

7 March 2022

Physiomics Plc

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

Interim Results Statement for the six-month period ended 31 December 2021

Physiomics plc (AIM: PYC), the oncology consultancy using mathematical models to support the development of cancer treatment regimens and personalised medicine solutions, today announces its unaudited financial results for the six months ended 31 December 2021.

Summary financial results

- Revenue of £366k (six months ended 31 December 2020: £363k)
- Total income of £395k* (six months ended 31 December 2020: £386k*)
- Operating loss of £170k (six months ended 31 December 2020: £132k)
- Cash and cash equivalents of £794k at 31 December 2021 (31 December 2020: £1.15m)
- Shareholders' funds of £1.08m at 31 December 2021 (31 December 2020: £1.29m)

* Total income for the six months ended 31 December 2021 includes other operating income, being grant income, of £29k (grant income for six months ended 31 December 2020: £23k).

Total income was the highest first half income ever recorded by Physiomics and slightly ahead of the six-month comparable prior period ended 31 December 2020. Operating losses of £170k were just £38k greater than those of the comparable prior period despite a significant increase in marketing activities, including the hiring of the Company's first Head of Business Development. The Company finished the half with a strong balance sheet showing shareholder funds of £1.08m at 31 December 2021 (compared with £1.29m at 31 December 2020) of which £794k were cash and cash equivalents.

The Company is pleased to announce that, as a result of its recent marketing activities, it already has contracted revenues of approximately £460k for the current half year ended 30 June 2022 (assuming no slippage in anticipated project timelines). In addition, the Company has a strong pipeline of projects in advanced discussion, including one with a potential new large pharmaceutical client.

Operational highlights

Key events in the period include:

- Contracts awarded by Merck KGaA in December 2021 with an aggregate value of £300k expected to be completed during the first six months of calendar 2022 with further contracts expected in the second half of calendar 2022
- Contracted revenues of approximately £460k already booked for the six months ending 30 June 2022 (highest recorded at this point in any financial year)
- Well positioned to meet market expectations for the full year to 30 June 2022
- Second contract entered into with Swiss biotech Numab Therapeutics
- Continued work with key client Bicycle Therapeutics focused on its most advanced clinical compounds

- Recruitment of the first patient in the PARTNER study at Portsmouth Hospitals University NHS Trust to generate data to further evaluate the Company's personalised dosing software tool
- Completion of the initial evaluation by Tabula Rasa Healthcare® of the Company's personalised dosing tool for prostate cancer treatment in the established DoseMeRx® software platform, leading to potential extension of the collaboration into other related cancer treatments
- Expansion of the Company's technical team through the recruitment of an additional Biosimulation Scientist
- Creation of the new role of Head of Business Development to support and accelerate lead generation

Key event after the period end:

- Signing of first contract with new Boston-based biotech client Ankyra Therapeutics

Chairman and CEO's business strategy update

The Directors are pleased with the Company's progress in developing its consulting pipeline, as well as its success in getting its PARTNER study started despite COVID related headwinds. The Company has continued to invest in building its team both on the technical side, through the addition of a highly qualified new Biosimulation Scientist, and on the commercial side, through the hiring of an experienced Head of Business Development.

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

The Company was delighted to welcome Boston-based biotech Ankyra Therapeutics as a new client and continues to maintain strong relationships with existing repeat-clients, including Bicycle Therapeutics, Numab Therapeutics, as well as its long-term client Merck KGaA.

Continued investment in marketing, including in social media and other marketing channels, together with the increased business development capacity resulting from the hire of a dedicated professional have helped the Company to minimise the time between first contact with a potential new client and signing of contracts. In addition, significant new clients have been attracted as a result of the Company's positive reputation and/or by personal recommendation by existing or past clients. In the six months ended 31 December 2021 alone, the Company signed eleven agreements of various sizes with existing and new clients (including three with Merck KGaA which were the subject of an RNS on 13 December 2021).

The Company currently has contracted revenues of around £460k for the current half year ended 30 June 2022. This is the highest level of contracted revenue for H2 ever recorded by the Company at this point in any financial year and does not account for any further projects that may be signed and commenced during the remainder of this current financial year.

In addition to currently contracted projects, the Company has a strong pipeline of potential new projects that could start in calendar 2022, including ongoing discussions with a large pharmaceutical company relating to a specific significant project. As a result of the high volume of contracted and potential future work, the Company is considering how it can best expand its technical capacity through the use of consultants and/or of potential new project team hires.

Personalised oncology

The Company has made significant progress with two major initiatives in the field of personalised dosing. Firstly, in the recruitment of the first patient in its PARTNER study, being conducted at Portsmouth Hospitals University NHS Trust. Although this study was delayed in starting, it has since recruited a significant number of patients and an interim analysis of the data generated to date is currently underway. It is still hoped the study can be completed and the data from all patients can be analysed during this calendar year and it is unlikely that the Company will comment further on the outcomes of the study until it has been completed.

Secondly, on 21 February 2022, the Company announced it successfully completed the integration of its first personalised dosing tool for docetaxel in prostate cancer into the DoseMeRx software platform owned by US corporation Tabula Rasa Healthcare Inc (“TRHC”). TRHC recently announced that it intends to sell its DoseMeRx business, however, Physiomics continues to work with DoseMeRx during the sale process and looks forward to further developing the collaboration with DoseMeRx’s new owners as and when the transaction is completed. In the meantime, following positive feedback on the initial integration, Physiomics and DoseMeRx are exploring further development of the personalised dosing tool in other cancer indications where the two companies believe there may be more significant commercial potential.

