



Science unlimited

Aptamer Group PLC
Annual report and accounts
2023



Our vision is science unlimited

We do this by powering scientific innovation for our partners across the life sciences with novel technology solutions.

Through our people and values, we are driven to remove scientific barriers for our partners success by delivering high quality science underpinned by innovation, integrity, and precision.



View our investor presentations in full at:
aptamergroup.com/investors/reports-and-presentations/



pg 04

Innovation

See how the Optimer® platform is breaking down scientific barriers across multiple life science sectors.

Strategic report

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Driven

Read how our strategy is helping meet and exceed our ambitious targets.

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→ Read our Executive Chairman's statement



pg 22

Precision

Discover how Optimer® technology is enabling our partners across bioprocessing, diagnostics and therapeutics.

→ Read our case studies

Period & Post-period Highlights

NeuroBio

Patent filed in a collaborative project with **Neuro-Bio** to support **early diagnostics for Alzheimer's disease**



Deal signed with **Basecure Therapeutics** to identify cell-targeting **Optimer® binders** for potential as **targeted delivery vehicles for siRNA**

Partnership to develop **Optimer® therapeutics** to block the activity of naturally occurring antibodies within the body for use as a potential therapy to **prevent transplant rejection**.

Partnership with a developer of custom enzymes based in Asia for **Optimer® binders** to incorporate into a **biosensor for convenient monitoring** of the company's manufacturing processes

Optimer-Fc tools launched to enable immunohistochemistry research and diagnostic workflows

Contracts signed with a top five pharmaceutical company to develop multiple **Optimer® binders** as immunohistochemistry (IHC) reagents to support pipeline development and early discovery targets

Multiple deals signed with **Novavax**, a vaccine developer for respiratory diseases, who require **Optimer® binders** to **improve the selectivity of their Quality Control (QC) assays**

Multiple deals signed (and expanded) with a multinational consumer goods company for **Optimer® binders** supporting the development of novel direct-to-consumer personal care products


Revenue
£1.8M
 (2022: £4.0 million)

Relocation to new premises

Adjusted EBITDA loss of
 £4.7 million
 (2022: £1.7 million)

New management team have refinanced with £3.5 million equity through 2 placings, strategy reset to achieve EBITDA and cash balance within 2 years and cost base reduced.

Net of costs
£3.5M
 raised to support the Company target to reach an EBITDA and cash breakeven position within two years

£ 
 Completed the **reset of the fixed cost base to £3.5m per annum**, whilst maintaining the ability to win sales and deliver projects



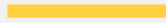
Process improvements have been successfully trialled and **implemented** across the platform to support lower sample requirements, **increase capacity and improve project margins**

Development of exemplification data, demonstrating **Optimer® binders as IHC reagents** for research and diagnostics is underway with **promising early results**

A **follow-on deal with a US-based vaccine development company** to develop Optimer® binders as QC reagents

Signed two deals with a top five pharma partner valued up to £0.2 million for the development of tools for use in **immunoassays and IHC detecting neuronal targets**


 Refreshed Board with pre-IPO Chairman and co-founder returning to support and direct the team to revenue generation & technical delivery

-  Operational highlights
-  Highlights
-  Post-period end

Solutions developed

Aptamer Group develops custom affinity binders through its proprietary Optimer[®] platform to enable new approaches in therapeutics, diagnostics, and research applications. We strive to deliver transformational solutions that meet the needs of life science researchers and developers using our proprietary Optimer[®] platform.

We operate across three divisions:



aptamer
SOLUTIONS

Aptamer Solutions provides contract research services focusing on the custom development of oligonucleotide aptamers and Optimer[®] binders for customers, using the Group's proprietary high-throughput platform technology.

→ See more on page 16



aptamer
DIAGNOSTICS

Aptamer Diagnostics uses the Group's technology to support the development of diagnostic platforms – for example, in proteomics, lateral flow devices, biosensors and immunoassays, such as ELISA. These types of diagnostic platforms have applications across human health, environmental services and in the agri-food sector.

→ See more on page 17



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THERAPEUTICS

Aptamer Therapeutics provides contract research services in the field of therapeutics, using its technology and experience to develop Optimer[®]-drug conjugates, Optimer[®]-enabled gene therapies and Optimer[®] agonists and antagonists.

→ See more on page 18



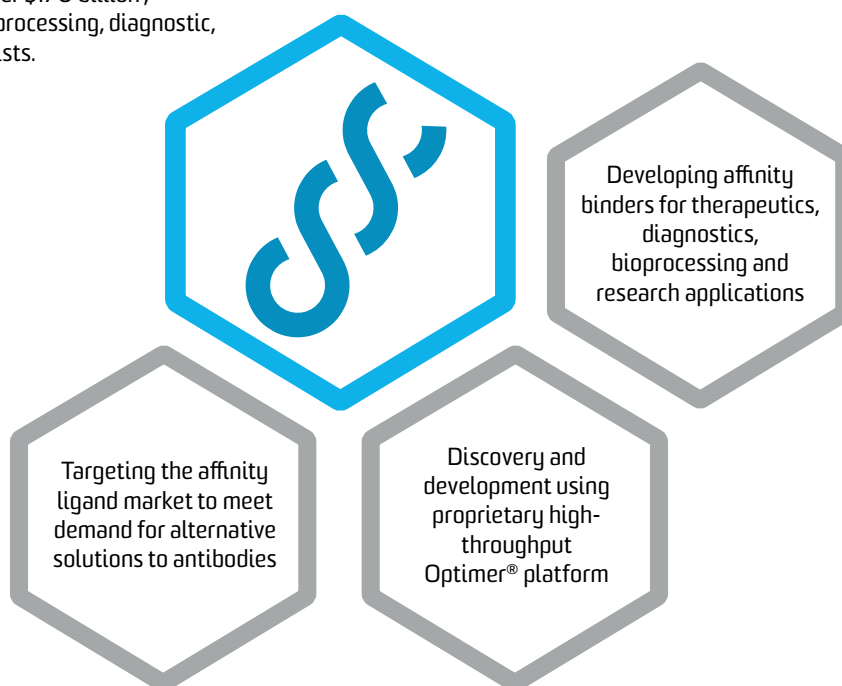
What is an Optimer®?

An Optimer® is a short single-stranded DNA or RNA (ssDNA or ssRNA) molecule that can selectively bind to a target.

Optimer® binders are oligonucleotide affinity binders that can function as complementary to, or an alternative to, antibodies. The limitations of antibodies are recognised by the market, but no alternative is readily available. Optimer® binders are offering new solutions within the global market, currently worth over \$170 billion¹, delivering solutions to bioprocessing, diagnostic, and pharmaceutical scientists.

Global market current worth

\$170.8bn¹



Blue chip customer base

Aptamer is proud to have an existing blue-chip customer base.

The Group has worked with 75% of the world's top 20 pharmaceutical companies, as well as SMEs, large regional organisations, universities and charities.

75%

Percentage of top 20 pharma companies we have served

¹ Azoth Analytics. Global Affinity Ligands Market(2023 Edition)- Analysis By Type (Antibodies, Ig Binding Proteins, Lectins, Enzymes, Others), End Use, By Region, By Country: Market Size, Insights, Competition, Covid-19 Impact and Forecast (2023-2028).Report number: I229133

Optimised affinity binders to enable the life science industry



Disruptive technology

Our proprietary Optimer® binders are developed to solve complex problems facing the biotech and pharmaceutical industries.

The chemical processes used to manufacture Optimers overcome the issues of production, functionalisation and batch-to-batch variability associated with many other affinity binders.

Optimers can be used alongside, or in place of, antibodies in many assay formats, offering a range of commercial benefits over alternative affinity binders, including:

Broader target applicability

Lab-based isolation of Optimers enables the pursuit of targets that are not possible with antibodies e.g. whole tissues, toxins etc.

Tuneable selectivity

Optimer isolation processes are tailored to give the required target specificity. This cannot be incorporated into traditional antibody generation.

Speed of discovery

Automated high-throughput Optimer isolation can be achieved in as little as 17 days. Other binder technologies typically take 4 – 18 months.

Scalable, cost-effective production

Chemical synthesis is easier and cheaper to scale up, leading to significant savings in large-scale manufacture.

Synthetic manufacture allows increased consistency

Well-established chemical manufacturing methods are more reliable and give lower batch-to-batch variability than cell-based antibody manufacture.

Despite the well-recognised limitations of antibody technology, these affinity ligands dominate the market, which was estimated to be worth in excess of \$170.8 billion in 2021 and is expected to reach \$355.5 billion by 2028¹. Driven by the growing understanding of the advantages of aptamers over antibodies, the aptamer market is set to grow rapidly over the next five to ten years into a multi-billion-dollar worldwide market.

\$170.8bn

Estimated global affinity ligand market¹

¹ Azoth Analytics. Global Affinity Ligands Market(2023 Edition)- Analysis By Type (Antibodies, Ig Binding Proteins, Lectins, Enzymes, Others), End Use, By Region, By Country: Market Size, Insights, Competition, Covid-19 Impact and Forecast (2023-2028).Report number: 1229133



Specific, stable and automated competitive advantages

Our proprietary Optimer® binders have a more stable structure than the parental aptamers, giving rise to improved binding properties.

An Optimer® binder is the minimal sequence that retains the target binding properties of the parent aptamer. This smaller size offers many advantages, including:

Increased tissue penetration for targeted therapeutics

Interactions are closer to sensor surfaces giving better response in biosensors

Greater yield during synthesis

More cost-effective production

The Optimer® platform is a highly automated, high-throughput platform that enables the discovery of binders to each of three key target types:

- **Small molecules**
- **Proteins and peptides**
- **Cells, viruses, or tissues**

These three parallel Optimer® discovery processes are tailored to the specific target type, providing a key point of differentiation to competitors, who typically use a 'one-size-fits-all' discovery approach.

Aptamer's high-throughput systems only require a small team of scientists to isolate the Optimer® binders against up to 100 targets simultaneously. This can be conducted in as little as 17 working days, saving both time and money.

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

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

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

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

Group Performance

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

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

Aptamer Solutions

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

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

Steve Hull
Executive Chairman

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

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

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

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

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

As the identification of novel disease biomarkers continues and novel therapeutics are progressing through the clinic, our partners are increasingly investigating Optimer® technology to meet their need for affinity ligands that can support these new targets, many of which have proven intractable with alternative technologies.

Delivering benefits of ethical compliance, the ability to tune development for success with a wider target range, and both cost-efficiencies and security in supply, Optimer® binders are offering much-needed innovation to enable new research and bioprocessing solutions.

Aptamer Diagnostics

Aptamer Diagnostics focuses on the development and integration of Optimer® binders into diagnostic platforms. Optimer® binders offer significant advantages, including development against previously intractable targets, improved binding characteristics and greater

batch-to-batch consistency in manufacture. This leads to potential improvements in multiple diagnostic formats, such as Enzyme-Linked Immunosorbent Assay (ELISA), flow cytometry, biosensors and cell and tissue imaging.

Within the period, the Company signed an agreement with Neuro-Bio to develop Optimer® binders against a novel biomarker for Alzheimer's disease.

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

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

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

Aptamer Therapeutics

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

During the period, Aptamer entered the second phase of development with CRUK to develop a bifunctional Optimer® therapeutic for the treatment of chronic myelomonocytic leukaemia (CMML) and other myeloid malignancies. In the first phase, an Optimer® has been developed that is effective in lab-based experiments in overcoming a causative gene mutation in CMML.

The second phase of development is focused on developing an Optimer® as a delivery vehicle to target treatment to the required cell type, with the intention to develop the two Optimer® binders as a single bifunctional therapeutic.

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

During H2, a new contract was agreed with Basecure Therapeutics, a pre-clinical stage biotech company dedicated to the discovery and development of innovative small interfering RNA (siRNA) based medicines. Aptamer and BaseCure Therapeutics will work together to develop cell-targeting Optimer[®] binders that could be used as potential delivery vehicles to improve siRNA uptake into target cells and tissues. If this Optimer[®]-directed targeted delivery is successful, this would offer new therapeutic opportunities of siRNA-mediated gene knockdown using the Optimer[®] platform to develop targeting molecules.

