022

6. 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:

	2022 £000	2021 £000
Staff costs		
UK	2,572	2,516
USA	1,815	1,162
Rest of World	96	90
Total staff costs	4,483	3,768
Research & development costs		
UK	523	891
USA	–	–
Rest of World	4	7
Total research & development costs	527	898
General & other admin costs		
UK	1,898	1,430
USA	479	393
Rest of World	75	27
Total general & other admin costs	2,452	1,850
Non-current assets		
UK	7,954	8,301
USA	564	318
Malaysia	61	79
Total non-current assets	8,579	8,698

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:

	2022 £000	2021 £000
Revenue from individual customers each representing more than 10% of revenue for the period:	152	327
	Number	Number
Number of individual customers each representing more than 10% of revenue for the period:	2	1

7. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Note	2022 £000	2021 £000
Net foreign exchange (gains)/losses	9, 10	(123)	34
Research and development costs (excluding staff costs)		526	898
Amortization of intangible assets	16	100	113
Depreciation of property, plant and equipment	17	539	571
Depreciation of right-of-use assets	18	574	404
Staff costs	11	4,483	3,768
Share-based payments charged to profit and loss	31	394	251
Fair value gain on financial liabilities designated as FVTPL	27	(1,095)	–

Research and development costs consist of inventories recognized as an expense as disclosed in Note 21 and other costs of materials and services.

8. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor:		
Annual audit	83	63
	83	63

9. Finance income

	2022 £000	2021 £000
Bank deposit interest	11	31
Exchange gains	123	–
Finance income	134	31

10. Finance costs

	2022 £000	2021 £000
Interest payable	195	114
Exchange losses	–	34
Finance costs	195	148

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

Notes to the financial statements *continued*
for the year ended 30 September 2022

11. Staff costs

	2022 £000	2021 £000
Wages and salaries	3,921	3,313
Social security costs	332	283
Other pension costs	230	172
	4,483	3,768

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

	2022 Number	2021 Number
Management and administration	11	10
Clinical operations and customer support	7	3
Laboratory-based	26	26
	44	39

12. Income tax

	2022 £000	2021 £000
Current tax:		
UK corporation tax credit at 19.0% (2021: 19.0%)	(920)	(971)
Overprovision of tax credit in prior periods	2	–
Underprovision of foreign corporate income tax in prior periods	7	–
Foreign corporate income tax	63	3
Total current tax credit	(848)	(968)
Deferred tax:		
Origination and reversal of temporary differences	(9)	21
Total tax credit	(857)	(947)

The tax credits assessed for the two years ended 30 September 2022 and 30 September 2021 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:

	2022 £000	2021 £000
Loss before tax on continuing operations	(7,567)	(7,629)
Weighted average corporation tax rate for the year	19.0%	19.0%
Tax at the above rate on loss for the year	(1,438)	(1,447)
Tax effect of:		
Expenses that are not deductible in determining taxable profit	83	68
Research and Development relief	(404)	(419)
Net adjustments in respect of prior periods	3	2
Share-based payments	73	42
Deferred tax – origination of temporary differences	(9)	19
Unrecognized tax losses and other temporary differences	835	788
Tax credit for the year	(857)	(947)

12. Income tax *continued*

Factors affecting the future tax charge

An increase in the main UK corporation tax rate for companies with profits in excess of £50,000 from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021.

From 1 April 2023, the rates of research & development relief available under the "SME Scheme" will reduce to an additional 85% corporate tax deduction from the current 130% additional tax deduction. Also the rate of Research & Development Expenditure Credit (RDEC) will increase to 20% from 13%.

In the US, corporate tax law changes proposed by President Biden included increasing the US corporate tax rate to 28%. At the date of this report, subsequent legislation (the 2021 House Build Back Better Act and the 2022 Inflation Reduction Act) has not included any increase from the current rate of 21%, which has been assumed for the purposes of estimating US deferred tax balances.

There is an unrecognized deferred tax asset at 30 September 2022 of approximately £4,924,000 (2021: £3,874,000) 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.

