

Physiomics plc

("Physiomics") or ("the Company")

Signing of Share Purchase Agreement with BioMoti

Physiomics plc (AIM: PYC). Following the announcement on 31st March 2016 of its intention to acquire BioMoti Limited ("BioMoti"), the Company is pleased to announce that it has signed a Share Purchase Agreement with BioMoti. The acquisition remains conditional on the Company completing a successful placing to raise a minimum of £1m to develop the new joint company's drug discovery and development pipeline ("the Placing").

The Consideration for the acquisition will comprise:

- 50% of the entire issued share capital of the Company immediately prior to Completion (but for clarity prior to the issue of any ordinary shares in connection with the Placing); and
- £50k in cash (subject to certain completion accounting adjustments to reflect the actual levels of cash and liabilities in the Company at completion).

In addition to the requirement for completion of the Placing, notable terms of the acquisition include the following:

- The consideration will never equal or exceed the lower of the market capitalisation of the Company on signing and £1m (and it is anticipated that the total consideration value will be much lower);
- The consideration will not be more than 29.99% of the enlarged share capital of the Company after the Placing; and
- Completion will occur on or before 31 October 2016

Company Strategy

The Company continues to see opportunities with existing and new clients in its base modelling and simulation business. Since March 2015, the Company has announced:

- The first contract for a clinical version of its Virtual Tumour model ("Virtual Tumour Clinical") with global pharmaceutical company, Merck Serono
- A (4th) large pharma customer for its Virtual Tumour (pre-clinical) model
- A new speciality pharma customer for PK/ PD modelling of a new drug combination in the pain space and a subsequent extension of this contract
- The 5th, 6th and 7th extensions to a Virtual Tumour project with a major global pharmaceutical company with which has now been a client for over 4 years

In addition to the base business, the Directors of the Company believe that the acquisition of an oncology therapeutics company, and in particular BioMoti, would also help to build value over the medium to long term.

The BioMoti Technology

BioMoti's platform technology, Oncojan™, creates nanoparticles which package cancer drugs into sustained release delivery vehicles which are then coated with tumour targeting protein called CD95R (<http://www.biomoti.com/technology/>). BioMoti's lead asset, MOTI1001, contains the drug paclitaxel which has been approved for many years and is widely used to treat various types of cancer, therefore mitigating the risk of development.

In pre-clinical mouse models of ovarian cancer MOTI1001 has shown significantly greater ability to shrink tumours than paclitaxel alone and also appears to be significantly more tolerable.

The Directors believe the acquisition, if it closes, could create value in the Company going forward in a number of ways:

(i) Virtual Tumour could be utilised to increase the value of internal drug candidates via optimised regimens.

(ii) Targeting CD95L might provide a way to personalise cancer treatment to appropriate patients. Additionally, Physiomics could employ its modelling techniques to predict the patients who would benefit most from the Company's drug candidates.

(iii) The Oncojan™ platform could be used in conjunction with Virtual Tumour to develop further targeted therapies for different cancer indications and drug combinations.

About BioMoti Limited

The selling shareholders of BioMoti Limited are Professor Joanne Martin, Dr. Davidson Ateh, Dr. Keith Powell, Queen Mary and Westfield College, WCS Nominees Limited, Mr Gilbert Chalk and Mr Ian McFarlane-Toms. Customary lock in restrictions will apply to certain sellers and it is proposed that a member of the board of BioMoti would potentially join the board of Physiomics as a non-executive director on closing of the acquisition (subject to board and NOMAD approval).

For the period ended 30 November 2015, BioMoti Limited had a turnover of £2,062 made a loss for the financial year of £9,700 and its gross assets were valued at £2,331.

Dr Jim Millen, CEO of Physiomics, commented:

"We are delighted to have the opportunity to acquire BioMoti and believe there is significant potential value in developing an oncology pipeline alongside existing and new opportunities in our base modelling and simulation business."

Enquiries:

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About Physiomics plc

Physiomics (AIM:PYC) is a computational systems biology services company applying simulations of cell behaviour to drug development to reduce the high attrition rates of clinical trials. 80-90 per cent of all clinical drug candidates fail to reach the market and estimates show that an overall ten per cent improvement in success rates could reduce the cost of one drug's development by as much as \$242 million, from the current estimate of around \$800 million¹.

Physiomics develops computational systems biology models to predict and understand cancer drug efficacy from pre-clinical research to clinical development. Physiomics has created detailed mathematical models incorporating the most important molecular events taking place during the human cell cycle and apoptosis processes. The company's technology enables the simulation of populations of "virtual cells". The company has also developed a "Virtual Tumour" model to simulate the effect of anti-cancer drugs on tumour growth. The models are used to optimise compound design and to design drug schedules and combination therapies.

Physiomics, based in Oxford, UK, was founded in 2001, and floated on AIM in 2004. For further information, please visit www.physiomics-plc.com

¹Tufts Centre Impact Report 2002