

1 March 2021

Physiomics Plc

(“Physiomics”) or (the “Company”)

**Interim Results Statement
for the six-month period ended 31 December 2020**

Physiomics plc (AIM: PYC), the oncology consultancy using mathematical models and its Virtual Tumour™ technology to support the development of cancer treatment regimens and personalised medicine solutions, today announces its financial results for the six months ended 31 December 2020.

Summary financial results

- Revenue of £363k (six months ended 31 December 2019: £343k)
- Total income of £386k* (six months ended 31 December 2019: £343k*)
- Operating loss of £132k (six months ended 31 December 2019: £118k)
- Cash and cash equivalents of £1.15m at 31 December 2020 (31 December 2019: £434k)
- Shareholders’ funds of £1.29m at 31 December 2020 (31 December 2019: £532k)

** Total income for the six months ended 31 December 2020 includes other operating income, being grant income, of £23k. No grant income is included in the six months ended 31 December 2019.*

Total income in the first half was 13% ahead of the six-month comparable prior period ended 31 December 2019. Operating losses of £132k were just £14k greater than those of the comparable prior period despite a significant increase in marketing activities. The Company finished the half with a strong balance sheet showing shareholder funds of £1.29m at 31 December 2020 (up from £532k at 31 December 2019).

Careful management of cash helped the Company to achieve a net cash inflow of £101k during the period, with the Company having cash and cash equivalents of £1.15m at 31 December 2020 (30 June 2019: £434k). The second half revenues for the last two financial years have significantly exceeded those of the first half and the Board expects this trend to continue in the current financial year.

Operational highlights

Key events in the period include:

- Signing of a further contract with Bicycle Therapeutics; the eighth signed with this high-profile UK biotech company, spanning four different assets within its pipeline
- Agreement with Astellas Pharma Inc. to model an undisclosed immune-oncology target
- UK HRA and ethics committee approval of PARTNER study to be conducted at Portsmouth Hospitals University NHS Trust to generate data to further evaluate the Company's personalised dosing software tool
- Partnership with Tabula Rasa Healthcare® to implement the Company's personalised dosing tool for cancer treatments in the established DoseMeRx® software platform
- Contracts awarded by Merck KGaA with an aggregate value of £270,000 expected to be completed during the first six to eight months of calendar 2021 with further contracts expected in the second half of calendar 2021

Key event after the period end:

- Risk-sharing agreement with ValiRx renewed and extended to include indications beyond prostate cancer (endometriosis and coronavirus) following the release by ValiRx of clinical data for VAL201 in November 2020

Chairman and CEO's business strategy update

The Directors believe that the events noted above provide evidence of material progress in developing both the Company's core modelling and simulation business, as well as its more recent personalised oncology initiatives. This progress has been underpinned by selective investments to build our capabilities in these two areas which were made possible by the successful, oversubscribed placing announced on 27 May 2020. Further commentary on our key business areas is provided below.

Consulting business based on modelling & simulation using Virtual Tumour™ and other tools

The Company continues to maintain strong relationships with existing repeat-clients, including CellCentric and Bicycle Therapeutics, as well as its long-term client Merck KGaA. The Company signed eleven follow-on agreements with existing clients in calendar year 2020 in addition to securing a significant new client in Astellas Pharma Inc (TSE:4503).

Investment in databases for lead identification, direct telephone marketing, active social media management and selective use of business development consultants led to substantive new business meetings with 27 companies during calendar 2020. One such meeting led to the signing of an agreement with Astellas, however, a number of other proposals requested at these meetings remain extant and, it is hoped, will generate new contracts over the course of the current half year ending 30 June 2021. Particularly pleasing is an increasing number of potential clients who approach us as a result of personal recommendations or through our website and social media activity. As the typical lead time from first contact with a new client to an eventual contract for work can be six months or more, the Directors believe that the pipeline of high-quality leads built up over the course of 2020 will generate further business going forwards.

Personalised oncology

The Company has successfully competed for and won two Innovate UK grants and one NIHR grant over a five-year period, and these funds have and are being used to develop a personalised oncology software tool. The Directors view the agreement with Tabula Rasa Healthcare® to implement the Company's personalised dosing tool on its established DoseMeRx® software platform to be a significant validation of the work conducted to date in this area. This initial implementation is expected to be complete by the end of this half year and if successful, the next step would be to enter into a revenue generating contract. The implementation of decision support software and, where required, its regulatory approval is complex and the support of a major global player in this market could prove critical to the technology's implementation in the USA (where there is an established and growing market for such tools) and beyond. In parallel with this initiative, the Directors are excited that a UK-based observational clinical trial (the PARTNER study) has also now been approved and, it is hoped, will start in the first half of this calendar year subject to constraints arising from the COVID pandemic. Data from this trial will be used to further validate and develop the tool.

Other areas

In addition to the areas noted above, the Company is actively considering how it could use its extensive capabilities in modelling, simulation, data analysis and AI techniques to develop further innovative assets in collaboration with other partners. Further information on this initiative will be provided as progress is made.

Outlook

The Directors believe the Company is in a good position to meet market expectations for this year as it continues to make strong progress in each of its key business areas.

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Notes to Editor

About Physiomics

Physiomics plc (AIM: PYC) is an oncology consultancy using mathematical models to support the development of cancer treatment regimens and personalised medicine solutions. The Company's Virtual Tumour™ technology uses computer modelling to predict the effects of cancer drugs and treatments to improve the success rate of drug discovery and development projects while reducing time and cost. The predictive capability of Physiomics' technologies



have been confirmed by over 80 projects, involving over 40 targets and 70 drugs, and has worked with clients such as Merck KGaA, Astellas, Merck & Co and Bicycle Therapeutics.