13. Dividends

No dividends have been declared for the year ended 30 September 2022 (2021: £nil).

14. 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 2022 was £6,981,000 (2021: £6,745,000 loss).

15. Earnings per share

From continuing operations

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

	2022 £000	2021 £000
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	**(6,710)**	(6,682)
Earnings for the purposes of diluted earnings per share	**(6,710)**	(6,682)

	2022 No	2021 No
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*	**99,702,257**	92,559,771

	Pence	Pence
Earnings per share		
Basic and diluted earnings per share	**(6.7)**	(7.2)

* 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 outstanding at the end of the period if those transactions had occurred before the end of the reporting period. These were as follows:

- On 28 October 2022, the Company issued 17,223,750 new ordinary shares
- On 31 October 2022, the Company issued 29,137,056 new ordinary shares

Notes to the financial statements *continued*
for the year ended 30 September 2022

16. Intangible fixed assets

Group	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2021	62	57	1,208	1,327
Additions	–	72	466	538
Exchange differences	–	15	–	15
At 30 September 2022	**62**	**144**	**1,674**	**1,880**
Accumulated amortization				
At 1 October 2021	54	36	85	175
Charge for the year	8	25	67	100
Exchange differences	–	4	–	4
At 30 September 2022	**62**	**65**	**152**	**279**
Carrying amount				
At 30 September 2022	**–**	**79**	**1,522**	**1,601**

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

16. Intangible fixed assets *continued*

Company	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2021	62	40	1,208	1,310
Additions	–	–	467	467
At 30 September 2022	**62**	**40**	**1,675**	**1,777**
Accumulated amortization				
At 1 October 2021	54	36	85	175
Charge for the year	8	3	67	78
At 30 September 2022	**62**	**39**	**152**	**253**
Carrying amount				
At 30 September 2022	**–**	**1**	**1,523**	**1,524**

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

As at 30 September 2022, in the Group and Company, a total of £263,000 (2021: £187,000) 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 financial statements *continued*
for the year ended 30 September 2022

17. Property, plant and equipment

Group	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2021	2,001	160	106	2,140	4,407
Additions	38	24	65	102	229
Disposals	–	(7)	–	(9)	(16)
Exchange differences	2	5	1	85	93
At 30 September 2022	**2,041**	**182**	**172**	**2,318**	**4,713**
Accumulated depreciation					
At 1 October 2021	26	102	12	1,439	1,579
Charge for the year	204	42	31	262	539
Eliminated on disposals	–	(7)	–	(8)	(15)
Exchange differences	1	2	1	24	28
At 30 September 2022	**231**	**139**	**44**	**1,717**	**2,131**
Carrying amount					
At 30 September 2022	**1,810**	**43**	**128**	**601**	**2,582**

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

17. 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 2021	1,987	146	92	1,687	3,912
Additions	38	14	65	93	210
Disposals	–	(7)	–	(6)	(13)
At 30 September 2022	**2,025**	**153**	**157**	**1,774**	**4,109**
Accumulated depreciation					
At 1 October 2021	16	96	2	1,345	1,459
Charge for the year	202	35	31	179	447
Eliminated on disposals	–	(7)	–	(6)	(13)
At 30 September 2022	**218**	**124**	**33**	**1,518**	**1,893**
Carrying amount					
At 30 September 2022	**1,807**	**29**	**124**	**256**	**2,216**

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

Notes to the financial statements *continued*
for the year ended 30 September 2022

18. Right-of-use assets

Group	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2021	4,968	18	4,986
Additions	226	–	226
Derecognition	(9)	–	(9)
Exchange differences	39	–	39
At 30 September 2022	**5,224**	**18**	**5,242**
Accumulated depreciation			
At 1 October 2021	263	5	268
Charge for the year	568	6	574
Eliminated on derecognition	(9)	–	(9)
Exchange Differences	13	–	13
At 30 September 2022	**835**	**11**	**846**
Carrying amount			
At 30 September 2022	**4,389**	**7**	**4,396**

