

# Annual Report 2021

**Diaceutics**

Better Testing, Better Treatment

# Annual Report 2021

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# Corporate Information

## Directors

Ms D Davis (Appointed 4 January 2021)  
Mr P Keeling  
Mr R Keeling  
Mr N Roberts (Appointed 18 March 2022)  
Mr C Hindson  
Mr M Wort

## Company Secretary

Mrs S Craig

## Registered Number

NI055207

## Registered Office

First Floor, Building Two,  
Dataworks at Kings Hall Health  
and Wellbeing Park  
Belfast  
County Antrim  
BT9 6GW

## Solicitors

DAC Beachcroft LLP  
The Wallbrook Building  
25 Wallbrook  
London  
EC4N 8AF

## Independent Auditors

PricewaterhouseCoopers LLP  
Merchant Square  
20–22 Wellington Place  
Belfast  
BT1 6GE

## Nominated Advisor and Broker

Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
EC2V 6ET

## Bankers

Silicon Valley Bank  
Alphabeta  
14–18 Finsbury Square  
London  
EC2A 1BR



# Strategic Reports

We are delighted with the significant progress we have made in 2021. Alongside a solid financial performance, we have successfully transitioned Diaceutics to supporting a recurring revenue model and have progressed both faster and further than we anticipated at the beginning of the year, laying the foundations for significant revenue growth.

**Peter Keeling**  
Chief Executive Officer  
and Founder

## Better Testing, Better Treatment

Diaceutics PLC (the 'Company' or the 'Group'), the diagnostic commercialisation company for precision testing, is pleased to report its audited results for the year-ended 31 December 2021.

## Financial Highlights



Revenue

**£13.9m**

↑ 10% 2020: £12.7m  
An 18% increase on a constant currency basis



Gross Profit

**£10.7m**

↑ 13.4% 2020: £9.5m



Gross Margin

**77%**

↑ 2020: 75%  
Benefiting from the shift to platform revenues



Adjusted EBITDA\*

**£2.3m**

2020: £0.5m



Profit Before Tax

**£0.5m**

2020: Loss Before Tax £0.7m



Strong Balance Sheet

**£19.7m**

Net Cash  
2020: £25.3m Net Cash

\*Adjusted for exceptional costs of £0.4m during 2020 in relation to a restructuring event

# Operational Highlights



DXRX Platform

## DXRX

Strong adoption of the DXRX platform in first full year since launch



Total Revenue

## 60%

Total revenue generated by the platform in the period, significantly ahead of the 20% target for the period



Management

## Appointments

Expansion of the management team

Vice President of Sales and Marketing  
Chief Growth Officer  
Business Development  
Chief Financial Officer  
Chief Operating Officer



Clients

## New contract

Secured a five-year contract with a leading life sciences company for direct data feed from the DXRX platform, worth more than US\$1m over the contracted period



Platform-based Data Revenue

## 53%

Significant shift towards platform-based data revenues, (53% of the total revenues) supporting the transition to a recurring revenue model



Platform Development

## DDP pipeline

Within the platform development programme we expanded our DDP pipeline from 49 to 77, with 78% focused on oncology and 22% non-oncology



Ongoing Investment

## New products

Growth of product offering with the launch of four new platform-based products taking the total platform offering to 16



Recruitment

## 485 new labs

Recruited 485 laboratories onto the DXRX platform taking the total to 546 in 33 countries, significantly increasing the DXRX platform global footprint and customer offering



## Statement of the Chair



# I am proud of the passion and drive I see across Diaceutics as we strive to achieve our vision.

### Introduction

I am delighted to reflect on what has been a transformational year for Diaceutics in which we have delivered robust financial performance, while exceeding our operational goals set at the end of the previous financial year.

The impact of the COVID-19 pandemic on the timely diagnosis and access to treatment for patients around the world has brought our purpose, to ensure the right treatment is provided to patients at the right time, sharply into focus. I am proud of the passion and drive I see across Diaceutics as we strive to achieve our vision.

In October 2020, we launched DXRX, our diagnostic commercialisation platform, bringing together all stakeholders in Precision Medicine to improve efficiency across the diagnostics market. In 2021, our core strategic aim was to drive the adoption of our platform alongside increased partner engagement, providing the foundation for future growth acceleration. The strong adoption in this regard demonstrates the willingness of the diagnostic market and wider pharmaceutical industry to embrace a digital platform. We now count over 540 laboratories across multiple geographies signed up to DXRX and ready to participate in projects and importantly, 60% of Group revenue in the year was delivered via the platform, considerably ahead of our initial 20% target. We also increased the total revenue from our top five Pharma customers from £5.7m (2020) to £7.4m (2021) and serviced the needs of these same top five customers in a total of 23 markets, both metrics are indicative of our increased relevance to our leading customers.

The team has been tireless in its commitment to innovation, as we are still very much just at the start of the evolution of the platform. As part of DXRX's second phase launch towards the end of the year, we established four new service offerings, adding further routes to increase platform revenue growth.

