18 October 2022

Aptamer Group plc
("Aptamer", the "Company" or the "Group")

Full year results for the twelve months ended 30 June 2022

Revenue increase of 152%; new partners and contracts won; and capacity expansion is on track to support increased demand

Aptamer Group plc (AIM: APTA), the developer of novel Optimer® binders as tools to enable innovation in the life sciences industry, today announces its full year results for the twelve months ended 30 June 2022.

Financial highlights

- Revenue increased by 152% to £4.0 million (15-month period to 30 June 2021: £1.6 million)
- Cash balance at 30 June 2022 of £6.7 million (2021: £0.4 million)
- Adjusted EBITDA loss of £1.7 million (15-month period to 30 June 2021: £2.4 million)
- Raised gross proceeds of £10.8 million in conjunction with AIM listing on 22 December 2021

Operational highlights

- Continued collaboration with AstraZeneca, supporting the development of Optimer® binders as next-generation drug delivery vehicles in kidney disease
- Extension of collaboration with PinotBio for Optimer®-drug conjugate development as delivery system for precision chemotherapeutics
- Continued expansion of Aptamer's partnership with DeepVerge plc, with Optimer®-enabled Microtox®PD systems installed at multiple sites across the UK as part of the Environmental Monitoring for Health Protection (EMHP) program
- Research collaboration with WuXi AppTec Research Services Division to identify new Optimer®-enabled therapeutics, building on a partnership begun in 2021
- Partnership signed in August 2021 with ProAxsis to develop Optimer® binders to replace the antibodies in respiratory diagnostic assays

- Agreement with Bio-Works Technologies to co-develop a new affinity resin for improved purification and scale up of gene therapy vector manufacturing
- Contract secured in July 2021 with a top five global pharma company to develop Optimer® binders as Quality Control reagents to support the development of a novel neurodegenerative disease vaccine
- Significant commercial agreement signed with a public life science research tool company to develop Optimer® binders for use on a multiplex platform
- Large-scale Optimer® development and commercialisation agreement signed with a life science research company for proteomics research
- Agreement signed with a precision oncology company to develop Optimer® binders for use in a companion diagnostic assay

Post-year end highlights

- Multiple contracts signed with a top ten pharmaceutical company to develop Optimer® binders for bioprocessing to support purification of novel therapeutics
- Contract signed with a multi-national consumer goods company for the development of Optimer® binders as novel solutions in personal care
- Agreement with leading US-based biotech company for the development of Optimer® binders to remove bioprocessing contaminants during therapeutic production
- Partnership with a top ten pharmaceutical company to develop Optimer® binders as immunohistochemistry reagents to support pipeline assets and early discovery targets
- Contract signed with Bioliquid Innovative Genetics S.L. to support Optimer® development for a novel prenatal and placental diagnostic platform

Corporate highlights

- In October 2022, the planned relocation to larger purpose-built laboratories was completed and this will allow Aptamer to scale its automation and operational efficiency and service the increasing demand for Optimer® binders
- Aptamer is pushing ahead with team expansion, technology developments and commercial contract wins following AIM listing in December 2021
- Implementation of Optimer®+ platform continues at pace, enabling progress on the generation of exemplification data with the aim to strengthen Aptamer's technology position in the market
- Jenny Cutler appointed interim CFO in June, bringing over 20 years' experience in finance leadership roles, including listed company experience and Alastair Fleming as Chief Operating Officer, bringing 35+ years of international experience from several different sectors including medical devices, pharmaceuticals and food

Commenting on the full year results, Arron Tolley, Chief Executive Officer of Aptamer Group, said: "Aptamer has maintained a solid pace of progress over the past year, having seen success in both expanding current partnerships and winning new contracts. Commercial traction continues to increase in Europe, USA and APAC regions.

"Looking ahead to the rest of the current financial year, we aim to continue delivering strong revenue growth and we expect to sign new contracts across all business units. This will demonstrate our progress and ability to capitalise on the clear market opportunity and demand for outsourcing the development of next-generation affinity ligands. Despite the challenging macro-economic environment, the first quarter of the current financial year has already seen the signing of several new contracts and we are on track to meet market expectations for the full year.

"We are also continuing to make progress in the development of additional capacity and, post-year end in October, we completed the move to our new premises, which will be a strong catalyst for our future growth. Alongside the expansion of our footprint, we are seeing strong progress in platform innovation which is driving the development of exemplification data, which is expected to enable further commercial traction.

"I'm extremely proud of everything we've achieved in our maiden year as a listed company and would like to take this opportunity to again thank all of the team for their continuous hard work and passion which has been integral to the success of our business, and our shareholders for their continuing support."

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About Aptamer Group plc

Aptamer Group develops custom affinity binders through its proprietary Optimer® platform to enable new approaches in therapeutics, diagnostics and research applications. The Company strives to deliver transformational solutions that meet the needs of life science researchers and developers through the use of its proprietary Optimer® platform.

Optimer® binders are oligonucleotide affinity ligands that can serve as antibody alternatives in a variety of applications across different life science sectors. The global antibody market is currently worth over $145.0 billion. Optimer® binders are engineered to address many of the issues found with alternative affinity molecules, such as antibodies, and offer new, innovative solutions to bioprocessing, diagnostic and pharmaceutical scientists.

Aptamer Group has successfully delivered projects for global pharma companies, diagnostic development companies, and research institutes covering a range of targets and applications with the objective of establishing royalty-bearing licenses. Through the Optimer® technology and processes, scientists and collaborators are enabled to make faster, more informed decisions that support discovery and development across the Life Sciences.

Chairman's Statement

The past financial year has been characterised by strong growth across the Group, with the major inflection point in December 2021, when the business started life as a public company on the AIM market of the London Stock Exchange. The listing raised gross proceeds of £10.8 million, providing a stable funding platform to allow our technology to be truly disruptive in the next-generation affinity ligand market. The funds raised, in challenging market conditions, have provided the resources to increase capacity, with the aim of meeting the increasing demand for our Optimer® binders. We are grateful to our existing shareholders and those who invested at the IPO, who are enabling the next steps for Aptamer as it grows its client base.

Scaling up is a key focus for the business, operationally and in terms of personnel. Good progress has been made on expanding automation systems, allowing high-volume programmes to be delivered at speed, as well as increasing capacity more broadly. Investment in our technology, team and infrastructure over the year has enabled increased translation of developed Optimer® binders to downstream applications and will continue to improve our ability to take affinity ligand market share both from providers of more traditional antibody solutions and other antibody-alternative technologies. This investment is supported by a move to larger premises, with more laboratory and office space, which was completed post-year end in October.

Whilst the funds raised at IPO to grow the business are being deployed, the Group has continued to deliver increased revenue and win new projects. Aptamers are a disruptive technology, and within each of our three business units we are signing contracts with partners ranging from big pharma to biotech companies, in instances where antibody technology would otherwise be typically used or no prior solutions have been available.

It is clear that the market for antibody alternatives is developing rapidly, driven by the increasing awareness of the limitation of antibodies, 50-60% of which reportedly fail to meet their internal validation standards[(1)]. Where protein-based ligands, such as antibodies, can be associated with production and functionalisation issues, batch-to-batch variability and ethical concerns relating to the use of animals, aptamers and optimers can often overcome these problems, offering many commercial benefits. Due to these favourable attributes, the aptamer market is set to expand rapidly over the next five to ten years into a multi-billion-dollar worldwide market that is forecast to grow at 18-28% per annum[(2)].

Looking more specifically at our Optimer® platform, it offers key advantages over antibodies, including improved stability, tissue penetration and target specificity, as well as reliable manufacturing characteristics, reduced animal use and accelerated speed of discovery through high-throughput automation.

During the financial year, the Group has made excellent progress across all aspects of its strategic growth plan and it continues to add to its technological base. Specifically, we have three strategic pillars for growth to support the future expansion and development of the Group to ensure it is positioned for success.

In Research & Development, work on the launch of our new Optimer®+ platform continues at pace. Once integrated, this next generation of aptamers should broaden potential applications and help strengthen Aptamer's differentiation within the affinity ligand market. Additionally, Aptamer is beginning to build key exemplification data to enable the development of tools for the targeted delivery of drug molecules for use in the therapeutics space.

Board and Governance

It has been a privilege to chair the Board since December 2021 and I want to share my thanks to former Chairman Steve Hull and the pre-IPO Board for laying the foundation for the successful 2021 IPO. Angela Hildreth joined the Board in the first half of the financial year, who sits on the Remuneration Committee and is serving as Chair of the Audit Committee, with significant AIM experience in financial, strategic and operational roles. This adds to the expertise of fellow Non-Executive Director, Dr John Richards, who sits on the Audit and Remuneration Committees, and brings deep industry and scientific expertise.

As a publicly listed company we are committed to running our business in line with best practice environmental, social and governance standards and the QCA Code.

Outlook

A key next step to increase Aptamer's capacity was completed post year end in October as we moved in to a new 18,000 sq ft headquarters within York Science Park. This will provide the Group with significantly increased laboratory space and room for additional equipment to extend existing projects and deliver new workstreams at higher levels of automation. It will also enable further recruitment across the Group. Business continued as usual during the transition to our new location.

