30 May 2023

Oxford BioDynamics Plc

("OBD" or the "Company" and, together with its subsidiaries, the "Group")
INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2023

Positive momentum on EpiSwitch CiRT, progressing at pace on Prostate Screening EpiSwitch

Oxford BioDynamics Plc (AIM: OBD), a biotechnology company developing precision medicine tests based on the EpiSwitch® 3D genomics platform, today announces its interim results for the six-month period to 31 March 2023.

CORPORATE AND OPERATIONAL HIGHLIGHTS

•	Sustained growth in orders of the EpiSwitch® CiRT test
•	Accelerated development of Prostate Screening EpiSwitch (PSE) blood test
•	Initial results of EpiSwitch prognostic stratification in ALS

FINANCIAL HIGHLIGHTS

•	Revenue of £220k (H1 2022: £85k)
•	Successful equity placing, open offer and subscription raising gross proceeds of £9.3m (£8.5m net) (October 2022)
•	Cash and term deposits at 31 March 2023 of £3.6m (31 March 2022: £4.6m)

POST-PERIOD END HIGHLIGHTS

•	Grant of Company's second FNIH PACT Award, worth $963,000 (May 2023)
•	Lease to establish US clinical laboratory in Frederick, MD (April 2023)
•	Milestone of 300 EpiSwitch CiRT test orders reached (May 2023)

Commenting on the results, Dr Jon Burrows, Chief Executive Officer of Oxford BioDynamics, said:
"The first half of our financial year saw excellent progress across the business. There was sustained growth in orders of EpiSwitch CiRT tests, which has continued post-period end. Overwhelming demand for the PSE blood test after announcement of its high accuracy performance led the Group to accelerate its development.

As OBD continues to lead the way and demonstrate to the market the power of applying 3D genomics to precision medicine and clinical testing, it is good to see and hear that there is a growing understanding and appreciation of the innovative solutions developed using our proprietary EpiSwitch® platform.

We continue to focus commercially on growing CiRT sales and establishing the revenue engine while working diligently to launch the PSE clinical test before the end of 2023."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 which is part of domestic UK law pursuant to the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) ("UK MAR"). Upon the publication of this announcement, this inside information (as defined in UK MAR) is now considered to be in the public domain.

Investor presentation
The Company's management will conduct a presentation to investors via the Yellowstone Advisory webinar platform at 2pm BST on 30 May 2023. The presentation is open to existing and potential shareholders. Questions may be submitted by emailing info@yellowstoneadvisory.com.

To register, please visit: https://us02web.zoom.us/webinar/register/3216841534960/WN_XzaMPjm_TE6YFtNcxVxC1g

For further information please contact:

Oxford BioDynamics Plc Jon Burrows, CEO Paul Stockdale, CFO	+44 (0)1865 518910
Shore Capital **Nominated Adviser and Broker** Stephane Auton / John More / Iain Sexton	+44 (0)20 7408 4090
Instinctif Partners Melanie Toyne-Sewell / Rozi Morris / Adam Loudon	Tel: +44 (0)20 7457 2020 OxfordBioDynamics@instinctif.com

Notes for Editors

About Oxford BioDynamics Plc

Oxford BioDynamics Plc (AIM: OBD) is a global biotechnology company, advancing personalized healthcare by developing and commercializing precision medicine tests for life-changing diseases.

Its flagship product is EpiSwitch® CiRT (Checkpoint Inhibitor Response Test) for cancer, a predictive immune response profile for immuno-oncology (IO) checkpoint inhibitor treatments, launched in February 2022.

OBD's next commercial product will be the Prostate Screening EpiSwitch® (PSE) blood test, due to be launched in Q4 2023.

In March 2021, the Company launched its first commercial prognostic test, EpiSwitch® CST (Covid Severity Test) and the first commercially available microarray kit for high-resolution 3D genome profiling and biomarker discovery, EpiSwitch® Explorer Array Kit, which is available for purchase by the life science research community.

The Company has developed a proprietary 3D genomic biomarker platform, EpiSwitch®, which can build molecular diagnostic classifiers for prediction of response to therapy, patient prognosis, disease diagnosis and subtyping, and residual disease monitoring in a wide range of indications.

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

The Company has created a valuable technology portfolio, including biomarker arrays, molecular diagnostic tests, bioinformatic tools for 3D genomics and an expertly curated 3D genome

knowledgebase comprising hundreds of millions of data points from over 10,000 samples in more than 30 human diseases.

OBD is headquartered in Oxford, UK and is listed on AIM of the London Stock Exchange. It also has a commercial office in Gaithersburg, MD, USA and a reference laboratory in Penang, Malaysia.

For more information, please visit the Company's website, www.oxfordbiodynamics.com, or follow on Twitter or LinkedIn.

About EpiSwitch®

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.

Built on over 10 years of research, EpiSwitch® is Oxford Biodynamics' award-winning, proprietary platform that enables screening, evaluation, validation and monitoring of 3D genomic biomarkers. The technology is fully developed, based on testing of over 10,000 samples in 30 disease areas, and reduced to practice.

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.

A copy of this announcement is available on the Company's website at www.oxfordbiodynamics.com.

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "will", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, readers are cautioned not to rely on any forward-looking statement.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

The first half of the year saw continued growth in orders of OBD's EpiSwitch® CiRT test by early-adopter physicians and a high level of interest in our forthcoming Prostate Screen EpiSwitch (PSE) test. During the period, we took steps to expedite the final development and launch of this next commercial product, while continuing to build commercial sales of CiRT alongside work for pharma customers and grant-funded and internal R&D activity.

EpiSwitch CiRT

The mechanism of action of immune checkpoint inhibitor (ICI) therapies is to release the brakes holding the immune system back and stimulate it so that it can attack a patient's cancer cells. EpiSwitch CiRT, the Group's flagship product, is a first-of-its kind blood test which predicts an individual patient's response to treatment with immune checkpoint inhibitors (ICIs) [1].

The test was initially launched in the US in February 2022. During the period, in November 2022, we hit the key milestone of 100 CiRT tests ordered, around nine months after launch. The next 100 tests were ordered in about half that time and we recently processed the 300th order less than three months later, in mid-May 2023. The period ended with a total of 24 US oncologists 'on the books', 20 of whom had placed orders for CiRT tests since the beginning of 2023 and we have continued to grow our physician base post-period end.

