9 November 2023

Aptamer Group plc
(“Aptamer”, the “Company” or the “Group”)

Full year results for the twelve months ended 30 June 2023

Aptamer Group plc (AIM: APTA), the developer of novel Optimer® binders to enable innovation in the life sciences industry, today announces its full year results for the twelve months ended 30 June 2023 (the “Period”). Shareholders are directed to the Chairman’s Statement, Financial Statements and accompanying notes below.

Highlights

- Revenue of £1.8 million (2022: £4.0 million)
- Adjusted EBITDA loss of £4.7 million (2022: £1.7 million)
- Relocation to new premises
- Post year end:
  - Refinanced with £3.5 million in two equity placings (balance at end of October 2023: £2.6 million)
  - New management team
  - Strategy reset – focusing on achieving EBITDA and cash break even within two years
  - Cost base reduced

Operational Highlights

- Contracts signed with a top five pharmaceutical company to develop multiple Optimer® binders as immunohistochemistry (IHC) reagents to support pipeline development and early discovery targets (Jul 2022)
- Partnership to develop Optimer® therapeutics to block the activity of naturally occurring antibodies within the body for use as a potential therapy to prevent transplant rejection. (Nov 2022)
- Multiple deals signed with Novavax, a vaccine developer for respiratory diseases, who require Optimer® binders to improve the selectivity of their Quality Control (QC) assays (Nov 2022)
- Multiple deals signed (and expanded) with a multinational consumer goods company for Optimer® binders supporting the development of novel direct-to-consumer personal care products (Jan 2023)
- Partnership with a developer of custom enzymes based in Asia for Optimer® binders to incorporate into a biosensor for convenient monitoring of the company's manufacturing processes (Jan 2023)
- Deal signed with Basecure Therapeutics to identify cell-targeting Optimer® binders for potential as targeted delivery vehicles for siRNA (Jan 2023)
- Optimer®-Fc tools launched to enable immunohistochemistry research and diagnostic workflows (Mar 2023)
- Patent filed in a collaborative project with NeuroBio to support early diagnostics for Alzheimer’s disease (Jun 2023)

Post-period end

- A follow-on deal with a US-based vaccine development company to develop Optimer® binders as QC reagents (Jul 2023)
- Refreshed Board with pre-IPO Chairman and co-founder returning to support and direct the team to revenue generation & technical delivery (Aug 2023)
- Net of costs, £3.5 million raised to support the Company target to reach an EBITDA and cash breakeven position within two years (Aug/Sept 2023)

- Signed two deals with a top five pharma partner, valued at up to £0.2 million for the development of tools for use in immunoassays and IHC in detecting neuronal targets (Aug 2023)
- Completed the reset of the fixed cost base to £3.5m per annum, whilst maintaining the ability to win sales and deliver projects (Sept 2023)
- Process improvements have been successfully trialled and implemented across the platform to support lower sample requirements, increase capacity and improve project margins (Oct 2023)
- Development of exemplification data, demonstrating Optimer® binders as IHC reagents for research and diagnostics is underway with promising early results (Oct 2023)

Commenting on the results, Steve Hull, Executive Chairman of Aptamer Group, said: "I am pleased to return as the Executive Chairman of Aptamer Group. The Company has a leading technology platform that is in high demand across the life sciences industry, in supporting researchers and developers overcome many of the limitations of antibodies and allow them to advance novel technology solutions to drive healthcare forward. While the past year has been difficult for Aptamer, with contributory challenging macroeconomic conditions, the Company, invigorated by the new Board, is now showing good momentum and success in expanding current partnerships and winning new contracts.

The new Board has reset the Group's cost-base and revenue expectations. In addition, it has completed an extensive process improvement programme to support improved selections, which will reduce sample requirements and improve margins. We expect to continue to build on the Company's expertise to offer excellent services using the Optimer® platform, with a key focus of achieving a cash breakeven position over the next two years."

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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 function as an antibody alternative. The global affinity ligand market is currently worth over $170 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 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 unique Optimer® technology and processes, scientists and collaborators can make faster, more informed decisions that support discovery and development across the Life Sciences.

Charmain’s Statement

For the year under review, the Group's operational progress was not matched by revenues. An encouraging and active pipeline of new business has taken longer to convert into revenues, especially licensing and royalty-based contracts, against a background of significant macro and sector headwinds. A change in Aptamer Group’s leadership which concluded in August 2023 has re-evaluated the Company’s commercial and operational strategies and set the Company on a footing for success.

The new Board is composed of experienced individuals, all of whom are investors in the Company and focused on increasing shareholder value while delivering customer-centric improvements to the technology and business. With these improvements, we aim to support increased commercial traction by improving the product offering, broadening the applicable marketplace for our technology and driving future opportunities of higher value and impact.

With the new leadership and focus embedded, the Board has confidence that Aptamer Group’s leadership position in the aptamer market is retained. The new Board is focused on revenue generation and technical delivery, with an updated realistic revenue plan in place along with tight cost discipline. The Optimer® platform we have built will begin to yield positive momentum and revenue growth with our key objective to move the company to an EBITDA and cash breakeven position within the next two years and focus on acquiring royalty-bearing licences.

The Company continues to see demand for its Optimer® technology from across the life sciences. Due to the continued demand for Optimer® binders and the Group’s expertise in the affinity ligand industry, we believe we are well-placed to use the platform to build lower-risk fee-for-service revenues and drive positive momentum and revenue growth and to target opportunities to licence its technology to the developers of diagnostic tests and therapeutics.

Strategy

Our mission at Aptamer Group is to remove the scientific barriers to our partners' success by delivering high quality science underpinned by innovation, integrity, and precision. As a well-established leader within the aptamer market, we are focused on using our Optimer® platform to discover and develop new affinity binders to support our global customer base, from research and bioprocessing to diagnostics and therapeutics. Over the past year, we have advanced our service offering to enable a turnkey service for novel affinity binders, which includes binder discovery, development and improved assay and validation services. This has been supported by the move to new premises in November 2022, which provided increased capacity.

Going forward, the Company’s focus is on tight cost discipline with the intention of reaching an EBITDA and cash breakeven position within two years. Consequently, budgeted costs for premises, overheads and development, directors, and staff have been reduced from approximately £6.4 million (unaudited) in the year ended 30 June 2023 to approximately £3.5 million for the current financial year. This cost base reset was completed by 30 September 2023, including a reduction in operational headcount to the level required to meet forecasted revenues over the next several years. The reduction in operational headcount was achieved without any redundancies by allowing natural attrition in staff numbers, with the top performers retained and incentivised.

Research and development activities over the financial year 2023 have resulted in a broader service offering, enabling us to offer validatory assays and assay development activities post-Optimer® development. We have also developed a new technology and service called Optimer®-Fc for the development of reagents for automated IHC workflows to address the need for improved reagents in this market vertical.

Current internal research activities are focused on process improvements to reduce delivery timelines and increase margins. Of the £3.5 million raised since the year end, £0.3 million has been reserved to support research and development activities and process improvements to the technology and to generate more supporting data. The Board believes that outcomes of these research and development activities will enable further proof of the platform supporting the signing of high value, high impact, deals. Future higher-risk development work will, in whole or part, be funded via grants and collaborations to minimise the impact on working capital requirements. A collaboration with Bioliquid Innovative Genetics and Anima Design is a great example of such work, funded through the European Eurostars programme to support Optimer® development for an application in a novel prenatal and foetal diagnostic platform.

During FY2023, the Group achieved revenues of £1.8 million from fee-for-service contracts. There is a continued increase in demand for the development of alternative ligands across the life science industry, which the Group is well-positioned to capitalise on.