Our focus remains on strengthening existing and building new partnerships across our business units, developing exemplification data to support key applications, like drug delivery, and advancing the technology platforms to ensure we remain a leader within the aptamer development space.

After a transformational year for Aptamer, the Board and I would personally like to extend our thanks to all our employees for their continued hard work and dedication before, during and after the IPO. The successful listing, which was supported by new and existing shareholders to whom we are grateful, marked the start of a new phase in the Group's history whilst retaining an innovative, scientific and entrepreneurial focus at its heart.

Chief Executive Officer's statement

The past year has been transformational for the Group and it gives me great pleasure to share our progress with shareholders following our maiden financial year as a listed company. In December 2021, we raised £10.8 million in our initial public offering on AIM. The funds raised are enabling us to ensure that our proprietary technology can be truly disruptive to the well-established global antibody market predicted to reach over $248.9 billion by 2027[3], and positions us well to take advantage of the growing value of the antibody alternative market, which is predicted to reach over $12 billion by 2028[4].

Firstly, we are investing in the scale-up of our laboratory capacity, focusing on acceleration of our automation solutions. Secondly, we are investing in our proprietary novel nucleotide chemistry, which will give us a differentiated offer to the market. We are also expanding our commercial team and upgrading its systems to ensure the needs of our customers are met. Finally, some funds have been allocated to our working capital requirements to deliver our strategic plan.

Going forward this strategy will provide a framework, alongside a focus on tool development, for our growing organisation and will underpin the Group's future direction to ensure we are all aligned for success in our addressable markets. I am pleased that we have made excellent progress in advancing our key strategic growth pillars outlined below.

1. To increase the capacity, enabling simultaneous handling of hundreds of targets

2. To develop our proprietary scaffold technologies and protection of these technologies via patents

3. To accelerate commercial expansion, data pack development, service development and upgrading systems and IT in line with the expanded business' requirements

Group performance

Our progress in delivering against our strategy has been underpinned by strong revenue growth in our maiden year since IPO of 152% to £4.0 million, with an Adjusted EBITDA loss of £1.7 million and a cash position of £6.7 million at the end of the year. These results, which are in line with market expectations, have been delivered by our three business units throughout the year, an overview of which I have provided below.

Divisional performance

Aptamer Solutions

Aptamer Solutions provides custom development services of oligonucleotide-based aptamer and Optimer® binders for use as research tools, quality control reagents and affinity ligands to support bioprocessing applications.

We are focused on the custom development of Optimer® binders for a range of contract research services, from bioprocessing to research reagents. As our main revenue-generating business division, this business unit has seen continued growth with many contract wins this year.

At the beginning of the year, we secured a contract with a top-five global pharma company to develop Optimer® binders as quality control reagents for a novel neurodegenerative disease vaccine. We have also signed two large commercial agreements with public life science companies to develop panels of Optimer® ligands for use on proteomic and multiplex analysis platforms. The work with our multiplex platform partner has now progressed to late-stage development and we look forward to delivering these binders to our partner shortly. We have also signed an agreement with Bio-Works Technologies AG to co-develop new affinity purification resins for improved purification of gene therapy vectors.

Post year end, we have seen further contract wins with both a top-ten pharma partner and a US-based biotech company pursuing Optimer® development as bioprocessing ligands. Multiple Optimer® binder development programmes are being explored to purify a number of novel medicines with the top-ten pharma partner. Work with our US-based biotech partner will aim to develop Optimer® binders that improve current purification processes by removing production contaminants during the downstream manufacturing process. Additional post-period developments include the development of Optimer® binders as immunohistochemistry reagents to support both early-stage discovery projects and a pipeline asset for a top-ten pharmaceutical partner, and the development of Optimer® binders as novel solutions in personal care products for a multinational consumer goods company.

Aptamer Diagnostics

Aptamer Diagnostics focuses on the development and integration of Optimer® binders into diagnostic platforms. Optimer® binders offer significant advantages, including detection of novel diagnostic targets, increased stability and consistency. Our platform supports multiple diagnostic formats, such as Enzyme-Linked Immunosorbent Assay, flow cytometry, biosensors, and cell and tissue imaging.

The COVID-19 pandemic has increased the global awareness of diagnostics and the need for rapid development of detection reagents. In turn, the interest in our custom Optimer®-enabled diagnostic services has grown. An example of this is our partnership with DeepVerge, where we have developed SARS-CoV-2 Optimer® binders for use in their wastewater monitoring systems - an innovative solution to help combat disease outbreaks through the early detection of hotspots. Following successful performance evaluation versus. a close competitor (and data that showed our Optimer® binder could bind to the Omicron variant of SARS-CoV-2) we expanded our partnership with DeepVerge. In March this year, we are proud to say Optimer®-enabled Microtox®PD systems started being installed at multiple sites across the UK as part of the Environmental Monitoring for Health Protection programme (EMHP).

We have also recently partnered with ProAxsis to develop Optimer® binders to replace the antibodies in their respiratory diagnostic assays, which were causing issues due to poor stability and security of supply. These Optimer® binders have completed discovery and have been transferred to ProAxsis for their internal validation. In February this year, we also signed a contract with a precision oncology company to develop Optimer® binders for use in a companion diagnostic assay.

As the global need for diagnostics continues to grow, Optimer® binders are being explored by our partners across the diagnostic industry for a range of applications. Their excellent target recognition, consistent and ethical supply, and temperature stability enable simple global logistics and position our Optimer®-based tests as an antibody alternative for use in diagnostics.

Post year end, we have developed an agreement with Bioliquid Innovative Genetics S.L. for Optimer® development to support a novel prenatal and placental diagnostic platform.

Aptamer Therapeutics

Aptamer Therapeutics delivers contract research services in the field of therapeutics, using our Optimer® platform with a focus on Optimer®-drug conjugates, Optimer®-enabled gene therapies, and Optimer® agonists and antagonists for therapeutic application.

Over the financial year, our therapeutics business has shown significant growth, predominantly driven by a number of new contract wins, collaborations and partnerships - as well as expansions on previous agreements.

In July 2021, we signed an agreement with WuXi AppTec Research Services Division to identify new Optimer®-enabled therapeutic opportunities. We also commenced a project with PinotBio for the development of Optimer® drug conjugates for use as chemotherapeutic delivery vehicles, which following positive initial results was extended in May 2022. We have also continued our collaboration with AstraZeneca to support the development of Optimer® binders as next-generation drug delivery vehicles in kidney disease.

I am confident that the momentum we've gained in our maiden year in the application of Optimer® binders as potential therapeutic modalities will continue into the next year and beyond as the demand for our services grows and we build compelling exemplification data demonstrating the power of the platform.

Operational progress

At the time of our IPO, we set out our strategic pillars for growth to expand core capabilities and market share. Underpinned by the £10.8 million IPO fundraise, we intend to accelerate growth and increase capacity over multiple verticals to deliver more solutions and higher value engagements with customers. I have provided a summary of our delivery against each of these three areas below:

1. *To increase the capacity, enabling simultaneous handling of hundreds of targets*

The scale up of our Optimer® platform is underway and includes increased automation in our processes, building on the capacity of our current platform with additional equipment in order to focus on acceleration of our automation solutions. Post-year end in October, we completed the planned relocation to larger facilities in York. The relocation will enable us to service the increasing demand for our Optimer® binders from both new and existing customers and completes the first stage of our capacity expansion.

2. *To develop our proprietary scaffold technology and protection of these technologies via patents*

In order to stay ahead of the competition, we have increased our focus on R&D and are already looking at the next generation of improved binder technology. We are pleased to confirm the integration of our novel nucleotide chemistry platform, Optimer®+, is well underway. This platform has the potential to improve the performance of our existing technology, differentiate us in the affinity ligand market and allow us to enter new markets and address new targets. We are delivering our internal plans on the implementation of Optimer®+ and we have made progress in the generation of exemplification data to support the development of strategic collaborations in the drug delivery tools space. The development of this platform and its subsequent discovery processes is integral to our mission to stay at the forefront of aptamer technologies.

3. *To accelerate commercial expansion, data pack development, service development and upgrade systems and IT in line with the expanded business' requirements*

We are also committed to scaling up our team. We remain on track with our hiring plan with our headcount increasing 59% from June 2021 to 54 employees as at 30 September 2022, including an assay development team to demonstrate Optimer® functionality as an additional service offering.

Board and senior management changes

Since we commenced trading on the AIM market, the Aptamer Board has been strengthened with the appointment of Dr Ian Gilham as Non-Executive Chairman. Ian replaced Steve Hull, who worked with Aptamer for eight years. I would like to thank Steve for his support, excellent leadership and advice over his time with the Group.

In addition, Dr Shozo Fujita joined the Scientific Advisory Board in 2021. He brings expertise in aptamer development and applications, and has developed functional aptabiosensors and novel aptamer-based nucleotide chemistries. Prior to this he was the founding partner at Apta Biosciences Ltd.