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Unaudited Statement of Comprehensive Income for the half year ended 31 December 2020

	Unaudited Half year to 31-Dec-20 £'000	Unaudited Half year to 31-Dec-19 £'000	Audited Year ended 30-Jun-20 £'000
Revenue	363	343	799
Other operating income	23	-	43
Total income	386	343	842
Operating expenses	<u>(518)</u>	<u>(461)</u>	<u>(975)</u>
Operating loss and loss before taxation	(132)	(118)	(133)
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UK corporation tax	59	36	69
Loss for the period attributable to equity shareholders	<u>(73)</u>	<u>(82)</u>	<u>(64)</u>
Loss per share (pence)			
Basic and diluted	(0.08) p	(0.11) p	(0.09) p

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Unaudited Statement of financial position as at 31 December 2020

	Unaudited As at 31-Dec-20 £'000	Unaudited As at 31-Dec-19 £'000	Audited As at 30-Jun-20 £'000
Non-current assets			
Intangible assets	4	4	4
Property, plant and equipment	19	14	11
	<u>23</u>	<u>18</u>	<u>15</u>
Current assets			
Trade and other receivables	236	152	383
Cash and cash equivalents	1,149	434	1,048
	<u>1,385</u>	<u>586</u>	<u>1,431</u>
Total assets	<u>1,408</u>	<u>604</u>	<u>1,446</u>
Current liabilities			
Trade and other payables	(119)	(72)	(124)
Deferred revenue	(3)	-	(7)
Total liabilities	<u>(122)</u>	<u>(72)</u>	<u>(131)</u>
Net assets	<u>1,286</u>	<u>532</u>	<u>1,315</u>
Capital and reserves			
Share capital	1,282	1,181	1,275
Capital reserves	6,134	5,426	6,097
Profit & loss account	(6,130)	(6,075)	(6,057)
Equity shareholders' funds	<u>1,286</u>	<u>532</u>	<u>1,315</u>

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Unaudited Statement of changes in equity for the half year ended 31 December 2020

	Share capital £'000	Share premium account £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 July 2019	1,181	5,228	192	(5,993)	608
Transfer to other reserves	-	-	6	-	6
Loss for the period	-	-	-	(82)	(82)
At 31 December 2019	1,181	5,228	198	(6,075)	532
Transfer to other reserves	94	669	2	-	765
Profit for the period	-	-	-	18	18
At 30 June 2020	1,275	5,897	200	(6,057)	1,315
Transfer to other reserves	7	37	-	-	44
Loss for the period	-	-	-	(73)	(73)
At 31 December 2020	1,282	5,934	200	(6,130)	1,286

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Unaudited Cash Flow Statement for the half year ended 31 December 2020

	Unaudited Half year to 31-Dec-20 £'000	Unaudited Half year to 31-Dec-19 £'000	Audited Year ended 30-Jun-20 £'000
Cash flows from operating activities:			
Operating loss	(132)	(118)	(133)
Amortisation and depreciation	6	5	9
Share-based compensation	0	7	8
(Increase) decrease in receivables	205	57	(129)
Increase / (decrease) in payables	(5)	(12)	39
Increase / (decrease) in deferred revenue	(4)	(1)	6
Net cash generated from / (used in) operations	<u>70</u>	<u>(62)</u>	<u>(200)</u>
UK corporation tax received	-	95	84
Net cash generated from / (used in) operating activities	<u>70</u>	<u>33</u>	<u>(116)</u>
Cash flows from investing activities:			
Purchase of non-current assets, net of grants received	(13)	(4)	(4)
Net cash used in investing activities	<u>(13)</u>	<u>(4)</u>	<u>(4)</u>
Cash flows from financing activities:			
Issue of ordinary share capital (net of costs)	44	-	763
Net cash generated from financing activities	<u>44</u>	<u>-</u>	<u>763</u>
Net (decrease) / increase in cash and cash equivalents	101	29	643
Cash and cash equivalents at beginning of period	1,048	405	405
Cash and cash equivalents at end of period	<u>1,149</u>	<u>434</u>	<u>1,048</u>

Physiomics Plc

Notes to the Interim Financial Statements

1. General information

Physiomics Plc is a public limited company (“the Company”) incorporated in England & Wales (registration number 4225086). The Company is domiciled in the United Kingdom and its registered address is The Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford, OX4 4GA. The Company’s ordinary shares are traded on the AIM Market of the London Stock Exchange (“AIM”). Copies of the interim report are available from the Company’s website, www.physiomics.co.uk. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Company’s principal activity is the provision of services to pharmaceutical companies in the area of outsourced systems and computational biology.

2. Basis of preparation

The interim financial statements of the Company for the six months ended 31 December 2020, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 June 2020, which were prepared under International Financial Reporting Standards (“IFRS”).

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the year ended 30 June 2020. Those accounts, upon which the auditors, Shipleys LLP, issued a report which was unqualified but contained an emphasis of matter paragraph, have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and not in accordance with IAS 34 “Interim Financial Reporting” therefore it is not fully compliant with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.

3. Loss per share

Basic loss per share is 0.08p (H1 2019: loss per share 0.11p). The basic loss per ordinary share is calculated by dividing the loss of £73,443 (H1 2019: loss £82,148) by 96,923,365 (H1 2019: 71,910,394), the weighted average number of shares in issue during the period.

The loss attributable to equity holders (holders of ordinary shares) of the Company for calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive.