Transforming lives with precision medicine

ANNUAL REPORT AND ACCOUNTS 2023

Oxford BioDynamics

Who we are

We are a global biotechnology company **advancing personalized healthcare** by developing and commercializing **precision medicine tests for life-changing diseases.**

Our values

Innovative
Saving lives by reducing-to-practice and commercializing high-quality, impactful, *EpiSwitch*® biomarkers.

Pioneering
Willing to explore and adapt to new ideas and changes.

Achieving Excellence
Adhering to good working practice and quality procedure compliance. Delivering results of unique value.

Diverse
Respecting others and encouraging a diverse work environment.

Professional
Maintaining a high standard of work and professionalism.

Highlights

Corporate and operational highlights

- 516 CiRT tests processed in the year, ordered by 57 doctors (FY22: 79 tests, 7 doctors)
- Second FNIH PACT Award, investigating immuno-oncology-related Hyper Progressive Disease (HPD), worth $963,000 over one year (May 2023)
- US clinical laboratory established in Frederick, MD (from April 2023)
- Two successful fundraises: raising gross proceeds of £9.3m (October 2022) and £6.1m (August 2023)
- Successful launch of *EpiSwitch*® PSE Prostate Screening Test in the US and UK, ahead of schedule (September 2023)

Post-year end highlights

- Unique CPT-PLA code assigned for PSE, available for use from 1 January 2024, enabling accurate reimbursement in the US from Medicare, Medicaid or private payors (October 2023)
- Agreement with leading UK health insurer, Bupa UK, to cover *EpiSwitch* CiRT (October 2023)
- Confidential discussions commenced with third parties regarding monetizing our two most advanced pipeline assets: *EpiSwitch*® NST (No Stool Test) for colorectal/bowel cancer and *EpiSwitch*® SCB (Specific for Canine Blood) blood test for detection of multiple types of canine cancer
- Total PSE orders to date of 144, total CiRT orders to date of 770

Financial highlights

Revenue
£0.5m
(2022: £0.2m)

Other operating income
£0.8m
(2022: £0.4m)

Operating loss
£10.2m
(2022: £8.6m) increase reflecting investment in team and infrastructure to support CiRT and PSE

Cash and term deposits
£5.3m
As at 30 September 2023 (2022: £1.0m)

Cautionary statement

Sections of this annual report, including but not limited to the Strategic report, the Remuneration report and the Directors' report, may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial condition, business performance and results of the Company. These have been made by the Directors in good faith using information available up to the date on which they approved this report. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual future financial conditions, business performance, results or developments of the Company to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

We have two commercial tests available in the US and UK:

EpiSwitch® PSE

The Prostate Screening *EpiSwitch* (PSE) test, launched in September 2023, is a rapid, accurate, non-invasive blood test for prostate cancer.

Accuracy

94%

Learn more at 94percent.com
or read more on **page 18**

EpiSwitch® CiRT

***EpiSwitch*® CiRT (Checkpoint inhibitor Response Test** is a first-of-its-kind blood test that predicts an individual patient's therapeutic response to checkpoint inhibitor immunotherapy.

Learn more at mycirt.com
or read more on **page 20**

Our proprietary tests are developed using OBD's award-winning 3D genomics platform, *EpiSwitch*®. The 3D configuration of the genome plays a crucial role in gene regulation: by mapping this architecture and identifying abnormal configurations, *EpiSwitch*® can be used to diagnose patients or determine how individuals might respond to a disease or treatment.

Built on over 10 years of research, *EpiSwitch*® enables screening, evaluation, validation and monitoring of 3D genomic biomarkers. The technology is fully developed, based on testing of over 10,000 samples in more than 30 disease areas, and reduced to practice.

Our websites provide extensive information on OBD and supporting documentation for our products

myobdx.com
mycirt.com
94percent.com

In this report

THE QUEEN'S AWARDS FOR ENTERPRISE: INNOVATION

Awarded April 2019

Our business at a glance

Commercializing *EpiSwitch*® 3D gene regulation **for precision medicine**

OBD's portfolio of clinical smart tests based on *EpiSwitch*® technology aims to help people face the most challenging health decisions with confidence and tackle the rising costs of health care.

Our strategic priorities

OBD's strategy involves **building the commercial market for 3D Genomics** by:

1. **Commercializing** OBD's pipeline of molecular tests
2. **Working with pharma, biotech and academia** in clinical development and biomarker discovery
3. Making our *EpiSwitch*® technology and **the world's largest 3D genomic knowledgebase available** to commercial and academic researchers

Our products

EpiSwitch® PSE

Learn more at 94percent.com

***EpiSwitch*® Prostate Screening (PSE) Test** – the 94% accurate prostate cancer blood test, *EpiSwitch* PSE, predicts a patient's current likelihood of having prostate cancer.

It is a reliable prostate cancer screening test, empowering physicians to determine whether a patient should proceed to biopsy or be placed under active surveillance.

EpiSwitch® CiRT

Learn more at mycirt.com

***EpiSwitch*® CiRT (Checkpoint inhibitor response test)** – this first-of-its-kind blood test predicts an individual patient's therapeutic response to checkpoint inhibitor immunotherapy, with high accuracy.

***EpiSwitch*® CiRT** provides physicians with valuable patient-by-patient guidance, supporting them in deciding whether to begin or continue treatment with an essential widely used class of therapeutics: immune checkpoint inhibitors.

EpiSwitch® CST

Learn more at covidseveritytest.com

***EpiSwitch*® CST** – this advanced blood test measures an individual's likelihood of a severe response to infection with SARS-CoV-2 (COVID-19).

Launched in 2021, *EpiSwitch*® CST is the first and only commercially available blood test for the prediction of COVID-19 severity in any adult.

EpiSwitch® Explorer Array Kit

Learn more at store.oxfordbiodynamics.com/products/episwitch-explorerarray-kit/

***EpiSwitch*® Explorer Array Kit** – the world's first commercially available microarray kit for high-throughput, high-resolution 3D genome profiling.

The Explorer Array Kit opens up OBD's *EpiSwitch*® platform to researchers worldwide. The kit includes custom microarrays manufactured by Agilent Technologies (NYSE:A), OBD's proprietary biochemical reagents and access to OBD's *EpiSwitch* Analytical Portal with optional access to OBD's *EpiSwitch*® Data Portal.

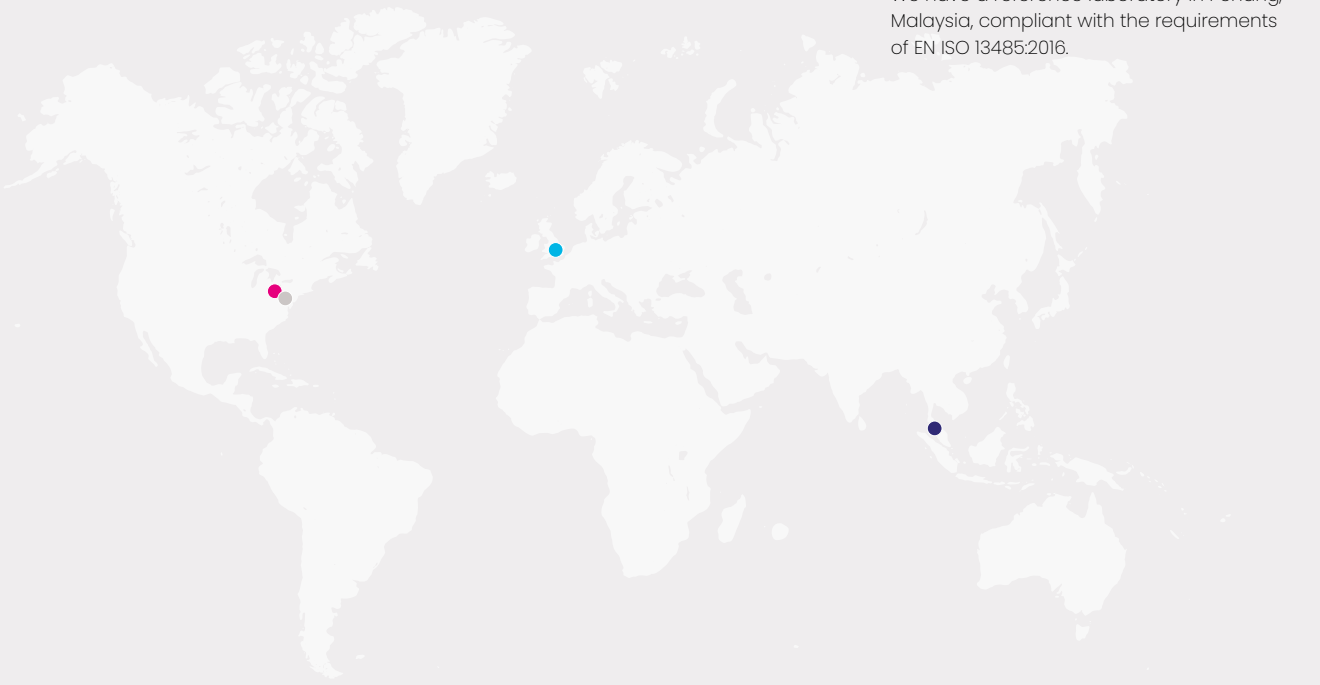
Our teams and infrastructure

Our 24,000 sq ft headquarters in Oxford, UK, houses state-of-the-art laboratories, fully compliant with the requirements of ISO 13485:2016 (Medical Devices) and ISO 9001:2015 (Quality Management Systems).

The Group's UK clinical laboratory, compliant with the requirements of ISO 15189:2012 (Medical Laboratories), is also under development at the Oxford HQ.

We have a c8,000 sq ft CLIA-registered clinical laboratory in Frederick, MD and our commercial team is led from our office in Gaithersburg, MD.

We have a reference laboratory in Penang, Malaysia, compliant with the requirements of EN ISO 13485:2016.



1.
Oxford, UK
Corporate HQ, Core R&D and Product Development, UK Clinical Operations
Staff: 31

2.
Gaithersburg, MD, USA
Commercial*
Staff: 15

3.
Frederick, MD, USA
US Clinical Operations
Staff: 4

4.
Penang, Malaysia
Reference Lab
Staff: 3

* Members of our commercial team are based across the US, as well as in Gaithersburg.

Our history

2007
OBD spun out from the University of Oxford, with the aim of translating fundamental scientific advances into a commercialized platform technology and a new generation of biomarkers for cancer and other diseases

2016
IPO and listing on AIM

2018
Consortium including OBD receives €4M Horizon 2020 award

2019
EpiSwitch platform selected for PROSTAGRAM trial led by Imperial College London evaluating novel methods of screening for prostate cancer

2019
OBD receives Queen's Award for Enterprise

2020
New CEO and commercial team, expansion of strategic focus to include proprietary product development

2021
Launch of first proprietary test, *EpiSwitch*® CST (COVID Severity Test)

2021
Move to new HQ and labs in Oxford, UK and opening of US office in Gaithersburg, MD

2022
Launch of flagship product, *EpiSwitch*® CiRT (Checkpoint inhibitor Response Test)

2023
Launch of *EpiSwitch*® PSE Prostate Screening Test

2023
Opening of CLIA-registered US clinical lab in Frederick, MD

Since its formation, OBD has:

- launched proprietary tests based on its *EpiSwitch*® 3D genomics technology
- participated in more than 40 partnerships with pharma, biotech and leading institutions including Pfizer, EMD Serono, Genentech, Mitsubishi Tanabe Pharma America, Roche, Biogen, Mayo Clinic and Massachusetts General Hospital
- built the world's largest 3D genomics knowledgebase, with hundreds of millions of data points from over 10,000 patient samples in more than 30 disease indications
- created a valuable technology and intellectual property portfolio including biomarker arrays and molecular diagnostic tests, protected by 19 families of patents

Chief Executive Officer's review

Dr Jon Burrows
Chief Executive Officer
Oxford BioDynamics Plc

> We launched PSE - **the 94% test** - in the US and the UK ahead of schedule on 26 September 2023.

We had two main objectives during the year to September 2023: to continue to grow orders of our flagship *EpiSwitch*® CiRT (Checkpoint Inhibitor Response Test) and to accelerate the development and launch of our next test, the *EpiSwitch*® PSE Prostate Screening Test. We are pleased with the progress made in pursuit of both these objectives. CiRT orders grew consistently over the year and we launched PSE – "the 94% test" – in the US and UK ahead of schedule on 26 September 2023.

Alongside this work, we received a second FNIH PACT Award to fund work on immuno-oncology (IO)-related hyper progressive disease, announced compelling results using OBD's *EpiSwitch* platform in the diagnosis and stratification of amyotrophic lateral sclerosis (ALS, or motor neurone disease) and completed two successful fundraises, raising a total of £15.4m (before costs) in the year.

The last year has been a successful one for the Company on several fronts. CiRT is becoming established in the US market and PSE is also now launched after we expedited its final development in response to unprecedented interest. OBD's *EpiSwitch* technology, through which all of our commercial products are developed, is increasingly recognized as able to address the clinical challenges of personalized medicine, cancer treatment, and immune health.

Our financial results reflect the Company's ongoing commercial development. Revenues of £0.51m (2022: £0.15m) included the first significant amounts from the Group's proprietary tests as we began to receive reimbursements from US payors for *EpiSwitch* CiRT, alongside revenues from projects for pharma and other customers.

Other operating income, from our two PACT Awards and our involvement in the EU-funded HIPPOCRATES Consortium also increased, to £0.83m (2022: £0.35m). Our investment in supporting CiRT and bringing PSE to market led to cost increases, the largest of which were in staff and general and administrative costs. Overall, the operating loss for the year was 18% higher than last year, at £10.17m (2022: £8.60m). More detail is provided in the financial review on page 24.

We begin 2024 with continued focus on our products – seeking to continue to increase adoption of both PSE and CiRT – and on our promising product pipeline and R&D work. We will also continue discussions which have already commenced with third parties, to explore the potential monetization of the two most advanced assets in our pipeline (*EpiSwitch*® NST for colorectal/bowel cancer and *EpiSwitch*® SCB for canine cancer), which we believe could lead to significant non-dilutive funding for the Company.

EpiSwitch® CiRT (Checkpoint Inhibitor Response Test)

Launched in February 2022, *EpiSwitch®* CiRT is OBD's flagship product, a first-of-its-kind predictive test of a patient's likely response to immune checkpoint inhibitors (ICIs), which work to stimulate a patient's immune system to find and fight cancer. 516 CiRT tests were ordered in the year to 30 September 2023, by a total of 57 doctors (FY22: 79 tests, ordered by 7 doctors). Up to the date of this report, a total of 770 CiRT tests have now been ordered.

Building on early progress in a single territory in the prior year, we expanded our sales and market access team to two more territories to introduce the test to more doctors. A unique CPT-PLA code, allowing reimbursement for CiRT tests from US insurers, has been available throughout the period.

We have achieved strong reimbursements from US payors under the unique code, against a list price of $4,950. As previously outlined, the Group has worked with its partner laboratory, NEXT Molecular Diagnostics, to manage the claim reimbursement process. The extensive experience and specialist knowledge of members of both the OBD and NEXT teams continues to be invaluable in optimising claims reimbursement for the test. With NEXT, we have maintained an excellent level of service, with an average turn-around time for CiRT (measured from sample receipt to provision of a final test report) for the period of just over four days.

Over the year, OBD's US sales and market access professionals have spent time learning from oncologists how the test has aided them in determining treatment pathways for their patients. Later in the year, we began a series of peer group advisory sessions, at which doctors who routinely order CiRT tests shared their experience of the test with colleagues. We expect to continue with this peer-to-peer approach to growing demand for CiRT through the current financial year, as part of the comprehensive strategy for the test outlined below.

After particularly strong growth into June 2023, we expected and saw lower orders through the summer months. Post-year end, in the final quarter of the calendar year, orders per day have remained at similar levels to the summer: this reflected a combination of continued growth in some territories but at the same time, the impact of an unexpected staff leave of absence that affected orders in our prime territory and the operation of some of our recently introduced clinical advisory boards.

It is positive to note that we had continued orders from a core group of oncologists in this territory, but this has demonstrated the current extent of our reliance on what is still a relatively small team.

In the meantime, to enhance the leadership of the CiRT sales team, we brought Ryan Mathis, MD onboard at the beginning of December 2023. Dr Mathis is a physician who, along with clinical expertise, has an impressive background in business development and running sales teams for innovative healthcare products. He also brings an added level of gravitas to our peer-to-peer approach with doctors. To date, CiRT has been sold primarily to innovator and early adopter oncologists, who are specialists in providing expert care to cancer patients. Ryan has started to analyze our progress and success in selling bottom-up into this segment of oncologists, to understand how these doctors are applying CiRT with respect to the algorithms they have been trained to use to treat their patients. He intends to refine our speaker programs and clinical advisory boards to continue to take advantage of and grow our peer-to-peer sales strategy. He will also implement a rigorous clinical sales training program, along with a national conference strategy.

HEOR (Health Economics and Outcomes Research) data is critical for payors seeking to use their resources as effectively and efficiently as possible and informs their decisions on coverage and payment/reimbursement for the test and IO treatments. Dr Mathis will use the clinical data from the 750-plus real-world cases we have gathered so far from oncologists to present the test's usage and clinical utility, engaging with an expert third party consulting group to set out the compelling HEOR story of CiRT.

Building the HEOR case for CiRT with this real-world evidence, we also expect to prepare data to support an assertive campaign for CiRT to be added to the National Comprehensive Cancer Network (NCCN) Guidelines® and physician compendia, published resources from independent professional organizations which are the recognized standard for clinical direction and policy in cancer care and which drive physician behaviour. The NCCN alliance includes 33 cancer centers across the US with its own peer-reviewed journal. The intent of the NCCN Guidelines is to assist in the decision-making process of individuals involved in cancer care – including physicians, nurses, pharmacists, payers, patients and their families – with the ultimate goal of improving patient care and outcomes. Inclusion in the NCCN Guidelines is vital for bringing the test into the orbit of as many oncologists as possible.

Our new laboratory

The Group set up its CLIA-registered clinical laboratory in Frederick, MD during the year.

Chief Executive Officer's review *continued*

Tests that are included in the guidelines are regularly added by default to the databases of the electronic medical record (EMR) systems used in doctors' practices and healthcare networks. This would therefore rapidly bring CiRT to the attention of more doctors, make ordering the test easier for oncologists and likely lead to more patients benefiting from the test. Inclusion in the Guidelines can also be relevant to some payors' coverage decisions.

Post-year end, in October 2023, we announced our agreement with the UK's leading health insurer Bupa UK, to give Bupa patients who are being considered for or already on ICI therapy access to OBD's *EpiSwitch* CiRT. This marked our first direct agreement with a private medical insurer for the reimbursement of CiRT and the first agreement with a major customer outside of the US. As well as agreeing to reimburse *EpiSwitch* CiRT, the partnership represents the first time that Bupa will be actively marketing a genomic test to their network of healthcare providers. Bupa is advocating for CiRT's adoption by facilitating a series of OBD roadshows in some of the UK's largest private cancer care clinics throughout the first half of 2024. Bupa UK provides health and dental insurance to over 3 million people. We expect that joining forces with a pioneering healthcare organization like Bupa will significantly enhance access to *EpiSwitch* CiRT across the UK. Gaining reimbursement from the UK's leading health insurer was a milestone for OBD and we intend to capitalize on this with similar agreements with other insurers and healthcare networks, in all our markets, over the coming months.

The market opportunity for CiRT is significant, with unmet need for patients, doctors and payors alike. Nine anti-PD-(L)1 ICIs are now approved by the FDA for a variety of cancer indications. Hundreds of thousands of patients are treated with these therapeutics each year, but, whilst efficacy is improving and varies across different types of cancer, on average fewer than one third of patients show a positive response from treatment and many experience unwelcome, sometimes serious, side effects. Doctors have shared several case studies in which the actionable information provided by CiRT has helped them to determine treatment pathways for their patients with increased confidence, some of which are summarized in anonymized form in the feature on page 20.

From the perspective of payors, it is estimated that in excess of $10 billion is spent on ineffective ICI therapy every year in the US alone, meaning that smart testing with CiRT has the potential to offer more efficient, effective use of patients' and payors' financial resources. CiRT also offers obvious potential advantages for pharmaceutical development programs, by helping to stratify and analyse patients in more targeted clinical trials.

We therefore aim, with Ryan leading the CiRT sales team, to resume growth in orders of CiRT through 2024 and our build process is continuing to that end, with the mindful allocation of finite resources to targeted expansion of the team, with a particular focus on major accounts, generating the HEOR story for CiRT and getting the test included in the NCCN Guidelines, alongside expansion into more territories.

EpiSwitch® *PSE* (Prostate Screening Test)

EpiSwitch PSE ("the 94% test") is a non-invasive blood test that accurately detects prostate cancer risk, reducing the number of men referred for an unnecessary biopsy and treatment. The PSE test measures five epigenetic biomarkers and combines these with a patient's PSA (prostate-specific antigen) score to accurately predict the presence or absence of prostate cancer.

PSE has high overall accuracy of 94% (sensitivity 86%, specificity 97%), representing a huge boost in accuracy compared to a PSA test alone. Crucially, the positive predictive value (PPV) of PSE is 93%, compared to just 32% for PSA. This low PPV is one of the main impediments to using PSA as a population-wide screening test. Fewer than one third of men with a raised PSA will go on to be diagnosed with prostate cancer. PSE's PPV of 93%, means that 93 of every 100 men who receive a "high probability" PSE result will go on to receive a prostate cancer diagnosis.

Our work on *EpiSwitch* PSE, culminating in its launch in September 2023, represents a major achievement for the year. Publication in February 2023 of compelling results involving OBD's technology in the multi-disciplinary PROSTAGRAM study led to such significant interest that we decided to expedite the final development and commercial launch of the test.

Learn more about our flagship products *EpiSwitch*® PSE, *EpiSwitch*® CiRT & *EpiSwitch*® Explorer Array kit on our websites: myobdx.com, mycirt.com, 94percent.com
or read more on **pages 18 to 23**

Indeed, the paper co-authored by members of the OBD team and investigators from the University of East Anglia, Imperial College London and King's College London entitled "Circulating chromosome conformation signatures significantly enhance PSA positive predicting value and overall accuracy for prostate cancer detection" and published in the journal Cancers[1], was one of the most viewed papers in that journal on cancer causes, screening and diagnosis in 2023.

Following publication of the groundbreaking results, OBD completed the development and validation of the commercial test and leased, staffed and commissioned a CLIA-registered† US clinical laboratory in Frederick, MD, where the test is performed. An application for a unique CPT-PLA‡ code for PSE was submitted in early July 2023 and the code, 0433U, was assigned in September 2023 and has been available for use by Medicare, Medicaid and private payors from 1 January 2024. We also announced plans to develop a UK clinical laboratory, compliant with the requirements of ISO 15189:2012 (Medical Laboratories), in our existing Oxford HQ. We will begin validation procedures in January 2024 and expect the UK lab to begin processing PSE clinical samples by the end of March 2024.

The addressable market for PSE is very large: there are approximately 47 million men aged between 50 and 74 in the US and approximately 10 million men in the same age bracket in the UK. There is no population-wide screening programme for prostate cancer, although some 25 million PSA tests are performed annually in the US, which lead to around one million biopsies being carried out. With a prostate cancer incidence rate of approximately 250,000 new cases in the US each year, there are too many needless, invasive procedures currently being performed. We believe PSE represents an opportunity to build an efficient screening regimen to go from PSA through PSE and onto invasive biopsy then treatment only when necessary. A screening programme which would be minimally invasive, fast, accurate and cost-effective could improve early detection of this terrible disease, thereby improving treatment outcomes at the same time as minimising unnecessary biopsies.

Our sales and marketing approach for PSE reflects its applicability to all men in the at-risk age bracket (rather than those already diagnosed with cancer and being considered for a particular therapy, as is the case with the CiRT test).

OBD's online advertising in the US therefore addresses men and their families, educating them, as well as their physicians on the benefits of "the 94% test". Like CiRT, PSE must be ordered by a registered doctor.

An example of the growing awareness and recognition of PSE was the appearance in December 2023 of OBD's Laboratory Medical Director, Dr Robert Heaton, on the Prostate Health Podcast[2], hosted by Garrett D. Pohlman, MD, a board-certified urologist who has treated over 4,000 men for various prostate conditions and has begun using the PSE test for his patients. The podcast, focused on prostate health education, reached many thousands of viewers and listeners in 148 countries in 2023. As an experienced board-certified pathologist, Dr Heaton is eminently qualified to explain how the test is being used to benefit patients, by providing physicians with a precise tool to assess whether a patient should undergo a biopsy or opt for continued monitoring.

In addition, post-year end in November 2023, we were pleased to announce that we had recruited experienced life science business development executive Dr Steve Arrivo to the OBD team. Steve joined OBD as SVP, Business and Corporate Development. Dr Arrivo has a big job, starting with an initial focus on analyzing and evolving our direct-to-customer marketing approach, engaging partners for national distribution, and selling access to PSE to larger accounts. This begins with the large concierge groups and will expand into the integrated delivery networks (IDNs), other healthcare systems and the General Purchasing Organizations (GPOs) that all hospitals work through. During 2024 he will also lead initiatives to craft and distil the Health Economics and Outcomes Research (HEOR) story for PSE, drive awareness and utilization of the test with KOLs, attend and present at strategic conferences, collaborate with advocacy groups and petition for inclusion of PSE into the National Comprehensive Cancer Network (NCCN) Guidelines®.

Early uptake of the PSE test has been positive, with more than 140 tests processed up to the date of this report, for patients in the US and UK. Encouragingly, even before Steve's initiatives, the number of tests ordered per day – a key metric – has increased from just over one a day in October to just over two a day in December. US PSE test orders can now be invoiced under our unique CPT-PLA code (with effect from 1 January 2024).

Chief Executive Officer's review *continued*

Tests self-paid by patients, or otherwise reimbursed by non-US insurers, have accounted for around 15% of orders to date, at a rate of £750 (or equivalent) per test.

Development Pipeline

During the year our R&D and product development teams have worked on internal, grant-funded and contractual projects in a wide range of indications and therapy areas. Excellent progress has been made with our programs in colorectal/bowel cancer, canine oncology (animal health), amyotrophic lateral sclerosis (ALS, or motor neurone disease), rheumatoid arthritis, psoriasis/psoriatic arthritis, immuno-oncology and non-alcoholic steatohepatitis (NASH).

From OBD's extensive pipeline of deployable molecular tests, two programs are now ready for commercialization, whether as OBD proprietary tests, or co-developed or out licensed products. These two tests are *EpiSwitch*® NST (No Stool Test) a screening blood test for colorectal/bowel cancer and *EpiSwitch*® SCB (Specific for Canine Blood) a multi-indication diagnostic test for the most commonly occurring types of canine cancer.

We recognize that early monetization and commercialization of each of these two programs is more likely to occur with, and would benefit from, the involvement of a partner organization with significant presence in the relevant market. To this end, as noted above, confidential discussions with third parties have already commenced to explore possible options for these two most advanced pipeline assets. As well as expediting the launch and availability of these high-performing tests, we believe this approach could potentially lead to significant non-dilutive funding for the Company.

EpiSwitch® Explorer Array Kit

The *EpiSwitch* Explorer Array Kit (EAK), launched in 2022, allows members of the life science research community to access OBD's *EpiSwitch* 3D genomics technology, using Agilent-manufactured *EpiSwitch* whole genome microarrays and OBD's proprietary biochemical reagents for sample preparation.

The EAK allows whole genome-wide interrogation of just under 1 million of the most critical interactions between 3D anchor sites (the Company's proprietary "*EpiSwitch* loci") on the human genome, offering powerful new discovery information to researchers, including confirmation or clarification of their hypotheses. Included in the purchase price of the EAK is access to first tier analysis software developed in-house by OBD's Data team.

For researchers without access to appropriate microarray equipment, the Company's scientists can analyse samples of interest using the Kit as a paid-for service.

Explorer Array Kits have been purchased by scientists from several prestigious academic research institutions, including The Francis Crick Institute, the University of Oxford Department of Biochemistry and the University of the Algarve. Results from academic life-science research based on *EpiSwitch* Explorer Arrays have already been presented at national and international scientific peer group meetings.

Second PACT Award

In May 2023, the Company was granted a second Partnership for Accelerating Cancer Therapies ("PACT") Award. PACT is a five-year, $220 million, public-private research collaboration between the National Institutes of Health (NIH), the US Food and Drug Administration (FDA) and 12 leading pharma companies, all managed by the FNIH.

The second Award to OBD is worth $963,000 over one year (of which £388,000 is recognized as other operating income in the year ended 30 September 2023) and is funding the reduction to practice of an *EpiSwitch* prognostic blood test for cancer patients most likely to present IO-triggered Hyper-Progressive Disease (HPD) if given an ICI. HPD is a critical condition observed in a subset of cancer patients (it has an average prevalence of 12%), who react adversely to treatment with immune checkpoint inhibitors (ICIs). In HPD patients, ICI treatment triggers a life-shortening opposite effect - accelerated tumour growth, with reduced survival. With increasing adoption of ICI treatments for cancer patients, the lack of prognostic biomarkers has become an urgent issue for practising clinicians, drug developers, payors and regulators. The work enabled by the PACT Award will help to complete the development of the Hyper-ICI Response Test (HiRT), a blood test to identify patients at risk of HPD prior to ICI therapy.

Fundraising to support short-term activity

We remain in the early stages of our commercialization of OBD's technology (we initiated our expanded strategy to include development of proprietary products three years ago, in December 2020). During the year we completed two successful fundraises, in October 2022 and August 2023, to support the Company's immediate term plans, raising a total of £15.4 million before costs.

Existing and new investors took part in both fundraises. In the most recent raise in August 2023, we were pleased to welcome a number of new institutional investors to our register and to receive over £0.5 million from 194 individual investors who took part in the fundraise through a PrimaryBid offer. I would again like to thank all investors in the Company for the support they have shown throughout the year.

Conclusion and focus for 2024

At the start of the financial year, our primary focus was expected to be on growing orders of *EpiSwitch* CiRT. The OBD team achieved this objective, in addition to meeting the extra challenge of expediting the development and launch of *EpiSwitch* PSE. I am pleased that we set ourselves this stretch goal – as well as the obvious promising commercial prospects for the Group, there are clear benefits for patients and their families to having PSE launched and available as soon as possible.

We remain committed to working with commercial and other partners to provide unique and critical insight with our 3D genomics technology. At the same time, we see the unpredictable pace at which such projects are often agreed as validation of OBD's determination to develop our own products, directly building the market for 3D genomics ourselves.

Looking forward to 2024, my team and I will be focused on four main areas:

- Following the initial introduction of *EpiSwitch* PSE into the market last year, with the leadership of Dr Arrivo, we aim to drive significant awareness and adoption by targeting large organization accounts and partnering to generate nationwide access and distribution of the test. This will involve extensive business development and sales and marketing activity, within our available resources. We will also bring PSE online in our UK clinical laboratory by the end of March 2024.
- We will continue to drive adoption and increase orders of *EpiSwitch* CiRT. Dr Mathis's approach will allow us to capitalize on the foundation of the 750 tests used to date. We will focus our efforts by identifying insights from the data such as usage niches, algorithm alignment and key accounts. Distilling the HEOR story and petitioning for adoption into NCCN Guidelines and compendia will put the test in the hands of a greater number of oncologists, not just the early adopters. We expect this will also help us to enter into further direct agreements with insurers and healthcare delivery networks (IDNs, GPOs and hospitals).

- We will continue the recently initiated confidential discussions with third parties regarding our two most advanced pipeline assets, *EpiSwitch* NST for colorectal/bowel cancer and *EpiSwitch* SCB for canine cancer, and will assess and explore opportunities for monetizing these and other programs from our extensive portfolio of deployable 3D genomic tests.
- Finally, we will continue to work on internal and grant- and award-funded research and development and on projects for commercial partners.

We are already accelerating on all of these fronts and look forward to reporting back to shareholders later in the year.

Dr Jon Burrows
Chief Executive Officer
Oxford BioDynamics Plc

16 January 2024

† CAP-CLIA regulated laboratories are accredited by the College of American Pathologists as being compliant with the Clinical Laboratory Improvement Amendments, 1988 (42 CFR, Part 493).

‡ A Current Procedural Terminology – Proprietary Laboratory Analysis (CPT-PLA) code is used in the US to report medical and diagnostic services to entities such as health care professionals and payors.

Sources:

1 Pchejetski, D., et al. (2023). Circulating Chromosome Conformation Signatures Significantly Enhance PSA Positive Predicting Value and Overall Accuracy for Prostate Cancer Detection. Cancers, 15(3), 821. http://dx.doi.org/10.3390/cancers15030821

2 https://www.prostatehealthpodcast.com/96-advancing-precision-medicine-episwitch-pse-prostate-cancer-screening-test-with-94-accuracy-robert-heaton-md/

Our strategy and business model

Aiming to help people face the most challenging **health decisions with confidence**

OBD's goal is advancing personalized healthcare by developing and commercializing precision medicine tests for life-changing diseases, based on the Group's 3D Genomics platform, *EpiSwitch*®.

OBD's strategy involves **building the commercial market for 3D Genomics** by:

1. **Commercializing** OBD's pipeline of molecular tests
2. **Working with pharma, biotech and academia** in clinical development and biomarker discovery
3. Making our *EpiSwitch*® technology and **the world's largest 3D genomic knowledgebase available** to commercial and academic researchers

Our focus

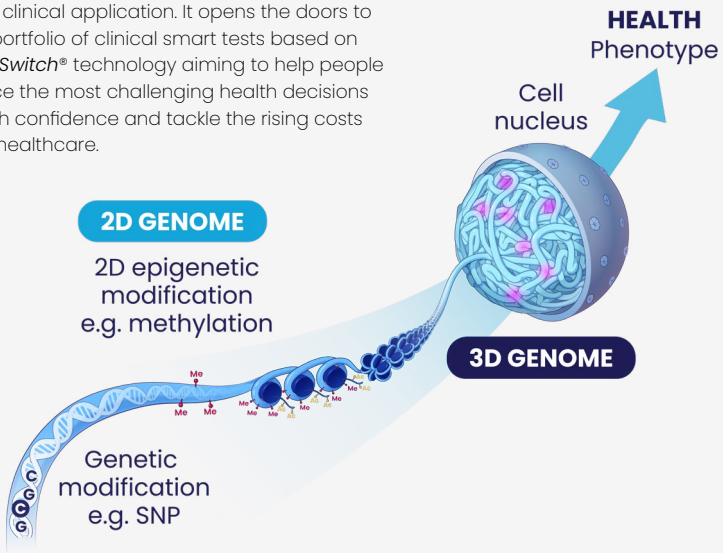
We focus on **3D Genomics** because the 3D configuration of the genome plays a crucial role in gene regulation. By mapping this architecture and identifying abnormal configurations, *EpiSwitch*® can be used to diagnose patients or determine how individuals might respond to a disease or treatment.