We were also pleased to welcome Jenny Cutler as interim Chief Financial Officer and Company Secretary, bringing 20 years of financial experience, including at public companies, to the management team. Prior to this, further expansion to the management team took place with the appointment of Alastair Fleming as Chief Operational Officer. Both appointments will be integral to our future and business growth. We welcome these experienced individuals to Aptamer, and we are working hard as a management team to deploy the IPO funds and deliver on our strategy. We would also like to take the opportunity to thank Eleanor Brown, previously Chief Financial Officer for her four years of service and being central to the success of the IPO. We wish Eleanor well with her future endeavours.

Macro environment

The Board and senior management team actively monitor risk factors that could potentially affect the business, including the wider macroeconomic environment and global supply chain to ensure that the business is well placed to act and mitigate such risks where possible. To date, Aptamer has seen limited impact from such macro factors, however, we will continue to proactively monitor these.

People

Our team has made outstanding contributions during our maiden year and great progress has been made adapting to the challenges of being an AIM-listed business. We would like to thank and recognise the dedication and commitment from each department and each individual team member that has enabled our success in a fast-paced growth environment.

We are committed to empowering each team member for success and do this by placing a strong emphasis on the highest levels of scientific integrity, personal accountability and responsibility. Entrepreneurial spirit, fiscal responsibility and competition is encouraged and rewarded at every level.

We are dedicated to building and training a multi-disciplinary diverse team who are identified, hired and measured solely on merit and capability. Because of this, we are proud to employ a diverse group of people from all backgrounds who possess the drive and dedication to accelerate the delivery of our vision. People from all social and educational backgrounds are encouraged to excel whether they come from traditional education or have been trained via in-house vocational channels.

Summary and outlook

I'm extremely proud of everything we've achieved in our maiden year as a listed company and would like to take this opportunity to again thank all of the team for their continuous hard work and passion, which has been integral to the success of our business.

Aptamer has maintained a solid pace of progress over the past year, having seen success in both expanding current partnerships and winning new contracts. Commercial traction continues to increase in Europe, USA and additional key global markets including APAC, across all business units.

Looking ahead to the rest of the current financial year, we aim to continue delivering strong revenue growth. We expect to sign contracts across all business units, demonstrating our progress in further capitalising on the clear market opportunity and demand for outsourcing the development of next-generation affinity ligands. Despite the challenging macroeconomic environment, the first quarter of the current financial year has already seen the signing of several new contracts and we are on track to meet market expectations for the full year.

We are also continuing to make progress in the development of additional capacity and, post-year end in October, we completed the move to our new premises, which will be a strong catalyst for our future growth. Alongside the expansion of our footprint, we are seeing strong progress in platform innovation which is being driven by the development of exemplification data that is expected to be a key future driver of commercial traction.

I am excited to see this momentum continue to build and the Group go from strength to strength.

Foot notes

(1) Bradbury & Pluckthun. Standardize antibodies used in research. Nature. 518:27-29 (2015). Gray et al. Animal-free alternatives and the antibody iceberg. Nat. Biotechnology. 38:1234-1239 (2020)

(2) Acumen Research & Consulting. (2022). Aptamers Market Analysis - Global Industry Size, Share, Trends and Forecast 2022 - 2030 https://www.acumenresearchandconsulting.com/aptamers-market

Market Research Future. (2022). Aptamers Market by Type (Nucleic Acid and Peptide Aptamers), Application (Diagnostics, Therapeutics Development), Technology (Selex, X-aptamer and MARAS technique), End Users (Biotechnology and Pharmaceutical Companies)- Forecast till 2030. https://www.marketresearchfuture.com/reports/aptamers-market-6630

Technavio. (2021). Aptamers Market by Application and Geography - Forecast and Analysis 2022-2026. https://www.technavio.com/report/aptamers-market-industry-analysis

(3) Market Data Forecast. Global Antibodies Market Size, Share, Trends, COVID-19 Impact & Growth Analysis Report - Segmented By Product Type, Indication, End User, Application and Region - Industry Forecast (2022 to 2027) Report ID: 1112. (2022)

(4) The Insight Partners. Next-Generation Antibody Market Forecast to 2028 - COVID-19 Impact and Global Analysis By Therapeutic Area (Oncology and Autoimmune or Inflammatory) and Technology (Antibody-Drug Conjugates, Bispecific

Antibodies, Fc Engineered Antibodies, Antibody Fragments and Antibody-Like Proteins, and Biosimilar Antibody Products) Report Code: TIPRE00006412

Financial review

In December 2021 the Group raised gross proceeds of £10.8 million through a placing in conjunction with admission to AIM. This represented a major milestone in the Group's development and secured the funds necessary to deliver the Board`s plans for significant growth.

Revenue

The Group reported revenues for the year ended 30 June 2022 of £4.0 million compared to the 15-month period ended 30 June 2021 ('2021') of £1.6 million. This growth represents a 152% increase against a 15-month period and reflects a strong operational delivery of contract research work for customer projects across all three of our business units: Aptamer Solutions, Aptamer Diagnostics and Aptamer Therapeutics.

Gross profit

Gross profit margin improved from 42% in 2021 to 67% in 2022 as the Group utilised available operational capacity to deliver greater revenue and an improvement in operational efficiencies.

Research and development costs

During the year the Group expensed through the income statement £0.8 million (2021: £0.6 million) relating to the continued development of the Optimer®+ platform technology and the design and optimisation of novel aptamer library architectures. The IPO fundraise enabled the acceleration of this work in the second half of the financial year. No research and development costs were capitalised during the year (2021: £nil).

Administrative expenses

Administrative costs were £4.4 million for the year compared to £3.1 million for 2021. This increase in costs primarily reflects the expansion of the commercial and production teams. Total headcount increased from 34 at 30 June 2021 to 49 at 30 June 2022.

Adjusted EBITDA

The Group uses Adjusted EBITDA as a profit performance metric as this excludes items which can distort comparability of underlying trading as well as being the measure of profit which most accurately reflects the cash-generating activities of the Group. The reconciliation of Adjusted EBITDA to operating loss is as follows:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Adjusted EBITDA	**(1,664)**	(2,448)
Share-based payment expense	**(457)**	(55)
Statutory EBITDA	**(2,121)**	(2,503)
Amortisation	**(22)**	(24)
Depreciation	**(433)**	(345)
Operating loss	**(2,576)**	(2,872)

Share-based payment charges

The non-cash share-based payment charge for the year increased to £0.5 million (2021: £0.1 million). This charge includes a one-off charge of £0.3 million in respect of a warrant that the Company issued to SPARK to subscribe for up to 689,417 Ordinary Shares on 15 December 2021.

Tax

The Group claims each year for research and development tax credits. Since it is loss-making, the Group elects to surrender these tax credits for a cash rebate. The benefit to the Group is included within the taxation line of the income statement and amounts to £0.5 million (2021: £0.6 million). The Group has not recognised any tax assets in respect of trading losses arising in the current financial year or accumulated losses in previous financial years.

Loss for the year

The loss for the year was £2.1 million (2021: £2.3 million loss). The basic and diluted loss per ordinary share decreased to 3.24 pence per share (2021: 3.92 pence per share) based on an average number of shares in issue during the year of 64,546,622 (2021: 58,970,318).

Cash flow

The Group had £6.7 million of cash at 30 June 2022 (2021: £0.4 million). The cash inflow for the year was £6.3 million (2021: £0.1 million inflow). This primarily reflects the net cash proceeds from the IPO of £9.6 million (2021: £2.1 million from the issue of share capital) and cash receipts relating to research and development tax credits of £0.6 million which represented the tax refund for the prior period (2021: £0.3 million). These were offset by the cash outflow from operating activities of £3.0 million (2021: £1.6 million outflow), lease payments of £0.5 million (2021: £0.3 million) and an investment in capital expenditure and intangible assets of £0.4 million (2021: £0.4 million).

Financial position

Net assets at 30 June 2022 were £8.1 million (2021: £0.1 million) of which cash amounted to £6.7 million (2021: £0.4 million) reflecting the net fundraise of £9.6 million. After consideration of the Group's detailed forecasts, the Board has concluded that the Group has the resources to continue as a going concern and meet its financial obligations as they fall due.

Right-of-use assets have increased by £1.1 million to £1.3 million (2021: £0.2 million) primarily due to the signing of the new lease at York Science Park. A corresponding right-of-use lease liability of £1.3 million (2021: £0.2 million) has been recorded at 30 June 2022.

Consolidated statement of comprehensive income

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Revenue	3	**4,036**	1,600
Cost of sales		**(1,351)**	(927)
Gross profit		**2,685**	673
Administrative expenses	4	**(4,352)**	(3,126)
Other operating income	5	**3**	5
Adjusted EBITDA		**(1,664)**	(2,448)
Depreciation and impairment (including loss on disposal of assets)		**(433)**	(345)
Amortisation of intangible assets		**(22)**	(24)
Share-based payment expense		**(457)**	(55)
Operating loss		**(2,576)**	(2,872)
Finance costs	9	**(62)**	(38)
Loss before taxation		**(2,638)**	(2,910)
Taxation	10	**545**	598
Loss and total comprehensive expense		**(2,093)**	(2,312)
Basic loss per share	30	**3.24p**	3.92p
Diluted loss per share	30	**3.24p**	3.92p

There were no items of other comprehensive income in the current or prior period. Accordingly, no statement of other comprehensive income has been prepared.