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

18. Right-of-use assets *continued*

Company	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2021	4,948	18	4,966
Additions	–	–	–
At 30 September 2022	**4,948**	**18**	**4,966**
Accumulated depreciation			
At 1 October 2021	247	5	252
Charge for the year	495	6	501
At 30 September 2022	**742**	**11**	**753**
Carrying amount			
At 30 September 2022	**4,206**	**7**	**4,213**

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

Notes to the financial statements *continued*
for the year ended 30 September 2022

19. Investment in Subsidiaries

Company	Group Undertakings £000	Total £000
Cost		
At 1 October 2021	524	524
Additions	–	–
At 30 September 2022	**524**	**524**
Amounts written off		
At 1 October 2021	243	243
Written off/(back) in year	–	–
At 30 September 2022	**243**	**243**
Carrying amount		
At 30 September 2022	**281**	**281**
At 30 September 2021	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 incorporation and principal place of business	Principal activity	Class of shares	2022 %	2021 %
Oxford BioDynamics Inc 9801 Washingtonian Blvd., Suite 370 Gaithersburg, MD 20878 USA	USA	Sales & Marketing	Ordinary	**100**	100
Oxford BioDynamics (M) Sdn Bhd Unit No. 4-09 Fourth Floor, Island Plaza 118, Jalan Tanjung Tokong, 10470 Penang, 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[1] PO Box 8270, 1/100 Hay Street, Subiaco East, WA 6008, Australia	Australia	Dormant	Ordinary	**100**	86

1 Company deregistered by the Australian Securities and Investments Commission on 16 November 2022.

20. Interest in associate undertaking

Group and Company	Total £000
Cost	
At 1 October 2021	422
Additions	–
At 30 September 2022	**422**
Amounts written off	
At 1 October 2021	422
Group's share of losses of associate	–
At 30 September 2022	**422**
Carrying amount	
At 30 September 2022	**–**

	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	–

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 4 Battery Road, #25-01 Bank of China Building, Singapore, 049908. 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. 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 2022 £000	30 September 2021 £000
Current assets	**111**	103
Non-current assets	**–**	1
Current liabilities	**(103)**	(53)
Non-current liabilities	**(1,138)**	(915)
Equity	**(1,130)**	(864)
Group's share in equity – 28.84% (not recognized) (30 September 2021: 28.84%, not recognized)	**–**	–
Carrying amount of the investment	**–**	–

Notes to the financial statements *continued*
for the year ended 30 September 2022

20. Interest in associate undertaking *continued*

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

	1 October 2021 to 30 September 2022 £000	1 October 2020 to 30 September 2021 £000
Revenue	–	–
Cost of sales	–	–
R&D expenditure	–	–
Admin expenses	(7)	(65)
Finance costs	–	(10)
Loss before tax	(7)	(75)
Tax	–	22
Loss and total comprehensive income for the period	(7)	(53)
Group's share of loss for the period – 28.84% (not recognized) (2021: 28.84%, not recognized)	(2)	(15)

The Group's share of Holos' losses was recognized until the carrying value of the Group's interest in Holos was 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 2022 (2021: £nil).

21. Inventories

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Laboratory consumables	337	392	306	362

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

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Cost of inventories recognized as an expense	435	705	430	697

No inventories have been pledged as security against borrowings during the year (year ended 30 September 2021: £nil).

22. Trade and other receivables

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts receivable for the provision of services	12	347	12	347
Income taxes recoverable	920	971	920	971
Amounts owed by Group undertakings	–	–	–	97
Other debtors	150	378	142	378
Contract assets	–	15	–	15
Prepayments and accrued interest income	347	240	319	218
	1,429	1,951	1,393	2,026

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 2022 was 30 days (2021: 71 days). The average days sales outstanding ("DSO") in 2022 was 30 days (2021: 91 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 2022 (2021: £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 2022. No allowance for loss has been recognized at 30 September 2022 (2021: £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 2022, the proportion of revenue attributable to one customer was 70% (2021: 96%), 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 (2021: £nil).