The genome's 3D shape is as important as the genetic code it contains. 3D genomics (or "chromosome conformation") is a fundamental upstream gatekeeper controlling how genes are turned on and off. This highly complex control offers a huge wealth of untapped health information.

Understanding the 3D genome is key to diagnosing disease, predicting drug response and determining health outcomes.

Because 3D genomic markers provide insights into the regulatory controls of the genome, our tests answer important clinical questions where other modalities fail.

The *EpiSwitch* platform is uniquely capable of reproducibly translating 3D genome regulation for clinical application. It opens the doors to a portfolio of clinical smart tests based on *EpiSwitch*® technology aiming to help people face the most challenging health decisions with confidence and tackle the rising costs of healthcare.



1. What we do

Product development and commercialization, clinical development & biomarker discovery

2. We rely on

EpiSwitch® platform, our team, our customer base, our market position and product pipeline

3. Generating income

We generate revenue through our products, contracts with pharma customers, and grant-funded projects

4. We benefit

Our customers, our investors, our employees and society

Read more on **pages 12 to 14**

Our strategy and business model *continued*

1. What we do

Product development and commercialization

Product development and commercialization, launching and supporting:

- proprietary tests including *EpiSwitch*® PSE (page 18) and *EpiSwitch*® CiRT (page 20)
  - at our own and partners' CLIA-certified commercial labs, we are delivering these important tests into the hands of physicians to meet demand and help patients as quickly as possible
- *EpiSwitch*® Explorer Array Kits and knowledgebase access for the life science research community (page 22)

Biomarker discovery and validation

Biomarker discovery and validation using its *EpiSwitch*® platform in:

- R&D projects for commercial partners
- Internal proprietary research, building the Group's pipeline of deployable tests

Supporting clinical development programs

Supporting clinical development programs for pharma partners using EpiSwitch biomarker assays.

Exploiting opportunities to **outlicense IP** as they arise.

2. We rely on

Our EpiSwitch® 3D genomics platform

The EpiSwitch platform maps the regulatory 3D genome at scale, offering whole-body 3D gene regulation from blood.

Systemic, early-stage 3D genomic regulatory changes can be captured from peripheral blood, long before the results of these epigenetic changes manifest as observable symptoms.

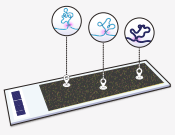
EpiSwitch blood-based markers have delivered highly accurate and robust predictive, prognostic, and diagnostic assays in oncology, autoimmune, neurological, and infectious disease applications.

We know where to find the drivers of 3D gene regulation

Building on many years of R&D, we encoded the *EpiSwitch* Array to simultaneously interrogate around 1 million data points — incorporating a radically richer complexity than conventional methods.

With *EpiSwitch*®, OBD performs whole-genome biomarker discovery in high-resolution.

Built on an Agilent backbone, the *EpiSwitch* Array measures regulatory 3D architecture with high signal-to-noise ratio, complexity, resolution, and reproducibility, filtering out stochastic noise.



Our end-to-end bioinformatic tools with low analytical overhead give low-cost, rapid results

We can go from sample to results in a small fraction of the cost and time of sequencing-based methods, with a mature workflow.

Mapping of 3D genomic markers onto the genome provides a full context for visualization, biological interpretation, and enrichment analyses.

3D genomic markers translated into clinical qPCR tests.

EpiSwitch-powered MIQE compliant qPCR assays are the only commercially available 3D genomic tests, with validated, commercial products already launched (*EpiSwitch* CiRT, *EpiSwitch* PSE and *EpiSwitch* CST).

See www.oxfordbiodynamics.com/episwitch-platform for more detail on the Group's *EpiSwitch*® platform and how we use it to discover biomarkers and develop 3D genomic blood tests.

2. We rely on continued

Our Experienced management and staff team

Led by Jon Burrows, the growing, international OBD team includes proven commercial leaders, scientific pioneers and operational experts with decades of industry experience. OBD's people are key to the Group's success.

Our infrastructure

The Group operates from a growing base of well-resourced clinical and research laboratories in the US, the UK and Malaysia and offices in Oxford, UK and Gaithersburg, MD. Our UK HQ that includes our research and development labs was newly developed in 2021. Our CLIA-certified US clinical lab in Frederick, MD was opened in 2023 and a new UK clinical lab operating under the ISO 15189 standard is scheduled to open in our Oxford facility during 2024.

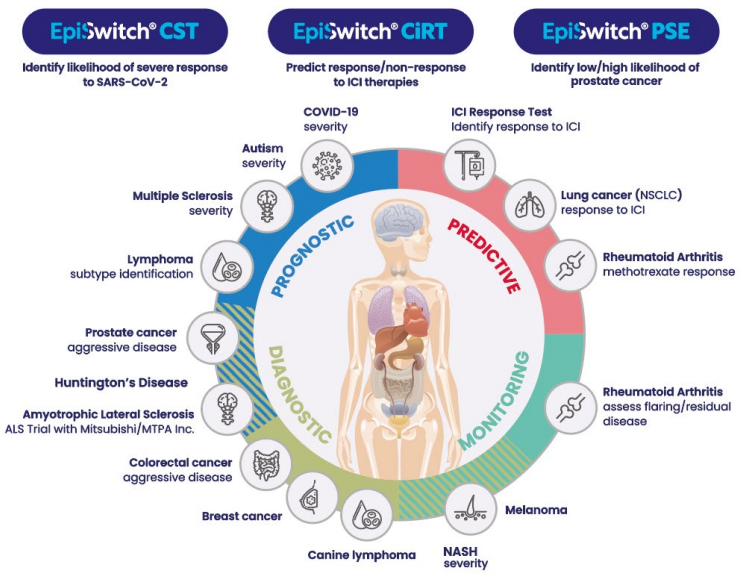
Our unique position in large and growing markets

EpiSwitch® remains the only commercially available, high-throughput 3D genomics discovery platform. OBD's proprietary blood tests are first to market in the 3D genomics space. We expect 3D genomics to play a pivotal role in the evolution of precision medicine and personalized healthcare. This represents a unique position within the large and growing molecular diagnostics and biomarkers sectors.

Our product development pipeline

OBD has developed a pipeline of deployable molecular diagnostic tests in several indications (in addition to the commercial tests already launched) that may be suitable for commercialization over the medium term.

The Group has previously highlighted diagnostic/prognostic tests for early-stage detection and staging of colorectal cancer, *EpiSwitch*® NST (No Stool Test) and, in veterinary medicine, a diagnostic/prognostic test for canine cancer,



EpiSwitch® SCB (Specific for Canine Blood), as the next promising, lucrative tests in the pipeline that could be suitable for commercialization.

The Group may decide to work with partners with significant presence in the relevant markets if doing so would benefit or expedite the commercialization of its pipeline tests.

The pipeline also includes diagnostic, prognostic, predictive and monitoring tests in indications such as rheumatoid arthritis (RA), amyotrophic lateral sclerosis (ALS or motor neurone disease), non-alcoholic steatohepatitis (NASH), multiple sclerosis (MS), lymphoma and other cancers. The Group continues to work with partners on prostate cancer, for example in developing tests to stage the disease and in research into the increased prevalence of this illness in black men.

Our customers, partners and suppliers

The Group has an extensive, diverse customer base:

- patients and the physicians who order the Group's tests for them, mainly in the US and UK
- insurers and other healthcare payors
- pharmaceutical and biotechnology companies, having previously entered into multiple contracts with eight of the top ten global pharma companies (by 2022 revenue)[1].

OBD maintains collaborative links with several world-class academic institutions, and is represented on four FNIH Biomarker Consortium Steering Committees.

We rely on excellent relationships with several key suppliers, developed over many years.

[1] source: Pharm Exec's Top 50 Companies, 2023

Continued >>

Our strategy and business model *continued*

3. We generate income from:

1. Our products

Our portfolio of clinical tests and research tools based on *EpiSwitch*® technology:

EpiSwitch® PSE

EpiSwitch® CiRT

EpiSwitch® Explorer Array Kit

2. Contracts

Contracts with Pharma and Biotech customers:

- Supporting clinical development programs
- Commercial biomarker development

Pfizer
Genentech
EMD Serono
Mitsubishi Tanabe Pharma America
Biogen
Massachusetts General Hospital
Mayo Clinic
Roche

3. Grant- and Award-funded projects

FNIH Foundation for the National Institutes of Health

PACT

HIPPOCRATES

4. We benefit our:

Customers

Our tests help clinicians in their decision-making, benefiting patients in turn.

EpiSwitch® CiRT has the potential to save healthcare payors significant sums through the avoidance of futile treatment.

Our *EpiSwitch* platform provides unique insight into disease biology and patient response, enabling patient stratification to improve customers' drug discovery and clinical development programs.

Investors

We want to create value for investors through increases in the Company's share price and eventually through dividend payments.

Alongside financial potential, OBD's investors are supporting the ethical development of products and services that can genuinely benefit patients, healthcare systems and society as a whole.

We are committed to operating in accordance with the principles of good corporate governance, and providing timely, regular and reliable information on the business to all of its shareholders.

Employees

We provide interesting, meaningful employment in a culture of continuous improvement and excellence.

We seek to reward and retain our staff through generous remuneration and benefits, an excellent working environment and structured training and career development programs.

We recognize and celebrate individual and team performance.

Society

We believe we are on the cusp of a 3D genomics revolution that will bring significant societal benefits: OBD's *EpiSwitch*® platform is unlocking vast previously untapped data critical for health.

We provide education about the principles and benefits of 3D genomics, personalized medicine and immune health monitoring through animations, social media posts and other collateral.

Our teams and individuals have contributed creatively to several charitable endeavours over the last year, raising money and increasing awareness of important causes in all the countries where we employ people. In the UK, we have signed the Oxfordshire Inclusive Economy Partnership Charter, working with other signatories to create a more equal and sustainable region.

Our markets

The Group is at the forefront of the nascent market for 3D genomics-based precision medicine tests. However, the Group's proprietary tests (*EpiSwitch*® CiRT and *EpiSwitch*® PSE) can be considered as being part of the liquid biopsies segment of the broader molecular diagnostics market and the growing market for personalized medicine biomarkers.

Markets

Molecular Diagnostics

Personalized Medicine Biomarkers

Market	Molecular Diagnostics		Personalized Medicine Biomarkers
	Total	Liquid biopsy	
2022 global market size:	$31bn	$9bn	$12bn
Forecast CAGR (2023-30):	(0.4)%	12%	15.5%

The global molecular diagnostics market is estimated to be worth approximately US$31 billion (in 2022)[1]. Overall, this market is forecast to contract slightly as demand for COVID-19 diagnostics reduces and the remainder of the underlying market continues to grow. Within this, the global market for liquid biopsy (in which the Group's test products sit) is estimated to be worth approximately $9 billion (in 2022) and is expected to grow at a CAGR of approximately 12% over the period 2023-30[2].

The global personalized medicine biomarkers market, including companion diagnostics, was estimated to be worth over US$12 billion (in 2021), with a forecast CAGR of 15.5% over the period 2022-30[3]. Regionally, North America dominates this market with the US alone accounting for approximately 40% of global spend, with an expected growth rate of 14.9% over 2022-30[3]. The Asia Pacific region is expected to show the highest growth rates over the same period as a result of growing populations, a relatively high prevalence of cancer and improving healthcare infrastructure.

1 source: Grand View Research Molecular Diagnostics Market Size, Share and Trends Analysis Report, June 2023
2 source: Grand View Research Liquid Biopsy Market Size, Share and Trends Analysis Report, May 2023
3 source: Grand View Research Personalized Medicine Biomarkers Market Report, November 2022

EpiSwitch® CiRT

OBD's *EpiSwitch®* CiRT test addresses significant unmet need in the immune checkpoint inhibitors (ICIs) market:

Global sales of FDA approved ICIs (2022)[4]:

$39.5bn

North America market size (2022, approximate)[5]:

$17bn

Annual YoY growth (2020-22)[4]:

17%

Forecast CAGR (2023-32)[5]:

16%

Typical response rates[6]:

15-30%

(most solid tumors)

45-60%

(melanoma and MSI-H tumors)

Estimated annual spend on ineffectual treatment (US)[4]:

>$10bn

EpiSwitch® PSE

OBD's *EpiSwitch®* PSE test is targeted at the prostate cancer diagnostics market, which was estimated to be worth $8bn (in 2022), with a forecast CAGR of 6.2% over the period 2023-30[7], driven by increased prevalence of the disease worldwide as well as technological advances in approaches to prostate cancer diagnosis. PSE has the potential to significantly reduce the number of unnecessary prostate biopsies following 'false positive' results from other diagnostic modalities, of which there are estimated to be approximately 750k in the US alone[4].

The Group's commercial services to pharma and biotech customers are part of the outsourced biomarker discovery market, which was estimated to worth approximately $11 billion (in 2022) with a forecast CAGR of 21% over the period 2023-30[8].

4 source: OBD internal analysis
5 source: Precedence Research Immune Checkpoint Inhibitors Market Report, August 2023
6 source: Das, S., Johnson, D.B. Immune-related adverse events and anti-tumor efficacy of immune checkpoint inhibitors. j. immunotherapy cancer 7, 306 (2019). https://doi.org/10.1186/s40425019-0805-8
7 source: Grand View Research Prostate Cancer Diagnostics Market Report, September 2023
8 source: Grand View Research Biomarker Discovery Outsourcing Services Market Size, Share and Trends Analysis Report

Key long-term trends and factors affecting the markets in which OBD operates include:

1.
Increasing incidence of cancer and chronic ailments worldwide

2.
Development and increasing prevalence of precision medicine, which involves tailoring decisions on treatment and relies on the ability to stratify patient groups in a clinically validated way

3.
Increased focus on the use of biomarkers in early diagnosis, prognosis and monitoring of disease and prediction and monitoring of response to therapeutics

4.
Increasing preference for liquid biopsy tests across healthcare

5.
Emergence of innovative new biomarker testing modalities

6.
Increased reliance on biomarkers in all stages of the drug discovery and development process, with biomarker discovery often outsourced by pharma and biotechnology companies

7.
Growing importance of companion diagnostics, used to determine whether treatment with a particular drug is appropriate for a given patient

Follow OBD online

The Group posts updates on three social media platforms: LinkedIn, X (formerly Twitter) and Facebook. There are OBD accounts on each platform and separate pages for *EpiSwitch®* CiRT and *EpiSwitch®* PSE. All our social accounts have seen significant growth in followers during the year. Interested shareholders may keep up to date with the Group's social media posts by following or liking the accounts and pages shown below.

linkedin.com/company/oxford-biodynamics
linkedin.com/showcase/episwitchcirt
linkedin.com/showcase/episwitchpse

@OxBioDynamics
@EpiSwitchCiRT
@EpiSwitchPSE

facebook.com OxfordBioDynamics
facebook.com/EpiSwitchCiRT
facebook.com/EpiSwitchPSE

The Group's blog In the Loop provides longer-form posts for those interested in the Company, its products and technology – subscribe to be notified of new blog posts at https://intheloop.oxfordbiodynamics.com/.
Email alerts to all of the Company's regulatory news announcements may be obtained by signing up at https://www.oxfordbiodynamics.com/investors/email-alerts

Episwitch® PSE

Detecting prostate cancer risk from blood with 94% accuracy

1 out of every 8 men will get prostate cancer during their life. The disease often goes unnoticed for too long because there are no clear symptoms in the earlier stages, and no national screening program in the UK as the NHS considers the PSA too inaccurate.

The *EpiSwitch*® PSE is a highly accurate blood test that gives fast, clear guidance on the presence or absence of prostate cancer. The PSE enhances the accuracy of prostate cancer testing to 94%, up from 55% for the current standard prostate-specific antigen (PSA) test alone.

EpiSwitch® PSE

Fast, highly accurate answer saves valuable time in getting appropriate care

Can help reduce unnecessary biopsies and over-treatment

1 in 8 men will get prostate cancer

Currently, some men choose to get screened with a standard PSA test. Although a PSA can offer useful information, it is often considered unreliable and confusing on its own. A PSA result can be positive for many reasons other than prostate cancer. In practice, 3 in 4 men with a high PSA do not have cancer.

OBD's *EpiSwitch*® PSE test offers clear guidance to men and their healthcare providers to make a more informed decision, saving them valuable time in getting the care they need. A negative "low likelihood" PSE result can offer peace of mind for the patient and dramatically reduce the number of referrals for unnecessary invasive biopsies and over-treatment.

A positive "high likelihood" PSE result can help your doctor immediately refer you to the right next step.

OBD successfully launched PSE in the UK and US in September 2023 as a Laboratory Developed Test (LDT), making it immediately available to men where prostate cancer is a clinical concern and to generate clinical utilization for the test. The test was rapidly granted a US reimbursement code for billing under Medicare, Medicaid, and private payers, ensuring patients have greater access.

The PSE is a culmination of nearly a decade's long collaboration between OBD, Imperial College NHS Trust and Imperial College London, University of East Anglia, and UK's leading prostate cancer experts as part of the PROSTAGRAM screening study. The compelling results of the trial were published in a peer-reviewed publication, *Cancers* in February 2023.

Cancers 2023, 15(3), 821; https://doi.org/10.3390/cancers15030821

Overall accuracy of prostate cancer detection blood test

Accuracy tells us how often a test is correct

PSA 11 out of 20 men receive an accurate diagnosis (high or low PSA)

EpiSwitch® PSE 19 in 20 men receive an accurate diagnosis

PSE has a very high positive predictive value (PPV)

PPV tells us how often a test is correct when it says the patient has cancer

PSA 4 out of 14 men with a high PSA result have prostate cancer

EpiSwitch® PSE 13 out of 14 men with a high PSE result have prostate cancer

EpiSwitch PSE results are easy to interpret

PSE Profile

Presented as *Low* or High Likelihood

EpiSwitch PSE Profile

Your Result

Low Likelihood | High Likelihood

EpiSwitch PSE Risk Profile

Your Result

Low Likelihood | High Likelihood

Result Interpretation

Specific to the patient's *PSE Profile,* presented as an aid to the physician

The **EpiSwitch Prostate Screening (PSE) Test** score indicates a **low likelihood of prostate cancer.** This result is consistent with the absence of cancer in more than 9 out of 10 men.

Your healthcare provider will consider this result along with other clinical features and history to determine an appropriate course of action, including active surveillance.

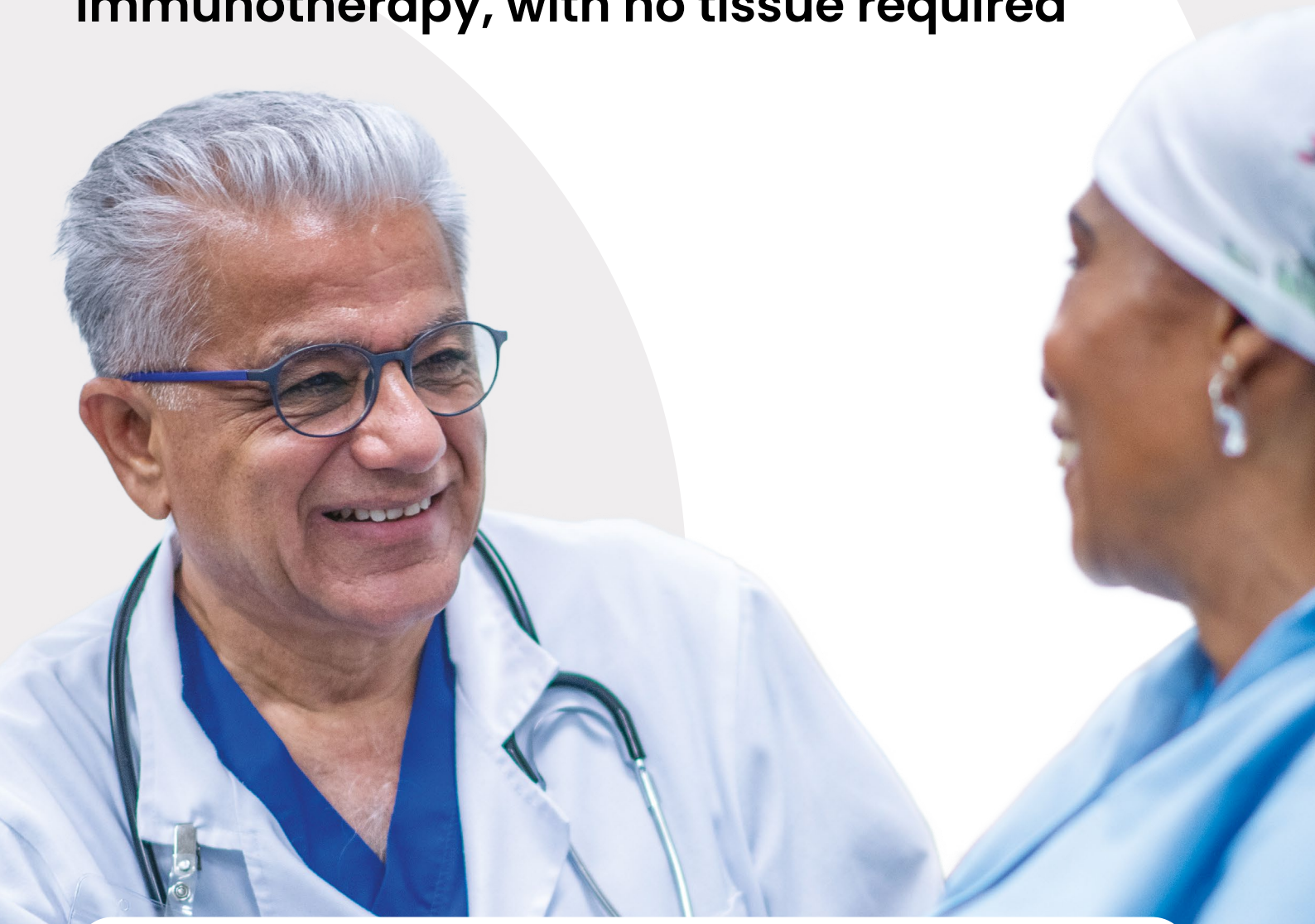
The **EpiSwitch Prostate Screening (PSE) Test** result indicates a **high likelihood of prostate cancer.** This result is consistent with cancer being confirmed in more than 9 out of 10 men.

Your healthcare provider will consider this result along with other clinical features and history to determine which additional diagnostic test(s), such as a biopsy, is appropriate to confirm.

Learn more at 94percent.com

Episwitch® CiRT

EpiSwitch® CiRT is a first-of-its kind blood test for **predicating response to cancer immunotherapy, with no tissue required**



***EpiSwitch* CiRT results are easy to interpret**

Response Profile
Presented as *Low* or *High Probability*

***EpiSwitch* CiRT Response Profile**

Your Response Level

Low Probability | High Probability

***EpiSwitch* CiRT Response Profile**

Your Response Level

Low Probability | High Probability

Response Interpretation
Specific to the patient's *Response Category,* presented as an aid to the physician

Low Response Management Guidance
The ***EpiSwitch* Checkpoint inhibitor Response Test (CiRT)** result for this specimen is in the **Low Likelihood of Response** range to an Immune Checkpoint Inhibitor (ICI) therapy. This result should be considered along with other clinical features for interpretation by a licensed medical professional.

High Response Management Guidance
The ***EpiSwitch* Checkpoint inhibitor Response Test (CiRT)** result for this specimen is in the **High Likelihood of Response** range to an immune Checkpoint inhibitor (ICI) therapy. Individuals in the group have a greater chance of benefiting from an ICI agent. This result should be considered along with other clinical features for interpretation by a licensed medical professional.

EpiSwitch® CiRT

The *EpiSwitch* CiRT is a smart blood test that provides guidance on navigating the toughest challenges of immunotherapy for cancer patients, such as treatment planning and adapting to adverse side effects. The first-of-its-kind test predicts, with unprecedented 85% accuracy, an individual's therapeutic response to widely used immune checkpoint inhibitors (ICIs), which include the best-selling cancer drugs worldwide.

While an ICI can have striking results for some patients, often less than one in five patients see an overall anti-cancer benefit. Many are kept on the drug despite a lack of positive outcome, significant expense, and up to a 40% risk of immune-related side effects, which can be severe.

With a routine blood test, the CiRT test rapidly delivers a personalized report that includes a clear prediction of a patient's response. If CiRT indicates a "high likelihood" of response, a doctor may recommend ICI therapy with confidence. Even if the patient does not initially respond to therapy or exhibits side effects, they will likely benefit later from persevering with therapy.

On the other hand, a "low likelihood" result is a strong indication that the patient will not respond. A doctor may limit the ICI therapy to a shorter duration before re-imaging and evaluating other options.

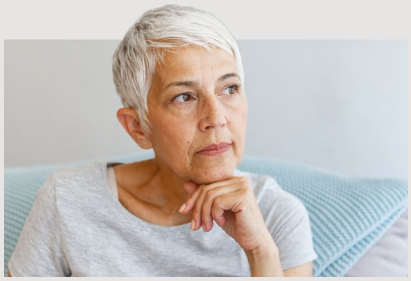
***EpiSwitch* CiRT is available in the US and via private care in the UK. The test is covered by Bupa UK for patients considering or on immunotherapy - this marks the first occasion where the UK's largest private medical insurer is leveraging its influence and access to promote awareness and encourage the adoption of the genomic test among its network of oncologists. Physicians considering ICI therapy can access the test at myCiRT.com.**

Patient Profiles

Meet Andre
70 years old

Lung Cancer (IIIb)

- PD-L1* = 2% MSI* = Stable
- *PD-L1 and MSI testing predicts* ***no response*** *to ICI*
- **CiRT = High Probability** of Response to ICI



Meet Maggie
68 years old

Squamous Cell Cancer

- PD-L1 = 90%
- *PD-L1 testing predicts* ***high response*** *to ICI*
- **CiRT = Low Probability** of Response to ICI

Both patients were treated with an ICI therapy

COMPLETE response observed
Response predicted by CiRT, despite PD-L1 counterindication

NO response observed
No response predicted by CiRT, despite PD-L1 counterindication

* Measurements of the expression of Programmed Cell Death Ligand 1(PD-L1) by tumor cells and tumor microsatellite instability are commonly used to assess suitability of patients for immune checkpoint inhibitor therapy.

Based on real cases, individuals portrayed by actors to protect identities. Illustrative purposes only and should not substitute a physician's decision.

Learn more at myCiRT.com

Episwitch® Explorer Array Kit

The *EpiSwitch*® Explorer Array Kit is **the world's first commercially available microarray kit** for high-throughput, high-resolution 3D genome profiling and biomarker discovery.

The kit opens up the Group's *EpiSwitch*® platform to the life science research community worldwide.

EpiSwitch® Explorer Array Kit

For use by academic and clinical researchers

Kit contains:

- custom OBD microarrays manufactured by Agilent Technologies (NYSE:A)
- OBD's proprietary biochemical reagents for sample preparation

Designed for analysis of blood, PBMC and cell line samples

Simultaneously interrogates over 960,000 high-confidence chromosome conformations across the entire human genome

Compatible with Agilent® SureScan Microarray Scanners

Includes access to the Group's *EpiSwitch*® Analytical Portal for

- Array processing
- Core statistical analysis
- Additional analysis and data visualization

Optional access to *EpiSwitch*® Data Portal

- Multi-omic integration
- Layering *EpiSwitch* databases
- Genomic rendering and mapping
- Additional biological context

Available online

The Explorer Array Kit may be ordered at store.oxfordbiodynamics.com/products/episwitch-explorer-array-kit/

Agilent

***EPISWITCH*® EXPLORER ARRAY KIT**
microarrays manufactured by Agilent Technologies

Key performance indicators and financial review

This section of the annual report provides a summary explanation of the main elements of the Group's financial performance over the year and its financial position at the year end. The table below provides an explanation of what is included in each element and why it has changed since last year. The financial key performance indicators (KPIs) most closely monitored by the Board are also identified. More detail is provided in the financial statements and associated notes on pages 65 to 109.

Key

KPI Key Performance Indicator

Financial performance

Element	Comprising	Main drivers of movement
Revenue KPI **£0.51m** 2023 £0.51m 2022 £0.15m £0m increase	Revenue from test sales and contracts with pharma customers.	Increase driven by recognition of first significant revenue from proprietary tests and an increase in work performed for Pharma customers.
Cost of sales **(£0.24m)** 2023 (£0.24m) 2022 (£0.04m) £0.20m increase	Amounts payable to the Group's partner lab and other costs relating to proprietary tests processed and/or reimbursed in the period.	These costs relate to *EpiSwitch*® CiRT tests ordered and processed during the year (516 tests, 2022: 79 tests), with some additional amounts recognized on receipt of reimbursement for tests from payors.
R&D expenditure (excluding staff costs) **(£0.76m)** 2023 (£0.76m) 2022 (£0.53m) £0.23m increase	Lab consumables, equipment maintenance and similar costs.	R&D activity was increased relative to the prior year. The final stages of the development of the *EpiSwitch*® PSE test were expedited during the year.
Staff costs **(£5.40m)** 2023 (£5.40m) 2022 (£4.48m) £0.92m increase	Staff and directors' remuneration and benefits.	Full year impact of FY22 recruits, FY23 in-year recruitment. Average FTEs were similar to FY22, but a higher proportion of the Group's employees were in senior and/or US-based roles. Inflationary pay increases awarded in calendar 2023 were higher than in recent years.
General and other admin costs **(£3.41m)** 2023 (£3.41m) 2022 (£2.45m) £0.96m increase	Other costs including marketing, legal and other professional services.	Increases of c.£0.3m in marketing-related costs to promote *EpiSwitch*® CiRT and *EpiSwitch*® PSE tests, c.£0.3m in premises-related costs, reflecting increased charges for utilities and site service charges for the UK HQ, and costs for the new laboratory in the US, c.£0.2m in travel-related expenses for sales teams and conference attendance, and c.£0.1m in website development and other IT services.

Financial performance

Element	Comprising	Main drivers of movement
Share option charges **(£0.33m)** 2023 (£0.33m) 2022 (£0.39m) £0.06m decrease	Non-cash charge spreading fair value of share options over their vesting period.	Options charges are spread over vesting periods of up to three years. More options were granted than in the prior year and this was offset by reductions in the amounts recognized in the year in respect of options granted prior to October 2021.
Depreciation and amortization **(£1.36m)** 2023 (£1.36m) 2022 (£1.21m) £0.15m increase	Depreciation and amortization of intangible assets, property plant and equipment and right-of-use assets.	Increase results from higher depreciation of right-of-use assets (because of the lease of the Group's US clinical laboratory in the year) and amortization of patents and a smaller increase in property, plant and equipment depreciation.
Other operating income **(£0.83m)** 2023 (£0.83m) 2022 (£0.35m) £0.48m increase	Income associated with grants and awards.	Income arises from the Company's two PACT Awards and its membership of the HIPPOCRATES consortium, funded by an EU grant.
Operating loss KPI **(£10.17m)** 2023 (£10.17m) 2022 (£8.60m) £1.57m increase	–	As noted above.
Fair value (loss)/gain on financial liabilities designated as FVTPL **(£1.25m)** 2023 (£1.25m) £1.10m 2022 £2.35m decrease	Non-cash movement in fair value of liability recognized in connection with warrants issued in November 2021.	The fair value of the warrant liability increased over the period, generating this loss, mainly because of the increase in the Company's share price.
Gain reclassified to profit or loss on disposal of foreign operation **£0.11m** 2023 £0.11m 2022 – £0.11m increase	Non-cash gain arising on the deregistration of the Group's former Australian subsidiary entity.	This is a crystallized foreign currency translation gain, offset by a reduction in the value of the translation reserve, recognized in other comprehensive income.
Finance income **£0.10m** 2023 £0.10m 2022 £0.13m £0.03m decrease	Interest income and foreign exchange gains.	Decrease relates to losses from exchange rate movements, partly offset by an increase in interest receivable on invested cash and term deposit balances during the year.

Key performance indicators and financial review *continued*

Financial performance

Element	Comprising	Main drivers of movement
Finance costs **(£0.21m)** 2023 (£0.21m) 2022 (£0.20m) £0.01m increase	Calculated lease interest, foreign exchange losses.	Increase driven by lease interest costs on new US laboratory, partly offset by reducing interest charges in respect of the UK HQ lease.
Tax **£0.59m** 2023 £0.59m 2022 £0.86m £0.27m decrease	UK R&D tax credits offset by current and deferred taxes in subsidiaries.	Decrease driven by higher current tax charges in subsidiary entities, and lower amounts claimable in respect of R&D tax credits following legislative changes in the UK.
Loss per share KPI **(7.3)p** 2023 (7.3)p 2022 (6.7)p 0.6p increase	Loss for the year divided by weighted average number of shares in issue.	Results from the increased loss and the higher average number of shares in issue for FY23 compared to FY22.

Cash Flow

Element	Comprising	Main drivers of movement
Net cash used in operating activities KPI **(£8.29m)** 2023 (£8.29m) 2022 (£5.18m) £3.11m increase	Operating loss, adjusted for non-cash items and movements in working capital.	Approximately £4m increased loss before tax and c.£0.1m decrease in tax credits received. Adjustments for movements in working capital, foreign exchange and non-cash items were c.£1m higher than in the prior year.
Net cash (used in) / generated by investing activities **(£0.62m)** 2023 (£0.62m) 2022 £1.25m £1.87m decrease	Expenditure on fixed assets, offset by interest income and maturing term deposits.	Receipts on term deposit maturities were c.£2.1m lower, offset by c.£0.2m decrease in net expenditure on property, plant and equipment and intangible assets and c.£0.06m higher interest receipts.
Net cash generated by financing activities **£13.21m** 2023 £13.21m 2022 £2.56m £10.65m increase	Proceeds from equity issues offset by lease payments.	Driven by a c.£10.58m increase in net receipts from equity issues, a £0.04m increase in rent payments and the one-off £0.11m buy-back of minority interest in a subsidiary in FY22.

Financial position

Element	Comprising	Main drivers of movement
Cash and term deposits KPI **£5.25m** 2023 £5.25m 2022 £1.00m £4.25m increase	Cash and term deposits.	Cash and term deposits increased as a result of the two fundraisings during the year, which provided net funds of £14.14m, offset by the operating cash outflow of c.£8.29m, capital expenditure and rent of c.£1.49m and minor movements in cash held in foreign currencies.
Total assets **£16.13m** 2023 £16.13m 2022 £11.34m £4.79m increase	"Right-of-use" assets associated with the Group's leased properties, tangible and intangible fixed assets, deferred tax assets, inventories, debtors and prepayments and cash and term deposits.	The main component of the increase is the movement in cash and term deposits.
Total liabilities **(£10.07m)** 2023 (£10.07m) 2022 (£8.76m) £1.31m increase	Trade creditors, accruals, contract liabilities, lease liabilities, provisions, deferred tax liabilities and warrant liability.	The £1.25m increase in the estimate of the fair value of the warrant liability (which is mainly driven by the increase in the Company's share price over the period) is the main driver of the overall increase in liabilities.