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

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

Operational Update

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

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

Research & Development

Over the period, Aptamer's research and development activities have allowed the development of increased assay and validation services, which are being offered

to customers as additional services. The improved translation of the final Optimer[®] binders into functional products in the customer's hands is a vital validation of the platform for internal research projects and customer projects.

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

Board and Senior Management Changes

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

Following the fundraise in August 2023, the Board has restructured to include Stephen Hull returning to the Company as Executive Chairman, after leading the Group to flotation in 2021 with Dr Arron Tolley. Dr Tolley returns as Chief Technical Officer, with Dr David Bunka moving to Chief Scientific Officer to concentrate on research and development activities for the Group.

Dean Fielding and Dr Adam Hargreaves have joined the Company as new Independent Non-Executive Directors. Dean Fielding is an experienced senior company director with extensive prior involvement as a board member of listed companies. Dr Adam Hargreaves is a board-certified pathologist who brings a broad range of expertise in both diagnostics and early-stage pharmaceutical efficacy and safety development to support Aptamer's technical strategy. The Company intends to appoint a Chief Executive Officer when appropriate to do so.

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

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

Macro environment

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

In FY23, Aptamer Group saw a reduction in available investment and tighter budgeting across the life

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

Summary and outlook

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

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

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

Strong growth in the aptamer market is predicted for the next nine years¹ and Aptamer Group is a recognised leader in the field with a high-throughput platform able to support this growth. We are well placed to support the broad demand from the life science industry. We believe our development services for antibody alternatives offer a much needed solution to the life science industry and look forward to continuing to support our current customer base while expanding on our current pipeline.

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

S Hull
Executive Chairman
08 November 2023

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



Our business model

Aptamer Group's unique platform technology drives three business models to provide contract research services on a fee-for-service basis in addition to longer-term upside potential from ongoing royalty and licensing revenues where the Group's binders are taken forward by customers into commercial applications.



What we do

Contract research services

- Generating revenues
- Bioprocessing (affinity purification)
- CMC / QC release reagents
- Research reagents
- Horizon scanning

Value creation

- No exposure to customer R&D risk
- Retention of IP to lock in downstream value
- Revenue layers-up for bioprocessing applications



Enabling diagnostics

- Lateral flow devices (LFD)
- Biosensor development
- Lab-based diagnostics (ELISA, flow cytometry/FACS)
- Applications across health, environmental and agri-food

- IP transfer/success fees
- Revenue layers-up
- High margin licence and royalty
- 1-2 years conversion timeframe



Enabling therapeutics

- Optimer®-drug conjugate
- Optimer®-enabled delivery of gene therapies
- Optimer®-targeted radiopharmaceuticals
- Optimer® agonists/antagonists

- IP transfer/success fees
- Revenue layers-up
- Very high margin licence fees
- 2-3 years conversion timeframe

Our Optimer® technology is highly flexible and adaptable, and we support applications in a number of verticals as illustrated below:



Research reagents



Bioprocessing



Diagnostics



Therapeutics

Bioprocessing tools and diagnostic reagents have a **faster route to market**.

Enabling therapeutics programmes offers **high long-term value**.

Our technology

Science unlimited

Our Optimer[®] platform delivers next-generation affinity ligands that enable researchers and developers from across the life science spectrum to make new breakthroughs.

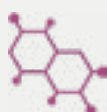


The Optimer® platform

Aptamer Group's proprietary Optimer® platform enables the discovery and development of oligonucleotide binders to a broad range of targets. The platform consists of three parallel discovery processes, each adapted to address the unique requirements of a specific target type:

- **Small molecules**
- **Proteins and peptides**
- **Cells, virions, and tissues**

Targets



Small molecules



Proteins & peptides



Cells, virions & tissues

optimer®

Multiple Optimer® libraries

as starting materials for each discovery

3 discovery processes

tuned for target type to increase success
in the discovery process

Characterisation, validation & conjugation

of your Optimer® to ensure its function in your
desired end-application

Applications



Therapeutics

- Therapeutic inhibitors & modulators
- Targeted delivery vehicles



Bioprocessing

- Affinity purification ligands
- Quality control reagents



Assays & diagnostics

- Diagnostic tools
- Research reagents



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SOLUTIONS

Aptamer Solutions uses the automated, high-throughput Optimer® platform to provide contract research services focusing on the custom development of oligonucleotide aptamers and Optimer® binders. Customers use these bespoke tools as research reagents, bioprocessing ligands (e.g., purification reagents) and critical reagents (e.g., batch release tools).

Optimer® binders are developed with customer-specific targets and end-use applications in mind, including:

- Research tools
- Proteomics reagents
- Quality control analysis reagents
- Drug metabolism and pharmacokinetic assays
- Protein purification reagents

Optimer® binders are ethically compliant due to the *in vitro* discovery and development processes and offer tuneable target binding properties which can be critical for improving the functional yield of fragile proteins in bioprocessing applications.

Revenues are generated on a fee-for-service basis with the potential for licence fee income through retained intellectual property. Aptamer Solutions provides services to a broad range of customers, which gives us an overview of growing demand in particular areas of scientific development and highlights opportunities we should be targeting. Consequently, Aptamer Solutions also acts as a "Horizon Scanning" platform for our Group.





aptamer
DIAGNOSTICS

Our technology is used by customers to develop diagnostic platforms – for example, in proteomics, lateral flow devices, biosensors and immunoassays. These types of diagnostic platforms have broad ranging applications, including human and animal health, environmental services and within the agri-food sector.



The sensitivity of a diagnostic test relies on high-performance binding reagents. The Optimer® platform can be tuned to deliver reagents suitable for diagnostic use. These reagents are central to a test's performance. Optimer® binders are more likely to successfully integrate into a commercially viable diagnostic platform compared to traditionally derived binders, such as antibodies, as they are selected using conditions that mirror the end application (temperature, environment, sample type, etc).

The physical properties of Optimers are beneficial compared to protein-based alternatives making them of specific interest for the diagnostic market. For example, manufacturing of aptamers is scalable and consistent through solid-phase synthesis, they have longer shelf-life as they can be stored dry and there is no need for cold-chain supply.

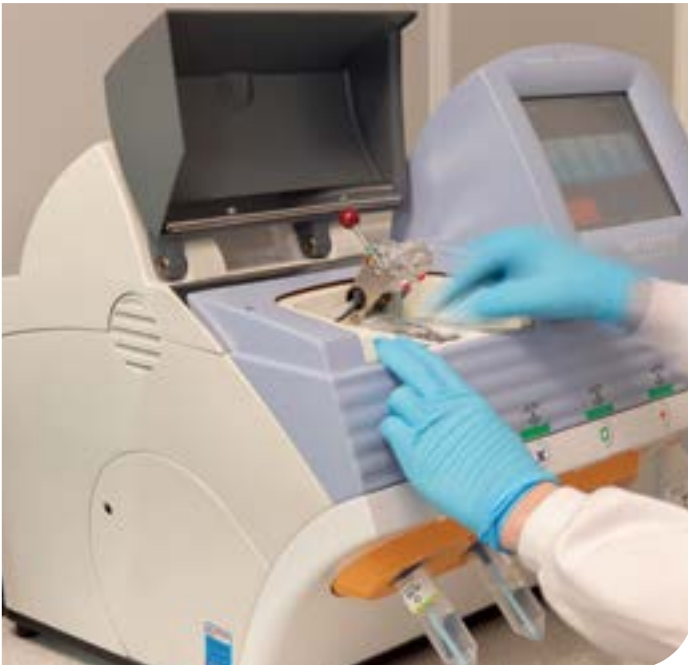
Aptamer Diagnostics has successfully developed Optimer® binders that have been applied in existing diagnostic platforms, including Enzyme-Linked Immunosorbent Assay (ELISA), lateral flow assays, flow cytometry and cell or tissue imaging. We have also demonstrated the use of these binders in several biosensor formats, including BioLayer Interferometry (BLI), which we routinely use for internal and customer-focused development work, as well as Surface Plasmon Resonance (SPR), gold-electrochemical, redox-based, graphene-based and Raman spectroscopy-based sensors.

Aptamer Diagnostics' revenue model comprises an initial fee-for-service, with potential for ongoing licence fees, milestone payments, technology transfer and success fees. The Group will generate revenue in any event for our initial discovery services, but if an Optimer® is successfully identified and commercialised or licensed by a customer, revenues and margins can be significant. Timescales from project initiation to commercialisation by the customer can be as little as 1–2 years and initial licensing payments within approximately four years.



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THERAPEUTICS

Aptamer Therapeutics provides contract research services in the field of therapeutics, using our Optimer[®] platform to develop Optimer[®]-drug conjugates, Optimer[®]-enabled gene therapies and Optimer[®] agonists and antagonists.



The use of Optimer[®] binders as drug conjugates has generated significant interest from potential pharmaceutical partners focused on the targeted delivery of drug molecules. Delivering drug molecules to specific cells and tissues within the body remains a major translational challenge yet holds the potential to increase the therapeutic index of many drugs. The relatively small size of Optimer[®] binders compared with antibodies gives them several advantages in tissue penetration and access to binding sites. When coupled with the typically low immunogenic profiles of oligonucleotide-based therapeutics, and comparative ease of synthesis and modification, this creates the potential to use them as novel format targeted delivery vehicles.

As part of our long-term growth strategy, we will be pursuing the development of Optimer[®]-based therapeutics, much like the established process of monoclonal antibody drug development in partnership with selected biopharma and pharma partners. Importantly, we will enter this market using a collaborative development model to mitigate the risks and costs associated with drug development. We have undertaken preliminary discovery programmes with organisations including Cancer Research UK (CRUK) and AstraZeneca and have ongoing early-stage projects with partners for the development of Optimer[®]-targeted antisense oligonucleotide (ASO), siRNA and precision chemotherapeutics.

Aptamer Therapeutics' revenue model comprises an initial fee-for-service, with potential for ongoing licence fees, milestone payments, technology transfer and success fees. The Group will generate revenue in any event for its initial discovery services, but if an Optimer[®] is successfully identified and commercialised or licensed by a customer, revenues and margins can be significant. Timescales from project initiation to commercialisation or developmental milestones, can be 1–2 years, and initial licensing payments can be within approximately four years.



Our mission at Aptamer Group is to remove the scientific barriers to our partners' success by delivering high-quality science underpinned by innovation, integrity, and precision.

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

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

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

Current internal research activities are focused on process improvements to reduce delivery timelines and increase margins. Of the £3.5 million raised since the year end, £0.3 million has been reserved to support research and development activities and process improvements to the technology and to generate more supporting data. The Board believes that outcomes of these research and development activities will enable further proof of the platform supporting the signing of high value, high impact, deals. Future higher-risk development work will, in whole or part, be funded via grants and collaborations to minimise the impact on working capital requirements.



To achieve EBITDA and cash break-even position

Focus on tight cost discipline with cost-base reset to support forecasted revenues over next three years.

Delivery for year ended 30 June 2025

- Cost-base reset with right-sizing of headcount achieved by September 2023
- EBITDA and cash break-even achieved by year ended 30 June 2025

A collaboration with Bioliquid Innovative Genetics and Anima Design is a great example of such work, funded through the European Eurostars programme to support Optimer[®] development for an application in a novel prenatal and foetal diagnostic platform.

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

To achieve EBITDA and cash break-even position during the year ending 30 June 2025, the Company is targeting revenue of £3.0 million for the financial year ended 30 June 2024, rising to £6.0 million for the year ending 30 June 2026. These figures are significantly lower than previous targets and reflect a change of emphasis in setting expectations. These revised targets are mainly based on expectations of fee-for-service revenues



To implement platform process improvements & generate data for marketing

Focus on reducing delivery timelines, increasing margins, cost reduction activities and driving recurring revenue with validatory data for marketing.