To achieve EBITDA and cash breakeven position during the year ending 30 June 2025, the Company is targeting revenue of £3.0 million for the current financial year, rising to £6.0 million for the year ending 30 June 2026. These figures are significantly lower than previous targets and reflect a change of emphasis in setting expectations. These revised targets are mainly based on expectations of fee-for-service revenues for contract research, with minimal expectations for licensing revenues.

Aptamer's model will remain to use its contract research relationships as a platform to build lower-risk fee-for-service revenues and horizon scan for material licence fee opportunities. Under the revised strategy, the Group will focus on developing the core fee-for-service revenues to achieve profitability. Post-period, the Company has announced the signing of six contracts with a combined value of up to £0.7 million for the current financial year (subject to ongoing commercial and scientific attrition).

Aptamer will continue to target opportunities to out-licence its technology. If successful, these opportunities have the potential to generate material recurring revenue streams. Since IPO, Aptamer has found that whilst there is significant appetite for its technology, reaching and securing licensing agreements is taking much longer than anticipated and can be impacted by factors outside the Group's control. Hence, the Group is refocusing its efforts to ensure that it is sustainable on a lower level of fee-for-service work whilst retaining the potential upside from these longer-term opportunities.

Group Performance

Over the past financial year, Aptamer Group has signed contracts across all divisions for research reagents and bioprocessing ligands in Aptamer Solutions, diagnostic tools in Aptamer Diagnostics and therapeutic development in Aptamer Therapeutics. This has delivered revenue of £1.8m from our fee-for-service business. While revenue was lower than expected for FY23, the new Board has reset target expectations and updated the timeframes around downstream licensing revenues.

We continue to see an increasing demand for Optimer® binders as a novel alternative to antibodies, supporting researchers and developers with both novel applications that are intractable with antibody technology and with standard applications where antibody performance has proven insufficient.

Aptamer Solutions

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

The Aptamer Solutions business has shown good momentum in deal flow and variety during 2023, reflecting the need across the life science industry for alternatives to antibodies to support new and improved applications and the detection and monitoring of new biomarkers.

At the beginning of the period, we signed multiple contracts with a top-five pharma partner for the development of Optimer® binders as IHC reagents to support improved sensitivity and selectivity in biomarker identification. Post-period end, this partnership was expanded with two further contracts signed for Optimer® IHC reagents to new targets and for Optimer® binders to support immunoassays for targets associated with neurodegeneration.

A contract was signed with vaccine manufacturer Novavax in November 2022 to develop Optimer® binders to enable multiplex analysis in Quality Control (QC) assays. Following initial positive results, further agreements were signed during the period to develop Optimer® binders to additional targets for use in their assays.

At the start of the second half of the fiscal year (H2), a follow-on deal was signed with a multinational consumer goods company following positive results in an earlier project. The second deal will focus on the development of Optimer® binders for a direct-to-consumer personal care product, demonstrating a novel application in the fast-moving consumer goods sector.

A further partnership agreed at the beginning of H2 is for the development of Optimer® binders for ‘process monitoring’, another QC application, for an enzyme manufacturer based in Asia. Once developed, the binders will be incorporated into a biosensor to allow the partner company to conveniently monitor reactants and products in the company’s manufacturing process.

Finally, a contract was signed with a large US-based gene therapy company for Optimer® binders to a key target in neurodegenerative disease. Here, developed Optimer® binders will enable reliable measurements of a disease biomarker in the company's research immunoassays. These binders will be used with an antibody in a sandwich pair format, demonstrating that Optimer® reagents can be used as replacements and in conjunction with antibodies.

As the identification of novel disease biomarkers continues and novel therapeutics are progressing through the clinic, our partners are increasingly investigating Optimer® technology to meet their need for affinity ligands that can support these new targets, many of which have proven intractable with alternative technologies. Delivering benefits of ethical compliance, the ability to tune development for success with a wider target range, and both cost-efficiencies and security in supply, Optimer® binders are offering much-needed innovation to enable new research and bioprocessing solutions.

Aptamer Diagnostics

Aptamer Diagnostics focuses on the development and integration of Optimer® binders into diagnostic platforms. Optimer® binders offer significant advantages, including development against previously intractable targets, improved binding characteristics and greater batch-to-batch consistency in manufacture. This leads to potential improvements in multiple diagnostic formats, such as Enzyme-Linked Immunosorbent Assay (ELISA), flow cytometry, biosensors and cell and tissue imaging.

Within the period, the Company signed an agreement with Neuro-Bio to develop Optimer® binders against a novel biomarker for Alzheimer's disease. The Optimer® binders will be used to enable the development of a novel lateral flow test for the early diagnosis of Alzheimer's disease. This agreement has progressed successfully with a panel of binders being patented by Neuro-Bio. Further integration of the binders into a routine lateral flow test will support the clinical and commercial development of rapid diagnostics for Alzheimer's disease through simple nasal sampling.

Aptamer was awarded a portion of a €1.125m Eurostars grant. The consortium also includes Bioliquid Innovative Genetics and Anima Design of Spain. As part of this consortium, Aptamer will develop Optimer® binders to novel biomarkers to support improved non-invasive prenatal testing and the diagnosis of placental disease.

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, temperature stability and batch consistency enable simple global logistics and position our Optimer®-based tests as an antibody alternative, or antibody partner, for use in diagnostics.

Aptamer Therapeutics

Aptamer Therapeutics delivers contract research services in the field of therapeutic development for example, developing Optimer®-drug conjugates, Optimer®-enabled gene therapies and Optimer® agonists and antagonists for potential therapeutic application.

During the period, Aptamer entered the second phase of development with CRUK to develop a bifunctional Optimer® therapeutic for the treatment of chronic myelomonocytic leukaemia (CMML) and other myeloid malignancies. In the first phase, an Optimer® has been developed that is effective in lab-based experiments in overcoming a causative gene mutation in CMML. The second phase of development is focused on developing an Optimer® as a delivery vehicle to target treatment to the required cell type, with the intention to develop the two Optimer® binders as a single bifunctional therapeutic.

A new partnership was developed with an organ transplantation tolerance biotechnology company to develop Optimer® binders to block the activity of naturally occurring antibodies within the body. The developed Optimer® binders will be used as a potential therapy to prevent transplant rejection. Following the signing of the contract in November, the initial development phase has been completed and candidate Optimer® binders shipped to the partner company for internal validation and assessment.

During H2, a new contract was agreed with Basecure Therapeutics; a pre-clinical stage biotech company dedicated to the discovery and development of innovative siRNA-based medicines. Aptamer and BaseCure Therapeutics will work together to develop cell-targeting Optimer® binders that could be used as potential delivery vehicles to improve siRNA uptake into target cells and tissues. If this

Optimer®-directed targeted delivery is successful, this would offer new therapeutic opportunities of siRNA-mediated gene knockdown using the Optimer® platform to develop targeting molecules.

Aptamer's partnership with PinotBio remains active, and we continue to progress with the development of candidate Optimer® binders for development as precision Optimer® drug conjugates for a number of solid tumour targets.

Targeted delivery of therapeutic payloads remains a significant challenge. Optimer® binders have a significant advantage as small, oligonucleotide-based molecules offer a novel solution for our partners to deliver diverse payloads, such as chemotherapeutics, gene therapies and radiotherapies. Optimer® advantages can include increased tissue penetration, low immunogenicity and the potential for convenient manufacture with site-directed conjugations.

Operational Update

As awareness of Aptamer Group's technology continues to increase there is an increasing demand for Optimer® binders as synthetic antibody alternatives. The Company relocated to new purpose-built laboratory facilities to meet this demand in November 2022. These new facilities have allowed the expansion of the Optimer® platform and will support the anticipated sales pipeline and the integration of further service lines for turnkey solutions for several years to come.

