Accelerating in the field of immuno-diagnostics

Continuing to deliver on our growth strategy

Oncimmune Holdings plc

Annual Report 2021

For the year ended 31 May 2021

Oncimmune®

“We all know the prime directive in medicine is to first do no harm and now, as therapies become more complicated and technologies more advanced, we may have the opportunity to predict and prevent toxicity instead of watch and react.”

Dr Scott Chandler, Global Head, Personalised Health Care (PHC) Safety, Roche on the promise of companion diagnostics

Oncimmune ImmunoINSIGHTS webinar, September 2020

Contents

Financials at a glance

Revenue growing, costs controlled and loss for the year reduced

Revenue for the year

£3.7M

(FY2020: £0.5M)

R&D costs for the year were

£1.6M

(FY2020: £1.7M)

Administrative expenses (excluding share-based payment charges) for the year

£5.7M

(FY2020: £8.2M)

Share-based payment charges for the year were

£1.1M

(FY2020: £0.2M)

Loss for the year was

£4.6M

(FY2020: £8.5M)

Cash balance at the year end of

£8.6M

(FY2020: £4.2M)
Net debt of £0.8M (FY2020: £4.0M) **including lease liabilities**
Net cash of £0.1M (FY2020: £3.0M) **excluding lease liabilities**

"[The UK's] scientists and researchers are at the forefront of global efforts to better understand COVID-19 and have been working tirelessly to identify new and innovative therapies that will save lives. By backing this pioneering project, we are ensuring that the best therapeutic approaches can be offered to the right patients at the right time."

Alok Sharma, Business Secretary, Oncimmune RNS, 6 October 2020 after Oncimmune is awarded the IMPACTT grant by Innovate UK to develop an infectious disease research tool for use in COVID-19.

Oncimmune is a leading global immunodiagnostics group, primarily focused on the growing fields of immuno-oncology, autoimmune disease and infectious diseases. With a partnership led approach, Oncimmune is evolving and leveraging its technology with global pharmaceutical and biotechnology companies, early-stage start-ups, leading academic groups, and not-for-profit companies.

ImmunoINSIGHTS™ is Oncimmune's service to the life science industry, built off the company's proprietary autoantibody profiling technology. Underpinned by Oncimmune's proprietary high throughput immunogenic protein library, one of the largest in the world, covering more than 95% of known human antigens, the technology can be utilised for profiling autoantibodies in patients receiving or about to receive treatment. This unique combination of Oncimmune's core technology and understanding of the immune system enables life-science organisations to optimise drug development, leading to more effective, targeted as well as safer treatments for patients.

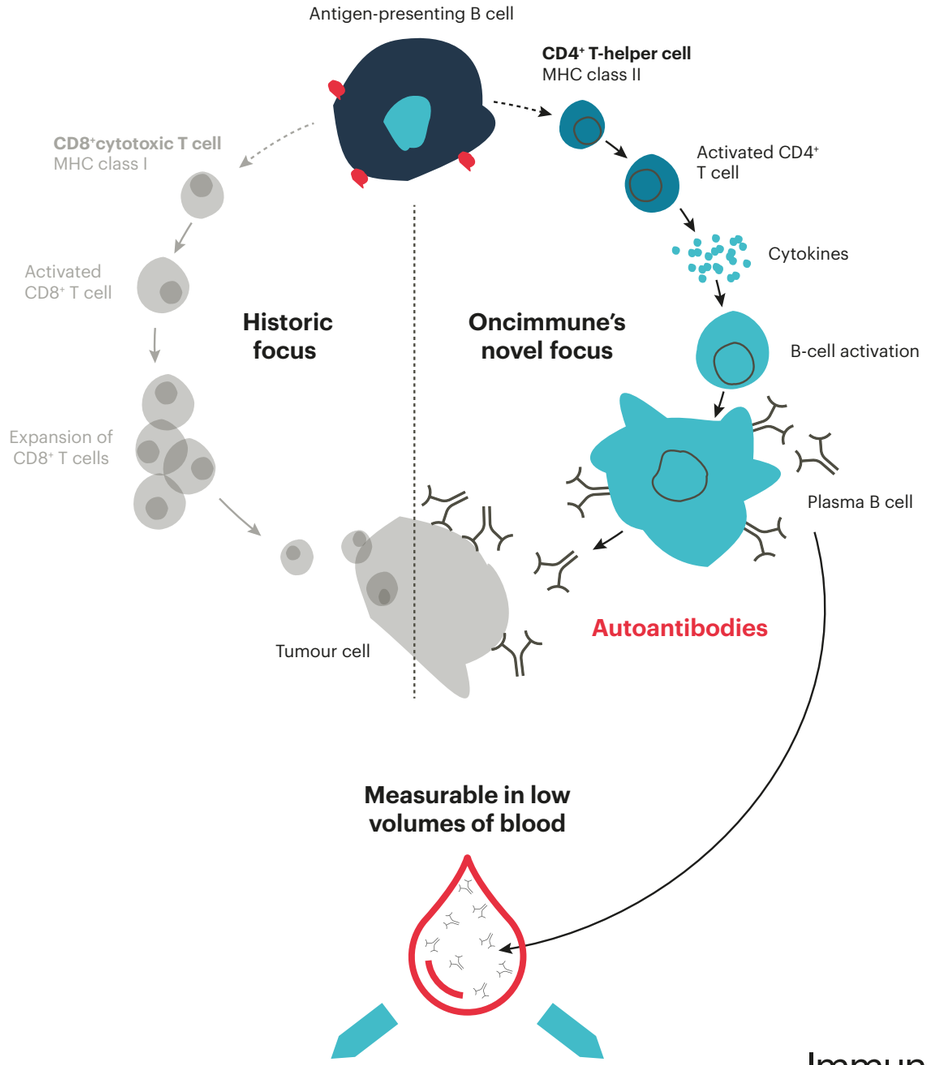
Oncimmune's immunodiagnostic test, EarlyCDT Lung, can detect and help identify lung cancer on average four years earlier than standard clinical diagnosis[1]. EarlyCDT Lung targets a vast market estimated to grow to £3.8bn by 2024. With over 200,000 tests already performed for patients worldwide and its use being supported by peer reviewed data in over 12,000 patients[2], EarlyCDT Lung is poised to become an integral component of future lung cancer detection programmes, globally.

1 Jett J, Healey G, Macdonald I, Parsy-Kowalska C, Peek L, Murray A. Determination of the detection lead time for autoantibody biomarkers in early-stage lung cancer using the UKCTOCS cohort. J Thorac Oncol. 2017;12(11):S2170. doi:10.1016/j.jtho.2017.09.1360

2 Sullivan et al, Earlier diagnosis of lung cancer in a randomised trial of an autoantibody blood test followed by imaging, ERJ, 2020

The science behind our tests and service offering

The human immune system produces autoantibodies targeting cancer cells, which we use to diagnose cancer early and develop new therapeutic targets



*Early*CDT®

Oncimmune's ELISA-based EarlyCDT blood tests can detect autoantibodies raised in response to cancer leading to earlier diagnosis.

Immuno INSIGHTS

Leveraging our proprietary technology platform and methodologies, to offer therapy developers actionable insights regarding target and in-market therapies across the development lifecycle and beyond.

ImmunoINSIGHTS

Oncimmune's service offering

Oncimmune is a pioneer and leader in the use of autoantibodies as one of the earliest, measurable signals of disease

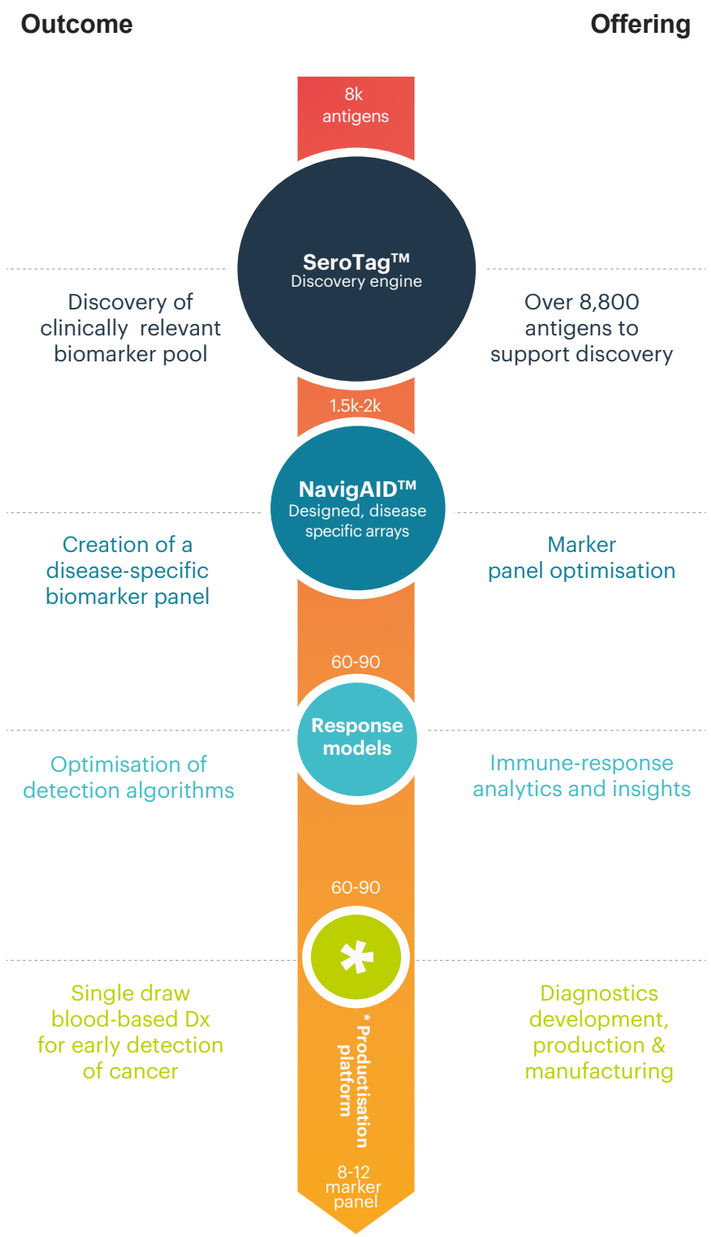
ImmunoINSIGHTS is Oncimmune's autoantibody profiling service to the life science industry in the fields of immuno-oncology, autoimmune disease and infectious diseases. This is underpinned by our proprietary, immunogenic protein library of almost 9,000 antigens, one of the largest in the world, covering more than 95% of known human antigens. Our platform enables high throughput profiling of autoantibodies in patients receiving or about to receive treatment.

Oncimmune's core biomarker technology and expertise in the immune system enables life-science organisations to understand the immune response to therapy, leading to more effective, targeted as well as safer treatments for patients.

"We are delighted to be partnering with such a prestigious organisation as Cedars-Sinai on this important programme."

Dr Adam M Hill, Oncimmune RNS, 13 October 2020 after Oncimmune wins contract with Cedars-Sinai Medical Center to profile immune response to COVID-19.

How ImmunoINSIGHTS creates value for our partners



"With the increasingly global nature of our client base and the forecast rapid growth in our business over the next few years, the Company looks forward to deploying this additional capital with confidence in the growth prospects for the business."

Dr Adam M Hill, Oncimmune RNS, 25 March 2021 after Oncimmune announces successful oversubscribed equity placing of £9.0 million.

Highlights

Operational and commercial highlights

Immuno INSIGHTS

- Continued to strengthen strategic relationships with Roche and Genentech as well as with other global pharmaceutical companies
- Following the successful deployment of UK Government funding for the development of an infectious diseases research tool for use in COVID-19, the period saw the launch of an infectious diseases panel resulting in contracts with Roche and multiple contracts with Cedars-Sinai Medical Center, Los Angeles
- Agreement signed with a leading global pharmaceutical company to utilise the NavigAID autoimmune disease characterisation panel to explore the autoantibody profiles of patients with four key autoimmune diseases
- Agreements with three global pharmaceutical companies to utilise the SeroTag immuno-oncology discovery array to explore the autoantibody binding profiles of solid tumour cancer patients treated with immunotherapy
- Renewal of existing partnership with Oncimmune continuing to provide autoantibody biomarker services to a global pharmaceutical company, with two initial projects started to profile patients in autoimmune trials
- Further research published in leading journals including Arthritis Research & Therapy[3] and PLOSOne[4], alongside pre-publication of the first results from collaboration with Cedars-Sinai[5]

3 Vordenbäumen, S., Brinks, R., Schriek, P. et al. Profiling of IgG antibodies targeting unmodified and corresponding citrullinated auto-antigens in a multicenter national cohort of early arthritis in Germany. Arthritis Res Ther 22, 167 (2020). https://doi.org/10.1186/s13075-020-02252-6

4 https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0241189

5 https://www.medrxiv.org/content/10.1101/2021.07.15.21260603v1

*Early*CDT®

- Pilot in Norfolk and Waveney Clinical Commissioning Group initiated, representing the first sales of the EarlyCDT Lung test into the NHS
- iDx Lung[6] programme launched, with 350 patients recruited to date in Southampton and Leeds to date
- US partner for EarlyCDT Lung, Biodesix, seeing a recovery in demand, with planned expansion of its national sales team from 32 to 76 by the end of 2022
- EarlyCDT Lung authorised for use by the Spanish Public Health Service with the Galician Health Service (SERGAS), the first public health service in Spain to use the EarlyCDT Lung test
- Diagnosticos da America, Latin America's largest medical diagnostic company, to offer EarlyCDT Lung across its extensive laboratory, private hospital and clinic network
- Successful return of the IP and distribution rights for EarlyCDT in the People's Republic of China and Hong Kong from Genostics Company Limited, allowing Oncimmune to pursue the optimum route to market
- Results from the ECLS study published in the European Respiratory Journal[7] and pre-publication of the three-year follow-up data[8] supports a trend towards a mortality benefit of the EarlyCDT Lung blood test, confirming the number of late-stage cancers and deaths to be lower in patients tested with EarlyCDT Lung
- Additional results published in PLOSOne showed that EarlyCDT Lung and CT surveillance has been found to be highly cost-effective in early detection compared to CT surveillance alone[9]

6 NHS Lung Health Check Programmes in Wessex and Yorkshire as part of the iDx-LUNG evaluation programme

7 https://erj.ersjournals.com/content/early/2020/07/09/13993003.00670-2020

8 https://medrxiv.org/cgi/content/short/2021.08.17.21262105v1

9 https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0237492

Highlights continued

Financial highlights

- Revenue of £3.7M (FY2020: £0.5M) validates the Company's core strategy of focusing on building a leading immunodiagnostics group; with significant growth driven by conversion from an expanding pipeline of ImmunoINSIGHTS opportunities
- The revenue reported is lower than the headline £5.6M indicated in the unaudited full-year trading update issued on 8 June, due largely to revenue recognition relating to an invoice for £1.7M to an historic EarlyCDT Lung distributor. The Group is unable to recognise this revenue in the year ended 31 May 2021 as the revenue recognition requirements of IFRS 15 have not been met at this time
- The ImmunoINSIGHTS service business showed strong growth in revenue, profitability and cash generation during the period
- Successful equity placing in March 2021 with gross proceeds of £9M to enable a 4x scale-up in ImmunoINSIGHTS operating capacity to meet increasing demand from customers, and the expansion of commercial team to support customers, particularly in the US
- Continued tight management of cost base following the cost reduction programme initiated in 2018

Recent progress and FY2022 outlook

- Scale up of the Dortmund facility now in progress and capable of handling upwards of 40,000 samples per annum by Q1 FY2023
- Continued commercial success from the infectious diseases platform across existing and new contracts
- Commercial sales team expansion in the US underway with recent key hires on the East and West coasts. With a clear majority of all ImmunoINSIGHTS contracts currently and historically being awarded are from the US
- Evaluating additional expansion of scientific and bioinformatics capability in the US to deliver US-based projects
- Second pilot to provide EarlyCDT Lung tests into the NHS already signed and expected to commence in Q3 FY2022
- After quieter than expected summer months in which fewer new ImmunoINSIGHTS contracts were signed than originally expected, there has been a healthy resumption of activity and a strong rate of conversion of the commercial pipeline into service contracts, underpinning confidence in FY2022 revenue growth from both new opportunities and follow-on contracts
- Longer term prospects remain compelling, with the conversion of a number of initial services contracts into multiple projects serving to demonstrate the Group's ability to develop deeper and broader strategic commercial partnerships, of increasing value and longevity

"Substantial expansion to Roche contract to profile autoantibodies in patients undergoing immunotherapy trials"

Oncimmune RNS, 27 July 2020 after Roche agrees to increase the number of patient samples to be profiled in immunotherapy trails, using Oncimmune's proprietary SeroTag discovery platform.

How we create value for our stakeholders

In September 2018, Oncimmune launched a three-year strategic plan to unlock value for stakeholders with a focus on three key pillars:

1. Accelerating the product development pipeline of indications for which Oncimmune has a marketable diagnostic test
2. Building a service offering to biopharmaceutical companies, unlocking the latent potential of autoantibodies in patient stratification, with a strong sales pipeline of contracts and
3. Partnering like-minded organisations with synergistic competencies, capabilities, and channels to act as a force multiplier, minimising time to market

Since the launch of the three-year strategy, Oncimmune has grown to become a leading immunodiagnostics developer, not only focused on the growing field of immuno-oncology, but now also playing a key role in the characterisation and treatment of autoimmune and infectious diseases. With a partnership led approach, Oncimmune is continuing to evolve and leverage its technology with global pharmaceutical and biotechnology companies, early-stage start-ups, leading academic groups, and not-for-profit companies.

To date, Oncimmune has over 8,800 proteins in its proprietary immunogenic protein library. Profiling the immune response to disease is key to supporting our partners to predict response to therapy, adverse events and identifying therapeutic drug targets. The Group has carried out collaborations with seven of the ten largest pharmaceutical companies and several of the world's leading medical research organisations, receiving 70% repeat business over the last five years. In FY2021, Oncimmune announced key contracts with Genentech, Roche, Cedars-Sinai Medical Center and several leading global pharmaceutical companies.

Since Oncimmune's inception in 2002, over 100 peer-reviewed conference abstracts have been published validating our technology and products. Oncimmune's platform technology is protected by an extensive patent portfolio of over 200 granted and pending patents in 47 territories.

FY2020 saw the publication of the positive results from the ECLS trial, which further validated Oncimmune's technology platform, and its utility in detecting cancer early. Today, EarlyCDT Lung has been rolled out as a pilot in Norfolk and Waveney and as part of the iDx Lung programme, in Southampton and Leeds. Additional contracts to provide EarlyCDT tests into the NHS are expected in FY2022. With additional results generated from the pilots, Oncimmune continues to still be one of the few diagnostic companies to demonstrate the direct link between its products and lives saved.

"We found a diverse and broad autoantibody response to tumour and autoimmune disease antigens in these pre-treatment samples. Some of the autoantibodies that were linked with immune-related adverse events, were linked with a clinical outcome as well."

ImmunoINSIGHTS webinar, September 2020. Professor Jessica Hassel presents data that demonstrates autoantibodies in patients treated with immune checkpoint inhibitors have utility in predicting treatment response, including immune-related adverse events.

Chairman and Chief Executive Officer's review

We are pleased to report the Group's audited full year results to 31 May 2021 and provide an update on the further operational and strategic progress made since year end.

Oncimmune is a leading immunodiagnostics developer, primarily focused on the growing fields of immuno-oncology, autoimmune disease and infectious diseases. As a specialist immunology testing business, the Group has a diversified and growing revenue stream from its discovery and development service-based platform, delivering actionable insights into therapies to its pharmaceutical and biotech partners, as well as a portfolio of diagnostic products to detect early-stage cancer. Oncimmune is headquartered at its EarlyCDT product and R&D laboratory facility in Nottingham, UK and its ImmunoINSIGHTS pharma services commercial laboratory facility is based in Dortmund, Germany. The ImmunoINSIGHTS commercial team is based in the US and Europe.

Our understanding of the immune system enables us to harness its sophisticated response to disease in order to detect cancer earlier and to support the development of better therapies. The key to improving disease outcomes is early detection and better selection for therapy. The Group has two operational divisions providing immunodiagnostics services:

- Oncimmune's ImmunoINSIGHTS platform enables life science organisations to optimise drug development and delivery, leading to more effective targeting as well as safer treatments for patients. Our core immune-profiling technology is underpinned by our library of over 8,800 immunogenic proteins, one of the largest of its kind. This helps identify clinical trial participants and patients in clinically relevant subgroups, enabling the development of targeted, and more effective treatments with lower risk of adverse events.
- Oncimmune's immunodiagnostic technology, EarlyCDT, can detect and help identify cancer on average four years earlier than standard clinical diagnosis. The Group's lead diagnostic test, EarlyCDT Lung, targets a vast market estimated to grow to £3.8bn by 2024. With over 200,000 tests already performed for patients worldwide and its use being supported by peer reviewed data in over 12,000 patients, we believe we are poised to become an integral component of future lung cancer detection programmes, globally.

Business update

The 2021 financial year has been an important one for Oncimmune, delivering our second full year of trading since announcing the Company's three-year strategic plan and demonstrating its impact on the Group's revenue. Launched in September 2018, the strategy is intended to unlock the latent potential of the Group's proprietary technology platform by establishing a pharma partnering services business, ImmunoINSIGHTS. Core to this strategy was the identification of commercial opportunities leveraging Oncimmune's proprietary autoantibody-based technology platform and the Group's revenue growth in FY2021 is a direct result of this service-oriented strategy.

Beyond the growth of in revenues through unlocking value in the platform, the differentiated product and service offering is also creating additional optionality for future growth. Delivering high quality, differentiated results time and time again for our customers on the ImmunoINSIGHTS side of the business has allowed us to not only broaden our pipeline of opportunities, but also deepen our engagement with key customers, increasingly contributing to the biomarker strategy in support of both pre-clinical and clinical drug development as a valued partner.

As a result of the COVID-19 pandemic and subsequent restrictions imposed globally, since March 2020 the Company has been working remotely where possible to minimise the potential impact on the business, whilst ensuring all laboratory operations are unaffected. Within our Nottingham and Dortmund facilities we organised the staff's working arrangements to mitigate the possible effects on the business and our customers and are pleased to report that COVID-19 has not materially affected our laboratory output.

We would like to take this opportunity to thank our staff, suppliers, and customers for their resourcefulness and resilience over the last year in continuing to deliver against the Group's strategy throughout this difficult time. In addition, we would like to thank Oncimmune's current shareholders for their continued support in the Group and the management team as we continue to deliver on our three-year strategy plan and beyond.

Services - ImmunoINSIGHTS

The Group launched the ImmunoINSIGHTS service in February 2020 as Oncimmune's contract discovery and development service-based platform and since then the pipeline of signed and potential commercial projects with major pharmaceutical and biotechnology companies has increased substantially. The ImmunoINSIGHTS service business leverages Oncimmune's technology platform and methodologies across diseases of the immune system, including cancer, autoimmune disease and infectious diseases, to offer life science organisations with actionable insights for therapies across the development and product lifecycle.

ImmunoINSIGHTS utilises two proprietary biomarker discovery platform technology tools:

- **SeroTag** discovery arrays: drawing from our library of over 8,800 immunogenic proteins, one of the largest of its kind, to discover and validate biomarkers which can support life science partners in stratifying patients in multiple cancer indications, infectious diseases and with different autoimmune diseases. SeroTag acts as the primary discovery engine that drives the creation of Oncimmune's NavigAID panels
- **NavigAID** disease-specific characterisation panels: thoroughly validated and containing well defined antigens of interest for each of the disease types being investigated, these tools can be used for targeting identifiable patients for whom a treatment may be more effective, whilst avoiding those patients more likely to experience adverse drug effects

During the last financial year, the ImmunoINSIGHTS business signed and delivered a number of contracts with leading global pharmaceutical companies, demonstrating its ability to provide strong growth to the Group's revenue. Throughout the year, we continued to strengthen strategic relationships with partners like Roche and Genentech, as well as developing and signing further contracts with leading biotechs and healthcare providers across the globe.

In July 2020, we signed a substantial extension to the Group's second Roche ImmunoINSIGHTS contract, increasing the number of autoantibody samples to be profiled within the agreed time period. Then, in late September 2020, we signed a collaboration with Genentech, a member of the Roche Group, to characterise the autoantibody profiles of patients in clinical trials for rheumatological diseases, including Systemic Lupus Erythematosus ("SLE"). As with previous contracts with Roche and other international pharmaceutical groups, now that we have delivered the results to Genentech, the contract has the potential to significantly expand with additional samples being profiled in the future under follow-on contracts.

Following the successful award of UK Government funding for development of an infectious disease research tool for use in COVID-19, the Group signed a deal with Cedars-Sinai Medical Center in Los Angeles ("Cedars-Sinai") to collaborate in the use of the development panel to better understand, and therefore stratify, patients infected with COVID-19. Shortly following the contracting of Cedars-Sinai, we were pleased to announce further work with Roche to utilise the Company's SeroTag infectious diseases discovery panel to profile antibody and autoantibody responses in all patient samples from the Roche COVACTA trial, to look for immune signals of response, non-response and adverse events. Whilst this contract is still in its initial stages, it has already produced scientific discoveries that have contributed to the global effort to better understand the evolution of COVID-19, and its potential treatment. We expect much more to come from this collaboration in FY2022, and from additional pharmaceutical customers looking to accelerate their therapeutic assets in this disease.

Since the financial year end, we have continued to pursue a growing number of commercial autoantibody profiling contracts in the ImmunoINSIGHTS business division, with a number of these being substantial follow-on contracts from work previously completed in FY2020.

In September 2021 we signed an agreement with a leading global pharmaceutical company we have worked with previously, this time using the NavigAID autoimmune disease characterisation panel to explore the autoantibody profiles of patients with four key autoimmune diseases, namely systemic lupus erythematosus, Sjögren's syndrome, rheumatoid arthritis, and sicca syndrome.

More recently, in October 2021, we signed three separate contracts with leading global pharmaceutical companies to utilise the SeroTag immuno-oncology discovery array to explore the autoantibody binding profiles of solid tumour cancer patients treated with immunotherapy. Additionally, the strength of the ImmunoINSIGHTS autoantibody biomarker profiling technology has been validated with another global pharmaceutical company renewing their existing relationship with Oncimmune for biomarker services.

Product - EarlyCDT

Much of FY2021 was disrupted by healthcare systems globally dealing with the response to the COVID-19 pandemic, which impacted many critical services, not least cancer diagnosis and care. As such, the sale of EarlyCDT products have been irregular and difficult for the Group to forecast. However, during the year the potential downside has been largely mitigated by agreements with our global distribution partners which require minimum volume sales to continue to be delivered under their contracts.

Since announcing the positive results of the Early detection of Cancer of the Lung Scotland ("ECLS") in June 2019, and particularly since the positive MedTech Innovation Briefing in March 2020, we have been in dialogue with national health systems globally, including the NHS in the UK, over the adoption of EarlyCDT Lung for Indeterminate Pulmonary Nodules ("IPNs") screening. In the UK this has included discussions with both Cancer Alliances and Clinical Commissioning Groups ("CCG's") which has resulted in EarlyCDT Lung being chosen to support the iDx Lung programme, run out of the lung health check programmes in Southampton and Leeds. Following EarlyCDT Lung being chosen as part of the iDx programme, 350 patients have been recruited in Southampton and Leeds to date.

Our discussions over the year have also led to the signing of the distribution of tests to Norfolk and Waveney CCG, representing an important milestone as the first sales of the EarlyCDT Lung test into the UK's NHS. To date, the pilot data in Norfolk and Waveney shows 988 smokers were booked for an EarlyCDT Lung blood test with 277 identified as requiring further investigation following the result of their EarlyCDT Lung test. A full clinical evaluation will be delivered in due course, but we are encouraged with the initial results. In addition, shortly after the end of the reporting period, we were delighted to sign another contract to provide EarlyCDT Lung tests into the NHS, albeit that details of this contract are confidential until the programme is ready to launch later in FY2022.

Further afield, we have experienced a substantial increase in demand for the EarlyCDT Lung from our US partner, Biodesix, which is quickly recovering from the lack of demand early in the reporting period as a result of COVID-19. Given this increase in demand, Biodesix announced that they are planning to expand its national sales team from 32 to 76 by the end of 2022.

In line with the Group's strategy to increase the availability of EarlyCDT Lung across the world, our Brazilian partner, Valentech, signed an agreement with Diagnosticos da America, Latin America's largest medical diagnostic company, to offer EarlyCDT Lung across its extensive laboratory, private hospital and clinic network in South America. Then in May 2021, we successfully agreed to return the intellectual property and distribution rights for the EarlyCDT technology in the People's Republic of China and Hong Kong from our strategic partner, Genostics Company Limited, allowing us to pursue the optimum route to market in this important territory. Recently, EarlyCDT Lung has been authorised for use by the Spanish Public Health Service with the Galician Health Service (SERGAS), the first public health service in Spain to use the EarlyCDT Lung test.

Scientific presentations and publications

In line with the Group's core objectives, during the period we have continued to demonstrate the leading potential of our platforms in world class scientific publications and presentations. The scientific and commercial potential of ImmunoINSIGHTS was highlighted early in the reporting period in a high-profile scientific presentation and publication. The research publication entitled '*Profiling IgG antibodies targeting unmodified and corresponding citrullinated autoantigens in a multicentre national cohort of early arthritis in Germany*'[3] was published in Arthritis Research & Therapy and demonstrated the autoantibody, cTRA2B-IgG, has the potential to improve diagnosis of early-stage rheumatoid arthritis, which to date has been challenging due to lack of availability of diagnostics in the therapeutic area.

This followed a featured presentation at the American Society of Clinical Oncology 2020 ("ASCO") Virtual Scientific Programme, which demonstrated that data from profiling tumour associated antibodies in melanoma patients receiving checkpoint inhibitors, analysed on the SeroTag immuno-oncology discovery array, had identified that autoantibodies have a role in predicting clinical outcomes or immune-related events.

More recently, the ImmunoINSIGHTS team has collaborated with Roche to undertake a study to develop a panel of predictive biomarkers to identify an early response in rheumatoid arthritis (RA) patients to Methotrexate or Tocilizumab, Roche's interleukin-6 (IL-6) receptor inhibitor; and as a result, '*Comprehensive exploratory autoantibody profiling in patients with early Rheumatoid Arthritis treated with Methotrexate or Tocilizumab*' was published in PLOSOne in December 2020.[4]

Following the close of the reporting period, the ImmunoINSIGHTS team were pleased to be able to announce the pre-publication of the first results from our collaboration with Cedars-Sinai Medical Center in Los Angeles, entitled: "*Paradoxical Sex-Specific Patterns of Autoantibodies Response to SARS-CoV-2 Infection*".[5] The pre-publication paper focuses on the characterisation of sex-specific prevalence and selectivity of autoantibody responses to the SARS-CoV-2 virus.

During the period under review, on the EarlyCDT side of the business, results from the Early detection of Cancer of the Lung Scotland ("ECLS") study were published in the European Respiratory Journal[7] demonstrating a 36% reduction in late-stage diagnoses of lung cancer. The pre-publication of the three-year follow-up data8 supports a trend towards a mortality benefit of the EarlyCDT Lung blood test, confirming the number of late-stage cancers and deaths to be lower in patients tested with EarlyCDT Lung. Additionally, EarlyCDT Lung and CT surveillance were found to be highly cost-effective compared to CT surveillance alone. with results published in PLOSOne in September 2020.[9]

Board changes

At the end of FY2020, Oncimmune's Board of Directors believed it was the right time to restructure the Board in order to be as agile, lean and focused as possible. As such, Geoffrey Hamilton-Fairley, Carsten Schroder and Julian Hirst stepped down from the Board on 4 June 2020. In January 2021, the Board further reduced its number with Dr Cheung To stepping down.

Following these changes, the Board has decreased from nine members to five members and now comprises of one Executive Director and four Non-Executive Directors, two of which are Independent Non-Executive Directors. The Board members are Meinhard Schmidt, Non-Executive Chairman; Dr Adam M Hill, Chief Executive Officer; Dr Annalisa Jenkins, Senior Independent Non-Executive Director; Andrew Unitt, Independent Non-Executive Director; and Tim Bunting, Non-Executive Director.

Corporate social responsibility and sustainability

Advancing medical science through research as well as the provision of a simple and affordable test to detect the earliest signs of cancer is at the core of our Company and drives our ethos and culture. We are committed to diversity and a culture of equal opportunities and respect for the individual, underpinned by compliant and ethical behaviour. The successful delivery of our strategy is dependent on, and bolstered by this culture, the work environment we create and the lasting relationships we build with all our stakeholders.
Oncimmune's approach to product development, subsequent launches, and delivery of its long-term growth is underpinned by a clear set of economic values aimed at protecting the Company from risk and securing its long-term future.

As our business has grown and evolved, during this financial year, and post year end, we have continued to formalise our Corporate Social Responsibility and Sustainability strategy, which includes adopting a new Code of Business Conduct and Ethics, putting patients and the advancement of science at the heart of our business, and ensuring that all our staff are properly trained on our ethos, culture and compliance requirements.

In June 2020 we founded The Lung Foundation, an independent charity whose mission is the reduction of the impact of lung disease globally, through the research and development of effective diagnosis, treatment, and preventative strategies. The Lung Foundation has already funded important research into COVID-19 and is actively pursuing new projects and funding sources.

Outlook

The year to 31 May 2021 and the period post year end have seen significant and continuing progress for the Company, both operationally and commercially. Our ImmunoINSIGHTS service business is a critical enabler of this success, having developed a pipeline of in excess of 160 commercial opportunities in FY2021 and continues to secure follow-on contracts with customers of strategic importance.

Given the demand for our services and products, coupled with the opening up of the health economy as the world emerges from the COVID-19 pandemic, the Directors have confidence in the continuation of Oncimmune's positive trajectory, underpinned by our world class technology platform, its market leading position and expanding pipeline of contractual discussions and future prospects.

The Board sees the potential for further step changes in revenue growth and improving visibility, as the momentum in the commercial ImmunoINSIGHTS pipeline is converted into service contracts. As we are already starting to see, these initial contracts have the scope to broaden subsequently into multiple projects and deeper strategic commercial partnerships, with associated opportunities for additional, long-term revenue.

On behalf of the Board, we would like to thank our shareholders for their continued support throughout FY2021, and we look forward to updating the market on Oncimmune's further progress.

Meinhard Schmidt Chairman
Dr Adam M Hill Chief Executive Officer

2 November 2021

"This Genentech contract adds to the already substantial pipeline of contracted revenue through our ImmunoINSIGHTS business in FY2021 and provides another opportunity to show how our NavigAID technology can assist partners in increasing their ability to better assess where their medicines could make an impact."

Dr Adam M Hill, Chief Executive, Oncimmune RNS, 23 September 2020 after Oncimmune wins contract to profile samples from Genentech's rheumatology clinical trials.

Chief Financial Officer's review

A summary of the financial highlights of the year ended 31 May 2021, including post year end, is as follows:

- Revenue for the year of £3.7M (FY2020: £0.5M) reflecting the increase in ImmunoINSIGHTS contracts signed and executed
- R&D costs for the year were £1.6M (FY2020: £1.7M) as a result of the Group's continued focus on developing world leading science
- Administrative expenses for the year were 30% lower at £5.7M (FY2020: £8.2M)
- Share-based payment charges for the year were £1.1M (FY2020: £0.2M)
- Loss for the financial year was £4.6M (FY2020: £8.5M), significantly reduced as a result of the growth in the ImmunoINSIGHTS business and stated after the effect of increased share-based payment charges of £1.1M (FY2020: £0.2M)
- Cash balance at year end of £8.6M (FY2020: £4.2M) and net debt of £0.8M including lease liabilities (FY2020: net debt £4.0M), with net cash of £0.1M excluding lease liabilities (FY2020: net debt £3.0M)

Revenues and commercial progress

Revenue for the year was £3.7M (2020: £0.5M) validating the core business strategy of focusing on building a leading immunodiagnostics group. The Group's commercial progress materially benefited from the growth of the ImmunoINSIGHTS' business reflecting the increase in the number of contracts awarded and executed. Since the end of FY2021, in particular following the summer period, business activity within ImmunoINSIGHTS has remained high with further contracts signed, and a growing pipeline of contracts nearing signing as well as an increase in the number of proposals out with customers.

During the year the ImmunoINSIGHTS business signed and delivered a number of contracts, including for Roche Pharmaceuticals ("Roche") and Genentech, a member of the Roche Group, as well as a number of further contracts for global biotechs and leading healthcare providers. The launch of the infectious diseases panel, in Q2 FY2021, facilitated the signing of substantial contracts with Roche and Cedars-Sinai Medical Center ("Cedars-Sinai"). The pipeline of potential contracts across the full range of oncology, autoimmune and infectious diseases continue to expand, with an increasing number of these progressing to late-stage commercial negotiation and legal documentation. Two of these late-stage potential contracts are substantial follow-on validation contracts with major pharmaceutical companies. As a consequence of the current and forecast levels of ImmunoINSIGHTS business activity, we expect further growth in commercial revenues throughout FY2022 which will in turn consolidate the dominance of this autoantibody profiling services business within the Group.

In March 2021, the Company completed an equity fundraise raising gross proceeds of £9M to provide additional funding principally to the ImmunoINSIGHTS business. These funds are being deployed to increase the commercial team headcount, with a focus on the US where over 90% of all contracts are now awarded, as well as expanding the operational capacity at the Group's laboratory facility in Dortmund, Germany. This expansion programme is designed to increase capacity to approximately 40,000 samples per annum by Q1 FY2023 to meet the anticipated increase in demand from customers for the ImmunoINSIGHTS service offering.

The impact of COVID-19 restrictions in countries where we have distributors has meant that the sale of EarlyCDT products have been irregular and therefore, more difficult for the Group to forecast. In particular, during the year the Group invoiced one of its historic distributors for £1.7M, however, the commercial pressures faced by this distributor as a consequence of the COVID-19 pandemic mean that the invoice has not met the revenue recognition requirements of IFRS 15 at this time and therefore is unable to be recognised as revenue in the year ended 31 May 2021. As the COVID-19 pandemic comes under control and restrictions ease, sales by our global distributors are expected to begin to pick up once again.

Within the UK, sales of EarlyCDT Lung improved markedly on the previous year. In December 2020, the Group signed its first commercial contract with the NHS; the contract with Norfolk and Waveney focuses on recruiting people at risk of lung cancer from community GP practices. The aim of the pilot study is a real-world assessment of the practicality of introducing the EarlyCDT Lung blood test into primary and secondary care settings within the NHS in England, to support the earlier diagnosis of lung cancer. The positive support for EarlyCDT Lung within the NHS has also led to a further supply contract being signed and we expect additional contracts to be signed over the remainder of FY2022. In December 2020, Oncimmune was also selected to supply the EarlyCDT Lung blood tests to the iDx Lung programme in Southampton and Leeds. This supply contract is ongoing and is expected to last three years.

In the US, the Group's EarlyCDT Lung partner, Biodesix, announced its expectation of growth in its core lung diagnostic test service, driven by the US's emergence from the COVID-19 pandemic, increasing productivity from its national salesforce, and its continued building of evidence supporting the use of its tests. Biodesix also commented that Nodify CDT (the name under which EarlyCDT Lung is marketed in the US) and Nodify XL2® are the primary growth drivers for its revenues.

Commentary on financial statements

Research and development activities remain a key priority for the UK-based product scientific group, with a focus on further developments to the EarlyCDT Lung blood test and as a result, in the year the Group's research and development spend was £1.6M (FY2020: £1.7M).

Administrative expenses for the year were £5.7M, a substantial reduction on the previous year (FY2020: £8.2M). The Group is focused on managing the overall monthly operating costs and seeks to reduce costs wherever possible. In September 2020, a new incentivisation scheme for senior management was implemented which materially increased the IFRS 2 non-cash charge IFRS 2 for the year to £1.1M (FY2020: £0.2M).

The loss for the year was £4.6M, a substantial reduction on the prior year (FY2020: loss of £8.5M) and reflects the continued growth in the high margin ImmunoINSIGHTS services business. The Group received £502k of R&D tax credit payments in the year (FY2020: £853k), reflecting the Group's continued focus on new and innovative cancer diagnostic projects, building on its library of immunogenic proteins, and validating additional NavigAID panels to facilitate the investigation of more disease types.

Cash balances at year end were £8.6M (FY2020: £4.2M) reflecting the equity fundraise conducted in March 2021. Net debt was £0.8M including lease liabilities (FY2020: net debt £4.0M) and net cash of £0.1M excluding lease liabilities (FY2020: net debt £3.0M).

The Company entered into an €8.5M credit facility with IPF Management SA in September 2019 which was further extended by €6.0M in October 2020, of which €3.0M has been drawn. The Company did not exercise its option to draw down the remaining €3.0M before the deadline of 30 June 2021. Each tranche of the total loan is repayable over a four-year term, interest-only for the first 12 months, with principal repayments commencing thereafter. There is a cash covenant requiring the Group to maintain nine months of cash which is tested each quarter. The total loan has been used to support the Group's operational activities, in particular the growth of the ImmunoINSIGHTS service business

Financial outlook

The Group's ImmunoINSIGHTS service business has emerged as the growth driver for the Group, and this is expected to be increasingly the case for the Group's foreseeable future. The ImmunoINSIGHTS business is a high margin business and therefore as its revenues continue to grow, it is anticipated that the Group's profitability and cash generation will improve. There has been an increase in the level of business activity since the quieter summer months. A number of contracts have recently been signed and these will be delivered and invoiced before the end of the current financial year (FY2022). Accordingly, management is comfortable with its expected delivery of growth for the ImmunoINSIGHTS business for the full year. The expansion of the commercial team is expected to further enlarge the ImmunoINSIGHTS commercial pipeline.

Within our EarlyCDT product business, sales in the UK continue to grow as do sales for our US partner, Biodesix. Elsewhere, as the world emerges from the COVID-19 pandemic we are expecting an uptick in distributor sales activity.

The Directors are confident that current cash and other available financial resources are sufficient to deliver the Group's continued growth. The Board continues to review the Group's activities to ensure it maintains a differentiated offering and will consider the most appropriate capital base from which to optimise this growth at the same time as maximising returns to stakeholders.

Matthew Hall Chief Financial Officer

2 November 2021

Board of Directors

Meinhard Schmidt

Non-Executive Chairman

Mr Schmidt is an executive and entrepreneur with more than 25 years of international experience in the Healthcare, Diagnostics and Life Science industries. Between 1998 and 2008 he was at Roche Diagnostics where he held various global senior leadership roles in Diabetes Care, Laboratory- and PoC-Diagnostics. From 2008 to 2011 he worked as an executive and CEO at Straumann Institute/Switzerland, responsible for the world-wide "Digitalisation" of the dental industry. He is currently active as an Independent Healthcare Professional providing board engagement as Chairman and NED in public and private MedTech and Life Science companies; consulting to top management teams to improve innovation, commercialisation and digitalisation processes; and consulting investors (Private Equity/Venture Capital) on identification of new investment and acquisition targets in the global healthcare industries. He has held positions in Germany, Netherlands, USA, Canada, UK, Sweden, France, Ireland and Switzerland.

Dr Adam M Hill

Chief Executive Officer

Dr Adam M Hill MB PhD is a dual-qualified Clinician and Mechanical Engineer with a career built at the interface of industry, academia and health systems. Over the last two decades he has trained in surgery in the British Army; founded a successful applied research centre at Imperial College London; provided growth strategy and investment advice to global life science companies on behalf of the British Government; led the global medical function of a multinational, publicly-listed health IT company; and pivoted a Formula One team into a developer of health technology.

Currently, Adam sits on the board of the Association of British HealthTech Industries as Vice Chair, is a Visiting Professor in Global Health Innovation at Imperial College London and a Non-Executive Director of Imperial College Health Partners and MyRecovery.ai.

Adam graduated from Imperial College London as a Medical Doctor whilst also earning a PhD in Engineering, attending Imperial College Business School and the Royal Military Academy Sandhurst. He received his postgraduate clinical training from the Royal College of Surgeons of England, and professional engineering qualification from the Institution of Mechanical Engineers.

Dr Annalisa Jenkins

Senior Independent Non-Executive Director

Dr Annalisa Jenkins, M.B.B.S., F.R.C.P. is a biopharmaceutical thought leader with over 25 years of industry experience. Dr Jenkins has extensive recent experience in building and financing biotech companies, pursuing cures for the most challenging rare diseases to address important medical issues globally. She has consistently built and led teams advancing programs from scientific research through clinical development, regulatory approval, and into healthcare systems globally. In addition, she is an advocate for diversity and inclusion, particularly for women in science. Dr Jenkins served as president and CEO of Dimension Therapeutics, a leading gene therapy company that she took public on the NASDAQ and subsequently sold to Ultragenyx. Prior leadership roles have included the head of global research and development and executive vice president global development and medical at Merck Serono, and several senior positions at Bristol Myers-Squibb over 15 years - including serving as senior vice president and head of global medical affairs. Earlier in her career, Dr Jenkins was a medical officer in the British Royal Navy during the Gulf Conflict, achieving the rank of surgeon lieutenant commander. Dr. Jenkins is a board member of several growing companies, including AVROBIO, COMPASS Pathways, AOBiome, AgeX, Phaim Pharma, Conduit Connect, Affimed, Genomics England, Blue Advent Ltd, Perspectum Ltd, and Cocoon Biotech Inc (Non-Executive Chair). She also is a medical trustee for the British Heart Foundation and a committee member of the Science Board to the U.S. Food & Drug Administration, which advises FDA leadership on complex scientific and technical issues, board member at Faster Cures a center of The Milken Institute and Chair of The Court of The London School of Hygiene and Tropical Medicine.

Timothy Bunting

Non-Executive Director

Mr Bunting joined Balderton as a General Partner in 2007. He was previously a partner of Goldman Sachs where he spent 18 years. At Goldman, Tim held various roles including Global Head of Equity Capital Markets (2002 to 2005) and Vice-Chairman of Goldman Sachs International (2005 to 2006). Tim started to work with Balderton and its portfolio of companies in 2005.

In 2006 Tim spent a period as non-executive chairman of Betfair. Tim is also a Trustee of the Rainbow Trust Children's Charity, The Royal Opera House, Royal Springboard, and the Paul Hamlyn Foundation. In addition, Tim is Vice-Chair of the Sutton Trust.

Andrew Unitt

Independent Non-Executive Director

Mr Unitt was Chief Financial Officer at the University of Nottingham, a major shareholder in Oncimmune, until July 2016. Prior to working in higher education at the university, Andrew was a finance director for 20 years in a wide range of industries. His more recent background includes 11 years at Boots plc, where he was finance director for four years of Boots Healthcare International, its over the counter medicines business. He has also held several non-executive directorships in the NHS and private sector.

"Oncimmune signs contract with Genentech, further demonstrating expanding global footprint for ImmunoINSIGHTS"

Oncimmune RNS, 23 September 2020 after Oncimmune signs contract to profile samples from Genentech's rheumatology clinical trials.

Principal risks and uncertainties

The Group's products may not be a commercial success

The commercial success of EarlyCDT Lung, as well as other new products that the Group may launch in the future, will depend on their approval and acceptance by physicians, payers and other key decision-makers, as well as the receipt of regulatory approvals in different countries, the time taken to obtain such approvals, reimbursement at commercially sustainable prices in those countries where price and reimbursement is negotiated, and cost-effectiveness of the product as compared to competitive products. The Group seeks to manage these risks by ensuring clear, open, and prompt communications with government and other stakeholders, investing in the generation of clinical evidence, supporting its distributor network and investing in the generation of economic evidence of the potential cost savings its products can generate for healthcare systems.

Manufacturing

The Group manufactures protein antigens to coat its diagnostic test plates and is reliant on third party contract manufacturers to manufacture finished products. Any disruption to the supply chain for EarlyCDT Lung or EarlyCDT Liver may result in the Group being unable to continue marketing or developing its products for some period of time. The Group is progressing the dual sourcing of components for its products, but this remains an ongoing project. Until completed, any disruption in the Group's internal or external manufacturing processes may impact the Group's ability to develop or commercialise its products. The Group is managing these risks by maintaining stringent safety and access procedures to internal manufacturing sites, assessing dual sourcing of third-party manufacturers and, wherever possible, dual sourcing of components, and assessing a second Group laboratory site as a manufacturing site.

Reliance on the retention of key employees

The future success of the business is dependent on its senior management and key personnel and there is always a challenge to maintain back-up support in respect of key roles or replace key staff should they leave our organisation. The Group seeks to provide a positive work environment with opportunities for career growth, coupled with appropriate remuneration and share option incentives to align its employees with the long-term success of the Group's business.

Research and development

The Group has had success developing cutting edge science that produces life changing benefits. By its very nature research and development can never be certain in terms of its cost, its impact, regulatory requirements, and when it will be ready for commercialisation. The Group mitigates these inherent risks by employing leading scientists, training, strict methodologies, and working with its Scientific Advisory Boards and other stakeholders.

New markets

The Group's activities comprise the manufacture and commercialisation of its EarlyCDT products and, since the acquisition of Protagen Diagnostics AG (now renamed Oncimmune Germany GmbH), the delivery of a service-based offering to the life science industry. On the product side of its business, the Group has entered into a number of distribution agreements in various geographical markets and is working with its partners to progress the commercial success of its products. These distribution agreements typically give the distributor the exclusive rights of distribution of EarlyCDT Lung within certain geographical boundaries for a period of time, in consideration for minimum order requirements. The Group remains at risk of the failure of any of its distributors in its key markets. To mitigate this risk, the Group has dedicated business development staff focused on monitoring its distributor network to optimise the success of its products.

Risks from competitors

The Group operates in a competitive market and faces competitors who may develop more advanced or alternative tests for early detection of cancer. The Group mitigates this through investing significantly in its intellectual property portfolio and in continued research and development, as well as through improving its manufacturing process to enable it to reduce costs, which could allow it to reduce prices in a highly competitive environment.

Legislation and regulatory change

Any change in legislation, and in particular the regulations relating to the testing of human blood or serum as part of a diagnostic test of disease, may have an adverse effect on the Group's operations and the returns available on an investment in the Group. The Group mitigates this as far as possible by ensuring a continuous awareness of the legislative environment and by expanding it regulatory team to meet increasing regulatory demands.

Foreign exchange

The Group conducts its operations principally in Sterling, EUROs and US Dollars and is consequently subject to currency risk due to fluctuations in exchange rates. As well as the direct risk arising from transaction or translation risks, foreign exchange movements may make products or materials more expensive which may adversely affect the Group's revenues and expenditure and as a result could have a material adverse effect on the Group's business, results of operations and financial condition. As far as possible, any foreign exchange risk is managed by maintaining sufficient foreign currencies to avoid, as far as possible the need to purchase these currencies to satisfy operating expenditure.

The Group continues to monitor potential foreign exchange exposure by maintaining relationships with organisations who provide forecasts of foreign currency prices and by matching demand for foreign currencies with cash receipts in those same foreign currencies.

Key performance indicators

The Group measures its performance according to a wide range of key performance indicators. The main key performance indicators for the Group are as follows and the Group's performance against these indicators have been discussed in the Chairman and Chief Executive's report and the Chief Financial Officer's report:

- Development milestones
- Revenue and profit indicators
- Management of cash resources

Matthew Hall Chief Financial Officer

2 November 2021

"Successful Equity Placing of £9.0 million"

Oncimmune RNS, 25 March 2021 after Oncimmune raises £9m (before expenses) to expand ImmunoINSIGHTS business.

Directors' report

The Directors present their report and audited consolidated financial statements for the year ended 31 May 2021.

Results and dividends

The consolidated statement of comprehensive income is set out on page 38 and shows revenue for the year of £3.7M (2020: £0.5M). The loss for the financial year was £4.6M (2020: loss of £8.5M). No dividend will be paid in respect of the financial year (2020: £Nil).

Corporate governance

The Directors comply with the requirements of the Quoted Companies Alliance (QCA) Corporate Governance Code to the extent that they consider it appropriate and having regard to the Company's size, board structure, stage of development and resources.

The Board considers that all Non-Executive Directors exercise independent judgement. At the beginning of the year ended 31 May 2021 the Board consisted of nine directors, four of which were considered independent Non-Executive Directors under the QCA guidelines. At the beginning of the financial year Oncimmune's Board of Directors was restructured in order to make it as agile, lean and focused as possible. Geoffrey Hamilton-Fairley, Carsten Schroder and Julian Hirst therefore stepped down from the Board on 4 June 2020. The Board further reduced its number with Dr Cheung To stepping down in January 2021. As a result of the changes which took place in the year ended 31 May 2021, the Board currently consists of five directors, two of which are considered independent Non-Executive Directors under the QCA guidelines.

The roles of Chairman and Chief Executive are held by separate directors with a clear division of responsibilities between them. The Chairman has primary responsibility for leading the Board and ensuring its effectiveness. He sets the Board's agenda and ensures that all directors can make an effective contribution. The Senior Independent Non-Executive Director has the power to add items to the agenda of full Board meetings. The Chief Executive has responsibility for all operational matters and the development and implementation of Group strategy approved by the Board. The Company Secretary is responsible for advising the Board, through the Chairman, on all corporate governance matters.

The Company holds regular Board meetings. The Directors are responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have established the Audit Committee and the Remuneration Committee with formally delegated rules and responsibilities. The Directors have also established ad hoc committees from time to time to be responsible for certain corporate matters, which are then reported on to the Board as a whole.

The Board believes that good governance and a positive culture are crucial to the successful delivery of the Group's strategic objectives. Good standards of behaviour start with the Board and the Directors are committed to leading by example. The Directors are also conscious of achieving a more balanced, representative, and diverse board.

Ensuring that the Board is as effective as it can, has been a priority and this will continue. The Company expects members of the Board to bring with them appropriate behaviours and values to enable the Board to operate in a positive and effective manner. The Board is conscious of the need to assess the performance of the Board, ensuring it is operating effectively and for the benefit of all stakeholders. During the year ended 31 May 2021 the Board carried out an assessment of its performance, using an anonymous survey of Board participants to measure the Board's effectiveness against established standards. The results have been reviewed by the Board and appropriate actions to address any outcomes have been taken.

The Board believes in setting the right tone for the Group and seeks to promote a culture that aligns itself with its strategy, stakeholder needs and good governance. The Board feels it is important to engage with all levels within the organisation and regularly receives reports and input from members outside of the senior management team. The Board also conducted a site visit to the Company's Dortmund facilities (which was conducted virtually due to ongoing travel restrictions).

Audit Committee

The Audit Committee determines and examines matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half yearly (if subject to audit) and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meets at least twice a year. During the financial year ended 31 May 2021 the Audit Committee was comprised of Andrew Unitt (Chair) and Dr Annalisa Jenkins.

Remuneration Committee

The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages, including share options, and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees. The Remuneration Committee meets at least twice a year and otherwise as and when necessary. During the financial year ended 31 May 2021 the Remuneration Committee was comprised of Dr Annalisa Jenkins (Chair), Tim Bunting and Meinhard Schmidt.

The Board

The Board typically meets once every month or every two months to review and discuss the operations and financial performance of the Group. The Board also meets on an ad hoc basis, sometimes at short notice, to discuss specific transactions or material items requiring the attention of the Directors. Directors can formally attend meetings either in person or by conference call or video conferencing. Directors can also make decisions by considering papers circulated to them and recording their decision to the matters contained in such papers. Since the advent of COVID-19, all meetings have been held remotely by telephone or video conference. Dr Adam M Hill is an Executive Director and is employed on a full-time basis.

Directors' meeting attendance 2020/21

	Board	Audit Committee	Remuneration Committee
Meinhard Schmidt	9/9	-	3/4**
Dr Adam M Hill	9/9	-	-
Timothy Bunting	9/9	-	4/4
Andrew Unitt	9/9	2/2	-
Dr Annalisa Jenkins	9/9	2/2	4/4
Dr Cheung To*	2/4	-	-

* Ceased to be a Director on 19 January 2021
** Excused from meeting due to conflicts

Directors' indemnity provisions

The Company has maintained throughout the financial year directors' and officers' liability insurance.

Political donations

The Company has not made any political donations during the year (FY2020: £Nil).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 19. The Financial Review section on pages 38 to 71 describes the financial position of the Group, its cash flows and liquidity position. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to market risk, including foreign exchange rate risk, interest rate risk and price risk, credit risk and liquidity risk.

In respect of the Group's funding position, the Company entered into a €8.5M credit facility with IPF Management SA in September 2019 which was further extended by €6.0M in October 2020, of which €3.0M was drawn. The Company did not exercise its option to draw down the remaining €3.0M before the deadline of 30 June 2021. Each tranche of the total loan is repayable over a four-year term, interest-only for the first 12 months, with principal repayments commencing thereafter. There is a cash covenant requiring the Group to maintain nine months of cash which is tested each quarter. The total loan has been used to support the Group's operational activities, in particular the growth of the ImmunoINSIGHTS service business. In order to monitor compliance with this financial covenant, the Board prepares monthly financial accounts including a calculation of covenant compliance for the following 12 months.

The Group has prepared the 2021 financial statements on a going concern basis. In preparing the accounts on a going concern basis the Directors have prepared forecasts and budgets for the period to 31 December 2022 and which also considered the Group's existing debt covenant obligations up until this date. These forecasts and budgets model a range of scenarios, including taking into consideration the impact of COVID-19. The base case scenario assumes cash from contracts with customers for the forecast period being a mix of contracted amounts, contracts currently under negotiation, repeat business from already contracted work together with contracts from as yet unidentified opportunities. The base case scenario shows the Group is able to meet its financial obligations as and when they fall due for the forecast period.

The Directors have also considered downside scenarios that reflect the current unprecedented uncertainty in the UK economy and which the Directors consider to be severe but plausible. The first downside scenario took the base case scenario and removed a total of 50% of forecast EarlyCDT Lung product revenues excluding the US with a corresponding reduction in cost of sales and a reduction in third party R&D subcontract manufacture of EarlyCDT Lung product. The second downside scenario took the base case scenario and removed 50% of forecast EarlyCDT Lung product revenues excluding revenues from the UK and the US as well as a 20% reduction in ImmunoINSIGHTS' revenues and with a corresponding reduction in cost of sales. The results of these scenarios show that the Group has sufficient resources to meet its obligations for the forecast period and will not be in breach of its covenant under the IPF Management SA facility.

In addition to the above the Directors have performed a more severe downside stress test. The most severe of these tests reduced EarlyCDT Lung product revenues outside of the UK but excluding the US by 50% of forecast and reduced ImmunoINSIGHTS' revenues by 50% with an appropriate reduction in ImmunoINSIGHTS cost of sales. At the time of approval of the financial statements, the revenue performance for the current financial year reflects the revenue modelled under this stress test. This may mean that under this more severe downside stress test scenario the Group will not comply with the financial covenant attached to its external borrowings for the duration of the going concern review period. Should the financial covenant not be met the Group's borrowings could be recalled by its lender. Such a scenario gives rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, as has been detailed in the Chief Financial Officer's review, there has been an appreciable uplift in business activity within the ImmunoINSIGHTS' business with several contracts signed and a number of other contracts moving into legal contracting and expected to be executed before the end of this calendar year. Furthermore, although not modelled, the Directors have identified costs within the business which could be reduced within a relatively short time period.

After considering the above and after making appropriate enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider the adoption of the going concern basis in preparing the Consolidated financial statements is appropriate.

Risk management

The Company maintains a register of risks, which the executive management team presents to the Directors on a regular basis. Details of the Group's financial risk management objectives and policies, and exposure to price risk, credit risk, liquidity risk and foreign exchange risk are set out in Note 29.

Events after the end of the reporting period

Details of post balance sheet events can be found in Note 31 to the consolidated financial statements.

Future developments

The future developments of the Group can be found in the Strategic report.

Research and development

The Group's research and development activities are set out in the Strategic report.

Directors

The Directors of the Company who served during the year, and up to the date of approval of these financial statements unless otherwise stated, were:

Meinhard Schmidt	Non-Executive Chairman
Geoffrey Hamilton-Fairley	Non-Executive Vice-Chairman (resigned 4 June 2020)
Dr Adam M Hill	Chief Executive Officer
Timothy Bunting	Non-Executive Director
Andrew Unitt	Independent Non-Executive Director
Julian Hirst	Independent Non-Executive Director (resigned 4 June 2020)
Carsten Schroeder	Independent Non-Executive Director (resigned 4 June 2020)
Dr Annalisa Jenkins	Senior Independent Non-Executive Director
Dr Cheung To	Non-Executive Director (resigned 19 January 2021)

Directors' interests

At 31 May 2021, the Directors and their families had the following interests in the Company's ordinary shares and options to subscribe for shares:

	31 May 2021		31 May 2020	
	Shares	**Options**	**Shares**	**Options**
Meinhard Schmidt	31,000	1,076,705	18,000	420,370
Geoffrey Hamilton-Fairley (resigned 4 June 2020)*	3,238,070	798,148	3,238,070	798,148
Dr Adam M Hill	46,677	3,490,862	32,432	396,825
Timothy Bunting	2,956,717	-	2,806,717	-
Andrew Unitt	-	-	-	-
Julian Hirst (resigned 4 June 2020)*	-	-	-	-
Carsten Schroeder (resigned 4 June 2020)*	27,000	-	27,000	-
Dr Annalisa Jenkins	-	-	-	-
Dr Cheung To (resigned 19 January 2021)	-	-	-	-

* correct at date of resignation

The Company also issued warrants on 26 November 2015 to Geoffrey Hamilton-Fairley to subscribe for 762,500 Ordinary shares at a subscription price of 1p per Ordinary share and to Meinhard Schmidt to subscribe for 226,250 Ordinary shares at 1p. These warrants had not been exercised at the year end.

Timothy Bunting is a partner of Balderton Capital (UK) LLP, the investment adviser to Balderton Capital Partners III, LP 2

Genostics Company Ltd, a private company incorporated in Hong Kong, controlled by Dr Cheung To, who holds 3,266,770 shares in the Company.

Directors' remuneration

Introduction

As explained on page 24, remuneration of the Executive Directors and most senior employees is overseen by the Remuneration Committee, which is chaired by Dr Annalisa Jenkins.

The Board takes the issue of remuneration extremely seriously and endeavours to ensure that remuneration is appropriate and supports the Group's strategy and is accordingly designed in a way to promote the best interests of shareholders.

Shareholder engagement regarding remuneration is also important and therefore, as a voluntary best practice matter, shareholders will get the opportunity to once again vote on this Directors' remuneration report at Oncimmune's 2021 Annual.

Directors' remuneration for 2020

The remuneration paid to or receivable by each person who served as a Director during the year to 31 May 2021 was as follows:

	Salary/ fees	Other	Bonus	Pension	Benefits	31 May 2021 Total	31 May 2020 Total
	£000	£000	£000	£000	£000	£000	£000
Meinhard Schmidt	75	-	-	-	-	75	75
Geoffrey Hamilton-Fairley (resigned 4 June 2020)	1					1	65
Dr Adam M Hill	274	-	155*	10	-	439	385
Timothy Bunting	-	-	-	-	-	-	-
Andrew Unitt	36	-	-	-	-	36	18
Julian Hirst (resigned 4 June 2020)	1	-	-	-	-	1	36
Carsten Shroeder (resigned 4 June 2020)	-	-	-	-	-	-	41
Dr Annalisa Jenkins	36	-	-	-	-	36	36
Dr Cheung To (resigned 19 January 2021)	-	-	-	-	-	-	-
Total	423	-	155	10	-	588	656

* During the year this discretionary bonus was paid to Dr Adam M Hill

Significant shareholdings

As at 31 May 2021, the Company has been notified (or is otherwise aware) of the following interests in 3% or more of the issued Ordinary Share capital of the Company:

	No. of ordinary shares	Percentage of share capital
Balderton Capital III, LP	6,813,196	9.9
Blind Trust (Richard Sharp)	4,447,000	6.4
Chelverton Asset Management	3,889,391	5.6
Credit Suisse	3,674,196	5.3
Dr Adam M Hill	3,537,539	5.1
Genostics Company Ltd **	3,266,770	4.7
Mr Timothy Brian Bunting*#	2,956,717	4.3
Barclays	2,576,748	3.7
Hargreaves Lansdown Asset Management	2,172,209	3.1

* Board of directors
#Timothy Bunting is a partner of Balderton Capital (UK) LLP, the investment adviser to Balderton Capital Partners III, LP 2
**Dr Cheung To (resigned as Director 19 January 2021) is a shareholder and director of Genostics Company Ltd.

Statement of Directors' responsibilities under S172(1) Companies Act 2006

Corporate Governance

In accordance with Section 172 of the Companies Act 2006, the Directors recognise the importance of our wider stakeholders to the sustainability of our business. The Directors behave and carry out their activities to promote the long-term success of the Group for the benefit of the Company's shareholders, employees, partners, customers, suppliers and other stakeholders such as regulatory authorities. The Group engages with stakeholders to reflect their insights and views when making decisions on strategy, delivering operational effectiveness, driving initiatives and delivering outcomes.

The culture and values promoted by the Directors create a focus across the Group on observing and maintaining high standards of regulatory compliance, quality control and business conduct whilst promoting the long-term success of the Company. The impact of the Group's operations on the environment and community and how these enhance social value are described above.

The Group has built and maintained relationships with shareholders, advisers and suppliers. The Directors have taken steps to develop and strengthen them through dialogue and engagement. These relationships are regularly monitored at Board level.

The Chairman ensures that he is available to discuss issues with key shareholders outside of the shareholder meetings which are held. The Company complies with its disclosure obligations as set out in the AIM Rules for Companies, published by London Stock Exchange to ensure that shareholders are updated on key developments on a timely basis.

For more detail on the corporate governance of the Group, see Corporate Governance section in the Directors' Report.

Meeting shareholder needs

The Company seeks to maintain and enhance good relations with its shareholders and analysts. The Group's Interim and Annual Reports are supplemented by regular updates to investors on commercial progress. Institutional shareholders, private client brokers, retail investors and analysts are in contact with the Directors through a regular programme of briefing presentations and meetings to discuss issues and give feedback. The Board also uses and receives formal feedback through the Company's joint stockbrokers, financial public relations advisor and other advisors. Investor forums and presentation seminars and shows provide other channels of communication to shareholders, analysts and potential investors. Individual shareholders are welcome to and regularly make contact with the Company via email or telephone.

Managing our responsibilities to wider stakeholders

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Group for the benefit of its members and other stakeholders as a whole. We conduct business in an ethical way and take seriously our responsibilities to our employees, clinical study partners, contractors, key opinion leaders, trading partners, research and laboratory customers, suppliers and regulatory authorities.

The Group's employees are critical to the delivery of the Group's strategic plan. The Directors ensure that the Group complies with all UK employment laws and have implemented appropriate standards and systems to monitor and to ensure the welfare of those employees.

The complex nature of our products and product development process means that we have built close working relationships with a number of key suppliers are essential to ensure we receive the highest quality products and services.

We operate in a highly regulated area of business. National governments and regulators (Competent Authorities) implement highly structured product certification regimes to national, supra-national and international standards. Such certifications are necessary by law to manufacture and market research and clinical devices.

Notified Bodies are designated by Competent Authorities to perform assessments to agreed standards. The Group is subject to those assessments where appropriate to the products manufactured and marketed by the Company.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the Parent Company's financial statements under the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and the Parent Company for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates in the financial statements that are reasonable and prudent;
- State whether applicable IFRSs or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking steps as are reasonably open to them to (i) safeguard the assets of the Group and (ii) prevent and detect 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. Information published on the website is accessible in many countries and legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to the auditor

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, has expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

On behalf of the Board

Dr Adam M Hill

Director and Chief Executive Officer

2 November 2021

Company registration number: 09818395
(England and Wales)

"Oncimmune inks contracts to supply blood-based lung cancer test to UK's NHS"

360Dx, 14 December 2020 after EarlyCDT Lung launches into the NHS.

Independent auditor's report to the members of Oncimmune Holdings plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Oncimmune Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2021, which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position, the Company statement 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 31 May 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that current financial year revenue performance reflects the revenue modelled under a more severe downside stress test. In such a scenario the group may not comply with the financial covenant attached to its external borrowings and as such the group's borrowings could be recalled by its lender. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

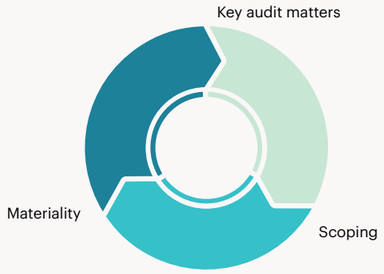
Our responsibilities

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Overview of our audit approach



Overall materiality:

Group: £235,000, which represents approximately 4% of the group's loss before taxation.

Parent company: £141,000, which represents 0.4% of the parent company's total assets.

Key audit matters for the group were identified as:

- Going concern;
- Risk of fraud in revenue recognition;
- Risk of error in revenue recognition; and
- Impairment of goodwill and intangible assets.

The key audit matter for the company was identified as:

- Intragroup loan impairment – expected credit losses.

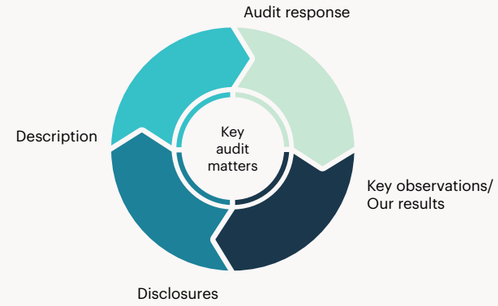
Our auditor's report for the year ended 31 May 2020 included no key audit matters that have not been reported as key audit matters in our current year's report.

Our auditor's report for the year ended 31 May 2021 includes one key audit matter, Risk of error in revenue recognition, which was not included as a key audit matter in the auditor's report for the year ended 31 May 2020. The risk of error in revenue recognition has been recorded as a key audit matter for the current year due to the volume and complexity of revenue contracts entered into by the group during the year.

We performed full scope audit procedures on the financial information of Oncimmune Holdings Plc, Oncimmune Limited and Oncimmune Germany GmbH and analytical procedures on the financial information of Oncimmune Europe GmbH and Oncimmune Americas LLC. All work was completed by the group engagement team with the exception of the work completed on Oncimmune Germany GmbH where audit procedures were completed by a component engagement team.

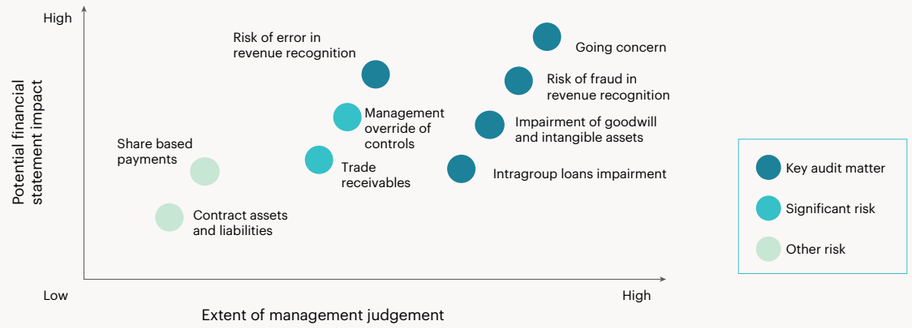
Key audit matters

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



In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group	How our scope addressed the matter – Group
Risk of fraud in revenue recognition We identified the risk of fraud in revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. We identified the potential risk of management overriding revenue balances to inflate the reported revenue figure, through the posting of fraudulent journal entries posted around year end. **Relevant disclosures in the Financial statements** The Group's accounting policies on revenue recognition is shown in note 2 to the financial statements and related disclosures are included in note 4.	In responding to the key audit matter, we performed the following audit procedures: • conducted an assessment of the internal control environment relating to revenue recognition. This involved assessing the design and implementation of relevant controls in the revenue business cycle relevant to the audit; • assessed the estimates and judgements made by management when accounting for revenue; • identified journal entries with specific characteristics posted to revenue accounts to highlight and corroborate any postings that were outside of our expectations and therefore at a higher risk of being fraudulent; and • assessed and considered any transactions that were outside the normal course of business and transactions with related parties. **Our results** Our audit testing did not identify any material misstatements in the revenue recognised during the year which, based on our audit work, has been recognised in accordance with the Group's accounting policies.

Key Audit Matter – Group	How our scope addressed the matter – Group
Risk of error in revenue recognition We identified the risk of error in revenue recognition as one of the most significant assessed risks of material misstatement due to error. The Group enters into complex revenue agreements, the terms of which can include minimum order levels, volumes of tests performed, and multiple performance obligations. Accounting for contracts of this nature requires management to exercise a significant amount of judgement which increases the risk of error arising in accounting for revenue transactions. The judgements and estimates made by management when accounting for revenue include: • the assessment of the number of distinct performance obligations in relation to fixed price contract based activity revenue; • the assessment of whether revenue should be recognised at a point in time or overtime; • the assessment of revenue to be recognised under contracted minimum numbers of test under distribution and medical testing services; and • the assessment of revenue to be recognised based on percentage complete calculations on projects which are not complete at period end. We identified that there is a risk that IFRS 15 'Revenue from Contracts with Customers' may not be applied correctly as significant judgement is involved in applying the standard to contracts entered into. **Relevant disclosures in the Financial statements** The Group's accounting policies on revenue recognition is shown in note 2 to the financial statements and related disclosures are included in note 4.	In responding to the key audit matter, we performed the following audit procedures: • conducted an assessment of the internal control environment relating to revenue recognition which involved assessing the design and implementation of relevant controls in the revenue business cycle relevant to the audit: • assessed whether the revenue recognition accounting policies adopted were in accordance with the financial reporting framework, including IFRS 15, and tested whether Management had accounted for revenue in accordance with the accounting policies; • obtaining Management's assessment and corroborative evidence to support the key judgements made in the recognition of revenue, particularly in relation to whether revenue should be recognised at a point in time or over time; • tested the occurrence of revenue recognised by selecting a sample of revenue transactions throughout the year and agreed the transaction to supporting evidence; and • considered the performance obligations in relation to projects spanning the year end for which revenue is recognised over time by looking at hours recorded against budget to verify percentage completion. **Key observations** As a result of our work management deferred £1.7m of revenue in respect of one customer following challenge regarding the IFRS 15 criteria on collectability. Our audit testing did not identify any other material misstatements in the revenue recognised during the year which, based on our audit work, has been recognised in accordance with the group's accounting policies.

Key Audit Matter – Group	How our scope addressed the matter – Group
Impairment of goodwill and intangible assets We identified the assessment of impairment of goodwill and intangible assets arising from the acquisition of Oncimmune Germany GmbH as one of the most significant assessed risks of material misstatement due to error. At 31 May 2021, the group had goodwill and intangible assets arising the acquisition of Oncimmune Germany GmbH of £2.3m (2020: £2.4m). In accordance with International Accounting Standard (IAS) 36, 'Impairment of Assets', an annual impairment review is required to be performed by management for goodwill and, for other intangible assets, if events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment review is based on comparing the carrying value of the identified cash generating unit with the recoverable amount (being the higher of value in use and fair value less costs to sell), based on a value in use discounted cash flow model. Management's assessment of potential impairment incorporates key assumptions including forecast revenues, growth rates, and the discount rate. These involve inherent uncertainty in forecasting and discounting future cashflows. **Relevant disclosures in the Financial statements** The Group's accounting policy on impairment of assets, including goodwill and intangible assets, is shown in note 2 and related disclosures are included in note 12 to the financial statements.	In responding to the key audit matter, we performed the following audit procedures: • performed procedures to assess the design effectiveness of controls; • assessed whether the impairment accounting policy adopted is in accordance with the financial reporting framework, including IAS 36, and checked whether management applied this policy appropriately; • compared the carrying value of the cash generating unit to management's value in use calculations; • checked the mathematical accuracy of the impairment models; • assessed and challenged Management on the appropriateness of the forecast growth rates when compared to historical performance; • evaluated the other assumptions included in the impairment model through comparison with historical results, our knowledge of the business and discussions with management; • using an auditor's expert, assessed and challenged management on the appropriateness of the discount rate applied to future cash flows; • performed sensitivity analysis on the forecasts prepared by management; and • assessed the adequacy of related disclosures within the financial statements. **Our results** Our audit testing did not identify any material misstatements relating to the impairment of goodwill or intangible assets included on the consolidated statement of financial position.

Key Audit Matter – Parent company	How our scope addressed the matter– Parent company
Intragroup loans impairment – expected credit losses We identified the assessment of impairment of intragroup loans as one of the most significant assessed risks of material misstatement due to error. The company had loans due from subsidiary companies of £17.4m and there is a risk that these loans may be impaired as a result of subsidiary companies incurring losses. Management's assessment of the expected credit loss of intragroup loans requires significant judgements, such as timing, extent and probability of future cash flows. **Relevant disclosures in the Financial statements** The Group's accounting policy on intragroup loans is shown in note 2 to the financial statements and related disclosures are included in notes 2 and 4 to the parent company's financial statements.	In responding to the key audit matter, we performed the following audit procedures: • performed procedures to assess the design effectiveness of controls; • assessed the appropriateness of the methodology applied by management in their assessment of the expected credit loss of intragroup loans by comparing it to the Parent company's accounting policy and relevant accounting standards; • obtained and assessed management's evaluation of the expected credit loss of intragroup loans including checking the impairment provisions and net asset values of components that have intragroup debt; • checked management's expected credit loss model applied to intragroup loans is mathematically accurate; • assessed the key assumptions made by management within the calculations and challenged if these are appropriate, such as the discount rate applied and assumptions regarding recoverability and timing of cash flows are appropriate, by cross reference to available data. **Key observations** As a result of our work and challenge, management revised their assessment of the expected credit loss against one of the intragroup loans, resulting in a reduction in the expected credit loss provision of £250k and corresponding increase in the carrying value of the loan.

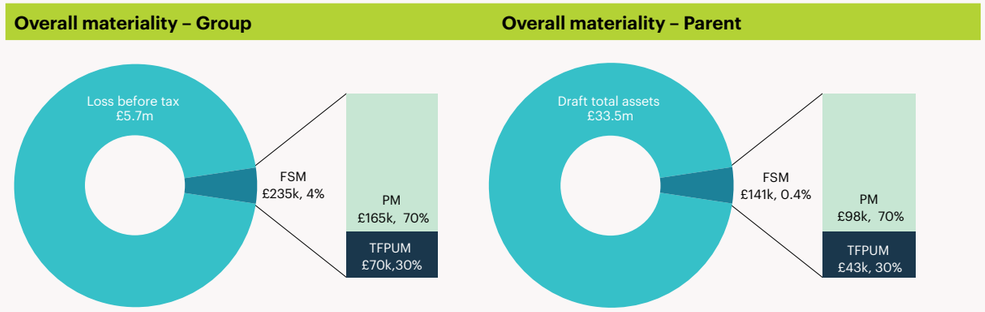
Our application of materiality

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

Materiality was determined as follows:

Materiality measure	Group	Parent
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£235,000 which is 4% of loss before taxation.	£141,000 which is 0.4% of total assets
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • The selection of an appropriate benchmark being loss before tax which we have selected as it is a key performance indicator and therefore of interest to stakeholders, • Selection of an appropriate percentage to apply to draft loss before tax. Materiality for the current year is lower than the level that we determined for the year ended 31 May 2020 to reflect a decrease in loss before tax.	In determining materiality, we made the following significant judgements: • The selection of an appropriate benchmark being total assets as the company's purpose is that of holding investments in subsidiary undertakings • Restricting the benchmark based on the relative size of the component within the group. Materiality for the current year is lower than the level that we determined for the year ended 31 May 2020
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£165,000 which is 70% of financial statement materiality.	£98,000 which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements: • Our experience with auditing the group in previous years – based on the level of misstatements and control deficiencies identified.	In determining materiality, we made the following significant judgements: • Our experience with auditing the company in previous years – based on the level of misstatements and control deficiencies identified.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£11,750 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£7,030 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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



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

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

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

- The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level.
- The engagement team obtained an understanding of the group organisational structure on the scope of the audit;

Identifying significant components

- Three significant components were identified through consideration of total assets, revenues and results before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- The three significant components, two in the UK (Oncimmune Holdings Plc and Oncimmune Limited) and one in Germany (Oncimmune Germany GmbH), were required to have full scope audits.
- Two components, Oncimmune Europe GmbH and Oncimmune Americas LLC, were tested through the completion of analytical procedures.

Performance of our audit

- The UK significant components were audited by the group engagement team and the German significant component audit was conducted by a local component auditor.

Communications with component auditors

- Communications with the component auditors in Germany were through the issue of group instructions, and assessment of the work completed at the planning, fieldwork and completion stages of the audit;
- Due to the external conditions brought about by Covid-19, we were unable to complete our fieldwork component visits, we therefore increased the frequency of our communications with the component auditor to monitor progress and we used video conferencing to audit working papers of the component auditor.

Changes in approach from previous period

- There were no significant changes to the scope of the current year audit from the scope of that of the prior year.

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage LBT
Full-scope audit	3	99	100	99
Analytical procedures	2	1	0	1

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.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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 the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the group and industry in which it operates through our general commercial and sector experience, discussions with management, and inspection of legal correspondence. We determined that the following laws and regulations were most significant: the financial reporting framework (international accounting standards in conformity with the requirements of the Companies Act 2006) and relevant tax compliance regulations.
- We understood how the group is complying with legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We enquired of management and the Audit Committee about the group's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations including the Companies Act.
- We enquired of management and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to areas of increased management judgement as well as the risk of fraud through the use of journal entries that increase revenues.

  Our audit procedures involves:
  - Evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud; and
  - Journal entry testing, with a focus on material journals.

  In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were design to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the client operates; and
  - Understanding of the legal and regulatory requirements specific to the entity.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential fraud in revenue recognition through the inflation of revenue.
- In assessing the potential risk of material misstatement, we obtained an understanding of:
  - The group's operations, including the nature of its revenue sources, products and services to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
  - The group's control environment, including:
    - Management's knowledge of relevant laws and regulations and how the group is complying with those laws and regulations;
    - The adequacy of procedures for authorisation of transactions; and
    - Procedures to ensure that possible breaches of law and regulations are appropriately resolved.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors

Use of our report

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

Nick Jones

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Crawley

2 November 2021

Consolidated statement of comprehensive income

	Notes	Year to 31 May 2021 £'000 Total	Year to 31 May 2020 £'000 Total
Revenue	4	**3,722**	509
Cost of sales		**(865)**	(537)
Gross profit / (loss)		**2,857**	(28)
Research and development expenses		**(1,615)**	(1,677)
Administrative expenses		**(5,652)**	(8,174)
Share-based payment	24	**(1,046)**	(174)
Gain on disposal of assets	9	**-**	579
Total administrative expenses	5	**(8,313)**	(9,446)
Other income	6	**311**	206
Operating loss		**(5,145)**	(9,268)
Finance income	10	**403**	111
Finance costs	10	**(954)**	(626)
Finance costs - net		**(551)**	(515)
Loss before income tax		**(5,696)**	(9,783)
Income tax credit	11	**1,068**	1,324
Loss for the financial year		**(4,628)**	(8,459)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss, net of tax			
Currency translation differences		**(91)**	84
Loss after tax and total comprehensive income for the year attributable to equity holders		**(4,719)**	(8,375)
Basic and diluted loss per share	28	**(7.17)p**	(13.36)p

All activities of the Group in the current and prior period are classed as continuing.

All of the comprehensive income for the year is attributable to the shareholders of Oncimmune Holdings Plc.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Notes	31 May 2021 £'000	31 May 2020 £'000
Assets			
Non-current assets			
Goodwill	12	**1,578**	1,578
Intangible assets	13	**4,116**	1,138
Property, plant and equipment	14	**664**	390
Right-of-use assets	15	**930**	982
Deferred tax asset	30	**937**	-
		8,225	4,088
Current assets			
Inventories	17	**143**	174
Trade and other receivables	16	**7,079**	1,716
Contract assets	4	**200**	97
Cash and cash equivalents	18	**8,631**	4,240
		16,053	6,227
Total assets		**24,278**	10,315
Equity			
Capital and reserves attributable to the equity holders			
Share capital	23	**691**	635
Share premium	23	**40,497**	31,459
Other reserves		**4,094**	3,048
Merger reserve		**31,882**	31,882
Foreign currency translation reserve		**88**	179
Own shares		**(1,926)**	(1,926)
Retained earnings		**(70,099)**	(65,471)
Total equity		**5,227**	(194)
Liabilities			
Non-current liabilities			
Deferred tax	30	**374**	133
Lease liability	22	**671**	762
Other liabilities	20	**2,000**	-
Borrowings	21	**6,239**	6,147
		9,284	7,042
Current liabilities			
Trade and other payables	19	**1,979**	1,037
Contract liabilities	4	**5,175**	570
Other statutory liabilities		**55**	65
Lease liability	22	**310**	227
Other liabilities	20	**-**	428
Borrowings	21	**2,248**	1,140
		9,767	3,467
Total liabilities		**19,051**	10,509
Total equity and liabilities		**24,278**	10,315

The accompanying notes form an integral part of these consolidated financial statements.
The financial statements were approved by the board on 2 November 2021.

Dr Adam M Hill
Director and Chief Executive Officer
Company registration number: 09818395 (England and Wales)

Consolidated statement of changes in equity

	Share capital	Share premium	Other reserves	Merger reserve	Foreign currency translation reserve	Own Shares	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 June 2019	**633**	**31,382**	**3,295**	**31,736**	**95**	**(1,926)**	**(57,350)**	**7,865**
Loss for the year	-	-	-	-	-	-	(8,459)	**(8,459)**
Other comprehensive income:								
Currency translation differences	-	-	-	-	84	-	-	**84**
Total comprehensive income	**-**	**-**	**-**	**-**	**84**	**-**	**(8,459)**	**(8,375)**
Transactions with owners:								
Share warrants issued	-	-	142	-	-	-	-	**142**
Shares issued on acquisition	2	77	(563)	146	-	-	338	**-**
Share option charge	-	-	174	-	-	-	-	**174**
As at 31 May 2020	**635**	**31,459**	**3,048**	**31,882**	**179**	**(1,926)**	**(65,471)**	**(194)**
Loss for the year	-	-	-	-	-	-	(4,628)	**(4,628)**
Other comprehensive income:								
Currency translation differences	-	-	-	-	(91)	-	-	**(91)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(91)**	**-**	**(4,628)**	**(4,719)**
Transactions with owners:								
Shares issued in year	50	8,331	-	-		-	-	**8,381**
Options exercised	2	106	-	-	-	-	-	**108**
Shares issued in relation to prior year acquisition	4	601	-	-	-	-	-	**605**
Share option charge	-	-	1,046	-	-	-	-	**1,046**
As at 31 May 2021	**691**	**40,497**	**4,094**	**31,882**	**88**	**(1,926)**	**(70,099)**	**5,227**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year to 31 May 2021	Year to 31 May 2020
		£'000	£'000
Cash flows from operating activities			
Loss before income tax		**(5,696)**	(9,783)
Adjusted by:			
Depreciation and amortisation	13,14,15	**740**	500
Share-payment charge		**1,046**	174
Interest received	10	**(403)**	(111)
Interest expense	10	**954**	626
Gain on disposal of assets		**-**	(579)
Fair value movement on contingent consideration and liabilities		**176**	78
Changes in working capital:			
Decrease in inventories		**31**	107
Increase in trade and other receivables		**(5,837)**	(807)
Increase / (decrease) in trade and other payables		**4,841**	591
Cash used by operations		**(4,148)**	(9,204)
Interest paid		**(885)**	(663)
Interest received		**3**	111
Income tax received		**503**	853
Net cash used by operating activities		**(4,527)**	(8,903)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(446)**	(236)
Purchase of intangible assets		**(625)**	-
Proceeds from sale of assets		**215**	583
Net cash (used in) / generated from investing activities		**(856)**	347
Cash flows from financing activities			
Net funds raised through share issues		**8,489**	-
Loan advances		**2,728**	7,598
Loan repayments		**(1,135)**	-
Principal elements of lease repayments		**(303)**	(138)
Net cash generated from financing activities		**9,779**	7,460
Movement in cash attributable to foreign exchange		**(5)**	(22)
Net increase / (decrease) in cash and cash equivalents		**4,391**	(1,118)
Cash and cash equivalents at the beginning of the year		**4,240**	5,358
Cash and cash equivalents at the end of the year	18	**8,631**	4,240

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Oncimmune Holdings Plc (the 'Company') is a limited company incorporated and domiciled in England and Wales. The registered office of the company is MediCity – D6 Building, 1 Thane Road, Nottingham, NG90 6BH. The registered company number is 09818395.

The Group's principal activity is the development and commercialisation of technologies that enable cancer diagnosis.

The Directors of Oncimmune Holdings Plc are responsible for the financial information and contents of the financial information.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for the group consisting of Oncimmune Holdings Plc and its subsidiaries.

Basis of preparation

The Group has prepared its consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities which are measured at fair value.

The Company was incorporated on 9 October 2015 and was re-registered as a public limited company on 14 December 2015. On 23 November 2015, a Group re-organisation was completed, by means of a share for share exchange, as a result of which the newly incorporated company, Oncimmune Holdings Plc, became the parent company of the Group.

The companies involved in the above share for share exchange had not previously been presented in the consolidated financial statements of a single legal entity. However, the underlying business was ultimately controlled and managed by the same parties before and after the share for share exchange and that control was not transitory. The transactions outlined above, therefore, met the definition of a common control transaction in accordance with IFRS 3 Business Combinations.

IFRS does not provide any specific guidance on accounting for common control transactions and IFRS 3 excludes common control transactions from its scope; therefore the Directors had selected an accounting policy in accordance with paragraphs 10-12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The consolidated entity met the definition of a group reconstruction under FRS 102 19,27 and was therefore accounted for under the principals of merger accounting as outlined in FRS 102, paragraphs 19.29 – 19.33, merger accounting. The consolidated financial statements have been prepared as if Oncimmune Limited and its subsidiaries had been held by Oncimmune Holdings Plc from inception and the results and position of Oncimmune Limited have been reflected in the comparatives.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The consolidated financial statements are presented in sterling and have been rounded to the nearest thousand (£'000).

Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where a Group company has acquired an investment in a subsidiary undertaking and applies merger relief, under section 612 of the Companies Act 2006, the difference between the nominal value and fair value of the shares issued is credited to the merger reserve.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 19. The Financial Review section on pages 38 to 71 describes the financial position of the Group, its cash flows and liquidity position. In addition, note 29 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to market risk, including foreign exchange rate risk, interest rate risk and price risk, credit risk and liquidity risk.

In respect of the Group's funding position, the Company entered into a €8.5M credit facility with IPF Management SA in September 2019 which was further extended by €6.0M in October 2020, of which €3.0M was drawn. The Company did not exercise its option to draw down the remaining €3.0M before the deadline of 30 June 2021. Each tranche of the total loan is repayable over a four-year term, interest-only for the first 12 months, with principal repayments commencing thereafter. There is a cash covenant requiring the Group to maintain nine months of cash which is tested each quarter. The total loan has been used to support the Group's operational activities, in particular the growth of the ImmunoINSIGHTS service business. In order to monitor compliance with this financial covenant, the Board prepares monthly financial accounts including a calculation of covenant compliance for the following 12 months.

The Group has prepared the 2021 financial statements on a going concern basis. In preparing the accounts on a going concern basis the Directors have prepared forecasts and budgets for the period to 31 December 2022 and which also considered the Group's existing debt covenant obligations up until this date. These forecasts and budgets model a range of scenarios, including taking into consideration the impact of COVID-19. The base case scenario assumes cash from contracts with customers for the forecast period being a mix of contracted amounts, contracts currently under negotiation, repeat business from already contracted work together with contracts from as yet unidentified opportunities. The base case scenario shows the Group is able to meet its financial obligations as and when they fall due for the forecast period.

The Directors have also considered downside scenarios that reflect the current unprecedented uncertainty in the UK economy and which the Directors consider to be severe but plausible. The first downside scenario took the base case scenario and removed a total of 50% of forecast EarlyCDT Lung product revenues excluding the US with a corresponding reduction in cost of sales and a reduction in third party R&D subcontract manufacture of EarlyCDT Lung product. The second downside scenario took the base case scenario and removed 50% of forecast EarlyCDT Lung product revenues excluding revenues from the UK and the US as well as a 20% reduction in ImmunoINSIGHTS' revenues and with a corresponding reduction in cost of sales. The results of these scenarios show that the Group has sufficient resources to meet its obligations for the forecast period and will not be in breach of its covenant under the IPF Management SA facility.

In addition to the above the Directors have performed a more severe downside stress test. The most severe of these tests reduced EarlyCDT Lung product revenues outside of the UK but excluding the US by 50% of forecast and reduced ImmunoINSIGHTS' revenues by 50% with an appropriate reduction in ImmunoINSIGHTS cost of sales. At the time of approval of the financial statements, the revenue performance for the current financial year reflects the revenue modelled under this stress test. This may mean that under this more severe downside stress test scenario the Group will not comply with the financial covenant attached to its external borrowings for the duration of the going concern review period. Should the financial covenant not be met the Group's borrowings could be recalled by its lender. Such a scenario gives rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, as has been detailed in the Chief Financial Officer's review, there has been an appreciable uplift in business activity within the ImmunoINSIGHTS' business with several contracts signed and a number of other contracts moving into legal contracting and expected to be executed before the end of this calendar year. Furthermore, although not modelled, the Directors have identified costs within the business which could be reduced within a relatively short time period.

After considering the above and after making appropriate enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider the adoption of the going concern basis in preparing the Consolidated financial statements is appropriate.

New Standards and interpretations

A number of amendments to existing standards have been issued but which are not yet mandatory, and have not been adopted by the Group in these financial statements. The Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group.

Revenue

IFRS 15 provides a single, principles based five-step model to be applied to all sales contracts based on the transfer of control of goods and services to customers.

The amount shown as revenue in the statement of comprehensive income comprises royalties, the provision and distribution of medical testing services and equipment and long-term contracts for the profiling of autoantibodies, in the US and other markets, including the UK.

Revenue is recognised at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the goods and services to its customers and excludes intra-group sales, value added tax and trade discounts.

Royalty income is recognised at the point in time the tests to which the royalty licences relate are completed by third parties.

Amounts receivable in respect of the provision of medical testing services and equipment are recognised at the point in time when the tests are performed.

The Group has a number of agreements in place with distributors with annual contracted minimum numbers for tests and services. The transaction price is fixed in the agreements. The consideration due is based on looking at the volume of tests performed to date and the likelihood of the minimum number being performed over the time of the agreement. Where the minimum tests are not performed by the distributer minimum revenues contracted are recognised over time.

In the case of fixed price contracts, the customer pays a fixed minimum annually upfront. Where the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The ImmunoINSIGHTS operating segment provides an autoantibody profiling service with contracts which include multiple deliverables noted below. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the working hours completed per the project plan. In order to determine the revenue to recognise on these long-term contracts in a specific period, management makes certain estimates as to the stage of completion of those contracts. Management estimates the remaining time and external costs to be incurred in completing the contracts and the customer's willingness and ability to pay for the services provided. Where the payment exceeds the performance obligation a contract liability is recognised. If the services rendered by the group exceeds the payment, a contract asset is recognised. The performance obligations as set out as milestones in the contract refer to purchasing materials, completing analysis of samples, transfer of raw data, submission and acceptance of the QC report, and delivery of the final report.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Goodwill

Goodwill on acquisitions of subsidiaries is disclosed as a separate line item in the Consolidated statement of financial position and is carried at cost less accumulated impairment losses. Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired and is allocated to cash generating units. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Under IFRS 3 "Business Combinations", goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately in the Statement of consolidated comprehensive income and is not subsequently reversed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from other assets or groups of assets (cash generating units).

Intangible assets

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Development expenditure, where it meets certain criteria (given below), is capitalised and amortised on a straight-line basis over its useful life which is currently five years. Asset lives are subject to regular review and an impairment exercise carried out once a year. Where no internally-generated intangible asset can be recognised, the expenditure is written-off in the period in which it is incurred.

An intangible asset arising from development is recognised if, and only if, the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the 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;
- the availability of adequate technical, financial and other resources to complete the development and to use of sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group has reviewed research and development expenditure, to determine whether any of that spend could qualify as development expenditure which satisfies the requirements for capitalisation set out above. No such expenditure has been capitalised (2020: nil).

Other intangible assets

Intangible assets are stated at historic cost, less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are amortised on a straight line basis over the following periods:

Internal developments	5 years
Technology platform	5 years
Intellectual property rights	5 years

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

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 the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss in the financial period in which they are incurred.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated on a straight line basis over the following periods:

Laboratory equipment	3 – 7 years
Computer equipment	3 – 4 years
Office equipment	3 – 7 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate to do so, at the end of each reporting period. The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then the asset is impaired and its value reduced by recognising an impairment in profit or loss.

Gain and loss on disposal of an asset is determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

Impairment testing of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Those intangible assets not yet available for use and goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The reversal would be limited to the carrying amounts of the non-financial assets had no impairment been recognised.

Inventories

Inventory is carried at the lower of cost or net realisable value after making due allowance for obsolete and slow moving stock. Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell.

Trade receivables

Trade receivables are recognised at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. In accordance with IFRS 15 and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The balances are subject to the expected credit loss model, and are written off where there is no expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a significant period past the due date. Impairment losses on trade receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Leased assets

For any new contracts entered into on or after 1 June 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset, or restore a property, at the end of the lease, lease payments to be made under reasonably certain extension options and any lease payments made in advance of the lease commencement date (net of any incentives received).

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised and payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

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

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense or credit for the period is the tax payable on the current period's taxable income 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 is the expected tax payable on the taxable income for the year, and is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period for each jurisdiction, and any adjustments to the tax payable in respect of previous years. In so far as Group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are recognised based on the weighted probability of possible outcomes. 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.

Deferred taxation is provided on all temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the statement of financial position date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Tax is recognised in profit or loss, except where it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Share-based compensation

The Group operates a number of share schemes under which it makes equity-settled share-based payments to certain employees. The fair value of employee services received in exchange for the grant of the options is recognised as an expense and a credit to the employee share scheme reserve. The total amount to be expensed is determined by reference to the fair value of the options granted: including any market performance conditions and any non-vesting conditions but excluding the impact of any service and non-market performance vesting conditions (for example profitability targets and remaining an employee of the Group for a specified period).

Non-market conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where the Group is obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A liability is measured using the value of the Company's shares at the statement of financial position date and charged to the income statement over the vesting period of the share options.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. The liability for social security costs arising in relation to the awards is measured at each reporting date based upon the share price at the reporting date and the elapsed portion of the relevant vesting periods to the extent that it is considered that a liability will arise.

On the re-organisation in November 2015 the existing Oncimmune Limited schemes were rolled over into the 2015 Oncimmune Holdings Plc scheme with Oncimmune Holdings Plc taking on the obligation for the exercise of the options. Modification accounting was performed resulting in the incremental fair value at the date of the modification being calculated. The incremental fair value is the excess of the fair value of the award immediately after the modification over the fair value immediately before the modification. Where the was an incremental fair value this was charged over the remainder of the vesting period, together with the original charge relating to the grant date of the original reward.

Employee benefits

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.

Contributions to the Group's defined contribution pension scheme and employees' personal pension plans are charged to the income statement as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

Employee benefit trust

Assets, other than shares, held by the Oncimmune Limited's Employee Benefit Trust (EBT) are included in the Group's statement of financial position under the appropriate heading. Shares in the company held by the EBT are disclosed as a deduction from shareholders' funds. Reflecting the substance of these arrangements any amounts which the trustees of the EBT may resolve, pursuant to their discretionary powers, to pay to any beneficiaries of the EBT are charged to the profit or loss account only when paid, subject to statutory deductions.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker of the Group, which collectively comprises the Executive Director and CFO. The Executive Director and CFO are responsible for allocating the resources and assessing the performance of the operating segments.

Exceptional items

Exceptional items are treated as such if the matters are non-recurring, material and fall outside of the operating activities of the Group.

Government grants

Government grants receivable are recognised at their fair value and are recognised when the group will comply with all attached conditions. The grants relate to expenditure and are therefore recognised at the point at which the expenditure is incurred that they are intended to compensate. Government grants received in advance of expenditure are treated as deferred income.

Financial instruments

The Group's financial instruments comprise cash and various items such as trade receivables and trade payables that arise directly from its operations. Finance payments associated with financial liabilities are dealt with as part of finance expenses.

Financial assets

The Group's financial assets comprise trade and certain other receivables as well as cash and cash equivalents.

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument and are recognised at fair value, except trade receivables which are initially measured at transaction price, and subsequently measured at amortised cost using the effective interest method less any provision for expected credit losses, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the statement of comprehensive income. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for expected credit losses is undertaken at least at each statement of financial position date.

Financial liabilities

The Group's financial liabilities comprise trade and other payables.

Financial liabilities are initially recognised at the fair value of the consideration received net of issue costs and subsequently measured at amortised cost using the effective interest method.

All interest-related charges are included in the statement of comprehensive income line item "finance expense". Financial liabilities are derecognised when the obligation to settle the amount is removed.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.
- Share premium: includes any premium received on the sale of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any income tax benefits.
- Other reserve: relates to the cumulative charge for share-based payments in accordance with IFRS2.
- Own share reserve: arose on creation of a Joint Share Ownership Plan in 2010.
- Retained earnings: accumulated losses.
- Foreign currency translation reserve: differences arising from translation of investments in overseas subsidiaries. The differences arise from the translation of foreign operations' results and financial positions from their respective functional currencies to the Group's presentation currency.
- Merger reserve: The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium. The merger reserve in these accounts has arisen from a Group reconstruction upon the incorporation and listing of the parent company that was accounted for as a common control transaction. Common control transactions are accounted for using merger accounting rather than the acquisition method. The merger reserve includes (i) amounts that arose on a Group reconstruction in 2015 as described in the basis of preparation and (ii) amounts arising from merger relief applied on the acquisition of Protagen Diagnostics AG in 2019.

Foreign currencies

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 sterling (£), which is the Company's functional and the Group's presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to cash are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within operating loss.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate if material.

Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in Treasury.

The diluted earnings per share would be calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive. A diluted earnings per share has not been presented as the Group is loss making.

3. Accounting estimates and judgements

The preparation of financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Sources of estimation uncertainty

- *Revenue stage of completion*

  Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the working hours completed per the project plan. In order to determine the revenue to recognise on these long-term contracts providing autoantibody profiling services in a specific period, management makes certain estimates as to the stage of completion of those contracts. Management estimates the remaining time and external costs to be incurred in completing the contracts and the customer's willingness and ability to pay for the services provided. A different assessment of the outturn on a contract may result in a different revenue for the work.

- *Estimated goodwill and financial asset impairment*

  The determination of the value of any impairment of goodwill and financial assets requires an estimation of the value in use of the Cash generating Units (CGUs) to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these CGUs, including the anticipated growth rate of revenue and costs as well as resulting operating margin and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Goodwill is tested for impairment at least annually. An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Goodwill is subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from other assets or groups of assets (cash generating units).

- *Share-based compensation*

  The Group has a number of share-based payment arrangements, principally with its employees. These awards are valued at the point of grant for the purpose of computing the share-based payment charge. The charge is spread over the vesting period. The charge is reduced for known leavers whose awards will not vest and an estimate of future forfeitures is taken into account following management review of historical forfeitures. The outturn of these awards may differ from estimates made at the point of preparing these financial statements and will be incorporated into future accounting periods in line with IFRS2.

  Determining the value of share-based payments to be expensed requires management to estimations of the key variables used in the selected valuation model. These include:

  - Expected life
  - Expected volatility
  - Expected dividend yield
  - Interest rate

  Further details on the assumptions used can be found in note 24.

Judgements in applying accounting policies

- *Revenue recognition: identification of performance obligations*

  Determining the number of performance obligations in the contractual arrangements with customers sometimes involves significant judgement. If performance obligations were determined differently then this could affect both the timing and extent of the revenue recognised in a financial period.

- *IFRS16 Leases*

  The following critical accounting estimates have been made in relation to right of use assets and liabilities in the year:

  - Lease term

    The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease if the outcome is considered reasonably certain.

    The Group applies judgment in evaluating whether it is reasonably certain whether or not to extend or terminate the lease. This includes consideration of all economic factors such as incentives or penalties, along with the relative importance of the underlying asset to the Group's operations and possible disruption caused by replacement. This is reassessed following significant events or changes in circumstances.

    The Group has several lease contracts for land and buildings that include extension and terminations options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: the costs and business disruption required to replace the leased asset.

    Renewal periods have not been included as part of the lease but periods covered by termination options have been included as part of the lease term for leases of land and buildings. The leases have been entered into in the last two years and the group has not exercised its option to terminate as this would have a negative effect to the business.

  - Incremental borrowing rate (IBR) 3% being the rate of interest that was judged the company would have to pay to borrow over a similar term and with a similar security in the current economic environment.

- *Deferred tax asset*

  The deferred tax asset recognised of £736,000 relates to carried forward tax losses of Oncimmune Germany GmbH. The subsidiary has incurred losses over the last two years. The business has now commenced an autoantibody profiling service and does not expect losses to recur in the future. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the forecast future profit from the forecasts. The subsidiary is expected to generate taxable income from 2022 onwards. The losses can be carried forward indefinitely and have no expiry date.

4. Segmental information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker comprising the Executive Director and CFO. The business has two segments. Early CDT Lung which is the production and sale of kits for the early detection of lung cancer via a blood test and ImmunoINSIGHTS an autoantibody profiling service. The segmental information is split on the basis of geographical analysis however, management report only the contents of the statement of comprehensive income and therefore no additional statement of financial position information is provided on a segmental basis in the following tables:

2021	**Early CDT Lung**		**ImmunoINSIGHTS**		
	United Kingdom	Rest of World	Europe	Rest of World	Total
	£'000	£'000	£'000	£'000	£'000
Segment revenue from external customers	156	1,122	2,316	128	3,722
Timing of revenue recognition					
At a point in time	156	433	2,316	128	3,033
Over time	-	689	-	-	689
	156	**1,122**	**2,316**	**128**	**3,722**

2020	**Early CDT lung**		**ImmunoINSIGHTS**		
	United Kingdom	Rest of World	Europe	Rest of World	Total
	£'000	£'000	£'000	£'000	£'000
Segment revenue from external customers	44	353	112	-	509
Timing of revenue recognition					
At a point in time	44	-	112	-	156
Over time	-	353	-	-	353
	44	**353**	**112**	**-**	**509**

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 May 2021	**31 May 2020**
	£'000	£'000
Current contract assets relating to:		
Early CDT Lung	200	97
ImmunoINSIGHTS	-	-
Loss allowance	-	-
Total contract assets	**200**	**97**
Current contract liabilites relating to:		
Early CDT	5,094	570
ImmunoINSIGHTS	81	-
Total contract liabilites	**5,175**	**570**

Contract assets have increased as the Company entered into a purchase agreement in January 2020 to supply minimum numbers of tests with increasing numbers of tests over the period of the agreement. This is the first full year of that agreement being in place.

Contract liabilities have increased due to the invoicing in advance of minimum distribution agreements that had been held back during the pandemic.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the prior year.

	31 May 2021	**31 May 2020**
	£'000	£'000
Revenue recognised that was included in the contract liability balance at the beginning on the period		
Early CDT Lung	97	-
ImmunoINSIGHTS	-	-
Revenue recognised from performance obligations satisfied in previous periods	-	-

Revenue	**31 May 2021**	**31 May 2020**
	£'000	£'000
Geographical analysis by origin		
United Kingdom	1,278	270
Europe	2,444	97
North America	-	142
Rest of the World	-	-
Total revenues	**3,722**	**509**

Notes to the consolidated financial statements

Operating segments
As at 31 May 2021

	EarlyCDT Lung	ImmunoINSIGHTS	Holdings	Total
	£'000	£'000	£'000	£'000
Revenue	1,278	2,444	-	3,722
Cost of sales	(407)	(458)	-	(865)
Gross profit	871	1,986	-	2,857
Operating (loss) / profit	(3,222)	944	(2,867)	(5,145)
Finance costs - net				(551)
Loss before tax				(5,696)
Income tax credit				1,068
Loss for the financial year				(4,628)

The costs of sales for Early CDT Lung represents the cost of production including materials and staff costs. The cost of sales for ImmunoINSIGHTS represents the proportion of working hours spent on the projects to date.

Operating segments
As at 31 May 2020

	EarlyCDT Lung	ImmunoINSIGHTS	Holdings	Total
	£'000	£'000	£'000	£'000
Revenue	397	112	-	509
Cost of sales	(498)	(39)	-	(537)
Gross (loss) / profit	(101)	73	-	(28)
Operating loss	(5,113)	(1,174)	(2,981)	(9,268)
Finance costs - net				(515)
Loss before tax				(9,783)
Income tax credit				1,324
Loss for the financial year				(8,459)

Operational expenditure for non-revenue generating segments, such as the management expense of the parent company, are reported under the Holdings segment.

Assets are not reported by business segment.

In the year to 31 May 2021, the Group had two customers (2020: one) who contributed more than 10% of Group revenue individually these customers contributed 61% (2020:12.8%) of Group revenue.

5. Expenses – analysis by nature

		May 2021	May 2020
	Note	£'000	£'000
Depreciation of property, plant and equipment and right-of-use assets	14,15	468	206
Amortisation of intangible assets	13	272	294
Research and development		1,615	1,677
Share-based payment expense	8	1,046	174
Employee costs (excluding share-based payment expense)	8	3,648	3,424
Fair value movement on contingent consideration		176	78
Profit on disposal of assets		-	(579)
Audit and non-audit services:			
Fee payable to the company's auditor:			
Fee for the audit of the parent company and consolidated financial statements		41	40
Fee payable for audit of the subsidiary		41	40
Fee payable for audit-related assurance services		6	6
Net foreign exchange losses		130	51
Other administrative expenses		870	4,035
Total administrative expenses		**8,313**	**9,446**

6. Other income

Other income relates entirely to government grants. These include the following amounts:

	May 2021	May 2020
	£'000	£'000
Compensation for foregone commercial actvity	-	170
Profit on disposal of property, plant and equipment	32	
Coronavirus Job Retention Scheme	40	36
Innovation Grants	239	-
	311	**206**

There are no unfulfilled conditions or other contingencies attached to grant income.

Notes to the consolidated financial statements

7. Remuneration of key management personnel

The Group consider that the Directors of Oncimmune Holdings Plc and Frank Matthew Sunderland Hall, Andrea Murray and Andrew Stewart who are directors of Oncimmune Ltd and Ron Kirschner to be key personnel.

	May 2021	May 2020
	£'000	£'000
Salary, fees, bonuses and other short term emoluments	1,105	1,052
Social security costs	125	115
Pensions	14	-
Share-based payments expense	1,035	101
	2,279	1,268

Details of Directors' remuneration are disclosed in the Directors' report.

8. Employees

The average number of employees (including Directors) during the year was as follows:

	May 2021	May 2020
	£'000	£'000
Directors	5	9
Lab staff	28	38
Sales and administration	19	25
	52	72

The cost of these employees (including Directors) during the year was made up as follows:

	May 2021	May 2020
	£'000	£'000
Wages and salaries	3,100	2,969
Social security costs	463	370
Pension cost	85	85
Share-based payments	1,046	174
	4,694	3,598

9. Gain on disposal of assets

During the prior year, the Group sold the US subsidiary's laboratory assets to Biodesix for a consideration of $1M (£798,000). The gain has been treated as an exceptional item in the Statement of comprehensive income and as such is shown separately within administrative expenses.

The gain recognised on disposal of assets was determined as follows:

	May 2021	May 2020
	£'000	£'000
Selling price	-	798
Inventory	-	(11)
Fixed assets	-	(128)
Construction in progress	-	(75)
Deposits	-	(5)
	-	579

10. Net finance costs

	May 2021	May 2020
	£'000	£'000
Finance income		
Interest receivable	3	111
Net exchange gains on foreign currency borrowings	400	
	403	111
Finance costs		
Interest payable on borrowings	(791)	(291)
Lease interest	(46)	(23)
Arrangement fees amortised	(117)	(312)
Finance costs expensed	(954)	(626)
Net finance costs	(551)	(515)

11. Income tax credit

	May 2021	May 2020
	£'000	£'000
Current tax		
Current tax on losses for the year	293	853
Adjustments for current tax of prior periods	54	448
Total current tax credit	347	1,301
Deferred income tax		
Decrease in deferred tax liabilities	(216)	23
Increase in deferred tax assets	937	
Total deferred tax credit	721	23
Tax credit in the period	1,068	1,324

Factors affecting current tax credit:

The tax assessed on the loss for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	May 2021	May 2020
	£'000	£'000
Loss before income tax	(5,696)	(9,783)
Loss for the year multiplied by the standard rate of corporation tax 19% (2019 19%)	(1,082)	(1,859)
Adjustments in respect of prior periods	(54)	-
Expenses not deductible for tax purposes	232	337
Losses surrendered for R&D claims	(125)	-
Research and development tax credit	-	1,301
Losses carried forward	2,097	876
	1,068	1,324

The Group has unrelieved UK tax losses with no expiry date of £25,296,000 (2020: £23,179,000) and unrelieved overseas tax losses with no expiry date of £88,716,000 (2020: £85,900,000). Deferred tax has not been provided given the uncertainty over the timing of a future reversal. At year end management have recognised an estimated research and development tax credit of £292,500 as calculated in line with IFRIC 23.

Notes to the consolidated financial statements

12. Goodwill

	Goodwill
	£'000
Cost	
At 1 June 2020	1,578
Additions	-
Foreign exchange movement	-
At 31 May 2021	1,578
Impairment	
At 1 June 2020	-
Impairment	-
Foreign exchange movement	-
At 31 May 2021	-
Net book values	
At 31 May 2021	1,578
At 31 May 2020	1,578

Goodwill of £1.58M was recognised on the acquisition of Oncimmune Germany Gmbh, being the excess of the purchase consideration over the fair value of net assets acquired and represents key customer relationships, employee knowledge and skills and the acceleration of bringing the technology to our platform rather than building in-house.

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to cash generating units (CGUs) that are expected to benefit from that business combination.

The carrying amount of goodwill relates to the Oncimmune Germany GmbH's trading activities. This has been tested for impairment during the current period by comparison with the recoverable amounts of the CGU. Recoverable amounts for the CGU is based on the higher of value in use and fair value less costs to sell. The recoverable amounts of the CGU have been determined from value in use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. These cash flows are discounted using a discount rate of 20% (2020: 20%) post-tax per annum, calculated by reference to year end data on equity values and interest, dividend and tax rates. Changes in income and expenditure are based on past experience and expectations of the future changes in the market. An annual percentage growth rate of revenue of 21.5% (2020: 33.2%) and a forecast gross margin of 83.5% (2020: 85%) have been assumed in the calculations. The directors have considered the sensitivity of the key assumptions, including the discount rate and long-term growth rate of 2% (2020: 2%), and have concluded that any possible changes they may be reasonably contemplated in these key assumptions would not result in the value falling below the carrying value of goodwill, given the amount of headroom available.

13. Intangible assets

	Intellectual property rights	Internal developments	Technology platform	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2020	-	849	920	1,769
Additions	3,250	-	-	3,250
At 31 May 2021	3,250	849	920	5,019
Accumulated amortisation				
At 1 June 2020	-	493	138	631
Charge for the year	20	160	92	272
At 31 May 2021	20	653	230	903
Net book values				
At 31 May 2021	3,230	196	690	4,116
At 31 May 2020	-	356	782	1,138

Intellectual property rights additions during the year relate to IP rights from Genostics Company Limited for the EarlyCDT Lung product in Peoples Rebublic of China and Hong Kong and the transfer of all EarlyCDT Lung materials (mainly samples) held by Genostics Company Limited.

14. Property, plant and equipment

	Laboratory equipment	Computer equipment	Office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2020	1,090	76	63	1,229
Additions	424	12	10	446
Disposals	(279)	-	(18)	(297)
Foreign exchange movement	(5)	-	-	(5)
At 31 May 2021	1,230	88	55	1,373
Accumulated depreciation				
At 1 June 2020	768	33	38	839
Charge for the year	134	14	19	167
Disposals	(279)	-	(18)	(297)
Foreign exchange movement	-	-	-	-
At 31 May 2021	623	47	39	709
Net book values				
At 31 May 2021	607	41	16	664
At 31 May 2020	322	43	25	390

Notes to the consolidated financial statements

15. Right-of-use assets

	Office equipment	Land and buildings	Total
	£'000	£'000	£'000
Cost			
At 1 June 2020	97	1,013	1,110
Additions	-	249	249
At 31 May 2021	97	1,262	1,359
Accumulated depreciation			
At 1 June 2020	10	118	128
Charge for the year	24	277	301
At 31 May 2021	34	395	429
Net book values			
At 31 May 2021	63	867	930
At 31 May 2020	87	895	982

16. Trade and other receivables

	May 2021	May 2020
	£'000	£'000
Trade receivables	6,273	871
Other debtors	87	374
Prepayments	427	23
Current tax asset	292	448
	7,079	1,716

Trade receivables represents amounts due from contracts with customers. At 31 May 2021 trade receivables were stated net of provisions of £25,000 (2020 - £1,000). The remaining balances were considered recoverable on normal trade terms. Due to their short term nature of these assets there is no material difference between their fair value and the carrying value of these assets. The maximum credit risk exposure at the reporting date equated to the carrying value of trade receivables as stated net of provisions. Standard payment terms are 30 days net.

17. Inventories

	May 2021	May 2020
	£'000	£'000
Finished goods (at cost)	143	174

No provision was made for inventory at the year end (2020: £nil). During the year, no inventory was written off due to obsolescence. Inventories expenses through cost of sales during the year were £144,000 (2020: £269,000).

18. Cash and cash equivalents

Cash balances at the end of each year are as follows:

	May 2021	May 2020
	£'000	£'000
Cash at bank and in hand per statement of financial position	8,631	4,240
Cash per statement of cash flows	8,631	4,240

19. Trade and other payables

	May 2021	May 2020
	£'000	£'000
Trade payables	768	420
Other creditors	53	54
Accruals	1,158	563
	1,979	1,037

20. Other liabilties

	May 2021	May 2020
	£'000	£'000
Contingent consideration – current	-	181
Other contingent liabilities – current	-	247
Other contingent liabilities – non-current	2,000	-
	2,000	428

The remaining settlement to the former shareholders of Oncimmune Germany GmbH (formerly Protagen AG) was settled in March 2021 via the issue of shares.

The Company also settled a liability to two former directors with a fair value of £152,000 payable via the issue of Ordinary shares due to the partners of Protagen AG recognised on acquisition.

The contingent consideration relates to amounts due under the contract with Genostics Company Limited for the IP rights to the EarlyCDT Lung product in Peoples Rebublic of China and Hong Kong.

21. Borrowings

	May 2021	May 2020
	£'000	£'000
Loan payable – current	2,248	1,140
Loan payable – non current	6,239	6,147
	8,487	7,287

During the year, the Group increased its credit facility with IPF Management SA by drawing down a further €3.0m. The loan is a four-year term with Tranche 1 and Tranche 2 repayable on 29 September 2023 and Tranche 3 repayable on 31 October 2024 all tranches being interest-only for the first 12 months, with principal repayments commencing thereafter. The facility includes a financial covenant obligation which requires the Group (on a quarterly basis for the term of the facility) to be able to demonstrate that it holds a minimum amount of cash equal to the next nine months' of operating cash flow, including the amounts required to service the credit facility. In order to monitor compliance with this financial covenant, the Board prepares monthly financial accounts including a calculation of covenant compliance for the following 12 months. All covenants were complied with in year. The facility includes a floating charge over the assets of Oncimmune Holding Plc and Oncimmune Ltd.

The fair value of the loan is not materially different to the carrying value, as the interest payable is close to the current market rate.

Notes to the consolidated financial statements

22. Leases

Amounts recognised in the statement of financial position

Right-of-use assets

Details of the Right-of-use assets held at the year end can be found in note 15, the land and building additions relate to leased properties that do not meet the definition of investment property.

Lease liabilities

	31 May 2021	31 May 2020
	£'000	£'000
Current	310	227
Non-current	671	762
	981	989
Future minimum lease payments are as follows:		
Not later than one year	316	234
Later than one year and not later than five years	697	832
Later than five years	-	-
Total gross payments	1,013	1,066
Impact of finance expenses	(32)	(77)
Carrying amount of liability	981	989

Lease liabilities have been recognised on the incremental borrowing rate for Land and Buildings and Office Equipment.

Amounts recognised in the statement of comprehensive income

	31 May 2021	31 May 2020
	£'000	£'000
Depreciation charge	(301)	(128)
Interest on lease liabilities	(46)	(23)
Rental payments with lease term less than 12 months	(17)	(483)
	(364)	(634)

Amounts recognised in the statement of cash flows

	31 May 2021	31 May 2020
	£'000	£'000
Principal elements of lease payments	(211)	(144)
Interest on lease liabilities	(46)	(23)
Rental payments with lease term less than 12 months	(17)	(483)
	(274)	(650)

23. Share capital and Share premium

Group and Company

	May 2021		May 2020	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	69,121,949	691,219	64,102,560	641,026
Allotted, and fully paid:				
Ordinary shares of £0.01 each	69,121,949	691,219	63,500,047	635,000

Movements in the year were as follows:

	Number of shares	Share capital	Share Premium	Total
	(thousands)	£'000	£'000	£'000
Opening balance	63,500	635	31,459	32,094
New placing	5,000	50	8,950	9,000
Exercise of options	234	2	106	108
Settlement of deferred consideration	387	4	601	605
	69,121	691	41,116	41,807
Less: transaction costs arising on share issue			(619)	(619)
Balance 31 May 2021	69,121	691	40,497	41,188

Ordinary shares have a par value of £0.01. They entitle the holder to participate in dividends, and to share in the proceeds of the winding up of the company in proportion to the number of shares held. Each share is entitled to one vote in any circumstance.

24. Share-based payments

The Group has granted options to certain directors and employees in respect of Ordinary shares.

The Group has the following share options schemes in place:

The 2005 share option scheme

The 2005 share option scheme has the following principal terms:

- the scheme is limited to eligible persons, being employees, officers, Scientific Advisory Board (SAB) members and consultants of the Group;
- the scheme provides for options to be granted to eligible persons to subscribe for ordinary shares of 0.01p each in the capital of Oncimmune Holdings Plc;
- the scheme was limited to options over 14,500 ordinary shares in Oncimmune Limited (now 725,000 options over Ordinary shares of Oncimmune Holdings Plc), all of which have been granted and options may be issued under the Enterprise Management Incentive (EMI) rules or as unapproved options;
- no option may be exercised later than the tenth anniversary of the date of grant, extended to 20 years for certain option holders;
- each option issued under the scheme had a vesting period commencing for employees, officers and consultants on the first anniversary of the date of the grant and expiring on the fourth anniversary of the date of grant and for SAB members commencing on the second anniversary and expiring on the fourth anniversary of the date of grant;
- options issued under the scheme are non-transferable;
- vested options must be exercised (i) within 24 months of an option holder's death; (ii) within 3 months of an option holder ceasing to hold office for reasons of disability, redundancy or retirement (unless otherwise agreed by the Directors); and (iii) within 6 months of an option holder's resignation (if an employee, officer or consultant of the Group) and within 24 months of an option holder's resignation (if an SAB member), or in each case the options shall lapse;
- If an option holder shall leave the Operating Group for any reason, options granted to that option holder shall only be exercisable in the Directors' discretion;
- on 'takeover' of Oncimmune Holdings Plc where a general offer is made to acquire the whole of the issued share capital of Oncimmune Holdings Plc (or any class of share capital of Oncimmune Holdings Plc), the acquiring company may make a 'rollover' offer to the option holders, which the option holders shall be deemed to accept, such that their options shall rollover into options in the acquiring company upon the same terms; and
- Oncimmune Holdings Plc may at any time add to or vary the scheme rules provided that this does not affect the liabilities of any option holder.

The 2007 share option scheme

The 2007 share option scheme is on the same principal terms as the 2005 Share Option Scheme save that:

- the scheme was limited to an additional 25,029 (increased to 68,056 options over ordinary shares in Oncimmune Limited and which rolled over 3,402,800 options over Ordinary Shares), of which 23,511 options over ordinary shares in Oncimmune Limited (rolled over into 1,175,550 options over Ordinary Shares of Oncimmune Holdings Plc) have been granted;
- the vesting period for all options issued under the scheme commenced on the first anniversary of the date of grant and expired on the third anniversary of the date of grant; and,
- vested options must be exercised (i) within 12 months of an option holders death; (ii) within 3 months of an option holder ceasing to hold office for reasons of disability, redundancy or retirement (unless otherwise agreed by the Directors) and (iii) on or before an option holders resignation, or in each case the options shall lapse.

In November 2015, the two existing option schemes were rolled over into the 2016 Oncimmune Holdings Plc Scheme on the terms set out above.

Set out below are summaries of options granted under the plans:

	WAEP	May 2021	WAEP	May 2020
		Number		Number
Outstanding at 1 June (2020, 2019)	0.83	4,663,066	0.91	4,609.976
Granted	0.11	4,930,991	0.74	568,194
Lapsed	0.45	(217,772)	1.13	(506,104)
Exercised	0.45	(228,955)		-
Outstanding at 31 May (2021, 2020)	0.46	9,147,330	0.83	4,663,066
Vested and exercisable at 31 May			4,216,301	3,663,461

Share options outstanding at the year end have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options	Share options
			31 May 2021	31 May 2020
8 November 2016	7 November 2026	£0.01 - £1.08	2,578,773	3,026,330
30 November 2016	29 November 2026	£1.185	48,865	48,865
31 March 2017	30 March 2027	£1.19	20,000	20,000
21 April 2017	20 April 2027	£1.31	30,534	30,534
16 May 2017	15 May 2027	£1.475	13,339	13,339
25 October 2017	24 October 2027	£1.215	380,000	380,000
22 April 2018	21 April 2028	£1.26	451,403	451,403
25 July 2018	24 July 2028	£1.225	47,883	47,883
24 September 2018	23 September 2028	£1.285	6,225	6,225
24 January 2019	23 January 2029	£1.09	192,660	192,660
24 April 2019	23 April 2029	£1.08	44,929	44,659
1 July 2019	30 June 2029	£1.09	41,651	41,651
24 October 2019	23 October 2029	£0.02	7,500	7,500
29 November 2019	28 November 2029	£0.51	29,649	29,649
30 April 2020	29 April 2030	£0.76	322,368	322,368
5 June 2020	4 June 2030	£1.195	388,386	-
10 September 2020	9 September 2030	£0.01	4,510,509	-
11 November 2020	10 November 2030	£1.675	32,656	-
Total			9,147,330	4,663,066
Weighted average remaining contractual life of outstanding options			7.6 years	4 years

The assessed fair value of all options granted by the Company has been arrived at using the Black-Scholes model except those granted on 10 September 2020 which used the Monte Carlo valuation model. The assumptions inherent in the use of the Black-Scholes model for options granted during the year ended 31 May 2021 are shown below:

388,386 share options: Grant date	**5 June 2020**
Expected volatility	20.0%
Expected dividend yield	0%
Risk free rate	0.01%
Discount factors	10%
Fair value of options granted in the year	£103,699
20,119 share options: Grant date	**11 November 2020**
Expected volatility	20.0%
Expected dividend yield	0%
Risk free rate	0.01%
Discount factors	10%
Fair value of options granted in the year	£8,719
12,537 share options: Grant date	**11 November 2020**
Expected volatility	15%
Expected dividend yield	0%
Risk free rate	0.01%
Discount factors	10%
Fair value of options granted in the year	£2,521

- The option life is assumed to be at the end of the allowed period of exercise
- Historical staff turnover is taken into account when determining the proportion of granted options that are likely to vest by the end of the period
- Following the application of the vesting probability assumptions, there are no further vesting conditions other than remaining in employment with the Company during the vesting period
- No variables change during the life of the option (e.g. dividend yield)
- Volatility has been estimated after reviewing the history of the Company's share price.

The options are subject to the rules of 2016 Share Option plan (an amalgamation of the Company's 2005 and 2007 Share option plans).

On 10 September 2020 the company put in place a new incentivisation scheme for senior management and options to subscribe for an aggregate of up to 4,510,509 ordinary shares of £0.01 each were granted to the Chairman, CEO, CFO and Company Secretary. The options granted have a exercise price of £0.01 and will vest based on the Company's share price during the course of the following three years, between £2 and £3.50 per share as set out below. The minimum number of options to vest is over 1,125,315 Ordinary shares and the maximum number of options to vest is over 4,523,046Ordinary shares. Once vested, options must be held for a further two years, subject to certain exceptions and acceleration events. The Target share prices and vesting are as follows:

Target Share Price				
£2.00	£2.50	£2.75	£3.00	£3.50
Vesting				
25%	50%	62.5%	75%	100%

The assumptions inherent in the use of the Monte Carlo model for options granted on 10 September 2020 included:

- Stock Price - £1.53 at 10 September 2020
- Exercise Price - £0.01
- Vesting schedule – as per the performance conditions above
- Expiry date – 10 September 2030
- Volatility – 50% as at 10 September 2020
- Risk free rate – 0.12%
- Dividend yield – 0%

Notes to the consolidated financial statements

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transaction recognised during the year as part of employee benefit expense are follows:

	May 2021	May 2020
	Average	Average
Options issued under employee option plan	1,046	174
	1,046	174

The Group has warrants outstanding as follows, over the £0.01 Ordinary Shares:

	Grant date	Number	Subscription price
Outstanding at 1 June 2020:			
Directors	November 2015	988,750	£0.01
Harbert European Growth Fund	May 2016	282,515	£0.66368
Zeus Capital Investment Ltd	May 2016	1,041,314	£1.30
IPF Investco II Sarl	September 2019	2,036,015	£0.87091
Outstanding at 31 May 2021:		**4,348,594**	

25. Related party transactions

Other than remuneration paid to Directors and key management there were no related party transaction in the year. In the prior year, in addition to the remuneration paid to the Directors and Key management the University of Nottingham - a shareholder, provided facilities and services to enable the Company to undertake research. Geoffrey Hamilton-Fairley – a former director, provided consultancy services.

	Geoffrey Hamilton-Fairley		University of Nottingham	
	May 2021	May 2020	May 2021	May 2020
	£'000	£'000	£'000	£'000
Costs incurred	-	117	-	182
Outstanding at year end	-	-	-	2

26. Categories of financial instruments

		May 2021	May 2020
		£'000	£'000
Current financial assets			
At amortised cost - Trade and other receivables	16	6,227	1,245
At amortised cost - Cash and cash equivalents	18	8,631	4,240
Total financial assets		14,908	5,485
Non-financial assets		9,370	4,830
Total		24,278	10,315
Current financial liabilities			
At amortised cost – Trade and other payables	19	2,034	1,102
At amortised cost – Lease liabilities		310	227
At fair value - Other contingent liabilities	20	-	247
At fair value - Contingent consideration	20	-	181
At amortised cost - Borrowings	21	2,248	1,140
Total current financial liabilities		4,592	2,897
Non-financial current liabilities		5,175	570
Total current liabilities		9,767	3,467
Non-current financial liabilities			
At amortised cost - Contingent liability		2,000	-
At amortised cost - Borrowings	21	6,239	6,147
At amortised cost – Lease liabilities		671	762
Total non-current financial liabilities		8,910	6,909
Non-financial liabilities		374	133
Total non-current liabilities		9,284	7,042

Notes to the consolidated financial statements

27. Cash flow information

This sets out an analysis of net debt and the movements in net debt for each of the years presented.

	May 2021	May 2020
	£'000	£'000
Net debt reconciliation		
Cash and cash equivalents	8,631	4,240
Borrowings – non-current liability (fixed interest rates)	(6,239)	(6,147)
Borrowings – current liability (fixed interest rates)	(2,248)	(1,140)
Lease liability – non-current liability	(671)	(762)
Lease liability – current liability	(310)	(227)
Net debt	(837)	(4,036)

	Liabilities from financing activities				
	Borrowings	Leases	Subtotal	Cash & equivalents	Total
		£'000	£'000	£'000	£'000
Net debt as at 1 June 2019	-	-	-	5,358	5,358
Cash flows	(6,935)	138	(6,797)	(1,096)	(7,893)
New leases	-	(1,110)	(1,110)	-	(1,110)
Foreign exchange adjustments	-	-	-	(22)	(22)
Other changes	(352)	(17)	(369)	-	(369)
Net debt as at 31 May 2020	(7,287)	(989)	(8,276)	4,240	(4,036)
Cash flows	(1,593)	303	(1,290)	4,396	3,106
New leases	-	(249)	(249)	-	(249)
Foreign exchange adjustments	400	-	400	(5)	395
Other changes	(7)	(46)	(53)	-	(53)
Net debt as at 31 May 2021	(8,487)	(981)	(9,468)	8,631	(837)

Other changes include non-cash movements including accrued interest expense which will be presented as operating cash flows in the statement of cashflows when paid.

Non-cash activities

Non-cash investing and financing activity disclosed in other notes are:

- Acquisition of right-of-use assets – note 15
- Settlement of deferred consideration through the issue of shares – note 20
- Options issued to employees – note 24

28. Loss per share

The basic earnings per share is calculated by dividing the loss attributable to the owners of Oncimmune Holdings Plc by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share has not been calculated as the entity is loss making.

	May 2021	May 2020
Earnings		
Loss for the purposes of basic loss per share (£'000)	(4,628)	(8,459)
Number of shares		
Weighted average number of shares for calculating basic earnings per share	64,571,180	63,300,183
Loss per share		
Basic loss per share	7.17p	13.36p

29. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk - *Foreign exchange risk*

The Group has exposure to market risk – foreign exchange risk arising from future commercial transactions and recognised financial assets and liabilities not denominated in Sterling. In the years to 31 May 2021 and 31 May 2020 over 55% of the Group's income by destination was into the North American and European markets and denominated in US dollars and Euros respectively. The Group's income stream is exposed to fluctuations in the US dollar exchange rate and the Euro exchange rate against Sterling.

In addition, borrowings are denominated in Euros and the Group therefore is exposed to foreign exchange risk on the interest, which is at a fixed rate and also the repayments.

These risks are managed via cash flow forecasting and sensitivity analysis. The risk management is predominantly controlled by policies approved by the board of directors. Market risks are identified and evaluated in close co-operation with the Group's operating units. The board provides written principles for overall risk management as well as policies covering specific areas. These are reviewed monthly from the information contained with the board packs and discussions at the board meetings.

The Group's exposure to foreign currency risk at the end or the reporting period, expressed in GBP was as follows:

	31 May 2021		31 May 2020	
	USD	EUR	USD	EUR
	£'000	£'000	£'000	£'000
Trade receivables	-	655	-	597
Trade payables	(1)	(223)	(16)	(538)
Bank loans	-	(8,488)	-	(7,287)

	2021	2020
	£'000	£'000
The aggregate net foreign exchange gains/losses recognised in profit or loss were:		
Exchange gains/ losses on foreign currency borrowing included in net finance costs	(400)	-
Net foreign exchange gains/losses included in administrative expenses	130	51
Total net foreign exchange gains/loss recognised in profit before tax	(270)	51

Sensitivity

As noted above, the Group is primarily exposed to changes in EUR/GBP exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from EUR denominated borrowings. A 10% shift in the rate would be expected to have an impact of +/-£81k on loss before tax.

Market risk - *Interest rate risk*

Borrowings are denominated in Euros and the Group interest is at a fixed rate and therefore the directors consider no risk arises in respect of future cash flows.

Market risk - *Price risk*

The Group is not exposed to either commodity or equity securities price risk.

Credit risk

Credit risk arises from cash and contract assets that have been accrued where minimum amounts are due contractually, and the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with banks with a minimum rating of 'A'. The credit value of customer is assessed, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management, and the aggregate financial exposure continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables, cash and cash equivalents and contract assets. Management have considered the concentration of risk within trade or other receivables and have provided prudently.

The Group applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled minimum revenue due and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss rates are based on the payment profiles over the preceding two years.

	Current	30-60 days past due	60-120 days past due	Over 120 days past due	Total
		£'000	£'000	£'000	£'000
31 May 2021					
Gross carrying amount – trade receivables	5,573	-	-	725	6,298
Gross carrying amount – contract assets	200	-	-	-	200
Loss allowance	-	-	-	25	25
31 May 2020					
Gross carrying amount – trade receivables	872	-	-	-	872
Gross carrying amount – contract assets	97	-	-	-	97
Loss allowance	1	-	-	-	1

The loss allowances for trade receivables and contract assets as at 31 May reconcile to the opening loss allowances as follows:

	Contract assets		Trade receivables	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Opening loss allowance at 1 June	-	-	1	-
Increase in loss allowance recognised in profit or loss in year	-	-	24	-
Receivables written off during the year	-	-	-	-
Unused amount reversed		-	-	-
Closing loss allowance at 31 May	-	-	25	-

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to engage in a repayment plan, and from discussions with the customer as payment of the debt.

Liquidity risk

Prudent liquidity risk management implies management maintaining sufficient cash and the availability of funding through committed credit facilities to meet obligations when due. At the year end the group had net debt of £838,000 (2020: Net debt £4,036,000). The Group has a credit facility with IPF Management SA. Each tranche of the total loan is repayable over a four-year term, interest-only for the first 12 months, with principal repayments commencing thereafter. The loan can be repaid early. The facility includes a financial covenant obligation which requires the Group (on a quarterly basis for the term of the facility to be able to demonstrate that it holds a minimum amount of cash equal to the next nine months of operating cash flow, including the amounts required to service the credit facility. In order to monitor compliance with this financial covenant, the Board prepares monthly financial accounts including a calculation of covenant compliance for the following 12 months.

Trade and other payables are monitored as part of normal management routine.

Other liabilities mature according to the following schedule:

2021	Less than six months	Within six to twelve months	One to two years	Two to five years
	£'000	£'000	£'000	£'000
Trade payables, statutory liabilities, and accruals	2,034	-	-	-
Contract liabilities	56	5,119	-	-
Contingent consideration	-	-	2,000	-
Lease liability	155	155	310	361
Borrowings	950	1,298	3,885	2,354
	3,195	6,572	6,195	2,715

2020	Less than six months	Within six to twelve months	One to two years	Two to five years
	£'000	£'000	£'000	£'000
Trade payables, statutory liabilities and accruals	1,102	-	-	-
Contract liabilities	570	-	-	-
Other loans	-	247	-	-
Contingent consideration	-	181	-	-
Lease liability	113	114	227	535
Borrowings	375	765	2,219	3,928
	2,160	1,307	2,446	4,463

Notes to the consolidated financial statements

Capital risk management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus cash and cash equivalents as presented on the face of the statement of financial position.

	May 2021	May 2020
	£'000	£'000
Total equity	5,227	(194)
Cash and cash equivalents	8,631	4,240
Capital	13,858	4,046
Total financing		
Other contingent liabilities	-	247
Contingent consideration	2,000	181
Borrowings	8,487	7,287
Lease liabilities	981	989
Overall financing	11,468	8,704
Capital to overall financing ratio	121.34%	46.48%

30. Deferred tax

	May 2021	May 2020
	£'000	£'000
Deferred tax assets		
As at 1 June	-	-
Credit to income statement	937	-
As at 31 May	937	-
Deferred tax liabilities		
As at 1 June	133	156
Movement on recognition of intangibles on acquisition	-	(23)
Foreign exchange	25	-
Charge to income statement	216	-
As at 31 May	374	133

31. Events after the end of the reporting period

No events to report after the balance sheet date.

32. Subsidiaries consolidated

The subsidiaries included in the consolidated financial statements of the Group are detailed below. No subsidiary undertakings have been excluded from the consolidation.

Company	Holding				
	Place of business/ Country of incorporation	Class of share capital held	Direct %	Indirect %	Principal activities
Oncimmune Limited					
Medicity – D6 Building, 1 Thane Road, Nottingham, UK NG90 6BH	United Kingdom	Ordinary	100	-	Sale of blood test to identify people with a heightened risk of lung cancer and related research activities
Oncimmune (USA) LLC					
112 SW 7th Street Suite 3C, Topeka, KS 66603	United States of America	Ordinary	-	100	Promotion of blood test for early detection of lung cancer to the US market
Oncimmune Germany GmbH					
Otto-Hahn-Str 15, 44227 Dortmund Germany	Germany	Ordinary	100	-	Autoantibody profiling service
Oncimmune Europe GmbH					
Otto-Hahn-Str 15, 44227 Dortmund Germany	Germany	Ordinary	100	-	Distribution of blood test for early detection of lung cancer to the European market

33. Ultimate controlling party

There is no ultimate controlling party of the Company.

34. Commitments

The Group has no capital commitments at the year end (2020: £nil).

Financial statements of the Company

Company statement of financial position
For the year ended 31 May 2021

	Notes	31 May 2021 £'000	31 May 2020 £'000
Fixed assets			
Investment	3	2,561	2,449
		2,561	2,449
Current assets			
Debtors	4	18,106	11,458
Cash and cash equivalents	5	83	6
		18,189	11,464
Creditors: amounts falling due within one year	6	(979)	(1,217)
Net current assets		17,210	10,247
Total assets less current liabilities		19,771	12,696
Creditors: amounts falling due after one year	6	-	(70)
Total assets less total liabilities		19,771	12,626
Capital and reserves			
Called up share capital	8	691	635
Share premium account		40,497	31,459
Other reserves		2,920	1,874
Merger reserve		1,095	1,095
Profit and loss reserve		(25,432)	(22,437)
Shareholders' funds		19,771	12,626

In accordance with the exemptions permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been presented. The parent company loss for the year ended 31 May 2021 was £2,995,000 (2020: £13,883,000).

The accompanying notes on pages 74 to 79 form an integral part of the company financial statements.

The parent company financial statements were approved by the board on 2 November 2021.

Dr Adam M Hill
Director and Chief Executive Officer
Oncimmune Holdings Plc, Registered no. 09818395

Company statement of changes in equity
For the year ended 31 May 2021

	Share capital	Share premium	Other reserves	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 June 2019 (restated)	**633**	**31,382**	**2,121**	**949**	**(8,892)**	**26,193**
Loss for the year	-	-	-	-	(13,883)	**(13,883)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(13,883)**	**(13,883)**
Transactions with owners:						
Shares issued on debt settlement	2	77	(563)	146	338	**-**
Shares issued during the year	-	-	142	-	-	**142**
Share option charge	-	-	174	-	-	**174**
As at 31 May 2020	**635**	**31,459**	**1,874**	**1,095**	**(22,437)**	**12,626**
Loss for the year	-	-	-	-	(2,995)	**(2,995)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(2,995)**	**(2,995)**
Transactions with owners:						
Shares issued in settlement of contingent consideration	4	601	-	-	-	**605**
Shares issued in year	50	8,331	-	-	-	**8,381**
Options exercised in year	2	106	-	-	-	**108**
Share option charge	-	-	1,046	-	-	**1,046**
As at 31 May 2021	**691**	**40,497**	**2,920**	**1,095**	**(25,432)**	**19,771**

The accompanying notes on pages 74 to 71 form an integral part of the company financial statements.

Notes to the Company financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of the Company's financial statements are set out below.

Statement of compliance

The separate financial statements of the Company are presented in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' and the Companies Act 2006. They have been prepared under the historical cost convention, modified in respect of the revaluation of certain financial assets and liabilities at fair value and share-based payments that have been measured at fair value.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions available under FRS 101. Therefore these financial statements do not include:

- The requirements of IFRS 7 Financial Instruments: Disclosures, as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73 of IAS 16 Property, Plant and Equipment; and
  - paragraph 118 of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d) and 111 (statement of cash flows), 134 to 136 (managing capital), and 16 (statement of compliance with IFRS) of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows and related notes.
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payments, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The effects of future accounting standards not adopted.

The preparation of financial statements in accordance with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

The financial statements of the Company have been prepared on a going concern basis and under the historical cost convention. The financial statements are presented in sterling and have been rounded to the nearest thousand (£'000).

Further details on the going concern basis can be found in note 2 of the consolidated financial statements.

Investments

Investments in subsidiaries are valued at cost less impairment.

Impairment testing of non-current assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using current rates, and any adjustments to the tax payable in respect of previous years. In so far as group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are recognised based on the weighted probability of possible outcomes.

Deferred taxation is provided on all temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantially enacted by the statement of financial position date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the statement of comprehensive income, except where it relates to items recognised directly in equity, in which case it is recognised in equity.

Share-based compensation

Equity-settled share-based payments are recognised as an expense in profit or loss, based on the fair value of the option at the date of grant. Such costs are spread over the vesting period, adjusted for the best available estimate of the number of share options expected to vest, with a corresponding credit to equity, net of deferred tax where applicable. Such adjustments are only made in respect of non-market performance vesting conditions. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated. Vesting conditions relate to continuing employment.

On the re-organisation in November 2015 the existing Oncimmune Limited schemes were rolled over into the 2015 Oncimmune Holdings Plc scheme with Oncimmune Holdings Plc taking on the obligation for the exercise of the options. Modification accounting was performed resulting in the incremental fair value at the date of the modification being calculated. The incremental fair value is the excess of the fair value of the award immediately after the modification over the fair value immediately before the modification. Where there was an incremental fair value this was charged over the remainder of the vesting period, together with the original charge relating to the grant date of the original reward.

Where the granting of share options has coincided with the issue of shares, for cash, to third party investors, the fair value of such options is based on the issue price for those shares which is considered to be an arm's length value.

Financial instruments

Financial instruments are assigned to their different categories by management on initial recognition, depending on the contractual arrangements.

Financial assets

The Company's financial assets comprise trade and certain other receivables as well as cash and cash equivalents.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument and are recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the statement of comprehensive income.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Company's financial liabilities comprise contingent consideration and trade and other payables.

Financial liabilities are initially recognised at the fair value of the consideration received net of issue costs. After initial recognition contingent considerations are measured at amortised cost using the effective interest method. All interest-related charges are included in the statement of comprehensive income line item "finance expense". Financial liabilities are derecognised when the obligation to settle the amount is removed. The contingent consideration and the contingent liability are measured on the fair value of the shares that are contingent.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.
- Share premium: includes any premium received on the sale of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any income tax benefits.
- Other reserve: relates to the cumulative charge for share-based payments in accordance with IFRS2.
- Merger reserve: this recognises the excess over par value of the shares issued as part of the share-for -share exchange with the previous shareholders of Oncimmune Limited.
- Profit and loss account: retained profits.

The company has applied S612 merger relief by treating the cost of investment arising from the reorganisation as equal to the nominal value of shares issued (thus disregarding any premium arising).

Notes to the Company financial statements

2. Accounting estimates and judgements

The preparation of financial statements under FRS101 requires the Company to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key estimate and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities is discussed below:

Share-based compensation

Determining the value of share-based payments to be expensed requires management to estimations of the key variables used in the selected valuation model. These include:

- Expected life
- Expected volatility
- Expected dividend yield
- Interest rate

Further details on the assumptions used can be found in note 24 of the consolidated financial statements.

Impairment

As at 31 May 2021, the Company has a gross amount due from its subsidiary Oncimmune Limited totalling £28,576,000 (2020: £23,714,000). This amount is repayable on demand and does not incur interest. Management have assessed the recoverability of this loan as at 31 May 2021 and found that given the resources available to Oncimmune Limited it would be unable to repay the full amount on demand.

In accordance with the requirements of IFRS 9 "Financial Instruments", management have assessed the credit risk of the loans to subsidiary undertakings and have evaluated how this has changed since the prior year. In arriving at an expected credit loss on loans to subsidiary undertakings, management have performed an unbiased probability-weighted calculation, evaluating a range of possible outcomes and incorporating the time value of money. Management estimated four scenarios, a base case scenario based on the discounted cashflows of the business to determine a recoverable amount and three further scenarios, two upside and one downside. Each scenario was based on assumptions at the year-end date, taking into account forward-looking information and the macroeconomic environment. Each scenario was given a probability weighting percentage in determining the overall recoverable amount. Management has concluded that a reversal of impairment of £250,000 is appropriate but acknowledges that the impairment assessment is sensitive to movement in the key inputs.

	Credit-impaired financial assets (lifetime expected credit losses)
	£'000
Loss allowance as at 1 June 2020	12,417
Changes in models/risk parameters	(250)
Loss allowance as at 31 May 2021	12,167

	Credit-impaired financial assets (lifetime expected credit losses)
	£'000
Gross carrying amount as at 1 June 2020	23,714
Other changes	6,156
Gross carrying amount as at 31 May 2021	29,870

3. Investments

	Investments in subsidiary
	£'000
At 1 June 2020	2,449
Additions	112
At 31 May 2021	2,561

Details of subsidiary undertakings as at 31 May 2021 are as follows:

Company			Holding		
	Country of incorporation	Class of share capital held	Direct %	Indirect %	Principal activity
Oncimmune Limited Medicity – D6 Building, 1 Thane Road, Nottingham, UK NG90 6BH	United Kingdom	Ordinary	100	-	Sale of blood test to identify people with a heightened risk of lung cancer and related research activities
Oncimmune (USA) LLC 112 SW 7th Street Suite 3C, Topeka, KS 66603	United States of America	Ordinary	-	100	Promotion of blood test for early detection of lung cancer to the US market
Oncimmune Germany Gmbh Otto-Hahn-Str 15, 44227 Dortmund Germany	Germany	Ordinary	100	-	Autoantibody profiling service
Oncimmune Europe Gmbh Otto-Hahn-Str 15, 44227 Dortmund Germany	Germany	Ordinary	100	-	Distribution of blood test for early detection of lung cancer to the European market

4. Trade and other receivables

	May 2021	May 2020
	£'000	£'000
Loan to subsidiary undertakings	17,703	11,297
Other debtors	403	161
	18,106	11,458

At 31 May 2021 a reversal of impairment of £250,000 was recognised on the balance due from Oncimmune Limited. There is no material difference between the fair value and the carrying value of these assets. The assessment of impairment has been carried out under IFRS 9 using the expected credit loss model. There are no specific terms relating to the loan to subsidiary undertakings.

5. Cash and cash equivalents

	May 2021	May 2020
	£'000	£'000
Cash at bank and in hand	83	6

Notes to the Company financial statements

6. Trade and other payables

	May 2021	May 2020
	£'000	£'000
Creditors: amounts falling due within one year		
Trade payables	374	177
Amounts owed to group undertakings	466	455
Other creditors	35	43
Accruals	104	97
Contingent consideration – current	-	181
Other contingent liabilities – current	-	247
Right of use lease liability (see note 7)	-	17
	979	1,217
Creditors: amounts falling due after more than one year		
Right of use lease liability (see note 7)	-	70
	-	70

The amounts owed to group undertakings relate to expenses incurred for Oncimmune Holdings Plc by Oncimmune (USA) LLC. There are no specific terms relating to this loan.

7. Leases

Amounts recognised in the statement of financial position

Right-of-use assets

The asset additions and associated leases are recognised within the subsidiary Oncimmune Limited this year due to the alignment of equipment use and lease payments. The lease is for equipment for use by the subsidiary in its business activities.

Lease liabilities

	31 May 2021	31 May 2020
	£'000	£'000
Current	-	17
Non-current	-	70
	-	87
Future minimum lease payments as at 31 May 2021 are as follows:		
Not later than one year	-	24
Later than one year and not later than five years	-	80
Later than five years	-	-
Total gross payments	-	104
Impact of finance expenses	-	(17)
Carrying amount of liability	-	87

Amounts recognised in the statement of comprehensive income

	31 May 2021	31 May 2020
	£'000	£'000
Interest on lease liabilities	(14)	(6)

8. Share capital

	May 2021		May 2020	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	69,121,949	691,219	64,102,560	641,026
Allotted, and fully paid:				
Ordinary shares of £0.01 each	69,121,949	691,219	63,500,047	635,000

Detail of the movements in the year, and rights attached to the ordinary shares can be found in note 23 of the consolidation financial statements.

9. Employee remuneration

	May 2021	May 2020
	£'000	£'000
Salary, fees, bonuses and other short term emoluments	1,175	1,052
Social security costs	125	115
Share-based payments expense	1,001	174
	2,301	1,341

10. Events after the reporting period

No events to report after the balance sheet date.

11. Ultimate controlling party

There is no ultimate controlling party of the Company.

Company information

Company registration number
09818395

Registered office
MediCity – D6 Building
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Website
www.oncimmune.com

Directors
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Dr Adam M Hill – Chief Executive Officer

Timothy Bunting – Non-Executive Director

Andrew Unitt – Non-Executive Director

Dr Annalisa Jenkins – Non-Executive Director

Company Secretary
Ron Kirschner

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Crawley RH10 1HS

"Oncimmune snags government funding for COVID-19 immune profiling"

Bioworld, 13 October 2020 after Oncimmune is awarded the IMPACTT grant to develop and validate an infectious disease panel designed to predict COVID-19 disease severity and therapeutic response.

www.oncimmune.com