Consolidated statement of financial position

At as 30 June 2022

	Notes	**30 June 2022 £'000**	30 June 2021 £'000
Assets			
Non-current			
Other intangible assets	11	**341**	222
Property, plant and equipment	12	**483**	284
Right-of-use assets	13	**1,340**	235
Other receivables	18	**379**	-
		2,543	741
Current			
Inventories	17	**420**	90
Trade and other receivables	18	**1,866**	864
Cash and cash equivalents		**6,691**	369
		8,977	1,323
Total assets		**11,520**	2,064
Current liabilities	19	**(2,374)**	(1,865)
Net current assets/(liabilities)		**6,603**	(542)
Non-current liabilities	20	**(1,060)**	(68)
Provisions for liabilities	23	**(35)**	(26)
Net assets		**8,051**	105
Equity			
Issued share capital	29	**69**	30
Share premium	31	**9,573**	5,203
Group reorganisation reserve	31	**185**	185
Share-based payment reserve	31	**538**	83
Accumulated losses		**(2,314)**	(5,396)
Equity attributable to shareholders		**8,051**	105

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Notes	Issued share capital £'000	Share premium £'000	Group reorganisation reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		28	3,088	185	28	(3,084)	245
Loss and total comprehensive expense for the period		-	-	-	-	(2,312)	(2,312)
Issue of share capital	29	2	2,115	-	-	-	2,117
Credit to equity for equity-settled share-based payments	32	-	-	-	55	-	55
Balance at 30 June 2021		**30**	**5,203**	**185**	**83**	**(5,396)**	**105**
Loss and total comprehensive expense for the year		**-**	**-**	**-**	**-**	**(2,093)**	**(2,093)**
Issue of share capital net of transaction costs	29	**9**	**9,573**	**-**	**-**	**-**	**9,582**
Share capital bonus issue	29	**30**	**-**	**-**	**-**	**(30)**	**-**
Capital reduction	29	**-**	**(5,203)**	**-**	**-**	**5,203**	**-**
Credit to equity for equity-settled share-based payments	32	**-**	**-**	**-**	**455**	**2**	**457**
Balance at 30 June 2022		**69**	**9,573**	**185**	**538**	**(2,314)**	**8,051**

Consolidated statement of cash flows

For the year ended 30 June 2022

	Notes	**Year ended 30 June 2022 £'000**	15-month period ended 30 June 2021 £'000
Cash flows from operating activities			
Cash used in operations	33	**(2,973)**	(1,641)
Income taxes received		**598**	267
Net cash used in operating activities		**(2,375)**	(1,374)
Investing activities			
Purchase of intangible assets		**(141)**	(227)
Purchase of tangible assets		**(277)**	(197)
Net cash used in investing activities		**(418)**	(424)
Financing activities			
Issue of share capital, net of issue costs		**9,582**	2,116
Loans		**(10)**	49
Payment of lease liabilities		**(395)**	(252)

Interest paid	**(62)**	(39)
Net cash generated from financing activities	**9,115**	1,874
Net increase in cash and cash equivalents	**6,322**	76
Cash and cash equivalents at beginning of year	**369**	293
Cash and cash equivalents at end of year	**6,691**	369

Notes to the financial statements

For the year ended 30 June 2022

1 Accounting policies

Company information

Aptamer Group PLC ("the Company") is a company limited by shares, domiciled, and incorporated in the United Kingdom and registered in England and Wales. The registered office is Windmill House, Innovation Way, York, YO10 5BR.

The Group consists of Aptamer Group PLC and all of its subsidiaries. The Group is a leading provider of Optimer® reagents for use by customers in research, diagnostics and therapeutics. Aptamer Group has developed a platform technology which is utilised by its three trading subsidiary companies to solve problems for pharmaceutical and bio-technology customers in the bioprocessing, research reagents, diagnostic and therapeutic areas of the life sciences.

1.1 Basis of preparation

The financial information included in this annual results announcement for the year ended 30 June 2022 does not constitute the Group's statutory accounts. Statutory accounts for the period ended 30 June 2021 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2022 were approved by the Board on 17 October 2022 and will be delivered to the Registrar of Companies in due course. The Auditor's report on those accounts for the year ended 30 June 2022 was unqualified, made reference to material uncertainty with regard to the going concern basis, and did not contain a statement under 498(2) or 498(3).

These financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS") and International Financial Reporting Committee ("IFRC") Interpretations that are applicable to the consolidated financial statements for the year ending 30 June 2022, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements are the first published consolidated financial statements of Aptamer Group PLC prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS"). The consolidated financial statements of Aptamer Group PLC were previously prepared under Financial Reporting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with IFRS. The Directors have also taken advantage of certain exemptions from the requirements of IFRS permitted by IFRS 1 "First-time Adoption of International Financial Reporting Standards". The exemptions taken are set out in note 38.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions to retrospective application of IFRS permitted by IFRS 1 "First-time Adoption of International Financial Reporting Standards".

Reconciliations and descriptions of the effect of the transition to IFRS on the consolidated and Company equity and the consolidated and Company total comprehensive income previously reported under UK GAAP are given in note 38.

These financial statements are prepared in sterling which is the functional currency of the Group and the Company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted are set out below.

1.2 Reporting period

These financial statements were prepared for the year ended 30 June 2022.

Prior year financial statements are for a period of 15 months from 1 April 2020 to 30 June 2021, therefore the comparative figures are not comparable.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Aptamer Group PLC and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The subsidiaries consolidated in these Group accounts were acquired via Group reorganisation and as such merger accounting principles have been applied.

Financial statements of the Company and its subsidiaries are made up to 30 June 2022. The subsidiaries' financial figures are included for their entire financial period rather than from the date the Company took control of them. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The Company acquired its 100% interest in Aptamer Solutions Limited (2015) and Aptamer Diagnostics Limited (2018) by way of a share for share exchange. The Company also acquired 100% of the share capital of Aptamer Therapeutics Limited and Aptasort Limited from Dr Arron Tolley in 2015. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group, but they are a continuance of those of Aptamer Solutions Limited and Aptamer Diagnostics Limited. Therefore, the assets and liabilities of Aptamer Solutions Limited and Aptamer Diagnostics Limited have been recognised and measured in these consolidated financial statements at their pre-combination carrying values. The retained earnings and other equity balances recognised in these consolidated financial statements are the retained earnings and other equity balances of the Company, Aptamer Solutions Limited and Aptamer Diagnostics Limited. The equity structure that appears in these consolidated financial statements (the number and the type of equity instruments issued) reflects the equity structure of the Company including equity instruments issued by the Company to affect the consolidation. The difference between consideration given and net assets of Aptamer Solutions Limited and Aptamer Diagnostics Limited at the date of acquisition is included in a Group reorganisation reserve.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments are tested for impairment in accordance with the policy described in note 1.12

1.4 Going concern

These financial statements are prepared on the basis that the Group is a going concern. In forming its opinion as to going concern, the Board prepares forecasts based upon its assumptions with particular consideration to the Group's key risks and uncertainties. The going concern period assessed is until October 2023 which has been selected as it can be projected with a good degree of expected accuracy.

The forecasts prepared reflect a range of sensitivities including a severe but plausible scenario together with mitigating actions. The forecasts, using the downside assumptions, still ensure that the Group has sufficient cash to meet its operating requirements. However, the Group acknowledges that there is some uncertainty around the timing of receivables including the R&D tax credit. Based on these considerations, the Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they arise for at least 12 months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

1.5 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published and are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

1.6 Revenue

Revenue from contracts with customers

Research activities

The Group's main source of revenue is fees for research activities carried out under contracts with customers. These contracts can be in progress over accounting period ends and consist of separate phases with fixed attributable income attached to each phase. The contract contains performance obligations set out for each phase. In most cases that customer has a right to proceed or cease the research work at the end of each phase.

The Group recognises revenue when it satisfies the performance obligations in respect of each phase of work. The Group has made enhancements in internal systems during the last quarter of the current financial year which allow it to reliably allocate transaction prices to performance obligations within each phase of work. Accordingly, the Group recognises revenue over time as each performance obligation is satisfied

No revenue is recognised in relation to subsequent contract phases until the customer has elected to progress to that phase and the above criteria in relation to satisfaction of performance obligations has been met.

Revenue is measured at the amount of consideration to which the Group expects to receive. If the consideration is receivable more than 12 months after the transaction date and the effect of discounting is material, the revenue amount recognised is discounted to its present value at the transaction date, using a discount rate which reflects customer risk, and the unwinding of this discount is recognised as financial income over the period until the date the consideration is due. Typically, the Group does not enter into transactions whereby revenue is variable or contains non-cash consideration, or is subject to reversals of income.