Over 2021 and 2022, the Group built up its operational scale capabilities to cope with anticipated demand and larger contracts. In practice, targeted opportunities have not converted into revenue in 2023. Under the new management team, the decision was taken to reduce the business's cost base to match more closely with commercial activity. Post-period end, the new Board has worked to right-size the business and this has resulted in a significant reduction in leadership team costs and a 33% reduction in headcount since December 2022 (through natural attrition of team members). This exercise in cost discipline was completed by 30 September 2023 and provides a reduction in total costs for premises, overheads and development, directors, and staff from £6.4 million to £3.5 million for FY24 to support the Group's move to a positive cash flow position over the next two years. The leadership team is continuing to pursue tight cost discipline and seeking to further reduce costs through a reduction in the Company's operational footprint.

Research & Development

Over the period, Aptamer's research and development activities have allowed the development of increased assay and validation services, which are being offered to customers as additional services. The improved translation of the final Optimer® binders into functional products in the customer's hands is a vital validation of the platform for internal research projects and customer projects.

Post-period, the Company's cost restructuring has reduced the focus on internal research and development activities. The new Board has reviewed the existing research and development progress and identified areas of important development, so in September 2023, an additional placing through existing shareholders raised a further £0.3 million that has been ringfenced to support research and development and allow further validation of the Optimer® platform in key focus areas. Process improvement R&D work to improve margins and capacity has been completed. The leadership remains committed to moving Aptamer towards a positive cash flow position and, as such, that the cost of higher-risk development work is offset in part or whole by grant funding.

Board and Senior Management Changes

During the period, Jenny Cutler served as Interim Chief Financial Officer and was replaced by Dr Rob Quinn. Dr Quinn became Interim Chief Executive Officer upon Dr Arron Tolley leaving the Company in April 2023.

Following the fundraise in August 2023, the Board has restructured to include Stephen Hull returning to the Company as Executive Chairman, after leading the Group to flotation in 2021 with Dr Arron Tolley. Dr Tolley returns as Chief Technical Officer, with Dr David Bunka moving to Chief Scientific Officer to concentrate on research and development activities for the Group. Dean Fielding and Dr Adam Hargreaves have joined the Company as new Independent Non-Executive Directors. Dean Fielding is an experienced senior company director with extensive prior involvement as a board member of listed companies. Dr Adam Hargreaves is a board-certified pathologist who brings a broad range of expertise in both diagnostics and early-stage pharmaceutical efficacy and safety development to support Aptamer's technical strategy. The Company intends to appoint a Chief Executive Officer when appropriate to do so.

Andrew Rapson, the previous Head of Finance, has been promoted to Chief Financial Officer and Company Secretary, and Alastair Fleming remains as Chief Operating Officer.

The previous Board members, Dr Ian Gilham (Executive Chairman), Dr Rob Quinn (Interim Chief Executive Officer and Chief Financial Officer), Dr John Richards (Non-Executive Director) and Angela Hildreth (Non-Executive Director), resigned on 21 August 2023. We thank them for their service over the past 20 months.

Macro environment
The Board and senior management team actively monitor risk factors that could potentially affect the business, including the broader macroeconomic environment and global supply chain, to ensure that the business is well placed to act and mitigate such risks where possible.

In FY23, Aptamer Group saw a reduction in available investment and tighter budgeting across the life science industry impact sales numbers. This affected clients, from top pharma companies to small biotech companies, resulting in reduced outsourcing of R&D. Consequently, the Group's pipeline conversion was affected, with many of our partner's projects stalled, and licensing revenue was slower to achieve than anticipated. Consequently, the Board has reset Company targets and focused on fee-for-service revenue, removing anticipation of product licensing from the revenue forecast until clearer timelines are available.

Summary and outlook
Having completed a successful £3.2 million placing in August, with a further £0.3 million raised in September to support research and development, management believes that the Group has sufficient cash resources to fund progress beyond 12 months from the signing date of the accounts. This will allow us to implement our near-term strategy of maintaining tight cost discipline with the intention of reaching an EBITDA and cash breakeven position within two years.

With the new leadership in place at Aptamer, the Company's focus is on delivering commercial and scientific improvements to maintain its position as a leader in the field while using the planned technical and customer-centric advances to drive increased value and impact for future partnerships.

The Company has maintained good progress in deal flow over the past year, expanding current partnerships and winning new contracts across all business divisions. Our strategic focus is on growing the fee-for-service line, where we continue to see demand for Optimer® binders to address the limitations of antibodies across research, bioprocessing, diagnostic and therapeutic sectors. We have already signed a number of contracts with significant partners during the first quarter of FY23, demonstrating the focus of the new Board and the need for such antibody alternatives across the industry.

Strong growth in the aptamer market is predicted for the next nine years[1] and Aptamer Group is a recognised leader in the field with a high-throughput platform able to support this growth. We are well placed to support the broad demand from the life science industry. We believe our development services for antibody alternatives offer a much needed solution to the life science industry and look forward to continuing to support our current customer base while expanding on our current pipeline.

We would like to thank all our employees for their hard work, dedication and commitment during the past year despite our challenges in an uncertain economic climate and significant changes to the Company's strategy and leadership. We would also like to thank our shareholders for their support. We are confident that with our contract services customer base and growing pipeline, we are well-positioned to grow the Group's business and deliver shareholder value going forward.

1. Future Market Insights. Aptamers Market: Global Industry Analysis and Opportunities Assessment | Forecast 2022 to 2032. Report ID: Rep-GB-1759. (2023).

Financial Review

Despite a challenging 12-month period for Aptamer, with the loss of significant contracts and a tightening in the macroeconomic environment, the move to new purpose-built facilities has left us well placed to gain financial performance through improved operational efficiencies. The slowdown in revenue this year, combined with the increased spend required to complete the site relocation, left cash reserves at £0.2 million at the year-end. Post-period, fundraises totalling net proceeds of £3.5 million have been completed and a new Board established, focusing on tight cost discipline, revenue generation and technical delivery.

Revenue
The Group reported revenues for the year ended 30 June 2023 of £1.8 million (year ended 30 June 2022: £4.0 million). FY22 included two large proteomics contracts which did not progress in FY23.

Gross profit
Gross profit decreased from 69% in 2022 to 20% in 2023 reflecting the impact of lower revenue and a stock impairment charge of £0.2m.

Research and development costs
During the year, the Group expensed through the income statement £1.0m (2022: £1.4 million), relating to the continued development of the Optimer®+ platform technology and the design and optimisation of novel aptamer library architectures. The fundraise completed in September 2023 has enabled the continuation of this work in the first half of the 2024 financial year.

Administrative Expenses
Administrative costs were £5.0 million for the year compared to £4.4 million for the year to 30 June 2022. This increase in costs comes from employee costs of £3.3 million (2022: £2.9 million) and an increase in operating costs following the relocation to larger premises, which was completed in November 2022. The headcount has decreased slightly from 49 at 30 June 2022 to 46 at 30 June 2023.

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	Year ended 30 June 2022 £'000
Adjusted EBITDA	(4,672)	(1,664)
Share based payment expense	(84)	(457)
Impairment of tangible and intangible assets	(2,601)	-
Statutory EBITDA	**(7,357)**	**(2,121)**
Amortisation	(44)	(22)
Depreciation	(756)	(433)
Operating Loss	**(8,157)**	**(2,576)**

The Group incurred impairment losses of £2.6 million following a review of the carrying value of the cash-generating unit in light of the conditions prevailing as at 30 June 2023. The impairment loss has been recognised across intangibles, property, plant and equipment and right-of-use assets.