As planned, we have added to our sales and market access team during and after the period, recruiting experienced professionals who are familiar with US oncology practices and the specific challenges they face when deciding treatment pathways for patients. In our FY22 results, we highlighted the importance of learning from the oncologists who are using CiRT for refining our staff training and collateral. Building on our interactions with oncologists, OBD's team have become expert at introducing and explaining the CiRT test and its benefits to patients, physicians and payors alike. More recently, we have begun to facilitate several local advisory boards at which physicians hear not only from the OBD team, but also fellow doctors about their experiences of using the test.

A unique CPT-PLA code for EpiSwitch CiRT has been available for use in the US since the beginning of the period, allowing for reimbursement from US insurers. Reimbursements from US payors under the unique code have typically been in the range anticipated by the Group: the average amount paid for reimbursed tests to date is between $2,000 and $2,500, against a list price of $5,500. Some payors are now routinely providing reimbursement within as little as 2-3 weeks of claims being submitted. Average turn-around time for CiRT (measured from sample receipt to provision of a final test report) remained between three and four days throughout the period.

Post-period end, in May 2023, the Group announced the publication in the high-impact peer-reviewed journal *Cancers* of a paper describing the development and validation of the CiRT test and, crucially, its expanded validation to the top five (by annual sales) of the most widely used ICI drugs [2]. The study's extended validation results came from a total of 280 patient samples in more than 14 cancer indications.

Second PACT Award, to investigate Hyper-Progressive Disease

Post-period end, in May 2023, the Company was granted a second Partnership for Accelerating Cancer Therapies (PACT) Award [3]. The prestigious PACT Awards are executed by the Foundation for the National Institutes of Health (FNIH), a US not-for-profit organization managing the pre-competitive collaboration between the National Institutes of Health (NIH), National Cancer Institute (NCI), the US Food and Drug Administration (US-FDA) and 12 leading pharma companies.

The Award, worth $963,000 over one year, will help fund the reduction to practice of an EpiSwitch prognostic blood test for immune oncology (IO)-triggered Hyper-Progressive Disease (HPD). HPD is a serious condition observed in a subset of cancer patients with a specific immune profile, who react to treatment with ICIs with accelerated tumour growth, resulting in significantly reduced overall survival. The work enabled by this award will build on the results of a prototype Hyper-ICI Response Test (HiRT) to develop a blood test to identify patients at risk of HPD well before ICI therapy is started. Early accurate prognosis of HPD has long been an unmet clinical need.

The Company's first PACT award, announced in August 2021, funded extended application of the EpiSwitch platform used in the development of CiRT to the analysis of primary and acquired resistance to ICI therapy, drawing on over 186 patient samples from several trials [4]. Recognition by the PACT consortium for a second time is a source of significant pride for the Group. On the announcement of the latest award, Dr Stacey Adam, Associate Vice President, Science Partnerships at FNIH commented on OBD's previous performance: "*Oxford BioDynamics has demonstrated its expertise in end-to-end biomarker development with its first PACT award. Today, the PACT partners are pleased to show their support once again, this time to enable a non-invasive and more accurate risk assessment of patients having a hyper-progressive disease profile when being considered for immunotherapy.*"

Prostate Screening EpiSwitch (PSE)

We plan to launch the PSE test during the final quarter of 2023 [5]. PSE is a simple blood test that combines the widely used prostate specific antigen (PSA) test with an EpiSwitch prostate cancer classifier developed by OBD. In peer-reviewed work, published in the journal *Cancers* in February 2023, PSE demonstrated compelling results of 93% positive predictive value, 95% negative predictive value and overall accuracy of 94% [6].

Positive results from PSA tests are known to be unreliable, with a positive predictive value of 25% (meaning 3 in 4 men with a raised PSA level will not have cancer) and can lead to many men being referred for expensive follow-on screening, including invasive biopsies that often lead to complications. OBD's PSE test will offer a rapid, accurate, minimally invasive test with significant potential as a screening diagnostic and large addressable markets. In the UK there are approximately 11 million men between the ages of 50 and 80, while in the US the number is closer to 50 million.

OBD will offer the PSE test from its own clinical laboratories in the US and UK. To that end, post-period end, the Group's US subsidiary leased and moved into 7,800 sq ft of laboratory space in Frederick, MD, USA. In due course, this lab will be accredited under the Clinical Laboratory Improvements Act (CLIA) by the Maryland Department of Health. A UK clinical lab meeting the requirements of ISO 15189 (the international quality standard for medical laboratories) is also under development, in the Group's existing UK HQ.

We are delivering on these plans at pace, with an anticipation that is clearly shared by the many physicians who have already requested the PSE test for their patients. With several US-based laboratory staff already recruited, we remain on track to complete equipment installation, technology transfer and test validation in time for the planned launch in Q4 2023.

EpiSwitch in ALS

Amyotrophic lateral sclerosis (ALS), also known as Lou Gehrig's disease in the US or motor neurone disease (MND) in the UK, is a fatal disorder that attacks nerve cells that control voluntary muscle movements, like chewing, walking, and breathing, usually leading to death from respiratory failure in 3-5 years.

In December 2022 we announced that Dr James Berry, Director, NCRI, Massachusetts General Hospital (MGH) had shared interim analysis from the Mitsubishi Tanabe Pharma America (MTPA)-sponsored REFINE-ALS biomarker trial in which an assay developed using OBD's EpiSwitch platform is being assessed alongside other biomarker modalities [7].

The EpiSwitch assay used in the trial provides both diagnostic information (whether the patient has ALS) and prognostic stratification (whether the patient will have fast or slow progressing disease). 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.

OBD's EpiSwitch assay has the potential to enable doctors to confirm diagnosis of ALS (and discount other conditions that are often misdiagnosed as ALS) more quickly than is typically possible using the currently used battery of diagnostic tests. Baseline prognostic stratification of ALS patients with fast-progressing disease, combined with early, accurate diagnosis could have significant benefits to patients with this devastating illness.

The potential for OBD's EpiSwitch assay to play a pivotal role in the diagnosis and treatment pathway decisions of ALS patients was highlighted at the recent 2nd Annual ALS Drug Development Summit in Boston, MA, USA at which OBD was Lead Partner (May 2023). OBD's Chief Scientific Officer Dr Alexandre Akoulitchev gave a plenary talk entitled "*Liquid Biopsy with 3D Genomic Biomarkers as a Clinical Tool for Diagnosis, Prognosis & Disease Understanding in ALS*" that generated significant interest from conference attendees representing pharma, academia and ALS patient advocacy groups.

EpiSwitch Explorer Array Kit

Launched in 2021, OBD's EpiSwitch Explorer Array Kit allows the academic and life science research community to apply the Group's 3D genomics technology to their own areas of research. The kits include EpiSwitch whole genome microarray slides custom-made by Agilent Technologies (NYSE:A) as well as OBD's proprietary reagents for sample preparation and access to first tier analysis software developed in-house by the OBD team.