Delivery for year ended 30 June 2024

- R&D improvements to support cost-effective platform development and improved customer support
- Generate data packs to support the development of strategic collaborations in the IHC and drug delivery tools space

for contract research, with minimal expectations for licensing revenues.

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

Aptamer will continue to target opportunities to out-licence its technology. If successful, these opportunities have the potential to generate material recurring revenue streams. Since IPO, Aptamer has



To increase commercial traction and broaden the market for our technology

Focus on improving the product offering and driving high value, high impact partnerships.

Delivery for year ended 30 June 2024

- Improve core fee-for service offering to reach profitability
- Continued focus on licensing technology to diagnostic and therapeutic developers

found that whilst there is significant appetite for its technology, reaching and securing licensing agreements is taking much longer than anticipated and can be impacted by factors outside the Group's control. Hence, the Group is re-focusing its efforts to ensure that it is sustainable on a lower level of fee-for-service work whilst retaining the potential upside from these longer-term opportunities.



aptamer
GROUP

Since April 2023, Aptamer Group has been working with Neuro-Bio, an Oxford-based biotechnology company with a therapeutic focus on neurodegenerative diseases, to enable the early diagnosis of Alzheimer's disease.

As part of this partnership, Aptamer Group is developing Optimer® binders to a novel Alzheimer's disease biomarker, the 'T14' peptide. This biomarker was discovered and is currently being further validated by Neuro-Bio. The final developed Optimer® binders will be incorporated into a routine lateral flow test to support the clinical and commercial development of rapid diagnostics for Alzheimer's disease via simple nasal sampling.

Optimer®-powered diagnostic tests for Alzheimer's disease could support improved patient stratification for clinical trials and the early detection of Alzheimer's disease to allow treatment that may prevent the onset of devastating memory loss and confusion in these patients. Neuro-Bio is working in parallel to develop a complementary therapy that could stabilise disease progression in patients following diagnosis.

“We’re delighted to be working with Aptamer Group on this potentially game-changing technology to combat one of the biggest unmet medical needs of our time. It’s a further example of UK ingenuity and teamwork for highly innovative and disruptive science.”

Baroness Susan Greenfield
Chief Executive Officer
Neuro-Bio





aptamer
GROUP

Aptamer Group partnered with Bioliquid Innovative Genetics, a Spanish biotechnology company focusing on women's and foetal health.

Since May 2022, the companies have been working together to improve prenatal diagnostic tests, and develop new biomarkers for the diagnosis of placental disease.

Following initial contract research work for Bioliquid Innovative Genetics, Aptamer Group joined a Eurostars consortium with Bioliquid Innovative Genetics and another company to develop a new medical device for improved non-invasive prenatal testing and the diagnosis of placental disease.

Following initial contract research work for Bioliquid Innovative Genetics, Aptamer Group joined a Eurostars consortium with Bioliquid Innovative Genetics and another company to develop a new medical device for improved non-invasive prenatal testing and the diagnosis of placental disease.

“It is vital that we improve prenatal testing and the early diagnosis of placental disease to increase women's and foetal health outcomes.

The innovative new solutions we are developing with Aptamer Group could revolutionise this space to deliver non-invasive prenatal tests with better prognostic, treatment, and monitoring of gynecological diseases.”

Dr Xavier Santamaria Costa
Chief Executive Officer
Bioliquid Innovative Genetics, S.L.



Financial review

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



Andrew Rapson
Chief Financial Officer

Group	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Adjusted EBITDA	(4,672)	(1,664)
Share-based payment expense	(84)	(457)
Impairment of tangible and intangible assets	(2,601)	-
Statutory EBITDA	(7,357)	(2,121)
Amortisation	(44)	(22)
Depreciation	(756)	(433)
Operating Loss	(8,157)	(2,576)

Revenue

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

Gross profit

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

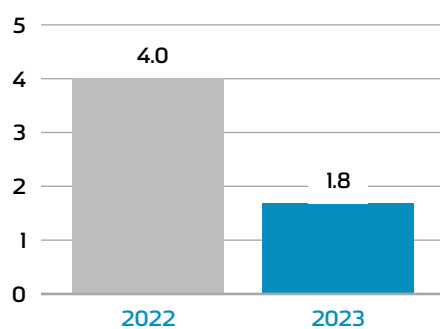
Research and development costs

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

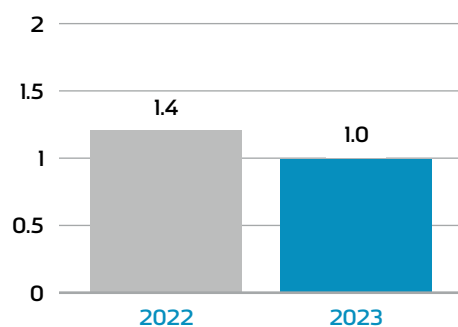
Administrative expenses

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

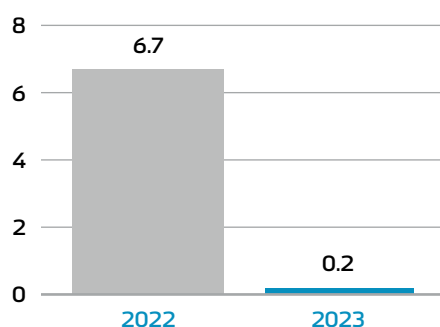
Group revenue (£m)



Research and development spend (£m)



Cash (£m)



Adjusted EBITDA

The Group uses adjusted EBITDA as a profit performance metric as this excludes items which can distort comparability of underlying trading as well as being the measure of profit which most accurately reflects the cash generating activities of the Group. The reconciliation of adjusted EBITDA to Operating Loss is as page 27.

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

Share-based payment charges

The non-cash charge for the year decreased to £0.1 million (2022: £0.5m). The prior year included a one-off charge of £0.3 million in respect of a warrant that the Company issued to SPARK to subscribe for up to 689,417 Ordinary Shares on 15 December 2021.

Tax

The Group claims each year for research and development tax credits. Since it is loss-making, the Group elects to surrender these tax losses for a cash rebate. The amount is included within the taxation line of the income statement and amounts to £0.5 million (2022: £0.5 million). The Group has not recognised any tax assets in respect of trading losses arising in the current financial year or accumulated losses in previous financial years.

Loss for the year

The loss for the year was £7.8 million (2022: £2.1 million loss). The basic loss per ordinary share increased to 11.35 pence (2022: 3.24 pence per share) based on an average number of shares in issue during the period of 69,055,369 (2022: 64,546,622).

Cash flow

The Group had £0.2 million of cash at 30 June 2023 (2022: £6.7 million). The cash outflow for the year was £6.5 million (2022: £6.3 million inflow).

This primarily reflects the cash outflow from operating activities of £4.6 million (2022: £3.0 million outflow), cash receipts relating to research and development tax credits of £0.5 million which represented the tax refund for the prior period (2022: £0.6 million), payment of leases of £0.4 million (2022: £0.5 million) and an investment in capital expenditure and intangible assets of £2.0 million (2022: £0.4 million).

The £2.0 million capital expenditure was in relation to the fit out of the new laboratory and office space.

Financial position

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

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

Andrew Rapson

Chief Financial Officer
08 November 2023

Section 172 statement

Statement by the Directors in relation to their statutory duty in accordance with Section 172(1) of the Companies Act 2006

The Directors and the Board as a whole consider that they have acted in a way that would be most likely to ensure the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172(1) (a) to (f) of the Act) in decisions taken during the year ended 30 June 2022. The Directors fulfil their duty by ensuring that there is a robust governance structure and process running through all aspects of the Group's operations. The Group's culture of strong governance is described in more detail on pages 34 to 45.

The Group's strategy is determined by the Board following careful consideration of materials and presentations from the Group Executive Team. This encompasses the impact on each of our main stakeholders and ensures alignment to the Group's culture. The Board engages with and meets stakeholders regularly, continually monitors the markets in which the business operates, and ensures that it regularly engages its leadership team to assess progress on strategy and specific projects. The Group's focus on ESG is especially relevant to our stakeholders and this is explained in detail across our approach to risk management on pages 32 to 33 and governance on pages 34 to 45.

We listen

Engaging with our stakeholders through open and clear communications.

The Board considers its major stakeholders to be our people, our investors, our customers and our suppliers.

Engagement with all stakeholders is carried out in accordance with Section 172(1) of the Companies Act 2006. For further information see p.29.



People

People are the key to the success of the Group.

It is their skills, experience and hard work that allow us to deliver quality services to our customers and be innovative in our research and development.

We believe every employee should have a voice and that every opinion should be heard because every individual working at Aptamer has something unique and valuable to offer. The Directors strive to provide an open culture where feedback and interaction is encouraged between the workforce. Regular interaction is conducted in multiple formats for all staff:

- Bi-monthly town hall meetings
- Team meetings by function
- Events and social activities



Investors

Without the long-term support of our shareholders, our business and delivery of our strategy is not sustainable.

We provide regular and open communication with our shareholders to ensure they are fully abreast of our strategic objectives, financial and operational performance, governance of the Group and values by which we operate:

- Regulatory News Service (RNS) announcements
- Annual and half-year reports
- Annual General Meeting
- One-to-one investor meetings
- Social media updates





Customers

Our customers are central to Aptamer's strategic objectives, and we deliver a first-class service to them at the highest regulatory standards.

Our principal customers include large pharmaceutical companies who either use our services or collaborate with us to deliver research and development.

We engage regularly with our customers to ensure we are meeting their needs adequately:

- Weekly team calls
- Project progress reports
- Customer experience surveys
- Scientific webinars
- Industry events and conferences



Suppliers

The success of the delivery of our projects depends on strong relationships with trusted and professional suppliers who play a key role in our commercial strategy.

They underpin our business growth and ensure we deliver a quality service and remain competitive.

Our employees have a strong working relationship with our suppliers and liaise with them regularly through:

- Team calls
- Progress reports



A robust approach to risk management

The Board:

Is ultimately responsible for risk.

Reviews the principal risks and uncertainties facing the Group and assesses the controls in place to manage risk and mitigate potential adverse impacts.

The Audit Committee:

Monitors the effectiveness of risk management and internal controls.

The Leadership Team:

Oversees the risk management process and monitors mitigating actions.

Our Principal Risks

The Board considers risk assessment, identification of mitigating actions and related internal controls to be crucial to achieving the Group's strategic objectives. The Corporate Governance Report describes the systems and processes through which the Directors manage and mitigate risk.