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

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Not overdue	12	347	12	347
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	–	–	–	–
	12	347	12	347

Notes to the financial statements *continued*
for the year ended 30 September 2022

23. Term deposits and cash and cash equivalents

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Term deposits	**25**	2,163	**25**	2,163
Cash and cash equivalents	**974**	2,175	**818**	1,528
	999	4,338	**843**	3,691

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.

24. Share capital of the Company

	2022 Number	2022 £	2021 Number	2021 £
Authorized shares				
Ordinary shares of £0.01 each – allotted and fully paid	**100,351,574**	**1,003,516**	92,559,771	925,598
Total	**100,351,574**	**1,003,516**	92,559,771	925,598

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

On 25 October 2021, the Company issued 7,791,803 new ordinary shares of 1p each. No shares were issued on the exercise of share options or warrants during the year (2021: 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.

25. 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

26. Trade and other payables

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade payables	**857**	382	**828**	350
Other creditors including other taxes and social security	**101**	75	**102**	70
Amounts owed to Group undertakings	**–**	–	**654**	8
Grant creditors	**44**	213	**44**	213
Accruals and contract liabilities	**998**	991	**642**	785
	2,000	1,661	**2,270**	1,426

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases was 31 days (2021: 32 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.

27. Warrants

The number of shares reserved for issue under warrant options as at 30 September 2022 amounted to 7,791,803 (30 September 2021: nil). Warrants over 7,791,803 ordinary shares (the "Warrants") were issued during the period, on 11 November 2021.

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.

In certain circumstances, the Warrants may be exercised by way of a 'cashless exercise' whereby holders are entitled to receive a number of warrant shares equal to [(A-B) x 7,791,803]/(A), where A is the value of the Company's ordinary shares at the time, and B is the warrant exercise price of 58.125p. Also, anti-dilution provisions are in place such that if there is an adjustment for any dividends paid or changes to ordinary share capital at any time whilst the warrant is outstanding, the number of shares issued on exercise of the warrant is adjusted to take into account the proportionate change with a limitation on fractional shares.

On award and at each subsequent reporting date, the fair value of the Warrants 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 used in arriving at the fair value for the Warrants during the period were as follows:

	30 September 2022	11 November 2021 (Award date)	30 September 2021
Share price at date of award/value date (p)	**11.5**	45	n/a
Exercise price (p)	**58.125**	58.125	n/a
Expected volatility	**59.86%**	48.07%	n/a
Dividend yield	**0%**	0%	n/a
Expected life of option	**4.11 years**	5 years	n/a
Risk free interest rate	**4.40%**	0.705%	n/a
Fair value per Warrant (p)	**1p**	15.5p	n/a
Warrant liability	**£114,000**	£1,209,000	–

Warrant liability - Group and Company	Total £000
At 1 October 2021	–
Issue of warrants	1,209
Fair value gain on financial liability designated as FVTPL	(1,095)
At 30 September 2022	**114**

There were no warrants in issue at 1 October 2020 or 30 September 2021.

28. Lease Liabilities

Group	2022 £000	2021 £000
Maturity analysis:		
Year 1	**910**	824
Year 2	**908**	819
Year 3	**820**	817
Year 4	**813**	813
Year 5+	**3,470**	4,282
	6,921	7,555
Less: future interest charges	**(785)**	(968)
	6,136	6,587
Analysed as:		
Current	**736**	634
Non-current	**5,400**	5,953
	6,136	6,587

Notes to the financial statements *continued*
for the year ended 30 September 2022

28. Lease Liabilities *continued*

Company	2022 £000	2021 £000
Maturity analysis:		
Year 1	819	820
Year 2	818	819
Year 3	813	817
Year 4	812	813
Year 5+	3,469	4,282
	6,731	7,551
Less: future interest charges	(779)	(968)
	5,952	6,583
Analysed as:		
Current	649	630
Non-current	5,303	5,953
	5,952	6,583