Share-based payment charges
The non-cash charge for the year decreased to £0.1 million (2022: £0.5m). The prior year included 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 losses for a cash rebate. The amount is included within the taxation line of the income statement and amounts to £0.5 million (2022: £0.5 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 £7.8 million (2022: £2.1 million loss). The basic loss per ordinary share increased to 11.35 pence (2022: 3.24 pence per share) based on an average number of shares in issue during the period of 69,055,369 (2022: 64,546,622).

Cash flow
The Group had £0.2 million of cash at 30 June 2023 (2022: £6.7 million). The cash outflow for the year was £6.5 million (2022: £6.3 million inflow). This primarily reflects the cash outflow from operating

activities of £4.6 million (2022: £3.0 million outflow), cash receipts relating to research and development tax credits of £0.5 million which represented the tax refund for the prior period (2022: £0.6 million), payment of leases of £0.4 million (2022: £0.5 million) and an investment in capital expenditure and intangible assets of £2.0 million (2022: £0.4 million). The £2.0 million capital expenditure was in relation to the fit out of the new laboratory and office space.

Financial position
Net assets at 30 June 2023 were £0.3 million (2022: £8.1 million) of which cash amounted to £0.2 million (2022: £6.7 million) reflecting the operating cash outflows and the spend fitting out the new laboratory and office space. Although there were significant additions to non-current assets in the period, the overall carrying value of these assets has reduced by £1.4 million which reflects impairment charges recognised in respect of these assets (Note 5).

Following the year end, the Company has successfully raised £3.5 million in net proceeds through equity fundraises. This was completed in conjunction with an appraisal of the ongoing cost base, which has been reduced considerably along with the appointment of a new Board of Directors.

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Revenue	4	**1,752**	4,036
Cost of sales	6	**(1,393)**	(1,351)
Gross profit		**359**	2,685
Administrative expenses		**(5,034)**	(4,352)
Other operating income	7	**3**	3
Adjusted EBITDA	9	**(4,672)**	(1,664)
Amortisation and impairment of intangible assets	16	**(324)**	(22)
Depreciation and impairment (including loss on disposal of assets)	17, 18	**(3,077)**	(433)
Share-based payment expense	34	**(84)**	(457)
Operating loss	6	**(8,157)**	(2,576)
Finance costs	12	**(141)**	(62)
Loss before taxation		**(8,298)**	(2,638)
Taxation	13	**462**	545
Loss and total comprehensive loss		**(7,836)**	(2,093)
Basic loss per share	14	**11.35p**	3.24p
Diluted loss per share	14	**11.35p**	3.24p

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

Loss and total comprehensive loss for the year is all attributable to the owners of the Parent Company.

All activities relate to continuing operations.

Consolidated statement of financial position

At as 30 June 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	16	**70**	341
Property, plant and equipment	17	**561**	483
Right-of-use assets	18	**160**	1,340
Other receivables	22	**373**	379
		1,164	2,543
Current assets			
Inventories	21	**204**	420
Trade and other receivables	22	**678**	1,321
Tax receivable		**473**	545
Cash and cash equivalents	29	**234**	6,691
		1,589	8,977
Total assets		**2,753**	11,520
Current liabilities			
Trade and other payables	23	**(1,329)**	(2,126)
Borrowings	25	**(50)**	(39)
Leases	26	**(264)**	(209)
		(1,643)	(2,374)
Net current (liabilities)/assets		**(54)**	6,603
Non-current liabilities			
Trade and other payables	24	**(7)**	-
Borrowings	25	**(19)**	-
Leases	26	**(745)**	(1,060)
Provisions for liabilities	27	**(35)**	(35)
		(806)	(1,095)
Net assets		**304**	8,051
Equity			
Issued share capital	32	**69**	69
Share premium	33	**9,578**	9,573
Group reorganisation reserve	33	**185**	185
Share-based payment reserve	34	**544**	538
Accumulated losses		**(10,072)**	(2,314)
Equity attributable to shareholders		**304**	8,051

Consolidated statement of changes in equity

For the year ended 30 June 2023

	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 July 2021		30	5,203	185	83	(5,396)	105
Loss and total comprehensive expense for the year		-	-	-	-	(2,093)	(2,093)
Transactions with the owners of the Parent Company:							
Issue of share capital net of transaction costs		9	9,573	-	-	-	9,582
Share capital bonus issue		30	-	-	-	(30)	-
Capital reduction		-	(5,203)	-	-	5,203	-
Credit to equity for equity-settled share-based payments	34	-	-	-	455	2	457
Balance at 30 June 2022		**69**	**9,573**	**185**	**538**	**(2,314)**	**8,051**
Loss and total comprehensive expense for the year		-	-	-	-	(7,836)	(7,836)
Transactions with the owners of the Parent Company:							
Issue of share capital net of transaction costs	32	-	5	-	-	-	5
Credit to equity for equity-settled share-based payments	34	-	-	-	84	-	84
Exercised & forfeited equity-settled share-based payments	34	-	-	-	(78)	78	-
Balance at 30 June 2023		**69**	**9,578**	**185**	**544**	**(10,072)**	**304**

Consolidated statement of cash flows

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash used in operations	35	(4,598)	(2,973)
Income taxes received		534	598
Net cash used in operating activities		**(4,064)**	**(2,375)**
Investing activities			
Purchase of intangible assets	16	(53)	(141)
Purchase of tangible assets	17	(1,975)	(277)
Net cash used in investing activities		**(2,028)**	**(418)**
Financing activities			
Issue of share capital, net of issue costs	32	5	9,582
Repayment of borrowings		(37)	(10)
Payment of lease liabilities	26	(192)	(395)
Interest paid		(141)	(62)
Net cash generated from financing activities		**(365)**	**9,115**

Net increase in cash and cash equivalents	(6,457)	6,322
Cash and cash equivalents at beginning of year	6,691	369
Cash and cash equivalents at end of year	**234**	**6,691**

Notes to the financial statements

For the year ended 30 June 2023

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 biotechnology 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 2023 does not constitute the Group's statutory accounts. Statutory accounts for the period ended 30 June 2022 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2023 were approved by the Board on 8 November 2023 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 2023 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).

Thegroup 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 2023, in conformity with the requirements of the Companies Act 2006.

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 £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

The principal accounting policies adopted are set out below. The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

1.2 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. The financial statements of the Company and its subsidiaries are made up to 30 June 2023.

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.

1.3 Going concern

The Group has reported a loss after tax for the year ended 30 June 2023 of £7.8 million (year ended 30 June 2022: £2.1 million). The Group had a cash balance of £0.2 million at 30 June 2023 (30 June 2022: £6.7 million).

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements, which includes assessing an internal forecast extending out to June 2025. The Directors consider that this forecast represents a reasonable best estimate of the performance of the Group over the period to June 2025.

In August 2023 the Company completed a fundraise which raised gross proceeds of £3.6 million before expenses and followed this up with a further fundraise in September 2023 raising gross proceeds of £0.3 million before expenses. The cash balance at the end of September 2023 was £2.7 million.

A new Board was appointed following the successful completion of the fundraise in August 2023. Former Chairman Steve Hull has returned to the business as executive Chairman and co-founder Arron Tolley has returned at Chief Technical Officer. In the short time since the new Board has been in situ work has been undertaken to refresh the Aptamer library and a number of process improvements are already well progressed. This has already started to yield results in more robust outputs and significantly improved data and sequencing.

The pipeline remains healthy, with over 120 leads being processed. More importantly we have been able to revisit some of the large pharma customers and offer an improved process as we continue to develop our Aptamer offering.

Following the fundraises, the fixed cost base has been cut back to less than £0.3 million per month. This reduction in costs has come primarily from a reduction in headcount and a significant reduction in Board and management remuneration. At the same time, a share option scheme has been launched to all staff, designed to incentivise and aid recovery and future growth.