In the summer of 2021, we were delighted to establish our new company headquarters at Dataworks at Kings Hall Health and Wellbeing Park in Belfast, a new green building, with an 'A' rated energy certificate. These offices position us in direct proximity to Belfast's major hospitals, universities, and innovative medical research facilities, and we are already seeing the benefits of the location as a thriving data hub enabling data analytics companies, medical professionals and patient centric groups to collaborate in this shared space.

### Performance

The progress in widening the customer base, increasing our activity levels, and driving the adoption of the platform can be seen in the successful financial performance in the year, delivering 18% revenue growth on a constant currency basis, ahead of market expectations. While we are investing in the business, the board of directors (the 'Board') is cognisant of the need to carefully manage resources, and we are pleased to have delivered Adjusted EBITDA of £2.3m and Profit before tax growth to £0.5m.

As the adoption of the platform accelerates, and our service portfolio grows, we anticipate larger customer contracting values and the continued migration to a recurring revenue model into 2022 and beyond.

Cash balances remain strong, providing the business with the funds to continue to execute on its growth strategy.

### Our People

The COVID-19 pandemic continued to be the dominant external factor impacting the business, our staff, and customers, and I am incredibly proud of all of the team for persevering through another year characterised by such significant disruption and uncertainty. On behalf of the Board, I would like to extend my thanks and gratitude to all of the Diaceutics team for their vital contribution during the year.

Despite the challenges posed by the pandemic, our teams have responded with fortitude, embracing the transformation taking place at Diaceutics, while remaining passionate in our purpose. As part of our evolution to a platform business model, we have undertaken considerable organisational transformation during the period, which has seen the reorganisation of our executive committee and the expansion of our sales team to nine Key Account Managers. We entered 2021 with a well-established remote working culture, and we have ensured our teams remain supported and as connected as ever, despite social distancing and lockdown restrictions.

We are a global company with employees operating across 16 countries and, as a result, we recognise the immense value people from all cultures, religions and backgrounds can contribute to our success. We remain fully committed to supporting our colleagues and fostering a diverse and inclusive workplace.

As a responsible employer we communicate and engage with our employees regularly via Town Halls and monitor and support employees across multiple areas such as mental health and work life balance. As a result, 96% of employees surveyed responded that people are treated fairly and with respect, and 96% of employees surveyed have great confidence in the future of Diaceutics.

### Board Changes

Post the year end, in January 2022, we were delighted to announce the appointment of Nick Roberts as Chief Financial Officer who took over duties from Philip White on 18 March 2022. Nick's wealth of experience derived from his time with AIM quoted healthcare and technology companies with global customer bases, will prove key as we progress to the next stage of our growth. We welcome Nick to Diaceutics and look forward to working with him.

On behalf of the Board, I would like to wholeheartedly thank Philip for his vital contribution to Diaceutics in the build-up and throughout the IPO and our first few years as a listed business and wish him the very best in his future role.

### Outlook

We are seeing diagnostics growing in importance to the pharmaceutical industry, as an increasing number of precision medicines are brought to market, and we are confident that Diaceutics is positioned to maximise the advantage it has as the market-first digital diagnostics commercialisation platform. With a blue-chip customer base, compelling and expanding offering, experienced management team and a clear strategy, the Board is confident in the Group's long-term prospects.

I would like to thank all our customers, partners, suppliers, investors, and employees for their ongoing support during the year.

**Ms Deborah Davis**  
Chair  
22 March 2022

# Chief Executive Review



## Overview

The year to 31 December 2021 was one of significant positive progress for Diaceutics. Alongside a solid financial performance, we have successfully transitioned the Company to supporting a recurring revenue model, underpinned by repeat annual licence and subscription contracts, and have progressed both faster and further than we anticipated at the beginning of the year, laying the foundations for significant revenue growth.

With the number of new Precision Medicine therapies increasing strongly, the diagnostic commercialisation market segment is becoming a key part of the Pharma business model. Through the timely launch of our DXRX platform, we have advanced our first mover advantage to service this need, increasing both our breadth of offering and ability to meet the industry's needs at scale.

DXRX is a unique diagnostics commercialisation platform tailored for Precision Medicine, whose technology enabled services and real-world data insights directly address the issues in the diagnostics ecosystem which result in patients missing access to treatment, such as the inconsistency of testing by laboratories or unavailability of diagnostics in certain geographies. DXRX repositions Diaceutics in the eyes of our customers, showing our ability to offer the most comprehensive product range available in the market, designed to service their total diagnostic commercialisation needs and ensure the right patients

are tested at the right time. We are already seeing that this new and unique platform network is assisting us both in attracting new customers, but importantly increase our share of our existing customers' budget, supporting a wider range of their diagnostics commercialisation needs.

The market relevance for our platform is made clear by the activity generated on the platform from our partners directly feeding weekly, monthly or quarterly data into the platform.

