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NS Half-year/Interim Report

INTERIM RESULTS

PROTEOME SCIENCES PLC

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25 August 2023

Proteome Sciences plc ("Proteome Sciences" or the "Company")

Interim results for the six months ended 30 June 2023

Proteome Sciences announces its unaudited interim results for the six months ended 30 June 2023.

Financial highlights:

- Proteomics services revenues £1.01m (H1 2022: £0.85m)
- TMT[®] reagent sales and royalties £2.20m (H1 2022: £2.39m)
- Total revenues £3.21m (H1 2022: £3.24m)
- Gross profit £1.77m (H1 2022: £1.80m)
- Cost of sale and administrative costs £3.37m (H1 2022: £2.98m)
- Adjusted EBITDA** £0.27m (H1 2022: £0.64m)

Commenting on these results, Dr. Mariola Soehngen, Chief Executive Officer of Proteome Sciences, said:

"Our revenues from TMT[®] and TMTpro[™] reagents continue to be the most significant source of income. TMT sales were £1.45m in H1 2023 compared to £1.45m in H1 2022. Royalties were £0.75m in H1 2023 compared to £0.94m in H1 2022, a decline of 20% mainly due to the adjustment in royalty rate under the exclusive licence and distribution agreement with Thermo Scientific after the expiration of the earliest TMT patent.

Our service business started 2023 with a strong order book and large bank of samples. We report another strong first half with service revenues up 19% over the same period in 2022, despite the macroeconomic challenges which have hit the markets in general and our industry. We remain confident to deliver further growth in the second half of the year in our service business.

Over the last 3 months we have steadily increased performance and consistency of our SysQuant[®] SCP workflow for single cell proteomics. We are now measuring over 1,100 proteins per cell and can process over 500 cells per experiment, revealing differences in disease processes and treatment response that will empower new approaches in drug development. Final preparations for launch of the SysQuant[®] SCP are underway and we are already experiencing strong customer interest.

In the life cycle management of our TMT[®] reagents we have run a program to extend the TMTpro[™] multiplexing rate to 32. Initial testing has been positive and we are progressing well with manufacturing of the 14 additional tags that combine with the existing 18plex reagents. We are also working on a first generation of new isotopic tags for use in multiplexed data-independent acquisition ("plexDIA"). We have a sixplex product manufactured and are completing proof of concept studies in partnership with external collaborators. We are also actively progressing licensing discussions and expect to launch them shortly with a strong distribution partner.

Earlier this year we took an important step in growing our business, with the announcement that we intend to open a US lab in the fourth quarter of this year. Whilst we already have an excellent customer base in the US, concerns over shipping costs, timing delays and customs delays have restricted the volume of orders that could be processed. We will now be able to provide a more accessible service to the rapidly growing pharma/biotech community across the US as the demand for proteomics services continues to expand. We are looking forward to launching our improved service to the US marketplace with the opening of the San Diego facility later this year.

In May 2023, due to the strong cash position, the Company repaid in full the outstanding loan and associated interest (together totalling £824,424) to Vulpes Investment Management Private Limited.

We continue to make strategic investments in new equipment, new technology (SysQuant[®] SCP) and additional staff - both in Europe and the US subsidiary - and we are confident that these should be well reflected in the future growth of our business."

**Adjusted EBITDA (a non-GAAP company specific measure which is considered to be a key performance indicator of the Group's financial performance).

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About Proteome Sciences plc. (www.proteomics.com)

Proteome Sciences plc is a specialist provider of contract proteomics services to enable drug discovery, development and biomarker identification, and employs proprietary workflows for the optimum analysis of tissues, cells and body fluids. SysQuant[®] and TMT[®]MS2 are unbiased methods for identifying and contextualising new targets and defining mechanisms of biological activity, while analysis using Super-Depletion and TMTcalibrator[™] provides access to over 8,500 circulating plasma proteins for the discovery of disease-related biomarkers. Targeted assay development using mass spectrometry delivers high sensitivity, interference-free biomarker analyses in situations where standard ELISA assays are not available.

The Company has its headquarters in Cobham, UK, with laboratory facilities in Frankfurt, Germany and San Diego, US.