In addition to the main financial key performance indicators ("KPIs") set out above and on pages 24 to 26, the Group monitors its performance by reference to a number of non-financial criteria, including:

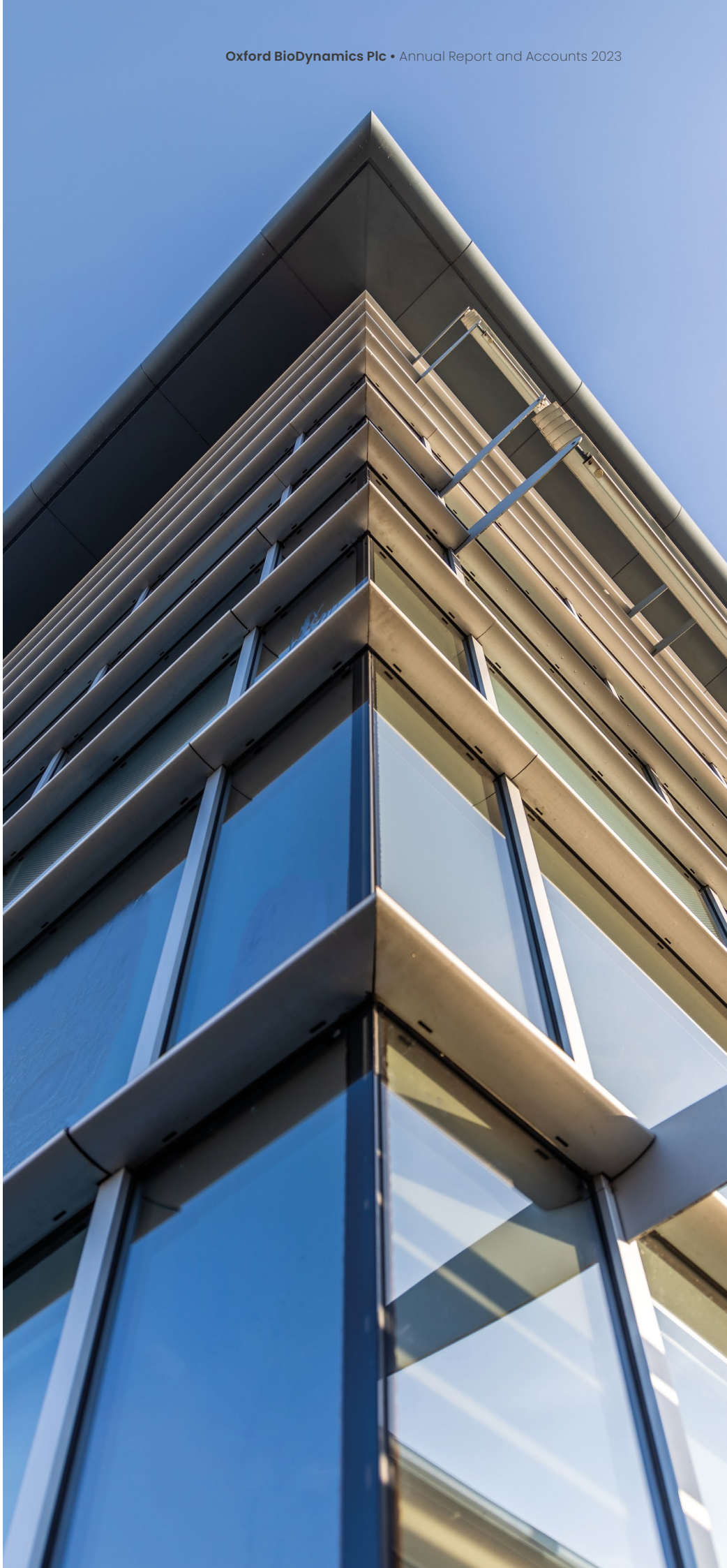
	2023	2022	2021
Commercial products launched:	EpiSwitch® PSE	EpiSwitch® CiRT	EpiSwitch® CST EpiSwitch® Explorer Array Kit
Orders of proprietary tests:	521	79	—
No. of doctors ordering proprietary tests:	62	7	—
Turn-around time (TAT) of proprietary tests:	4.7 days (Sept 2023)	4 days (Sept 2022)	N/A
New agreements with commercial customers / grant-awarding bodies:	1	—	2
Intellectual property: patent families and patents granted during the year:	19 families 15 patents granted	18 families 17 patents granted	18 families 10 patents granted

Corporate sustainability

For a business to be sustainable, its success cannot be derived at the expense of the environment or wider society.

OBD remains at an early stage in the process of identifying the most appropriate metrics by which to efficiently and meaningfully monitor its environmental, social and governance (ESG) impact and performance. The Sustainability Accounting Standards Board's (SASB) "Materiality Finder" guides the Group's assessment of the issues that are considered to be most significant contributors to its sustainability performance. The SASB's standards were codified in 2018 and include 444 industry-specific disclosure topics, 98% of which can be mapped to one or more of the UN's 17 Sustainable Development Goals (SDGs, found at https://sdgs.un.org/goals).

For OBD, the SASB Materiality Finder highlights 8 of 26 issues as being particularly relevant to businesses operating in the wider pharmaceutical and biotechnology industries. These are listed in the table below, with explanations of the approach OBD follows and other relevant information in each case:



Issue category	Industry-specific disclosure topics	OBD's approach
Social capital	*Human rights and community relations:* Safety of clinical trial participants	OBD does not develop drugs. Clinical trials operated by OBD are IRB reviewed and approved. *EpiSwitch*® biomarker assays have successfully been incorporated into clinical development programs and trial protocols by the Group's customers. OBD's biomarkers and clinical tests have the potential to increase the safety of trial participants, through improved patient stratification.
	Access and affordability: Access to medicines Affordability & pricing	The Group has sought to enable access to its tests as quickly as possible by making them available as lab-developed tests (LDTs). In the US, the CPT codes issued for *EpiSwitch*® CiRT and *EpiSwitch*® PSE allow the Group to offer these tests to insured patients, including those on Medicare and Medicaid. In markets other than the US, the Group's tests are currently available through private physicians and, in some cases reimbursement by private medical insurance, such as Bupa UK's coverage of *EpiSwitch*® CiRT. The Group hopes in due course to be able to expand access to its tests to patients in (for example) the UK NHS. The Group's products are priced appropriately compared to other high-complexity molecular tests.
	Product quality and safety: Drug safety	OBD does not produce drugs, but it is important that the Group's products and services provide high quality dependable results: **Clinical tests** are offered through CAP CLIA-registered laboratories, after an extensive technology transfer process, including validation and reproducibility testing. OBD's **lab-based services** to customers are performed through procedures and facilities certified under ISO standards (ISO 9001 and ISO 13485).
	Customer welfare: Counterfeit drugs	As the customers relying on the Group's clinical tests, patients, physicians and payors benefit from several layers of protection that prevent the marketing of counterfeit versions of the Group's products including: • patent and trademark protection; • extensive proprietary know-how; and • the legal and regulatory frameworks in operation in the Group's main markets.
	Selling practices and product labelling: Ethical marketing	OBD has developed carefully defined intended use statements for each of its clinical tests and ensures all marketing communications, test reports and other collateral are fully in line with these. In the US, the FDA is empowered to review marketing material to ensure these are appropriate. OBD's material makes clear reference to the products' intended use and status as LDTs. The Group's mycirt.com and 94percent.com product-specific websites include extensive supporting documentation for *EpiSwitch*® CiRT and *EpiSwitch*® PSE respectively, including test requisition forms, example test reports, technical overviews, FAQs, and explanatory videos.

Corporate sustainability *continued*

Issue category	Industry-specific disclosure topics	OBD's approach
Human capital	*Employee engagement, diversity and inclusion:* Employee recruitment, development & retention	OBD relies on its skilled, diverse, international employee team for all of its activities. The s172(1) report on page 37 provides more information on the Group's approach to staff recruitment, development and retention.
Business model & innovation	*Supply chain management*	New suppliers are subject to an approval process that considers the importance of the product to OBD, quality and quality management, price, and supplier financial health. The Group is also part of a purchasing group which consolidates the catalogues of several suppliers. OBD has previously consulted with the purchasing group on the steps it takes to verify suppliers' standards and performance in respect of pertinent issues, including compliance with sanctions and avoidance of modern slavery. Verification of whole supply chains across several suppliers is complex and the purchasing group is at an early stage in a process of improving the actions it takes to assess and report on suppliers to its customers (including OBD). One prominent example in this area was the 2021 ban by the US and Canada of imports of rubber gloves manufactured by certain Malaysian suppliers, after several indicators of forced labour were identified in a US Customs and Border Protection (CBP) investigation. OBD followed up directly with its lab glove suppliers to understand the approach they adopt to managing this specific aspect of their supply chain. In one case, manufacture of specific glove product lines was independently certified as compliant with fundamental conventions of the International Labour Organization (ILO). Another supplier shared a well-developed Modern Slavery Policy and required each of its suppliers to self-certify against the requirements of that policy. These responses, and the successive lifting of the CBP-imposed bans as problems are judged to have been addressed by suppliers have been reassuring, but illustrative of the complexity of the issue.
Leadership & governance	*Business ethics*	OBD operates honestly and transparently. Maintaining a high standard of work and professionalism is one of the Group's core values. The Group is subject to legislation such as the US Foreign Corrupt Practices Act (FCPA, 1977) and UK Bribery Act (2010). The Board is responsible for reviewing and updating its policies and procedures so that they remain compliant with relevant laws and policies, particularly as the Group grows and begins to sell its products in new markets. OBD's whistleblowing policy is available to all staff and is accessible on the Group's website.
Environmental	*(No industry-specific environmental issues highlighted by SASB)*	Like almost all businesses, OBD's activities to benefit its stakeholders have various environmental impacts. In the Group's case these are mainly in the form of: • CO_2 and other emissions from travel and consumption of utilities • the use of resources such as single-use plastics and chemicals in its laboratories – an unavoidable consequence of the Group's activities and its obligations for the safe management and disposal of clinical waste. In general, the Group's approach is to seek to minimize its environmental impact by minimising travel and resource use without adversely affecting either its business development, sales and product support activity or the quality of its R&D and services to customers. As the Group continues to grow and particularly as it expands the geographic area into which its products are sold, it is anticipated that the Group's indirect CO_2 emissions may increase.

In addition, acknowledging the importance of local action as a way of improving the Group's sustainability, OBD was pleased, in December 2023, to join the signatories to the Oxfordshire Inclusive Economy Partnership Charter (https://oiep.org.uk), working together to create a more equal and sustainable region that creates opportunities and benefits for all people within the county.

Charter signatories pledge to initiate or continue actions in four focus areas:

1.
Inclusive employment – focused on both employers and employees, looking at how organizations can create better pathways into work whilst understanding the barriers people face to accessing employment.

2.
Social value and procurement – spending more money locally and spending through organizations that offer positive social and environmental impact.

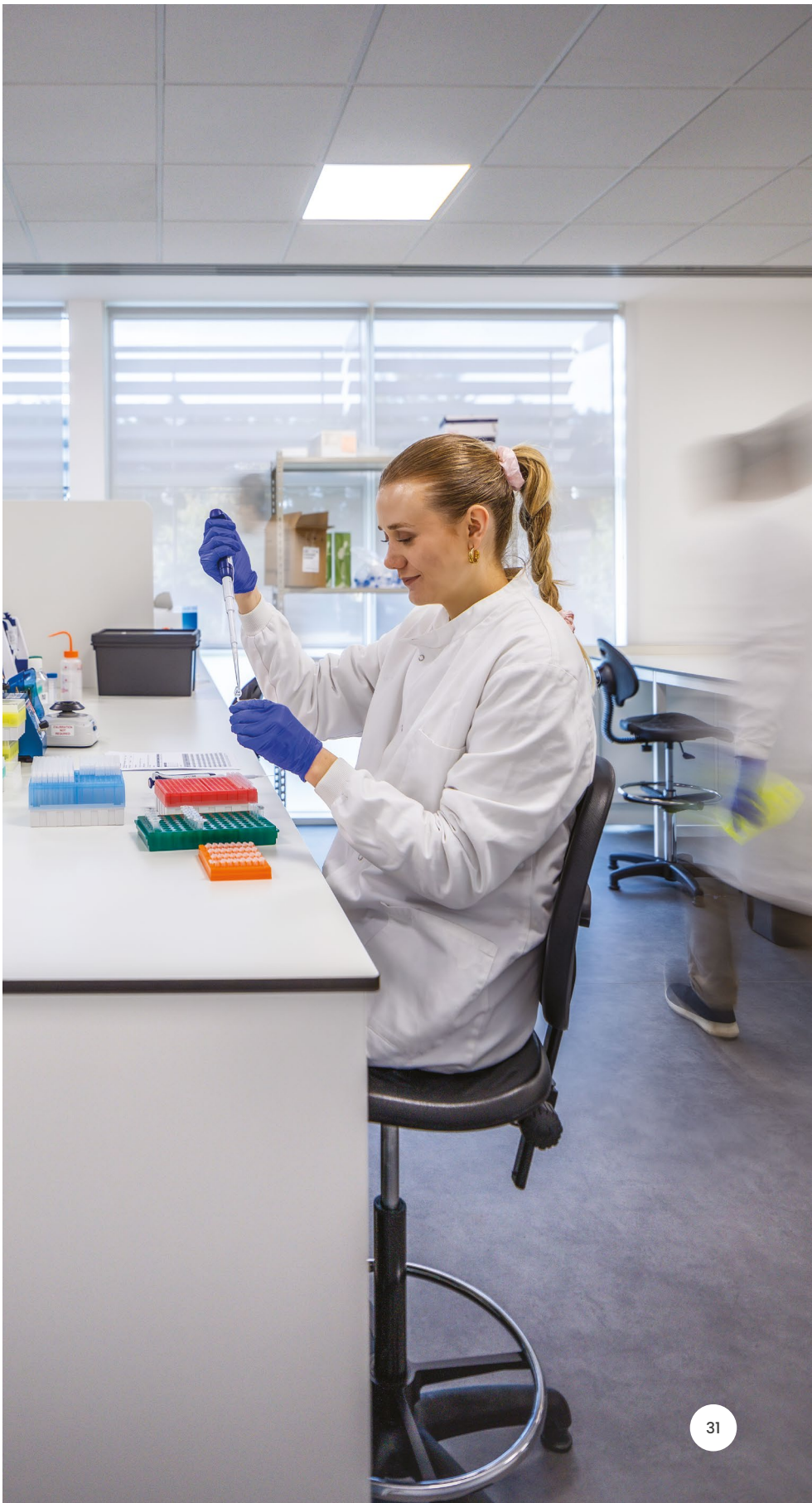
3.
Educational attainment – improving educational attainment and building better links between business and education to help shape career choices.

4.
Place shaping – investing in places that need it most so that money spent in our economy helps address challenges in health, environment, and housing.

The Company has made initial commitments in focus areas 1, 2 and 3. We expect our participation in the Partnership will help us to identify opportunities for further activity at our Oxford, UK HQ that will improve our overall corporate sustainability, social and environmental impact.

OIEP
Oxfordshire Inclusive Economy Partnership Charter

Learn more at SASB Material Finder: https://www.sasb.org/standards/materiality-finder/find/?industry=HC-BP&lang=en-us



Risk management and principal risks

The Board has overall responsibility for the Group's risk management strategy and maintains a corporate risk register to help monitor key risks and responses to them, in the light of the Group's strategy and objectives.

The Group's senior staff regularly identify areas of risk and communicate these to the Board as necessary. The Group's quality management system includes extensive risk assessment, planning, internal audit and reporting as well as the maintenance of detailed risk registers covering its ISO-certified processes. A detailed financial reporting and procedures framework is in place, with financial risk management overseen by the Audit Committee.

As at the date of this report, the Board is satisfied that the risk management and internal control systems in place are adequate for this stage of the Group's development. The Board does not consider it to be necessary to establish a financial internal audit function, but this is kept under review by the Audit Committee, in consultation with the Chief Financial Officer.

The tables below show the principal risks faced by the Group, how each risk is managed or mitigated, how the risks map onto the Group's strategic objectives and the Directors' assessment of the change in significance of each risk since the last annual report.

OBD's Strategic Objectives

- **A** Commercializing the Group's pipeline of molecular diagnostic tests
- **B** Working with pharma, biotech and academia in clinical development and biomarker discovery
- **C** Making OBD's *EpiSwitch*® technology and the world's largest 3D genomic knowledgebase available to commercial and academic researchers

Key

- Increased
- Decreased
- No change

Principal risks	Description	How these risks are managed or mitigated
Cash resources Strategic objectives: A, B, C Change in risk profile in the last 12 months*: =	The Group may be unable to generate and retain enough cash resources to achieve its strategic objectives. The Board expects that the Group will have sufficient cash resources from investors and revenue-generating and grant-funded projects to fund its short-term development plans, notwithstanding that the Group's cost base has again increased compared to the prior year. In this context, however, shareholders should note the material uncertainty as to going concern set out in more detail in Note 2 on page 73.	During the year, the Group raised £15.4m (before expenses) from investors in two fundraises, to provide working capital to continue the commercialization of the *EpiSwitch*® product line, primarily to support the adoption of *EpiSwitch*® CiRT and the expedited development and launch of *EpiSwitch*® PSE. The Group seeks to conserve cash by minimizing spend whenever possible.

Principal risks	Description	How these risks are managed or mitigated
Revenue Strategic objectives: A, B Change in risk profile in the last 12 months*: ⌄	The Group may be unable to secure sufficient product, service or licensing revenues to become profitable in the long-term. Notwithstanding excellent progress made during the year in growing adoption of *EpiSwitch*® CiRT and launching *EpiSwitch*® PSE, the Group's product revenues are not yet at a level that covers its costs. The going concern section of Note 2 to the financial statements on page 73 highlights uncertainty regarding forecasting the Group's revenues.	The actions the Group has taken to commercialize its *EpiSwitch*® platform, through the development and launch of its own products in the US, UK and other markets, mitigate this general risk by providing opportunities for more revenue and wider appreciation of the Group's products and technology. The Group now has two clinically validated tests available and has successfully obtained unique CPT-PLA codes for each of them – a requirement for receiving reimbursement for the tests from US insurance payors. Orders for *EpiSwitch*® CiRT increased through the year and the Group is receiving reimbursement from US payors. In the UK, the Group's first agreement with a private insurer was announced shortly after the year end, with Bupa UK covering the test for its patients being considered for ICI therapy. These developments significantly reduce the risk that sufficient revenues will not be generated in future. In order to maximise the likelihood of commercial success, the Group has continued to build its team of experienced sales executives, particularly in the US, as resources allow. The Group has reduced to practice the process it follows to discover biomarkers with its *EpiSwitch*® platform and to develop and launch clinically validate commercial tests in key markets.
Reliance on key suppliers, partners and equipment Strategic objectives: A, B, C Change in risk profile in the last 12 months*: ⌄	In the US, the Group's CiRT test is provided through a single partner laboratory. Certain stages of the Group's proprietary processes involve products or services currently sourced from single third party suppliers. The Group uses high-tech equipment in its R&D processes that can be subject to long lead-times and set-up times when replaced.	The Group set up its CLIA-registered clinical laboratory in Frederick, MD during the year. This has reduced the significance of risks associated with reliance on our partner lab to provide OBD's commercial tests to the US market. The Group is also in the process of obtaining an ISO 15189 accreditation for a clinical laboratory in its existing UK HQ. This will further mitigate risks associated with reliance on individual laboratories. Relationships with key suppliers are subject to written agreements. Where possible, the Group seeks to enter into agreements with established well-resourced suppliers, for example in its agreements with Next Molecular Analytics as its US partner laboratory and with Agilent Technologies for the manufacture of probe sets for its *EpiSwitch*® Explorer Array Kit. The Group brought several critical steps in the process of biomarker discovery 'in-house' in 2019, employing specialist new staff and increasing capability at its UK laboratory. The Group also deals with multiple suppliers and relies on its membership of purchasing groups where possible.

Risk management and principal risks *continued*

Principal risks	Description	How these risks are managed or mitigated
People-related risks Strategic objectives: A, B, C Change in risk profile in the last 12 months*: =	The Group relies on a small number of key personnel including the Executive Directors and the Senior Management Team, who have significant experience within the Group and the sectors it operates in, and who could be difficult to replace. The Group may not be able to recruit and retain suitably qualified and experienced individuals for its technical positions, including in lab-based roles, quality and regulatory assurance and financial reporting. The Board assesses this risk as broadly the same as in the prior year.	The Board has previously reviewed succession planning to determine the risks posed to the Group by the potential loss of individual team members and the Nomination Committee reviewed this work during the year. Previous reviews have identified potential internal successors where these are in post, and specific actions, including recruitment and training to be undertaken, to reduce the potential impact of loss of key personnel. The Group mitigates this risk in part by recruiting new staff to its teams and use of standard operating procedures and work instructions, thereby increasing the number of people able to cover key roles. Executive and employee remuneration plans, incorporating long-term incentives, are designed to attract and retain staff with appropriate skills. During the year, the Group continued to invest in its HR function, which actively reviews and improves practices relating to performance management, training, benefits and employee recognition and wellbeing. A limited number of 'key person' insurance policies are in place to assist the Group in transition periods if key people are incapacitated.
Competitors Strategic objectives: A, B, C Change in risk profile in the last 12 months*: ^	The Group may face competition from other biotechnology companies, which could adversely impact the commercialization of its technology if it fails to compete effectively. Notwithstanding the Group's pre-eminent position in the nascent 3D genomics market, competitors using other modalities within the molecular diagnostics and biomarker discovery industries may have: • better-resourced marketing and access to healthcare markets; • better access to pharmaceutical customers; and • greater financial resources. This risk is judged to have increased because the Group now has proprietary products available in more markets than was the case last year.	The Group is not aware of any 3D genomics technology currently available that compares favourably with its *EpiSwitch*® platform or the products developed using it. The Group's work for the PACT partnership is in part intended to develop *EpiSwitch*® as an industrial standard for 3D genomic assays. The Group has demonstrated its commitment to commercialization, having now launched four products since the appointment of Jon Burrows as CEO in March 2020. This commercialization was made possible only by more than 10 years of dedicated research which would be difficult to re-perform quickly. Furthermore, the Group has secured and continues to support broad, early intellectual property protection in the field of 3D genomics. In developing its *EpiSwitch*® platform technology, the Group has acquired significant proprietary know-how, which would be difficult and time-consuming for any competitor to replicate.

Principal risks	Description	How these risks are managed or mitigated
R&D risks Strategic objectives: A, B Change in risk profile in the last 12 months*: ⌄	There is a risk that the Group fails to generate sufficient valuable, robust, reproduceable data for customers and/or for development and validation of future proprietary products.	The Group's *EpiSwitch*® platform has continued to perform exceptionally well in internal, commercial and grant-funded R&D projects. The Group's ever-growing corpus of experimental results and analyses permits the Board to be increasingly confident that the application of *EpiSwitch*® to develop biomarkers for a broad range of clinical and non-clinical questions, across multiple indications and species, is reduced to practice and highly likely to result in meaningful, translatable results. The Group successfully completed the development and launch of *EpiSwitch*® PSE during the year, building on its experience with previous lab developed tests. This further reduces the risk that future development projects will fail.
Intellectual property (IP) risks Strategic objectives: A, B Change in risk profile in the last 12 months*: =	The Company may incur significant costs as a result of IP disputes – the Company's ability to operate competitively depends, in part, on the successful protection of its IP. Third parties may infringe upon or otherwise challenge the Company's IP, release confidential information about the Company's IP or claim technology which is registered to the Company. There is a risk that the Company is unable to obtain sufficient IP protection for its products and technology.	The Company seeks to protect its leading IP position through 1) the strategic filing of worldwide patent applications where permissible, 2) strict protection of the know-how behind *EpiSwitch*®, 3) maintaining its first-to-market position in offering high quality 3D genomics solutions, 4) including robust confidentiality obligations in contracts with its employees, collaborators, subcontractors and licensees in order to protect the Company from the release of information relating to its know-how. Patents were granted in several jurisdictions during and after the year. The Group now has patents or applications in 19 separate families.
Regulatory risks Strategic objectives: A, B Change in risk profile in the last 12 months*: =	Regulations and legislation in the principal markets in which the Group operates may be subject to change that would necessitate significant effort and expense in order to maintain the Group's freedom to market its products and services. The Group is subject to several legislative and regulatory provisions including, but not limited to: • Federal Clinical Laboratory Improvement Amendments ("CLIA"); • The Health Insurance Portability and Accountability Act 1996 (HIPAA), EU and UK GDPR and other privacy laws; The Group's tests are regulated as Laboratory Developed Tests (LDTs). Historically, LDTs have been regulated under CLIA and the FDA has exercised 'enforcement discretion', not requiring approvals or clearances for many LDTs performed by CLIA-certified laboratories. On occasion, the FDA has outlined its intent to exercise varying levels of oversight of many LDTs. The FDA has yet to implement any form of oversight requirements with respect to LDTs, and it is unclear if or when it will end enforcement discretion for LDTs and whether it may decide to regulate LDTs on a case-by-case basis. Action by the FDA to end enforcement discretion over LDTs could impact the Group's marketing of its existing products and its activities to develop and commercialize other tests as LDTs in the future.	The Group employs and consults with regulatory experts as necessary to remain up to date with respect to requirements in this area. It has successfully maintained Human Tissue Authority and ISO certifications covering aspects of its UK and Malaysian operations for several years. The Group's clinical laboratory in Frederick, MD and its partner laboratory at NEXT Molecular are CLIA-certified, meeting the current requirements for provision of LDTs in the US market. The Group's clinical order management system is designed to be fully compliant with HIPAA and EU/UK GDPR.

Risk management and principal risks *continued*

Principal risks	Description	How these risks are managed or mitigated
Information and cybersecurity risks Strategic objectives: A, B, C Change in risk profile in the last 12 months*: ↑	Like all businesses, the Group faces a potential threat from cyber attacks that could result in loss of data, inability to operate, theft and/or malicious disclosure of IP, financial losses arising from recovery of systems and data or ransom-type attacks and reputational and financial impacts arising from the loss or disclosure of customers' data. This risk is considered to have increased, because cyber- and information security threats are increasing globally and the Group, its products and technology are becoming more widely known.	The Group operates a process of continuous review and improvement of its policies and procedures regarding information security (IS). Progress on IS-related projects and any IS-related incidents are reported to the Board on a quarterly basis. Where appropriate, insurance covering cyber- and information security risks is obtained.
Financial reporting risks Change in risk profile in the last 12 months*: =	In common with other businesses, the Group faces the risk of material misstatement of its financial statements through inaccurate, incomplete or untimely information, human error or deliberate fraud. Misstatements could lead to financial cost and reputational damage.	The Group employs suitably qualified staff in its finance team and consults with its external Auditor and independent accountants as necessary. The Group has again slightly increased the size of its financial reporting team to maintain segregation of duties in this area as the Group grows. The Audit Committee and Board focus on audit quality rather than lowest cost in recommending external Auditors for appointment by the Company's members.
External "macro" risks Strategic objectives: A, B Change in risk profile in the last 12 months*: ↓	The Group may face challenges because of a future pandemic – the main risks likely to be faced by the Group are: • renewed restrictions on international travel; • reductions in the number of staff who can safely work in the Group's facilities at any time; and • infection or self-isolation of staff members leading to a lack of staff availability for specific duties (especially lab-based roles). Inflationary pressures in the Group's main markets may lead to increased costs, as a result of supplier price increases or decisions to award inflationary increases in staff remuneration. The Group may face disruption to its activities as a result of climate change – the main direct risks to the Group are assessed to be disruption of its supply chain and/or access to its facilities as a result of extreme weather events arising from environmental changes. The Group may also face increased costs associated with requirements for climate-related financial disclosure and net-zero targeting in the future.	Experience during the COVID-19 pandemic helped the Group to develop resilience across its activities that would permit it to 'hit the ground running' in the event of renewed restrictions. The Group's clinical and R&D facilities allow staff to work with appropriate social distancing. The Group's financial forecasts already assume inflationary increases in key costs, such as staff costs and utilities. None of the Group's facilities is in an area at high risk of flood. The Directors continue to monitor the risks presented by climate change and the actions that might be required to mitigate them, including activities that may be required of the Group as part of national and international guidance on sustainability.
Foreign exchange risk Strategic objectives: A, B Change in risk profile in the last 12 months*: ↓	Most of the Group's revenues are denominated in US dollars, with expenditure in UK pounds sterling, US dollars or, to a lesser extent, Malaysian ringgits. Fluctuations in the exchange rates between these currencies (particularly the USD/GBP rate) could have a material impact on the Group's earnings and financial position, which are reported in UK pounds sterling. This risk is judged to have decreased since the last annual report, when it was judged to have been increased because of increased volatility in the USD/GBP rate shortly after the 30 September 2022 year end.	As far as possible, the Group plans what balances to retain in the currencies to which it is exposed. To date it has used US dollars received from customers to meet liabilities denominated in US dollars, with a limited requirement to purchase US dollars using other funds. The Group does not engage in foreign currency trading or speculation.

* Directors' estimates.

Stakeholder engagement

Section 172(1) statement

The Directors acknowledge their duty under section 172 of the Companies Act 2006 and consider that they have, individually and as a Board, taken account of the views of the Group's stakeholders in Board discussions and decision-making.

Section 172(1) sets out six matters to which the Directors must have regard when performing their duty. These are listed below, with explanations of how the Directors have addressed each matter and, where appropriate, references to relevant information presented elsewhere in this report.

The likely consequences of any decision in the long term

Several of the Board's decisions during the period related directly to promoting the long term prospects of the Company and thereby to the creation of long-term value for shareholders and other stakeholders. In particular, the Board considered the likely long-term consequences of its decisions to raise funds from investors in October 2022 and August 2023 and in its decision to expedite development and launch of the PSE test (announced in April 2023). The Board's pivotal decision to expand the Group's strategy to include the development and commercialization of proprietary tests and the improvement of its UK infrastructure, taken in 2020, was intended to promote and protect the Group's long-term prospects. Several of the principal risks faced by the Group and the mitigating actions taken by the Board to address these (shown on 30 to 34), are related to the long-term prospects of the Group.

The interests of the Company's employees

The Group relies on its global team of employees for the achievement of its strategic objectives. The Board therefore focuses on ensuring that suitably qualified and experienced team members are recruited and retained across the Group's operations. This focus is fundamentally expressed through the Group's values and culture. Operationally this focus is reflected through decisions for which the Board is ultimately responsible, including:

- creating safe, professional, diverse work environments, free of harassment and bullying, where everyone is treated with dignity and respect;
- providing salary and benefits packages that are competitive and reward good performance;
- providing appropriate training to enable staff to perform their duties and to develop professionally; and
- ensuring that appropriate mechanisms are in place for staff to provide feedback or, if necessary, raise any grievances.

Over the last year, the Group has further expanded its HR team, providing better support for employees. Improvements implemented in previous years have continued through the year. These include staff and management training; a standardized objective-setting and performance evaluation and bonus-award process; improved employee induction and offboarding processes; share option grants for new joiners and existing team members; and constantly reviewed benefits including group life and income protection cover and an employee referral program.

The Board and its sub-committees have specific roles in respect of the recruitment and remuneration of Directors and persons discharging managerial responsibilities (PDMRs).

Diversity

OBD's employees have always benefited from being members of a diverse international team. As the Group expands, particularly in the US, this continues to have a hugely positive impact on the strength and success of its business as a whole, as well as on its employees. All appointments are made based on candidates' suitability for the roles concerned, without reference to characteristics such as those protected in the UK by the Equality Act 2010 (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).

Health and safety

The Directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. Alexandre Akoulitchev is the Director with overall responsibility for health and safety matters. The Board receives regular updates on health and safety from each of the Group's locations.

The Group meets legal requirements aimed at providing a healthy, safe and secure working environment to all employees.

The Group's successful health and safety management involves regular reviews of its health and safety policies and integrating appropriate principles and practice into its day-to-day operating procedures and quality management systems, including in laboratory environments that can necessarily include hazardous materials. This relies on the collaborative effort of all employees, who undergo regular health and safety training relevant to their roles and are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

The need to foster the Company's business relationships with suppliers, customers and others

The Group's relationships with customers and suppliers are obviously critical to its successful development:

OBD's "customers" represent several groups, each with particular needs. The groups include patients, physicians, healthcare insurers/payors, pharmaceutical and biotech companies, funding bodies and the life science research community. The Group's relationship with each of its customers may be based on interactions with one or more OBD team members, or may primarily be mediated through marketing and explanatory collateral. In fostering its relationships with its customers, whichever category they fall into, the Group is committed to providing them with high quality, consistent, accessible and reliable products and services.

The development and commercialization of the Group's products and the pursuit of its wider strategy relies both on contractual agreements, and more importantly positive, mutually-supportive and open business relationships, with key suppliers. These include NEXT Molecular Analytics (the Group's CLIA-certified partner laboratory in VA, USA) for the *EpiSwitch*® CiRT and *EpiSwitch*® CST tests, Agilent Technologies for the *EpiSwitch*® Explorer Array Kit, and the Group's landlords in Oxford, Gaithersburg, Frederick and Penang. The Group relies on a wider network of suppliers for all of its activities: from lab equipment, reagents and consumables to legal and intellectual property advice (and much in between). In all cases, the Group seeks to ensure that suppliers and contractors are aware of, and where necessary work with it to comply with, its business principles, policies and standards. In addition, having signed the Oxfordshire Inclusive Economy Partnership Charter (see page 31), the Company considers where it can contract with local and/or positive social or environmental impact organizations.

Stakeholder engagement *continued*

The impact of the Company's operations on the community and the environment

Community

The Group intends the communities in which it operates to benefit from its presence, both through the creation of employment and the involvement of its staff in activities that have a positive impact in the community. During the year, the Group has supported its team members in activities that contribute to local charities. These activities, as well as awareness and educational campaigns focused, for example, on particular diseases, are regularly posted on the Group's social media accounts. In the UK, the Group has signed the Oxfordshire Inclusive Economy Charter (see page 31) and seeks with other local organizations to help create a more equal and sustainable region that creates opportunities and benefits for all people within the area.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the communities in which it operates, and to:

- identify, assess and manage human rights risks, including those relating to modern slavery and human trafficking, within its supply chain, sphere of influence and other activities, working firstly to avoid or mitigate them, and then seek to remedy any actual or potential impacts;
- respect and support internationally recognized human rights standards wherever the Group operates and seek to ensure non-complicity in human rights abuses.

Environment

The Group is aware of the environmental impact of its activities and seeks to minimize resource usage, for example by seeking to engage only in essential business travel and where possible recycling the single-use plastic consumable items necessary for its laboratory operations. Disposal of consumables, including reagents, and surplus equipment is carried out through approved suppliers and the group obtains permits and licences for storage and disposal wherever necessary, including a UK Human Tissue Authority licence for the storage of material from the human body (in the form of blood samples).

The Group maintains high levels of quality control and assurance throughout its reference facilities and laboratories, through the application of its quality management systems as demonstrated by its meeting the requirements of international standards ISO 13485 and ISO 9001.