Our Pharma customer base has been aided by the worldwide vaccine rollout at the beginning of H2 2021, resulting in pharmaceutical teams re-engaging at pre-COVID levels, led by North America which represented 61% of revenue in 2021, compared to 48% in 2020. We have engaged at a global level with 39 customers with an increase in number of customer therapy brands serviced to 56 in 2021.

At the end of 2020 and into 2021 we made the key organisational changes required to prepare the business to migrate to a platform-centric and scalable diagnostics commercialisation company, and in 2021 we made that transition.

We have delivered above expectations on this strategic transition in 2021 and these achievements are summarised below.

Strategic Transition Achievements	Impact
Commenced migrating existing and new customer agreements to the platform	60% of customer revenue is generated through the platform (2020: nil)
Increased platform product offerings	4 new products launched taking total to 16
Increased platform collaborations	30 new collaborations on the platform
Migrated laboratory partners onto the platform	546 laboratories migrated to the platform (21.8% of target network)
As part of DXRX platform investment we have expanded data insights through Diagnostic Deductive Pathway ('DDP') development	DDP pipeline expanded from 49 to 77 with 17 now focused outside oncology
Expanded customer base	3 non-Pharma companies added including a top five diagnostic company
Expanded client engagement outside oncology	15% of revenue now emanated from outside of oncology projects
Reshaped and expanded sales and marketing team	Increased the Key account managers from 3 to 9 supported by 4 sales operations executives and new CRM system.
Reshaped and expanded the leadership team	By the end of period added two new executives to the EXCO team and four to the OPCO team

We are now focused on marketing our suite of products to our core Pharma customers and new companies investing in diagnostic commercialisation such as Biotech and Diagnostic companies. We will continue to expand our service offering, partner network and data repository, with the ambition to service our customers' entire diagnostic commercialisation needs in the key international markets, both within and outside oncology.



## Financial Performance Demonstrates Transition of Diagnostics

The success of the launch of DXRX can be seen in its contribution to Group revenues, with 60% of total revenues derived from the platform in the first operational year.

We increased the total revenue from our top five customers by 31% from £5.7m to £7.4m in 2021 and serviced the needs of these same top five customers in a total of 23 markets, both metrics are indicative of our increased relevance to our leading customers.

Within the platform revenue is the successful conversion of 53% of our business to platform-based data revenue representing £7.4m of total Group revenue in 2021 (2020: nil). We anticipate this to be a precursor to further recurring revenue, improving the quality and visibility of future revenues.

Moving forward, we anticipate an evolution towards larger customer contracting value, multi technology enabled services proposals and multi brand enterprise licenses. We have a strong track record in expanding our customer engagements over time moving to additional therapy teams within each customer alongside expanding our geographic reach. The DXRX platform allows us to span geographies with customers in the US, Europe, and Asia Pacific, supporting the growth of the Company.

### Delivering on our Strategy

We have developed a scalable, high margin business with a best-in-class product offering, tailored for Precision Medicine. This strategy is centred around the proprietary and market leading DXRX platform and our dedicated and highly skilled employees and has three distinct and vertically integrated value blocks, which form divisions within the business. These are:

1. The right products to service total diagnostic commercialisation needs;
2. A diverse partner network that spans numerous geographies; and
3. An unrivalled depth of data that delivers impactful insights at the patient level.

Our strategy is focused on enhancing these three aspects of embedded value in order to increase our customer numbers and average contract size:

### 1. The Right Products to Service Total Diagnostic Commercialisation Needs

In the post COVID-19 era of virtually augmented drug development and commercialisation, the DXRX platform provides a digital testing infrastructure which can meet the market's growing need for efficient patient testing.

Ongoing investment in the platform resulted in the growth of DXRX and the launch of four new products by the end of the year:

- **Patient Journey** DXRX patient journey enables Pharma customers to complete a longitudinal analysis of biomarker testing journeys of individual patients which identifies opportunities for earlier testing and treatment;
- **Lab Benchmark** DXRX lab benchmarking enables laboratories to gain competitive edge and compare key criteria to others in the industry providing metrics such as disease, testing and methodology, market share, turnaround time and laboratory leadership in these areas;
- **Test Reimbursement** DXRX test reimbursement enables Pharma customers to rapidly engage with laboratories to fund the introduction of novel companion diagnostics, reducing the lag time in test adoption; and
- **Test Signal** DXRX test signal delivers a real-time alert of a testing event that allows Pharma customers to identify therapeutically actionable patients in the previous weeks, as shown in the profile below.