Chief Executive Officer's Report

Services

Revenues from the proteomics services business increased 19% in the first half of 2023 to £1.01m (H1 2022: £0.85m) reflecting the strong order book and banked samples we carried forward from 2022. We expect high demand for the service business extending into the second half of 2023.

News on the opening of our US laboratory in San Diego has been very well received by US biopharma and has initiated new discussions on projects that either need to be undertaken in the US, or where local analyses of samples is preferred. We anticipate a number of orders coming to fruition by the time the laboratory is open later this year.

Interest in our Single Cell Proteomics services is strong and discussions with several biopharma accounts have been progressing well, with orders anticipated to arrive over the summer as we move to the commercial launch of this new service soon.

With the introduction of the US laboratory and Single Cell Proteomics, we remain active in trade shows and external seminars to broaden further our outreach and customer base.

TMT[®]

Revenues from sales of TMT[®] and TMTpro[™] reagents and royalties were £2.20m compared to £2.39m in the prior-year period, a decline of 8%. This reflects a small adjustment in royalties to sub-licensing revenue which totalled £0.75m in H1 2023 (H1 2022: £0.94m) following the final expiry of the earliest TMT patents. We have ongoing patents running to the mid 2030's in respect of the TMTpro[™] reagents and no further reduction of the royalty rate on these products is expected. Sales of tags remained level during the period at £1.45m (H1 2022: £1.45m). We are seeing some volatility in the market with label-free methods but this is anticipated to be offset by growth in the number and value of commercial sub-licensees using TMT[®]/TMTpro[™] products in their commercial services.

Outlook

The board is confident of maintaining the good performance into the second half of the year. TMT revenues remain strong and we have good dynamic in the order generation of our service business. The launch of SysQuant[®] SCP and the setting up of our US lab are important investments and we expect these to provide a good basis for further growth of the business.

Dr. Mariola Soehngen

Chief Executive Officer

25 August 2023

Chief Financial Officer's Report

Revenues in the first half of 2023 were 1% lower at £3.21m compared to the equivalent period in 2022 (£3.24m), TMT[®] and TMTpro[™] sales were flat year-over-year and amounted to £1.45m (H1 2022: £1.45m) and TMT[®] royalties were £0.75m in H1 2023 compared to £0.94m in H1 2022, a decline of 20% mainly due to a reduced royalty rate under the exclusive licence and distribution agreement with Thermo Scientific after the expiration of the earliest TMT patent. Proteomics service revenues increased 19% to £1.01m (H1 2022: £0.85m).

Costs of sales and administrative expenses increased by 13% to £3.37m (30 June 2022: £2.98m). Major cost drivers included higher spent on production materials, higher travel and patent costs and exchange rate losses. Financing costs for the first half increased to £0.38m in comparison with £0.19m in the previous period due to increases of interest rates by the Bank of England.

Adjusted EBITDA** decreased to £0.27m (H1 2022: £0.64m), which is primarily attributable to flat revenues and higher costs.

The Company has generated £0.92m cashflow from operating activities in H1 2023. In May 2023, the Company repaid in full the outstanding loan and associated interest (together totalling £824,424) to Vulpes Investment Management Private Limited. As at 30 June 2023 the Group had cash resources of £3.79m (30 June 2022: £3.20m).

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000
Continuing operations		
Revenue	3,210	3,243
Gross Profit	1,767	1,802
Administrative Expenses *	(1,930)	(1,535)
Operating Profit	(163)	267
Depreciation	289	259
EBITDA	126	526
Non-cash item: share based payment expenses	143	118
Adjusted EBITDA **	269	644

* Administrative expenses include depreciation

**Adjusted EBITDA (a non-GAAP company specific measure which is considered to be a key performance indicator of the Group's financial performance).