Costs incurred in fulfilling a contract phase, which include internal labour costs and materials, are recognised in the balance sheet until the satisfaction of performance obligations where:

- the costs relate directly to a contract that the Group can specifically identify;

- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

1.7 Research and development expenditure

An intangible asset arising from development (or from the development phase of an internal project) is recognised where the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is ability to use or sell the intangible asset;
- it can be demonstrated that the intangible asset will generate probable future economic benefits;
- there is evidence of existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- adequate technical, financial and other resources exist to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Research expenditure and development expenditure that do not meet the criteria above are written off against profits in the year in which they are incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.8 Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

The depreciable amount of an intangible asset with a finite life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial year end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Product development and registrations typically 10-15 years on a straight-line basis

1.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Other property, plant and equipment 6 years on a straight-line basis
- Fixtures, fittings and equipment 6 years on a straight-line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

1.10 Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

- Right-of use assets   Shorter of the asset's useful life and the lease term on a straight-line basis

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The right-of-use asset is subject to impairment and adjusted for any remeasurement of the lease liability and lease modifications.

1.11 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent Company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.12 Impairment of non-current assets

At each reporting period end date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

1.14 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.15 Financial instruments

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in the income statement. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal or interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets where there is an increased probability that the counterparty will be unable to settle an instrument's contractual cashflows on contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable, and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss on trade receivables is a probability weighted amount determined from grouping the receivables based on days overdue and making assumptions based on historic information to allocate an overall expected credit loss rate for each group.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial liabilities, including borrowings, trade payables and other payables, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.16 Taxation

The income tax expense or credit represents the sum of the tax currently payable or receivable on the current period's taxable income or loss, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The tax currently payable or receivable is based on taxable profit or loss for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

1.17 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The amount recognised as a provision is the management's best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1.18 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Group operates a defined contribution pension plan. Payments to the defined contribution pension plan are charged as an expense as they fall due.

Share-based payments

Share-based compensation benefits are provided to employees via the Aptamer Group EMI Share Option Scheme and unapproved share options. Information relating to these schemes is set out in note 32.

Employee options

The fair value of options granted under the Aptamer Group EMI Share Option Scheme and unapproved share options is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

1.19 Leases

On commencement of a contract which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease (term is 12 months or less with no option to purchase the lease asset) or a 'low-value' lease (where the underlying asset is £4,000 or less when new).

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term, discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The lease is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate (such as those linked to LIBOR), amounts expected to be payable by the Group under residual value guarantees and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in the income statement. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate are recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

When the lease liability is remeasured due to changes arising from the original terms and conditions of the lease, the corresponding adjustment is reflected in the right-of-use asset, or income statement if the right-of-use asset is already reduced to nil.

A lease modification that was not part of the original terms and conditions of the lease is accounted for as a separate lease or an adjustment to the lease liability depending on the nature of the change.

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria is satisfied is recognised as a liability.

1.21 Foreign exchange

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in Great British Pounds sterling, which is functional and presentation currency of each of the Group's entities.

Transactions and balances

Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are recognised in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

1.22 Finance costs

Finance costs are expensed in the period in which they are incurred. Interest paid is included under financing activities in the statement of cash flows.

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates, judgements, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

(i) Revenue recognition

The Group assesses the point at which performance obligations under contracts with customers are satisfied and accordingly when revenue is recognised in the financial statements. It also capitalises only directly attributable costs associated with the fulfilment of contracts as an asset in the statement of financial position, and only when the costs and their future benefit can be assessed with reasonable certainty.

(ii) Impairment of trade and other receivables

The Group makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. As at 30 June 2022, the provision for trade receivables impairment amounted to £nil (2021: £nil).

(iii) Impairment of investments

Interests in subsidiary undertakings are reviewed annually to assess whether there is objective evidence to indicate that either the carrying value of interests are impaired or impairments recognised in prior periods require to be reversed. Recoverable value of the subsidiary undertaking is estimated as the higher of value-in-use or fair value less cost of disposal. Fair value is based on net assets and incorporates adjustments to reflect the fair market value. See note 14 for the carrying amount of the investments.

(iv) Impairment of intangible assets

Product development and registration costs are recognised at historical cost and are amortised on a straight-line basis over their useful life, which is typically 10-15 years. In the case of registration costs where the asset is not in use, amortisation commences from the date of grant. The Group assesses these assets for impairment on an annual basis by comparing their carrying value with the recoverable amount, the recoverable amount being based on an assessment of the asset's value-in-use. The Group considers the cash-generating unit to which these assets belong and uses discounted cashflows from these cash-generating units to determine the value-in-use. The Group sensitises these results and determines if there is an impairment of intangible assets.

(v) R&D tax credits

The current tax receivable represents an R&D tax credit based on an advance claim with HMRC. The final receivable is subject to HMRC approval.

3 Revenue

Group revenue analysed by class of business

The Company and Group comprise a single operating segment being research and experimental development of biotechnology.

Group revenue analysed by geographical market

Revenue recognised in the income statement is analysed by geographical market as follows:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
United Kingdom	**597**	363
Europe	**325**	182
Rest of the World	**3,114**	1,055
	4,036	1,600

All assets are located in, and services delivered from, the United Kingdom.

An analysis of revenue by customer is set out in the table below:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Customer A	**814**	-
Customer B	**765**	72
Customer C	**67**	183
Customer D	**-**	170
All other customers	**2,390**	1,175
	4,036	1,600

During the year the Group recognised revenue from performance obligations satisfied during the year. All of the Group's contracts are for the delivery of service within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. The entire revenue of the Group relates to its contracts with customers.

4 Analysis of expenses by nature

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000

Auditors' remuneration (note 6)	**52**	-
Employee remuneration (note 7)	**2,943**	1,872
Amortisation of intangible assets (note 11)	**22**	24
Depreciation of property, plant and equipment (note 12)	**97**	75
Depreciation of right-of-use assets (note 13)	**276**	226
Loss on disposal of tangible fixed assets	**1**	44
Research and development expenses	**848**	614
Share-based payment expenses	**457**	55
Raw materials and consumables used	**490**	483

5 Other operating income

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Government grants	**3**	5

The Group received funding from a government grant scheme and has complied with the conditions of the funding throughout the year/period.

6 Auditors' remuneration

Fees payable to the Group's auditors and associates:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
For audit services		
Audit of the financial statements of the Group and Company	**52**	-
For non-audit services		
Review of interim financial statements	**4**	-
Reporting Accountant in relation to AIM admission document	**129**	-
	185	-

7 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	Year ended 30 June 2022 Number	15-month period ended 30 June 2021 Number
Administration and support	**9**	7
Production	**22**	15

Research and development	**5**	4
Sales	**8**	5
	44	31

Their aggregate remuneration comprised:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Wages and salaries	**2,651**	1,674
Social security costs	**264**	170
Other pension costs	**28**	28
Staff costs charged to income statement	**2,943**	1,872

8 Directors' remuneration

Information about emoluments paid to Directors, including the highest paid Director, have been included in the Remuneration Committee report shown in the Annual Report.

9 Finance costs

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Interest on financial liabilities measured at amortised cost		
Bank charges	**2**	-
Other interest on financial liabilities	**23**	31
	25	31
Other finance costs		
Interest payable on lease liabilities	**23**	5
Foreign exchange loss	**14**	2
Total finance costs	**62**	38

Other interest on financial liabilities relates to assets held under leases. Refer to note 21 for more details on the Group's outstanding loans and borrowings.

10 Taxation

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Current tax		
UK corporation credit on loss for the current year/period	**(546)**	(598)
Adjustments in respect of prior periods	**1**	-
Deferred tax		
Origination and reversal of timing differences	**-**	-

Total tax credit	**(545)**	(598)

The actual credit for the year/period can be reconciled to the expected credit for the year/period based on the profit or loss and the standard rate of tax as follows:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Loss before taxation	**(2,638)**	(2,910)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	**(501)**	(553)
Expenses that are not deductible in determining taxable profit	**42**	-
Research and development tax relief	**(239)**	(459)
Surrender of tax losses for R&D tax credit refund	**-**	186
Remeasurement of deferred tax for changes in tax rates	**-**	(148)
Deferred tax asset not recognised	**152**	376
Adjustments in respect of prior periods	**1**	-
Taxation credit in the financial statements	**(545)**	(598)

As at 30 June 2022 the Group had unrelieved tax losses of approximately £3,805,000 (2021: £2,680,000). A deferred tax asset has not been recognised in respect of these losses. Please see note 24 for further details.

11 Intangible assets

	Product development & registrations £'000
Cost	
At 1 April 2020	-
Transition adjustment under IFRS 1.C4	22
At 1 April 2020	22
Additions - internally generated	108
Additions - externally acquired	119
At 30 June 2021	**249**
Additions - internally generated	**141**
At 30 June 2022	**390**
Accumulated amortisation	
At 1 April 2020	-
Transition adjustment under IFRS 1.C4	3
At 1 April 2020	3
Charge for the period	24
At 30 June 2021	**27**

Charge for the year	**22**
At 30 June 2022	**49**
Carrying amount	
At 30 June 2022	**341**
At 30 June 2021	**222**
At 1 April 2020	19

An amortisation charge of £22,000 (2021: £24,000) has been disclosed separately on the Group Income Statement.