The Group's business activities result in various environmental impacts (mainly in the form of CO_2 and other emissions, from travel and usage of utilities and as a consequence of the safe management of clinical waste and maintenance of high levels of cleanliness in its facilities).

Aside from the risks associated with climate change discussed on page 36, the Directors do not consider that there are environmental factors that pose a direct and significant risk to the Group's business, nor are any of the Group's primary activities necessarily environmentally damaging. The Directors recognize, however, that the Group is still at an early stage in the process of identifying the most appropriate metrics with which to monitor its environmental impact, though these are likely to include energy usage, water consumption, CO_2 production and waste generation. In future, the Board expects to gather more detailed data to help the Group to monitor and improve its environmental performance as it grows, whilst also continuing to comply with all relevant legislative, regulatory and other requirements.

The corporate sustainability section of the Strategic report on page 28 provides more information on the Group's approach to environmental matters and human rights.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Group operates in markets in which a reputation for reliability, honesty and transparency in the conduct of business is important for building value. As a public company, this also applies to the Group's dealings with existing and potential shareholders, including its approach to communication with the stock market. The Group's commitment to high standards of conduct finds application across all aspects of its activities, including in its approach to contract negotiations (rejecting all forms of bribery or corruption), paying suppliers and employees on time, paying taxes in the jurisdictions in which it operates and honouring contractual commitments with customers and suppliers alike.

Further details of how the Group promotes a corporate culture based on ethical values and behaviours, specifically in connection with its compliance with Principle 8 of the QCA Code, is included in the Corporate Governance Statement on page 44.

Corporate social responsibility

The Directors recognize the importance of corporate social responsibility, both generally and in the opinion of many of the Group's investors and other stakeholders.

The Group is committed to maintaining the highest standards of corporate social responsibility in its business activities. Pursuit of the Group's strategic objectives, particularly through the commercialization of proprietary tests such as *EpiSwitch*® PSE and *EpiSwitch*® CiRT, offers significant potential societal benefits by improving the effectiveness and efficiency of healthcare.

The Group has implemented, and continues to review and update, policies and management systems in its operations that are aligned with its commitments to high standards of business conduct and corporate social responsibility.

The need to act fairly between members of the Company

Board discussions and decision-making are focused on seeking the long-term benefit of the Company's members as a body, without favour for individual members or groups of members. During the year, this was evidenced by the Board ensuring that investors with smaller existing or potential shareholdings were able to participate in each of the Group's fundraises.

Directors are required to declare any interests in matters discussed at Board meetings, recusing themselves from decisions where appropriate. The Group complies in full with all legal and regulatory requirements that pertain to the fair treatment of members and potential members. To this end, whenever necessary, Directors seek and follow the independent advice of the Company's nominated adviser and outside legal counsel.

In common with other public companies, Directors often hold individual meetings with institutional and other significant shareholders during the year. However, any member may contact the Directors through the Group's investor relations email address (investorrelations@oxfordbiodynamics.com) and members are welcome to attend and to ask questions of the Board at the Company's annual general meeting.

The strategic report, which incorporates this s172(1) statement and comprises pages 2 to 38, has been approved by the Board and is signed by order of the Board by:

Dr Jon Burrows
Chief Executive Officer

Oxford BioDynamics Plc
16 January 2024

Registered office:
3140 Rowan Place, John Smith Drive
Oxford Business Park South,
Oxford, UK, OX4 2WB

Registered number: 06227084

Chairman's introduction to Governance

Dear Shareholders,

I am delighted to introduce the governance section of this year's annual report. The year was one that saw significant progress for the Group and Company. On behalf of the Board, I again thank the OBD staff team for their dedication over the year.

As we review the year to 30 September 2023, it is also with gratitude to you, our shareholders, for your ongoing support of the Company, not least in the two successful fundraises completed during the year, in what continue to be challenging market conditions. Alongside investment from existing shareholders, we welcomed several new investors to the Company's share register during the year, including 114 participants in the PrimaryBid offer conducted as part of the August 2023 fundraise who were new to the Company.

Over the following pages, the corporate governance statement sets out the Company's approach, led by the Board, to the important area of governance: how we apply the principles of the QCA Code that we have adopted to support the Company's ongoing development and operation of its governance activities and how we operate as a Board in order to promote the interests of the Company's members as a whole.

The Group's corporate governance activities exist to help the Board make its decisions in a confident, informed way and to manage risk. In my role as Chairman of the Board I, along with my fellow non-executive and executive Directors seek to ensure that corporate governance at OBD remains fit-for-purpose, through the work that the Board and its three subcommittees undertake through the year.

As we embark on the next financial year, the Board is encouraged by the prospect of further progress and committed to adopting best practice in corporate governance to support and steward OBD as the Group continues to develop. We acknowledge the importance of not standing still in this regard – as we expand entrepreneurially we will continually review and strengthen our governance framework. Finally, I and the other Non-Executive Directors continue to welcome contact from any of our shareholders by email to: investorrelations@oxfordbiodynamics.com.

Matthew Wakefield
Non-Executive Chairman

Board of Directors

Matthew Wakefield

Non-Executive Chairman (A) (N) (R)

Joined: December 2020

Skills and experience

Matthew was appointed to the Board as Non-Executive Chairman in December 2020. He has spent over 30 years in the City working in senior positions in both the fund management and investment banking industries.

Matthew started his career as a fund manager at Legal and General Plc before moving into broking at Nomura Holdings, Inc. He joined Collins Stewart Hawkpoint Limited ("Collins Stewart") in 1992 and was Head of Sales and a member of the management committee. He left Collins Stewart in 2004 to work for two charities, The Besom Foundation and The 999 Club. In 2011, Matthew set up the broking partnership Baden Hill LLP, where he remains as a partner and shareholder.

Matthew has an in-depth knowledge of the Company having been one of its earliest external shareholders. Matthew acted as an advisor to the Company before his appointment as Chairman and Baden Hill LLP raised capital for the company at its IPO in 2016 and again for its two fundraisings during the year. Matthew chairs the Nomination Committee and is a member of the Audit and Remuneration Committees. He has a degree in Law and an MBA in Finance.

Dr Jon Burrows

Chief Executive Officer (N)

Joined: March 2020

Skills and experience

Jon was appointed as Group Chief Executive Officer in March 2020. He brings over 25 years of industry experience with an established track record in oncology and personalized medicine within big pharma, biotech and molecular diagnostics companies. Jon leads the Group from Maryland, USA, a location which helps OBD to further expand its US presence.

Jon joined OBD from Oncology Partners, a consulting and clinical advisory firm focused on providing strategic counsel to development stage pharma, biotech, medical devices and diagnostic companies, which he co-founded. Previously Jon was President and CEO of OncoPlex Diagnostics, a leader in clinical proteomics for oncology. Under Jon's leadership, OncoPlex was transformed from a private, pre-revenue stage company into a thriving clinical diagnostics business with marketed products, which was ultimately acquired by NantOmics in May 2015. From 2007 to 2009, he was Director of Business Development and Interim Head of the Translational Diagnostics Business Unit at Ventana Medical Systems, and subsequently Director of Pharma Operations at Roche, following the $3.4 billion acquisition of Ventana Medical Systems by Roche in 2008.

His early career was in oncology drug development and the development of molecular diagnostics for precision medicine. Jon holds a Bachelor's degree in Industrial Chemistry (Colour) from the University of Leeds (UK), and a Master's degree in Physical Chemistry and PhD in Cell and Molecular Biology from the University of Nevada.

He completed postdoctoral studies in the laboratory of Dr David Perlmutter at Washington University in St Louis, Children's Hospital before becoming the inaugural Alpha One Foundation Young Investigator for Clinical Research at Washington University Medical School in St Louis. Jon is a member of the Company's Nomination Committee.

Dr Alexandre (Sasha) Akoulitchev

Chief Scientific Officer

Joined: June 2007

Skills and experience

Sasha was born in Zhitomir, Ukraine and read Mathematics, Physics, Chemistry, Biochemistry and Biophysics at Moscow Institute of Physics and Technology. In 1989 he was selected by the George Soros Foundation for the Oxford Scholarship, associated with St. Antony's College, along with twenty top graduate students from the USSR, before its dissolution in 1991.

He obtained his PhD in cell biology from University College, London (with the research based at the Imperial Cancer Research Fund). He spent six years at the Robert Wood Johnson Medical School-UMDNJ, NJ, as a research assistant funded by the Howard Hughes Medical Institute. Upon his return to England, he established his research laboratory at the Sir William Dunn School of Pathology, University of Oxford.

He was a University Academic Fellow (Research Council UK) and a Senior Fellow of Exeter College, sponsored by Cancer Research UK, The Wellcome Trust and The Medical Research Council. Sasha is also a Fellow of the Royal Society of Medicine. He was appointed to the Board on 8 June 2007.

Key

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair
- Committee Member

Paul Stockdale

Chief Financial Officer

Joined: September 2017

Skills and experience

Paul joined the Company in September 2017 from e-Therapeutics Plc, where he held the position of Financial Controller from 2012. Paul is a Chartered Accountant, beginning his career at Deloitte, where he worked from 1996 until 2004.

Following this, he worked in finance and operations management in the charitable and automotive sectors. He read Natural Sciences at St John's College, University of Cambridge.

Dr David Holbrook

Non-Executive Director

A N R

Joined: April 2019

Skills and experience

David is a proven leader in business development and healthcare investing, with 30 years' experience in the life sciences sector. A qualified physician and MBA graduate from Harvard Business School, he has worked for a variety of companies, charities and academic institutions including: GlaxoSmithKline, Roche, Imperial College London and the University of Cambridge.

In addition to his non-executive directorship at OBD, David is also a non-executive director of AIM-listed Frontier IP Plc, and holds roles as Adviser and Investment Committee member at RYSE Asset Management and Chairman of The Liver Group Charity. David brings a wealth of healthcare investment expertise as inaugural Head of Seed Funds at LifeArc, General Partner and Head of Healthcare Investing at MTI Ventures LLP, Director, Life Sciences at the Cambridge University Seed Fund and July 2021, Senior Independent Director at Worldwide Healthcare Trust Plc.

David was appointed to the OBD Board in April 2019. He chairs the Audit and Remuneration Committees and is a member of the Nomination Committee.

Stephen Diggle

Non-Executive Director

Joined: October 2016

Skills and experience

Stephen is the founder and Chief Executive Officer of Vulpes Investment Management (a significant shareholder in the Company), and co-founder and former managing partner of Artradis Fund Management, one of the largest hedge fund groups in Asia.

He has been involved in equity capital markets for over 30 years and has considerable experience investing in and supporting life science businesses through the Vulpes Life Sciences Fund. Stephen holds an MA from the University of Oxford. He was appointed to the Board in October 2016.

Learn more about our leadership team on https://www.oxfordbiodynamics.com/about-us/leadership-team

Corporate governance statement

The Board has adopted the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). These principles focus on the pursuit of medium to long-term value for a diverse shareholder base, without stifling the Group's entrepreneurial spirit. The following statement sets out how the Company complies with each of the QCA Code's ten principles. Shortly after the year end, the QCA released a refreshed version of its Corporate Governance Code, which is recommended for application in accounting periods beginning on or after 1 April 2024. The Board will review the new Code during the forthcoming year, with a view to implementing any changes required to maintain compliance in advance of the year beginning 1 October 2024.

QCA Code Governance principle	Compliant	Explanation and further information
QCA Principle 1: Establish a strategy and business model which promote long-term value for shareholders	✓	OBD's strategy and business objectives are underpinned by the Group's values: Innovative, Pioneering, Achieving Excellence, Diverse, Professional. The Group's strategy and business model are set out on pages 10 to 14 of the Strategic report. OBD's approach to risk management, and key risks and their mitigation, is shown on pages 32 to 36 of the Strategic report. The Directors' obligation under s172(1) to consider the long-term consequences of their decisions is addressed on page 37.
QCA Principle 2: Seek to understand and meet shareholder needs and expectations	✓	The Board engages with the Company's shareholders throughout the year and reports formally to them when its full-year and half-year results are published. The Board ensured that all shareholders had the opportunity to take part in the Group's October 2022 fundraising, by operating an open offer as well as a placing. In the August 2023 fundraising, an offer through the PrimaryBid platform extended this opportunity to all UK-based investors, whether or not they were already shareholders in the Company. The Executive Directors and Chairman seek to understand the needs and expectations of shareholders, primarily through online and in-person meetings. Individual meetings are generally held with institutional or significant shareholders and analysts. All shareholders can attend and ask questions at webinar presentations advertised on the Group's website and at annual and other general meetings. The Non-Executive Directors may be contacted by shareholders who wish to raise matters with them, and the Chairman and other Non-Executive Directors will attend meetings with institutional investors and analysts as required. Investors may contact the Company directly through its investor relations email address: investorrelations@oxfordbiodynamics.com

QCA Code Governance principle	Compliant	Explanation and further information
QCA Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	The Board recognizes that it is responsible for considering the needs of a wide range of stakeholders in the decisions it takes, including the Company's shareholders and employees, its customers and suppliers and the communities in which the Group operates. In particular, as noted in the s172(1) statement on page 37, the Group's customers comprise several groups including doctors, payors, healthcare systems, researchers and, importantly, patients – all with specific requirements and areas of focus. As noted in the Strategic report and s172(1) statement, the Group seeks to follow best practice by: • Treating all stakeholders fairly; • Developing and launching reliable, high quality products; • Communicating openly and honestly all information relevant to shareholders and stakeholders; • Providing safe, secure and healthy working conditions for all employees; • Promoting equality, diversity and inclusion; and • Observing the laws and regulations of each country in which it operates.
QCA Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organization	✓	The Board has implemented what it considers to be a sensible approach to risk management for a company of OBD's size. The Group's approach to risk management, including the maintenance of risk registers, is outlined in the Strategic report on page 32. The Board maintains a corporate risk register, considering 'macro' risks faced by the business and determining appropriate responses to these risks. This was regularly reviewed and updated during the year. The Group also follows detailed prescribed risk assessment and management processes for its ISO- and CLIA-certified facilities and activities. The Group has implemented a system of internal controls which include: • Direct management of the day-to-day activities of the Group by the Executive Directors; • Clearly defined lines of responsibility and delegated authority; • A comprehensive system for consolidating financial results from Group companies and reporting these to the Board each month; • Annual revenue, cost, and capital budgets, which are reported against and reviewed regularly during the year; • Financial control policies and procedures including hierarchical dual authorization of purchases and payments and segregation of duties; • Detailed, computerized quality and project management systems; • Internal audits of ISO-certified activities; and • Audit Committee approval of audit plans and published financial information, review of reports from the external Auditor arising from the audit and consideration of the Group's approach to financial risk management.

Corporate governance statement *continued*

QCA Code Governance principle	Compliant	Explanation and further information
QCA Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair	✓	The Board, led by the Chairman, is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. More information on the composition of the Board is given on page 47, and meeting attendance and the management of Board activities is described in more detail on page 49.
QCA Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✓	The Nomination Committee is responsible for identifying and assessing the suitability of candidates to fill vacancies on the Board, and also for assessing the appropriateness of the size and composition of the Board as the Group develops. More detail on the Committee's activity is provided in its report on page 50. Directors' skills and experience and the processes in place to ensure the Board maintains appropriate capabilities are set out on page 48.
QCA Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	The Board initiated its most recent evaluation process after the year end. This review draws on the outcomes of the previous evaluation process, completed during the prior year, in order to identify any areas for improvement in how the Board performs as a Group.
QCA Principle 8: Promote a corporate culture that is based on ethical values and behaviours	✓	Each member of the Board acknowledges his role, alongside other members of the Group's Senior Management Team, in creating the Group's culture and setting expectations of appropriate ethical values and behaviour for all staff. The Directors seek to promote and support such values and behaviour in the way they lead the Group as a whole. The Group's employee handbook, which is read by all employees as part of their induction, sets out in detail the Group's values and ethical policies, including its anti-bribery, standards of business conduct, whistleblowing, equal opportunities, recruitment, health and safety, training, grievance, share dealing and other policies. The Strategic report and s172(1) statement provide further detail on the policies in place to promote and support ethical behaviour and the Group's values, and how these align with the Group's objectives, strategy and business model.
QCA Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	✓	The governance structure of the Group includes the Board and its subcommittees. Summaries of the subcommittees' terms of reference and matters for which they are responsible and the governance responsibilities of Directors who undertake specific roles are shown in more detail on page 46. As the Company's shares are admitted to trading on AIM, the Company's nominated advisor also provides advice and guidance to the Directors on all aspects of the AIM Rules, ensuring that they are aware of their continuing responsibilities and obligations. The Board takes these responsibilities seriously and welcomes the input of the Nomad and other professional advisors on matters of governance.

QCA Code Governance principle	Compliant	Explanation and further information
QCA Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✓	As noted against QCA Principle 2 on page 42, the Directors typically meet or communicate with institutional shareholders during the year as required. In addition, all shareholders are encouraged to attend webinars (as advertised on the Company's website and in regulatory announcements) on the release of preliminary and interim results and the Company's annual and any other general meetings, at which the Group's activities are considered and shareholders' questions answered. Dialogue with other stakeholders (including employees, customers, suppliers and regulatory and governmental bodies) is maintained through various formal and informal means, principally by Executive Directors and Senior Management Team members. General information about the Group is also available on the Company's website (www.oxfordbiodynamics.com), where there is an overview of activities of the Group, links to its dedicated product websites, up-to-date information on its corporate governance, all recent Company announcements and copies of annual reports. Results of shareholder votes are made public on the Company's website after the meetings concerned. None of the resolutions proposed at any of the seven annual general meetings held by the Company to date had a significant proportion (more than 20%) of votes cast against them. The work undertaken by of each of the Board's sub-committees during the year is detailed in their reports on the following pages. The Non-Executive Directors are available to discuss any matter stakeholders wish to raise and may be contacted by emailing investorrelations@oxfordbiodynamics.com.

Corporate governance statement *continued*

Governance structure

OBD's governance structure includes the Board of Directors and three subcommittees: an Audit Committee, a Nomination Committee and a Remuneration Committee with formally delegated duties and responsibilities, as summarized below.

The Board

The Board is responsible to shareholders for the effective stewardship of the Group's affairs. There is a formal schedule of matters reserved for decision by the Board in place (available on the Company's website). This enables the Board to provide effective leadership, ensuring critical decisions are taken at the highest level.

Audit Committee

The Audit Committee's main responsibilities include ensuring that appropriate systems of accounting and financial controls are in place, monitoring the integrity of the Group's financial statements, reviewing the effectiveness of the accounting and internal control systems, reviewing reports from the Group's auditors relating to accounting and internal controls, and reviewing the interim and annual results and reports to shareholders, in all cases having due regard to the interests of shareholders.

Members

David Holbrook (Chair)

Matthew Wakefield

The Audit Committee's report is found on pages 51 to 53.

Nomination Committee

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that it continues to operate effectively. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the reappointment of any Directors required to resign and stand for re-election.

Members

Matthew Wakefield (Chair)

David Holbrook

Jon Burrows

The Nomination Committee's report is found on page 50.

Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration packages for each of the Executive Directors (the remuneration of the Non-Executive Directors is determined by the Board). The Remuneration Committee considers all aspects of the Executive Directors' remuneration, including pensions, bonus arrangements, benefits, incentive payments and share option awards, and the policy for, and scope of, any termination payments. No Director is involved in discussions relating to their own remuneration.

Members

David Holbrook (Chair)

Matthew Wakefield

The Remuneration Committee's report is found on pages 54 to 56.

Copies of each Committee's detailed terms of reference are available in the Investors section of the Company's website.

Two of the Directors undertake individual roles with defined responsibilities, as set out below:

Role	Responsibilities
Chairman	The Chairman, Matthew Wakefield, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures that communication with shareholders is effective and facilitates the contribution of Non-Executive Directors to the Board. He is responsible for leading the Board's regular evaluation of its effectiveness.
Chief Executive Officer	The Chief Executive Officer, Jon Burrows, is responsible for running the Group's business and for managing the Senior Management Team, on which he reports to the Board at each Board meeting. With the other Executive Directors, the Chief Executive Officer is responsible for the delivery of the Group's business model, within the strategy set by the Board.

The appropriateness of the Board's structures, processes and roles are reviewed through the Board evaluation process detailed on page 49 and on an ad hoc basis by the Chairman together with the other Directors. The Board expects these to evolve in line with the Group's objectives, strategy and business model as the business develops.

Board composition and independence

The QCA Code recommends that a company should have at least two independent non-executive directors, further noting that it may not be possible for growing companies to meet all of the objective independence criteria demanded of the largest listed companies. During the reporting period, the Board comprised three Executive Directors and three Non-Executive Directors. Of the current Board, David Holbrook and Matthew Wakefield are considered by the Directors to be independent for the purposes of the QCA Code. David Holbrook joined the Board on 5 April 2019 and prior to his appointment did not have any association with the Company. Matthew Wakefield joined the Board on 14 December 2020.

The balance of independence and length of tenure of the current membership of the Board is summarized in the charts below:

Board tenure

- 1-5 years, 3 Directors
- Over 5 years, 3 Directors

Board independence

- Independent non-executive, 2 Directors
- Non-independent non-executive, 1 Director
- Executive, 3 Directors

Stephen Diggle represents a significant shareholder (through the combined holdings of Vulpes Life Sciences Fund and Vulpes Testudo Fund) and, therefore, is not considered by the Board to be independent for the purposes of the QCA Code.

Each of the Non-Executive Directors offers support and challenge to the Executive Directors and is committed to representing the interests of all shareholders.

At each meeting of the Board, Directors declare any interests in the matters to be discussed. The Company's articles of association provide for the Board to authorize any actual or potential conflicts of interest, provided such authorization is given in accordance with the requirement of the Companies Act 2006.

The Nomination Committee is responsible for identifying and assessing the suitability of candidates to fill vacancies on the Board, and also for assessing the appropriateness of the size and composition of the Board as OBD develops.

The Directors are satisfied that the Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will continue to monitor the requirement for additional suitably qualified Non-Executive Directors as the Group continues to grow.

Corporate governance statement *continued*

Board skills and experience

The Board currently comprises three Executive and three Non-Executive Directors whose collective balance of sector, financial and public market skills and experience is summarized below.

Director	Biotech/ pharma sector	Financial	General Management	Other public company (Board level)
Alexandre Akoulitchev	✓			
Jon Burrows	✓		✓	
Stephen Diggle	✓	✓	✓	
David Holbrook	✓	✓		✓
Paul Stockdale	✓	✓		
Matthew Wakefield		✓	✓	

Further details of the skills and experience of the Directors are provided in their biographies on page 40. Each of the Non-Executive Directors has particular experience and knowledge that enables them to constructively challenge and contribute to the Company's strategy and to scrutinize its performance and that of the Management team. The Board and its subcommittees also consult external advisors, at the Company's expense, whenever necessary.

On appointment, Directors take part in a formal induction process, including briefing on AIM rules by the Company's Nominated Adviser ("Nomad"), information on the Board's processes and governance framework and review of past Board materials to provide background information on the Company. The induction process is tailored to meet each new Director's specific needs and Committee membership. The Directors also receive briefings and updates from the Company's Nomad as necessary to ensure continued compliance with the AIM Rules and UK Market Abuse Regulation.

The Directors and the Senior Management Team are encouraged to attend external seminars or training events relevant to their roles. In particular, the members of the Audit Committee receive technical updates from the Company's external auditor to keep them abreast of any relevant developments in accounting, auditing and reporting.

The Company Secretary provides information and advice on corporate governance and individual support to Directors on any aspect of their role, particularly supporting the Chairman and those who chair Board Committees. The Company Secretary is also responsible for ensuring that Board procedures are followed and that the Board receives the information it needs to discharge its duties effectively.

The Company strongly supports and recognizes the benefits of diversity in the boardroom. Appointments to the Board are made with reference to a number of different criteria, including promoting diversity of gender, background and personal attributes, alongside the necessity for Directors to have appropriate skills and experience.

Board function

QCA Principle 5 requires that the Board is maintained as a well-functioning, balanced team led by the Chair. There is a formal schedule of matters reserved for decision by the Board, which is available on the Company's website. Board approval is required for financial statements, dividends (if any), significant changes in strategy, accounting practice or key corporate or commercial activities.

Time commitments

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and an indication of the time commitment expected of them. Any person seeking appointment as a Director (whether an Executive Director or Non-Executive Director) is required to disclose all significant outside commitments prior to (and after) their appointment.

The Board is satisfied that the Chairman and each of the other Non-Executive Directors is able to, and does, devote sufficient time to the Company's business. Each of the Executive Directors is employed on a full-time basis.

In appropriate circumstances, the Board may authorize Executive Directors to take non-executive positions in other companies and organizations, provided the associated time or other commitments do not conflict with the Director's duties to the Company. The acceptance of appointment to such positions is subject to the approval of the Chairman.

Attendance at Board and Committee meetings

The Board meets at least four times per year for formal Board meetings and met ten times for formal meetings during the year ended 30 September 2023. The attendance of each Director at Board and Committee meetings during the year is shown below:

Director	Board[1]	Audit Committee[1]	Remuneration Committee[1]	Nomination Committee
Alexandre Akoulitchev	10/10	–	–	–
Jon Burrows	10/10	–	–	1/1
Stephen Diggle	10/10	–	–	–
David Holbrook	10/10	3/3	3/3	1/1
Paul Stockdale	10/10	–	–	–
Matthew Wakefield	10/10	3/3	3/3	1/1

1 Attendance is expressed as the number of meetings attended/number eligible to attend. Directors' attendance by invitation at meetings of Committees of which they are not a member is not reflected in the above table. In addition, authority was delegated to subcommittees of the Board on an ad hoc basis to deal with routine matters – meetings of these subcommittees are not reflected in the above table.

Timeliness and quality of Board information

The Board seeks to ensure that Directors are properly briefed on issues arising at Board and Committee meetings by establishing procedures for distributing Board and Committee papers in a timely manner in advance of meetings; considering the adequacy and quality of the information provided before making decisions; and adjourning meetings or deferring decisions if Directors have concerns about the information available to them, or the time required to consider it.

The Board receives detailed reports from executive management on the operational and financial performance of the Group at Board meetings and other information as necessary. Members of the Senior Management Team may also make presentations to the Board or subcommittees on their areas of responsibility.

Board evaluation

The Board uses a process of annual review to assess its performance and to identify ways in which it might improve its effectiveness. Alongside the formal annual evaluation discussed below, the Chairman routinely assesses the performance of the Board and its members and discusses any issues as necessary with the relevant Directors.

The annual review of the effectiveness of the Board and its Committees is conducted through questionnaires and interviews with the Chairman. In addition, the Executive Directors and the other Non-Executive Directors are responsible for evaluating the performance of the Chairman.

Through the review, the Directors assess the Board's performance, balance of skills, experience, independence, diversity and other factors expected to affect its effectiveness. Alongside the work undertaken by the Remuneration Committee in respect of the Executive Directors, the performance of individual Directors is also addressed in the review.

The most recent formal evaluation of the Board's performance, and that of its Committees was carried out after the year-end. In carrying out the review, the Chairman solicited the views of the other Directors, including the completion by each Director of a confidential questionnaire, with results collated by the Company Secretary.

As in previous years, evaluation focused on:

- the scope of the Board's responsibilities and duties within the Company and to all its stakeholders;
- the appropriateness and timeliness of information provided to the Board and Committees;
- Board and Committee procedures;
- the composition of the Board and Committees in terms of the mix of skills, diversity and experience of the Directors;
- continuing professional development;
- the effectiveness of communication with shareholders;
- the Board's contribution to strategy development and risk management;
- the quality of advice received by the Board and Committees from external advisers; and
- corporate social responsibility.

The Chairman, Matthew Wakefield, was also evaluated on his:

- leadership of the Board;
- management of relationships and communications with shareholders;
- identification of and support for the development needs of individual Directors;
- promotion of the highest standards of corporate governance; and
- management of Board meetings and ensuring effective implementation of Board decisions.

The latest self-evaluation process is ongoing at the time of the completion of this report, but the Board has so far identified the following areas for review and development:

- the balance of the Board with respect to independence, diversity and to a lesser extent, particular skills and experience; and
- facilitation of training for and site visits by Non-Executive Directors.

The Board was pleased to note that the latest review indicates that progress had been made in some of the areas identified in the 2021 review, including reporting to the Board on meetings with institutional investors.

Nomination Committee report

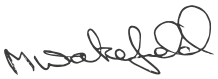
The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, ensuring that as a body, the Directors have the skills, knowledge and experience required to ensure that it operates effectively. The Nomination Committee meets at least once per year and at other times as necessary. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors. Matthew Wakefield is Chairman of the Nomination Committee. The other members are David Holbrook and Jon Burrows.

The Nomination Committee met once during the period. Details of meeting attendance are shown in the corporate governance statement on page 49. There were no appointments to the Board during or after the period.

The Committee has previously reviewed the composition and balance of the Board, being three Executive Directors and three Non-Executive Directors (two of whom are considered to be independent for the purposes of the QCA Code). The Committee concluded that whilst this composition is currently considered appropriate, the balance of the Board with respect to independence, diversity and to a lesser extent, particular skills and experience remains an area for near team review, in the context of the Group's overall development.

The Nomination Committee is also responsible for succession planning of the Group's executive leadership team. Following the Committee's recommendations in this area the Group developed plans as part of the expansion of its strategy in 2020, to strengthen its commercial, scientific and administrative teams. Several appointments have since been made which have reduced the Group's reliance on a small number of executives in key roles. During the period the Committee initiated an update to the Group's succession plan, included more roles in the scope of the plan and reviewed and updated the level of key person insurance in place to assist the Group in any unexpected transition.

The Nomination Committee is also responsible for considering the retirement and re-election of Directors. Each of Jon Burrows, Paul Stockdale and Matthew Wakefield was either elected or re-elected at the 2021 AGM. As a result, in accordance with the Company's articles of association, each of them must retire and offer himself for re-election at the forthcoming AGM.



Matthew Wakefield
Chairman of the Nomination Committee

16 January 2024

Audit Committee report

It is my pleasure to present the annual report of the Group's Audit Committee for the year ended 30 September 2023. The report includes an explanation of the role the Audit Committee performs on behalf of the Board and of its main activities during the year. It also sets out the main issues relating to the financial statements that the Committee has considered as part of our work, and the conclusions it has reached, in consultation with the external Auditor where appropriate.

The Audit Committee seeks to ensure that the annual report and other financial statements issued by the Company are prepared effectively and present relevant information to shareholders and other stakeholders as helpfully as possible and it is good to note some incremental developments to the report this year. On behalf of the Committee, I again welcome feedback and questions from shareholders. These may be submitted to investorrelations@oxfordbiodynamics.com, or raised at the forthcoming AGM.

Dr David Holbrook
Chairman of the Audit Committee

Audit Committee

The Audit Committee:

- ensures that appropriate accounting systems and financial controls are in place across the Group;
- reviews the effectiveness of these systems and controls;
- monitors the integrity of financial statements prepared by Management;
- receives reports from the Group's External Auditor relating to the Group's accounting and internal controls; and
- reviews the interim and annual results and reports to shareholders, in all cases having regard to the interests of the shareholders as a body.

The Audit Committee meets at least twice a year, in line with the external financial reporting and audit cycle. Committee Chairman David Holbrook has recent and relevant financial experience through his roles as a director and member of the audit committee of the Worldwide Healthcare Trust Plc and as inaugural Head of Seed Funds at LifeArc. Matthew Wakefield is the other member of the Audit Committee and also has significant relevant financial experience in his previous and other current roles.

Only the members of Audit Committee receive automatic invitations to meetings of the Audit Committee. Often the Chief Financial Officer and external Auditor are invited to attend and present to the Committee at its meetings. The Company Secretary acts as secretary to the Audit Committee.

The Audit Committee meets the external Auditor at least once a year without executive management present and the Chairman of the Audit Committee consults regularly with others involved in the Company's governance, including the Chief Executive Officer, the Chief Financial Officer, the Chairman, the Company Secretary and the external Auditor.

In the course of discharging its duties and responsibilities, the Audit Committee focuses particularly on compliance with legal requirements and accounting standards and on ensuring that the Group's system of internal financial controls is effective and appropriately updated as the Group develops.

The Audit Committee gives significant attention to the Group's annual report and accounts as the cornerstone of OBD's corporate reporting. The Committee aims to ensure that this report provides investors with clear and relevant information on the Group's performance and prospects to help them make informed investment decisions and promote effective stewardship. The Audit Committee is mindful that the annual report is also used by other stakeholders to inform their decisions. It is therefore vital, and in the public interest, that the report is prepared to a high quality.

The Audit Committee notes in this respect the helpful guidance provided in the Financial Reporting Council's December 2022 publication "What makes a good annual report and accounts?" Overall, with Management, the Committee aims to ensure that this report:

- complies with relevant accounting standards, laws and regulations, and codes;
- is responsive to the needs of stakeholders in an accessible way; and
- demonstrates appropriate corporate reporting principles and effective communication.

The Committee is also responsible for reviewing and monitoring:

- the requirement for an internal audit function;
- the Group's whistleblowing, anti-bribery and fraud protection procedures; and
- the independence and objectivity of the Group's external Auditor and the effectiveness of the audit process, and for making recommendations to the Board on the appointment and re-appointment of the Group's external Auditor.

The Audit Committee reports to the Board, and the effectiveness of the Audit Committee is reviewed by the Board.

Audit Committee report *continued*

External Auditor

The Audit Committee makes recommendations to the Board on the appointment, reappointment or removal of the external Auditor and assesses annually the qualifications, expertise, resources, remuneration and independence of the external Auditor. The Audit Committee also receives reports at least annually on the external audit firm's own internal quality control procedures (which address both independence and audit quality) and ensures that for each annual cycle, appropriate plans are in place for the external audit.

Audit tender and rotation processes

Grant Thornton UK LLP were appointed as the Company's and the Group's external Auditor following an extensive tender process, commencing with the audit of the financial year ended 30 September 2018 and have therefore served as external Auditor for six years. In accordance with professional standards, the senior statutory auditor responsible for the audit is rotated at least every five years. The current senior statutory auditor was first appointed in respect of the year ended 30 September 2021.

In the Audit Committee's report in last year's annual report, the Committee indicated that it planned to conduct an audit tender process during the year ended 30 September 2023, noting that this did not reflect any dissatisfaction with the incumbent external Auditor, Grant Thornton UK LLP. During the year, after consultation with Management, the Committee determined that it was not in the best interests of the Company to conduct an audit tender at that time. The Committee will continue to keep under review the advisability of conducting such a tender process in future. A resolution proposing the re-appointment of Grant Thornton UK LLP as auditors of the Company for the year ending 30 September 2024 will be tabled at the forthcoming annual general meeting.

Review of audit effectiveness

The Audit Committee is responsible for assessing the effectiveness of the external audit process. Each year, the external Auditor presents to the Audit Committee its proposed audit scope – most recently in relation to the audit of the financial statements for the year ended 30 September 2023 – and reports and answers the Committee members' questions on its detailed year-end work, the completion of the audit and any significant findings.