The principal risks to achieving the Group's objectives are:

Risk	Description	Mitigating Actions
Financial Risk	<p>The Group is at an early stage of its development and faces a number of operational, strategic and financial risks frequently encountered by companies looking to bring new products to market.</p> <p>The Group is focussed on delivering revenue growth and is expected to be loss-making for the foreseeable future with further commitments planned to invest in the infrastructure and capabilities to support future growth.</p> <p>There can be no certainty that the Group will begin to be cash positive from trading activity or that further capital will be available once the current funds are fully committed and utilised.</p>	<p>The Group endeavours to reduce this risk by forecasting cash flow and driving financial planning to improve the financial resilience of the Group.</p> <p>Management is also committed to mitigating this risk by delivering against the Group's growth strategy, generating revenue and winning new and existing contracts.</p> <p>Furthermore, the Group is committed to minimising its cost base whilst still being able to meet its growth strategy.</p> <p>The Board reviews financial performance on a frequent basis in order to ensure that Management are delivering against plan.</p> <p>The cash balance at 30 June 2023 was £0.2 million and following the completion of fundraises during August 2023 and September 2023 was £2.7 million at the end of September 2023.</p>
Dependence on Key Personnel	<p>The Group continues to be dependent upon the involvement and contribution of Aptamer's founding scientists, Dr Arron Tolley and Dr David Bunka. Also, given the relatively small size of the Group, it is reliant on a small number of key individuals.</p>	<p>The Group appreciates the high level of expertise and contributions made by its key people. It offers a merit-based, stimulating work environment with a culture focused on teamwork and freedom to operate. In addition, there is a competitive performance-based reward structure, including annual performance bonus and share options that vest over a number of years. The Board is also taking steps to ensure that knowledge, skills and expertise are shared and developed across all levels of the organisation.</p>

Risk change:

 Increasing
  Decreasing
  Stable




Risk	Description	Mitigating Actions
Research and Development	<p>The Group engages in research and development to develop solutions required by customers or to develop new technology to address specific market needs. The Group may not reach customer requirements or develop the technology quick enough which could result in the delay to projects.</p>	<p>The Group is building an experienced and reputable team of subject matter experts who are monitoring the outputs of the projects to ensure appropriate decisions based on data outcomes are taken at the right time.</p> <p>Projects are planned in detail and reviewed regularly through working groups to ensure incremental progress is being made.</p>
Intellectual Property	<p>The Group owns a portfolio of intellectual property comprising patents, patent applications and know-how. The commercial success of the Group and its ability to compete effectively with other companies depends, amongst other things, on its ability to obtain and maintain these patents and know-how sufficiently to provide protection for the Group.</p> <p>The absence of a commercially viable product that has been granted patents using our technology may have a material adverse effect on the Group's ability to develop its business.</p> <p>In addition, an infringement on any of our patents would present a risk to the Group, as would a patent being granted to an alternative technology prior to one being granted on our technology.</p>	<p>The Group seeks to reduce this risk by only developing products where legal advice indicates patent protection would be available and commercially viable, seeking patent protection for the Group's products, maintaining confidentiality agreements regarding Group know-how and technology, and monitoring technological developments and the registration of patents by other parties.</p>
IT and Assets	<p>The Group is reliant on its information technology systems for the processing, transmission and storage of electronic data relating to its research, operations and financial reporting. The success of the Group is dependent on its technical capabilities.</p>	<p>The Group has security measures and back-up systems in place in an attempt to counter any attacks by hackers, computer viruses or malicious code or other disruptions, including as a result of natural disasters or telecommunications breakdown or other reasons beyond the Group's control.</p>
External Factors /Global Macro-economic Events	<p>The outbreak of epidemics or pandemics, such as any future strains of the SARS-CoV-2, may adversely impact the business, third-party suppliers and/or its customers.</p> <p>Disruptive events such as natural catastrophes, economic turmoil, pandemics, political crisis and regulatory intervention which impact third-party suppliers and may require the Group to adapt the way it operates may present operational risk.</p>	<p>Our employees are already used to working remotely effectively, flexibly and alongside our valued and skilled network of consultants and sub-contractors. The Group has relocated to larger premises with more space to socially distance from one another.</p> <p>The Board and Senior Management monitor global events and how they could potentially impact the business.</p>

The Strategic Report is contained on pages 1 to 33. It was approved by the Board on 08 November 2023 and signed on its behalf by:

Steve Hull
 Executive Chairman

Expertise assembled

Committee membership:

-  Audit Committee
-  Remuneration Committee
-  Committee Chair



Steve Hull
Executive Chairman



Dr Arron Tolley
Chief Technology Officer

Background and experience:

Steve is an experienced company director and entrepreneur, having started, acquired, developed and successfully exited a number of businesses across different verticals. He was previously chairman of Aptamer Group until the IPO in December 2021 and returned to lead the Group in August 2023.

Arron is the founder of Aptamer Group and was CEO from 2008 – 2023. Arron holds a Ph.D. in Molecular Biology and Biophysics from the University of Leeds and a B.Sc. in Molecular Medicine. Arron has over 19 years' experience in the field of nucleic acid biology and has expertise in the development of aptamers against multiple target types, including complex cellular targets in model disease systems. Arron led the growth of the company from a small laboratory built in the basement of his house to a successful aptamer development company. Arron led the business through various stages of growth, and funding, including the AIM IPO in December 2021. Arron has extensive experience in business development, business administration and translational science and holds an honorary professorship for translational science and entrepreneurship from the University of Surrey.

Committee membership:



Dr David Bunka
Chief Scientific Officer

David leads research and development activities to support customer validation assays and internal R&D at Aptamer Group. He holds a Ph.D. in Molecular Biology and has spent nearly 20 years developing nucleic acid aptamers against a wide variety of targets including small molecules (antibiotics, food contaminants, chemotherapeutics), disease-associated proteins, several cancer-associated cell-lines, viruses and tissue biopsies. This work has been facilitated through the use of high-throughput, automated aptamer selection methods. David has built up an established international reputation in the field and has authored several peer-reviewed research articles, invited review articles and a book chapter on aptamer-based therapeutics. He has also given many guest seminars covering aptamer-based applications at top universities and international conferences.



Dr Adam Hargreaves
Independent
Non-Executive Director

Spanning a 20-year career, Adam has previously worked for AstraZeneca, and has interests and skills in preclinical and translational small molecule, biologic, and RNA-based pharmaceuticals. He is the founder of PathCelerate, a contract research pharmaceutical testing company and has consulted across preclinical and clinical drug discovery and development for a number of global pharmaceutical companies, diverse range of small- and medium-sized biotechnology and medical device firms; assisting in the generation of numerous Investigational New Drug and Clinical Trial Application submissions.

Adam is a Fellow of the Royal College of Pathologists and is a board-certified Diplomate of the American College of Veterinary Pathology. He holds a PhD in oncology and has held posts including President of the British Society of Toxicologic Pathology and Visiting Professor at the University of Surrey.



Dean Fielding
Independent
Non-Executive Director

Dean is an independent non-executive director and chair of the audit committee at The Property Franchise Group plc. He was previously Group Finance Director of LSL Property Services plc, Finance Director of Your Move and a non-executive director of Hunters Property plc, in addition to a variety of consultancy and other non-executive roles.



Chairman's introduction

Introducing the Board's approach to governance and its key areas of focus this year.



The Board of Aptamer Group is committed to maintaining the highest standards of corporate governance and sets clear expectations concerning the Group's culture, values and behaviours. This is reinforced through the adoption of the Quoted Companies Alliance's Corporate Governance Code ('QCA Code'). The Board works diligently to ensure that Aptamer follows and applies the 10 principles of the QCA Code to the extent that is appropriate for a business of the Group's size and stage of development.

Full details of the code and how we adopt it can be found on the Group's website within the Corporate Governance section within the Investor Relations section .

Role of the Board

The Board is responsible for taking all major strategic decisions and addressing any significant operational matters. In addition, the Board reviews the risk profile of the Group and ensures that an adequate system of internal control is in place. This is underpinned by the Board's focus on ensuring that the Group delivers long-term value to its shareholders.

Composition of the Board

During the year the Board comprised five Directors including a Non-Executive Chair, two full-time Executive Directors and two Non-Executive Directors, of which two were considered to be independent.

Post-period end, a new Board was established comprising five Directors including an Executive Chair, two full-time Executive Directors and two Non-Executive Directors, of which two were considered to be independent.

The Board believes that the composition of the Board brings a complementary range of skills and experience to support the Group's opportunities and challenges as a public company on AIM, while at the same time ensuring that no individual, or small group of individuals, can dominate the Board's decision-making.

Steve Hull
Executive Chairman

Board committees

During the period, the Board met regularly to review the Group's progress toward its strategic goals and to approve corporate plans and actions, budgets and financial reporting. The Board has established the Audit Committee and the Remuneration Committee to fulfil specific functions, each with formally delegated duties and responsibilities. The committees meet on a regular basis and are both chaired by independent Non-Executive Directors.

Board meetings

During the year, the Board held 16 scheduled meetings. Attendance at these meetings is below.

The Board has elected not to constitute a dedicated Nomination Committee, instead retaining such decision-making with the Board as a whole. This approach is considered appropriate to enable all Board members to take an active involvement in the consideration of Board candidates and to support the Chair in matters of nomination and succession.

Social and environmental impact

The Board is mindful of the potential social and environmental impact of the Group's activities and is committed to ensuring the environmental effects of these are minimized wherever possible. We ensure the Company strives to make a positive difference in the communities in which it operates by maintaining robust business practices, operating as a good corporate citizen and acting as a trusted employer.

Equal opportunity employer

We believe in the value of diversity and strive to be an equal opportunity employer. We have a diverse group of employees in terms of both ethnicity and gender, and firmly believe diversity, inclusion and collaboration are key to our success.

Communication with shareholders

The Board recognises the importance of communicating with its shareholders – both institutional and private – to ensure that the strategy and performance of the Group is understood and that its actions are held accountable to shareholders. Throughout the year, regular communication with investors is maintained via a number of channels:

- Dedicated investor section of our website: <https://aptamergroup.com/investors>
- Company announcements published via Regulatory Information Service announcements.
- Annual Reports, fully audited, and published on our website.
- Interim results statements, published on our website.
- Meetings between Board representatives and shareholders held on an ad hoc basis, and following publication of the interim and final results.
- Annual General Meeting including both a presentation and an opportunity for shareholders to ask questions of Directors on a formal and informal basis, and to discuss the development of the business.

Key activities of the Board this year included:

- Review of R&D projects.
- Review and approval of interim results.
- Commercial presentations.
- Risk management and risk register.
- Strategic Review.
- Changes to the infrastructure and organisation of the business.

Member	Role	Appointment date	Resignation date	Attendance
Dr Ian Gilham	Non-Executive Chairman	22 December 2021	21 August 2023	16/16
Angela Hildreth	Non-Executive Director	22 December 2021	21 August 2023	16/16
Dr John Richards	Non-Executive Director	1 June 2021	21 August 2023	16/16
Dr Arron Tolley	Executive Director	29 May 2014	16 May 2023*	10/10
Dr David Bunka	Executive Director	29 May 2014		16/16
Dr Rob Quinn	Executive Director	1 March 2023	21 August 2023	9/9

* Dr Arron Tolley was reappointed on 21 August 2023.

1. Audit Committee report



The Audit Committee plays a key role in the Group's governance framework by monitoring the Group's financial reporting, internal controls and risk management.

Following the post-period establishment of a new Board of Directors, a new Audit Committee has been appointed. The Committee comprises Dean Fielding as Chair and Dr Adam Hargreaves.

The Role of the Committee

The Audit Committee assists the Board with monitoring and reviewing the Company's financial results and other reporting and has oversight of the effectiveness of risk management and systems of internal control. Its role is to provide confidence to shareholders on the integrity of our reported financial results and provide challenge to the external auditors and senior management. The framework of duties is set out in its Terms of Reference which are available on the Company's website. Each year the Committee will review its own performance and its Terms of Reference.

Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chair of the Committee works closely with the CFO and the finance department to ensure papers for meetings are comprehensive and comprehensible. When appropriate to do so, the Committee seeks the support of external advisers and consultants.

Duties of the Committee

The duties of the Committee include:

- Monitoring the integrity of all financial reporting including key accounting policies.
- Reviewing the content of the Annual Report and Accounts to ensure it is fair, balanced and understandable, providing the necessary information for shareholders to assess the Company's performance, business model and strategy.
- Assessing the Company's internal financial controls that identify, assess, manage and monitor financial risk and risk management systems.
- Reviewing the Company's procedures for detecting fraud, bribery and non-compliance and ensuring adequate arrangements are in place for employees and external parties to raise concerns.
- Considering annually the need for an internal audit function based on the Company's size and activities.
- Considering the appointment of external auditors and the frequency of re-tendering and rotation of the audit.
- Overseeing the relationship with, and the independence and objectivity of, the external auditors.
- Developing and recommending a policy in relation to the use of external auditors for non-audit services.

The Committee reports to the Board, which includes reporting on any matters where it considers action or improvement is needed, including the recommendation of remedial action. The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters, including any reporting issues and on estimates and judgements made in the preparation of financial statements.