In the forecast, full year revenue is anticipated to be higher than was the case in the year to June 2023. Within this forecast, delivery of these expectations would ensure that the resultant positive cashflows together with the current cash balance are sufficient to see the Group through to profitability and positive cash generation after taking account of the reduced cost base. It should be noted that the forecast also includes a significant decrease in capital expenditure compared to the year to 30 June 2023 with the move to the Group's new facility now complete.

The Directors have also considered reasonable likely downside scenarios, which includes slower growth in core revenues.

Should these downside scenarios materialise, the Group may need to seek additional funding. The Directors have a reasonable expectation that the Group could access further funding, from both dilutive and non-dilutive sources. However, there can be no guarantee that the Group would be able to raise additional funding from an equity fundraise to new and existing investors, nor that the Group will successfully develop assets for licensing within the next 12 months.

Based on the above factors the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the above factors give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.4 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. As a result, revenue is recognised over time as each performance obligation is satisfied, by reference to the work performed in delivering the performance obligations to the customer. Where consideration is received in advance of the performance obligations being fulfilled, a contract liability is recognised; where performance obligations are fulfilled in advance of an invoice being delivered to the customer, a contract asset is recognised.

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.

Following performance obligations being satisfied, the constraint of costs incurred is removed and the revenue is recognised by reference to the contractual value of that performance obligation.

1.5 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. Similarly, any research costs relating to revenue-generating contracts are not capitalised on the grounds that the Group does not retain rights to any intellectual property generated as part of this work.

1.6 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 — Up to 15 years on a straight-line basis

1.7 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:

- Fixtures, fittings and equipment — 6 years on a straight-line basis
- Leasehold improvements — Over the remaining life of the lease*
- Other property, plant and equipment — 6 years on a straight-line basis

* Amounts are charged on a straight line basis from the date of costs being incurred to the expiry of the lease to which the improvement attracts. This is typically less than 5 years.

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

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.

1.8 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

A number of assets have historically been recognised under lease but where there is a final balloon payment which transfers unconditional ownership into the Group's name. For these assets they have been depreciated over a longer period in accordance with the depreciation policy for the asset class (as shown in 1.7), and on the end date of the lease have been transferred to that asset class.

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 testing, and adjusted for any remeasurement of the lease liability and lease modifications.

1.9 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets on an individual and on a cash-generating unit basis 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 Group 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 Statement of Comprehensive Income, 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.

1.10 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.

1.11 Inventories

Raw materials, 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 inventories 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.

The Group applies a number of key judgements to its impairment calculations, including:

- Where inventories are used for research projects, these are fully provided for;
- Inventories which have been owned for at least 18 months is fully provided for;
- Any opened and partially used packages of inventories with a residual value of less than £1,000 are fully provided for;
- Any other items which are close to or beyond the expiry date are reviewed by laboratory management staff and considered whether these can be used, then (where applicable) provided for.

1.12 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. Bank overdrafts are shown within borrowings in current liabilities.

1.13 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.

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition r issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary

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.

1.14 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.

1.15 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.

1.16 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.

1.17 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 34.

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.

1.18 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, 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. The cost of the right-of-use asset also includes any provisions expected to be settled on termination of the lease.

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.

1.19 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.

Research and development expenditure credits
Where the Group receives research and development expenditure credits ("RDEC") it accounts for these as government grant income within operating income as it more closely aligns with grant income as opposed to a taxation credit. The income is recognised on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, under IAS 20 'Accounting for Government Grants and Disclosures'.

As well as receiving RDEC, the Group also receives R&D tax credits on the development expenditure it makes on the commercial projects it undertakes. These taxation credits are considered to reflect enhanced tax relief and as such are shown as a reduction in income tax or an increase in receivables due from HM Revenue & Customs

1.20 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.

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.

1.21 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.

1.22 Earnings per share

Basic Earnings per share is calculated by dividing the profit or loss for the year attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Details of the calculations presented under this are given in note 14.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised standards and interpretations have been adopted by the Group but have had no impact on its reported results and financial position:

- Annual improvements to IFRS 2018-2020
- Amendments to IAS 37 'Onerous Contracts' – Cost of fulfilling a contract

- Amendments to IAS 16 ‘Property, Plant and Equipment’ – Proceeds before intended use
- Amendments to IFRS 3 for reference to the conceptual framework

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, there were a number of standards and interpretations in issue but not yet effective (and in some cases not yet adopted by the UK). The adoption of all of these standards is not expected to have any impact on the Group’s financial statements.

3 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) Recognition of revenue from multiple element contracts, and revenue recognition

Management uses judgement in determining the fair value of multiple element contracts in order to appropriately recognise the revenue attributable to each element, which may be based on contractual terms or (for bundled contracts) the standalone selling price that would be attributed to each service.

For revenues recognised over time, the value of revenue recognised in the period is dependent on an assessment of work to completion.

(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 2023 the provision for trade receivables impairment amounted to £nil (2022: £nil).

(iii) Impairment of investments and recoverability of intercompany loans (Company only)

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 19 for the carrying amount of the investments.

Management further utilises judgement when assessing the recoverability of intercompany loans using the expected credit loss method in accordance with the requirements of IFRS 9 ‘Financial Instruments’. Based on these forecasts, all receivables have been fully provided for at 30 June 2023.

(iv) Impairment of non-monetary 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 up to 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, and all other non-monetary assets including property, plant and equipment and right-of-use assets, for impairment on an annual basis by comparing the carrying value of the single cash-generating unit ("CGU") with the recoverable amount, the recoverable amount being based on an assessment of the CGU's value-in-use. The Group uses discounted cashflows from the CGU to determine the value-in-use. The Group sensitises these results and determines if there is an impairment of the non-monetary assets. Further details are provided in notes 5, 16, 17 and 18.

4 Revenue

Group revenue analysed by class of business

The Group represents 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:

	2023 £'000	2022 £'000
United Kingdom	**427**	597
Europe	**134**	325
Rest of the World	**1,191**	3,114
	1,752	**4,036**

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:

	2023 £'000	2022 £'000
Customer A	**-**	814
Customer B	**-**	765
Customer C	**-**	67
Customer D	**400**	-
Customer E	**236**	-
Customer F	**216**	-
All other customers	**900**	2,390
	1,752	**4,036**

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.

5 Impairments

During the year the following impairments have been recognised in the Income Statement:

	Note	2023 £'000	2022 £'000
Inventories	21	**181**	**-**
Total impairment expense charged to cost of sales		**181**	**-**

	Note	2023 £'000	2022 £'000
Property, plant and equipment (specific)	17	**259**	59
Intangible assets	16	**80**	-

Impairment of cash-generating unit	**2,262**	-
Total impairment expense charged to administrative costs	**2,601**	**59**

Details of the impairment of property, plant and equipment on a specific basis is provided in note 17.

As a result of the ongoing trading conditions of the Group as at the year end, combined with the well-publicised risks to viability ahead of the fundraising described in note 39, the Directors have reviewed the carrying value of the cash-generating unit ("CGU") in light of the conditions prevailing as at 30 June 2023. As a result, there has been an impairment recognised across all non-monetary assets of the Group's single CGU, allocated first to specific intangible assets which are not ongoing, and subsequently pro-rated across the carrying value of all relevant assets.