In concluding on its assessment of external Auditor effectiveness, the Audit Committee reviews the audit engagement letter before signature, reviews the external Auditor's summary of Company issues, and conducts an overall review of the effectiveness of the external audit process and the external Auditor. The Audit Committee reports its findings to the Board.

The Audit Committee and the Board have been satisfied with the performance of Grant Thornton UK LLP since their appointment as external Auditor and with the policies and procedures they have in place to maintain their objectivity and independence, as well as the overall quality of the audit in respect of the year ended 30 September 2023.

Non-audit services

In order to safeguard Auditor objectivity and independence, the Audit Committee considers and approves in advance any non-audit services to be performed by the external Auditor, such as tax compliance and advisory work or non-audit-related assurance services. No non-audit services have been provided by the external Auditor in either the reporting period or the prior year. Accordingly, the Audit Committee confirms that during the reporting period there have been no non-audit services that are considered to have impaired the objectivity and independence of the external Auditor. A breakdown of all fees payable to the external Auditor during the financial year is disclosed in Note 9 on page 83.

Work undertaken by the Audit Committee

The Audit Committee met three times during the period. Details of meeting attendance during the period are shown in the Corporate governance statement on page 49. Matters addressed by the Audit Committee in its meetings during and after the year included:

- review and approval of the Annual Report and Accounts for the years ended 30 September 2022 and 30 September 2023;
- discussions with the external Auditor on the audit approach and strategy, the audit process, significant audit risks and key matters of focus for the annual audit;
- review of significant issues related to the financial statements, as described in more detail below;
- review of the financial integrity of the Group's financial statements including relevant corporate governance statements;
- consideration and approval of the audit fees for the financial year ended 30 September 2023;
- consideration and conclusion regarding conducting an audit tender process;
- confirmation of the independence and objectivity of the external Auditor;
- review of the internal controls and risk management systems within the Group;
- review and update of the Group's financial risk register;
- consideration of the size and composition of the Group's finance team;
- consideration of the requirement for the Group to have an internal audit function; and
- review of the effectiveness of the external Auditor, as more fully described above.

The Board has ultimate responsibility for reviewing and approving the financial statements contained in the interim and annual reports.

Significant issues related to the financial statements

The Audit Committee, in conjunction with the external Auditor, considered significant issues relating to the preparation of the financial statements contained in this Annual Report as follows:

Going concern

Post-year end the Audit Committee reviewed the Board's determination of the appropriateness of adopting the going concern assumption in preparing the financial statements and the additional disclosures, shown in Note 2 on page 73, made in relation to the consideration of going concern, taking into account the views of the external Auditor.

Review for impairment of patent assets

The Audit Committee received and, taking into account the views of the external Auditor, assessed an impairment review of the Group's capitalized patents prepared by Management. The impairment review was carried out following Management's assessment that certain factors, including the Company's financial performance for the period under review, which led to a higher-than-budgeted loss, were potentially indicative of impairment. As at previous reporting dates, each of the Group's patent families was reviewed in detail, considering its overall applications and claims. For the purposes of the impairment review, Management considered that the Group has one cash-generating unit, noting, however, that this assessment may change as the Group develops. The carrying value of the assets (including patents) within the CGU containing the Company's patents was compared to an estimate of the Group's fair value less cost of disposal (FVLCOD) as at 25 September 2023. The Audit Committee noted and concurred with Management's use of this date for the purposes of the impairment review, it being the closest possible date to the year end prior to the launch of the *EpiSwitch* PSE test, which led to a significant positive movement in the market price of the Company's shares by 30 September 2023. In addition, each patent family was assessed for obsolescence. The Committee concurred with Management's conclusion that no impairment existed at the year end.

Accounting treatment and estimation of the fair value of the Group's remaining holding in Holos Life Sciences (Singapore) Pte Ltd ("Holos")

Following the Board's decision to enter into a contractual agreement to dispose of part of the Group and Company's shareholding in Holos, the Audit Committee reviewed Management's determination of the appropriate accounting treatment for the disposal and the Group's remaining shareholding in Holos. The Audit Committee also reviewed the estimate of the fair value of the Group's shareholding prepared by Management, taking into account the views of the external Auditor. More information regarding the approach taken by Management in estimating the fair value is set out in Note 4 on page 77.

Lease accounting under IFRS 16

The Audit Committee first reviewed the impact on the Group's financial performance and position of the adoption of IFRS 16 Leases in respect of the year ended 30 September 2020. During the year, the Group entered into a new lease for its US clinical laboratory. The Audit Committee noted and concurred with Management's approach to the estimation of the incremental borrowing rate to be used in the calculation of lease interest charges in respect of the lease for the lab.

Revenue recognition

In applying the requirements of the relevant financial reporting standard, determination of the correct treatment of clinical product revenue requires significant judgement. Depending on the customer, revenue for the Group's clinical test products is currently recognized either on receipt of reimbursements from payors or on delivery of the test result to the ordering physician. The Group's contracts with customers also include research service contracts with different deliverables and payment milestones. The payment milestones may not necessarily equate to the revenue recognition points. The determination of the number of revenue components contained in contracts and the appropriate revenue recognition points can also require judgement. In addition, the Group's performance obligations under contracts with customers can change during the contract and when this happens, it is necessary to consider carefully how to account for the associated revenue. The Audit Committee reviewed the judgements of Management, taking into account the views of the external Auditor, and was satisfied that the judgements made in respect of the amounts included in the annual report for the year ended 30 September 2023 are appropriate.

More information on the Group's accounting policy in relation to revenue and the critical judgements made in applying it is provided in Notes 4 and 5.

Warrants

The Audit Committee reviewed the assumptions and estimates used by Management in the calculation of the fair value of the warrants granted during the prior year, taking into account the views of the external Auditor, and was satisfied that the valuation methodologies adopted and estimates used are reasonable and consistent with the prior year.

Share options

The Audit Committee reviewed the assumptions and estimates used by Management in the calculation of share option-related charges, taking into account the views of the external Auditor, and was satisfied that the valuation methodologies adopted and estimates used are reasonable and consistent with prior years.

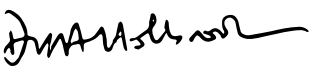
Risk management and internal control

The Board has overall responsibility for maintaining a system of internal controls to safeguard shareholders' investment and the Group's assets. The Board also undertakes a process of identifying, evaluating and mitigating or managing the significant risks the Group faces, as set out in the Strategic Report on pages 32 to 36. The Board regularly reviews this process, which has been in place throughout the period and up to the date of approval of the Annual Report and Accounts. The Audit Committee noted the Board's review of the Group's financial risk register and approval matrix (which sets out, alongside other matters, the levels of approval required for all types of financial transactions) during the year.

Internal audit

The Board, advised by the Audit Committee, considers the need for a financial internal audit function annually. Following review by the Audit Committee, taking into account the views of the external Auditor, the Board has concluded that, given the current size of the Group's operations, such a function is not necessary at this time.

Approved on behalf of the Board



Dr David Holbrook
Chairman of the Audit Committee

16 January 2024

Remuneration Committee report

I am pleased to present the report of the Remuneration Committee for the year ended 30 September 2023. The report includes details of the remuneration of all Directors and a statement of the Group's policy on Directors' remuneration as it is currently applied.

The Remuneration Committee's remit has increased during the year, with responsibility to determine the remuneration of a number of senior staff who are not directors of the Company. This welcome development reflects growth in the Group's international activities and an increase in the number of employees who are determined to be 'persons discharging managerial responsibility' (PDMRs) in day-to-day operations.

This report is prepared with reference to the AIM Rules and the QCA's recommendations for remuneration committees and is designed to provide shareholders and stakeholders with sufficient relevant information about the decisions taken by the Remuneration Committee during the year. It does not constitute a full Directors' remuneration report in accordance with the Companies Act 2006. As an AIM-listed company, the Company is not required by the Companies Act to prepare such a report.

Dr David Holbrook
Chairman of the Remuneration Committee

Remuneration Committee

The Remuneration Committee is responsible for determining all aspects of the Executive Directors' remuneration, including base salary, pension contributions, bonus arrangements, benefits and share option awards, and the policy for, and scope of, any termination payments. The remuneration of the Non-Executive Directors is determined by the Board. The Remuneration Committee meets as necessary, but at least twice a year. No Director may be involved in discussions relating to his or her own remuneration. David Holbrook is the Chairman and Matthew Wakefield is the other member of the Remuneration Committee.

The Remuneration Committee met three times during the reporting period and has since met twice after the reporting period. Details of meeting attendance are shown in the Corporate governance statement on page 49.

During the year, the Remuneration Committee:

- considered and approved bonus awards to Executive Directors and PDMRs in respect of the year ended 30 September 2022;
- determined salary changes for Executive Directors and PDMRs (which took effect from 1 January 2023); and
- reviewed and approved the issue of share options to certain Executive Directors and PDMRs.

After the year end, the Remuneration Committee met to:

- review and approve grants of share options to certain Executive Directors and PDMRs;
- consider and approve bonus awards to Executive Directors and PDMRs in respect of the year ended 30 September 2023, in light of performance reviews shared with the Remuneration Committee;
- consider the Remuneration Committee's approach to determination of future bonus awards, if any, for Executive Directors and PDMRs.

The Committee expects to meet to determine any salary increases to be received by Executive Directors and PDMRs to take effect in 2024 shortly after the date of this report.

Policy on executive remuneration

The Remuneration Committee aims, through the Group's policy on executive remuneration, to ensure that the Executive Directors and PDMRs are rewarded for their individual contributions to the Group and Company's overall performance. The policy is intended to provide Executive Directors and PDMRs with a fair and competitive total remuneration package that is likely to attract, motivate and retain individuals with the experience and competence required to ensure that the Company is managed effectively and successfully, and to align the interests of these staff members with those of shareholders and other stakeholders. When setting the remuneration policy for Executive Directors and PDMRs, the Remuneration Committee reviews and considers the pay and employment conditions of other Group employees and also within the sector in which the Group operates and the wider economy, especially when determining any salary increases.

Policy on Non-Executive Directors' remuneration

Non-Executive Directors receive a fixed fee and do not receive any pension contributions or other benefits. Matthew Wakefield receives an additional fee in his role as Non-Executive Chairman. No additional fees are currently payable in respect of membership or chairmanship of the Board's Committees.

Ordinarily, the Non-Executive Directors do not participate in bonus or incentive schemes. Each of Matthew Wakefield and David Holbrook has been awarded share options in connection with their respective roles on the Board, including shortly after the year end. These option awards were approved by the Board. Further details of all Directors' share options are set out on page 56.

In determining any changes to Non-Executive Directors' fees, the Board considers salary increases awarded to staff members (including Executive Directors and PDMRs) and fees typically paid to Non-Executive Directors in similar companies.

Executive Directors' remuneration packages

Executive Directors' remuneration packages include base salary, discretionary bonuses, pension contributions and other benefits including health insurance. Base salaries are reviewed by the Remuneration Committee annually taking into account a number of factors, including individual contributions, salaries typically paid for similar roles by comparable organizations and the current position of the Group as a whole. There is no prescribed minimum or maximum increase, and the Remuneration Committee is not obliged to increase basic salary.

Executive Directors may also receive bonuses, depending on whether certain strategic, financial or operational objectives are met. The annual target bonus for the Executive Directors ranges between 25% and 60% of base salary.

After conducting its reviews of performance for the year ended 30 September 2023, the Remuneration Committee awarded bonuses to each of the Executive Directors at 100% of target (2021: 85%).

For the year ending 30 September 2024, the Remuneration Committee again expects to review performance of the Group and individual Executive Directors throughout the year, with any bonuses for Executive Directors determined by the achievement of corporate and personal near-term goals, which are aligned with the Group's strategic objectives and the interests of shareholders and other stakeholders.

The benefits packages offered to Executive Directors include private health insurance and payments to money purchase pension schemes. It is possible for Executive Directors to receive additional salary in lieu of contributions to pension schemes and, for US-based Directors, healthcare benefits. Where made, such payments may be adjusted to take account of employer's national insurance contributions and similar amounts payable, so that the total cost to the Company is no higher as a result. Payments in lieu of pension contributions or healthcare benefits are not included in calculations of an Executive Director's base salary for bonus purposes. Executive Directors may also elect to sacrifice salary in exchange for increased employer contributions to money purchase pension schemes: in such cases any bonus entitlement payable is calculated by reference to the pre-sacrifice salary of the Director concerned.

Directors' notice periods

Notice periods for Executive Directors are set at between three and six months and the notice period for each of the Non-Executive Directors is three months.

Directors' emoluments

Details of the emoluments of Directors who served during the current and prior years are also set out below:

					Total		Retirement contributions	
	Base salary £000	Payment in lieu of pension £000	Bonus £000	Other benefits £000	2023 £000	2022 £000	2023 £000	2022 £000
Non-Executive Directors								
Stephen Diggle[1]	–	–	–	–	–	–	–	–
David Holbrook	45	–	–	–	45	42	–	–
Matthew Wakefield	85	–	–	–	85	78	–	–
Executive Directors								
Alexandre Akoulitchev[2]	191	–	51	2	244	215	32	31
Jon Burrows[3]	336	16	200	36	588	506	18	15
Paul Stockdale[4]	170	–	44	1	215	193	24	19
					1,177	1,034	74	65
Share-based payments					174	231	–	–
Total					1,351	1,265	74	65

Notes:
1. Stephen Diggle's annual fee for his services as a Non-Executive Director is £1.
2. Alexandre Akoulitchev's base salary is stated net of salary sacrificed in exchange for increased employer pension contributions.
3. Jon Burrows is paid in US dollars. Figures shown above are translated to sterling at the average rate for the period. Jon Burrows was the highest paid Director in 2023 (2022: Jon Burrows).
4. Paul Stockdale's base salary is stated net of salary sacrificed in exchange for increased employer pension contributions.

Remuneration Committee report *continued*

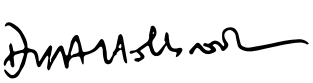
Directors' share options

The share options of the Directors who served during the year are shown in the table below. Exercise prices of options are set equal to or above the market price on the date of grant. Options awarded to Directors generally vest between one year and three years from the date of grant (although certain options have been granted with vesting dates set on the anniversary of the relevant Executive's appointment). Apart from a requirement that Directors continue to serve the Company throughout the vesting period, there are no performance conditions that affect vesting of the options, therefore provided a Director's service period continues up to the vesting date, 100% of the options granted will vest and become exercisable.

	Date of grant	At 30 September 2022 No.	Granted in the period No.	Exercised in the period No.	Lapsed in the period No.	At 30 September 2023 No.	Exercise price	Date from which exercisable	Expiry date
Executive Directors									
Alexandre Akoulitchev[1]	16 Jul 2008	1,096,131	–	–	–	1,096,131	34p	1 Jan 2009 to 1 Jan 2011	31 Dec 2027[2]
	9 Nov 2022	–	250,000	–	–	250,000	18.9p	9 Nov 2023 to 9 Nov 2025	9 Nov 2032
		1,096,131	**250,000**	**–**	**–**	**1,346,131**			
Jon Burrows	31 Mar 2020	925,598	–	–	–	925,598	100p	31 Mar 2021 to 31 Mar 2023	31 Mar 2030
	14 May 2021	462,798	–	–	–	462,798	100p	14 May 2022 to 14 May 2024	14 May 2031
	13 May 2022	501,757	–	–	–	501,757	17.25p	23 Mar 2023 to 23 Mar 2025	13 May 2032
	18 Apr 2023	–	733,561	–	–	733,561	15.6p	23 Mar 2024 to 23 Mar 2026	18 Apr 2033
		1,890,153	**733,561**	**–**	**–**	**2,623,714**			
Paul Stockdale[1,3]	19 Mar 2018	120,000	–	–	–	120,000	170p	19 Mar 2019 to 19 Mar 2021	19 Mar 2028
	14 May 2021	480,000	–	–	–	480,000	100p	14 May 2022 to 14 May 2024	14 May 2031
	9 Nov 2022	–	250,000	–	–	250,000	18.9p	9 Nov 2023 to 9 Nov 2025	9 Nov 2032
		600,000	**250,000**	**–**	**–**	**850,000**			
Non-Executive Directors									
David Holbrook[4]	12 Jun 2019	40,000	–	–	–	40,000	158p	12 Jun 2020 to 12 Jun 2022	12 June 2029
Matthew Wakefield[5]	20 May 2022	250,000	–	–	–	250,000	17p	20 May 2023 to 20 May 2025	20 May 2032

1 Each of Alexandre Akoulitchev and Paul Stockdale was granted 250,000 options with an exercise price of 34p, after the year end, on 20 October 2023.
2 As announced on 14 December 2022, the independent Directors of the Company approved an extension of the exercise period of options which were due to expire on 31 December 2022 unless exercised prior to that date. Those options will now expire on 31 December 2027. All other terms and conditions, including the exercise price, remain unchanged.
3 Paul Stockdale voluntarily surrendered 50,000 options originally granted in March 2018 after the year end, on 19 October 2023.
4 David Holbrook was granted 75,000 options with an exercise price of 34p after the year end, on 20 October 2023.
5 Matthew Wakefield was granted 150,000 options with an exercise price of 34p after the year end, on 20 October 2023.

Approved on behalf of the Board



Dr David Holbrook
Chairman of the Remuneration Committee

16 January 2024

Independent Auditor's report to the members of Oxford BioDynamics Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Oxford BioDynamics Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2023, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows, the Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the risks of the Group's and the Parent Company's ability to continue as a going concern is due to the uncertainty around its ability to generate sufficient revenues and the timing of receipts from customers, as well as the ability to raise sufficient finance to meet its expected costs. As stated in the Going concern note included in Note 2, these events or conditions, along with the other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of management's assessment of the entity's ability to continue as a going concern.

Independent Auditor's report to the members of Oxford BioDynamics Plc *continued*

Material uncertainty related to going concern *continued*

Our evaluation of management's assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included obtaining management's going concern assessments covering the period to 30 September 2025 and performing the following procedures:

- engaging an internal specialist to assist in assessing the reasonableness of the assumptions included in the base-case and downside models, which were prepared on a cash flow forecast basis;
- corroborating key assumptions within the models, such as assessing the feasibility of winning pipeline revenue contracts and product revenue, revenue growth rates, the accuracy of operating expenses in relation to macroeconomic impacts, the impact of the research and development claim, and challenging management where necessary;
- assessing the impact of not achieving expected revenue and evaluating the impact if only existing contracted revenue was generated. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken;
- assessing the impact of not raising funds through share issues and whether this is a reasonable assumption;
- assessing the impact of the mitigating factors available to management in respect of the ability to reduce expenditure through cost saving exercises, such as delaying or cancelling bonus payments;
- assessing the accuracy of management's past forecasting by comparing management's future forecasts modelled in the two prior financial years to the actual results for that relevant year and considering the impact on the going concern models; and
- evaluating events that occurred post balance sheet date and challenging management as to whether these have been correctly reflected in the forecasts prepared, and
- assessing the adequacy of related disclosures within the annual report and financial statements.

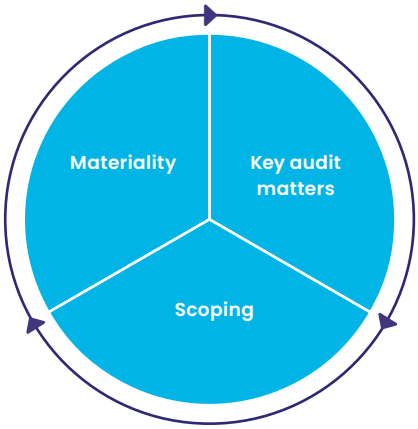
Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Grant Thornton



Overall materiality:

Group: £811,000, which represents approximately 7.1% of the Group's loss before tax.

Parent Company: £770,500, which represents approximately 6.6% of the Parent Company's loss before tax.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter(s) described below to be the Key Audit Matters to be communicated in our report.

- Identification of contracts with customers for Product revenue (new this year); and
- Valuation of warrant liability (same as previous year).

Our auditor's report for the year ended 30 September 2022 included one Key Audit Matter that has not been reported as a Key Audit Matter in our current year's report. This relates to presentation of the warrant liability. Presentation of the warrant liability was not considered to be a Key Audit Matter in the current year as the accounting treatment was determined on inception of the warrants in the prior year and there have been no changes to the agreement in the current year.

We performed an audit of financial information using component materiality (full-scope audit procedures) for Oxford BioDynamics Plc (the Parent Company) and Oxford BioDynamics Inc, which is based in the United States of America.

The components which were subject to full-scope audit procedures contributed 100% of the Group's revenue, 98.5% of the Group's loss before tax and 99.6% of the Group's total assets.

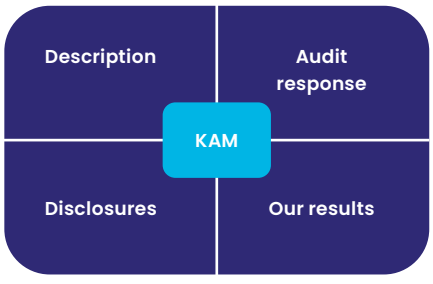
We performed analytical procedures on the financial information of all remaining Group components which are based in Singapore and Malaysia.

The scope of work performed for Oxford BioDynamics Inc has increased from performing specific-scope audit procedures in the prior year to performing full-scope audit procedures in the current year.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the Key Audit Matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



- Significant risk
- Key audit matter

1 - Impairment of intangible assets
2 - Management override of controls
3 - Identification of contracts with customers for Product revenue
4 - Valuation of warrant liability
5 - Going concern

Independent Auditor's report to the members of Oxford BioDynamics Plc *continued*

Key Audit Matter – Group and Parent Company	**How our scope addressed the matter – Group and Parent Company**
Identification of contracts with customers for Product revenue We identified identification of contracts with customers for Product revenue as one of the most significant assessed risks of material misstatement due to fraud. For the first time during the current year, the Group recognized revenue from the processing and sale of tests where receipt of funds from a portion of tests is subject to reimbursement from insurance companies following submission of a claim by the Group. Management are required to make a significant judgement in determining whether the arrangement constitutes a contract with a customer. If no contract with a customer is determined to exist revenue is recognized only when the work is complete and cash has been received. If a contract with a customer is identified, management are required to make significant estimates in determining the quantum and value of claims made which are expected to be reimbursed and constrain the amount of revenue recognized until reimbursement is received accordingly. As this is a new revenue stream in the current year there is uncertainty and lack of historical information with regards to the timing and amount of reimbursement that will be received. This is considered a significant risk and Key Audit Matter due to the significant judgements and estimation involved which are subject to possible management bias and which could materially affect the financial statements.	In responding to the Key Audit Matter, we performed the following audit procedures: • assessed whether the accounting policies adopted are in accordance with IFRS 15 'Revenue from Contracts with Customers', and if they were applied consistently throughout the year; • assessed management's determination as to whether or not the arrangement constitutes a contract with a customer in accordance with the requirements of IFRS 15; • selected a sample of reimbursement claims submitted during the year and determined whether the judgements made by management in determining whether a contract with a customer exists were consistent with the arrangement and the final amounts received; and • assessed the completeness and accuracy of disclosures included within the financial statements for compliance with the requirements of IFRS 15.
Relevant disclosures in the Annual Report and Accounts 2023	**Our results**
• Financial statements: Note 4, Critical accounting judgements and key sources of estimation uncertainty and Note 5, Revenue • Audit committee report: Page 51	Based on our audit work, we did not identify evidence of material misstatement in relation to the accuracy of variable consideration for product revenue.
Valuation of warrant liability We identified valuation of warrant liability as one of the most significant assessed risks of material misstatement due to error. The Parent Company has issued warrants which contain complex clauses and are carried at fair value in accordance with the requirements of IFRS 9 'Financial Instruments'. Determining the fair value of the warrant liability requires management to make significant judgements and estimates. This is considered a significant risk and Key Audit Matter due to the significant judgements and estimation involved which are subject to possible management bias and which could materially affect the financial statements.	In responding to the Key Audit Matter, we performed the following audit procedures: • obtained the warrant agreement and compared the number of warrants in issue to management's calculation; • assessed the appropriateness of the key assumptions used in determining the fair value of warrants at the year end against available information in the market; • recalculated an expected value of the warrants by using an appropriate option-pricing model and compared this to the amount calculated by management; and • examined the disclosures made in the financial statements with respect to significant estimates and judgements made around the value of the warrant liability.
Relevant disclosures in the Annual Report and Accounts 2023	**Our results**
• Financial statements: Note 27, Warrants • Audit committee report: Page 51	Based on our audit work, we did not identify evidence of material misstatement in relation to the valuation of warranty liability.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

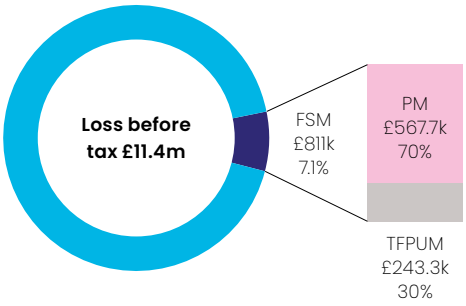
Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£811,000, which is approximately 7.1% of the Group's loss before tax.	£770,500, which is approximately 6.6% of the Parent Company's loss before tax.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • The Group's loss before tax is considered the most appropriate benchmark because it is a prominent key performance measure for the users of the financial statements. • 7.5% was deemed to be an appropriate measurement percentage to take into account the additional risks and pressures following the loss before tax realized in the financial year with the loss being of interest to potential shareholders as cash in the Group is raised through share issues. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2022 to reflect the increased loss before tax in the current year.	In determining materiality, we made the following significant judgements: • The Parent Company's loss before tax is considered the most appropriate benchmark because it is a prominent key performance measure for the users of the financial statements. • This has been capped at 95% of Group materiality for Group audit purposes. Materiality for the current year is higher than the level that we determined for the year ended 30 September 2022 to reflect both the increase in Parent Company loss before tax and the capping at a percentage of the materiality determined for the Group, referred to above, which was also higher this year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£567,700, which is 70% of financial statement materiality.	£539,500, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements • Our risk assessment – we considered the previously reported control deficiencies and the potential impact on the current year's audit when performing our risk assessment procedures; and • History of misstatements – we considered the level of misstatements identified in the previous year and the potential impact on the current year's audit.	In determining performance materiality, we made the following significant judgements • Our risk assessment – we considered the previously reported control deficiencies and the potential impact on the current year's audit when performing our risk assessment procedures; and • History of misstatements – we considered the level of misstatements identified in the previous year and the potential impact on the current year's audit.

Independent Auditor's report to the members of Oxford BioDynamics Plc *continued*

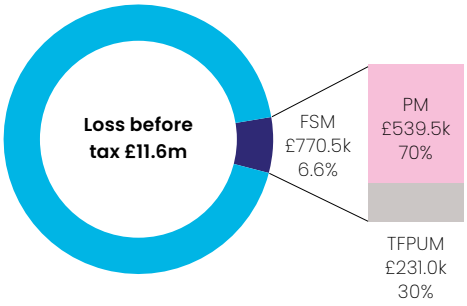
Materiality measure	Group	Parent Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Revenue; • Directors' Remuneration; and • Related Party Transactions outside of the normal course of business.	We determined a lower level of specific materiality for the following areas: • Revenue; • Directors' Remuneration; and Related Party Transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£40,600 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£38,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent Company



- **FSM:** Financial statements materiality
- **PM:** Performance materiality
- **TFPUM:** Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- Our audit approach was risk-based and founded on a thorough understanding of the Group's and Parent Company's business, its environment and risk profile. The Group's accounting is primarily resourced through a central function within the United Kingdom.
- The Group engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level.
- We obtained an understanding of the business processes for all significant classes of transactions, including significant risks as part of our audit risk assessment and understanding relevant controls across the Group.
- We documented and assessed the design and implementation of controls related to key audit matters and other significant risks communicated in this report.

Identifying significant components

- Component significance was determined based on their relative share of the key Group financial metrics including revenue, loss before tax and total assets.

- A full-scope audit approach was used for all components evaluated as individually financially significant. We also considered whether any components were likely to include significant risks of material misstatement to the Group financial statements due to their specific nature or circumstances. No further components were identified from this consideration.

Type of work to be performed on financial information of parent and other components (including how it addressed the Key Audit Matters)

- In order to address the audit risks identified during our planning procedures, we performed full-scope audit procedures on the financial information of the Parent Company and one other significant component in the United States of America. This included performing the outlined procedures in relation to the Key Audit Matters detailed above.
- The financial information of the remaining operations of the Group were subject to analytical procedures using Group materiality.

Performance of our audit

- We physically attended and observed the year end inventory count in the UK.
- The majority of the year-end audit was conducted remotely. This was supported through the use of software collaboration platforms for the secure and timely delivery of requested audit evidence.

Audit approach	No. of components	% of total Group revenue	% of total Group profit/loss before tax	% of Group total assets
Full-scope audit	2	100	98.5	99.6
Specific-scope audit procedures	–	–	–	–
Analytical procedures	2	–	1.5	0.4

Changes in approach from previous period

- The approach to the audit has changed since the previous year due to the increase in size of individual components in comparison to the size of the Group, to ensure sufficient coverage.
- In response our approach for one component has increased from performing specific-scope audit procedures in the prior year to performing full-scope audit procedures in the current year.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 110, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's report to the members of Oxford BioDynamics Plc *continued*

Responsibilities of directors *continued*

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant which are directly relevant to the financial statements are those related to the reporting framework, being the Companies Act 2006 and UK-adopted international accounting standards, together with the QCA Corporate Governance Code, the AIM Rules for Companies, the Corporation Tax Act 2010 and those laws and regulations relating to employee matters.
- We obtained an understanding of the relevant legal and regulatory frameworks and how the Group and the Parent Company are complying with those legal and regulatory frameworks by making enquiries of management to identify non-compliance. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilized internal and external information to corroborate these enquiries and to perform a fraud risk assessment. We considered the risk of fraud to be highest through the potential for management override of controls and open revenue contracts. Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material manual journals, journals posted by the CFO and those impacting areas of estimation uncertainty;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - agreeing the value of open revenue contracts to the signed agreement, cash received in bank and third party confirmation to assess whether performance obligations had been met.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team, included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Group and the Parent Company operate; and
  - understanding of the legal and regulatory requirements specific to the Group and the Parent Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP.

Jonathan Oakey FCA
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
16 January 2024

Consolidated income statement
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	5	510	154
Cost of sales		(244)	(38)
Gross profit		266	116
Research & development costs (excluding staff costs)		(758)	(526)
Staff costs	12	(5,403)	(4,483)
General & other admin costs		(3,411)	(2,452)
Share option charges		(332)	(394)
Depreciation and amortization		(1,357)	(1,213)
Other operating income		827	351
Operating loss		(10,168)	(8,601)
Fair value (loss)/gain on financial liabilities designated as FVTPL	28	(1,246)	1,095
Gain reclassified to profit or loss on disposal of foreign operation	20	113	–
Finance income	10	103	134
Finance costs	11	(213)	(195)
Loss before tax		(11,411)	(7,567)
Income tax	13	585	857
Loss for the year from continuing operations	8	(10,826)	(6,710)
Loss attributable to:			
Owners of the Company		(10,826)	(6,710)
Non-controlling interest		–	–
		(10,826)	(6,710)
Earnings/(loss) per share			
From continuing operations			
Basic and diluted (pence per share)	16	(7.3)	(6.7)

Consolidated statement of comprehensive income
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Loss for the year	8	(10,826)	(6,710)
Exchange differences on translation of foreign operations that may be reclassified to the income statement		(182)	(40)
Total comprehensive income for the year		(11,008)	(6,750)
Total comprehensive income attributable to:			
Owners of the Company		(11,008)	(6,750)
Non-controlling interest		–	–
		(11,008)	(6,750)

Consolidated statement of financial position
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Intangible fixed assets	17	1,913	1,601
Property, plant and equipment	18	2,238	2,582
Right-of-use assets	19	4,759	4,396
Deferred tax asset	31	50	–
Total non-current assets		8,960	8,579
Current assets			
Inventories	22	274	337
Trade and other receivables	23	1,643	1,429
Fixed-term deposits	24	–	25
Cash and cash equivalents	24	5,250	974
Total current assets		7,167	2,765
Total assets		16,127	11,344
Equity and liabilities			
Capital and reserves			
Share capital	25	2,023	1,004
Share premium	26	32,144	19,020
Translation reserves	26	(63)	119
Share option reserve	26	2,776	3,154
Retained earnings	26	(30,825)	(20,709)
Equity attributable to owners of the Company		6,055	2,588
Non-controlling interest		–	–
Total equity		6,055	2,588
Current liabilities			
Trade and other payables	27	1,707	2,000
Warrant liability	28	1,360	114
Lease liabilities	29	818	736
Provisions	30	–	–
Current tax liabilities		116	61
Total current liabilities		4,001	2,911
Non-current liabilities			
Lease liabilities	29	5,621	5,400
Provisions	30	440	424
Deferred tax	31	10	21
Total non-current liabilities		6,071	5,845
Total liabilities		10,072	8,756
Total equity and liabilities		16,127	11,344

The financial statements of Oxford BioDynamics Plc, registered number 06227084, were approved by the Board of Directors and authorized for issue on 16 January 2024.

Signed on behalf of the Board of Directors:

Dr Jon Burrows
Chief Executive Officer

16 January 2024

Company statement of financial position
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Intangible fixed assets	17	1,840	1,524
Property, plant and equipment	18	1,894	2,216
Right-of-use assets	19	3,712	4,213
Investment in subsidiaries	20	281	281
Total non-current assets		7,727	8,234
Current assets			
Inventories	22	206	306
Trade and other receivables	23	1,543	1,393
Fixed-term deposits	24	–	25
Cash and cash equivalents	24	5,066	818
Total current assets		6,815	2,542
Total assets		14,542	10,776
Equity and liabilities			
Capital and reserves			
Share capital	25	2,023	1,004
Share premium	26	32,144	19,020
Share option reserve	26	2,776	3,154
Retained earnings	26	(31,497)	(21,162)
Total equity		5,446	2,016
Current liabilities			
Trade and other payables	27	1,993	2,270
Warrant liability	28	1,360	114
Lease liabilities	29	667	649
Provisions	30	–	–
Total current liabilities		4,020	3,033
Non-current liabilities			
Lease liabilities	29	4,636	5,303
Provisions	30	440	424
Total non-current liabilities		5,076	5,727
Total liabilities		9,096	8,760
Total equity and liabilities		14,542	10,776

The Parent Company's loss for the year ended 30 September 2023 was £11,045,000 (2022: £6,981,000 loss).

The financial statements of Oxford BioDynamics Plc, registered number 06227084, were approved by the Board of Directors and authorized for issue on 16 January 2024.