29. Provisions

Group & Company	Property Dilapidations £000	Total £000
At 1 October 2021	408	408
Arising during the year	16	16
Used during the year	–	–
Reversed during the year	–	–
At 30 September 2022	424	424

	2022 £000	2021 £000
Analysed as:		
Current	–	–
Non-current	424	408
	424	408

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 2022 £000	Statement of financial position 2021 £000	Consolidated income statement 2022 £000	Consolidated income statement 2021 £000
Accelerated tax depreciation	(188)	(315)	127	(207)
Unrelieved tax losses	167	285	(118)	186
Deferred tax (expense)/income			9	(21)
Net deferred tax asset/(liability)	(21)	(30)		

Company	Statement of financial position 2022 £000	Statement of financial position 2021 £000	Consolidated income statement 2022 £000	Consolidated income statement 2021 £000
Accelerated tax depreciation	(167)	(242)	(75)	(143)
Unrelieved tax losses	167	242	75	143
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 2021	3,766	91	17	3,874
Movement in year including impact of tax rate changes and vesting of share options	1,131	(91)	10	1,050
At 30 September 2022	4,897	–	27	4,924

Company	Unrelieved tax losses £000	Share-based payments £000	Other £000	Total £000
At 1 October 2021	3,744	91	17	3,852
Movement in year including impact of tax rate changes and vesting of share options	1,320	(91)	9	1,238
At 30 September 2022	5,064	–	26	5,090

Notes to the financial statements *continued*
for the year ended 30 September 2022

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 2022 have exercise prices in the range of £0.17 to £2.10.

	2022		2021	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of period	**8,526,484**	**0.76**	7,846,519	0.72
Granted during the period	**1,556,757**	**0.28**	1,632,798	1.00
Forfeited during the period	**(635,583)**	**(0.93)**	(952,833)	(0.84)
Exercised during the period	**–**	**–**	–	–
Outstanding at end of period	**9,447,658**	**0.67**	8,526,484	0.76
Exercisable at end of period	**6,622,162**	**0.68**	5,881,421	0.63
Weighted average remaining contractual life (in years) of options outstanding at the period end		**5.36**		4.39

	2022 £000	2021 £000
Expense arising from share-based payment transactions	**394**	251

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:

	2022 £000	2021 £000
Share price at date of grant	**£0.17 to £0.40**	£0.74
Exercise price	**£0.17 to £0.40**	£1.00
Expected volatility	**52% to 54%**	52%
Dividend yield	**0%**	0%
Expected life of option	**8.6 to 8.7 years**	8.4 years
Risk free interest rate	**0.73% to 1.87%**	0.86%

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 £230,000 for the year ended 30 September 2022 (2021: £172,000). Contributions owed to the schemes at 30 September 2022 amounted to £14,232 (2021: £10,335).

33. Commitments & contingencies

Capital and other commitments

There were no capital or other commitments as at 30 September 2022.

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	2022 £000	2021 £000	2022 £000	2021 £000
Financial assets					
Amortized cost					
Cash and cash equivalents	23	974	2,175	818	1,528
Term deposits	23	25	2,163	25	2,163
Trade and other receivables	22	1,083	1,715	1,074	1,811
		2,082	6,053	1,917	5,502
Financial liabilities					
Amortized cost					
Trade and other payables	26	1,783	1,168	2,054	933
Lease liabilities	28	6,136	6,587	5,952	6,583
		7,919	7,755	8,006	7,516
FVTPL					
Warrant liability		114	–	114	–
Total financial liabilities		8,033	7,755	8,120	7,516

Notes to the financial statements *continued*
for the year ended 30 September 2022

34. Financial instruments *continued*

Fair value of financial instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial liabilities measured at fair value on a recurring basis (there were no financial assets measured at fair value on a recurring basis in any of the periods):

Group

At 30 September 2022	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities					
Warrant liability	27	–	114	–	114
		–	114	–	114