12 Property, plant and equipment

	Other property, plant and equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 April 2020	533	20	553
Transition adjustments	-	-	-
At 1 April 2020	533	20	553
Additions	65	10	75
Disposals	(26)	-	(26)
At 30 June 2021	**572**	**30**	**602**
Additions	**346**	**10**	**356**
Disposals	**(10)**	**-**	**(10)**
Transfers	**-**	**-**	**-**
At 30 June 2022	**908**	**40**	**948**
Accumulated depreciation			
At 1 April 2020	252	13	265
Transition adjustments	-	-	-
At 1 April 2020	252	13	265
Charge for the period	71	4	75
Disposals	(22)	-	(22)
At 30 June 2021	**301**	**17**	**318**
Charge for the year	**93**	**4**	**97**
Disposals	**(9)**	**-**	**(9)**
Impairment	**59**	**-**	**59**
At 30 June 2022	**444**	**21**	**465**
Carrying amount			
At 30 June 2022	**464**	**19**	**483**

At 30 June 2021	**271**	**13**	**284**
At 1 April 2020	281	7	288

13 Right-of-use assets

	Buildings	Plant and machinery	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2020	-	-	-
Transition adjustments	169	12	181
At 1 April 2020	169	12	181
Additions	201	217	418
Disposals	(201)	(6)	(207)
At 30 June 2021	**169**	**223**	**392**
Additions	**1,225**	**204**	**1,429**
Disposals	**(169)**	**-**	**(169)**
At 30 June 2022	**1,225**	**427**	**1,652**
Accumulated depreciation			
At 1 April 2020	-	-	-
Transition adjustments	92	6	98
At 1 April 2020	92	6	98
Charge for the period	191	35	226
Disposals	(161)	(6)	(167)
At 30 June 2021	**122**	**35**	**157**
Charge for the year	**230**	**46**	**276**
Disposals	**(168)**	**-**	**(168)**
Lease modification	**47**	**-**	**47**
At 30 June 2022	**231**	**81**	**312**
Carrying amount			
At 30 June 2022	**994**	**346**	**1,340**
At 30 June 2021	**47**	**188**	**235**
At 1 April 2020	77	6	83

14 Investments

	Group	Company

	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investment in subsidiaries	-	-	**418**	418

Movements in investments

Parent Company

	Investments other than loans £'000
At 1 July 2021 and 30 June 2022	**418**
Carrying amount	
At 30 June 2022	**418**
At 30 June 2021	418

Details of the subsidiaries can be found in note 15. The Directors believe that the carrying value of investments is supported by their underlying assets.

15 Subsidiaries

Details of the Company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Aptamer Solutions Limited	Windmill House, Innovation Way, York, YO10 5BR	Research and development	Ordinary	100
Aptamer Therapeutics Limited	Windmill House, Innovation Way, York, YO10 5BR	Research and development	Ordinary	100
Aptamer Diagnostics Limited	Windmill House, Innovation Way, York, YO10 5BR	Research and development	Ordinary	100
Aptasort Limited (dormant)	Windmill House, Innovation Way, York, YO10 5BR	Research and development	Ordinary	100

Each trading entity is a trading division of the Group and offers commercial services to customers.

16 Financial instruments

	2022 £'000	2021 £'000
Financial assets measured at amortised cost		
Inventories	**420**	90

Trade and other receivables	**1,866**	864
Cash and cash equivalents	**6,691**	369
	8,977	1,323

Financial liabilities measured at amortised cost		
Trade and other payables	**2,126**	1,679
Interest-bearing loans and borrowings	**1,308**	254
	3,434	1,933

All financial liabilities are measured at amortised cost.

17 Inventories

	2022 £'000	2021 £'000
Raw materials and consumables	**420**	81
Work in progress	**-**	9
	420	90

Inventories are stated after provision for impairment of £nil (2021: £nil).

Inventory losses charged to the income statement amounted to £nil (2021: £nil).

The cost of inventory recognised as an expense in the current year was £490,000 (2021: £483,000). These costs were included in cost of sales. Inventories are charged to cost of sales when materials are consumed or contractual commitments are complete.

18 Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	**629**	190
Allowance for expected credit losses	**-**	-
Trade receivables - net	**629**	190
Corporation tax recoverable	**545**	598
Other receivables	**525**	67
Prepayments	**167**	9
	1,866	864
Amounts falling due after more than one year:		
Other receivables	**379**	-
	379	-

An impairment review has been undertaken at the statement of financial position date to assess whether the carrying amount of financial assets is deemed recoverable. A provision for impairment is made when there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non-payment from customers. All trade receivable balances originate from contractual agreements with customers which were outstanding at the reporting date. Trade receivables are stated after an expected credit loss allowance of £nil (2021: £nil). There are no trade receivables that fall due after more than one year.

19 Current liabilities

	Notes	2022 £'000	2021 £'000
Interest-bearing loans and borrowings	21	**248**	186
Trade payables		**514**	538
Other taxation and social security		**105**	80
Other payables		**234**	22
Accruals		**959**	543
Deferred income		**314**	496
		2,374	1,865

The carrying amount of these liabilities equals their fair value. Deferred income relates to amounts outstanding under existing customer contracts where the delivery of service has not been completed at the reporting date.

20 Non-current liabilities

	Notes	2022 £'000	2021 £'000
Interest-bearing loans and borrowings	21	**1,060**	68
		1,060	68

21 Interest-bearing borrowings

The contractual terms of the Group's interest-bearing loans and borrowings are as follows:

	2022 £'000	2021 £'000
Current		
Obligations under leases	**209**	176
Other loans	**39**	10

	248	186
Non-current		
Obligations under leases	**1,060**	29
Other loans	**-**	39
	1,060	68

Security of borrowings

Lease liabilities are secured against the assets to which they relate.

22 Lease liabilities

	2022 £'000	2021 £'000
Maturity analysis - contractual undiscounted cash flows		
Within one year	**303**	190
Years two to five inclusive	**1,208**	29
After five years	**-**	-
Total undiscounted lease liabilities	**1,511**	219
Future finance charges	**(242)**	(14)
Discounted lease liabilities	**1,269**	205
Consisting of:		
Non-current	**1,060**	29
Current	**209**	176
Total discounted lease liabilities	**1,269**	205

Amounts of right-of-use assets recognised and the movements during the year/period are disclosed in note 13.

The total cash outflow for leases during the year was £395,000 (2021: £252,000).

23 Provisions for liabilities

	2022 £'000	2021 £'000
Dilapidations	**35**	26
	35	26

Movements on provisions:

	2021 £'000	2020 £'000
Dilapidations		
At 1 July	**26**	20
Additional provisions	**9**	6
At 30 June	**35**	26

A provision was made in a prior period by the Directors to cover the expected contractual commitments on termination of the licence agreement to occupy the premises where the Group is based.

24 Deferred tax liabilities

As at 30 June 2022, the Group had unrelieved tax losses of approximately £3,805,000 (2021: £2,680,000). A deferred tax asset of £723,000 (2021: £509,000) at 19% has not been recognised in respect of these losses due to uncertainty of timing of taxable profits.

25 Cash and cash equivalents

	2022	2021
	£'000	£'000
Cash and cash equivalents	**6,691**	369

26 Financial risk management

The Group's financial instruments comprise cash and receivables and payables held at amortised cost that arise from its operations.

The main financial risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Directors review and agree policies for managing each of these risks.

Liquidity risk
Management control and monitor the Group's cash flow on a regular basis, including forecasting future cash flows, available bank and other credit facilities in comparison to the Group's outstanding commitments on a regular basis to ensure that the Group has sufficient funds to meet the obligations of the Group as they fall due.

Interest rate risk
The Group adopts a policy of ensuring that there is an appropriate mix of fixed and floating rates in managing its exposure to changes in interest rates on borrowings. There is no material exposure to changes in interest rates at the reporting date.

Management regularly reviews the Group's interest rate risk position and considers the requirement for any hedging instruments to mitigate risk as part of this regular monitoring. There were no such hedging instruments in place at the year-end (2021: none).

Foreign currency risk
The main currencies in which the Group trades are the Pound Sterling and the US Dollar.

The Group is exposed in its trading operations to the risk of changes in foreign currency exchange rates and during the period the fluctuation in exchange rates has had an impact on reported results. The risk associated with foreign currency fluctuations is mitigated by holding foreign currency bank accounts. There was no significant exposure to foreign currency fluctuations at the reporting date.

Credit risk
Credit risk predominantly arises from trade receivables and cash and cash equivalents. Credit risk attributable to trade receivables is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful

debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group has no issues with the impairment of debts at the reporting date. The historic trading activity and the collection of balances due from customers does not indicate that impairment risk will be significant in the future.