#### Test Signal in Profile

- The launch of our Test Signal product provides a perfect example of how DXRX is enabling an expansion of our data capabilities. The introduction of our Test Signal product in the US market now allows us to use the efficiencies of the DXRX platform network to identify patients who could benefit immediately from better treatment by zip code.
- Test Signal notifies a Pharma customer when a patient tests positive for a biomarker linked to the profile of a therapeutic linked to the pharmaceutical company. This information can now be supplied within days of the test result being recorded by laboratories linked to this new service.
- Test Signal allows the opportunity for real-time identification of patients eligible for treatment and follow up by the pharmaceutical company's marketing organisation. This will allow quicker and better support to biomarker testing, allowing treatment with the most appropriate drug treatment sooner.
- Our mantra is "Better Testing, Better Treatment" and this product gets us right to the fore of delivering on this as it is used by the front-line sales teams within the Pharma industry. After only one month on the market our Test Signal product had identified 1,971 patients who had the potential to be treated with a Precision Medicine and who may have otherwise been lost to treatment. This

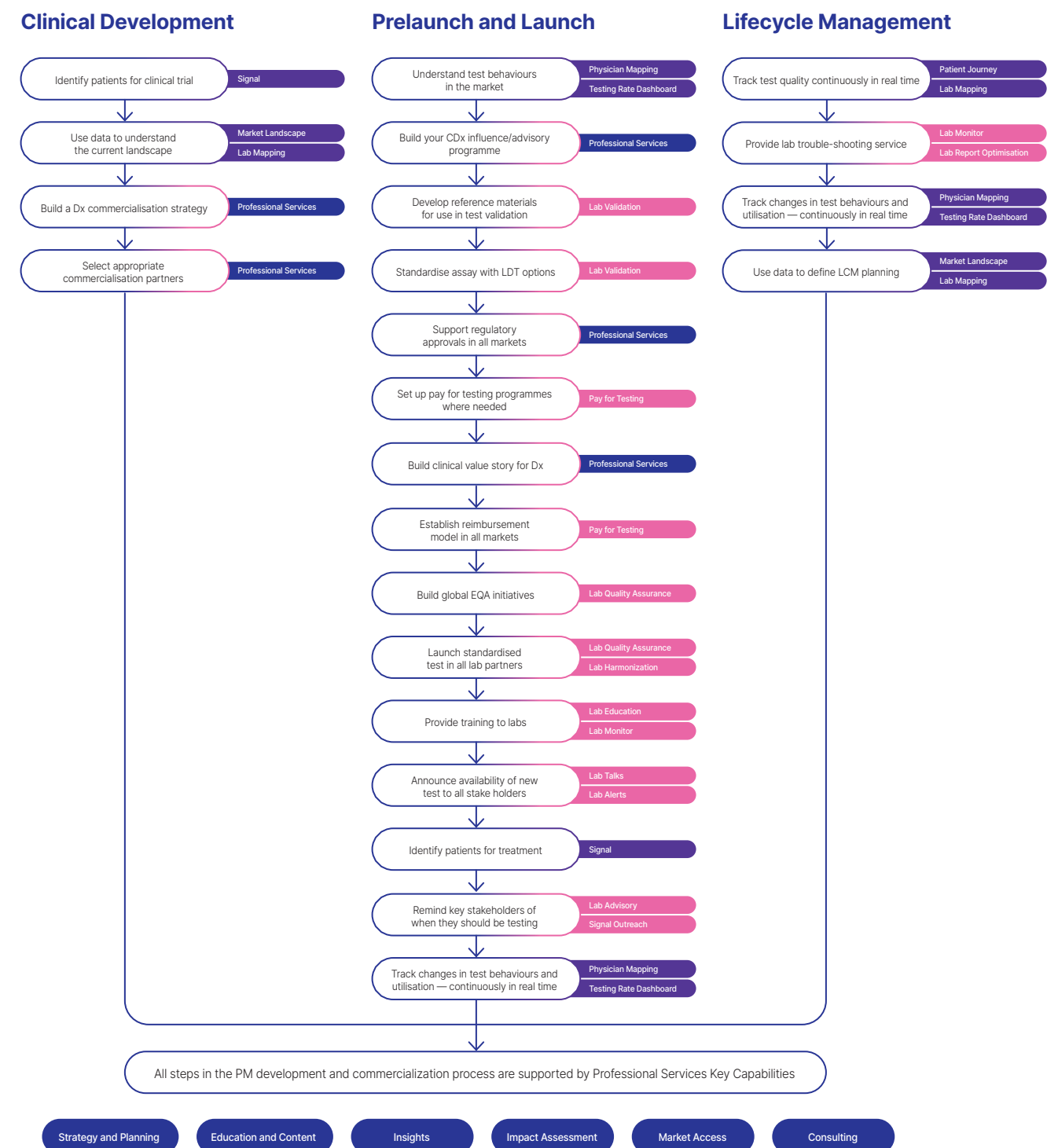
is significant for our customers as some of these treatments have annual revenue in excess of a billion dollars.

- Signal is one of the five specialist data products developed as a result of our ongoing investment in DDPs, since it depends upon automation integration, standardisation and expert labelling of large data sets weekly, to ensure our customers can act quickly.

Our increased product offering allows us to extend our services to customers in all of the key geographies, accessing larger budgets from Pharma per therapy brand. The launch of these products within DXRX has increased Total Contract Value (TCV) and total revenue per customer, supporting continued growth in the future.