At 30 September 2021					
Financial liabilities					
Warrant liability		–	–	–	–
		–	–	–	–

Company

At 30 September 2022	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities					
Warrant liability	27	–	114	–	114
		–	114	–	114

At 30 September 2021					
Financial liabilities					
Warrant liability		–	–	–	–
		–	–	–	–

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, utilising 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	2022 £000	2021 £000	2022 £000	2021 £000
US dollar	(407)	(272)	175	694
Singapore dollar	(4)	(3)	20	249
Euro	(13)	(4)	–	–
Australian dollar	–	–	–	124
Malaysian ringgit	(2)	(1)	15	17
Outstanding at end of period	(426)	(280)	210	1,084

	Liabilities		Assets	
Company	2022 £000	2021 £000	2022 £000	2021 £000
US dollar	(29)	(20)	21	417
Euro	(13)	(4)	–	–
Outstanding at end of period	(42)	(24)	21	417

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	2022 £000	2021 £000	2022 £000	2021 £000
Profit	23	69	2	25

	US dollar impact		Singapore dollar impact	
Company	2022 £000	2021 £000	2022 £000	2021 £000
Profit	2	42	–	–

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 financial statements *continued*
for the year ended 30 September 2022

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 credit worthiness. 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 credit worthiness 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 2022. 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 2022 the proportion of revenue attributable to one customer was 88% (2021: 96%), 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 and on the next page 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 2022							
Non-interest bearing		1,997	–	–	–	–	1,997
Variable interest rate instruments	0.6%	60	–	25	–	–	85
		2,057	–	25	–	–	2,082
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

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 2022							
Non-interest bearing		1,842	–	–	–	–	1,842
Variable interest rate instruments	0.6%	50	–	25	–	–	75
		1,892	–	25	–	–	1,917
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

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 2022							
Non-interest bearing		1,783	–	–	–	–	1,783
Fixed interest rate instruments	3%	9	219	682	3,354	2,657	6,921
		1,792	219	682	3,354	2,657	8,704
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

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 2022							
Non-interest bearing		2,054	–	–	–	–	2,054
Fixed interest rate instruments	3%	1	204	614	3,255	2,657	6,731
		2,055	204	614	3,255	2,657	8,785
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

Notes to the financial statements *continued*
for the year ended 30 September 2022

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 maximising 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 66 and 67 and notes 24 and 25. 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 7 October 2022, the Company announced that it had raised approximately £9.1m by way of a placing and subscription of a total of 45,278,000 newly-issued ordinary shares of 1 pence each from institutional and other investors, at a price of 20 pence per share. In addition, the Company also proposed an open offer to qualifying existing shareholders to subscribe for a maximum of 14,721,991 newly-issued ordinary shares of 1 pence each at the same price of 20 pence per share. On 25 October 2022, the Company announced that it had received valid acceptances from qualifying shareholders in respect of 1,082,806 open offer shares, raising gross proceeds of approximately £216,000.

On 16 November 2022, the Company's Australian subsidiary, Oxford BioDynamics Australia Pty Ltd, was deregistered at the Group's request by the Australian Securities and Investments Commission.

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 2022					
Oxford BioDynamics Inc	**2,812**	**–**	**–**	**–**	**209**
Oxford BioDynamics (M) Sdn Bhd	**180**	**–**	**–**	**–**	**13**
Oxford BioDynamics Pte Ltd	**–**	**–**	**–**	**–**	**433**
Year ended 30 September 2021					
Oxford BioDynamics Inc	1,656	113	–	73	–
Oxford BioDynamics (M) Sdn Bhd	152	–	–	24	–
Oxford BioDynamics Pte Ltd	–	–	–	–	8

37. Related party transactions *continued*

Other related parties

During the year ended 30 September 2022, 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.