Attendance

During the year, the Committee held four scheduled meetings and reported on its activities to the Board. The members of the Audit Committee, who held office throughout the year are:

Member	Role	Status	Appointment date	Attendance
Angela Hildreth	Chair	Independent	22 December 2021	4/4
Dr John Richards	Non-Executive Director	Independent	22 December 2021	4/4

Post-period Angela Hildreth and Dr John Richards resigned from the Audit Committee on 21 August, 2023. The newly appointed Audit Committee, instated on 21 August 2023, comprises Dean Fielding as Chair and Dr Adam Hargreaves

Committee membership and attendance

Appointments to the Committee are made by the Board in consultation with the Chair of the Committee. Both members are independent Non-Executive Directors and have competence relevant to the sector, with at least one member having recent and relevant financial experience. Only members of the Committee have the right to attend Committee meetings. However, senior leadership team members and the external audit lead partner are invited to attend meetings on a regular basis.

Key activities of the Committee during the year:

- Reviewed the integrity of the financial statements including the Preliminary statement, Annual and Interim reports.
- Meeting with the Auditors to review the interim and full year results, discussing key accounting judgements made and advising the Board that these were a balanced and fair representation.
- Reviewed and updated the risk register and reporting to the Board its view on the key operational and financial risks the business faced.
- Reviewed findings from the internal audit report and implemented recommendations.
- Reviewed whether a going concern basis was appropriate for the preparation of the annual reports.

2. Remuneration Committee report



Aptamer Group has strong prospects for growth and is well-positioned to capitalise on the rapidly growing demand for new generations of binders for a wide range of applications across the global Life Sciences sector.

Following the post-period establishment of a new Board of Directors, a new Remuneration Committee has been appointed. The Committee comprises Dr Adam Hargreaves as Chair and Dean Fielding.

The Role of the Committee

The role of the Remuneration Committee is to ensure there is a formal process for considering executive remuneration. On behalf of the Board, it reviews the pay, benefits, and other terms of service of the Executive Directors of the Company and the broad pay strategy with respect to other senior executives. The framework of duties is set out in its Terms of Reference, which are available on the Company's website. Each year the Committee will review its own performance and its Terms of Reference. Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information.

The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the Committee will make any recommendations to the Board it deems appropriate.

Duties of the Committee

The duties of the Committee include:

- Determining the Directors' remuneration policy and setting the remuneration of the Company's Chair, Executive Directors, senior management, Company Secretary and the wider workforce.
- Establishing remuneration schemes for Executive Directors that promote long-term shareholding, and attract, retain and motivate those individuals without paying more than is necessary.
- Designing remuneration policies and practices to promote long-term sustainable success, with executive remuneration aligned to the Company's purpose and values, clearly linked to the successful delivery of the Company's long-term strategy.
- Within the terms of the agreed policy, determining the total individual remuneration package of each Executive Director, the Company Chair and senior managers including bonuses, incentive payments and share options or other share awards.
- Determining clawback and equivalent arrangements in the event of a significant downturn in performance or impropriety.
- Determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives.
- Agreeing the policy for authorising claims for expenses from the Directors.
- Review the Company's arrangements for its employees to raise concerns in confidence about possible wrongdoing in financial reporting or other matters.

No Executive Director is involved in decisions setting their remuneration.

Attendance

During the year the Committee held one scheduled meeting and reported on its activities to the Board. The members of the Remuneration Committee, who held office throughout the year, were:

Member	Role	Status	Appointment date	Attendance
Dr Ian Gilham	Non-Executive Chairman	Independent	22 December 2021	1/1
Angela Hildreth	Non-Executive Director	Independent	22 December 2021	1/1
Dr John Richards	Non-Executive Director	Independent	22 December 2021	1/1

Post-period the newly appointed Audit Committee comprises Dr Adam Hargreaves as Chair and Dean Fielding.

Committee membership and attendance

Appointments to the Committee are made by the Board in consultation with the Chair of the Committee. All members are independent Non-Executive Directors. Only members of the Committee have the right to attend Committee meetings. However, senior leadership team members and external advisers may be invited to attend all or part of any meeting.

Directors' remuneration policy

This report sets out the Company's policy on the remuneration of its Executive Directors and Non-Executive Directors (the "policy"). The Executive Directors have written terms of engagement with no fixed expiry date. Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the necessary calibre and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration package is undertaken by the Remuneration Committee.

Base salary

Salaries are determined by reference to market data and taking into account the responsibilities of the Executive. All increases and changes are at the discretion of the Committee.

Pension

Executives are offered a contribution into a defined contribution pension scheme.

Performance-related bonus

To incentivise performance against personal objectives and selected KPIs linked to business strategy, Company, and Individual bonus targets are set in June of each year. Achievement of both Company and Individual targets is assessed in the September following the end of the financial year with payment following shortly thereafter. For the year ending 30 June 2023, the maximum percentages were 100% for the Chief Executive, and 75% for the Chief Technical Officer. A maximum pay-out requires an Executive's personal performance to be maximum and the Company bonus achievement to be maximum as well. An overall Company achievement is based on financial and operational KPIs.

Post year end, performance-related bonuses have been cut significantly for the Board and are subject to a maximum of 25% for all Board members.

Benefits

Life assurance and medical insurance are offered as a benefit to the Executives.

2. Remuneration Committee report continued

Directors' Remuneration**Single figure for total remuneration**

The following table sets out the single figure for total remuneration for Directors for the year ended 30 June 2023 and the year ended 30 June 2022.

	30 June 2023					2022 Total £'000s
	Salary, fees and bonus £'000s	Other benefits** £'000s	Share-based payments charge £'000s	Pension £'000s	Total £'000s	
Dr Arron Tolley ¹	241	4	–	1	246	592***
Dr David Bunka	200	1	–	1	202	353***
Dr Robert Quinn ²	63	–	–	1	64	–
Eleanor Brown ³	–	–	–	–	–	217
Dr Ian Gilham ⁴	73	–	24	–	97	61
Angela Hildreth ⁴	37	–	10	–	47	29
Dr John Richards ⁵	32	–	10	–	42	46
Professor Paul Townsend ⁶	–	–	–	–	–	6
Jordan Clark ⁷	–	–	–	–	–	68
Stephen Hull ⁶	–	–	–	–	–	2*
Andrew Skinn ⁶	–	–	–	–	–	5
Dr Frans Van Dalen ⁶	–	–	–	–	–	1*
Mark Vaux ⁸	–	–	–	–	–	16
Total	646	5	44	3	698	1,396

* Board fees paid via share options.

** Other benefits include health insurance and gym membership.

*** 50% of bonus award included in these figures was to be paid in shares in September 2023 but these shares were not issued due to the financial position of the Company.

1 Resigned 16 May 2023 and reappointed 21 August 2023.

2 Appointed 1 March 2023 and resigned 21 August 2023.

3 Resigned 13 June 2022.

4 Appointed 22 December 2021 and resigned 21 August 2023.

5 Appointed 1 June 2021 and resigned 21 August 2023.

6 Resigned 15 December 2021.

7 Appointed 8 June 2021 and resigned 12 October 2021.

8 Appointed 2 February 2021 and resigned 23 July 2021.

Directors and their interests in shares

The Directors of the Company who held office at the end of the year, and their interests in the ordinary share capital of the Company, were as follows:

	Year ended 30 June 2023	
	Number of shares	Percentage holding
Dr Arron Tolley	15,794,200	22.88%
Dr David Bunka	12,524,200	18.15%
Dr Robert Quinn	-	-
Dr Ian Gilham	21,367	0.03%
Dr John Richards	-	-
Angela Hildreth	-	-

On 17 August 2023 and 19 September 2023 the Company issued 360,000,000 and 28,251,956 new Ordinary shares respectively. Following these share issues the remaining directors who held office during the year held the following interests:

	Number of shares	Percentage holding
Dr Arron Tolley	16,794,200	3.59%
Dr David Bunka	13,524,200	2.89%

Directors' share options

The Directors of the Company who held office at the end of the year, have been granted the following share options:

	Number of shares	Date of grant	Date of expiry	Exercise price per ordinary share
Dr Arron Tolley	700,000	30 June 2021	29 June 2031	15.54p
Dr David Bunka	32,600	31 July 2019	30 July 2029	7.675p
	61,400	30 June 2021	29 June 2031	15.54p
Dr Ian Gilham*	136,752	15 December 2021	14 December 2031	117p
Dr John Richards*	59,829	15 December 2021	14 December 2031	117p
Angela Hildreth*	59,829	15 December 2021	14 December 2031	117p

* These options lapsed on 21 August 2023 following their resignation.

For the year ended 30 June 2023

The Directors present their Directors' Report and audited financial statements of the Group for Aptamer Group PLC ("the Company") and its subsidiaries (together "the Group") for the year ended 30 June 2023.

Principal activities

The principal activity of the Company and the Group during the year was the provision of aptamer selection and development services and the development of aptamer-based reagents. The Group operates across three divisions: custom services (research and bioprocessing tools), diagnostics and therapeutics.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr D H J Bunka	
Dr R Quinn	(appointed on 1 March 2023 and resigned on 21 August 2023)
Dr I D Gilham	(resigned on 21 August 2023)
A Hildreth	(resigned on 21 August 2023)
Dr J D Richards	(resigned on 21 August 2023)
Dr A C Tolley	(resigned on 16 May 2023 and reappointed on 21 August 2023)
S Hull	(appointed on 21 August 2023)
Dr A Hargreaves	(appointed on 21 August 2023)
D Fielding	(appointed on 21 August 2023)

Results and dividends

The results for the year are set out on page 54.

No ordinary dividends were paid. The Directors do not recommend payment of a dividend.

Substantial Shareholdings

Other than the Directors' own holdings, the Board has been notified that, as at 31 October 2023, the following shareholders on the Group's share register held interests of 3% or more of the issued ordinary share capital of the Group:

Shareholder	Percentage	Number
Jim Nominees Limited	30.93%	144,569,450
Hargreaves Lansdown (Nominees)	12.19%	56,984,395
The Bank of New York (Nominees)	10.66%	49,796,538
Redmayne (Nominees) Limited	6.34%	29,652,932
Interactive Investor Services	5.85%	27,344,538
Vidacos Nominees Limited	5.31%	24,820,179
Arron Tolley	3.59%	16,795,200
Lawshare Nominees Limited	3.37%	15,736,915

Qualifying third-party indemnity provisions

The Group has indemnified all Directors of the Group against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006 in the year and up to the date of the approval of these financial statements

Financial instruments

Financial risk management

The Group's activities expose it to a number of financial risks including credit risk, foreign currency risk, interest rate risk, cash flow risk and liquidity risk which it manages as follows:

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, Management closely monitors available bank and other credit facilities in comparison to the Group's outstanding commitments on a regular basis to ensure that the Group has sufficient funds to meet the obligations of the Group as they fall due.

Credit risk

The Group's principal financial assets are bank balances and cash and trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group has no issues with the impairment of debts at the reporting date. The historic trading activity and the collection of balances due from customers does not indicate that impairment risk will be significant in the future.

Foreign currency risk

The main currencies in which the Group operates are the Pound Sterling and the US Dollar.

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

Interest rate risk

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

Cashflow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Interest-bearing liabilities are a mixture of fixed and floating rate, where the Group mitigates the exposure through cash flow hedging.

Disabled persons

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment of disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its performance. The Group encourages the involvement of employees by means of regular management team briefings, regular training and feedback sessions.

Independent auditor

The Board are recommending Gravita Audit Limited (formerly Jeffreys Henry Audit Limited) for reappointment as auditor of the Company. Gravita Audit Limited have expressed their willingness to accept this appointment and a resolution re-appointing them will be submitted to the forthcoming Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the auditors of the Company are unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the auditors of the Company are aware of that information.

Matters covered in the "Our Strategy" section

Certain matters required to be included in the Directors' Report have been included in the "Our Strategy" section on page 20 and 21, namely the discussion of the future developments.

Going concern

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

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

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However there remains a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. The going concern assessment is disclosed in more detail in Note 3 to the financial statements.