## We can now offer 16 bespoke products across the spectrum of diagnostic commercialisation for the first time.

- Data
- Tech Enabled Service
- Professional Services



## 2. Diverse Partner Network

The DXRX platform vertically integrates a network of laboratory and service partners relevant to commercialising diagnostics. These best-in-class laboratory and service partners allow us to service the diversity of our customer needs including:

- Supporting physicians by ensuring all the key laboratories have the right test at the right time in step with prescribing demands;
- Supporting those same laboratories to optimise the quality of testing and identify more patients for treatment; and
- Supplying timely real-world data and insights to help target our customers' investments and benchmark laboratories in all the leading markets.

### Laboratory Partners

The DXRX laboratory universe is a key part of our platform network and active participants in our customer sponsored collaborations (see below) using the DXRX platform. In respect of laboratory onboarding, in its first full year we have moved 21.8% (546 laboratories) of our target network onto the platform, transitioning from an offline to an online relationship and enabling automation of data supply and our first technology enabled services.

### Service Partners

13 service partners have been announced as joining the platform since DXRX launch in October 2020.

Examples include:

- UKNEQAS ICC & ISH;
- European Society of Pathology (ESP);
- Nordic Immunohistochemical Quality Control (NordIQC);
- European Molecular Genetics Quality Network (EMQN CIC);
- Canadian Pathology Quality Assurance — Assurance Qualité Canadienne en Pathologie (CPQA-AQCP);
- Targos and HistoCyte Laboratories; and
- LGC SeraCare Partnership

Armed with the platform partners above, our strategy uses expertly customised sponsored collaborations to integrate the needs of all the platform partners with the needs of our pharmaceutical and diagnostic customers and deliver faster change to testing at the front line. During 2021, this platform network supported 30 collaboration programmes.

In total, our platform network allows us to leverage the capabilities of our, data, service partners and laboratories, in turn expanding the commercialisation products and features offered to our customers. As more partners join and the platform continues to scale, our strategy will be to consolidate our position, ultimately enabling an embedded solution for our customers.

Tech Enabled Services	Topic	Country	Disease	Number of Participating Labs
Test Announcement	BRAF testing in colorectal cancer	EU+Canada	CRC	22
Test Announcement	Molecular pathology of breast cancer	Germany	Breast	15
Test Announcement	Her2 testing for breast cancer in clinical practice including current need to identify Her2 low tumours	UK/ EU	Breast	77
Test Quality Assessment	Global gastric cancer testing EQA Study	US-EU APAC	Gastric Cancer	30
Lab Standardisation	Breast cancer proficiency testing	US-EU APAC	Breast	65

## 3. Unrivalled Depth of Data that Delivers Impactful Insights at the Patient Level

Our investment in the platform has further strengthened our position as the world's richest repository of real-world diagnostic testing data. We have an unparalleled depth of data, which combined with our unique data mining tools and algorithms, provide rich real-world testing data insights at disease level. This repository unlocks unrivalled access to deep analysis of the world's richest source of de-identified patient testing with an expansion of disease specific testing pathways (Diagnostic Deductive Pathways — DDPs), allowing us to generate recurring data revenue across more cancer and non-cancer diseases.

With each new platform partner that engages and every collaboration we form, the wealth of exhaust data grows and the service we deliver becomes more useful and valuable.

### Our Diagnostic Deductive Pathway — DDP Pipeline

DDPs which forms part of our platform development, are a series of AI enabled algorithms that map the patient journey in a particular disease area. The DDPs, transform the raw data into product insights in real time via the platform, thus generating recurring revenue streams and scalability for the business. As we ended the year, we had expanded our DDP pipeline from 49 to 77, with 78% focused on oncology and 22% non-oncology. The development of each DDP is complex with the need to integrate and standardise raw data, then expertly label it to allow machine learning proprietary algorithms to automate the analysis and insights across patients' diagnostic journeys in a specific disease. Often the DDP can represent up to eight years of patient level insight and we slice through each DDP to provide our unique data insights/products for our customers. Our DDPs support our existing data products as well as aiding future product development by allowing us insight for example into previous patients' diagnostics journeys, project likely future diagnostics issues, identify therapeutically actionable patients and guide at what point a new drug is best introduced into the diagnostic journey.

As we serve multiple customers and multiple therapies by reusing DDPs across a number of years, the lifetime revenue of each DDP accumulates. For example, the accumulated multiyear revenue enabled by our top five DDPs ranges from US\$4.3–US\$16.9m. An example of how DDPs work is represented by the Test Signal product described on page 14.

## Customer and Disease Area Expansion

In addition to increasing the speed of data delivery to our Pharma customers, we have expanded our customer base and provided data licenses to three non-Pharma companies, including a top five diagnostic company. Our goal is the expansion beyond our traditional Pharma customer leveraging our data insights which support diagnostic commercialisation regardless of sponsor.