			Net amount paid/(received)	
Related party	Nature of relationship	Reason for transactions	2022 £000	2021 £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.	–	–
Sibelius Limited	Common Directors: Stephen Diggle Dr Alexandre Akoulitchev	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)
Ms S Erdyneeva	Daughter of CEO Jon Burrows	Part-time employment as Social Media Specialist in OBD Inc.	44	31

No amounts were owed to the related parties above at 30 September 2022 (2021: £nil). As at 30 September 2022, Sibelius Limited owed £nil (2021: £619) to the Company. No amounts were overdue at 30 September 2022 (2021: £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.

	2022 £000	2021 £000
Short-term employee benefits	1,034	1,072
Share-based payments	231	167
Pension contributions	65	58
	1,330	1,297
Aggregate emoluments of the highest paid director	521	463

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 2023 Annual General Meeting ("AGM") of Oxford BioDynamics plc (the "Company") will be held at 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB, UK on 30 March 2023 at 12.00 pm, to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions, and resolutions 8 to 10 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 2022. **(Resolution 1)**

2 To re-elect Dr Alexandre Akoulitchev as a Director of the Company. **(Resolution 2)**

3 To re-elect Stephen Diggle as a Director of the Company. **(Resolution 3)**

4 To re-elect Dr David Holbrook as a Director of the Company. **(Resolution 4)**

5 To re-appoint Grant Thornton UK LLP as Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company. **(Resolution 5)**

6 To authorize the Directors to set the remuneration of the Auditor. **(Resolution 6)**

Special business

7 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 in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:

(a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £489,041.26 (being approximately 33.3% of the Company's issued share capital as at close of business on 20 January 2023) 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 £978,082.53 (being approximately 66.7% of the Company's issued share capital as at close of business on 20 January 2023), 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 2024 (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 7)**

8 That, subject to the passing of resolution 7 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 7(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;

(b) in the case of the authorization granted under resolution 7(a) above, and otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £146,712.38 (being 10% of the Company's issued share capital as at close of business on 20 January 2023); and

(c) in the case of the authorization granted under resolution 7(a) above, and otherwise than pursuant to paragraph (a) or paragraph (b) of this resolution, up to an aggregate nominal amount equal to 20% of any allotment of equity securities from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

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 2024 (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 8)**

9 That, subject to the passing of resolution 7 above and pursuant to section 570(1) of the Companies Act 2006 (the "Act"), the Directors be and are hereby empowered in addition to any authority granted under resolution 8 to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash pursuant to the authorization conferred by resolution 7(a) 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) up to an aggregate nominal amount of £146,712.38 (being 10% of the Company's issued share capital as at close of business on 20 January 2023), such authority to be used only for the purposes of financing (or refinancing, if such refinancing occurs within twelve months of the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice; and

(b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount equal to 20% of any allotment of equity securities from time to time under paragraph (a) above, provided that such authority is to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

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 2024 (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 9)**

10 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 14,671,238;

(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) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out; and

(c) unless previously revoked, renewed, extended or varied, the authority hereby conferred 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 2024, 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 10)**

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 following email address: **investorrelations@oxfordbiodynamics.com.**

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

2 March 2023

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 2023 at 12.00 pm (the "AGM").

Explanatory notes to the resolutions

Resolutions 1 to 7 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 8 to 10 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 2022, and the Company proposes a resolution on its financial statements and reports.

Resolutions 2 to 4 – Re-election of directors

The Company's Articles of Association ("Articles") provide that each Director shall retire and (unless his or 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 or her terms of appointment with the Company) following his last appointment, election or re-election at any general meeting of the Company held after the date of adoption of the Articles. Accordingly, Dr Alexandre Akoulitchev, Stephen Diggle and Dr David Holbrook will each offer himself for re-election in accordance with the Articles.

Resolutions 5 and 6 – Re-appointment of auditor and auditor's remuneration

Resolutions 5 and 6 propose the re-appointment of Grant Thornton UK LLP as the Company's Auditor for the year ending 30 September 2023, and the authorization of the Directors to agree the Auditor's remuneration. The Directors will delegate this authority to the Audit Committee.