Signed on behalf of the Board of Directors:

Dr Jon Burrows
Chief Executive Officer

16 January 2024

Consolidated statement of changes in equity
for the year ended 30 September 2023

Year ended 30 September 2023

	Share capital £000	Share premium £000	Translation reserve £000	Share option reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
At 1 October 2022	1,004	19,020	119	3,154	(20,709)	2,588	–	2,588
Loss for the year	–	–	–	–	(10,826)	(10,826)	–	(10,826)
Other comprehensive income for the period	–	–	(182)	–	–	(182)	–	(182)
Total comprehensive income for the period	–	–	(182)	–	(10,826)	(11,008)	–	(11,008)
Subscription for new shares	1,019	14,368	–	–	–	15,387	–	15,387
Transaction costs for new shares	–	(1,244)	–	–	–	(1,244)	–	(1,244)
Share option credit	–	–	–	332	–	332	–	332
Lapse of vested share options	–	–	–	(710)	710	–	–	–
At 30 September 2023	**2,023**	**32,144**	**(63)**	**2,776**	**(30,825)**	**6,055**	**–**	**6,055**

Year ended 30 September 2022

	Share capital £000	Share premium £000	Translation reserve £000	Share option reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
At 1 October 2021	926	16,740	159	3,022	(14,171)	6,676	17	6,693
Loss for the year	–	–	–	–	(6,710)	(6,710)	–	(6,710)
Other comprehensive income for the period	–	–	(40)	–	–	(40)	–	(40)
Total comprehensive income for the period	–	–	(40)	–	(6,710)	(6,750)	–	(6,750)
Subscription for new shares	78	3,545	–	–	–	3,623	–	3,623
Issue of warrants to subscribe for new shares	–	(1,209)	–	–	–	(1,209)	–	(1,209)
Transaction costs for new shares	–	(56)	–	–	–	(56)	–	(56)
Share option credit	–	–	–	394	–	394	–	394
Lapse of vested share options	–	–	–	(262)	262	–	–	–
Buy-back and cancellation of minority interest shares	–	–	–	–	(90)	(90)	(17)	(107)
At 30 September 2022	1,004	19,020	119	3,154	(20,709)	2,588	–	2,588

Company statement of changes in equity
for the year ended 30 September 2023

Year ended 30 September 2023

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
At 1 October 2022	1,004	19,020	3,154	(21,162)	2,016
Loss for the year	–	–	–	(11,045)	(11,045)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(11,045)	(11,045)
Subscription for new shares	1,019	14,368	–	–	15,387
Transaction costs for new shares	–	(1,244)	–	–	(1,244)
Share option credit	–	–	332	–	332
Lapse of vested share options	–	–	(710)	710	–
At 30 September 2023	**2,023**	**32,144**	**2,776**	**(31,497)**	**5,446**

Year ended 30 September 2022

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
At 1 October 2021	926	16,740	3,022	(14,443)	6,245
Loss for the year	–	–	–	(6,981)	(6,981)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(6,981)	(6,981)
Subscription for new shares	78	3,545	–	–	3,623
Issue of warrants to subscribe for new shares	–	(1,209)	–	–	(1,209)
Transaction costs for new shares	–	(56)	–	–	(56)
Share option credit	–	–	394	–	394
Lapse of vested share options	–	–	(262)	262	–
At 30 September 2022	1,004	19,020	3,154	(21,162)	2,016

Consolidated statement of cash flows
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Loss before tax for the financial year		(11,411)	(7,567)
Adjustments to reconcile loss for the year to net operating cash flows:			
Net interest	10,11	141	184
Loss on disposal of property, plant and equipment		4	1
Depreciation of property, plant and equipment	18	548	539
Depreciation of right-of-use assets	19	663	574
Amortization of intangible assets	17	146	100
Net foreign exchange movements		(122)	(278)
Movement in provisions	30	16	16
Share based payments charge	32	332	394
Fair value loss/(gain) on financial liabilities		1,246	(1,095)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(448)	469
Decrease in inventories		63	55
(Decrease)/increase in trade and other payables		(286)	475
Operating cash flows before interest and tax paid		(9,108)	(6,133)
R&D tax credits received		896	969
Tax paid		(82)	(13)
Net cash used in operating activities		(8,294)	(5,177)
Investing activities			
Interest received		71	14
Purchases of property, plant and equipment		(250)	(363)
Purchases of intangible assets		(466)	(538)
Decrease in term deposits		25	2,138
Net cash (used in)/generated by investing activities		(620)	1,251
Financing activities			
Interest paid		(213)	(195)
Repayment of lease liabilities		(723)	(703)
Acquisition of minority interest shares in subsidiary entity		–	(107)
Issue of equity shares and warrants		15,387	3,623
Transaction costs relating to issue of equity shares		(1,244)	(56)
Net cash generated by financing activities		13,207	2,562
Net increase/(decrease) in cash and cash equivalents		4,293	(1,364)
Foreign exchange movement on cash and cash equivalents		(17)	163
Cash and cash equivalents at beginning of year	24	974	2,175
Cash and cash equivalents at end of year		5,250	974

Company statement of cash flows
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Loss before tax for the financial year		(11,707)	(7,901)
Adjustments to reconcile loss for the year to net operating cash flows:			
Net interest	10,11	100	179
Loss on disposal of property, plant and equipment		22	–
Depreciation of property, plant and equipment	18	417	447
Depreciation of right-of-use assets	19	501	501
Amortization of intangible assets	17	111	78
Net foreign exchange movements		2	(53)
Movement in provisions	30	16	16
Share based payments charge	32	332	394
Fair value gain on financial liabilities		1,246	(1,095)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(383)	580
Decrease in inventories		100	56
(Decrease)/increase in trade and other payables		(227)	972
Operating cash flows before interest and tax paid		(9,470)	(5,826)
R&D tax credits received		896	969
Net cash used in operating activities		(8,574)	(4,857)
Investing activities			
Interest received		70	14
Purchases of property, plant and equipment		(168)	(338)
Purchases of intangible assets		(427)	(467)
Decrease in term deposits		25	2,138
Net cash (used in)/generated by investing activities		(500)	1,347
Financing activities			
Interest paid		(170)	(189)
Repayment of lease liabilities		(649)	(631)
Issue of equity shares and warrants		15,387	3,623
Transaction costs relating to issue of equity shares		(1,244)	(56)
Net cash generated by/(used in) financing activities		13,324	2,747
Net increase/(decrease) in cash and cash equivalents		4,250	(763)
Foreign exchange movement on cash and cash equivalents		(2)	53
Cash and cash equivalents at beginning of year	24	818	1,528
Cash and cash equivalents at end of year	24	5,066	818

Notes to the financial statements
for the year ended 30 September 2023

1. Corporate information

The consolidated financial statements of Oxford BioDynamics Plc and its subsidiaries (collectively, "the Group") for the year ended 30 September 2023 were authorized for issue in accordance with a resolution of the directors on 16 January 2024. Oxford BioDynamics Plc (the 'Company') is a public limited company incorporated in the United Kingdom, whose shares were admitted to trading on the AIM market on 6 December 2016. The Company is domiciled in the United Kingdom and its registered office is 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB. The registered company number is 06227084 (England & Wales).

The Group is primarily engaged in the commercialization of proprietary molecular diagnostics products and biomarker research and development.

2. Basis of accounting

Basis of preparation

These consolidated financial statements and the financial statements of the Company have been prepared under the historical cost convention in accordance with UK-adopted international accounting standards.

The preparation of financial statements in accordance with UK-adopted international accounting standards may require the use of certain critical accounting estimates and for the Group's management to exercise judgement in applying the Group's accounting policies. Note 4 provides more information on the material judgements and estimates that have been made this year in preparing the financial statements.

Reporting currency

The consolidated financial statements are presented in pounds sterling (GBP), which is also the Company's functional currency.

New accounting standards adopted for the first time in these financial statements

The Group applied the accounting standards and amendments listed below for the first time in these financial statements. Unless noted, the standards or amendments had no material impact on the financial statements.

- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective date 1 January 2023, applied early). The amendments require the Company to disclose its "material accounting policy information" – rather than its "significant accounting policies" as was previously the case – and explain how to identify a material accounting policy. In line with guidance published by the FRC, the Group has also taken the opportunity to update the location of certain material accounting policies in the notes to the financial statements, to present them alongside relevant disclosures. Such accounting policies are clearly identified in the notes.
- Amendments to IFRS 3 'References to the Conceptual Framework' (effective date: 1 January 2022)
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds Before Intended Use' (effective date: 1 January 2022)
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract' (effective date: 1 January 2022)
- Amendments to IFRS 1, IFRS 9, IFSR 16 and IAS 41 'Annual Improvements to IFRS Standards 2018-2020' (effective date: 1 January 2022)

Applicable accounting standards and interpretations issued but not yet adopted

At the date of authorization of the consolidated financial statements, the following Standard and Amendments which have been issued and endorsed by the UK, have not been applied by the Group in preparing the consolidated financial statements:

- IFRS 17 'Insurance contracts' (effective date: 1 January 2023)
- Amendments to IFRS 17 (effective date 1 January 2023)
- Amendments to IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9' (immediately available)
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-Current' (effective date 1 January 2023)
- Amendments to IAS 8 'Definition of Accounting Estimates' (effective date 1 January 2023)
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective date: 1 January 2023)
- Amendment to IAS 12 'International tax reform – pillar two model rules' (effective date: 1 January 2023)
- Amendments to IFRS 16 'Leases on sale and leaseback' (effective date: 1 January 2024)
- Amendments to IAS 1 'Non-current liabilities with covenants' (effective date: 1 January 2024)
- Amendments to IAS 7 and IFRS 7 'Supplier finance' (effective date: 1 January 2024)
- Amendments to IAS 21 'Lack of exchangeability' (effective date: 1 January 2025)

The Directors do not expect that the adoption of the Standard and Amendments listed above will have a material impact on the consolidated financial statements of the Group in future periods. In addition, there are a number of other Standards and Amendments that have not yet been endorsed for use in the UK, including the ISSB's Sustainability Disclosures Standards IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'.

2. Basis of accounting *continued*

Going concern

In assessing the appropriateness of adopting the going concern assumption, the Group and Parent Company has prepared a detailed budget ("the budget") for the two-year period ending 30 September 2025. The budget includes:

- estimates of likely revenue arising from *EpiSwitch*® CiRT and *EpiSwitch*® PSE (based on the Group's own assessments of market opportunities);
- anticipated revenues from contracts with pharmaceutical partners;
- expected income from existing grants and awards;
- operating costs reflecting the current cost base (plus inflationary increases), with some increases in activity to support the commercial tests already launched; and
- capital expenditure, primarily to maintain and extend the Group's patent estate.

Combined revenue and other operating income during the year ended 30 September 2023 was increased compared to the previous year, but the Group remained lossmaking with income significantly exceeded by operating costs, which included spending necessary to expedite the development and launch of the PSE test during the year. The Group was able to maintain its cash reserves during the year, including through the raising of £9.3m (before costs) through a placing, subscription and open offer in October 2022 and £6.1m (before costs) through a placing, subscription and PrimaryBid offer in August 2023.

The Board considers that the budget represents a reasonable best estimate of the Group's performance over the period to 30 September 2025 and the Directors are satisfied that in the scenario modelled in the budget, the Group and Parent Company would be able to continue as a going concern. The Directors note, however, that the budget includes estimates of product and contract revenue reflecting significant increases in the volume of CiRT tests to be ordered in FY24 compared to FY23, significant increases, post-launch, in orders of PSE tests and expectations of a number of new contracts with pharma customers. Forecast cash balances in the budget, whilst positive throughout the period covered, are expected to be reduced to a low level relative to the Group's cost base through much of 2024.

The Directors also draw attention to several significant uncertainties inherent in the preparation of the budget, primarily relating to balances associated with the revenue/income cycle, since most of the Group's costs are reasonably predictable and controllable. These uncertainties include volumes of orders of the Group's tests, particularly PSE which was launched just before the end of FY23; reimbursement rates and timing of the reimbursement cycle (and consequent impact on the Group's working capital); and the number and value of new pharma/biotech agreements.

Cash resources as predicted in the budget are very sensitive to changes in the assumptions related to these uncertainties: this was noted in two alternative scenarios considered by the Directors: a "possible" scenario that reflects significantly reduced test volumes compared to the budget and a "downside" scenario with still lower test volumes and no new pharma projects assumed. Without any remedial action to reduce costs or delay expenditure, in these scenarios the Group and Company would need to obtain additional funds during the second quarter of 2024 in order to continue as a going concern.

The Group successfully raised a total of £15.4m (before costs) from new and existing shareholders in two fundraises during the year ended 30 September 2023. The Company's share price and the level of interest in the Company's shares, as measured by average daily trading volumes, increased significantly following the launch of the PSE test in September 2023. The Directors consider that these developments tend to increase confidence that the Company will be able to access further cash resources from investors in future. However, as at the date of publication of this report, this is not guaranteed.

The Directors do not believe that any of the factors above is unusual or unexpected for the Group at this point in its development. However, shareholders should be aware that there is uncertainty around its ability to generate sufficient revenues and the timing of receipts from customers, as well as the ability of the Group to raise sufficient finance to meet its expected costs. These conditions present a material uncertainty which may cast significant doubt on the Group and Parent Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Notes to the financial statements *continued*
for the year ended 30 September 2023

3. Material accounting policy information

The Group's material accounting policy information is presented either below or clearly identified alongside disclosures in the following notes, where this is considered more helpful.

Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This generally means that the accounting policy concerned will relate to information in the financial statement which is itself material (either because of its size or nature).

Further, the Board has considered guidance in Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' in its determination of whether accounting policy information is material. Accounting policy information is likely to be considered material if the policy: has been changed during the period; is one of a number of options permitted under IFRSs; has been developed by the Group in accordance with IAS 8 because there is no specific IFRS that applies; relates to an area for which the Board has made significant judgements or assumptions that are also disclosed; or relates to an area for which accounting is complex and information on the accounting policy used is necessary to be able to understand the transactions concerned.

Each of the material accounting policies for which information is provided below and throughout the notes to the financial statements has been applied consistently to all periods presented in these consolidated financial statements.

Accounting policy information: basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. There were no non-controlling interests in entities included in these consolidated financial statements at either 30 September 2023 or 30 September 2022.

Loss of control

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Material accounting policy information *continued*

Accounting policy information: foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). Sterling is the predominant currency of the Group and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/ hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate) gross of any associated tax impact.

Accounting policy information: costs charged directly to equity

Costs relating directly to the issue of new shares are deducted from the share premium reserve.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above in Note 3 and throughout the following notes, the directors are required to make judgements, estimates and assumptions about the carrying amounts of some 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 and underlying assumptions that are relied upon are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Critical judgements in applying the Group's accounting policies

The critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are set out below.

Treatment of revenue arising from test sales reimbursed by US insurance payors

The Group recognizes revenue when or as the relevant performance obligations in its contracts with customers are completed. Sales of the Group's proprietary tests can be paid for by patients, payors with whom the Group has direct agreements in place, or by US insurers through the reimbursement process. In this final case, the Group may also obtain an acknowledgement of financial responsibility from a patient before processing a test.

EpiSwitch® CiRT tests were regularly reimbursed by several US insurers throughout the year for a range of amounts and this has continued post-year end. The amount received is influenced by several factors, including the terms of individual patients' policies such as requirements for co-payment, the price listed for the test, if any, in the Centers for Medicare and Medicaid Services (CMS) Clinical Laboratory Fee Schedule (CLFS), insurers' own coverage policies in respect of the test, and claim denials. Where reimbursement for a test is initially denied, or reimbursed at a lower-than-expected amount, the Group avails itself of the appeals process that exists in the reimbursement system. At the year end, a number of appeals were in process but not yet complete. Reimbursement claims for a further group of processed tests were held by the Group pending confirmation of coverage decisions by insurers or the relevant Medicare Administrative Contractor (MAC), in order to ensure the most positive likely outcome in terms of eventual reimbursement.

The above factors are relevant to Management's decision on whether a contract with a customer exists and therefore whether the five-step process of revenue recognition included in IFRS 15 Revenue from Contracts with Customers should be followed or whether instead revenue should be recognized on final receipt of funds from a payor.

Management exercised judgement in determining that, for most of the Group's test orders in the period, the appropriate accounting treatment is to recognize revenue on receipt of funds and not to follow the five-step process.

Notes to the financial statements *continued*
for the year ended 30 September 2023

4. Critical accounting judgements and key sources of estimation uncertainty *continued*

Critical judgements in applying the Group's accounting policies *continued*

Treatment of revenue arising from test sales reimbursed by US insurance payors *continued*

Management anticipate that in future periods, as the Group's historical collections experience increases in volume and specificity in relation to particular payors and policies and the proportion of test sales for which an acknowledgement of financial responsibility is obtained from patients also increases, it is likely that the five-step process will apply to an increased proportion of test sales and that judgement will be required in determining the extent to which variable consideration relating to those tests is unconstrained and should therefore be recognized.

Identification of the Group's cash-generating unit

In carrying out the impairment review of patent assets set out in more detail below, Management exercised judgement in determining that the Group currently has one cash-generating unit (CGU). Guidance states that CGUs are "the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows for other assets or groups of assets".

The Group's strategy was expanded in December 2020, to include the development and commercialization of proprietary tests. As at 30 September 2023, three lab developed test products had been launched, with two of these (***EpiSwitch***® CiRT and ***EpiSwitch***® PSE) being actively marketed as well as the Group's ***EpiSwitch***® Explorer Array Kit, which is marketed to the life science research community. Revenue from products and customer contracts is reported separately to Directors in the Group's internal management accounts. However, it is not currently possible to assign separate groups of OBD assets to particular cashflows. With very limited exceptions, people, premises, equipment and patents are generally applied to both product and customer contract revenue streams. This position may change as i) dedicated product sales and marketing teams are more fully developed, ii) the Group's LDTs are consistently processed through the Group's US and UK clinical laboratories and iii) test-specific revenue streams become more predictable.

At present, Management continues to conclude that the Group has one CGU, relating to all commercial exploitation of its ***EpiSwitch***® technology. If this judgement were to be incorrect and the Group determined to contain more than one separately identifiable CGU, as part of the impairment review of the Group's patent assets conducted at the year end, it would have been necessary to estimate the recoverable value of each CGU separately and to allocate patents to those CGUs.

Impairment review

Intangible assets are reviewed for indicators of impairment at the end of each reporting period. An impairment review of patent assets was conducted as at the year end, principally because the Group's financial performance for the year resulted in a larger than budgeted loss and this was considered to be an indicator of potential impairment. In addition, an impairment review is required for any assets not yet being amortized and certain patent assets fall into this category.

As noted above, Management identified that at the current stage in the Group's development, it includes a single CGU, to which all patent assets are allocated. Management consider that the recoverable amount of the Group's single CGU is based on its fair value less cost of disposal (FVLCOD), and that this value is attributable to its intellectual property, including patents and know-how, and its other assets, including property plant and equipment. The most reliable available estimate for the fair value of the Group's CGU as a whole is the enterprise value of the Group, which is in turn given by the market value of the Company on a cash- and debt-free basis.

The Group had a year-end market capitalization of £74.9m (37p x 202,303,415 shares then in issue). For the 30 September 2023 year end, Management also considered the significant increase in the share price and market capitalization of the Company following the announcement of the launch on 26 September 2023 of the ***EpiSwitch***® PSE test and for the purposes of the impairment review, the increase in enterprise value that followed the launch announcement was assumed to relate only to the PSE test. On 25 September 2023, the latest date prior to the announcement of the launch, the Group had a market capitalization of £21.1m (10.45p x 202,303,415 shares in issue).

Cash/cash equivalents and term deposits at 30 September 2023 of £5.3m are deducted from market value in arriving at the enterprise value. Following review of available guidance, Management determined that neither the warrant nor the lease liabilities associated with the Group's rented property should be added back to the market value in determining the enterprise value. This results in an estimate of the year-end enterprise value of the Group as a whole of approximately £69m and an enterprise value shortly pre-year-end of the underlying business "excluding" the PSE test, of approximately £16m.

In estimating the cost of disposal (COD), Management used a round sum estimate of £2.5m, representing a COD of approximately 12% of the pre-uplift market value, which is within the range of estimates of disposal costs reviewed by Management. The FVLCOD of the Company as at 30 September 2023 was therefore estimated to be £13.5m prior to the launch of PSE and £66.5m at the year end, after the launch of PSE. Management then compared the FVLCOD of the Company to the gross value of the Group's assets excluding patents (£9m as at 30 September 2023). The excess of the Company's FVLCOD over its gross assets excluding patents, prior to the launch of PSE, was therefore approximately £7m, compared to a carrying value of patent assets (including patents linked to the PSE test) of £1.82m. Management further reviewed each of the Company's patent families for other indicators of impairment, principally obsolescence, and determined that no such indicators existed at the year end. Management therefore concluded that no impairment of the Company's capitalized patents existed at the year end.

Management considers that a reduction in the Company's estimated FVLCOD to an amount comparable to the carrying value of its non-patent assets would lead to a reduction in the recoverable amount of its patent assets, potentially to nil. Management will continue to assess, at the end of each reporting period and more frequently if necessary, whether there are indicators that any of the Group's assets may be impaired.

4. Critical accounting judgements and key sources of estimation uncertainty *continued*

Key sources of estimation uncertainty

The Directors are required to disclose information relating to any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimate of recoverable value of the Group's patent assets

Management conducted an impairment review of the Group and Company's patent assets as at 30 September 2023. In order to compare the recoverable value of the cash-generating unit to which patent assets were allocated in the review with the carrying value of those patent assets, Management prepared an estimate of the fair value less cost of disposal of the Company's shares, which included estimates of the market value of the Company's shares, the cost that might be incurred in disposing of them and the value that should be attributed to assets other than the Company's patent estate. The estimates used are set out in more detail in Note 4 on page 77. To the extent that these estimates are materially incorrect, there is a possibility that Management would fail to recognize an impairment of the Group's patent assets.

Estimate of fair value of the Group's holding in Holos Life Sciences (Singapore) Pte Ltd

On 30 August 2023, the Group entered into a contractual commitment to dispose of 13.84% of the ordinary shares of Holos Life Sciences (Singapore) Pte Ltd ("Holos") for a nominal amount ("the Disposal"), reducing the Group's holding in Holos from 28.84% to 15%. Prior to entering into this commitment, the Group's interest in Holos was accounted for using the equity method. From 30 August 2023, the Group is no longer considered to exercise significant influence over the affairs of Holos and accordingly, its remaining holding in Holos is accounted for as a financial asset at FVTPL. This necessitates the estimation of the fair value of the holding at the date of the Disposal and each reporting date.

Holos is not listed on any stock exchange, nor are there observable real market transactions, or publicly available prices from which to calculate a value for Holos or the Company's holding in it. The Group and Company's investment in Holos (the "Investment") therefore falls into Level 3 in the fair value hierarchy included in IFRS 9 Financial Instruments. As at the date of this report, there are no financial forecasts available from which to prepare an estimate of the fair value of the Investment. In estimating the fair value of the Investment at the date of the Disposal, the Directors therefore considered several factors:

- *Holos' commercial and financial performance to date*: Holos has been lossmaking and has not so far generated revenue from commercial products or services.
- *Holos' financial position at the date of Disposal*: Holos had net liabilities at the date of the Disposal and 30 September 2023.
- *Valuation implied by share transfers, previous fundraises or share option exercises*: the only recent share transfers the Directors are aware of are those related to the Disposal, which were for nominal amounts, as noted above. Holos has not completed any recent fundraises. Share options issued to Holos staff in 2020 that effectively valued Holos at $33m lapsed unexercised during 2022.
- *Holos' future plans and prospects*: whilst the Disposal and changes to Holos' constitution finalized in September 2023 are intended by Holos management to facilitate future development, plans are at an early stage. At the same time as the Disposal, all agreements between Holos and OBD were terminated, meaning that Holos no longer holds licences permitting it to develop commercial applications of OBD's technology in the fields of human and equine fitness. There is a risk that Holos fails to raise sufficient funds to carry out necessary R&D in the fields it now plans to pursue, that R&D fails to produce results likely to be commercialized, and that efforts to commercialize are unsuccessful.

Having reviewed each of these factors, the Directors concluded that the fair value of the Investment at the date of the Disposal was zero.

In addition, given the lack of available information from which to develop a fair value estimate based on discounted forecast cashflows, the Directors developed a further estimate of the quantum and timing of EBITDA that Holos would have to be expected to generate in order for the fair value estimate (of zero) to be materially incorrect. In developing this estimate, the Directors considered publicly available estimates of key inputs to DCF-based valuation models, namely EBITDA multiples typically applicable to the biomedical and medical research and healthcare sectors, discount factors routinely used in assessing companies with a similar risk profile and likely liquidity as Holos, and the period over which Holos might reasonably be expected to reach a position of stable/growing EBITDA. In confirming the reasonableness of the assumptions used, the Directors also consulted with a Chartered Financial Analyst with significant sector experience. Having developed and reviewed this further estimate, the Directors concluded that the estimate of the fair value of the Investment of zero is not likely to be materially incorrect.

No developments were communicated by Holos management between the date of the Disposal and the year end. Accordingly, the Directors further concluded that the fair value of the Investment at 30 September 2023 was also zero.

To the extent that the Directors' estimate of the fair value of the Investment were to be materially incorrect, the loss for the year would be reduced and the value of investments in the Company and Consolidated statements of financial position would be increased by an equal amount (there would be no changes to any balances reported in the prior year).

Notes to the financial statements *continued*
for the year ended 30 September 2023

4. Critical accounting judgements and key sources of estimation uncertainty *continued*

Key sources of estimation uncertainty *continued*

Estimate of fair value of Warrants

During the prior year, the Company raised £3.62m, by way of a Subscription for 7,791,803 newly-issued ordinary shares of 1p each (the "Subscription Shares") from Armistice Capital Master Fund Ltd ("Armistice"). Subsequently, on 11 November 2021, 7,791,803 warrants to subscribe for new ordinary shares (the "Warrants") were also issued to Armistice. As set out in the annual report for the year ended 30 September 2022, the Directors determined that:

- the Warrants should be classed as linked to the issue of the Subscription Shares, and therefore that the consideration received on the issue of the Subscription Shares was considered as consideration for both the Subscription Shares and the Warrants;
- the most appropriate approach to allocating the consideration between the Subscription Shares and the Warrants was the "residual value method"; and
- the Warrants should be classified as liabilities.

Having determined on their issue that the Warrants should be classified as liabilities in the financial statements, the Directors are required to estimate the fair value of the Warrants on issue and at least at each subsequent reporting date. The fair value of the Warrants on issue was derived by the Company using a Black-Scholes model and was recognized as a liability, with the balance of the consideration received on the issue of the Subscription Shares allocated to the share premium reserve. At subsequent reporting dates, the fair value of the Warrants is re-measured, with any movement passing through the income statement.

Under IFRS 9, the fair value of an asset or liability is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

In arriving at the fair value for the Warrants using the Black-Scholes model, Directors used judgement in arriving at the estimates of share price volatility and risk-free rate, which are used as key inputs to the model. The Warrant Instrument provides guidance on the use of a Black-Scholes model, and the inputs to be used in it, in the case of a Fundamental Transaction to calculate the value of Alternative Consideration. These include the use of a minimum estimate for volatility of 100% and a risk-free rate based on US Treasury rates for a period commensurate with the remaining life of the Warrants at the time of the Fundamental Transaction. The Directors consider that the value derived by using these inputs to the Black-Scholes model is not likely at this stage to correspond to the fair value of the Warrants under IFRS 9, since this would only be the case if such a Fundamental Transaction were to be certain to occur. The Directors must therefore use judgement to select appropriate estimates of inputs to the Black-Scholes model, in order to derive the fair value of the Warrants.

The estimates of volatility and risk-free rate used in arriving at the fair value of the Warrants are shown in Note 28. By far the most significant of these inputs, in terms of its impact on the derived fair value, is the estimate of likely share price volatility over the remaining life of the Warrants. To the extent that this estimate was to be revised, it is possible that there could be a material impact on the statement of financial position and consolidated income statement as follows:

	As at 30 September 2023		As at 30 September 2022	
	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000
Statement of financial position				
Impact on fair value of warrants (positive figures indicate increased liability):	+264	+/-144	+279	+/-38

	Year ended 30 September 2023		Year ended 30 September 2022	
	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000	Volatility = 100% £000	Volatility = +/- 10% of estimate used £000
Income statement				
Impact on fair value (loss)/gain on financial liabilities designated as FVTPL:	+16	+/-117	+1,002	+/-109

4. Critical accounting judgements and key sources of estimation uncertainty *continued*

Key sources of estimation uncertainty *continued*

Estimate of incremental borrowing rate in accounting for leases under IFRS 16

In recognizing a lease liability and right-of-use asset under IFRS 16 in respect of the Group's clinical laboratory in Frederick, MD, USA, the Group has used an estimated incremental borrowing rate of 7.5%. The Group does not have any borrowings, so in order to apply IFRS 16 it was necessary to estimate the incremental borrowing rate that would be faced by the Group. The rate of 7.5% was determined following enquiry with the Group's bankers. If the interest rate used in the calculation were higher, this would have the effect of reducing the size of both the lease liability and right-of-use asset, reducing the depreciation charge and increasing the interest charge in the consolidated income statement. The table below shows the impact of a change of +/-2% in the estimated incremental borrowing rate. There would be no change to operating cash flows or lease payments as a result of a change in the estimate of the incremental interest rate.

Estimated incremental interest rate:	5.5% £000	9.5% £000
Impact on consolidated income statement for the year ended 30 September 2023		
Right-of-use asset depreciation	(5)	5
Operating Loss	(5)	5
Finance costs (lease interest)	9	(7)
Loss for the year from continuing operations	4	(2)
Impact on consolidated statement of financial position as at 30 September 2023		
Right-of-use asset	63	(57)
Lease liability (current and non-current)	(60)	55
Net assets	3	(2)

Other judgements in applying the Group's accounting policies

Share option scheme

The Company has established a share option scheme ('the Scheme') through which options to purchase shares in the Company may be granted to certain individuals. The fair value of the options issued under the Scheme is derived by the Company using a Black-Scholes model and the resultant values are allocated to the income statement over the vesting period (typically one, two or three years).

In arriving at the fair value of options using this model, Management used judgement in arriving at the estimated share price volatility, which is used as a key input. A 10% change in the estimate of volatility used to value options granted during the period would have an impact on the loss for the year of approximately £9,000 (2022: approximately £8,000). Further details regarding the options granted and outstanding under the Scheme are set out in Note 32.

5. Revenue

All revenue is derived from the Group's principal activities, namely sales of proprietary products and biomarker research and development. Analysis of the Group's revenue by principal activities, geography and pattern of revenue recognition is as follows:

	2023 £000	2022 £000
Continuing operations:		
Sales of proprietary products		
USA	160	–
Rest of World	34	–
	194	–
Biomarker research and development		
USA	228	107
Rest of World	88	47
	316	154
Consolidated revenue	510	154

	2023 £000	2022 £000
Continuing operations:		
Revenue recognized at a point in time	194	–
Revenue recognized over time	316	154
	510	154

Notes to the financial statements *continued*
for the year ended 30 September 2023

5. Revenue *continued*

Information about major customers

The Group's revenues for the periods covered by this report are derived from a small number of customers, several of which represent more than 10% of the revenue for the period. These are summarized below:

	2023 £000	2022 £000
Revenue from individual customers each representing more than 10% of revenue for the period:	280	152

	Number	Number
Number of individual customers each representing more than 10% of revenue for the period:	2	2

Accounting policy information: revenue

The Group recognizes revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is shown net of sales taxes, discounts and after eliminating any intra-group sales.

To determine whether to recognize revenue, the Group follows a five-step process, as set out in IFRS 15 Revenue from Contracts with Customers:

1. Identifying the contract(s) with a customer
2. Identifying the performance obligation(s) in each contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligations are satisfied

Customers – tests reimbursed by US Healthcare payors

The Group's customers are primarily the patients whose samples are tested, but the Group does not enter into a formal reimbursement contract with a patient when their physician orders a test, although it may obtain an acknowledgement of financial responsibility from the patient, thereby establishing a contract with a patient in accordance with its customary business practices (IFRS 15:10), which is the point in time an order is received from a provider and a patient specimen has been returned to the relevant clinical laboratory for testing. Payment terms depend on a number of factors, including the terms of patients' insurance policies, the existence and terms of coverage decisions with the Center for Medicare & Medicaid Services ("CMS") and whether there are any agreements for reimbursement in place between the Group and specific payors. Where it is determined that no contract with a customer exists (notwithstanding the fact that payors reimburse for tests), the five-step process is not followed and revenue is recognized only when funds are received from the payor concerned, in line with IFRS15:15.

Customers – other test sales, sales of services

For the Group's sales of tests to self-paying patients, or where there is a written contractual agreement in place with a payor and the Group's biomarker discovery and clinical development services, both contract and customer are straightforward to identify.

Performance obligations

For test sales, the Group's contracts are considered to have a single performance obligation, being the delivery of a test report to the ordering physician. Although tests involve several processes, these are performed within a short period and the Group does not become entitled to any consideration until a test report is delivered. For contracts under which the Group provides services, the terms of each contract and or supporting statements of work are reviewed in detail to determine the number of performance obligations that are included in it. Typically, performance obligations may be separated by 'go/no-go' points in contracts, mid-project reporting or delivery obligations, or where consideration is explicitly tied to specific activities.

Transaction price

The transaction price is the amount of consideration that the Group expects to collect in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration expected to be collected from a contract with a customer may include fixed amounts, variable amounts, or both.

5. Revenue *continued*

Accounting policy information: revenue *continued*

Transaction price – tests reimbursed by US Healthcare payors

For these test sales, provided a contract is determined to exist and the five-step process is followed, the Group's consideration is deemed to be variable, since payors can reimburse at different levels. The Group estimates the variable consideration using the expected value method, primarily using historical reimbursement experience and available information regarding customer insurance eligibility to develop the expected value.

The Group monitors its estimates of transaction price to depict conditions that exist at each reporting date. If the Group subsequently determines that it will collect more or less consideration than it originally estimated for a contract with a patient, it accounts for the change as an increase or decrease in the estimate of the transaction price (i.e., an upward or downward adjustment to revenue) in the period in which the change is identified.

The Group recognizes revenue using the expected value of variable consideration, to the extent that it is "unconstrained": in order to recognize expected variable consideration as revenue, it must be highly probable that, once uncertainty regarding the consideration is resolved, there will not be a significant reversal of cumulative recognized revenue.

Transaction price – other test sales, sales of services

For these contracts, the transaction price is determined by reference to the written contract or agreement in place with the customer.

Allocation of the transaction price and revenue recognition

To the extent that service contracts are assessed to contain more than one performance obligation, each performance obligation is considered separately and its stage of completion is assessed based on progress towards project milestones specified in the contract, recorded by the Group's scientists in its project management system.

Revenue is recognized either at a point in time or over time when (or as) the Group satisfies performance obligations by transferring promised services and goods to its customers (when the customer obtains control of the services or goods). For the Group, this typically means that revenue arising from biomarker discovery or clinical development projects is recognized over time and revenue from sales of proprietary products (such as *EpiSwitch* CiRT and *EpiSwitch* PSE test or *EpiSwitch* Explorer Array Kits) is recognized at a point in time (either on delivery of a test report, or receipt of reimbursement from a payor, as noted above).