Year on year we are witnessing the expansion of Precision Medicine outside oncology, where diagnostic commercialisation needs are varied and complex. Here too we have remained in step with the needs of our Pharma customers and have worked on diagnostic commercialisation relevant to Inherited Retinopathy Disease, Alzheimer's, Tuberculosis, COVID-19 and Dengue amongst others across the year. As we ended the year, 15% of our revenue emanated from projects outside oncology versus 9% in 2020. This has been enabled by the development of new non-oncology DDPs, 22% of which are now non-oncology.

Our goal outside oncology will be to remain in step with the needs of our customers as they develop precision therapies dependent upon unique and complex patient testing needs.

### Market Opportunity

Experts forecast that the future Pharma focus will be predominantly Precision Medicine and Pharma teams launching drugs in more prevalent diseases outside cancer where a different mix of diagnostic hurdles will be faced as the annual volumes of patients needing to be tested are in their millions, versus 200k to 500k as they are in cancer.

Despite the increasing importance of effective diagnostic testing across cancer and other diseases, the testing market itself remains highly fragmented and the pharmaceutical industry has varied insight into it. Today the current addressable market for Diagnostics' specific services is approximately US\$0.25 billion annually based on our current forecast and visibility of Pharma pipelines. As the diagnostic interdependency of Precision Medicine becomes more complex and as other diseases outside cancer follow the success of precision cancer therapy, we expect this to increase to \$0.45billion annually by 2026.



## Our Team

I would like to take this opportunity to personally thank our people across the Group for their continued hard work, determination, and commitment through what has been a challenging time for many of them and their families. It is thanks to them we have been able to continue the growth of the DXRX platform and make vital steps towards fundamentally changing the diagnostics marketplace for the better by helping physicians deliver the right medicine to each individual patient in relation to their own personal pathology.

Our people are essential to our business, and as such, we supported them through the COVID-19 disruption. The transition to homeworking during the pandemic was seamless, as 73% worked virtually pre-COVID-19 and our years of investment in digital communications served to minimise the impact to our customer work.

During the year we have invested significantly in our people. We have transformed the skillset within the business so that we are in a better position to take advantage of the market opportunity and scale the high growth DXRX platform. In doing so, we delivered almost 6,500 hours of internal training and reskilling to transition to a platform business model more efficiently. We started the year with three business development salespeople and have grown this team to nine full time employees, with three expected to be added in early 2022, alongside our newly appointed Vice President of Sales and Marketing. By the end of period, we had expanded the executive committee (EXCO) team to six executives through the appointment of a new Chief Growth Officer to support the expansion of products, and since the year end, the appointment of a new Chief Operating Officer has brought the total EXCO team to seven. The EXCO team has also been reorganised around our key product suites of data, tech enabled services and professional services.

On behalf of the Group, I would like to wholeheartedly thank Philip White who stepped down as Chief Financial Officer on 18 March 2022. Philip has had an incredible influence on Diaceutics, having led us through a successful IPO and playing a key role in the first few years as a public company. We would like to thank him for all his hard work and look forward to continuing to benefit from his counsel until April 2022.

I am also delighted to welcome Nick Roberts to Diaceutics as Chief Financial Officer and director of the Board. Nick is a highly experienced senior finance professional with a background working with high-growth, platform-oriented businesses across tech and Pharma makes him an excellent fit, and his experience leading finance functions to accommodate significant year-on-year revenue growth will serve as a real asset to us. Welcome Nick to the team as we look to take Diaceutics to its next level of growth and accelerate the transformation of our business model.

In 2005 when Diaceutics was formed, there were only six drugs on the market recognised by Pharma as precision drugs, namely drugs which the FDA had mandated that patients had to be tested in advance of the treatment being offered. Furthermore, the market which we now call 'Precision Testing commercialisation' was not recognised as a segment and Pharma commercial teams in particular were highly resistant to being involved in a diagnostic business model they believed was functioning normally.

In the absence of a clear 'business role model' or qualified business segment, Diaceutics acted as a category former and developed its business model through innovative prototyping and fail-fast approaches, ultimately resulting in the transformation of its business onto the DXRX platform. On the assumption that patient testing for all therapies will be fully re-integrated into the Pharma business model in the next five to ten years, the system-level changes across Pharma's investment in Precision Medicine will require significant diagnostic commercialisation scale. Diaceutics focused on this opportunity and with the success of DXRX, now has the scale required to meet the ongoing evolution of Precision Medicine.

### Outlook

Our mission is to ensure that every patient has access to the right treatment at the right time by leveraging our best-in-class data, global experts, laboratory relationships, experience and technical excellence to provide services that reduce barriers to prescribing life changing therapies. With the current business momentum, we see improved revenue growth in 2022. Alongside our investment in platform, product, data innovation and people we expect continued modest growth in our EBITDA.

We are seeing diagnostics growing in importance to the pharmaceutical industry, as an increasing number of Precision Medicines are brought to market, and we are confident that Diaceutics is positioned to maximise the advantage it has in DXRX as the market-first digital diagnostics commercialisation platform.