6 Operating loss

Operating loss is stated after charging/(crediting):

	2023 £'000	**2022 £'000**
Employee remuneration (note 10)	**3,264**	2,943
Share-based payment expenses	**84**	457
Amortisation of intangible assets (note 16)	**44**	22
Impairment of intangible assets (notes 5 & 16)	**280**	-
Depreciation of property, plant and equipment (note 17)	**401**	97
Impairment of property, plant and equipment (notes 5 & 17)	**1,609**	-
Depreciation of right-of-use assets (note 18)	**355**	276
Impairment of right-of-use assets (notes 5 & 18)	**712**	-
Loss on disposal of tangible fixed assets	**-**	1
Research and development expenses (excluding R&D staff costs)	**474**	848
Raw materials and consumables used	**1,212**	490
Impairment of inventories charged as cost of sales (note 5)	**181**	-

7 Other operating income

	2023 £'000	**2022 £'000**
Government grants	**3**	**3**

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

8 Auditors' remuneration

Fees payable to the Group's auditors and associates:

	2023 £'000	2022 £'000
For audit services		
Audit of the financial statements of the Group and Company	**72**	52
For non-audit services		
Review of interim financial statements	**-**	4
Reporting Accountant in relation to AIM admission document	**-**	129
	72	185

9 Alternative Performance Measures

The Directors have used an Alternative Performance Measure ("APM") in the preparation of these financial statements. The consolidated income statement has presented adjusted earnings before interest, tax, depreciation, and amortisation ("Adjusted EBITDA"), which removes non-cash items including depreciation, amortisation, and share-based payments which are not relevant to the underlying cash generation of the business.

The Directors have presented this APM because they feel it most suitably represents the underlying performance and cash generation of the business and allows comparability between the current and comparative period in light of the changes in the business, and will allow an ongoing trend analysis of this performance based on current plans for the business.

10 Employees

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

	2023 Number	2022 Number
Administration and support	**13**	9
Production	**29**	22
Research and development	**4**	5
Sales	**8**	8
	54	**44**

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	**2,878**	2,651
Social security costs	**347**	264
Other pension costs	**39**	28
Short-term staff compensation	**3,264**	2,943
Share-based payment charge	**84**	457
Staff costs charged to income statement	**3,348**	**3,400**

11 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.

12 Finance costs

	2023 £'000	2022 £'000
Interest on financial liabilities measured at amortised cost		
Bank interest and charges	**2**	2
Other interest on financial liabilities	**7**	23
	9	**25**
Other finance costs		
Interest payable on lease liabilities	**125**	23
Foreign exchange loss	**7**	14
Total finance costs	**141**	**62**

Refer to notes 25 and 26 for more details on the Group's outstanding borrowings and leases.

13 Taxation

	2023 £'000	2022 £'000
Current tax		
UK corporation credit on loss for the current year/period	**(473)**	(546)
Adjustments in respect of prior periods	**11**	1
Deferred tax		
Origination and reversal of timing differences	**-**	-
Total tax credit	**(462)**	**(545)**

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:

	2023 £'000	2022 £'000
Loss before taxation	**(8,298)**	(2,638)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.5% (2022: 19%)	**(1,701)**	(501)
Expenses that are not deductible in determining taxable profit	**59**	42
Research and development tax relief	**(388)**	(239)
Surrender of tax losses for R&D tax credit refund	**243**	-
Deferred tax asset not recognised	**1,347**	152
Adjustments in respect of prior periods	**11**	1
Other adjustments	**(33)**	-
Taxation credit in the financial statements	**(462)**	**(545)**

The UK corporation tax rate was 19% until 31 March 2023 and 25% thereafter. In the disclosure above a hybrid rate of 20.5% has been used to pro-rate this change.

Deferred tax balances at the reporting date are measured at 25% (2022: 19%).

As at 30 June 2023 the Group had unrelieved tax losses of approximately £9,033,000 (2022: £3,805,000). A deferred tax asset has not been recognised in respect of these losses. Further details are given in note 28.

14 Earnings per share

	2023	2022
Basic loss per share	**11.35p**	**3.24p**
Diluted loss per share	**11.35p**	**3.24p**
Loss for the year/period	**£7,836,000**	**£2,093,000**
Weighted average number of ordinary shares used as the denominator in calculating the basic/diluted loss per share	**69,055,369**	**64,546,622**

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".

15 Dividends

No dividends were paid during the current or prior year, and no final dividends are proposed to be declared subsequent to the year end.

16 Intangible assets

	Product development & registrations
	£'000s
Cost	
At 1 July 2021	249
Additions – internally generated	141
At 30 June 2022	**390**
Additions – internally generated	**53**
At 30 June 2023	**443**
Accumulated amortisation	
At 1 July 2021	27
Charge for the period	22
At 30 June 2022	**49**
Charge for the year	**44**
Impairment	**280**
At 30 June 2023	**373**
Carrying amount	
At 30 June 2023	**70**
At 30 June 2022	341

Development costs capitalised are in relation to the generation of intellectual property and the patenting of such intellectual property, some of which are pending and thus not currently being amortised. As at the year end, £31,000 (2022 - £173,000) of patents are pending and not yet being amortised.

The Directors prepare forecasts which show the projected growth of the business and use of these assets, which forms a key part of the Group's future strategy. The forecasts include an assessment of the likely commercialisation of the technology based on current demand and anticipated market growth strategies, profiled on a discounted cash flow basis.

As a result of this cashflow forecast, and ongoing trading conditions prevalent at the year end, the Directors have recognised an impairment at 30 June 2023 as explained in note 5. This has been allocated across all non-monetary assets of the CGU, including property, plant and equipment, and right-of-use assets. The forecasts were for a specific period of 3 years, with 6% and 5% revenue growth in years 4 and 5, subsequently growing at 3% per annum.

The key unobservable inputs to the model were:

- A pre-tax discount rate of 34.50% (equating to a post-tax discount rate of 25.80%).
- A long term growth rate of 3.0%

The main forecasts assumed the going concern status of the Group through anticipated trading following a new fundraising round (as explained in note 39), and its planned use of funds. This fundraise was completed after the Group's year end in August 2023, which then secured the Group's status as a going concern. As the fundraise successfully completed after the year end, management prepared two scenarios addressing successful and unsuccessful completion of the fundraise. A weighting of 75:25 in favour of successful completion of the fundraise was applied in calculating the value in use of the CGU.

The Directors have considered sensitivities to revenue and discount rate in the cashflow forecast and the weighting applied between successful and unsuccessful fundraise post period end. If forecasted revenue in the cashflow forecast was reduced by more than 8%, this would result in a further impairment charge of £791,000, which would reduce the value in use of the CGU to nil. If weighting in favour of successful completion of the post period end fundraise was reduced to 50:50, this would result in an additional impairment of £650,000. If the post-tax discount rate was increased by 10% to 35.8% then this would result in an additional impairment of £645,000.

The Directors are confident that the value of the CGU as at the date of approval of the financial statements is significantly in excess of the carrying value as at 30 June 2023, as a result of the removal of the uncertainty relating to the fundraising event. However, this value has not been quantified, and cannot be utilised for the purpose of impairment testing as at 30 June 2023 under the requirements of IAS 36.

17 Property, plant and equipment

	Leasehold improvement	Other property, plant and equipment	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2021	-	572	30	602
Additions	-	346	10	356
Disposals	-	(10)	-	(10)
At 30 June 2022	**-**	**908**	**40**	**948**
Additions	**1,603**	**363**	**9**	**1,975**
Disposals	**-**	**(31)**	**(5)**	**(36)**
Transfers	**-**	**217**	**-**	**217**
At 30 June 2023	**1,603**	**1,457**	**44**	**3,104**
Accumulated depreciation				
At 1 July 2021	-	301	17	318
Charge for the period	-	93	4	97
Disposals	-	(9)	-	(9)
Impairment	-	59	-	59
At 30 June 2022	**-**	**444**	**21**	**465**
Charge for the year	**270**	**126**	**5**	**401**
Disposals	**-**	**(31)**	**(5)**	**(36)**
Impairment	**988**	**604**	**17**	**1,609**
Transfers	**-**	**104**	**-**	**104**
At 30 June 2023	**1,258**	**1,247**	**38**	**2,543**
Carrying amount				
At 30 June 2023	**345**	**210**	**6**	**561**
At 30 June 2022	-	464	19	483

Transfers in the year represent a reclassification from right-of-use assets where the underlying lease has completed, with the assets being purchased and having remaining useful life.