The Group recognizes contract liabilities when consideration has been received but the associated performance obligations have not been satisfied. These amounts are reported in trade and other payables in the statement of financial position (see Note 27). Similarly, if the Group satisfies a performance obligation before receipt of the relevant consideration, the Group recognizes either a contract asset or a receivable in trade and other receivables in the statement of financial position (see Note 23), depending on whether something other than the passage of time is required before the consideration becomes due.

The Group recognizes liabilities in respect of its obligation under its standard terms and conditions of sale to offer refunds in cases of nonconforming products supplied to customers, based on its experience to date of failure rates of its products. There was no provision for returns and refunds at 30 September 2023 (2022: nil).

6. Other operating income

	2023 £000	2022 £000
Continuing operations:		
Other operating income (awards and grants)		
– recognized at a point in time	–	–
– recognized over time	827	351
	827	351

During the year, the Company was granted a second FNIH Partnership for Accelerating Cancer Therapies (PACT) Award. Income was recognized in respect of each of the Company's PACT awards and OBD's involvement in the EU-funded HIPPOCRATES consortium (income in the prior year related only to the Company's first PACT award).

Accounting policy information: other operating income

Government grants

Award and grant income is not classed as revenue from contracts with customers and is therefore not accounted for according to the five-step process set out in IFRS 15 and outlined in Note 5 above. Government grants and similar awards are included within other operating income and are recognized so as to match the expenditure to which they are intended to contribute.

Grants received in advance of the income being recognized in other operating income are included in grant creditors. There are no unfulfilled conditions or contingencies relating to grant income recognized in the income statement.

Notes to the financial statements *continued*
for the year ended 30 September 2023

7. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on costs incurred to support the Group's main activities. The Group is currently determined to have one reportable segment under IFRS 8, that of sales of proprietary products and biomarker research and development. This assessment will be kept under review as the Group's activity expands.

The Group's operating expenses and non-current assets, analysed by geographical location were as follows:

	2023 £000	2022 £000
Staff costs		
UK	2,614	2,572
USA	2,692	1,815
Rest of World	97	96
Total staff costs	5,403	4,483
Research & development costs		
UK	680	523
USA	77	–
Rest of World	1	4
Total research & development costs	758	527
General & other admin costs		
UK	2,399	1,898
USA	969	479
Rest of World	43	75
Total general & other admin costs	3,411	2,452
Non-current assets		
UK	7,446	7,954
USA	1,478	564
Malaysia	36	61
Total non-current assets	8,960	8,579

8. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Note	2023 £000	2022 £000
Net foreign exchange losses	10	(31)	(123)
Research and development costs (excluding staff costs)		758	526
Amortization of intangible assets	17	146	100
Depreciation of property, plant and equipment	18	548	539
Depreciation of right-of-use assets	19	663	574
Staff costs	12	5,403	4,483
Share-based payments charged to profit and loss	32	332	394
Fair value loss/(gain) on financial liabilities designated as FVTPL	28	1,246	(1,095)
Gain reclassified to profit or loss on disposal of foreign operation	20	(113)	–

Research and development costs consist of inventories recognized as an expense as disclosed in Note 22 and other costs of materials and services.

9. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the Group's auditor:		
Annual audit	107	83
	107	83

No non-audit services were provided by the Group's auditor in the current or prior years.

10. Finance income

	2023 £000	2022 £000
Bank deposit interest	72	11
Exchange gains	31	123
Finance income	103	134

11. Finance costs

	2023 £000	2022 £000
Interest payable	213	195
Exchange losses	–	–
Finance costs	213	195

Interest payable represents amounts arising on leases accounted for under IFRS 16.

12. Staff costs

	2023 £000	2022 £000
Wages and salaries	4,829	3,921
Social security costs	331	332
Other pension costs	243	230
	5,403	4,483

The average number of persons, including executive directors, employed by the Group during the year was as follows:

	2023 Number	2022 Number
Management and administration	11	11
Clinical operations and customer support	10	7
Laboratory-based	24	26
	45	44

Notes to the financial statements *continued*
for the year ended 30 September 2023

13. Income tax

	2023 £000	2022 £000
Current tax:		
UK corporation tax credit at 22% (2022: 19%)	(686)	(920)
Over provision of tax credit in prior periods	24	2
Under provision of foreign corporate income tax in prior periods	16	7
Foreign corporate income tax	122	63
Total current tax credit	(524)	(848)
Deferred tax:		
Origination and reversal of temporary differences	(61)	(9)
Total tax credit	(585)	(857)

The tax credits assessed for the two years ended 30 September 2023 and 30 September 2022 related entirely to UK R&D tax credit relief. Taxation for the overseas subsidiaries is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the loss per the income statement as follows:

	2023 £000	2022 £000
Loss before tax on continuing operations	(11,411)	(7,567)
Weighted average corporation tax rate for the year	22%	19%
Tax at the above rate on loss for the year	(2,510)	(1,438)
Tax effect of:		
Expenses that are not deductible in determining taxable profit	45	83
Research and Development relief	(134)	(404)
Net adjustments in respect of prior periods	39	3
Share-based payments	58	73
Deferred tax – origination of temporary differences	(61)	(9)
Unrecognized tax losses and other temporary differences	1,978	835
Tax credit for the year	(585)	(857)

Factors affecting the future tax charge

As at the balance sheet date, the following upcoming changes have been announced. These have not yet been substantively enacted as they were only announced in the Autumn Statement in November 2023.

A merged R&D regime was announced in the November 2023 Autumn Statement which will apply to accounting periods commencing on or after 1 April 2024. The legislation has not yet been enacted. The R&D intensity rules which were introduced from 1 April 2023 required that at least 40% of total expenditure must qualify for R&D to enable a company to benefit from an SME tax credit of 14.5% instead of a 10% credit. For accounting periods beginning on or after 1 April 2024, this will change to at least 30% of expenditure which must qualify for R&D to enable the company to claim the 14.5% credit. This legislation has not yet been enacted.

In the US, President Biden's FY 2024 Budget includes a proposal to increase the US corporate income tax rate to 28%. As of the date of this report, subsequent enacted legislation has not included an increase in the current enacted tax rate of 21%, which has been assumed for the purposes of estimating US deferred tax balances.

There is an unrecognized deferred tax asset at 30 September 2023 of approximately £7,172,000 (2022: £4,924,000) in respect of tax losses carried forward and unexercised share options. The asset has not been recognized in respect of these items because of uncertainty over its recoverability.

13. Income tax *continued*

Accounting policy information: taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 balance sheet date.

Full provision is made for research and development tax credits calculated at the tax rates effective for the current year. It is included as an income tax credit under trade and other receivables.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

14. Dividends

No dividends have been declared for the year ended 30 September 2023 (2022: £nil).

15. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year ended 30 September 2023 was £11,045,000 (2022: £6,981,000 loss).

16. Earnings per share

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	2023 £000	2022 £000
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	(10,826)	(6,710)
Earnings for the purposes of diluted earnings per share	(10,826)	(6,710)

	2023 No.	2022 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*	147,481,566	99,702,257
	Pence	**Pence**
Earnings per share		
Basic and diluted earnings per share	(7.3)	(6.7)

* Ordinary shares that may be issued on the exercise of options or warrants are not treated as dilutive as the entity is loss-making.

Notes to the financial statements *continued*
for the year ended 30 September 2023

17. Intangible fixed assets

Group	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2022	62	144	1,674	1,880
Additions	–	39	427	466
Exchange differences	–	(10)	–	(10)
At 30 September 2023	**62**	**173**	**2,101**	**2,336**
Accumulated amortization				
At 1 October 2022	62	65	152	279
Charge for the year	–	36	110	146
Exchange differences	–	(2)	–	(2)
At 30 September 2023	**62**	**99**	**262**	**423**
Carrying amount				
At 30 September 2023	**–**	**74**	**1,839**	**1,913**

Group	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2021	62	57	1,208	1,327
Additions	–	72	466	538
Exchange differences	–	15	–	15
At 30 September 2022	62	144	1,674	1,880
Accumulated amortization				
At 1 October 2021	54	36	85	175
Charge for the year	8	25	67	100
Exchange differences	–	4	–	4
At 30 September 2022	62	65	152	279
Carrying amount				
At 30 September 2022	–	79	1,522	1,601

Accounting policy information: intangible assets

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as product designs and new processes);
- it is technically feasible that the asset can be completed so that it will be available for use or sale;
- the Group has the intention to complete the development of the asset;
- the Group has the ability to use or sell the asset;
- the Group has sufficient financial technical and other resources to complete the development of the asset
- it is probable that the asset created will generate future economic benefits; and
- the costs of developing this asset can be measured reliably.

Internally-generated intangible assets are amortized over the useful life of the asset, ranging between 3 and 20 years, on a straight-line basis, unless the pattern of benefits can be determined reliably, in which case amortization is charged so as to reflect the pattern of economic benefits likely to accrue to the Group.

To the extent that the above conditions are not met, any development costs are recognized as an expense in the period in which they are incurred.

Patents and trademarks

External expenditure on the creation of patents and trademarks is capitalized to the extent that the conditions listed above are met and carried at cost less accumulated amortization and accumulated impairment losses. Expenditure to maintain patents and trademarks after the date of their grant is charged to the income statement as incurred. Patents and trademarks are amortized on a straight-line basis over the remainder of their term from the date of their grant or the beginning of their useful lives, whichever is earlier.

17. Intangible fixed assets *continued*

Company	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2022	62	40	1,675	1,777
Additions	–	–	427	427
At 30 September 2023	**62**	**40**	**2,102**	**2,204**
Accumulated amortization				
At 1 October 2022	62	39	152	253
Charge for the year	–	1	110	111
At 30 September 2023	**62**	**40**	**262**	**364**
Carrying amount				
At 30 September 2023	**–**	**–**	**1,840**	**1,840**

Company	Website development costs £000	Software development costs £000	Patents £000	Total £000
Cost				
At 1 October 2021	62	40	1,208	1,310
Additions	–	–	467	467
At 30 September 2022	62	40	1,675	1,777
Accumulated amortization				
At 1 October 2021	54	36	85	175
Charge for the year	8	3	67	78
At 30 September 2022	62	39	152	253
Carrying amount				
At 30 September 2022	–	1	1,523	1,524

As at 30 September 2023, in the Group and Company, a total of £304,000 (2022: £263,000) of patent assets were not yet being amortized because their useful life was determined not to have begun.

The Group and Company hold no intangible assets that are determined to have indefinite useful life.

Accounting policy information: impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of: (i) fair value less costs to sell and (ii) 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 recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation balance is greater than the impairment loss.

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 only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years for the asset (or cash-generating unit). A reversal of an impairment loss is recognized immediately in profit or loss, 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.

Notes to the financial statements *continued*
for the year ended 30 September 2023

18. Property, plant and equipment

Group	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2022	2,041	182	172	2,318	4,713
Additions	45	58	15	125	243
Disposals	–	(47)	–	(88)	(135)
Exchange differences	(2)	(2)	(2)	(55)	(61)
At 30 September 2023	**2,084**	**191**	**185**	**2,300**	**4,760**
Accumulated depreciation					
At 1 October 2022	231	139	44	1,717	2,131
Charge for the year	208	37	34	269	548
Eliminated on disposals	–	(47)	–	(84)	(131)
Exchange differences	(2)	(2)	(1)	(21)	(26)
At 30 September 2023	**437**	**127**	**77**	**1,881**	**2,522**
Carrying amount					
At 30 September 2023	**1,647**	**64**	**108**	**419**	**2,238**

Group	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2021	2,001	160	106	2,140	4,407
Additions	38	24	65	102	229
Disposals	–	(7)	–	(9)	(16)
Exchange differences	2	5	1	85	93
At 30 September 2022	2,041	182	172	2,318	4,713
Accumulated depreciation					
At 1 October 2021	26	102	12	1,439	1,579
Charge for the year	204	42	31	262	539
Eliminated on disposals	–	(7)	–	(8)	(15)
Exchange differences	1	2	1	24	28
At 30 September 2022	231	139	44	1,717	2,131
Carrying amount					
At 30 September 2022	1,810	43	128	601	2,582

18. Property, plant and equipment *continued*

Company	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2022	2,025	153	157	1,774	4,109
Additions	45	33	–	39	117
Disposals	–	(47)	–	(143)	(190)
At 30 September 2023	**2,070**	**139**	**157**	**1,670**	**4,036**
Accumulated depreciation					
At 1 October 2022	218	124	33	1,518	1,893
Charge for the year	207	26	31	153	417
Eliminated on disposals	–	(47)	–	(121)	(168)
At 30 September 2023	**425**	**103**	**64**	**1,550**	**2,142**
Carrying amount					
At 30 September 2023	**1,645**	**36**	**93**	**120**	**1,894**

Company	Leasehold improvements £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 1 October 2021	1,987	146	92	1,687	3,912
Additions	38	14	65	93	210
Disposals	–	(7)	–	(6)	(13)
At 30 September 2022	2,025	153	157	1,774	4,109
Accumulated depreciation					
At 1 October 2021	16	96	2	1,345	1,459
Charge for the year	202	35	31	179	447
Eliminated on disposals	–	(7)	–	(6)	(13)
At 30 September 2022	218	124	33	1,518	1,893
Carrying amount					
At 30 September 2022	1,807	29	124	256	2,216

Accounting policy information: property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual value over their useful lives, using the straight-line method, on the following bases:

Laboratory equipment, office equipment:	3 years
Fixtures and fittings:	5 years
Leasehold improvements:	Life of lease

Gains or losses arising on the disposal of assets are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized in income on the transfer of the risks and rewards of ownership.

The Group has no class of tangible fixed asset that has been revalued in the period covered by the consolidated financial statements.

Property plant and equipment is reviewed for impairment at each balance sheet date, as explained in more detail in the accounting policy information on page 87.

Notes to the financial statements *continued*
for the year ended 30 September 2023

19. Right-of-use assets

Group	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2022	5,224	18	5,242
Additions	1,029	–	1,029
Exchange differences	(12)	–	(12)
At 30 September 2023	**6,241**	**18**	**6,259**
Accumulated depreciation			
At 1 October 2022	835	11	846
Charge for the year	657	6	663
Exchange Differences	(9)	–	(9)
At 30 September 2023	**1,483**	**17**	**1,500**
Carrying amount			
At 30 September 2023	**4,758**	**1**	**4,759**

Group	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2021	4,968	18	4,986
Additions	226	–	226
Derecognition	(9)	–	(9)
Exchange differences	39	–	39
At 30 September 2022	5,224	18	5,242
Accumulated depreciation			
At 1 October 2021	263	5	268
Charge for the year	568	6	574
Eliminated on derecognition	(9)	–	(9)
Exchange Differences	13	–	13
At 30 September 2022	835	11	846
Carrying amount			
At 30 September 2022	4,389	7	4,396

19. Right-of-use assets *continued*

Company	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2022	4,948	18	4,966
At 30 September 2023	**4,948**	**18**	**4,966**
Accumulated depreciation			
At 1 October 2022	742	11	753
Charge for the year	495	6	501
At 30 September 2023	**1,237**	**17**	**1,254**
Carrying amount			
At 30 September 2023	**3,711**	**1**	**3,712**

Company	Buildings £000	Other £000	Total £000
Cost			
At 1 October 2021	4,948	18	4,966
At 30 September 2022	4,948	18	4,966
Accumulated depreciation			
At 1 October 2021	247	5	252
Charge for the year	495	6	501
At 30 September 2022	742	11	753
Carrying amount			
At 30 September 2022	4,206	7	4,213

Accounting policy information: right-of-use assets

Right-of-use assets are recognized at the commencement date of a lease (see Note 29 for more detail on how the Group accounts for leases).

Right-of-use assets are measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs that will be incurred to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received.

The Group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses right-of-use assets for impairment when indicators of impairment exist.

Notes to the financial statements *continued*
for the year ended 30 September 2023

20. Investment in Subsidiaries

Company	Group Undertakings £000	Total £000
Cost		
At 1 October 2022	524	524
Additions	–	–
At 30 September 2023	**524**	**524**
Amounts written off		
At 1 October 2022	243	243
Written off/(back) in year	–	–
At 30 September 2023	**243**	**243**
Carrying amount		
At 30 September 2023	**281**	**281**
At 30 September 2022	281	281

All subsidiary undertakings of the Company, listed below, are included in the consolidated financial statements of the Group:

Name and registered office address	Country of incorporation and principal place of business	Principal activity	Class of shares	2023 %	2022 %
Oxford BioDynamics Inc 9801 Washingtonian Blvd., Suite 370 Gaithersburg, MD 20878 USA	USA	Sales & Marketing	Ordinary	**100**	100
Oxford BioDynamics (M) Sdn Bhd Unit No. 4-09 Fourth Floor, Island Plaza 118, Jalan Tanjung Tokong, 10470 Penang, Malaysia	Malaysia	Diagnostic research	Ordinary	**100**	100
Oxford BioDynamics Pte Ltd 137 Telok Ayer Street, #08-01, Singapore 068602	Singapore	Diagnostic research	Ordinary	**100**	100

Oxford BioDynamics Australia Pty Ltd, of which the Company held 100% of the ordinary shares at 30 September 2022, was deregistered by the Australian Securities and Investments Commission during the period, on 16 November 2022. At the time of deregistration, a translation reserve of £113,000 was held by the Group in respect of Oxford BioDynamics Australia Pty Ltd. As required by IAS 21.48 "Disposal of a foreign operation", the translation reserve has been reclassified as a gain within the Income Statement, with a contra entry recognized as part of Other Comprehensive Income.

21. Interest in associate undertaking

Group and Company	Total £000
Cost	
At 1 October 2022	422
Discontinuation of equity method	(422)
At 30 September 2023	**–**
Amounts written off	
At 1 October 2022	422
Discontinuation of equity method	(422)
At 30 September 2023	**–**
Carrying amount	
At 30 September 2023	**–**

Group and Company	Total £000
Cost	
At 1 October 2021	422
Additions	–
At 30 September 2022	422
Amounts written off	
At 1 October 2021	422
Group's share of losses of associate	–
At 30 September 2022	422
Carrying amount	
At 30 September 2022	–

In the prior year and until 30 August 2023, the Group held 28.84% of the ordinary shares of Holos Life Sciences (Singapore) Pte Ltd ("Holos"), a Singapore-based company, which is not listed on any public exchange and whose registered office is at 4 Battery Road, #25-01 Bank of China Building, Singapore, 049908.

On 30 August 2023, the Group entered into a contractual commitment to dispose of 13.84% of the ordinary shares of Holos for a nominal amount ("the Disposal"). At the same time as the Disposal, all existing agreements between Group entities and Holos or any of its subsidiary entities were terminated and all IP rights returned to the Company. On 25 September 2023, updates to Holos's constitution, including inter alia the removal of special rights attaching to certain of the ordinary shares in Holos, were approved by Holos' shareholders, including the Company. Until the Disposal, the Group's interest in Holos was accounted for using the equity method. From the date of entering into a contractual commitment to effect the Disposal, the Group is no longer considered to exercise significant influence over the affairs of Holos. Accordingly, the Group's remaining holding in Holos (As at 30 September 2023: 15%) is accounted for as a financial asset at FVTPL. The fair value of the Group's remaining investment immediately after the Disposal was estimated to be £nil, as set out in more detail in Note 4.

Summarized financial information for Holos and a reconciliation with the carrying amount of the Group's investment at the prior year-end are set out below:

	30 September 2022 £000
Current assets	111
Non-current assets	–
Current liabilities	(103)
Non-current liabilities	(1,138)
Equity	(1,130)
Group's share in equity – 28.84% (not recognized) (30 September 2022: 28.84%, not recognized)	–
Carrying amount of the investment	–

Notes to the financial statements *continued*
for the year ended 30 September 2023

21. Interest in associate undertaking *continued*

Summarized income statement for Holos Life Sciences (Singapore) Pte Ltd

	1 October 2022 to 30 August 2023 £000	1 October 2021 to 30 September 2022 £000
Revenue	–	–
Cost of sales	–	–
R&D expenditure	–	–
Admin expenses	(16)	(7)
Finance costs	(50)	–
Loss before tax	(66)	(7)
Tax	–	–
Loss and total comprehensive income for the period	(66)	(7)
Group's share of loss for the period – 28.84% (not recognized) (2022: 28.84%, not recognized)	(19)	(2)

In the period prior to the Disposal, the Group's share of Holos' losses was recognized until the carrying value of the Group's interest in Holos was reduced to zero. The Group's share of Holos' net liabilities was not recognized because the Group is not liable for any of Holos' liabilities and has not made any payments on behalf of Holos.

Holos had no contingent liabilities as at 30 September 2022.

22. Inventories

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Laboratory consumables	274	337	206	306

The cost of inventories recognized as an expense during the year was as follows:

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Cost of inventories recognized as an expense	824	435	778	430

No inventories have been pledged as security against borrowings during the year (year ended 30 September 2022: £nil).

Accounting policy information: inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using either the First-In-First-Out method or, for fast moving items, the average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

23. Trade and other receivables

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts receivable for the provision of services	14	12	14	12
Income taxes recoverable	686	920	686	920
Other debtors	261	150	235	142
Unbilled receivable	62	–	62	–
Accrued income	29	–	29	–
Prepayments and accrued interest income	591	347	517	319
	1,643	1,429	1,543	1,393

Trade receivables disclosed above are classified as financial assets and are measured at amortized cost.

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

The average credit period offered to customers invoiced during the year ended 30 September 2023 was 34 days (2022: 30 days). The average days sales outstanding ("DSO") in 2023 was 30 days (2022: 30 days). As the Group's revenue reflects a relatively small number of high-value contracts, with some invoicing in advance of performance obligations completed (and therefore revenue recognized), Management expect average DSO to be subject to significant variation from year to year. The recoverability of debtor balances is monitored on an invoice-by-invoice basis.

The Group has not charged interest for late payment of invoices in the year ended 30 September 2023 (2022: £nil). The Group monitors the probability of default by its customers following the Expected Credit Loss model of IFRS 9, with rates based on the Group's historic loss rates in the 48 months to 1 October 2023. No allowance for loss has been recognized at 30 September 2023 (2022: £nil).

Before accepting any significant new customer, the Group assesses the potential customer's credit quality. The Group has entered into commercial contracts with a number of customers, the majority of which are global pharmaceutical and biotechnology companies. The contracts in which the Group is involved tend to be invoiced by means of upfront and milestone payments covering a substantial portion of the whole project: this tends to reduce the Group's risk of performing significant levels of work without invoicing for it, but may also distort the Group's credit exposure profile at certain points during the financial period. Payments for the Group's proprietary tests are either received in advance of test performance, from insurance payors or, in the case of some sales, from the Group's partner laboratory, whose creditworthiness was checked as part of the Group's standard supplier selection procedures.

For the year ended 30 September 2023, the proportion of revenue attributable to one customer was 45% (2022: 70%), but the Directors are of the view that this does not signify that there is more than a low-to-moderate risk in this respect, and this is borne out by the Group's history of having had no bad debts throughout the period.

Trade receivables disclosed above include no amounts which are significantly past due at the year-end (see ageing analysis below). To date, the Group has experienced no credit losses from past events. There are no current conditions of which the Group is aware that affect the expected collectability of trade receivables. Accordingly, the Group has not recognized an allowance for expected credit losses (2022: £nil).

Ageing of trade receivables (none of which are considered to be impaired):

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Not overdue	14	12	14	12
Overdue between 0-30 days	–	–	–	–
Overdue between 31-60 days	–	–	–	–
Overdue between 61-90 days	–	–	–	–
Overdue between 91-120 days	–	–	–	–
Overdue more than 120 days	–	–	–	–
	14	12	14	12

Notes to the financial statements *continued*
for the year ended 30 September 2023

24. Term deposits and cash and cash equivalents

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Term deposits	–	25	–	25
Cash and cash equivalents	5,250	974	5,066	818
	5,250	999	5,066	843

The Directors consider the carrying amount of these assets to be approximately equal to their fair value.

Accounting policy information: term deposits and cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits, balances in notice accounts with a notice period of less than three months and term deposits with an initial maturity of less than three months.

Amounts held in notice accounts or term deposits with a notice period or initial maturity of three months or more are accounted for as term deposits.

25. Share capital of the Company

	2023 Number	2023 £	2022 Number	2022 £
Authorized shares				
Ordinary shares of £0.01 each – allotted and fully paid	202,303,415	2,023,034	100,351,574	1,003,516
Total	202,303,415	2,023,034	100,351,574	1,003,516

The Company has one class of ordinary shares which carry no right to fixed income.

On 28 October 2022 and 31 October 2022, the Company issued a total of 46,360,806 new ordinary shares.

On 21 August 2023 and 22 August 2023, the Company issued a total of 55,591,035 new ordinary shares.

No shares were issued on the exercise of share options or warrants during the year (2022: nil).

The Company has a number of shares reserved for issue pursuant to warrants and under an equity-settled share option scheme; further details are disclosed in Notes 28 and 32.

26. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium:	Amount subscribed for share capital in excess of nominal value
Translation reserve:	Gains/losses arising on retranslating the net assets of overseas operations into pounds sterling
Share option reserve:	Reserve account for share option equity-based transactions
Retained earnings:	All other net gains and losses and transactions not recognized elsewhere

27. Trade and other payables

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade payables	485	857	426	828
Other creditors including other taxes and social security	102	101	95	102
Amounts owed to group undertakings	–	–	896	654
Grant creditors	–	44	–	44
Accruals and contract liabilities	1,120	998	576	642
	1,707	2,000	1,993	2,270

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases was 30 days (2022: 31 days). No interest costs have been incurred in relation to trade payables. The Group's policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments.

Other creditors include sales taxes, property taxes, social security and employment taxes due to local tax authorities.

Amounts owed to group undertakings are repayable on demand. Balances outstanding between group companies do not incur interest.

Accruals and contract liabilities principally comprise accrued overhead expenses and deferred project revenue for which certain delivery or performance obligations remain outstanding at the period end.

27. Trade and other payables *continued*

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

28. Warrants

As at 30 September 2023 there were 7,791,803 shares reserved for issue under warrants (30 September 2022: 7,791,803).

The Warrants were issued during the prior year, on 11 November 2021. The Warrants have an exercise price of 58.125p and may be exercised for a period beginning one year and ending five years after the issue date.

In certain circumstances, the Warrants may be exercised by way of a 'cashless exercise' whereby holders are entitled to receive a number of warrant shares equal to [(A-B) x 7,791,803]/(A), where A is the value of the Company's ordinary shares at the time, and B is the warrant exercise price of 58.125p. Anti-dilution provisions are also in place such that if there is an adjustment for any dividends paid or changes to ordinary share capital at any time whilst the warrant is outstanding, the number of shares issued on exercise of the warrant is adjusted to take into account the proportionate change (with a limitation on fractional shares).

On award and at each subsequent reporting date, the fair value of the Warrants has been estimated using the Black-Scholes option pricing model. Volatility has been estimated by reference to historical share price data over a period commensurate with the expected term of wthe options awarded (effectively the remaining term at each reporting date).

The fair value of the Warrants and the assumptions used in estimating it are shown below:

	30 September 2023	30 September 2022
Share price at date of award/value date (p)	37	11.5
Exercise price (p)	58.125	58.125
Expected volatility	84.39%	59.86%
Dividend yield	0%	0%
Expected life of option	3.11 years	4.11 years
Risk free interest rate	4.55%	4.40%
Fair value per Warrant	17p	1p
Warrant liability	£1,360,000	£114,000

Warrant liability – Group and Company	Total £000
At 1 October 2022	114
Issue of warrants	–
Fair value loss on financial liability designated as FVTPL	1,246
At 30 September 2023	**1,360**
At 1 October 2021	–
Issue of warrants	1,209
Fair value gain on financial liability designated as FVTPL	(1,095)
At 30 September 2022	114

Accounting policy information: warrants

The warrants are classified as financial liabilities at FVTPL. Accounting policy information for financial liabilities is set out in Note 35 on page 104.

29. Lease Liabilities

Group	2023 £000	2022 £000
Maturity analysis:		
Year 1	1,045	910
Year 2	1,052	908
Year 3	1,051	820
Year 4	1,058	813
Year 5+	3,101	3,470
	7,307	6,921
Less: future interest charges	(868)	(785)
	6,439	6,136
Analysed as:		
Current	818	736
Non-current	5,621	5,400
	6,439	6,136

Notes to the financial statements *continued*
for the year ended 30 September 2023

29. Lease Liabilities *continued*

Company	2023 £000	2022 £000
Maturity analysis:		
Year 1	818	819
Year 2	813	818
Year 3	813	813
Year 4	813	812
Year 5+	2,656	3,469
	5,913	6,731
Less: future interest charges	(610)	(779)
	5,303	5,952
Analysed as:		
Current	667	649
Non-current	4,636	5,303
	5,303	5,952

Accounting policy information: leasing

In the current and prior year the Group acted only as a lessee, not as a lessor.

For any new contracts entered into, the Group considers whether the contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether each of the following criteria apply:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the commencement date of a lease, the Group recognizes a **right-of-use asset** (see Note 19) and a **lease liability** in the statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received. The Group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when indicators of impairment exist.

The initial lease liability is recognized at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate. As the Group does not have any other borrowings, indicative rates received from the Group's bankers have been used to estimate the incremental borrowing rate that the Group would incur were it to enter into borrowing.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under any residual value guarantees and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

If a lease liability is remeasured, a corresponding adjustment is reflected in the value of the right-of-use asset, or, if the carrying value of the right-of-use asset is already reduced to zero, the income statement.

The Group has elected to account for short-term leases (with a term of up to 12 months) and leases of low-value assets using the practical expedients available in IFRS 16 'Leases'. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to such leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets are included in non-current assets and lease liabilities have been included in both current and non-current liabilities.

30. Provisions

Group & Company	Property dilapidations £000	Total £000
At 1 October 2022	424	424
Arising during the year	16	16
Used during the year	–	–
Reversed during the year	–	–
At 30 September 2023	**440**	**440**

	2023 £000	2022 £000
Analysed as:		
Current	–	–
Non-current	440	424
	440	424

The property dilapidations provision is based on the expected future costs required to restore the Group's leased buildings to a specified condition at the end of their respective lease terms, where such obligations exist. The provision entirely relates to the Group's Oxford HQ, for which there are obligations i) to reverse certain of the leasehold improvements carried out by the Group, for which a provision was recognized immediately after completion of those works and ii) to carry out work to return the building to a fair condition at the end of the lease, for which a provision is being recognized over the course of the lease term. If the Group were to vacate the property at the end of the current lease in 2031, the provision would be expected to be utilized at that point.

Accounting policy information: provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Property dilapidations

Provisions for dilapidations are recognized on a lease-by-lease basis and are based on the Group's best estimate of the likely committed outflow.

31. Deferred tax

Deferred tax relates to the following:

	Statement of financial position		Deferred tax movement in the income statement	
Group	2023 £000	2022 £000	2023 £000	2022 £000
Deferred tax liability				
Accelerated tax depreciation – asset/(liability)	(110)	(188)	78	127
Unrelieved tax losses – asset/(liability)	100	167	(67)	(118)
Deferred tax liability (expense)/income			11	9
Total deferred tax liabilities	(10)	(21)		
Deferred tax assets				
Accelerated tax depreciation – asset/(liability)	(51)	–	(51)	–
Unrelieved tax losses – asset/(liability)	–	–	–	–
General provisions – asset/(liability)	101	–	101	–
Deferred tax asset (expense)/income			50	–
Net deferred tax asset	50	–		
Total deferred tax (expense)/income			61	9
Net deferred tax asset/(liability)	40	(21)		

Notes to the financial statements *continued*
for the year ended 30 September 2023

31. Deferred tax *continued*

Company	Statement of financial position 2023 £000	Statement of financial position 2022 £000	Deferred tax movement in the income statement 2023 £000	Deferred tax movement in the income statement 2022 £000
Accelerated tax depreciation	(100)	(167)	(67)	(75)
Unrelieved tax losses	100	167	67	75
Deferred tax (expense)/income			–	–
Net deferred tax asset/(liability)	–	–		

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group or Company can benefit therefrom:

Group	Unrelieved tax losses £000	Share-based payments £000	Other £000	Total £000
At 1 October 2022	4,897	–	27	4,924
Movement in year including impact of tax rate changes and vesting of share options	2,192	65	14	2,271
At 30 September 2023	7,089	65	41	7,195

Company	Unrelieved tax losses £000	Share-based payments £000	Other £000	Total £000
At 1 October 2022	5,064	–	26	5,090
Movement in year including impact of tax rate changes and vesting of share options	2,002	65	15	2,082
At 30 September 2023	7,066	65	41	7,172

Accounting policy information: deferred tax
Information relating to the accounting policy used for deferred tax is shown in Note 13 on page 85.

32. Share-based payments

Equity-settled share option scheme

In November 2016, the Company established an Enterprise Management Incentive ("EMI") share option scheme, under which options have been granted to certain employees, and a non-employee option scheme with similar terms, except that options granted under it do not have EMI status. EMI and non-EMI share options were also previously granted under a share option scheme established in October 2008 ("the 2008 Scheme"). The Company does not intend to grant any further options under the 2008 Scheme. All of the schemes are equity-settled share-based payment arrangements, whereby the individuals are granted share options of the Company's equity instruments, namely ordinary shares of 1 pence each.

The schemes include non-market-based vesting conditions only, whereby the share options may be exercised from the date of vesting until the 10th anniversary of the date of the grant. In most cases options vest under the following pattern: one-third of options granted vest on the first anniversary of the grant date; one-third on the second anniversary and one-third on the third anniversary. The only exception to this pattern is 84,000 options which were granted in the year ended 30 September 2016 which vested immediately upon grant.

The options outstanding as at 30 September 2023 have exercise prices in the range of £0.165 to £2.10.

	2023		2022	
	Number of options	Weighted average exercise price £	Number of Options	Weighted average exercise price £
Outstanding at start of period	9,447,658	0.67	8,526,484	0.76
Granted during the period	2,721,061	0.18	1,556,757	0.28
Forfeited during the period	(2,185,576)	(0.48)	(635,583)	(0.93)
Exercised during the period	–	–	–	–
Outstanding at end of period	9,983,143	0.57	9,447,658	0.67
Exercisable at end of period	5,983,853	0.76	6,622,162	0.68
Weighted average remaining contractual life (in years) of options outstanding at the period end		6.60		5.36

	2023 £000	2022 £000
Expense arising from share-based payment transactions	332	394

The fair value of share options has been estimated using the Black-Scholes option pricing model. Volatility has been estimated by reference to historical share price data over a period commensurate with the expected term of the options awarded. The assumptions for the options granted during the current and prior periods were as follows:

	2023 £000	2022 £000
Share price at date of grant	£0.156 to £0.189	£0.17 to £0.40
Exercise price	£0.156 to £0.189	£0.17 to £0.40
Expected volatility	55% to 56%	52% to 54%
Dividend yield	0%	0%
Expected life of option	8.7 to 9.0 years	8.6 to 8.7 years
Risk free interest rate	3.45% to 3.70%	0.73% to 1.87%

Notes to the financial statements *continued*
for the year ended 30 September 2023

33. Retirement benefit schemes

Defined contribution schemes

The Group contributes to the personal pension schemes and, in the USA, 401(k) plans of individual employees.

