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Physiomics plc

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

Confirmation of Award of Innovate UK Grant

Physiomics plc (AIM: PYC), the Oxford, UK based systems biology company, is pleased to confirm that it has been awarded the Innovate UK grant as part of its Biomedical Catalyst 2016 Feasibility Study Competition that was the subject of a provisional announcement on the 22nd November 2016.

As previously disclosed, the proposed project is titled "Decision Support Systems For Stratified Cancer Treatment". In line with the Company's strategic objective to explore the personalised medicine market set out in its full year results (published on the 27th October 2016), the objective of the project is to create a prototype decision support system to improve cancer care by helping medical professionals make treatment decisions based on patient specific data. The ultimate objective would be to create a practical tool that could be licensed initially to NHS Providers in the UK to support clinical decision making and improve outcomes for individual patients suffering with certain types of cancer.

In the first part of the project academic collaborator Professor Mark Middleton (Professor of Experimental Cancer Medicine and Lead Cancer Clinician for the Oxford University Hospitals NHS Foundation Trust and deputy director of the Cancer Research UK Oxford Centre) will provide anonymised data from individual patients with certain cancer types. Physiomics will then use its Virtual Tumour technology to create a decision support tool that will prospectively suggest an optimal treatment regime for new patients presenting with these cancers. In the third part of the project, the Oxford Academic Health Science Network will develop an economic case and support the creation of a commercialisation plan for the tool. Once a prototype has been successfully developed, further funding is likely to be required to create a fully distributable commercial tool.

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Registered in England and Wales Number 4225086

Registered Office: The Magdalen Centre, Oxford Science Park, Oxford OX4 4GA, UK

The grant revenue is expected to be £132k over a twelve month period commencing February 2017, hence just under half of it is likely to be recognised in the Company's current financial year. Some of this revenue will be used for disbursements to project collaborators and the balance will make a significant contribution towards the time spend by Physiomics personnel on the project.

Further information on the Competition can be found here:

<https://www.gov.uk/government/publications/funding-competition-biomedical-catalyst-2016/competition-brief-biomedical-catalyst-2016-feasibility-studies-award>

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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 SystemCell® 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

About Innovate UK

Innovate UK is the UK's innovation-agency. It works with people, companies and partner organisations to find and drive the science and technology innovations that will grow the UK economy. For further information visit www.innovateuk.gov.uk