On behalf of the Board

S Hull

Executive Chairman
08 November 2023

For the year ended 30 June 2023

The Directors are responsible for preparing the Annual Report the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with UK adopted international accounting standards ("IFRSs").

The directors have elected to prepare the parent company financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Standards (United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard IO1 'Reduced Disclosure Framework').

Under company law, 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 the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- for the group financial statements, state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Members of Aptamer Group Plc

For the year ended 30 June 2023

Opinion

We have audited the financial statements of Aptamer Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statements of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Financial Reporting Standards (IFRS). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 June 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 IFRS's;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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

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.

We draw your attention to note 1.3 in the financial statements, which indicates the key risks and uncertainties set out on page 32 and 33 may affect the future prospects and trading activities of the group.

The Group sales forecasts includes a growth of revenues based on the expansion plans and the timely receipt of R & D tax credits and accounts receivables. The directors are satisfied that they would be able to take mitigating action in the event that the sales growth was slower and that these cash realization's will be met. These conditions, along with other matters as set out in note 1.3 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash requirements, which was compared to the liquid assets held in the entity included:

- Evaluating the appropriateness of the going concern assessment performed by management with regard to the requirements of the applicable financial reporting framework, including the period covered;
- Engaging with senior management around the group to obtain a broad-based understanding of key commercial drivers;
- Testing the mathematical accuracy of the going concern model prepared by management and the underlying calculations used within it;
- Verifying the level of cash held by the group as at 30 June 2023 and cash movements post year end;
- Critically assessing the directors' financial forecasts and the underlying key assumptions, including the sales pipeline, actual sales in the current financial year, operating cash burn rates and managements going concern sensitivity analysis which included cost reduction measures which would have the effect of extending the cash runway; and
- Evaluating the adequacy of disclosures made in the financial statements in respect of going concern.

Independent Auditor's Report to the Members of Aptamer Group Plc continued

For the year ended 30 June 2023

Based on the work we have performed, there is an uncertainty on the achievement of the forecasts for twelve months from approval of the financial statements and there may be delays in cash realisations required to support the working capital cycle giving rise to material uncertainty related to going concern. However, because not all future events or conditions can be predicted this statement is not a guarantee of the company's ability 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. In addition to the Material Uncertainty relating to Going Concern discussed above, the following 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>As disclosed the group's revenues is generated from a number of different revenue streams which arise from the provision of services in the parent and solutions operating segments.</p> <p>We assessed the audit risk for each revenue stream and identified significant risk existed in areas below:</p> <ul style="list-style-type: none">— Milestone achievement may not be accurately identified or may be fraudulently misrepresented, leading to inaccurate reporting of revenue streams.— An inappropriate policy of recognising revenue under IFRS 15 may be applied fraudulently to misstate revenues in error. This may arise either due to an incorrect assessment being made of whether revenue should be recognised at a point in time or over time, or because of an incorrect assessment is made of the distinction between performance obligations. The risk is that revenues are not recorded accurately or in the correct period and is present in all revenue streams.— Revenue may not be appropriately deferred when the provision of goods or services has not taken place in the financial year, leading to early revenue recognition and understatement of deferred income	<p>Our audit procedures in response to the assessed risks were substantive in nature. On a sample basis we:</p> <ul style="list-style-type: none">— Agreed a sample of revenue items to supporting documents such as invoices, contracts, and proof of delivery / performance.— Obtained supporting evidence as to whether the milestones claimed have been achieved.— Assessed for each sample selected whether the revenue recognition policy applied was consistent with regards to nature of the contract entered in to with the customers. <p>This enabled us to conclude on whether revenue occurrence was demonstrable, and whether revenue had been recognised in the appropriate amount and in the correct period, according to contractual documents in place.</p> <p>Nothing has come to our attention as a result of performing the above procedures that causes us to believe that a material misstatement is present in respect of revenue recognition due to the matters identified as fraud and error risk set out on the left.</p>

Key audit matter

Impairment of Investments in Subsidiaries

Company financial statements present a significant level of investments, which may give rise to several risks associated with recognition, disclosure and completeness. We endeavour to assess the recognition, disclosure and completeness of investments in debt in line with the supporting documentation to ensure that such transactions are carried out at arm's length and adequate fair value disclosed at the end of the reporting period.

How our audit addressed the key audit matter

We have performed the following audit procedures:

Reviewed management's assessment of future operating cashflows and indicators of impairment;

Assessed the methodology used by management to estimate the future profitability of companies in the group and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate;

Assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with the economic and industry statistics relevant to the business;

Confirmed that any adverse changes in key assumptions would not materially increase the impairment loss;

Challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at the expected revenues for the foreseeable future.

Reviewed the latest management accounts for all entities in the group to confirm reasonability of assumption used in the cashflow forecast.

Based on the audit work performed we are satisfied that management have made reasonable assumptions in arriving at the value of the companies in the group based on carrying value of investments and the amounts are disclosed in accordance with the reporting framework, and no additional impairment loss should be recognised in the parent company financial statements.

Carrying value of intangible assets, right of use assets & Impairment.

Group accounts hold a significant amount of Intangible assets and right of use assets. There is a risk associated with intangibles and right of use assets that they could be overstated. These assets have been impaired during the year and a review of the assumptions and judgements used by management have been considered.

We have performed the following audit procedures:

- Obtained management's forecast when preparing its calculations to support the cash generating unit that was identified and the inputs that determined its value in use;
- Reviewed management assumptions and challenged management on their judgements of the forecasted sales and estimates and useful lives of the intangible assets;
- We considered the key assumptions in the model including the discount rate, the reliability of the revenue by comparing this to historical inputs, and the weighting of the success for any future fundraise;
- Reviewed the inputs in the right of use assets and considered the allocation of impairment applied across the cash generating units;
- Tested the clerical accuracy of management's forecast.

As there were indicators of impairment, specific and general impairment provisions were made to both intangible and tangible assets and further information is provided in note 5. We bring to your attention that, the company's revenue pipeline includes certain assumptions and expectations of revenue yet to be contractually completed. Certain other judgements and assumptions have been highlighted in note 16. Should these revenue items not materialise, further impairment would be required and the impact of a drop in the revenue and its impact on the carrying values is documented in note 16. There are no other matters that have arisen which would otherwise require us to bring them to your attention.

Independent Auditor's Report to the Members of Aptamer Group Plc continued

For the year ended 30 June 2023

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£261,000 (2022: £132,000).	£230,000 (2022: £118,000).
How we determined it	Based on 5% of Net Loss – before Impairment loss (2022: 5% of Net Loss).	Based on 5% of Net Loss (2022: 5% of Net Loss).
Rationale for benchmark applied	The most adequate basis is for materiality to be based on the net loss, which is consistent with our understanding of the growth of the business year on year, with the recent listing of the group also creating additional costs that have contributed to this balance. As the majority of the group is also trading companies this has also been taken into consideration.	The most adequate basis is for materiality to be based on the net loss, which is consistent with our understanding of the growth of the business year on year, with the recent listing of the group also creating additional costs that have contributed to this balance. As the majority of the group is also trading companies this has also been taken into consideration.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality allocated across components was £100,000.

The performance materiality for the group audit was £169,650 (company £149,500) and we agreed with the Audit Committee that we would report to them misstatements identified during our audit above £13,000 being 5% of Group financial materiality as a whole, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We performed audits of the complete financial information for Aptamer Group Plc, Aptamer Solutions Limited, Aptamer Diagnostics Limited, Aptamer Therapeutics Limited, Aptasort Limited, which were individually financially significant and accounted for over 100% of the Group's revenue and over 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). The Group engagement team performed all audit procedures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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, 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Material misstatements that arise due to fraud can be harder to detect than those that arise from errors as they may involve deliberate concealment by for example forgery, or intentional misrepresentation or through collusion. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Aptamer Group Plc continued

For the year ended 30 June 2023

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
 - agreeing financial statement disclosures to underlying supporting documentation;
 - reading the minutes of meetings of those charged with governance;
 - enquiring of management as to actual and potential litigation and claims;
 - reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 this 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.

Sachin Ramaiya (Senior Statutory Auditor)

For and on behalf of Gravita Audit Limited, Statutory Auditor

Finsgate
5-7 Cranwood Street
London EC1V 9EE

08 November 2023

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Revenue	4	1,752	4,036
Cost of sales	6	(1,393)	(1,351)
Gross profit		359	2,685
Administrative expenses		(5,034)	(4,352)
Other operating income	7	3	3
Adjusted EBITDA	9	(4,672)	(1,664)
Amortisation and impairment of intangible assets	16	(324)	(22)
Depreciation and impairment (including loss on disposal of assets)	17, 18	(3,077)	(433)
Share-based payment expense	34	(84)	(457)
Operating loss	6	(8,157)	(2,576)
Finance costs	12	(141)	(62)
Loss before taxation		(8,298)	(2,638)
Taxation	13	462	545
Loss and total comprehensive loss		(7,836)	(2,093)
Basic loss per share	14	11.35p	3.24p
Diluted loss per share	14	11.35p	3.24p

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

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

All activities relate to continuing operations.

Consolidated statement of financial position

As at 30 June 2023

	Notes	30 June 2023 £'000	30 June 2022 £'000
Assets			
Non-current			
Intangible assets	16	70	341
Property, plant and equipment	17	561	483
Right-of-use assets	18	160	1,340
Other receivables	22	373	379
		1,164	2,543
Current			
Inventories	21	204	420
Trade and other receivables	22	678	1,321
Tax receivable		473	545
Cash and cash equivalents	29	234	6,691
		1,589	8,977
Total assets		2,753	11,520
Current liabilities			
Trade and other payables	23	(1,329)	(2,126)
Borrowings	25	(50)	(39)
Leases	26	(264)	(209)
		(1,643)	(2,374)
Net current (liabilities)/assets		(54)	6,603
Non-current liabilities			
Trade and other payables	24	(7)	-
Borrowings	25	(19)	-
Leases	26	(745)	(1,060)
Provisions for liabilities	27	(35)	(35)
		(806)	(1,095)
Net assets		304	8,051
Equity			
Issued share capital	32	69	69
Share premium	33	9,578	9,573
Group reorganisation reserve	33	185	185
Share-based payment reserve	34	544	538
Accumulated losses		(10,072)	(2,314)
Equity attributable to shareholders		304	8,051

The notes on pages 60 to 90 form an integral part of these Financial Statements.

The financial statements of Aptamer Group Plc (registered number 09061413) were approved by the Board and authorised for issue on 08 November 2023.

On behalf of the Board

S Hull
Director

Company statement of financial position

As at 30 June 2023

	Notes	30 June 2023 £'000	Restated 30 June 2022 £'000
Assets			
Non-current			
Intangible assets	16	39	168
Property, plant and equipment	17	459	245
Right-of-use assets	18	160	1,192
Investments	19	203	418
Other receivables	22	373	373
		1,234	2,396
Current			
Trade and other receivables	22	615	2,973
Tax receivable (restated)		473	545
Cash and cash equivalents	29	46	5,482
		1,134	9,000
Current liabilities			
Trade and other payables	23	(1,118)	(1,330)
Borrowings	25	(50)	(39)
Leases	26	(264)	(142)
		(1,432)	(1,511)
Net current (liabilities)/assets		(298)	7,489
Non-current liabilities			
Trade and other payables	24	(7)	-
Borrowings	25	(19)	-
Leases	26	(745)	(1,060)
		(771)	(1,060)
Provisions for liabilities	27	(35)	(35)
Net assets		130	8,790
Equity			
Issued share capital	32	69	69
Share premium	33	9,578	9,573
Share based payment reserve	34	544	538
Accumulated losses		(10,061)	(1,390)
Equity attributable to shareholders		130	8,790

The notes on pages 60 to 90 form an integral part of these Financial Statements.

As permitted by s408 of the Companies Act 2006, Aptamer Group Plc has not presented its own income statement. The loss for the financial year within the financial statements of the holding company was £8,749,000 (2022: £4,226,000 as restated).