The Explorer Array Kit allows interrogation of just under 1 million of the most critical interactions between 3D anchor sites (OBD's proprietary "EpiSwitch loci") on the human genome. Results obtained using the kit offer powerful new information to researchers, including confirmation or clarification of their hypotheses. For example, interactions between 3D anchor sites whose presence or absence discriminate between groups with different phenotypes are often found to be at sites located close to genes that are known to play a role in the condition being investigated, but whose contribution is poorly understood.

Feedback from prestigious academic purchasers of the Explorer Array Kit, including scientists from The Francis Crick Institute and the University of Oxford Department of Biochemistry, has been positive, with a number of repeat orders after the period. Results from academic life-science research based on EpiSwitch Explorer Arrays have already been presented at national and international scientific peer group meetings.

Team growth

During and after the period, we have recruited to key positions to support the Group's commercial strategy, including US-based sales and clinical operation roles, and operations, data science and support roles in the UK. The period also saw a managed evolution of the Group's staffing structure, with a rebalancing of roles and lines of responsibility so that it continues to facilitate the achievement of the Group's objectives as efficiently as possible.

Development pipeline

OBD has an extensive pipeline of deployable molecular diagnostic and prognostic tests, across diverse indications. Alongside work on prostate cancer, patient response to immuno-oncology and ALS, the Group's scientists were engaged in successful internal research in several other indications, including neurodegenerative and metabolic diseases and canine oncology, throughout the period. We have previously identified canine oncology and colorectal cancer as offering likely opportunities for future commercialization, after the planned launch of PSE.

Funding to support growth

During the period, in October 2022, we successfully raised gross equity proceeds of approximately £9.3m from new and existing shareholders, at a 33% premium to the then share price. The funds raised were allocated to the provision of working capital to accelerate the commercialization of the EpiSwitch product line, initially focusing on EpiSwitch CiRT, including spend on expanded teams and activity to support sales and marketing of the test. This funding has also enabled us to accelerate our work to bring PSE to the market.

Summary

I am extremely pleased with the progress our Anglo-American OBD team has made during and after the first half of the year. As pioneers of the 3D genomics marketplace, it is encouraging to see an increase in appreciation and understanding of our technology and capabilities as we continue to build the Company as a commercial-stage business. I am particularly appreciative of the continued support from our core investors that enabled us to raise capital at a premium during the period despite difficult market conditions.

The EpiSwitch platform and the extensive EpiSwitch KnowledgeBase™ generated and continually augmented by it, underpin OBD's ability to bring powerful clinical testing solutions that provide acknowledged patient benefit to market for precision medicine. Our pipeline of deployable tests includes significant opportunities for commercialization and partnering. The market is only just beginning to appreciate the enormous long-term potential of the EpiSwitch platform and EpiSwitch KnowledgeBase™ to generate benefits for all healthcare stakeholders.

We are focused on two main objectives through the remainder of our financial year and through to the end of calendar 2023. On CiRT, we continue to concentrate our efforts on sustaining growth in orders and reimbursements for the test and establishing a sustainable revenue engine from the product. For PSE, we are on track to stand up our clinical labs and launch this important and highly sought after test by the end of the calendar year.

In last year's interims statement, I referred to moving forward with excitement and determination and our conviction in the long-term potential of OBD to benefit healthcare has been strengthened as we review a successful period for the Group's products and technology and plan for hard work and further success over the rest of the year.

Dr Jon Burrows
Chief Executive Officer

FINANCIAL REVIEW

Overview

Key activities during the period have included supporting EpiSwitch CiRT, product development work for the forthcoming PSE test and internal and commercial research. Revenue and other operating income were both increased relative to the prior period. Income arising from reimbursement by US healthcare payors for the Group's EpiSwitch CiRT test was recognized for the first time during the period. As expected, the Group's operating cost base also increased compared to the prior period, partly because of activity to support growing adoption of CiRT. The October 2022 fundraising provided the Group with additional cash resources to support its near-term activities.

Financial Performance

Revenue for the period (£220k, H1 2022: £85k) includes amounts in respect of sales of EpiSwitch CiRT tests and EpiSwitch Explorer Array Kits and from contracts with pharma and other commercial customers. As indicated in the Group's latest annual report, revenue arising from reimbursement for the Group's proprietary tests by US insurers is recognised on receipt. Revenue for reimbursed tests is therefore delayed relative to test processing and there is no accounts receivable balance recognized in respect of reimbursed tests prior to receipt.

The reimbursement claims process is a complex one that is carefully managed by the Group's clinical operations team, alongside staff from our partner laboratory. This includes, for example, delaying submission of claims for certain groups of patients until appropriate coverage policies are in place, in order to avoid rejection of claims by payors wherever possible.

As noted above, to date, reimbursements for EpiSwitch CiRT have been received at an average of between $2,000 and $2,500 per reimbursed test, which is within the range originally expected by the Group.

Cost of sales of EpiSwitch CiRT tests, represents a minimum sum payable to the Group's partner lab on the processing of each test, and additional amounts that become due and are recognized only when reimbursement is received from payors.

Other operating income of £200k (H1 2022: £170k) arose from the Group's first PACT Award, referred to in the Chief Executive Officer's review above. The two-year $910,000 PACT Award has funded extended application of the technology used in the development of EpiSwitch CiRT to the analysis of primary and acquired resistance to ICI in several trials. The Group's second PACT Award, supporting the development of prognostic biomarkers for hyper-progressive disease, was announced post-period end in May 2023, and will provide $963,000 in funding over a 12-month period. OBD is also one of 26 participants in the EU-funded HIPPOCRATES (Health initiatives in psoriasis and psoriatic arthritis consortium European states) consortium that was awarded a total of €21 million over 5 years in 2021.

Operating costs have increased overall compared to previous periods (£5.1m, H1 2022: £4.4m), reflecting increased activity across the business, and increases in salaries and most external costs.

R&D costs excluding staff costs were £284k (H1 2022: £191k, H2 2022: £335k). The majority of these costs are incurred in the Group's UK laboratories and include lab consumables, equipment maintenance and other laboratory services. These costs vary depending on the nature and volume of work that is undertaken.

Staff costs increased to £2.6m (H1 2022: £2.1m, H2 2022: £2.4m) driven by inflationary salary increases awarded in January 2023, to help retain skilled, trained staff in a competitive market. Also, although overall average staffing numbers have remained relatively constant since October 2021, the

proportion of Group staff employed in more senior roles and based in the US have both increased, which has increased the average per-employee cost.