Abdelghani Omari

Chief Financial Officer

25 August 2023

Consolidated income statement

For the six months ended 30 June 2023

Note	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000
Continuing operations		
Revenue		
Licences, sales & services	3,210	3,243
Cost of sales	(1,443)	(1,441)
Gross profit	1,767	1,802
Administrative expenses	(1,930)	(1,535)
Operating (loss)/profit	(163)	267
Finance costs	(384)	(192)
(Loss)/profit before taxation	(547)	75
Tax	(31)	(12)

(Loss)/profit for the period		(578)	63
(Loss)/profit per share	2		
Basic		(0.20p)	0.02p
Diluted		(0.20p)	0.02p

Consolidated statement of comprehensive income For the six months ended 30 June 2023

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000
(Loss)/profit for the period	(578)	63
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	(103)	50
Total comprehensive (Expense)/income for the period	(681)	113

Consolidated balance sheet As at 30 June 2023

	30 June 2023 (unaudited) £'000	31 December 2022 (audited) £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	411	444
Right-of-use asset	645	873
	5,274	5,535
Current assets		
Inventories	912	901
Trade and other receivables	759	1,443
Contract assets	364	560
Cash and cash equivalents	3,787	3,994
	5,822	6,898
Total assets	11,096	12,433
Current liabilities		
Trade and other payables	(648)	(823)
Contract liabilities	(104)	(104)
Borrowings	(10,809)	(11,262)
Lease Liabilities	(283)	(300)
	(11,844)	(12,489)
Net current liabilities	(6,022)	(5,591)
Non-current liabilities		
Lease liabilities	(197)	(353)
Pension Provisions	(436)	(434)
Total non-current liabilities	(633)	(787)

Total liabilities	(12,477)	(13,276)
Net liabilities	(1,381)	(843)
Equity		
Share capital	2,952	2,952
Share premium account	51,466	51,466
Share-based payment reserve	4,639	4,495
Merger reserve	10,755	10,755
Translation and others reserve	(124)	31
Retained loss	(71,069)	(70,542)
Total shareholders deficit	(1,381)	(843)

Consolidated cash flow statement

For the six months to 30 June 2023

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000
(Loss)/profit after tax	(578)	63
Adjustments for:		
Net finance costs	384	192
Depreciation of property, plant and equipment and right of use assets	288	259
Tax charge /(credit)	31	12
Share-based payment expense	143	118
Operating cash flows before movements in working capital	268	644
(Increase)/decrease in inventories	(11)	50
Decrease/(increase) in receivables	879	(333)
Decrease/(increase) in payables	(188)	668
Increase in provisions	3	27
Cash generated from operations	951	1,056
Tax paid	(31)	(12)
Net cash Inflow from operating activities	920	1,044
Cash flows from investing activities		
Purchases of property, plant and equipment	(27)	(84)
Net cash outflow from investing activities	(27)	(84)
Financing activities		
Lease payments	(173)	(198)
Loan repayment	(824)	-
Net cash outflow from financing activities	(997)	(198)
Net Increase/(decrease) in cash and cash equivalents	(104)	762
Cash and cash equivalents at beginning of period	3,994	2,387
Effect of foreign exchange rate changes	(103)	50
Cash and cash equivalents at end of period	3,787	3,199

Notes

For the six months to 30 June 2023

1 Basis of preparation and accounting policies

These interim consolidated financial statements have been prepared using accounting policies based on UK adopted International Accounting Standards and Interpretations in conformity with the requirements of the Companies Act 2006. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 December 2022 Annual Report. The financial information for the half years ended 30 June 2022 and 30 June 2023 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Proteome Sciences plc ('the Group') are prepared in accordance with UK adopted International Accounting Standards and Interpretations in conformity with the requirements of the

Companies Act 2006. The comparative financial information included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for 2022 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 December 2022 was unqualified.

The directors have concluded that the Group has adequate resources to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly consolidated financial statements.

Proteome Sciences plc has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2022 annual financial statements.

There have been no new standards adopted since the presentation of the financial statements for 2022.

The Board of Directors approved this interim report on 25 August 2023.

2. Loss/(profit) per share from continuing operations

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Loss/(profit) per share		
Loss/(profit) for the purpose of basic profit/loss per share being net profit/loss attributable to equity holders of the parent (£'000)	(578)	63
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	295,182,056	295,182,056
Weighted average number of ordinary shares for the purpose of diluted loss per share	309,593,135	306,020,097

3. Cautionary statement

This document contains certain forward-looking statements relating to Proteome Sciences plc ('the Group'). The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Group to differ materially from those contained in any forward-looking statement. These statements are made by the directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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