The financial statements of Aptamer Group Plc (registered number 09061413) were approved by the Board and authorised for issue on 08 November 2023.

On behalf of the Board

S Hull
Director

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Notes	Issued share capital £'000	Share premium £'000	Group reorganisation reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021		30	5,203	185	83	(5,396)	105
Loss and total comprehensive expense for the year		-	-	-	-	(2,093)	(2,093)
<i>Transactions with the owners of the Parent Company:</i>							
Issue of share capital net of transaction costs		9	9,573	-	-	-	9,582
Share capital bonus issue		30	-	-	-	(30)	-
Capital reduction		-	(5,203)	-	-	5,203	-
Credit to equity for equity-settled share-based payments	34	-	-	-	455	2	457
Balance at 30 June 2022		69	9,573	185	538	(2,314)	8,051
Loss and total comprehensive expense for the year		-	-	-	-	(7,836)	(7,836)
<i>Transactions with the owners of the Parent Company:</i>							
Issue of share capital net of transaction costs	32	-	5	-	-	-	5
Credit to equity for equity-settled share-based payments	34	-	-	-	84	-	84
Exercised & forfeited equity-settled share-based payments	34	-	-	-	(78)	78	-
Balance at 30 June 2023		69	9,578	185	544	(10,072)	304

Company statement of changes in equity

For the year ended 30 June 2023

	Notes	Issued share capital £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021		30	5,203	83	(2,339)	2,977
Period ended 30 June 2022:						
Loss and total comprehensive expense for the period (as previously reported)		-	-	-	(4,689)	(4,689)
Prior period adjustment (see note below)		-	-	-	463	463
As restated		-	-	-	(4,226)	(4,226)
<i>Transactions with owners of the Parent Company:</i>						
Issue of share capital net of transaction costs		9	9,573	-	-	9,582
Share capital bonus issue		30	-	-	(30)	-
Capital reduction		-	(5,203)	-	5,203	-
Credit to equity for equity settled share-based payment	34	-	-	455	2	457
Balance at 30 June 2022 (as restated)		69	9,573	538	(1,390)	8,790
Year ended 30 June 2023:						
Loss and total comprehensive expense for the year		-	-	-	(8,749)	(8,749)
<i>Transactions with owners of the Parent Company:</i>						
Issue of share capital net of transaction costs	32	-	5	-	-	5
Credit to equity for equity settled share-based payment	34	-	-	84	-	84
Exercised & forfeited equity-settled share-based payments	34	-	-	(78)	78	-
Balance at 30 June 2023		69	9,578	544	(10,061)	130

Prior period adjustment

An adjustment to increase the 2022 R&D tax credit was omitted from the parent company financial statements in the prior period in error. The adjustment was reflected in the group consolidated accounts presented and therefore no prior period adjustment is necessary to the group financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Cash flows from operating activities			
Cash used in operations	35	(4,598)	(2,973)
Income taxes received		534	598
Net cash used in operating activities		(4,064)	(2,375)
Investing activities			
Purchase of intangible assets	16	(53)	(141)
Purchase of tangible assets	17	(1,975)	(277)
Net cash used in investing activities		(2,028)	(418)
Financing activities			
Issue of share capital, net of issue costs	32	5	9,582
Repayment of borrowings		(37)	(10)
Payment of lease liabilities	26	(192)	(395)
Interest paid		(141)	(62)
Net cash generated from financing activities		(365)	9,115
Net increase in cash and cash equivalents		(6,457)	6,322
Cash and cash equivalents at beginning of year		6,691	369
Cash and cash equivalents at end of year		234	6,691

Notes to the financial statements

For the year ended 30 June 2023

1 Accounting policies

Company information

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

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

1.1 Basis of preparation

The group financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS") and International financial Reporting Committee ("IFRC") Interpretations that are applicable to the consolidated financial statements for the year ending 30 June 2023, in conformity with the requirements of the Companies Act 2006.

These financial statements are prepared in sterling which is the functional currency of the Group and the Company. Monetary amounts in these financial statements are rounded to the nearest £000.

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

The individual Parent Company meets the definition of a qualifying entity under FRS 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
- (b) the requirements within IAS 1 relating to the presentation of certain comparative information;
- (c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- (d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective); and
- (e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more wholly owned members of a Group.

The year ended 30 June 2023 is the first year end that the Company has prepared financial statements in compliance with FRS 101 (in the prior year being prepared in compliance with IFRS). There have been no changes to its reported results or financial position on adoption of the standard.

As permitted by section 408 Companies Act 2006, the Company had not presented its own Statement of Comprehensive Income. The Company's loss for the period was £8,286,000 (2022: loss of £4,689,000).

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

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Aptamer Group PLC and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The subsidiaries consolidated in these Group accounts were acquired via Group reorganisation and as such merger accounting principles have been applied. The financial statements of the Company and its subsidiaries are made up to 30 June 2023.

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

1.3 Going concern

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements continued

For the year ended 30 June 2023

1 Accounting policies continued

1.4 Revenue from contracts with customers

Research activities

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

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

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

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

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

- the costs relate directly to a contract that the Group can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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

1.5 Research and development expenditure

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

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

Research expenditure and development expenditure that do not meet the criteria above are written off against profits in the year in which they are incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Similarly, any research costs relating to revenue-generating contracts are not capitalised on the grounds that the Group does not retain rights to any intellectual property generated as part of this work.

1.6 Intangible assets

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

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

1.6 Intangible assets continued

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

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

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

- Product development and registrations Up to 15 years on a straight-line basis

1.7 Property, plant and equipment

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

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

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

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

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

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

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

1.8 Right-of-use assets

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

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

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

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

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

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

Notes to the financial statements continued

For the year ended 30 June 2023

1 Accounting policies continued

1.9 Impairment of tangible and intangible assets

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

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

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

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

1.10 Fixed asset investments

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

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

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

1.11 Inventories

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

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

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

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

1.12 Cash and cash equivalents

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

1.13 Financial instruments

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

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

Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

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

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

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

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

Debt instruments

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

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

Impairment of financial assets

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

Notes to the financial statements continued

For the year ended 30 June 2023

1 Accounting policies continued

1.13 Financial instruments continued

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

Derecognition of financial assets

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

Financial liabilities

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

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

Derecognition of financial liabilities

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

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

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

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

Deferred tax

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

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

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

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

1.16 Provisions

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

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

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

1.17 Employee benefits

Short-term obligations

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

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

Retirement benefits

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

Share-based payments

Share-based compensation benefits are provided to employees via the Aptamer Group EMI Share Option Scheme and unapproved share options. Information relating to these schemes is set out in note 34.

Employee options

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

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

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

1.18 Leases

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

Initial measurement of the lease liability

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

Notes to the financial statements continued

For the year ended 30 June 2023

1 Accounting policies continued

1.18 Leases continued

To determine the incremental borrowing rate, the Group:

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

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

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate, amounts expected to be payable by the Group under residual value guarantees and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option. Variable lease payments are initially measured using the index or rate when the leased asset is available for use. The cost of the right-of-use asset also includes any provisions expected to be settled on termination of the lease.

Subsequent measurement of the lease liability

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

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

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

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

1.19 Government grants

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

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

Research and development expenditure credits

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

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

1.20 Foreign exchange

Functional and presentation currency

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

Transactions and balances

Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are recognised in the income statement.

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

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

1.21 Finance costs

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

1.22 Earnings per share

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

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

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

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

- Annual improvements to IFRS 2018-2020
- Amendments to IAS 37 'Onerous Contracts' – Cost of fulfilling a contract
- Amendments to IAS 16 'Property, Plant and Equipment' – Proceeds before intended use
- Amendments to IFRS 3 for reference to the conceptual framework

Standards which are in issue but not yet effective

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

3 Judgements and key sources of estimation uncertainty

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

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

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

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

(i) Recognition of revenue from multiple element contracts, and revenue recognition

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

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

Notes to the financial statements continued

For the year ended 30 June 2023

3 Judgements and key sources of estimation uncertainty continued

(ii) Impairment of trade and other receivables

The Group makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. As at 30 June 2023 the provision for trade receivables impairment amounted to £nil (2022: £nil).

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

Interests in subsidiary undertakings are reviewed annually to assess whether there is objective evidence to indicate that either the carrying value of interests are impaired or impairments recognised in prior periods require to be reversed. Recoverable value of the subsidiary undertaking is estimated as the higher of value-in-use or fair value less cost of disposal. Fair value is based on net assets and incorporates adjustments to reflect the fair market value. See note 19 for the carrying amount of the investments

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

(iv) Impairment of non-monetary assets

Product development and registration costs are recognised at historical cost and are amortised on a straight-line basis over their useful life, which is typically up to 15 years. In the case of registration costs where the asset is not in use, amortisation commences from the date of grant.

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

4 Revenue

Group revenue analysed by class of business

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

Group revenue analysed by geographical market

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

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
United Kingdom	427	597
Europe	134	325
Rest of the World	1,191	3,114
	1,752	4,036

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

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

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Customer A	-	814
Customer B	-	765
Customer C	-	67
Customer D	400	-
Customer E	236	-
Customer F	216	-
All other customers	900	2,390
	1,752	4,036

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

5 Impairments

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

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Inventories	21	181	-
Total impairment expense charged to cost of sales		181	-

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Property, plant and equipment (specific)	17	259	59
Intangible assets	16	80	-
Impairment of cash-generating unit		2,262	-
Total impairment expense charged to administrative costs		2,601	59

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

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

Notes to the financial statements continued

For the year ended 30 June 2023

6 Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Employee remuneration (note 10)	3,264	2,943
Share-based payment expenses	84	457
Amortisation of intangible assets (note 16)	44	22
Impairment of intangible assets (notes 5 & 16)	280	-
Depreciation of property, plant and equipment (note 17)	401	97
Impairment of property, plant and equipment (notes 5 & 17)	1,609	-
Depreciation of right-of-use assets (note 18)	355	276
Impairment of right-of-use assets (notes 5 & 18)	712	-
Loss on disposal of tangible fixed assets	-	1
Research and development expenses (excluding R&D staff costs)	474	848
Raw materials and consumables used	1,212	490
Impairment of inventories charged as cost of sales (note 5)	181	-

7 Other operating income

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Government grants	3	3

8 Auditors' remuneration

Fees payable to the Group's auditors and associates:

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
For audit services		
Audit of the financial statements of the Group and Company	72	52
For non-audit services		
Review of interim financial statements	-	4
Reporting Accountant in relation to AIM admission document	-	129
	72	185

9 Alternative Performance Measures

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

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

10 Employees

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

	Group and Company	
	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Administration and support	13	9
Production	29	22
Research and development	4	5
Sales	8	8
	54	44

Their aggregate remuneration comprised:

	Group and Company	
	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Wages and salaries	2,878	2,651
Social security costs	347	264
Other pension costs	39	28
Short-term staff compensation	3,264	2,943
Share-based payment charge	84	457
Staff costs charged to income statement	3,348	3,400

11 Directors' remuneration

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

12 Finance costs

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Interest on financial liabilities measured at amortised cost		
Bank interest and charges	2	2
Other interest on financial liabilities	7	23
	9	25
Other finance costs		
Interest payable on lease liabilities	125	23
Foreign exchange loss	7	14
Total finance costs	141	62

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

Notes to the financial statements continued

For the year ended 30 June 2023

13 Taxation

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Current tax		
UK corporation credit on loss for the current year	(473)	(546)
Adjustments in respect of prior periods	11	1
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax credit	(462)	(545)

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

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Loss before taxation	(8,298)	(2,638)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.5% (2022: 19%)	(1,701)	(501)
Expenses that are not deductible in determining taxable profit	59	42
Research and development tax relief	(388)	(239)
Surrender of tax losses for R&D tax credit refund	243	-
Deferred tax asset not recognised	1,347	152
Adjustments in respect of prior periods	11	1
Other adjustments	(33)	-
Taxation credit in the financial statements	(462)	(545)

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

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

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

14 Earnings per share

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

The loss attributable to equity holders (holders of ordinary shares) of the Company for the purpose of calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 "Earnings per Share".