General and administrative costs also increased in the period to £1.47m (H1 2022: £1.23m). Employee-related expenses increased by £130k, reflecting the increased number of staff engaged in sales support activity that requires travel to meet with customers and some increased travel post-COVID by UK- and US-based staff engaged in business development. Facilities-related costs increased by £60k, predominantly because of increased utilities costs, whilst marketing costs increased by £60k, reflecting costs associated with newly designed and improved Group websites as well as inflationary increases in other costs. IT and communications costs increased by £45k, driven by higher levels of spend on IT security and the Group's clinical order management system being operational for the whole period. The cost of other supplies and services, including professional fees, were £60k lower, mainly reflecting lower legal costs, offset by higher costs of audit and accounting advisory services.

Financial position

Cash and fixed term deposits at 31 March 2023 were £3.62m (31 March 2022: £4.59m, 30 September 2022: £1.0m), reflecting the funds raised in October 2022 offset by increased operating cash outflows.

There was lower expenditure on intangible assets and property plant and equipment than in the equivalent period in the prior year and no new property leases were entered into during the period. Together with depreciation and amortization, this led to a slight decrease in total non-current assets, to £8.19m (31 March 2022: £8.84m, 30 September 2022: £8.58m).

Current assets excluding cash and fixed term deposits increased to £2.47m (31 March 2022: £1.21m, 30 September 2022: £1.77m), mainly because approximately £0.90m in UK R&D Tax Credits remained outstanding at the end of the period (received in April 2023).

Current liabilities were similar to one year ago at £2.10m (31 March 2022: £2.07m, 30 September 2022: £2.91m). The balance outstanding at the 30 September 2022 year end was increased because of higher accruals for staff bonus payments, which are typically paid early in the calendar year, as well as the timing of payment of a number of relatively high value invoices.

Non-current liabilities decreased to £5.47m (31 March 2022: £6.19m, 30 September 2022: £5.85m), driven mainly by payments of rent on the Group's existing property leases during the period.

Cash flow

Net cash used in operating activities increased during the period to £5.22m (H1 2022: £2.30m). In addition to the increased operating loss for the period, operating cash outflow was affected by movements in working capital which had a negative impact on cash of £1.25m relative to the prior period. The Group also received £0.9m in UK R&D Tax Credits post-period end in April 2023, rather than during the period as was the case in the prior period.

Investing cash outflows were reduced, with lower cash payments in respect of asset additions than in the prior period (£0.26m, H1 2022: £0.60m).

Payments in respect of leases (including both capital and interest elements) were unchanged from the prior period (£0.45m, H1 2022: £0.45m). Net cash receipts from the issue of equity were £8.54m as a result of the successful placing, open offer and subscription during the period.

Outlook

The first half of the year included encouraging growth in product orders and the receipt of the first US reimbursements in respect of EpiSwitch CiRT tests, as well as enthusiastic reaction to the Group's PSE

test and plans for its launch by the end of 2023. The milestone of 300 EpiSwitch CiRT tests processed, reached post-period in May 2023, demonstrated continued positive momentum.

The Group's financial performance and cashflow for the period reflected the increased cost base necessary to secure these positive commercial developments against modest revenue. Whilst the Group entered the second half of the year with £3.62m in cash and term deposits and received £0.9m of tax refunds shortly after the period end, total cash and fixed-term deposits remain relatively low compared to the Group's monthly cost base.

As was the case at the previous period end and year end, the Group will need to generate increased revenue and/or additional funding during the remainder of the calendar year. At the date of this report, a number of factors make it difficult to predict anticipated product and other commercial revenue and associated cash receipts. Accordingly, as explained in more detail in Note 2 to the interim financial statements, the Board has concluded (as it did in the annual reports for the years ended 30 September 2021 and 30 September 2022) that there continues to be a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

As the financial year progresses, the OBD team remains focused and driven to achieve further commercial success, growing sales of CiRT and preparing for the launch of PSE.

Paul Stockdale
Chief Financial Officer

References

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[5] Oxford BioDynamics Plc. (2023). *Business update - plan to launch Prostate Screening EpiSwitch® test by end of 2023; sales progress for flagship EpiSwitch® CiRT*. https://otp.tools.investis.com/clients/uk/oxford_biodynamics_plc/rns/regulatory-story.aspx?cid=2040&newsid=1679474

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[7] Oxford BioDynamics Plc. (2022). *Initial assessment of EpiSwitch® assay in ALS trial.* https://otp.tools.investis.com/clients/uk/oxford_biodynamics_plc/rns/regulatory-story.aspx?cid=2040&newsid=1652438

Consolidated income statement

	Note	Six-month period ended 31 March 2023 (unaudited) £000	2022 (unaudited, restated) £000	Year ended 30 September 2022 (audited) £000
Continuing operations				
Revenue	3	220	85	154
Cost of sales		(76)	-	(38)
Gross profit		144	85	116
Research & development costs (excluding staff costs)	4	(284)	(191)	(526)
Staff costs	4,5	(2,565)	(2,103)	(4,483)
General & other admin costs	4	(1,467)	(1,232)	(2,452)
Share option charges	12	(176)	(223)	(394)
Depreciation and amortization	7-9	(610)	(622)	(1,213)
Other operating income		200	170	351
Operating loss		(4,758)	(4,116)	(8,601)
Fair value (loss)/gain on financial liabilities designated as FVTPL		(73)	936	1,095
Gain reclassified to profit or loss on disposal of foreign operation		114	-	-
Finance income		55	29	134
Finance costs		(90)	(100)	(195)
Loss before tax		(4,752)	(3,251)	(7,567)
Income tax		309	363	857
Loss for the period from continuing operations		(4,443)	(2,888)	(6,710)
Loss attributable to:				
Owners of the Company		(4,443)	(2,888)	(6,710)
Non-controlling interest		-	-	-
		(4,443)	(2,888)	(6,710)
Earnings per share				
From continuing operations				
Basic and diluted (pence per share)	6	(3.2)	(2.9)	(6.7)

Consolidated statement of comprehensive income

	Note	Six-month period ended 31 March 2023 (unaudited) £000	Six-month period ended 31 March 2022 (unaudited, restated) £000	Year ended 30 September 2022 (audited) £000
Loss for the period		(4,443)	(2,888)	(6,710)
Exchange differences on translation of foreign operations that may be reclassified to the income statement		(37)	(6)	(40)
Less: Gain reclassified to profit or loss on disposal of foreign operation		(114)	-	-
Total comprehensive income for the period		(4,594)	(2,894)	(6,750)
Total comprehensive income attributable to:				
Owners of the Company		(4,594)	(2,895)	(6,750)
Non-controlling interest		-	1	-
		(4,594)	(2,894)	(6,750)