The impairment reflects one floor of the Group's head office, where ongoing trading conditions mean that the space is not being fully utilised.

18 Right-of-use assets

	Buildings	Plant and machinery	Total
	£'000	£'000	£'000
Cost			
At 1 July 2021	**169**	**223**	**392**

Additions	1,225	204	1,429
Disposals	(169)	-	(169)
At 30 June 2022	**1,225**	**427**	**1,652**
Transfers	**-**	**(217)**	**(217)**
At 30 June 2023	**1,225**	**210**	**1,435**
Accumulated depreciation			
At 1 July 2021	**122**	**35**	**157**
Charge for the period	230	46	276
Disposals	(168)	-	(168)
Lease modification	47	-	47
At 30 June 2022	**231**	**81**	**312**
Charge for the year	**217**	**138**	**355**
Transfers	**-**	**(104)**	**(104)**
Impairments	**641**	**71**	**712**
At 30 June 2023	**1,089**	**186**	**1,275**
Carrying amount			
At 30 June 2023	**136**	**24**	**160**
At 30 June 2022	994	346	1,340

Transfers in the year represent a reclassification to property, plant and equipment where the underlying lease has completed, with the assets being purchased and having remaining useful life.

19 Investments

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Investment in subsidiaries	-	-	**203**	418

Movements in investments
Parent Company

	Investments other than loans £'000
Cost	
At 1 July 2022 and 30 June 2023	**418**
Provision for impairment	
At 1 July 2022	-
Impairment charge in the year	215
At 30 June 2023	**215**
Carrying amount	
At 30 June 2023	**203**
At 30 June 2022	418

Details of the subsidiaries can be found in note 20. The Directors believe that the carrying value of investments is supported by their underlying assets.

20 Subsidiaries

Details of the Company's subsidiaries at 30 June 2023 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.

21 Inventories

	2023 £'000	2022 £'000
Raw materials and consumables	**204**	420
	204	420

Inventories are stated after provision for impairment of £181,000 (2022: £nil).

Details of amounts charged to the Income Statement are provided in note 6. Inventories are charged to cost of sales when materials are consumed or contractual commitments are complete.

22 Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	**356**	629
Allowance for expected credit losses	**-**	**-**
Trade receivables – net	**356**	629
Other receivables	**145**	525
Prepayments	**177**	167
Amounts owed by Group undertakings	**-**	-
	678	1,321
Amounts falling due after more than one year:		
Other receivables	**373**	379
	373	379

The Directors consider that the carrying value of trade and other receivables is approximately equal to their fair value.

The Group's trade receivables have been reviewed for expected credit losses. Allowances have been made at the year end amounting to £nil (2022 - £nil), with movements on the allowances for doubtful debts as follows:

	2023 £'000	2022 £'000
Balance at 1 July 2022	**-**	-
Allowance for doubtful debts and accrued income	**331**	-
Release of irrecoverable debts	**(275)**	-
Balance at 30 June 2023	**56**	-

The expected credit loss provision fully relates to accrued income, which is included within 'other receivables' in the above table.

The calculation of expected credit losses for trade receivables at 30 June 2023 was determined as follows:

	Current	Less than 3 months	3 to 6 months	More than 6 months	Total
Expected credit loss rate	0.25%	0.5%	1.0%	100.0%	
Gross carrying amount of trade receivables (£'000)	324	32	-	-	356
Gross carrying amount of accrued income (£'000)	-	-	-	56	56
Expected credit loss (£'000)	1	-	-	56	57

On the grounds that the above calculation is trivial in total with the exception of accrued income, no expected credit loss has been provided against trade receivables for at the current or comparative reporting period end date. The expected credit loss has been provided against accrued income in full.

23 Current trade and other payables

	Notes	2023 £'000	2022 £'000
Trade payables		**656**	514
Other taxation and social security		**85**	105
Other payables		**8**	234
Accruals		**463**	959
Deferred income		**117**	314
		1,329	**2,126**

The carrying amount of these liabilities approximates to 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.

24 Non-current trade and other payables

	Notes	2023 £'000	2022 £'000
Deferred income		**7**	-
		7	-

Deferred income represents government grants where amounts to which the Group has an unconditional right are being recognised over a period of time related to an underlying asset.

25 Borrowings

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

	2023 £'000	2022 £'000
Current		
Other loans	**50**	39
	50	39
Non-current		
Other loans	**19**	-
	19	-

Security of borrowings

Other loans represents a bounce-back loan of £29k which is repayable in fixed instalments until 2026. The loan is not secured. It also represents £40k of financing which is secured against assets which have been acquired and subsequently had funding raised against them. All interest rates payable are on an arm's length basis.

26 Lease liabilities

	2023 £'000	2022 £'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	**334**	303
Years two to five inclusive	**828**	1,208
After five years	**-**	-
Total undiscounted lease liabilities	**1,162**	1,511
Future finance charges	**(153)**	(242)
Discounted lease liabilities	**1,009**	1,269
Consisting of:		
Non-current	**745**	1,060
Current	**264**	209
Total discounted lease liabilities	**1,009**	1,269

Amounts of right-of-use assets recognised and the movements during the year/period are disclosed in note 18.

The total cash outflow for leases during the year was £193,000 (2022: £395,000).

27 Provisions for liabilities

	2023 £'000	2022 £'000
Dilapidations	**35**	35
	35	35

Movements on provisions:

	2023 £'000	2022 £'000
Dilapidations		
At 1 July	**35**	26
Additional provisions	**-**	9
At 30 June	**35**	35

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.

28 Deferred tax liabilities

No deferred tax balances were recognised in the prior year. The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting period:

	ACA's £'000	Tax losses £'000	Total £'000
Deferred tax liability/(asset) at 1 July 2022	-	-	-
Deferred tax movement in the year			
Charge/(credit) to profit or loss	6	(6)	-
Change in tax rates	-	-	-
Deferred tax liability/(asset) at 30 June 2023	6	(6)	-

As at 30 June 2023, the Group had unrecognised tax losses of approximately £9,033,000 (2022: £3,805,000). A deferred tax asset of £2,258,000 at 25% (2022: £723,000 at 19%) has not been recognised in respect of these losses due to uncertainty of timing of taxable profits.

29 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and cash equivalents	**234**	6,691

30 Financial risk management

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

The Group is exposed to financial risks on these financial instruments. The Group's risk management is coordinated by its Directors who focus actively on securing the Group's short to medium term cash flows through regular reviews of the operating activities of the business. The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below.

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. Having regard to the visibility of sales, the cash forecasts are regularly reviewed and cover alternative income scenarios.

The undiscounted contractual maturity of the Group's financial liabilities at the end of the reporting period was as follows:

Year ended 30 June 2023	Within 3 months £'000	3-12 months £'000s	1-2 years £'000	2-5 years £'000s	Over 5 years £'000	Total
Trade and other payables	1,177	-	-	-	-	1,177
Deferred income	115	2	7	-	-	124
Bank loans	13	38	19	-		70
Leases	31	303	311	517	-	1,162
Total financial liabilities	1,336	343	337	517	-	2,533

The undiscounted contractual maturity analysis of the Group's financial assets at the end of the reporting period was as follows:

Year ended 30 June 2023	Within 3 months £'000	3-12 months £'000s	1-2 years £'000	2-5 years £'000s	Over 5 years £'000	Total
Trade and other receivables	356	-	-	373	-	729
Accrued income *	-	-	-	-	-	-
Total financial liabilities	356	-	-	373	-	729

* Stated after provision for expected credit loss.