15 Dividends

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

16 Intangible assets

	Group	Company
	Product development & registrations £'000	Product development & registrations £'000
Cost		
At 1 July 2021	249	203
Additions – internally generated	141	14
At 30 June 2022	390	217
Additions – internally generated	53	25
At 30 June 2023	443	242
Accumulated amortisation		
At 1 July 2021	27	21
Charge for the period	22	28
At 30 June 2022	49	49
Charge for the year	44	44
Impairment	280	110
At 30 June 2023	373	203
Carrying amount		
At 30 June 2023	70	39
At 30 June 2022	341	168

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

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

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

The key unobservable inputs to the model were:

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

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

Notes to the financial statements continued

For the year ended 30 June 2023

16 Intangible assets continued

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

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

17 Property, plant and equipment

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

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

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

Company	Leasehold improvement £'000	Other property, plant and equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 July 2021	-	114	18	132
Additions	-	250	10	260
Disposals	-	(1)	-	(1)
At 30 June 2022	-	363	28	391
Additions	1,603	254	9	1,866
Disposals	-	-	-	-
Transfers	-	-	-	-
At 30 June 2023	1,603	617	37	2,257
Accumulated depreciation				
At 1 July 2021	-	37	6	43
Charge for the period	-	40	4	44
Disposals	-	-	-	-
Impairment	-	59	-	59
At 30 June 2022	-	136	10	146
Charge for the year	270	65	4	339
Disposals	-	-	-	-
Impairment	988	308	17	1,313
At 30 June 2023	1,258	509	31	1,798
Carrying amount				
At 30 June 2023	345	108	6	459
At 30 June 2022	-	227	18	245

Notes to the financial statements continued

For the year ended 30 June 2023

18 Right-of-use assets

	Group			Company		
	Buildings £'000	Plant and machinery £'000	Total £'000	Buildings £'000	Plant and machinery £'000	Total £'000
Cost						
At 1 July 2021	169	223	392	169	6	175
Additions	1,225	204	1,429	1,225	204	1,429
Disposals	(169)	-	(169)	(169)	-	(169)
At 30 June 2022	1,225	427	1,652	1,225	210	1,435
Transfers	-	(217)	(217)	-	-	-
At 30 June 2023	1,225	210	1,435	1,225	210	1,435
Accumulated depreciation						
At 1 July 2021	122	35	157	122	2	124
Charge for the period	230	46	276	230	10	240
Disposals	(168)	-	(168)	(168)	-	(168)
Lease modification	47	-	47	47	-	47
At 30 June 2022	231	81	312	231	12	243
Charge for the year	217	138	355	217	103	320
Transfers	-	(104)	(104)	-	-	-
Impairments	641	71	712	641	71	712
At 30 June 2023	1,089	186	1,275	1,089	186	1,275
Carrying amount						
At 30 June 2023	136	24	160	136	24	160
At 30 June 2022	994	346	1,340	994	198	1,192

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

19 Investments

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

Movements in investments

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

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

20 Subsidiaries

Details of the Company's subsidiaries at 30 June 2023 are as follows:

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

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

Notes to the financial statements continued

For the year ended 30 June 2023

21 Inventories

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials and consumables	204	420	-	-
	204	420	-	-

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

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

22 Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts falling due within one year:				
Trade receivables	356	629	328	93
Allowance for expected credit losses	-	-	-	-
Trade receivables – net	356	629	328	93
Other receivables	145	525	115	424
Prepayments	177	167	172	161
Amounts owed by Group undertakings	-	-	-	2,295
	678	1,321	615	2,973
Amounts falling due after more than one year:				
Other receivables	373	379	373	373
	373	379	373	373

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

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

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

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

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

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

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

23 Current trade and other payables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	656	514	463	266
Other taxation and social security	85	105	85	105
Other payables	8	234	8	2
Accruals	463	959	451	754
Deferred income	117	314	111	203
	1,329	2,126	1,118	1,330

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

24 Non-current trade and other payables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred income	7	-	7	-
	7	-	7	-

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

Notes to the financial statements continued

For the year ended 30 June 2023

25 Borrowings

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

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

Security of borrowings

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

26 Lease liabilities

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Maturity analysis – contractual undiscounted cash flows				
Within one year	334	303	334	232
Years two to five inclusive	828	1,208	828	1,208
After five years	-	-	-	-
Total undiscounted lease liabilities	1,162	1,511	1,162	1,440
Future finance charges	(153)	(242)	(153)	(238)
Discounted lease liabilities	1,009	1,269	1,009	1,202
Consisting of:				
Non-current	745	1,060	745	1,060
Current	264	209	264	142
Total discounted lease liabilities	1,009	1,269	1,009	1,202

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

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

27 Provisions for liabilities

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Dilapidations	35	35	35	35
	35	35	35	35

Movements on provisions:

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

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

28 Deferred tax liabilities

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

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

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

29 Cash and cash equivalents

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash and cash equivalents	234	6,691	46	5,482

Notes to the financial statements continued

For the year ended 30 June 2023

30 Financial risk management

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

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

Liquidity risk

Management control and monitor the Group's cash flow on a regular basis, including forecasting future cash flows, available bank and other credit facilities in comparison to the Group's outstanding commitments on a regular basis to ensure that the Group has sufficient funds to meet the obligations of the Group as they fall due. Having regard to the visibility of sales, the cash forecasts are regularly reviewed and cover alternative income scenarios.

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

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

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

Year ended 30 June 2023	Within 3 months £'000	3-12 months	Total £'000	Buildings £'000	Plant and machinery £'000	Total £'000
Trade and other receivables	356	-	-	373	-	729
Accrued income *	-	-	-	-	-	-
Total financial liabilities	356	-	-	373	-	729

* Stated after provision for expected credit loss.

Interest rate risk

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

Management regularly reviews the Group's interest rate risk position and considers the requirement for any hedging instruments to mitigate risk as part of this regular monitoring. There were no such hedging instruments in place at the year-end (2022: none).

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

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Cash	234	6,691
Bank loans	(29)	(39)
	205	6,652

Foreign currency risk

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

The Group is exposed in its trading operations to the risk of changes in foreign currency exchange rates and during the period the fluctuation in exchange rates has had an impact on reported results. As at 30 June 2023, the Group does not have any financial assets or liabilities denominated in a currency other than Pound Sterling, so is not exposure to any foreign currency risks at that date.

Credit risk

Credit risk predominantly arises from trade receivables and cash and cash equivalents. Credit risk attributable to trade receivables is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group has no issues with the impairment of debts at the reporting date. The historic trading activity and the collection of balances due from customers does not indicate that impairment risk will be significant in the future.

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Financial assets measured at amortised cost		
Trade and other receivables	730	1,866
Cash and cash equivalents	234	6,691
	964	8,557
Financial liabilities measured at amortised cost		
Trade and other payables	1,301	2,126
Interest-bearing loans and borrowings	1,232	1,308
	2,533	3,434

All financial liabilities are measured at amortised cost.

Notes to the financial statements continued

For the year ended 30 June 2023

30 Financial risk management continued

Capital risk management

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

The capital structure of the Group consists of net debt (borrowing offset by cash and bank balances, see note 30) and equity (comprising issued share capital, reserves and retained earnings).

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

Effective interest rates and maturity analysis

30 June 2023	Effective interest rate %	Total £'000	One year or less £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Cash and cash equivalents	0.0	234	-	-	-	-
Right-of-use lease liabilities	8.0	1,009	264	290	455	-
Other loans	2.5	70	51	19	-	-
		845	315	309	455	-

30 June 2022	Effective interest rate %	Total £'000	One year or less £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Cash and cash equivalents	0.0	6,691	-	-	-	-
Right-of-use lease liabilities	8.0	1,269	209	335	725	-
Other loans	2.5	39	39	-	-	-
		5,383	248	335	725	-

31 Retirement benefit schemes

	2023 £'000	2022 £'000
Defined contribution schemes		
Charge to income statement in respect of defined contribution schemes	39	28

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £7,846 (2022: £7,043) were payable to the fund at the balance sheet date.

32 Issued share capital

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

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

33 Reserves

Retained earnings

Cumulative profit and loss net of distribution to owners.

Share premium

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

Share-based payments reserve

Used to recognise the grant date fair value of options issued to employees but not exercised.

Group reorganisation reserve

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

34 Share-based payments

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

	Exercise price £	Options
At 30 June 2021		15,954,000
Consolidation of shares of £0.0001 to £0.001		(14,358,600)
Bonus issue of shares at 1 for 2		1,595,400
At 29 November 2021		3,190,800
Issued in the period (unapproved share scheme)	1.1700	256,410
Issued in the period (EMI share option scheme)	0.6350	284,200
Lapsed in the period (EMI share option scheme)	0.6350	(1,000)
Exercised in the period (EMI share option scheme)	0.3108	(112,200)
Lapsed in the period (EMI share option scheme)	0.3108	(659,800)
At 30 June 2022		2,958,410
Exercised in the period (unapproved share scheme)	0.0768	(69,123)
Forfeited and lapsed in the period (EMI share option scheme)	0.0768	(8,875)
Forfeited and lapsed in the period (EMI share option scheme)	0.1554	(70,200)
Forfeited and lapsed in the period (EMI share option scheme)	0.6350	(148,000)
At 30 June 2023		2,662,212

Notes to the financial statements continued

For the year ended 30 June 2023

34 Share-based payments continued

Share options outstanding at 30 June 2023 were:

Effective date of grant	Expiry date	Exercise price £	Options
Granted on 1 April 2015 (executive share option scheme)	21 November 2030	0.0768	118,600
Granted on 1 April 2016 (executive share option scheme)	21 November 2030	0.0768	118,400
Granted on 1 April 2017 (executive share option scheme)	21 November 2030	0.0768	201,800
Granted on 1 April 2018 (executive share option scheme)	21 November 2030	0.1554	138,000
Granted on 1 April 2019 (executive share option scheme)	21 November 2030	0.1554	96,200
Granted on 1 April 2020 (executive share option scheme)	29 June 2031	0.1554	44,000
Granted on 1 February 2021 (executive share option scheme)	29 June 2031	0.1554	182,600
Granted on 31 July 2019 (EMI share option scheme)	31 July 2029	0.1554	153,202
Granted on 30 June 2021 (EMI share option scheme)	29 June 2031	0.1554	1,217,800
Granted on 15 December 2021 (executive share option scheme)	14 December 2031	1.1700	256,410
Granted on 16 December 2021 (EMI share option scheme)	15 December 2031	0.6350	135,200
			2,662,212

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

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

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

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

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

35 Cash used in operations

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

36 Changes in liabilities arising from financing activities

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

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

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

Notes to the financial statements continued

For the year ended 30 June 2023

37 Controlling party

The Directors consider that there is no ultimate controlling party.

38 Related party transactions

Transactions with related parties

Key management personnel

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

The remuneration of key management personnel of the Group was:

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Aggregate emoluments	1,161	1,397
Share-based payments	84	101
Value of Company contribution to defined contribution pension schemes	7	5
	1,252	1,503

39 Events after the reporting period end date

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

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

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

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

Grant of new share options

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

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

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

Company information

Directors	S Hull Dr A Tolley Dr D Bunka D Fielding Dr A Hargreaves
Company Secretary	A Rapson
Company number	09061413
Registered office	Windmill House Innovation Way York YO10 5BR
Independent Auditor	Gravita Audit Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	SPARK Advisory Partners Limited 5 St John's Lane London EC1M 4BH
Broker	Turner Pope Investments (TPI) 8 Fredrick's Place London EC2R 8AB
Solicitor	Squire Patton Boggs (UK) LLP No. 1 Spinningfields 1 Harman Square Manchester M3 3EB
Registrars	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL

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