Resolution 7 – 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 30 March 2022 are due to expire at the Company's AGM in 2023 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 7 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 £489,041.26 and (b) in connection with a rights issue up to an aggregate nominal amount (reduced by allotments under part (a) of the resolution) of £978,082.53.

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 20 January 2023, 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 2024.

The Directors have no present intention of issuing shares pursuant to the authority proposed in resolution 7.

Resolutions 8 and 9 – 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 30 March 2022 are due to expire at the conclusion of the Company's AGM in 2023 and therefore the authorities require renewal. Accordingly, resolution 8 will be proposed as a special resolution, to grant such an authority. Resolution 8 contains a three-part waiver. The first is limited to the allotment of shares for cash in connection with a rights issue or other pre-emptive issue, to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders. The second is limited to the allotment of equity securities for cash up to an aggregate nominal value of £146,712.38 (being 10% of the Company's issued ordinary share capital as at close of business on 20 January 2023, being the last practicable day prior to the publication of this notice), without having to first offer them to shareholders in proportion to their existing holdings. The third applies to the allotment of shares for cash for the purposes of a follow-on offer when an allotment of shares has been made under the second waiver. It is limited to the allotment of shares having an aggregate nominal value of up to 20% of the nominal value of any shares allotted under the second waiver. The follow-on offer must be determined by the directors to be of a kind contemplated by the Pre-Emption Group's 2022 Statement of Principles.

The Directors are seeking further authority under resolution 9 to allot equity securities for cash and otherwise than to existing shareholders pro-rata to their holdings. This is in addition to the authority referred to in resolution 8. Resolution 9, which will also be proposed as a special resolution, contains a two-part waiver. The first part is limited to the allotment of equity securities for cash up to an aggregate nominal value of £146,712.38 (being 10% of the Company's issued ordinary share capital as at close of business on 20 January 2023, being the last practicable day prior to the publication of this notice). This further waiver is being sought in accordance with the Pre-Emption Group's 2022 Statement of Principles on Disapplying Pre-Emption Rights ("Statement of Principles") specifically for purposes of financing (or refinancing) an acquisition or specified capital investment (as defined in the Statement of Principles). The second part applies to the allotment of shares for cash for the purposes of a follow-on offer when an allotment of shares has been made under the first part of the waiver. It is limited to the allotment of shares having an aggregate nominal value of up to 20% of the nominal value of any shares allotted under the first part of the waiver. The follow-on offer must be determined by the directors to be of a kind contemplated by the Pre-Emption Group's 2022 Statement of Principles.

The Directors confirm that they intend to use the authority sought in resolution 9 only in connection with such an acquisition or specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding 12 month period and is disclosed in the announcement of the issue.

Explanatory notes to the resolutions *continued*

Resolutions 8 and 9 – Disapplication of pre-emption rights *continued*

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 2024.

The Directors are of the opinion that it would be advantageous for the Company to have the ability to issue ordinary shares on a non-pre-emptive basis in order to respond rapidly to opportunities that may occur, provided that such opportunities would benefit all of the Company's shareholders as a body.

The Directors have no present intention of issuing shares pursuant to the authorities proposed in either of resolutions 8 and 9.

Resolution 10 – 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 30 March 2022 which is due to expire on the date of the Company's AGM in 2023. 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 14,671,238 (representing no more than 10% of the issued share capital of the Company as at 20 January 2023, being the latest practicable date prior to the publication of this Notice of AGM) and sets minimum and maximum prices. If Resolution 10 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 2024.

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.

As at the date of this notice the Company holds no treasury shares.

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 2023 (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.

Information for shareholders in respect of the AGM *continued*

Procedural and other notes *continued*

Proxies *continued*

(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 you mark with an "X" "discretion", or 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 2023.

(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.

(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 2023. 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 20 January 2023, being the last practicable day prior to the publication of this Notice, the Company's issued share capital comprised 146,712,380 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 146,712,380.

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.

Procedural and other notes *continued*

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
License 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

Design and Production
www.carrkamasa.co.uk
ckd

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