

7 March 2023

Physiomics Plc

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

Interim Results Statement for the six-month period ended 31 December 2022

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 2022.

Summary financial results

- Revenue of £338k (six months ended 31 December 2021: £366k)
- Total income of £346k* (six months ended 31 December 2021: £395k*)
- Operating loss of £287k (six months ended 31 December 2021: £170k)
- Cash and cash equivalents of £498k at 31 December 2022 (31 December 2021: £794k)
- Shareholders' funds of £762k at 31 December 2022 (31 December 2021: £1.08m)

* Total income for the six months ended 31 December 2022 includes other operating income, being grant income, of £8k (grant income for six months ended 31 December 2021: £29k).

Total income was £49k lower than the comparable prior period, of which £21k was due to a reduction in grant income following the completion of the NIHR funded PARTNER study. Operating losses were £117k higher than the comparable previous period due to higher staffing costs and a return to physical conference attendance after several years of virtual attendance. The Company finished the half with shareholder funds of £762k at 31 December 2022 (compared with £1.08m at 31 December 2021) of which £498k were cash and equivalents.

The Company has significantly enhanced its sales and business development process under its new Business Development lead resulting in better management and tracking of the pipeline and higher conversion rates into projects. At least partly as a result of this, the Company has significantly diversified its client base over the course of the last year, with approximately 62% of its total revenue for this half being derived from six small / medium sized clients (compared with four representing 33% of revenues in the comparable previous period).

Operational highlights

Key events in the period include:

- Follow on contracts with existing clients Merck KGaA, Numab Therapeutics and Ankyra Therapeutics
- First contract directly with Cancer Research UK (relating to the clinical development of Aleta Biotherapeutics ALETA-001)
- Successful completion of the NIHR-sponsored PARTNER study at Portsmouth Hospitals University NHS Trust
- Appointment of a second highly experienced independent Non-Executive Director, Shalabh Kumar

Key event after the period end:

- Announcement by partner DoseMe on 17 February 2023 of its acquisition by an affiliate of Fairlong Capital LLC as of 20 January 2023

Chairman and CEO's business strategy update

The Directors are pleased with the Company's continued ability to attract new clients as well as to secure repeat business from existing customers. The successful completion of the NIHR-sponsored PARTNER study appears to offer several avenues to further develop the Company's personalised dosing technology platform. Lastly, the Directors note the significant diversification of the Company's revenues away from a single large client in Merck KGaA (known locally as EMD Serono) ("Merck"), which they believe significantly mitigates the risk of relying on a single main source of revenue, notwithstanding Merck continues to be an important relationship with the Company.

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

The Company was pleased to sign its first agreement directly with Cancer Research UK (CRUK) relating to the development of Boston-based biotech Aleta Biotherapeutics' ALETA-001. Together with Bicycle Therapeutics, Ankyra Therapeutics and Merck, this represents Physiomics' fourth current client relationship in the Boston area.

The Company also attended the Society for Immunotherapy in Cancer (SITC) conference in Boston in November 2022 where it co-presented a poster with client Numab Therapeutics. At the conference, the Physiomics team visited existing clients and established contact with four other companies with which discussions regarding possible projects are currently ongoing. As noted above, these sorts of business development initiatives have in large part been responsible for the significant diversification of the Company's business pipeline away from a single large client. Other marketing initiatives planned for this calendar year include attendance at conferences such as BIOEurope in March and the American Association for Cancer Research Annual Meeting (AACR) in April.

Personalised oncology

At the beginning of this calendar year, the Company was delighted to announce the successful completion of its NIHR-sponsored PARTNER study at Portsmouth Hospitals University NHS Trust. Building on work completed under two previous grants from Innovate UK, the data from the study was analysed using the Company's personalised dosing tool which confirmed the ability of the tool to predict levels and timing of episodes of low white blood cell count associated with use of docetaxel in prostate cancer. Trial data further suggested there is potential for the tool to be used to predict the effect of GCSF (granulocyte-colony stimulating factor), a drug commonly used to increase white blood cell count during chemotherapy. The Company believes that the tool would be highly synergistic with a device that can measure blood cells counts in community or out-patient settings and in addition believes that the results merited further exploration of the use of the tool in other settings including, for example, haematology and paediatrics.

Other areas

In addition to the areas noted above, the Company is actively considering how it could expand its business beyond its current consulting services areas as follows:

- Expansion into therapy areas other than cancer

- Expansion into consulting areas adjacent to those currently serviced
- Application of the Company's capabilities (e.g. machine learning and other AI related areas) to pharmaceutical R&D

Board composition

The Company retained a second, highly experienced, Non-Executive Director, Shalabh Kumar on 1 September 2022. After a successful career in consulting, Mr Kumar co-founded a life sciences consultancy and services business which was sold to private equity. Mr Kumar brings a wealth of experience in the setting up and growth of life sciences services businesses.