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 (2022: none).

The carrying amount of financial assets / (liabilities) which expose the Group to cash flow interest rate risk are as follows:

	2023 **£'000**	2022 £'000
Cash	**234**	6,691
Bank loans	**(29)**	(39)
	205	6,652

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. As at 30 June 2023, the Group does not have any financial assets or liabilities denominated in a currency other than Pound Sterling, so is not exposure to any foreign currency risks at that 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.

	2023 **£'000**	**2022** **£'000**
Financial assets measured at amortised cost		
Trade and other receivables	**730**	1,866
Cash and cash equivalents	**234**	6,691
	964	**8,557**
Financial liabilities measured at amortised cost		
Trade and other payables	**1,301**	2,126
Interest-bearing loans and borrowings	**1,232**	1,308
	2,533	**3,434**

All financial liabilities are measured at amortised cost.

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 30) and equity (comprising issued share 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

30 June 2023	**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	234	-	-	-	-
Right-of-use lease liabilities	8.0	1,009	264	290	455	-
Other loans	2.5	70	51	19	-	-
		845	315	309	455	-

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**	**-**

31 Retirement benefit schemes

Defined contribution schemes	**2023 £'000**	2022 £'000
Charge to income statement in respect of defined contribution schemes	**39**	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 £7,846 (2022: £7,043) were payable to the fund at the balance sheet date.

32 Issued share capital

	2023 £'000	2022 £'000
Ordinary share capital		
Issued and fully paid		
69,091,717 (2022: 69,022,594) Ordinary shares of £0.001 each	**69**	69
	69	69

During the year, 69,123 share options (as shown in note 34) were exercised for total consideration of £5,318. Subsequent to the year end, new share capital was issued, as disclosed in note 39.

33 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.

34 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 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**
Exercised in the period (unapproved share scheme)	0.0768	(35,000)
	0.0768	(34,123)
Forfeited and lapsed in the period (EMI share option scheme)	0.0768	(8,875)
Forfeited and lapsed in the period (EMI share option scheme)	0.1554	(70,200)
Forfeited and lapsed in the period (EMI share option scheme)	0.6350	(148,000)
At 30 June 2023		**2,662,212**

Share options outstanding at 30 June 2023 were:

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	118,400
Granted on 1 April 2017 (executive share option scheme)	21 November 2030	0.0768	201,800
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 31 July 2019 (EMI share option scheme)	31 July 2029	0.1554	153,202
Granted on 30 June 2021 (EMI share option scheme)	29 June 2031	0.1554	1,217,800
Granted on 15 December 2021 (executive share option scheme)	14 December 2031	1.1700	256,410
Granted on 16 December 2021 (EMI share option scheme)	15 December 2031	0.6350	135,200
			2,662,212

The movement in options over ordinary shares of the Parent Company in the year were as follows:

	Number of share options	Weighted average exercise price

	2023 Number	2023 £
Outstanding at 1 July 2022	2,958,410	0.271
Exercised in the year	(69,123)	0.077
Forfeited in the year	(102,900)	0.527
Lapsed in the year	(124,175)	0.414
Outstanding at 30 June 2023	**2,662,212**	**0.260**
Exercisable at 30 June 2023	**2,505,207**	**0.209**

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.

No new share options or warrants have been granted in the current reporting year. Subsequent to the year end a number of options have been granted, and some replaced, as explained in note 39.

The total expense recognised in the income statement from equity-settled share-based payments is disclosed in note 6.

35 Cash used in operations

	2023 £'000	2022 £'000
Loss for the year after tax	**(7,836)**	(2,093)
Adjustments for:		
Taxation credit	**(462)**	(545)
Finance costs	**141**	62
Amortisation and impairment of intangible assets	**324**	22
Depreciation and impairment of tangible assets	**3,077**	432
Loss on disposal of tangible fixed assets	**-**	1
Equity-settled share-based payment expense	**84**	457
Increase in provisions	**-**	9
	(4,672)	(1,655)
Movements in working capital:		
Decrease/(increase) in inventory	**216**	(330)
Decrease/(increase) in debtors	**648**	(1,433)
(Decrease)/increase in creditors	**(790)**	445
Cash used in operations	**(4,598)**	(2,973)

36 Changes in liabilities arising from financing activities

	1 July 2022 £'000	**Cash flows £'000**	**New leases £'000**	**Other non-cash changes £'000**	**30 June 2023 £'000**
Loans	**39**	**(37)**	**-**	**67**	**69**
Lease liabilities	**1,269**	**(193)**	**-**	**(67)**	**1,009**
	1,308	**(230)**	**-**	**-**	**1,078**

	1 July 2021 £'000	Cash flows £'000	New leases £'000	Other non-cash changes £'000	30 June 2022 £'000
Loans	49	(10)	-	-	39
Lease liabilities	205	(395)	1,506	(47)	1,269
	254	(405)	1,506	(47)	1,308

Other non-cash changes in the year ended 30 June 2023 represent a reclassification of certain borrowings from leases to more accurately represent the nature of the funding arrangements.

37 Controlling party

The Directors consider that there is no ultimate controlling party.

38 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:

	2023	2022
	£'000	£'000
Aggregate emoluments	**1,161**	1,397
Share-based payments	**84**	101
Value of Company contribution to defined contribution pension schemes	**7**	5
	1,252	1,503

39 Events after the reporting period end date

On 31 July 2023 the Directors announced a significant new fundraising event which resulted in a firm placing of 10,318,390 Ordinary shares for total proceeds of £0.1million, a conditional placing of 339,281,610 ordinary shares for total proceeds of £3.4million and a subscription of 10,400,000 ordinary shares for total proceeds of £0.1m, all before expenses. The conditional placing and subscription shares were approved at a General Meeting on 17 August 2023, and total net proceeds were £3.2m.

In connection with the fundraise, the following Board changes took place on passing of the resolutions at the General Meeting on 17 August 2023

- Dr Ian Gilham, Dr Rob Quinn, Dr John Richards and Angela Hildreth resigned.
- Dr Arron Tolley was reappointed to the Board as Director and Chief Technical Officer
- Dr David Bunka remained as Director and his role changed to Chief Scientific Officer
- Steve Hull was appointed as Executive Chairman.
- Dean Fielding and Adam Hargreaves were appointed as Independent Non-Executive Directors

On 19 September 2023 the Group completed a further fundraising through the issue of 28,251,956 ordinary shares by way of a subscription and placing. This fundraise resulted in total gross proceeds of £311,000 before expenses.

Grant of new share options

On 9 October 2023 the Group granted 116,835,918 options over its Ordinary share capital ("the Scheme") which exercise at a price of 1p where certain conditions are met. The options are designed to provide a material incentive to the Directors and other staff, but on stretching revenue and share price performance criteria, which include achieving returns of at least 4-times and up to 50-times the issue price within a 10 year period. All options have an exercise price of 1p per share.

The total fair value of the Scheme has been determined to be £1,088,000, based on a Monte-Carlo methodology taking into account the market conditions of the price hurdle. However, the Scheme also includes non-market conditions related to a requirement to have performance of the Group to meet expectations (which will in each case require consultation with the Group's nominated advisor). As a result, the actual fair value charged to profit and loss is likely to be substantially lower than this, although the actual financial impact cannot be quantified until such results are known.

As part of the grant of options under the Scheme, Dr Arron Tolley has agreed to the cancellation of 700,000 existing options with an exercise price of 7.675p each and Dr David Bunka has agreed to the cancellation of 32,600 and 61,400 existing options with exercise prices of 15.54p and 7.675p each respectively.