I join our Chair and the rest of the EXCO team in thanking all our staff, platform partners and customers around the world for their support throughout 2021 and we look forward to enabling more patients' access to the right therapy through better testing in 2022.



**Mr Peter Keeling**  
Director

22 March 2022

# Our mission is to ensure that every patient has access to the right treatment at the right time.



# Financial Review

2021 has been a pivotal year and one whereby the business has built solid foundations to support future growth. At the top line, revenue increased 10% to £13.9m (18% on a constant currency basis) and profitability grew as the gross margin improved to 77% (£10.7m) and Adjusted EBITDA increased to £2.3m.

The performance was driven by solid growth in both the first and second halves of the year and was particularly pleasing when set against the continued challenges of the COVID-19 pandemic. The adoption of the DXRX platform post roll-out exceeded our expectations with 60% of revenue now generated through the platform, demonstrating the value of the data insights and value-add service offerings to our customers.

The restructuring effected in late December 2020 removed £1.4m of legacy operational consulting

costs and replaced this cost with operational expenditure supportive of our platform business model. This has resulted in added operational leverage to our business and the additional business development hires have allowed for more focus on developing customer relationships. The combined business development expansion and successful launch of four additional products into the platform during Q4 2021 supported larger total contract values as we combine higher value products together and transition towards a subscription led revenue model.

We closed the year with a strong balance sheet and a net cash position of £19.7m, providing the business with sufficient funds to execute on its growth strategy.

The Group's Key Financial Performance indicators are summarised below:

	2021 £000's	2020 £000's
Revenue	13,943	12,696
Gross Profit	10,732	9,463
Gross Profit Margin (%)	77%	75%
EBITDA	2,349	151
Adjusted EBITDA*	2,349	539
Profit/(Loss) Before Tax	462	(682)
Net Cash	19,675	25,255

\* After exceptional costs of £0.4m relating to a restructuring event during 2020.

## Revenue

The table below sets out the revenue stream between the recently launched DXRX Platform revenue and Professional Services.

	2021 £000's	2020 £000's
<b>Revenue — DXRX Platform</b>	<b>8,298</b>	–
• Data Revenue	<b>7,411</b>	–
• Tech Enabled Services	<b>887</b>	–
<b>Revenue — Professional Services</b>	<b>5,645</b>	12,696
<b>Total Revenue</b>	<b>13,943</b>	12,696

Group revenue increased by 10% in 2021 to 13.9m (2020: £12.7m) and by 18% on a constant currency basis. The currency headwind is a direct result of 83% of revenue being contracted with our customers in US dollars. The growth in revenue is underpinned by an increase in customer brand engagement to 56 (2020: 53) and an increase in the volume of contracts. The launch of our additional four products in Q4 2021 and successful uptake of existing products during the year, resulted in an increase in total contract value secured during November and December 2021 of 22% compared with November and December 2020.

As noted in our half year results and seen in the table above, we have continued to see a material shift in revenue from Professional Services to DXRX platform revenue. DXRX platform revenue now represents £8.3m (60% of revenue) (2020: Nil) with Professional Services revenue representing £5.6m or 40% of revenue (2020: £12.7m and 100% of revenue).

The transition of customers to the DXRX platform and contract terms supports the continued introduction of additional products in the future, higher quality and higher value revenue and represents a 2022 renewal contract opportunity.

During 2021, we engaged with seven new customers (2020: 7) and, although total customers engaged remained at 39 (2020: 39), we increased our offering within our larger customer cohort increasing our revenue by 31% within this group. We expected and experienced some customer churn within the smaller cohort, typically smaller Biotechs, which was largely due to acquisitions by large Pharma and changes in their drug launch timetable.

In spite of this, the number of brands supported increased from 53 to 56, demonstrating increased engagement with customers, and the proportion of revenue attributable to repeat business increased to 94% (2020: 92%). During the year we added

three diagnostic Pharma customers, meaning 8% of customers are classified as non-Pharma, representing a new revenue stream and addressable market for the Group.

Our sales strategy continues to strive to embed Diaceutics further within our customers diagnostic commercialisation strategy, and during the first year since the launch of DXRX, we have secured more than £2.5m of revenue from a single customer in a year. We supported this customer across 17 countries integrating their systems with the DXRX platform such that key protocols are aligned for future engagements. Prior to this the largest annual revenue secured from a single customer was £1.5m.

While the growth in revenue from this customer increased our customer concentration to 19% of total revenue for the year, that customer revenue is diversified through multiple customer brand teams and a recurring reliance on data. We anticipate customer concentration decreasing in future years as we continue to increase our customer engagements across wider addressable markets.

The Group continued to support customers in 26 key global markets (2020: 29). The largest being North America where regional sales increased by 40% to £8.5m (2020: £6m). North America remains the largest healthcare market for both Diaceutics and the pharmaceutical industry globally. Revenues in Europe (including UK) and Asia and Rest of World decreased 13% and 30% respectively, however, despite the reduction in revenue in Europe we supported 24 customers through 2021, highlighting future opportunities in this region which we see recovering during 2022. We continue to support customer global drug brands in Asia and the profiling of patient data in that region is something we are building towards in 2023. We have no client contractual exposure in Russia or Ukraine.