Other than amounts that are deducted from employees' remuneration and accrued pending payment to the individuals' pension schemes, no further obligations fall on the Group as the assets of these arrangements are held and managed by third parties entirely separate from the Group.

The pension charge for the period represents contributions payable to the pension schemes and 401(k) plans of individual employees and these amounted to £243,000 for the year ended 30 September 2023 (2022: £230,000). Contributions owed to the schemes at 30 September 2023 amounted to £10,445 (2022: £14,232).

34. Commitments & contingencies

Capital and other commitments

There were no capital or other commitments as at 30 September 2023.

35. Financial instruments

Financial risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments, the main types of risk being market risk, credit risk and liquidity risk, which are described in more detail below.

The Group's financial assets and liabilities are summarized by category in the table below.

The Group's financial risk management is co-ordinated at its head office by its finance function, in close co-operation with the Board. It co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures.

The Group does not trade in financial assets for speculative purposes, nor has it entered into derivatives.

Categories of financial instruments

		Group		Company	
	Note	2023 £000	2022 £000	2023 £000	2022 £000
Financial assets					
Amortized cost					
Cash and cash equivalents	24	5,250	974	5,066	818
Term deposits	24	–	25	–	25
Trade and other receivables	23	1,053	1,083	1,026	1,074
		6,303	2,082	6,092	1,917
Financial liabilities					
Amortized cost					
Trade and other payables	27	1,614	1,783	1,900	2,054
Lease liabilities	29	6,439	6,136	5,303	5,952
		8,053	7,919	7,203	8,006
FVTPL					
Warrant liability		1,360	114	1,360	114
Total financial liabilities		9,413	8,033	8,563	8,120

35. Financial instruments *continued*

Accounting policy information: financial instruments – recognition and derecognition

Recognition and derecognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Accounting policy information: financial instruments – classification and measurement of financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

In the periods presented the Group does not have any financial assets categorized as either FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions and they are not classified as FVTPL:

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where its effect would be immaterial. The Group's cash and cash equivalents, term deposits, trade and other receivables fall into this category.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the financial statements *continued*
for the year ended 30 September 2023

35. Financial instruments *continued*

Accounting policy information: financial instruments – impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognized for 'Stage 1' financial instruments, while 'lifetime expected credit losses' are recognized for 'Stage 2' financial instruments. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounting policy information: financial instruments – classification and measurement of financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

– Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions, in accordance with IAS 32:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that either of these conditions is not met, the financial instrument is classified as a financial liability.

– Financial liabilities

The Group's financial liabilities include trade and other payables and warrants classified as financial liabilities. The Group does not have any borrowings or derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless classified as a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The fair value of warrants classified as financial liabilities is estimated using a Black-Scholes option pricing model, as set out in more detail in Notes 4 and 28.

35. Financial instruments *continued*

Fair value of financial instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial liabilities measured at fair value on a recurring basis (there were no financial assets measured at fair value on a recurring basis in any of the periods):

Group	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 30 September 2023					
Financial assets					
Investments (Level 3 input)		–	–	–	–
		–	–	–	–
Financial liabilities					
Warrant liability	28	–	1,360	–	1,360
		–	1,360	–	1,360
At 30 September 2022					
Financial assets		–	–	–	–
Financial liabilities					
Warrant liability		–	114	–	114
		–	114	–	114

Company	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 30 September 2023					
Financial assets					
Investments (Level 3 input)		–	–	–	–
		–	–	–	–
Financial liabilities					
Warrant liability	28	–	1,360	–	1,360
		–	1,360	–	1,360
At 30 September 2022					
Financial assets		–	–	–	–
Financial liabilities					
Warrant liability		–	114	–	114
		–	114	–	114

Management has assessed that the fair values of cash and term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, none of the bases for valuation under the fair value hierarchy set out in IFRS 13 'Fair Value Measurement' have been deployed in arriving at the values shown for these items in the preceding notes.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate to their fair values.

Notes to the financial statements *continued*
for the year ended 30 September 2023

35. Financial instruments *continued*

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). To mitigate its exposure to foreign currency risk, the Group monitors amounts to be paid and received in specific currencies, and where these are expected largely to offset one another, no further currency hedging activity or forward exchange contracts are entered into. During the year the Group converted its excess US dollar deposits to sterling.

Foreign currency sensitivity

The Group undertakes transactions denominated in foreign currencies, therefore exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters, utilising natural hedging as outlined above where possible.

The carrying amounts of the Group's and Company's foreign currency-denominated monetary assets and liabilities at the relevant period end dates are as follows:

	Liabilities		Assets	
Group	2023 £000	2022 £000	2023 £000	2022 £000
US dollar	(802)	(407)	312	175
Singapore dollar	(4)	(4)	18	20
Euro	(19)	(13)	–	–
Malaysian ringgit	–	(2)	6	15
Outstanding at end of period	(825)	(426)	336	210

	Liabilities		Assets	
Company	2023 £000	2022 £000	2023 £000	2022 £000
US dollar	(93)	(29)	52	21
Euro	(19)	13)	–	–
Outstanding at end of period	(112)	(42)	52	21

The Group is mainly exposed to variations in the exchange rate between sterling and the US dollar and, to a lesser extent, the Singapore dollar.

The following table details the Group's sensitivity to a 10% weakening in the pound sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible movement in foreign exchange rates over the medium term (3-12 months). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

For a 10% strengthening of the pound sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	US dollar impact		Singapore dollar impact	
Group	2023 £000	2022 £000	2023 £000	2022 £000
Profit	49	23	2	2

	US dollar impact		Singapore dollar impact	
Company	2023 £000	2022 £000	2023 £000	2022 £000
Profit	5	2	–	–

In Management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk through the year.

Interest rate sensitivity

The Group is not significantly exposed to interest rate risk because it does not have any external borrowings. It does hold funds on deposit in accounts paying variable interest rates. The Group's finance income is therefore affected by variations in deposit interest rates.

35. Financial instruments *continued*

Credit risk

Credit risk is the risk that a counterparty fails to discharge its contractual obligations, resulting in financial loss to the Group. The Group is primarily exposed to credit risk in respect of its cash, cash equivalents and term deposits and trade and other receivables.

Credit risk management

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group makes appropriate enquiries of the counterparty and independent third parties to determine credit worthiness. Use of other publicly available financial information and the Group's own trading records is made to rate its banking counterparties and major customers. The Group's exposure and the credit worthiness of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit exposure is also controlled by counterparty limits that are reviewed and approved by Group management continuously.

The vast majority of the Group's cash and cash equivalents are invested either with systemic UK and global banks or UK banks with a Tier 1 Capital ratio significantly in excess of the current regulatory recommendation. Cash is predominantly invested in short-term deposits, breakable term deposits or notice accounts which allow for instant access to funds if necessary. During the current and prior years, the Group held some deposits in accounts requiring notice of 95 days to access funds.

Trade receivables consist of a small number of customers, spread across various geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Expected credit loss rates are based on the Group's historical credit losses during the 48 months prior to 1 October 2022. There were no credit losses during that period, but where appropriate, the historical rates are adjusted to reflect specific current and forward-looking factors that may affect a customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days of an invoice's due date and failure to engage with the Group on alternative payment arrangements would be considered indicative of no reasonable expectation of recovery.

Because the contracts in which the Group is involved tend to be invoiced by means of milestone payments covering a substantial portion of each project, this may distort the credit exposure profile at certain points during the financial period. Accordingly, for the year ended 30 September 2023 the proportion of revenue attributable to one customer was 45% (2022: 88%), but the Directors are of the view that this does not signify that there is more than a low to moderate risk in this respect, and this is borne out by the Group's history of having incurred no credit losses throughout the period covered by this report.

The carrying amount recorded for financial assets in the consolidated financial statements is stated net of any impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect of third parties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. To counter this risk, the Group operates with a high level of cash and no bank debt. The Group monitors forecast cash inflows and outflows and adjusts its term deposits accordingly to ensure that sufficient funds are available to meet cash requirements. In addition, it benefits from a substantial proportion of revenue being paid in advance when entering into biomarker projects with customers.

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Group	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2023							
Non-interest bearing		6,299	–	–	–	–	6,299
Variable interest rate instruments	3.3%	4	–	–	–	–	4
		6,303	–	–	–	–	6,303
30 September 2022							
Non-interest bearing		1,997	–	–	–	–	1,997
Variable interest rate instruments	0.6%	60	–	25	–	–	85
		2,057	–	25	–	–	2,082

Notes to the financial statements *continued*
for the year ended 30 September 2023

35. Financial instruments *continued*

Liquidity risk *continued*

Company	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2023							
Non-interest bearing		6,091	–	–	–	–	6,091
Variable interest rate instruments	3.3%	1	–	–	–	–	1
		6,092	–	–	–	–	6,092
30 September 2022							
Non-interest bearing		1,842	–	–	–	–	1,842
Variable interest rate instruments	0.6%	50	–	25	–	–	75
		1,892	–	25	–	–	1,917

Variable rate instruments above are balances on interest-bearing notice accounts. The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if variable interest rates differ to those estimates of interest rates determined at the relevant year-ends presented above.

The following table details the expected maturity of the Group's non-derivative financial liabilities. Figures disclosed in the table are contractual undiscounted cashflows including, for lease liabilities, future interest charges.

Group	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2023							
Non-interest bearing		1,614	–	–	–	–	1,614
Fixed interest rate instruments	7.5%	20	242	782	4,225	2,038	7,307
		1,634	242	782	4,225	2,038	8,921
30 September 2022							
Non-interest bearing		1,783	–	–	–	–	1,783
Fixed interest rate instruments	3%	9	219	682	3,354	2,657	6,921
		1,792	219	682	3,354	2,657	8,704

Company	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2023							
Non-interest bearing		1,900	–	–	–	–	1,900
Fixed interest rate instruments	7.5%	1	204	612	3,251	1,845	5,913
		1,901	204	612	3,251	1,845	7,813
30 September 2022							
Non-interest bearing		2,054	–	–	–	–	2,054
Fixed interest rate instruments	3%	1	204	614	3,255	2,657	6,731
		2,055	204	614	3,255	2,657	8,785

36. Capital management policies and procedures

The Group manages its capital to ensure entities within the Group are able to continue as going concerns while maximising the return to stakeholders.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group and Company statements of changes in equity on pages 68 to 69 and Notes 25 and 26. Equity includes all capital and reserves of the Group that are managed as capital.

The Group is not subject to any externally imposed capital requirements.

37. Events after the balance sheet date

There were no events after the balance sheet requiring disclosure in these financial statements.

38. Related party transactions

Ultimate controlling party

There is no ultimate controlling party.

Subsidiaries

Transactions between the parent company and its subsidiaries reflect recharges for the cost of services performed on behalf of the parent company and purchases of fixed assets from group companies by the parent company. Transactions and balances between the parent company and group entities are shown in the table below:

	Services provided by group entities £000	Fixed assets purchased from group entities £000	Services provided to group entities £000	Amounts due from group entities £000	Amounts due to group entities £000
Year ended 30 September 2023					
Oxford BioDynamics Inc	4,281	–	–	–	454
Oxford BioDynamics (M) Sdn Bhd	162	–	–	–	40
Oxford BioDynamics Pte Ltd	–	–	–	–	402
Year ended 30 September 2022					
Oxford BioDynamics Inc	2,812	–	–	–	209
Oxford BioDynamics (M) Sdn Bhd	180	–	–	–	13
Oxford BioDynamics Pte Ltd	–	–	–	–	433

Other related parties

During the year ended 30 September 2023, the Group had transactions with related parties as shown in the table below. In the opinion of the Directors, all of these transactions took place on terms equivalent to those that prevail in arm's length transactions.

			Net amount paid/(received)	
Related party	Nature of relationship	Reason for transactions	2023 £000	2022 £000
Baden Hill LLP	Non-Executive Chairman Matthew Wakefield is a partner and shareholder in Baden Hill	Baden Hill acted as joint broker and was paid commission in connection with the Placings through which the Company raised equity funds in October 2022 and August 2023.	318	–
Ms S Erdyneeva	Daughter of CEO Jon Burrows	Part-time employment as Social Media Specialist in OBD Inc.	55	44

No amounts were owed by or to the related parties above at 30 September 2023 (2022: £nil).

Key management compensation

The key management personnel are the Directors of the Company and the remuneration that they have received during the year is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2023 £000	2022 £000
Short-term employee benefits	1,190	1,034
Share-based payments	174	231
Pension contributions	74	65
	1,438	1,330
Aggregate emoluments of the highest paid Director	606	521

Transactions involving key management personnel

No advances, credits or guarantees have been entered into with any of the Directors of the Company.

Directors' responsibilities statement in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under the current rules of the London Stock Exchange's AIM Market, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards, and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and a directors' report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report

The Directors present their Directors' report together with the financial statements for the year ended 30 September 2023. The Corporate governance statement on pages 42 to 49 also forms part of this Directors' report.

Review of business

A review of the business, the Group's trading for the year ended 30 September 2023, key performance indicators and principal risks may be found in the Strategic report on pages 2 to 38.

Likely future developments in the business of the company

An indication of likely future developments in the Group's business may also be found in the Strategic report on pages 2 to 38.

Capital structure

The Company was admitted to AIM on 6 December 2016. Movements in the Company's issued share capital during the year under review are shown in Note 25 to the financial statements. The issued share capital as at 30 September 2023 was £2,023,034.15, comprising 202,303,415 ordinary shares of 1 pence each. As at 15 January 2024 (the latest practicable date before the publication of this document), the issued share capital was £2,023,034.15, comprising 202,303,415 ordinary shares of 1 pence each. Each share carries one vote, and all rank equally. Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights, either in person or by proxy, on resolutions proposed at general meetings and participate in any distribution of income or capital. There are no restrictions on the transfer of the ordinary shares in the Company other than certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and pursuant to UK Market Abuse Regulation whereby certain employees of the Company require the approval of the Company to deal in the ordinary shares.

Share option schemes and warrants

As at 15 January 2024 (the latest practicable date before the publication of this document), options to subscribe for shares which entitle their holders to acquire 12,429,476 ordinary shares of 1 pence each (representing approximately 6.1% of the issued share capital) and warrants which entitle their holders to acquire 7,791,803 ordinary shares of 1 pence each (representing approximately 3.9% of the issued share capital) were outstanding.

Results and dividend

The results for the period and financial position of the Company and the Group are as shown in the annexed financial statements and reviewed in the Strategic report. No dividends will be proposed for the financial year ended 30 September 2023 (2022: £nil).

Research and development

The Group's research and development activities relate to the development and operation of technologies to discover and develop novel biomarkers for use within the pharmaceutical and biotechnology industries and in the Group's proprietary products. During the financial year ended 30 September 2023, not including the cost of staff engaged in research and development, the Group invested £758,000 into research and development (2022: £526,000).

Directors

The current members of the Board of Directors are presented on page 40. The Directors of the Company who served during the year ended 30 September 2023 were:

A Akoulitchev
J A J Burrows
S C Diggle
D M A Holbrook
P L Stockdale
M A Wakefield

Election of Directors

All Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. The Company's current articles of association state that each Director shall retire and (unless his/her terms of appointment with the Company specify otherwise) is eligible for election or re-election at the annual general meeting held in the third calendar year (or such earlier calendar year as may be specified for this purpose in his/her terms of appointment with the Company) following his/her last appointment, election or re-election at any general meeting of the Company. In practice, this means that every Director stands for re-election at intervals of not more than three years.

Dr Jon Burrows and Matthew Wakefield were elected and Paul Stockdale retired and was re-elected at the 2021 AGM. Each of Dr Alexandre Akoulitchev, Stephen Diggle and Dr David Holbrook retired and was re-elected at the 2023 AGM. Accordingly, each of Dr Jon Burrows, Paul Stockdale and Matthew Wakefield will retire at the forthcoming AGM and, being eligible, offer himself for re-election.

Directors' indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report. In addition, the Company has purchased and maintains Directors' and Officers' liability insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties.

Directors' report *continued*

Directors' interests

The beneficial interests of the Directors holding office on 30 September 2023 in the issued share capital of the Company were as follows:

	As at 30 September 2023 Number of shares	As at 1 October 2022 Number of shares
Ordinary share capital		
Alexandre Akoulitchev	6,603,082	6,253,082
Jon Burrows	700,000	150,000
Stephen Diggle[1]	28,448,756	16,252,123
David Holbrook	–	–
Paul Stockdale	331,818	100,000
Matthew Wakefield	1,022,727	650,000

[1] Includes the shareholdings of Vulpes Life Sciences Fund and Vulpes Testudo Fund which are associated with Stephen Diggle.

Details of the Directors' share options are disclosed on page 56.

Political donations

The Company made no political donations during the reporting period.

Financial instruments

The Group's financial risk management objectives and policy are set out in Note 35 in the notes to the consolidated financial statements.

Major interests

As at 15 January 2024, being the latest practicable day prior to the publication of this report, the Company had been notified of the following shareholdings amounting to 3% or more of the issued share capital of Oxford BioDynamics Plc.

Shareholder	Number of shares	% holding
Vulpes Investment Management Pte Ltd	27,431,756	13.56%
Arbuthnot Latham (Nominees) Ltd	18,462,235	9.13%
Unicorn Asset Management	16,818,181	8.31%
Seneca Partners Ltd	9,978,822	4.93%
Investec Wealth & Investment Ltd*	7,319,886	4.99%
Alexandre Akoulitchev	6,603,082	3.26%
The Chancellor, Masters and Scholars of the University of Oxford*	5,724,476	3.90%
GL Healthcare Investment L.P.*	4,688,000	3.20%

* Figures shown in the table above are the most recent number of shares and percentage holding notified to the Company. Percentage holdings have not been recalculated to take account of shares issued subsequent to the notifications concerned, which were marked with an asterisk were received prior to the Company's most recent share issues in August 2023.

Purchase of own shares by the Company

At the general meeting held on 30 March 2023, shareholders authorized the Directors to make market purchases of the Company's ordinary shares up to a maximum number of 14,671,238 shares on such terms and in such manner as the Directors determined from time to time, subject to the limitations set out in the resolution.

This authority remains valid until the date of the next annual general meeting. No such purchases were made during the year. At the close of business on 15 January 2024, being the latest practicable day prior to the publication of this report, the Company had 202,303,415 ordinary shares in issue, none of which were held in treasury. A renewal of the authority to make market purchases of the Company's ordinary shares, if believed appropriate, will be sought at the forthcoming annual general meeting, although the Board has no present intention of exercising such authority. If this resolution is passed, the Company will be authorized to purchase up to a maximum of 20,230,341 ordinary shares, being approximately 10% of the Company's issued ordinary share capital on 15 January 2024 (being the latest practicable date before the date of this document). The resolution sets out the minimum and maximum price that the Company may pay for purchases of its ordinary shares.

Post-balance sheet events

There were no events after the balance sheet requiring disclosure in these financial statements.

Going concern

After making appropriate enquiries, the Directors consider that it remains appropriate to adopt the going concern basis in preparing the financial statements. However, a number of conditions exist that, taken together, present a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. These conditions include the inherent difficulty, at the time of signing the accounts, in forecasting the likely sales that will be generated by the Group's proprietary products and the extent to which the Group will be able to source additional equity financing in future. More detail is provided in Note 2 on page 73.

Disclosure of information to the Auditor

Each person who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- The Director has taken all reasonable steps as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditor

Grant Thornton UK LLP were first appointed as the Group's Auditor following an extensive tender process in 2018. A resolution to re-appoint Grant Thornton UK LLP as Auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Annual general meeting

The annual general meeting of the Company will be held at the Company's Registered Office 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB on 27 March 2024 at 12pm. The notice convening the meeting is set out on pages 114 to 115, along with a summary of the business to be transacted. A copy of the notice is also available on the Company's website at www.oxfordbiodynamics.com.

By order of the Board

Dr Jon Burrows
Chief Executive Officer

16 January 2024

Notice of Annual General Meeting

OXFORD BIODYNAMICS PLC

(incorporated and registered in England and Wales under number 06227084)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt about its content or as to what action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorized under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorized independent adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all your shares in Oxford BioDynamics Plc, please pass this document to the purchaser or transferee or to the stockbroker or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

A. Notice of annual general meeting and proposed resolutions

Notice is hereby given that the 2024 Annual General Meeting ("AGM") of Oxford BioDynamics Plc (the "Company") will be held at 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB, UK on 27 March 2024 at 12.00 pm, to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions, and resolutions 8 to 10 will be proposed as special resolutions:

Ordinary business

1 To receive the financial statements and the reports of the Directors and the Auditors for the year ended 30 September 2023. (**Resolution 1**)

2 To re-elect Dr Jon Burrows as a Director of the Company. (**Resolution 2**)

3 To re-elect Paul Stockdale as a Director of the Company. (**Resolution 3**)

4 To re-elect Matthew Wakefield as a Director of the Company. (**Resolution 4**)

5 To re-appoint Grant Thornton UK LLP as Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company. (**Resolution 5**)

6 To authorize the Directors to set the remuneration of the Auditor. (**Resolution 6**)

Special business

7 That the Directors be and are hereby generally and unconditionally authorized for the purposes of section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:

(a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £674,344.71 (being approximately 33.3% of the Company's issued share capital as at close of business on 20 February 2024) such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum; and

(b) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £1,348,689.43 (being approximately 66.7% of the Company's issued share capital as at close of business on 20 February 2024), such amount to be reduced by any allotments or grants made under (a) above, in connection with or pursuant to an offer by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever,

these authorities to expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2025 (save that the Company may before such expiry make any offer or enter into any agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorizations conferred hereby had not expired). (**Resolution 7**)

8 That, subject to the passing of resolution 7 above, the Directors be and are hereby empowered pursuant to section 570(1) of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash pursuant to the authorization conferred by that resolution as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities for cash:

(a) in connection with or pursuant to an offer of or invitation to acquire equity securities (but in the case of the authorization granted under resolution 7(b), by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever;

(b) in the case of the authorization granted under resolution 7(a) above, and otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £202,303.41 (being 10% of the Company's issued share capital as at close of business on 20 February 2024); and

(c) in the case of the authorization granted under resolution 7(a) above, and otherwise than pursuant to paragraph (a) or paragraph

(b) of this resolution, up to an aggregate nominal amount equal to 20% of any allotment of equity securities from time to time under paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

and this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company to be held in 2025 (save that the Company may, at any time before the expiry of such power, make any offer or enter into any agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power conferred hereby had not expired). (**Resolution 8**)

9 That, subject to the passing of resolution 7 above and pursuant to section 570(1) of the Companies Act 2006 (the "Act"), the Directors be and are hereby empowered in addition to any authority granted under resolution 8 to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash pursuant to the authorization conferred by resolution 7(a) as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities for cash:

(a) up to an aggregate nominal amount of £202,303.41 (being 10% of the Company's issued share capital as at close of business on 20 February 2024), such authority to be used only for the purposes of financing (or refinancing, if such refinancing occurs within twelve months of the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice; and

(b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount equal to 20% of any allotment of equity securities from time to time under paragraph (a) above, provided that such authority is to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

and this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company to be held in 2025 (save that the Company may, at any time before the expiry of such power, make any offer or enter into any agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power conferred hereby had not expired). (**Resolution 9**)

10 That the Company be and it is hereby generally authorized pursuant to section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the number of such ordinary shares hereby authorized to be purchased by the Company shall not exceed 20,230,341;

(b) the price that may be paid by the Company for any of its ordinary shares shall not be less than 1 pence, being the nominal value of each ordinary share, and shall not be greater than the higher of:

(i) 105% of the average trading price of the ordinary shares as derived from the middle market quotations for an ordinary share on the London Stock Exchange Daily Official List for the five trading days immediately preceding the date on which such share is contracted to be purchased; and

(ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out; and

(c) unless previously revoked, renewed, extended or varied, the authority hereby conferred shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company to be held in 2025, provided that the Company may effect purchases following the expiry of such authority if such purchases are made pursuant to contracts for purchases of ordinary shares which are entered into by the Company on or prior to the expiry of such authority (**Resolution 10**).

Any queries regarding the application or operation of this Section should be directed to the Company Secretary in writing to the Company's registered office or at the following email address: investorrelations@oxfordbiodynamics.com.

Your Board believes that the resolutions to be proposed as ordinary and special business at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company.

By order of the Board

T Demain
For Alder Demain & Akers Ltd
Company Secretary

1 March 2024

Registered Office: 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford OX4 2WB

Registered in England and Wales No 06227084

Information for shareholders in respect of the AGM

The notes on the following pages explain the resolutions proposed at the AGM of Oxford BioDynamics Plc (the "Company"), to be held at 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford, OX4 2WB, UK on 27 March 2024 at 12.00 pm (the "AGM").

Explanatory notes to the resolutions

Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 to 10 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Adoption of Report and Accounts

For each financial year, the Directors are required to present the Directors' Report, the audited accounts and the Auditor's report to shareholders at a general meeting. The financial statements and reports laid before the AGM are for the financial year ended 30 September 2023, and the Company proposes a resolution on its financial statements and reports.

Resolutions 2 to 4 – Re-election of directors

The Company's Articles of Association ("Articles") provide that each Director shall retire and (unless his or her terms of appointment with the Company specify otherwise) is eligible for election or re-election at the annual general meeting held in the third calendar year (or such earlier calendar year as may be specified for this purpose in his or her terms of appointment with the Company) following his last appointment, election or re-election at any general meeting of the Company held after the date of adoption of the Articles. Accordingly, Dr Jon Burrows, Paul Stockdale and Matthew Wakefield will each offer himself for re-election in accordance with the Articles.

Resolutions 5 and 6 – Re-appointment of auditor and auditor's remuneration

Resolutions 5 and 6 propose the re-appointment of Grant Thornton UK LLP as the Company's Auditor for the year ending 30 September 2024, and the authorization of the Directors to agree the Auditor's remuneration. The Directors will delegate this authority to the Audit Committee.

Resolution 7 – Authority to allot shares

The Directors may only allot shares or grant rights over shares if authorized to do so by shareholders. The authorities granted on 30 March 2023 are due to expire at the Company's AGM in 2024 and therefore the authorities require renewal. This resolution, if passed, will continue to give the Directors flexibility to act in the best interests of shareholders, when the opportunity arises, by issuing new shares. Accordingly, resolution 7 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares (a) up to an aggregate nominal amount of £674,344.71 and (b) in connection with a rights issue up to an aggregate nominal amount (reduced by allotments under part (a) of the resolution) of £1,348,689.43.

These amounts represent approximately 33.3% and approximately 66.7% respectively of the total issued ordinary share capital of the Company as at close of business on 20 February 2024, being the last practicable day prior to the publication of this notice. If given, these authorities will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2025.

The Directors have no present intention of issuing shares pursuant to this authority.

Resolutions 8 and 9 – Disapplication of pre-emption rights

The Directors also require additional authority from shareholders to allot equity securities for cash and otherwise than to existing shareholders pro-rata to their holdings. The authorities granted on 30 March 2023 are due to expire at the conclusion of the Company's AGM in 2024 and therefore the authorities require renewal. Accordingly, resolution 8 will be proposed as a special resolution, to grant such an authority. Resolution 8 contains a three-part waiver. The first is limited to the allotment of shares for cash in connection with a rights issue or other pre-emptive issue, to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders. The second is limited to the allotment of equity securities for cash up to an aggregate nominal value of £202,303.41 (being 10% of the Company's issued ordinary share capital as at close of business on 20 February 2024, being the last practicable day prior to the publication of this notice), without having to first offer them to shareholders in proportion to their existing holdings. The third applies to the allotment of shares for cash for the purposes of a follow-on offer when an allotment of shares has been made under the second waiver. It is limited to the allotment of shares having an aggregate nominal value of up to 20% of the nominal value of any shares allotted under the second waiver. The follow-on offer must be determined by the Directors to be of a kind contemplated by the Pre-Emption Group's 2022 Statement of Principles.

The Directors are seeking further authority under resolution 9 to allot equity securities for cash and otherwise than to existing shareholders pro-rata to their holdings. This is in addition to the authority referred to in resolution 8. Resolution 9, which will also be proposed as a special resolution, contains a two-part waiver. The first part is limited to the allotment of equity securities for cash up to an aggregate nominal value of £202,303.41 (being 10% of the Company's issued ordinary share capital as at close of business on 20 February 2024, being the last practicable day prior to the publication of this notice). This further waiver is being sought in accordance with the Pre-Emption Group's 2022 Statement of Principles on Disapplying Pre-Emption Rights ("Statement of Principles") specifically for purposes of financing (or refinancing) an acquisition or specified capital investment (as defined in the Statement of Principles). The second part applies to the allotment of shares for cash for the purposes of a follow-on offer when an allotment of shares has been made under the first part of the waiver. It is limited to the allotment of shares having an aggregate nominal value of up to 20% of the nominal value of any shares allotted under the first part of the waiver. The follow-on offer must be determined by the directors to be of a kind contemplated by the Pre-Emption Group's 2022 Statement of Principles.

The Directors confirm that they intend to use the authority sought in resolution 9 only in connection with such an acquisition or specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue.

Explanatory notes to the resolutions *continued*

Resolutions 8 and 9 – Disapplication of pre-emption rights *continued*

If given, these authorities will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2025.

The Directors are of the opinion that it would be advantageous for the Company to have the ability to issue ordinary shares on a non-pre-emptive basis in order to respond rapidly to opportunities that may occur, provided that such opportunities would benefit all of the Company's shareholders as a body.

The Directors have no present intention of issuing shares pursuant to the authorities proposed in either of resolutions 8 and 9.

Resolution 10 – Authority to purchase shares (market purchases)

This resolution, which will be proposed as a special resolution, renews the authority granted at the AGM held on 30 March 2023 which is due to expire on the date of the Company's AGM in 2024. The resolution authorizes the Company to make market purchases of its own ordinary shares as permitted by the Act. The authority limits the number of shares that may be purchased to a maximum of 20,230,341 (representing no more than 10% of the issued share capital of the Company as at 20 February 2024, being the latest practicable date prior to the publication of this Notice of AGM) and sets minimum and maximum prices. If Resolution 10 is passed, this authority will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the AGM of the Company in 2025.

Under the authority sought by this resolution, the Company may purchase its ordinary shares following the date on which the authority expires if such purchases are made pursuant to contracts entered into by the Company on or prior to the date on which the authority expires.

As at the date of this notice the Company holds no treasury shares.

The Directors are of the opinion that it would be advantageous for the Company to have the flexibility to purchase its own shares should such action be deemed appropriate by the Board. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price, future investment opportunities and the overall position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Shares purchased would either be held as treasury shares or cancelled and the number of shares in issue reduced accordingly.

Procedural and other notes

Entitlement to attend and vote

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the right to attend and vote at the AGM is determined by reference to the Company's register of members. Only a member entered in the register of members as at close of business on 25 March 2024 (or, if the AGM is adjourned, in the register of members as at the close of business on the date which is two business days before the time of the adjourned AGM) is entitled to attend and vote at the AGM and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.

2 You may vote either:

a. using the proxy card included with this notice;

b. via www.sharegateway.co.uk and completing the authentication requirements. Shareholders will need to use their personal proxy registration code that is printed on the Form of Proxy to validate submission of their proxy online; or

c. in the case of CREST members, by utilizing the CREST electronic proxy appointment service in accordance with the procedures set out below.

Proxies

3 (a) As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM. You can only appoint a proxy using the procedures set out in these notes.

(b) Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

(c) A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

(d) You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share.

(e) If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box provided the number of shares in relation to which they are authorized to act as your proxy. If left blank your proxy will be deemed to be authorized in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. If you submit more than one completed valid proxy, the proxy received last before the latest time for receipt of proxies will take precedence.

Information for shareholders in respect of the AGM *continued*

Procedural and other notes *continued*

Proxies *continued*

(f) To appoint more than one proxy, you may photocopy the proxy form. Please indicate in the box on the form the number of shares in relation to which they are authorized to act as your proxy. Please also indicate with an "X" in the place provided on the proxy form if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

(g) To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an "X". To abstain from voting on a resolution, select the relevant ''Vote withheld'' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you mark with an "X" "discretion", or if no voting indication is given, your proxy will vote or abstain from voting as he or she sees fit.

(h) In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorized officer of the Company or an attorney for the Company stating their capacity (e.g. Director, secretary).

(i) Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

(j) CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Neville Registrars Limited, whose CREST participant ID is 7RA11, by 12.00 pm on 25 March 2024.

(k) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

(l) If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

(m) As an alternative to completing a hard copy form of proxy, shareholders can vote electronically by visiting www.sharegateway.co.uk and completing the authentication requirements. Shareholders will need to use their personal proxy registration code that is printed on the Form of Proxy to validate the submission of their proxy online.

(n) In each case, whether through CREST or using a hard copy form of proxy, the appointment of a proxy must be received by Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, B62 8HD by 12.00 pm on 25 March 2024. Hard copy proxy forms should not be sent to the Company's registered office.

Corporate representatives

4 A shareholder of the Company which is a corporation may authorize a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, though there are restrictions on more than one such representative exercising powers in relation to the same shares.

Nominated persons

5 Any person to whom this Notice is sent as a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

6 The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

Issued share capital and total voting rights

7 As at close of business on 20 February 2024, being the last practicable day prior to the publication of this Notice, the Company's issued share capital comprised 202,303,415 ordinary shares of 1 pence. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this Notice is 202,303,415.

Members' requests under section 527 of the Act

8 Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to: (i) the audit of the Company's Accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

Procedural and other notes *continued*

Members' rights to ask questions

9 Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

Inspection of documents

10 Copies of the executive Directors' service contracts and the letters of appointment of the non-executive Directors will be available for inspection at the registered office of the Company during normal business hours until the date of the AGM, and at the place of the AGM from 15 minutes before the AGM until it ends.

Security

11 Security measures will be in place to ensure your safety at the AGM. Please do not bring suitcases, large bags or rucksacks. If you do, we may ask you to leave the item in the cloakroom. Recording equipment, cameras and other items that might interfere with the good order of the meeting will not be permitted. Mobile phones must be turned off or on silent during the meeting. Please also note that those attending the AGM will not be permitted to hand out leaflets in the venue.

Website

12 A copy of this Notice, and other information required by section 311A of the Act, can be found at the Company's website, **www.oxfordbiodynamics.com**.

Voting results

13 The results of the voting at the AGM will be announced through a regulatory information service and will appear on the Company's website, www.oxfordbiodynamics.com, as soon as reasonably practicable.

Company information

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J A J Burrows
S C Diggle
D M A Holbrook
P L Stockdale
M A Wakefield

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