Consolidated statement of financial position

	Note	31 March 2023 (unaudited) £000	31 March 2022 (unaudited, restated) £000	30 September 2022 (audited) £000
Assets				
Non-current assets				
Intangible fixed assets	7	1,703	1,452	1,601
Property, plant and equipment	8	2,397	2,738	2,582
Right-of-use assets	9	4,086	4,653	4,396
Total non-current assets		8,186	8,843	8,579
Current assets				
Inventories		373	358	337
Trade and other receivables		2,100	854	1,429
Fixed term deposits		2,425	1,639	25
Cash and cash equivalents		1,198	2,947	974
Total current assets		6,096	5,798	2,765
Total assets		14,282	14,641	11,344
Equity and liabilities				
Capital and reserves				
Share capital	11	1,467	1,004	1,004
Share premium		27,095	19,020	19,020
Translation reserve		(32)	152	119
Share option reserve		2,834	3,245	3,154
Retained earnings		(24,656)	(17,059)	(20,709)
Equity attributable to owners of the Company		6,708	6,362	2,588
Non-controlling interest		-	18	-
Total equity		6,708	6,380	2,588
Current liabilities				
Trade and other payables		1,143	1,077	2,000
Warrant liability	13	187	273	114
Lease liabilities	10	737	711	736
Current tax liabilities		35	6	61
Total current liabilities		2,102	2,067	2,911
Non-current liabilities				
Lease liabilities	10	5,019	5,748	5,400
Provisions		432	416	424
Deferred tax		21	30	21
Total non-current liabilities		5,472	6,194	5,845
Total liabilities		7,574	8,261	8,756
Total equity and liabilities		14,282	14,641	11,344

Consolidated statement of changes in equity

	Share capital	Share premium (restated)	Translation reserve	Share option reserve	Retained earnings (restated)	Attributable to share-holders	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2021	926	16,740	159	3,022	(14,171)	6,676	17	6,693
Loss for the period as previously stated	-	-	-	-	(3,029)	(3,029)	-	(3,029)
Correction of fair value of warrants (Note 2)	-	-	-	-	141	141	-	141
Loss for the period, restated	-	-	-	-	(2,888)	(2,888)	-	(2,888)
Other comprehensive income for the period	-	-	(7)	-	-	(7)	1	(6)
Total comprehensive income for the period, restated	-	-	(7)	-	(2,888)	(2,895)	1	(2,894)
Subscription for new shares	78	3,545	-	-	-	3,623	-	3,623
Issue of warrants to subscribe for new shares as previously stated	-	(946)	-	-	-	(946)	-	(946)
Correction of fair value of warrants (Note 2)	-	(263)	-	-	-	(263)	-	(263)
Issue of warrants to subscribe for new shares, restated	-	(1,209)	-	-	-	(1,209)	-	(1,209)
Transaction costs for new shares	-	(56)	-	-	-	(56)	-	(56)
Share option credit	-	-	-	223	-	223	-	223
At 31 March 2022, restated	**1,004**	**19,020**	**152**	**3,245**	**(17,059)**	**6,362**	**18**	**6,380**
At 1 April 2022	1,004	19,020	152	3,245	(17,059)	6,362	18	6,380
Loss for the period	-	-	-	-	(3,822)	(3,822)	-	(3,822)
Other comprehensive income for the period	-	-	(33)	-	-	(33)	(1)	(34)
Total comprehensive income for the period	-	-	(33)	-	(3,822)	(3,855)	(1)	(3,856)
Buy-back and cancellation of minority interest shares	-	-	-	-	(90)	(90)	(17)	(107)
Share option credit	-	-	-	171	-	171	-	171
Lapse of vested share options	-	-	-	(262)	262	-	-	-
At 30 September 2022	**1,004**	**19,020**	**119**	**3,154**	**(20,709)**	**2,588**	**-**	**2,588**
At 1 October 2022	1,004	19,020	119	3,154	(20,709)	2,588	-	2,588
Loss for the period	-	-	-	-	(4,443)	(4,443)	-	(4,443)
Other comprehensive income for the period	-	-	(151)	-	-	(151)	-	(151)
Total comprehensive income for the period	-	-	(151)	-	(4,443)	(4,594)	-	(4,594)
Subscription for new shares	463	8,809	-	-	-	9,272	-	9,272
Transaction costs for new shares	-	(734)	-	-	-	(734)	-	(734)
Share option credit	-	-	-	176	-	176	-	176
Lapse of vested share options	-	-	-	(496)	496	-	-	-
At 31 March 2023	**1,467**	**27,095**	**(32)**	**2,834**	**(24,656)**	**6,708**	**-**	**6,708**

Consolidated statement of cash flows

	Note	Six-month period ended 31 March 2023 (unaudited) £000	Six-month period ended 31 March 2022 (unaudited) £000	Year ended 30 September 2022 (audited) £000
Loss before tax for the financial period		(4,752)	(3,251)	(7,567)
Adjustments to reconcile loss for the period to net cash flows:				
Net interest		34	92	184
Loss on disposal of property, plant and equipment		3	-	1
Depreciation of property, plant and equipment	8	261	290	539
Depreciation of right-of-use assets	9	290	285	574
Amortization of intangible fixed assets	7	59	48	100
Net foreign exchange movements		25	(40)	(278)
Movement in provisions		8	8	16
Share based payments charge	12	176	223	394
Fair value gain on financial liabilities designated as FVTPL	13	73	(936)	(1,095)
Gain reclassified to profit or loss on disposal of foreign operation		(114)	-	-
Working capital adjustments:				
(Increase) / decrease in trade and other receivables		(296)	527	469
(Increase) / decrease in inventories		(36)	34	55
(Decrease) / increase in trade and other payables		(878)	(521)	475
Operating cash flows before interest and tax paid		(5,147)	(3,241)	(6,133)
R&D tax credits received		-	942	969
Tax paid		(75)	(1)	(13)
Net cash used in operating activities		(5,222)	(2,300)	(5,177)
Investing activities				
Interest received		37	8	14
Purchases of property, plant and equipment		(92)	(303)	(363)
Purchases of intangible fixed assets		(169)	(301)	(538)
(Increase) / decrease in fixed-term deposits		(2,400)	523	2,138
Net cash (used in) / generated by investing activities		(2,624)	(73)	1,251
Financing activities				
Interest paid		(90)	(100)	(195)
Repayment of lease liabilities		(361)	(349)	(703)
Issue of equity shares and warrants		9,272	3,623	3,623
Acquisition of minority interest shares in subsidiary entity		-	-	(107)
Transaction costs relating to equity issues		(734)	(56)	(56)
Net cash generated by financing activities		8,087	3,118	2,562
Net increase / (decrease) in cash and cash equivalents		241	745	(1,364)
Foreign exchange movement on cash and cash equivalents		(17)	27	163
Cash and cash equivalents at beginning of year		974	2,175	2,175
Cash and cash equivalents at end of period		1,198	2,947	974