27 Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Group can implement a range of measures to alter the capital structure including altering the dividends paid to shareholders and arranging appropriate banking facilities.

The capital structure of the Group consists of net debt (borrowing offset by cash and bank balances, see note 34) and equity (comprising issued capital, reserves and retained earnings).

The Directors of the Group review the capital structure on an ongoing basis. As part of this review the Directors consider the cost of capital and risks associated with each class of capital.

Effective interest rates and maturity analysis

1 April 2020	Effective interest rate %	Total £'000	One year or less £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Cash and cash equivalents	0.0	293	-	-	-	-
Right-of-use lease liabilities	8.0	161	130	27	4	-
		132	130	27	4	-

30 June 2021	Effective interest rate %	Total £'000	One year or less £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Cash and cash equivalents	0.0	369	-	-	-	-
Right-of-use lease liabilities	8.0	204	176	28	-	-
Other loans	2.5	49	10	39	-	-
		116	**186**	**67**	**-**	-

30 June 2022	**Effective interest rate %**	**Total £'000**	**One year or less £'000**	**1-2 years £'000**	**2-5 years £'000**	**More than 5 years £'000**
Cash and cash equivalents	0.0	**6,691**	**-**	**-**	**-**	**-**
Right-of-use lease liabilities	8.0	**1,269**	**209**	**335**	**725**	**-**
Other loans	2.5	**39**	**39**	**-**	**-**	**-**

5,383	**248**	**335**	**725**	**-**

28 Retirement benefit schemes

Defined contribution schemes	2022 £'000	2021 £'000
Charge to income statement in respect of defined contribution schemes	**28**	28

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £7,043 (2021: £11,833) were payable to the fund at the balance sheet date.

29 Issued share capital

	2022 £'000	2021 £'000
Ordinary share capital		
Issued and fully paid		
69,022,594 (2021: 298,540,000) Ordinary shares of £0.001 each (2021: £0.0001 each)	**69**	30
	69	30

On 11 October 2021 the Company allotted 158,000 Ordinary shares of £0.0001 each for a consideration of £0.03 per share.

On 29 November 2021 a total of 298,698,000 Ordinary shares of £0.0001 each were consolidated into 29,869,800 Ordinary shares of £0.001 each. An additional 29,869,800 Ordinary shares of £0.001 each were also allotted on that day.

On 22 December 2021 the Company issued 9,202,094 Ordinary shares of £0.001 each for a consideration of £1.17 per share.

On 28 February 2022 the Company issued 70,900 Ordinary shares of £0.001 each for a consideration of £0.16 per share.

On 14 April 2022 the Company issued 10,000 Ordinary shares of £0.001 each for a consideration of £0.08 per share.

During the year the Company incurred £1,201,100 of transaction costs which have been offset against share premium.

On 22 September 2021 the Company passed a special resolution to cancel the total amount of the share premium account of the Company from £5,203,442 to £0, with the amount reduced credited to a reserve.

30 Loss per share

	Year ended	15-month period ended 30 June

	30 June 2022	2021
Basic loss per share	**3.24p**	3.92p
Diluted loss per share	**3.24p**	3.92p
Loss for the year/period	**£2,093,000**	£2,312,000
Weighted average number of ordinary shares used as the denominator in calculating the basic/diluted loss per share	**64,546,622**	58,970,318

The loss attributable to equity holders (holders of ordinary shares) of the Company for the purpose of 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 under the terms of IAS 33 "Earnings per Share".

31 Reserves

Retained earnings
Cumulative profit and loss net of distribution to owners.

Share premium
Cumulative excess over nominal value of consideration received, net of directly attributable issue costs, for shares issued.

Share-based payments reserve
Used to recognise the grant date fair value of options issued to employees but not exercised.

Group reorganisation reserve
Difference between the consideration given and the net assets of acquired entities at the date of acquisition.

32 Share-based payments

The Group operates an executive unapproved share option scheme and an EMI employee share option scheme. The movement on share options issued was as follows:

	Exercise price £	Options
At 1 April 2020		6,065
Issued in the period (unapproved share scheme)	0.3108	1,134
Issued in the period (EMI share option scheme)	0.3108	9,404
Lapsed in the period	0.3108	(649)
At 29 June 2021		15,954
Subdivision of shares of £0.1 to £0.0001		15,938,046
At 30 June 2021		15,954,000
Consolidation of shares of £0.0001 to £0.001		(14,358,600)
Bonus issue of shares at 1 for 2		1,595,400
At 29 November 2021		3,190,800
Issued in the period (unapproved share scheme)	1.1700	256,410
Issued in the period (EMI share option scheme)	0.6350	284,200
Lapsed in the period (EMI share option scheme)	0.6350	(1,000)
Exercised in the period (EMI share option scheme)	0.3108	(112,200)
Lapsed in the period (EMI share option scheme)	0.3108	(659,800)
At 30 June 2022		**2,958,410**

Share options outstanding at 30 June 2022 were:

Effective datEffective date of grant	Expiry date	Exercise price £	Options
Granted on 1 April 2015 (executive share option scheme)	21 November 2030	0.0768	118,600
Granted on 1 April 2016 (executive share option scheme)	21 November 2030	0.0768	118,200
Granted on 1 April 2017 (executive share option scheme)	21 November 2030	0.0768	236,800
Granted on 1 April 2018 (executive share option scheme)	21 November 2030	0.1554	138,000
Granted on 1 April 2019 (executive share option scheme)	21 November 2030	0.1554	96,200
Granted on 1 April 2020 (executive share option scheme)	29 June 2031	0.1554	44,000
Granted on 1 February 2021 (executive share option scheme)	29 June 2031	0.1554	182,600
Granted on 30 June 2021 (EMI share option scheme)	29 June 2031	0.1554	1,288,000
Granted on 31 July 2019 (EMI share option scheme)	31 July 2029	0.1554	196,400
Granted on 15 December 2021 (executive share option scheme)	14 December 2021	1.1700	256,410
Granted on 16 December 2021 (EMI share option scheme)	15 December 2031	0.6350	283,200
			2,958,410

On 15 December 2021, the Company granted to SPARK a warrant to subscribe for up to 689,417 Ordinary Shares (representing 1% of the Enlarged Share Capital) at the Placing Price. The exercise period commences on Admission and ends on the third anniversary of Admission.

The fair value at grant date is determined using the Black-Scholes model and considers the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, and the risk-free interest rate for the term of the option. Key assumptions used in respect of share-based payment charges for those options issued during the period are as follows:

Effective	30 June 2022 SPARK warrant	30 June 2022 Executive share option scheme	30 June 2022 EMI share option scheme
Number of options	689,417	256,410	284,200
Exercise price	£1.17	£1.17	£0.635
Share price at grant date	£1.17	£1.17	£1.17
Expected volatility	50.00%	50.00%	50.00%
Time to exercise	3.00 years	2.50 years	2.34 years
Risk-free interest rate	0.47%	0.43%	0.47%
Option fair value	£0.40	£0.36	£0.62

The total expense recognised in the income statement from equity-settled share-based payments is disclosed in note 4.

33 Cash used in operations

	2022 £'000	2021 £'000
Loss for the year/period after tax	**(2,093)**	(2,312)
Adjustments for:		
Taxation credit	**(545)**	(598)
Finance costs	**62**	38
Amortisation of intangible assets	**22**	24

Depreciation and impairment of tangible assets	**432**	301
Loss on disposal of tangible fixed assets	**1**	44
Equity-settled share-based payment expense	**457**	55
Increase in provisions	**9**	6
	(1,655)	(2,442)
Movements in working capital:		
Increase in inventory	**(330)**	(20)
(Increase)/decrease in debtors	**(1,433)**	104
Increase in creditors	**445**	717
Cash used in operations	**(2,973)**	(1,641)

34 Analysis of changes in net debt

	1 July 2021 £'000	**Cash flows £'000**	**New leases £'000**	**Other non-cash changes £'000**	**30 June 2022 £'000**
Cash and cash equivalents	**369**	**6,322**	**-**	**-**	**6,691**
Loans	**(49)**	**10**	**-**	**-**	**(39)**
Lease liabilities	**(205)**	**395**	**(1,506)**	**47**	**(1,269)**
	115	**6,727**	**(1,506)**	**47**	**5,383**

	1 April 2020 £'000	Cash flows £'000	New leases £'000	Other non-cash changes £'000	30 June 2021 £'000
Cash and cash equivalents	293	76	-	-	369
Loans	-	(49)	-	-	(49)
Lease liabilities	(161)	252	-	(296)	(205)
	132	279	-	(296)	115

35 Controlling party

The Directors consider that there is no ultimate controlling party.

36 Related party transactions

Transactions with related parties

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company.

The remuneration of key management personnel of the Group was:

	Year ended 30 June 2022 £'000	15-month period ended 30 June 2021 £'000
Aggregate emoluments	**1,397**	442
Share-based payments	**101**	12
Value of Company contribution to defined contribution pension schemes	**5**	4
	1,503	458

37 Capital commitment

The Group has entered into a contract at the year end to fit out leasehold premises amounting to £1.6 million.