Outlook

We are looking forward to a solid second half (historically stronger due to absence of summer and Christmas holiday periods), underpinned by significant contracted revenues from Merck, Bicycle Therapeutics, CRUK and Ankyra, as well as other potential projects which are currently in late-stage discussions.

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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 100 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 2022

	Unaudited Half year to 31-Dec-22 £'000	Unaudited Half year to 31-Dec-21 £'000	Audited Year ended 30-Jun-22 £'000
Revenue	338	366	830
Other operating income	8	29	71
Total income	346	395	901
Operating expenses	<u>(633)</u>	<u>(565)</u>	<u>(1,260)</u>
Operating loss and loss before taxation	(287)	(170)	(359)
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UK corporation tax	55	50	106
Loss for the period attributable to equity shareholders	<u>(232)</u>	<u>(120)</u>	<u>(253)</u>
Loss per share (pence)			
Basic and diluted	(0.24) p	(0.12) p	(0.26) p

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Unaudited Statement of financial position as at 31 December 2022

	Unaudited As at 31-Dec-22 £'000	Unaudited As at 31-Dec-21 £'000	Audited As at 30-Jun-22 £'000
Non-current assets			
Intangible assets	3	3	3
Property, plant and equipment	14	17	14
	<u>17</u>	<u>20</u>	<u>17</u>
Current assets			
Trade and other receivables	446	485	410
Cash and cash equivalents	498	794	688
	<u>944</u>	<u>1,279</u>	<u>1,098</u>
Total assets	<u>961</u>	<u>1,299</u>	<u>1,115</u>
Current liabilities			
Trade and other payables	(104)	(82)	(126)
Deferred revenue	(95)	(137)	(14)
Total liabilities	<u>(199)</u>	<u>(219)</u>	<u>(140)</u>
Net assets	<u>762</u>	<u>1,080</u>	<u>975</u>
Capital and reserves			
Share capital	1,283	1,283	1,283
Capital reserves	6,237	6,190	6,218
Profit & loss account	(6,758)	(6,393)	(6,526)
Equity shareholders' funds	<u>762</u>	<u>1,080</u>	<u>975</u>

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Unaudited Statement of changes in equity for the half year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 July 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
Transfer to other reserves	-	2	26	-	28
Loss for the period	-	-	-	(133)	(133)
At 30 June 2022	1,283	5,936	282	(6,526)	975
Transfer to other reserves	-	-	19	-	19
Loss for the period	-	-	-	(232)	(232)
At 31 December 2022	1,283	5,936	301	(6,758)	762

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Unaudited Cash Flow Statement for the half year ended 31 December 2022

	Unaudited Half year to 31-Dec-22 £'000	Unaudited Half year to 31-Dec-21 £'000	Audited Year ended 30-Jun-22 £'000
Cash flows from operating activities:			
Operating loss	(287)	(170)	(359)
Amortisation and depreciation	4	6	12
Share-based compensation	19	34	59
(Increase) decrease in receivables	19	(174)	(163)
Increase / (decrease) in payables	(22)	(32)	12
Increase / (decrease) in deferred revenue	81	94	(29)
Net cash generated from / (used in) operations	<u>(186)</u>	<u>(242)</u>	<u>(468)</u>
UK corporation tax received	-	-	119
Net cash generated from / (used in) operating activities	<u>(186)</u>	<u>(242)</u>	<u>(349)</u>
Cash flows from investing activities:			
Purchase of non-current assets, net of grants received	(4)	(7)	(9)
Net cash used in investing activities	<u>(4)</u>	<u>(7)</u>	<u>(9)</u>
Cash flows from financing activities:			
Issue of ordinary share capital (net of costs)	-	-	3
Net cash generated from financing activities	<u>-</u>	<u>-</u>	<u>3</u>
Net (decrease) / increase in cash and cash equivalents	(190)	(249)	(355)
Cash and cash equivalents at beginning of period	688	1,043	1,043
Cash and cash equivalents at end of period	<u>498</u>	<u>794</u>	<u>688</u>

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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 2022, 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 2022, 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 2022. 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 0.24p (H1 2021: loss per share 0.12p). The basic loss per ordinary share is calculated by dividing the loss of £231,754 (H1 2021: loss £120,382) by 97,424,778 (H1 2021: 97,334,778), 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.