Notes

1. General information

The interim financial information was authorized for issue by the Board of Directors on 29 May 2023. The information for the period ended 31 March 2023 has not been audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and should therefore be read in conjunction with the audited financial statements of the Company and its subsidiaries as at and for the year ended 30 September 2022, which were prepared in accordance with UK-adopted international accounting standards and have been delivered to the Registrar of Companies. The Report of the Auditor on the financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This interim information does not comply with IAS 34 Interim Financial Reporting, as is permissible under the rules of AIM.

2. Basis of accounting

Basis of preparation

These interim consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial liabilities at fair value through profit or loss, and in accordance with the recognition and measurement principles of UK-adopted international accounting standards.

Reporting currency

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

Going concern

In assessing the appropriateness of adopting the going concern assumption, as noted in the annual report and accounts for the year ended 30 September 2022, the Group has prepared a detailed budget for the year ending 30 September 2023 ("the budget") and a further forecast ("the forecast") for the period to 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 and planned launch of the PSE test in late 2023);
- anticipated revenues from contracts with pharmaceutical partners;
- operating costs reflecting the current cost base, with increased spend to accelerate the commercialization of the EpiSwitch® product line, focusing in the period under review on EpiSwitch® CiRT and PSE; and
- capital expenditure, primarily to equip the Group's planned clinical laboratories and to maintain and extend its patent estate.

Combined revenue and other operating income during the period ended 31 March 2023 was increased compared to the equivalent period in the previous year, but was significantly exceeded by the Group's operating costs. The Group was able to maintain its cash reserves during the period, including through the raising of £9.3m (before fees) by way of a placing, subscription and open offer for new ordinary shares in October 2022. The Group also sought to continue to control costs and cash outflow as much as possible, whilst still supporting product and sales development and business development activity with pharma.

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

- notwithstanding a reduction over the period in the level of uncertainty regarding adoption of EpiSwitch CiRT by physicians, a continued lack of sufficient historical information from which to reliably predict future sales volume growth, long-term average reimbursement rates and timing of receipts from US healthcare payors as a whole (again, notwithstanding the positive experience to date of receiving reimbursements from certain payors) in respect of the Group's proprietary products (EpiSwitch® CiRT, PSE (once launched) and to a lesser extent the EpiSwitch® Explorer Array Kit). Successive growth in orders of EpiSwitch® CiRT by early adopter oncologists remains encouraging and broadly in line with the Group's original budget. However, in order to achieve the sales volumes included in the remainder of the budget and forecast, continued growth in adoption by additional physicians as new sales staff are employed to support EpiSwitch CiRT in successive geographic areas will be necessary, and there is no guarantee that this will be achieved.
- the Group remains engaged in a number of business development interactions with 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. No new agreements with pharma partners have been entered into during the period. 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.
- cash and fixed term deposits are anticipated to be at low balances compared to the Group's ongoing operating cost base throughout the period covered by the forecast. Given the uncertainties above, it is probable that the Group may hold only 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 expansion of the Group's staff team to support EpiSwitch CiRT and PSE – and working capital assumptions that are reflected in the forecast, as noted above, the Group would need to delay some planned discretionary spending (for example on staff bonuses) in early 2024 in order to preserve cash resources.

To date, cash balances have remained broadly in line with budgeted amounts. However, in the event that sufficient product and new project revenue and/or operating income is not generated, the Group would need to obtain additional funding during the remainder of 2023 in order to continue as a going concern.

The Group successfully raised £9.3m, at a premium of 33% to the Company's then share price during the period 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.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 30 September 2022, which is available on the Company's website.

Accounting judgements and estimates

There have been no significant changes to critical accounting judgements or accounting estimates of amounts reported in prior financial periods.

Prior period adjustment in respect of warrant liability

On 11 November 2021, the Company issued 7,791,803 warrants to subscribe for new ordinary shares (the "Warrants"). The Warrants are classified as liabilities in the balance sheet. The fair value of the Warrants is estimated at least on every reporting date. The estimates of the fair value of the Warrants as at the date of their issue on 11 November 2021 and as at 31 March 2022 have been corrected in comparative figures for the six months ended and as at 31 March 2022 in this report. These corrections impact the allocation of the amounts raised in October 2021 between equity and the liability associated with the Warrants, the fair value of the Warrants as at 31 March 2022 and the non-cash fair value gain on financial liabilities designated as FVTPL in the consolidated income statement for the six months ended 31 March 2022. No correction is required to the amounts included in the Annual Report and Accounts for the year ended 30 September 2022.

Impact of restatement on prior period:

Consolidated income statement	**Restated Six-month period ended 31 March 2022 £000**	**As previously stated Six-month period ended 31 March 2022 £000**
Fair value gain on financial liabilities designated as FVTPL	936	795
Loss before tax	**(3,251)**	**(3,392)**
Loss for the period from continuing operations	**(2,888)**	**(3,029)**
Loss attributable to:		
Owners of the Company	(2,888)	(3,029)
Non-controlling interest	-	-
	(2,888)	(3,029)
Earnings per share		
From continuing operations		
Basic and diluted (pence per share)	(2.9)	(3.1)

Consolidated statement of financial position	**Restated 31 March 2022 £000**	**As previously stated 31 March 2022 £000**
Capital and reserves		
Share premium	19,020	19,283
Retained earnings	(17,059)	(17,200)
Equity attributable to owners of the Company	6,362	6,484
Total equity	6,380	6,502
Current liabilities		
Warrant liability	273	151
Total current liabilities	**2,067**	**1,945**
Total liabilities	**8,261**	**8,139**
Total equity and liabilities	**14,641**	**14,641**

Consolidated statement of cash flows	**Restated Six-month period ended 31 March 2022 £000**	**As previously stated Six-month period ended 31 March 2022 £000**
Loss before tax for the period	(3,251)	(3,392)
Adjustments to reconcile loss for the period to net operating cash flows:		
Fair value gain on financial liabilities	(936)	(795)
Net cash used in operating activities	**(2,300)**	**(2,300)**

The impact of the restatement on the consolidated statement of changes in equity is shown on the statement itself.