38 Explanation of transition to IFRS

This is the first year that the Group and Company have presented its results under International Financial Reporting Standards (IFRS). The last financial statements under UK GAAP were for the year ended 30 June 2021 and for the Company only. The date of transition to IFRS was 1 April 2020. Set out below are the changes in accounting policies which reconcile the loss for the year ended 30 June 2022 and the total equity at 1 April 2020 between UK GAAP as previously reported and IFRS.

(a) IFRS 1: First-time Application of International Financial Reporting Standards

In accordance with IFRS 1, the Group is entitled to a number of voluntary and mandatory exemptions from full restatements which have been adopted as follows:

Property, plant, and equipment and intangible assets

The Group has elected to retain the carrying values under UK GAAP as the deemed cost at transition. The Directors considered that the value of property, plant and equipment and intangible assets in the Group was a good approximation to the fair value as at the date of transition.

Investments in subsidiaries

The carrying value of investments in subsidiaries under FRS 102 has been taken as the deemed cost at the date of transition to IFRS, which is permitted under IFRS 1.

Business combinations

The Directors have elected not to apply IFRS 3: Business Combinations to business combinations that took place before the transition to IFRS but instead have applied it prospectively from the transition date. This means that no retrospective reversal of accumulated goodwill can take place in accordance with IFRS 1. The carrying amount of goodwill at the transition date is the carrying amount under UK GAAP.

Share-based payment expense

IFRS 2: Share-based Payment has not been applied to equity-settled share-based payments granted on or before 7 November 2002, nor has it been applied to share-based payments granted after 7 November 2002 that vested before the date of transition to IFRS standards.

Leases

IFRS 16: Leases has optional transitional reliefs and practical expedients permitted for first-time adopters of IFRS, which have been applied as follows:

- Determination of whether contracts existing at the date of transition contain leases based on an assessment of the facts and circumstances existing at that date, instead of determining retrospectively whether a contract contained a lease at the inception date of the contract;
- Recognition and measurement of lease liabilities and right-of-use assets at the date of transition to IFRS. The lease liability is discounted using the incremental borrowing rate at the date of transition to IFRS, and the right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRS; and
- The use of a single discount rate has been applied to each portfolio of leases with reasonably similar characteristics.

(b) Explanation of reconciling items between FRS 102 and IFRS

Leases

Under FRS 102 leases, where the Group is lessee, are treated as operating leases where appropriate and rentals charged on a straight-line basis. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which were previously classified as operating leases under FRS 102, using the cumulative catch-up approach. These liabilities are measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition. 8% was deemed to be a reasonable approximation of the incremental borrowing rate for all leases at the date of transition by the Directors.

The associated right-of-use assets for leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at the transition date.

IFRS 16 does not distinguish between operating leases and finance leases, unlike UK GAAP. As such, the liabilities, and assets in relation to finance leases which existed on the statement of financial position as at the transition date, have been transferred into the lease liabilities and right-of-use assets recognised at that date under IFRS.

Business combinations

IFRS 3 allows the use of the carrying amount of goodwill at the transition date to be the carrying amount under UK GAAP. Since at the transition date the goodwill amount was £nil, no goodwill amount was recognised under IFRS.

Financial instruments

Under UK GAAP, bad debt provision is calculated on a specific basis per customer. Under IFRS, an "expected loss" impairment model applies, which requires a low allowance to be recognised based on expected credit losses. The Directors reviewed the existing bad debt provision in place and compared it with the values calculated under an "expected loss" impairment model. The conclusion was that there are no material adjustments which would be required as a result of the transition in this area.

Revenue recognition

IFRS 15 introduced a five-step recognition model for revenue which applies to all contracts with customers, regardless of whether it is a supply of goods or services. UK GAAP has separate recognition criteria for the sale of goods and services. The Directors reviewed the applicable revenue streams comparing the accounting under UK GAAP, to the expected accounting under the five-step recognition model. The conclusion was that there are no material adjustments which would be required as a result of the transition in this area.

Reconciliation of equity under IFRS at transition date

At 1 April 2020

	Company UK GAAP £'000	Consolidation and Group adjustments £'000	Group UK GAAP £'000	Share-based payments £'000	Patents £'000	Leases £'000	Group IFRS £'000
Assets							
Non-current							
Investments	418	(418)	-	-	-	-	-
Other intangible assets	-	-	-	-	19	-	19
Property, plant, and equipment	37	251	288	-	-	-	288
Right-of-use assets	-	-	-	-	-	83	83
	455	(167)	288	-	19	83	390
Current assets							
Inventories	-	71	71	-	-	-	71
Trade and other receivables	1,784	(1,148)	636	-	-	-	636
Cash and cash equivalents	64	229	293	-	-	-	293
	1,848	(848)	1,000	-	-	-	1,000
Total assets	2,303	(1,015)	1,288	-	19	83	1,390
Current liabilities	(223)	(783)	(1,006)	-	-	(88)	(1,094)
Net current assets/(liabilities)	1,625	(1,631)	(6)	-	-	(88)	(94)
Non-current liabilities	(1)	(26)	(27)	-	-	(4)	(31)
Provisions for liabilities	-	(20)	(20)	-	-	-	(20)
Net assets/(liabilities)	2,079	(1,844)	235	-	19	(9)	245
Equity							
Issued share capital	28	-	28	-	-	-	28
Share premium	3,088	-	3,088	-	-	-	3,088
Group reorganisation reserve	-	185	185	-	-	-	185
Share-based payment reserve	44	-	44	(16)	-	-	28
(Accumulated losses)/Retained earnings	(1,081)	(2,029)	(3,110)	16	19	(9)	(3,084)
Equity attributable to shareholders	2,079	(1,844)	235	-	19	(9)	245

Reconciliation of equity under IFRS at 30 June 2021

	Company UK GAAP £'000	Consolidation and Group adjustments £'000	Group UK GAAP £'000	Share-based payments £'000	Patents £'000	Leases £'000	Group IFRS £'000
Assets							
Non-current							
Investments	418	(418)	-	-	-	-	-
Intangible assets	106	-	106	-	116	-	222
Property, plant and equipment	89	379	468	-	-	(184)	284
Right-of-use assets	-	-	-	-	-	235	235
	613	**(39)**	**574**	**-**	**116**	**51**	**741**
Current assets							
Inventories	-	90	90	-	-	-	90
Trade and other receivables	3,142	(2,278)	864	-	-	-	864
Cash and cash equivalents	142	227	369	-	-	-	369
	3,284	**(1,961)**	**1,323**	**-**	**-**	**-**	**1,323**
Total assets	**3,897**	**(2,000)**	**1,897**	**-**	**116**	**51**	**2,064**
Current liabilities	(924)	(884)	(1,808)	-	-	(57)	(1,865)
Net current assets/(liabilities)	**2,360**	**(2,845)**	**(485)**	**-**	**-**	**(57)**	**(542)**
Non-current liabilities	(39)	(29)	(68)	-	-	-	(68)
Provisions for liabilities	-	(26)	(26)	-	-	-	(26)
Net assets	**2,934**	**(2,939)**	**(5)**	**-**	**116**	**(6)**	**105**
Equity							
Issued share capital	30	-	30	-	-	-	30
Share premium	5,203	-	5,203	-	-	-	5,203
Group reorganisation reserve	-	185	185	-	-	-	185
Share-based payment reserve	83	-	83	-	-	-	83
(Accumulated losses)/Retained earnings	(2,382)	(3,124)	(5,506)	-	116	(6)	(5,396)
Total equity	**2,934**	**(2,939)**	**(5)**	**-**	**116**	**(6)**	**105**

Reconciliation of income statement under IFRS for the year ended 30 June 2021

15-month period ended 30 June 2021	Company UK GAAP £'000	Consolidation and Group adjustments £'000	Group UK GAAP £'000	Share-based payments £'000	Patents £'000	Leases £'000	Group IFRS £'000
Revenue	185	1,415	1,600	-	-	-	1,600
Cost of sales	(393)	(534)	(927)	-	-	-	(927)
Gross profit/(loss)	(208)	881	673	-	-	-	673

Administrative expenses	(2,707)	(712)	(3,419)	(16)	107	202	(3,126)
Other operating income	1,607	(1,602)	5	-	-	-	5
Operating loss before depreciation and amortisation	(1,308)	(1,433)	(2,741)	(16)	107	202	(2,448)
Depreciation (including loss on disposal of assets)	(23)	(129)	(152)	-	-	(193)	(345)
Amortisation of intangible assets	(13)	-	(13)	-	(11)	-	(24)
Share-based payment expense	(55)	-	(55)	-	-	-	(55)
Operating loss	(1,399)	(1,562)	(2,961)	(16)	96	9	(2,872)
Finance costs	(3)	(30)	(33)	-	-	(5)	(38)
Loss before taxation	(1,402)	(1,592)	(2,994)	(16)	96	4	(2,910)
Taxation	101	497	598	-	-	-	598
Loss for the year	(1,301)	(1,095)	(2,396)	(16)	96	4	(2,312)