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. The Company is particularly focused on fields such as AI-enabled drug discovery/development and cancer diagnostics. Further information on this initiative will be provided as progress is made.

Board composition

As announced on 23 February 2022, Dr Paul Harper stood down from the role of Non-Executive Chairman and as a Director of the Company. Dr Jim Millen has been appointed as the Company’s interim Executive Chairman and is anticipated to hold the position alongside his role of Chief Executive Officer on an interim basis. The Company is seeking to appoint at least one independent Non-Executive Director as soon as possible and a further announcement in this regard will be made in due course.

Outlook

The Directors believe the Company is in a very strong position to meet market expectations for this year as it continues to make good 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 90 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 2021

	Unaudited Half year to 31-Dec-21 £'000	Unaudited Half year to 31-Dec-20 £'000	Audited Year ended 30-Jun-21 £'000
Revenue	366	363	702
Other operating income	29	23	29
Total income	395	386	731
Operating expenses	<u>(565)</u>	<u>(518)</u>	<u>(1,068)</u>
Operating loss and loss before taxation	(170)	(132)	(337)
UK corporation tax	50	59	121
Loss for the period attributable to equity shareholders	<u>(120)</u>	<u>(73)</u>	<u>(216)</u>
Loss per share (pence)			
Basic and diluted	(0.12) p	(0.08) p	(0.22) p

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Unaudited Statement of financial position as at 31 December 2021

	Unaudited As at 31-Dec-21 £'000	Unaudited As at 31-Dec-20 £'000	Audited As at 30-Jun-21 £'000
Non-current assets			
Intangible assets	3	4	3
Property, plant and equipment	17	19	16
	<u>20</u>	<u>23</u>	<u>19</u>
Current assets			
Trade and other receivables	485	236	261
Cash and cash equivalents	794	1,149	1,043
	<u>1,279</u>	<u>1,385</u>	<u>1,304</u>
Total assets	<u>1,299</u>	<u>1,408</u>	<u>1,323</u>
Current liabilities			
Trade and other payables	(82)	(119)	(114)
Deferred revenue	(137)	(3)	(43)
Total liabilities	<u>(219)</u>	<u>(122)</u>	<u>(157)</u>
Net assets	<u>1,080</u>	<u>1,286</u>	<u>1,166</u>
Capital and reserves			
Share capital	1,283	1,283	1,283
Capital reserves	6,190	6,134	6,156
Profit & loss account	(6,393)	(6,131)	(6,273)
Equity shareholders' funds	<u>1,080</u>	<u>1,286</u>	<u>1,166</u>

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Unaudited Statement of changes in equity for the half year ended 31 December 2021

	Share capital £'000	Share premium account £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 July 2020	1,276	5,897	200	(6,058)	1,315
Issue of share capital	7	37	-	-	44
Profit for the period	-	-	-	(73)	(73)
At 31 December 2020	1,283	5,934	200	(6,131)	1,286
Transfer to other reserves	-	-	22	-	22
Loss for the period	-	-	-	(142)	(142)
At 30 June 2021	1,283	5,934	222	(6,273)	1,166
Transfer to other reserves	-	-	34	-	34
Loss for the period	-	-	-	(120)	(120)
At 31 December 2021	1,283	5,934	256	(6,393)	1,080

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Unaudited Cash Flow Statement for the half year ended 31 December 2021

	Unaudited Half year to 31-Dec-21 £'000	Unaudited Half year to 31-Dec-20 £'000	Audited Year ended 30-Jun-21 £'000
Cash flows from operating activities:			
Operating loss	(170)	(132)	(337)
Amortisation and depreciation	6	6	12
Share-based compensation	34	-	22
(Increase) decrease in receivables	(174)	205	160
Increase / (decrease) in payables	(32)	(5)	(10)
Increase / (decrease) in deferred revenue	94	(4)	36
Net cash generated from / (used in) operations	<u>(242)</u>	<u>70</u>	<u>(117)</u>
UK corporation tax received	-	-	84
Net cash generated from / (used in) operating activities	<u>(242)</u>	<u>70</u>	<u>(33)</u>
Cash flows from investing activities:			
Purchase of non-current assets, net of grants received	(7)	(13)	(16)
Net cash used in investing activities	<u>(7)</u>	<u>(13)</u>	<u>(16)</u>
Cash flows from financing activities:			
Issue of ordinary share capital (net of costs)	-	44	44
Net cash generated from financing activities	<u>-</u>	<u>44</u>	<u>44</u>
Net (decrease) / increase in cash and cash equivalents	(249)	101	(5)
Cash and cash equivalents at beginning of period	1,043	1,048	1,048
Cash and cash equivalents at end of period	<u>794</u>	<u>1,149</u>	<u>1,043</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-plc.com. 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 2021, 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 2021, 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 2021. 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 0.12p (H1 2020: loss per share 0.08p). The basic loss per ordinary share is calculated by dividing the loss of £120,382 (H1 2020: loss £73,443) by 97,334,778 (H1 2020: 96,923,365), 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.