3. Revenue

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

	Six-month period ended 31 March		Year ended 30 September
	2023	2022	2022
	£000	£000	£000
Continuing operations:			
Sales of proprietary products			
USA	79	-	-
Rest of World	2	-	-
	81	-	-
Biomarker research and development			
USA	129	55	107
Rest of World	10	30	47
	139	85	154
Consolidated revenue	220	85	154

	Six-month period ended 31 March		Year ended 30 September
	2023	2022	2022
	£000	£000	£000
Continuing operations			
Revenue recognized at a point in time	81	-	-
Revenue recognized over time	139	85	154
	220	85	154

4. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive (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 and proprietary products and biomarker research and development. This assessment will be kept under review as the Group's activity expands.

The Group's costs and non-current assets (other than investments accounted for using the equity method), analysed by geographical location were as follows:

	Six-month period ended 31 March		Year ended 30 September
	2023	2022	2022
	£000	£000	£000
Staff costs			
UK	1,269	1,203	2,572
USA	1,243	849	1,815
Rest of World	53	51	96
Total staff costs	2,565	2,103	4,483
Research & development costs			
UK	284	189	523
USA	-	-	-
Rest of World	-	2	4
Total research & development costs	284	191	527
General & other admin costs			
UK	1,111	926	1,898
USA	335	284	479
Rest of World	21	22	75
Total general & other admin costs	1,467	1,232	2,452

	31 March 2023	31 March 2022	30 September 2022
Non-current assets	£000	£000	£000
UK	7,708	8,257	7,954
USA	430	519	564
Malaysia	48	67	61
Total non-current assets	8,186	8,843	8,579

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:

	Six-month period ended 31 March		Year ended 30 September
	2023	2022	2022
	£000	£000	£000
Revenue from individual customers each representing more than 10% of revenue for the period:	194	83	152
	Number	Number	Number
Number of individual customers each representing more than 10% of revenue for the period	2	2	2

5. Staff costs

	Six-month period ended 31 March 2023	Six-month period ended 31 March 2022	Year ended 30 September 2022
	£000	£000	£000
Wages and salaries	2,213	1,828	3,921
Social security costs	210	177	332
Other pension costs	142	98	230
	2,565	2,103	4,483

The average number of persons, including executive directors, employed by the Group during the period was as follows:

	Six-month period ended 31 March 2023	Six-month period ended 31 March 2022	Year ended 30 September 2022
	Number	Number	Number
Management and administration	10	12	11
Clinical operations and customer support	9	6	7
Laboratory-based	24	26	26
	43	44	44

6. Loss per share

From continuing operations

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

	Six-month period ended 31 March 2023	Six-month period ended 31 March 2022 (restated)	Year ended 30 September 2022
	£000	£000	£000
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	(4,443)	(2,888)	(6,710)
Loss for the purposes of diluted earnings per share	(4,443)	(2,888)	(6,710)
	No.	No.	No.
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*	139,099,667	99,052,940	99,702,257
Weighted average number of potential ordinary shares*	17,761,631	14,968,046	16,126,034
	Pence	Pence	Pence
Loss per share			
Basic and diluted loss per share	(3.2)	(2.9)	(6.7)

*Potential ordinary shares are not treated as dilutive as the Group is loss-making and the potential ordinary shares do not increase the loss per share from continuing operations.

7. Intangible fixed assets

Group	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2022	62	144	1,674	1,880
Additions	-	-	169	169
Exchange differences		(11)		(11)
At 31 March 2023	**62**	**133**	**1843**	**2,038**
Amortization				
At 1 October 2022	62	65	152	279
Charge for the period	-	17	43	60
Exchange differences	-	(4)	-	(4)
At 31 March 2023	**62**	**78**	**195**	**335**
Carrying amount				
At 31 March 2023	**-**	**55**	**1,648**	**1,703**
At 31 March 2022	-	64	1,388	1,452
At 30 September 2022	-	79	1,522	1,601

8. Property, plant and equipment

Group	Leasehold improvements £000	Office equipment £000	Fixtures & fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2022	2,041	182	172	2,318	4,713
Additions	40	33	-	40	113
Disposals	-	-	-	(19)	(19)
Exchange differences	(1)	(3)	(1)	(52)	(57)
At 31 March 2023	**2,080**	**212**	**171**	**2,287**	**4,750**
Accumulated depreciation					
At 1 October 2022	231	139	44	1,717	2,131
Charge for the period	103	18	16	122	259
Eliminated on disposals	-	-	-	(16)	(16)
Exchange differences	(1)	(1)	(1)	(18)	(21)
At 31 March 2023	**333**	**156**	**59**	**1,805**	**2,353**
Carrying amount					
At 31 March 2023	**1,747**	**56**	**112**	**482**	**2,397**
At 31 March 2022	1,885	55	143	655	2,738
At 30 September 2022	1,810	43	128	601	2,582

9. Right-of-Use Assets

Group	Buildings	Other	Total
	£000	£000	£000
Cost			
At 1 October 2022	5,224	18	5,242
Additions	-	-	-
Derecognition	-	-	-
Exchange differences	(29)	-	(29)
At 31 March 2023	**5,195**	**18**	**5,213**
Accumulated depreciation			
At 1 October 2022	835	11	846
Charge for the period	288	3	291
Derecognition	-	-	-
Exchange differences	(10)	-	(10)
At 31 March 2023	**1,113**	**14**	**1,127**
Carrying amount			
At 31 March 2023	**4,082**	**4**	**4,086**
At 31 March 2022	4,643	10	4,653
At 30 September 2022	4,389	7	4,396

10. Leasing

Group	31 March 2023	31 March 2022	30 September 2022
Maturity analysis:	£000	£000	£000
Year 1	900	895	910
Year 2	861	895	908
Year 3	813	859	820
Year 4	812	812	813
Year 5+	3064	3,876	3470
	6450	7,337	6,921
Less: future interest charges	(694)	(878)	(785)
	5,756	**6,459**	**6,136**
Analyzed as:			
Lease liabilities (current)	737	711	736
Lease liabilities (non-current)	5,019	5,748	5,400
	5,756	**6,459**	**6,136**

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

11. Share capital of the Company

	31 March 2023		31 March 2022		30 September 2022	
	Number	£	Number	£	Number	£
Authorized shares						
Ordinary shares of £0.01 each	146,712,380	1,467,124	100,351,574	1,003,516	100,351,574	1,003,516

On 28 October 2022 and 31 October 2022, the Company issued a total of 46,360,806 new ordinary shares of 1 pence each, pursuant to a placing, subscription and open offer, at a price of 20p per share.

The Company has a number of shares reserved for issue under an equity-settled share option scheme: further details are disclosed in Note 12.

The company has a number of shares reserved for issue in respect of warrants; further details are disclosed in Note 13.

12. 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 may 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 grant date. 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 options outstanding as at 31 March 2023 had exercise prices in the range of £0.17 to £2.10.

Options outstanding	**Six-month period ended 31 March**		**Year ended 30 September**
	2023	**2022**	**2022**
	Unaudited	**Unaudited**	**Audited**
	Number	**Number**	**Number**
Outstanding at start of period	9,447,658	8,526,484	8,526,484
Granted during the period	1,857,500	725,000	1,556,757
Forfeited during the period	(1,767,409)	(96,667)	(635,583)
Exercised during the period	-	-	-
Outstanding at end of period	9,537,749	9,154,817	9,447,658
Weighted average remaining contractual life (in years) of options outstanding at the period end	6.01	4.81	5.36

Options exercisable	Number of Options	Weighted average exercise price	Latest exercise price
		£	£
At 31 March 2023	5,056,976	0.77	0.19
At 31 March 2022	6,857,019	0.69	0.40
At 30 September 2022	6,622,162	0.68	0.17

Share option expense	Six-month period ended 31 March		Year ended 30 September
	2023	2022	2022
	£000	£000	£000
Expense arising from share-based payment transactions	176	223	394

13. Warrants

The number of shares reserved for issue under warrant options as at 31 March 2023 amounted to 7,791,803 (30 September 2022 and 31 March 2022: 7,791,803).

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 7,7941,803]/(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.

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:

	31 March 2023	Restated 31 March 2022	30 September 2022
Share price at value date (p)	14.25	20.0	11.5
Exercise price (p)	58.125	58.125	58.125
Expected volatility	66.01%	52.75%	59.86%
Dividend yield	0%	0%	0%
Expected life of option	3.61 years	4.61 years	4.11 years
Risk free interest rate	3.46%	1.401%	4.40%
Fair value per Warrant (p)	2p	2p	1p

	31 March 2023	31 March 2022	30 September 2022
	£000	£000	£000
Warrant liability	187	273	114

14. 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

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group	Note	31 March 2023 £000	31 March 2022 (restated) £000	30 September 2022 £000
Financial assets				
Amortized cost				
Cash and cash equivalents		1,198	2,947	974
Term deposits		2,425	1,639	25
Trade and other receivables		1,752	613	1,083
Total financial assets		5,375	5,199	2,082
Financial liabilities				
Amortized cost				
Trade and other payables		820	808	1,783
Lease liabilities	10	5,756	6,459	6,136
		6,576	7,267	7,919
FVTPL				
Warrant liability	13	187	273	114
Total financial liabilities		6,763	7,540	8,033

Fair value measurement 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

		Level 1	Level 2	Level 3	Total
At 31 March 2023	**Note**	**£000**	**£000**	**£000**	**£000**
Financial liabilities					
Warrant liability	13	-	187	-	187
		-	187	-	187
At 31 March 2022					
Financial liabilities					
Warrant liability		-	273	-	273
		-	273	-	273
At 30 September 2022					
Financial liabilities					
Warrant liability		-	114	-	114
		-	114	-	114

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. Further, the Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortized cost in the financial statements approximate to their fair values. 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 for these items.

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.

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:

	Assets		
Group	**31 March 2023 £000**	**31 March 2022 £000**	**30 September 2022 £000**
US dollar	249	378	175
Singapore dollar	11	231	20
Australian dollar	-	131	-
Malaysian ringgit	7	5	15
Outstanding at end of period	267	745	210

	Liabilities		
	31 March 2023 £000	**31 March 2022 £000**	**30 September 2022 £000**
US dollar	(274)	(202)	(407)
Singapore dollar	(4)	(4)	(4)
Euro	-	(4)	(13)
Malaysian ringgit	(2)	(1)	(2)
Outstanding at end of period	(280)	(211)	(426)

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		
	Six-month period ended		Year ended	Six-month period ended		Year ended
	31 March 2023 £000	**31 March 2022 £000**	**30 September 2022 £000**	**31 March 2023 £000**	**31 March 2022 £000**	**30 September 2022 £000**
Profit	2	38	23	1	23	2

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.

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 counter party 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 in excess of the Group's immediate requirements 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 April 2023. 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 commercial research and grant-funded 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 a given financial period. For the six-month period ended 31 March 2023 the proportion of revenue attributable to one customer was 59% (year ended 30 September 2022: 88%), 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 seeks to operate from cash reserves and with 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. For its contracts with pharma and biotech customers, the Group benefits from a substantial proportion of revenue being paid in advance.

The following table details the Group's expected maturity for its non-derivative financial assets. It has 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
31 March 2023							
Non-interest bearing		2,945	-	-	-	-	2,945
Variable interest rate instruments	2.75%	5	2,408	25	-	-	2,438
		2,950	2,408	25	-	-	5,383
31 March 2022							
Non-interest bearing		3,409	-	-	-	-	3,409
Variable interest rate instruments	0.7%	151	-	1,639	-	-	1,790
		3,560	-	1,639	-	-	5,199
30 September 2022							
Non-interest bearing		1,997	-	-	-	-	1,997
Variable interest rate instruments	0.6%	60	-	25	-	-	85
		2,057	-	25	-	-	2,082

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
31 March 2023							
Non-interest bearing		820	-	-	-	-	820
Fixed interest rate instruments	3%	9	221	689	3,311	2,251	6,481
		829	221	689	3,311	2,251	7,301
31 March 2022							
Non-interest bearing		808	-	-	-	-	808
Fixed interest rate instruments	3%	7	224	664	3,379	3,063	7,337
		815	224	664	3,379	3,063	8,145
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

No amount is included in the table above in respect of the warrant liability (Note 13) because it is not possible to determine either whether a contractual cash outflow will arise or the timing of such a contractual cash outflow. An obligation will potentially arise only on completion of a "Fundamental Transaction" (see *Critical accounting judgement in respect of Warrants* in the Company's Annual Report and Accounts for the year ended 30 September 2022), at which time it would be possible to determine the value and timing of any contractual cash outflow in respect of the Warrants.

15. Events after the balance sheet date

On 1 April 2023, the Group's US subsidiary entered into a 75-month lease of 7,800 sq ft of laboratory and office space in Frederick, MD, USA.