## Gross Margin

As noted in our half year report, gross profit margin improved to 77% (2020: 75%) due to the migration of business to the DXRX platform, which leverages a more efficient use of labour resources in delivering on customer contracts and generating revenue. Cost of sales, excluding amortisation, reduced from 19% of revenue in 2020 to 11% of revenue in 2021, resulting in a gross margin excluding amortisation of 89% (2020: 81%).

## Gross Margin and Gross Margin excluding Amortisation

	2021 £000's	2020 £000's
Revenue	<b>13,943</b>	12,696
Cost of Sales inc. Amortisation	<b>(3,211)</b>	(3,233)
Gross Profit inc. Amortisation	<b>10,732</b>	9,463
Gross Margin	<b>77%</b>	75%
Amortisation	<b>1,665</b>	776
Gross Profit exc. Amortisation	<b>12,397</b>	10,239
Gross Margin exc. Amortisation	<b>89%</b>	81%

## Administration Expenses

Administration expenses, which consists of operational support, marketing and sales expenses and administration expenses including non-platform and share based payment charges, totalled £10.4m (2020: £10.0m). As a result of the COVID-19 pandemic and the resulting rationalisation of the business in 2020, the Group entered 2021 better organised to grow the platform and business and with a streamlined cost base. Through 2021, progress with the rollout of DXRX provided us with the confidence to further invest in platform aligned support costs in the areas of business development, sales operations and commission structure and legal and professional expertise, with a focus on UK based talent.

Total cost growth for the year was 3% against revenue growth of 10%, resulting in an operating profit before exceptional items of £0.55m (2020: loss £0.3m). The increase in margin reflects the constraints placed on operations of the business due to the pandemic, but also the additional costs associated with building operational leverage to support future growth.

Whilst the Group's presentational currency is pounds sterling, the Group operates in several global territories and, as such, is subject to fluctuation in foreign exchange. The Group has a policy of hedging downside foreign exchange risk and, at the year end, reported a gain on foreign exchange of £0.03m (2020: £0.06m).

## Tax

The Group operates over four key regions; US, Europe, UK and Asia, with the majority of intellectual property registered in UK. Corporate income tax charges are calculated after R&D tax incentives, which are available, and have been claimed in the UK and Republic of Ireland.

The Group's corporate income tax credit for the year was £0.4m (2020: £1.1m) which represents the net provision for corporate income tax credits in the UK of £0.5m and corporate income tax charges of £0.1m in the Republic of Ireland and the US.

Minor adjustments in respect of the prior year arose due to prudent assumptions relating to the deductibility of certain costs being taken and completing Group calculations of R&D tax credit incentives after the financial statements were finalised.

Deferred tax assets and liabilities have been recognised as they arise, and for assets, to the extent at which they can be utilised in the future. Deferred tax has been recognised at the rate at which it is expected to unwind, which, for the UK, is predominantly expected to be at the enacted rate of 25%.

The Group estimates that tax losses of £6.9m will be available for utilisation against future taxable profits in the UK and has resulted in a deferred tax asset of £1.7m (2020: £1.3m). A deferred tax liability of £0.4m (2020: £0.7m) arises due to the capitalising of certain R&D costs, and £1.8m (2020: £0.6m) relating to other temporary differences, including capital allowances on property, plant and equipment which remain deductible in the current year for corporate income tax purposes.

## EBITDA, Adjusted EBITDA and Profit Before Tax

The Group generated an EBITDA of £2.3m (2020: £0.2m) and adjusted EBITDA of £2.3m (2020: £0.5m). There were no exceptional costs in 2021 (2020: £0.4m in relation to restructuring costs incurred at the end of 2020).

The Group had an EBIT of £0.6m (2020: Loss £0.7m) and the move back into a profitable position reflected in a 16% EBITDA position and a strong balance sheet, provides a stable base for continued investment and expansion of the market growth opportunity.

## EBITDA and Adjusted EBITDA

	2021 £000's	2020 £000's
Operating Profit/(Loss)	<b>550</b>	(658)
Depreciation and Amortisation	<b>1,799</b>	809
EBITDA	<b>2,349</b>	151
Exceptional Items	-	388
Adjusted EBITDA	<b>2,349</b>	539

The Group had a Profit before tax of £462k (2020: Loss £682k).





**2021 was a transformative year for Diaceutics, one that saw the business embrace the transition from an advisory services business to a market-first digital diagnostics commercialisation platform.**

### Balance Sheet

At 31 December 2021, the Group reported a strong net asset position of £40.6m (2020: £40.2m), with net cash of £19.7m (2020: £25.3m). Some of the key items have been noted within the sections below.

### Intangibles

During the financial year ended 31 December 2021 we invested £5.2m (2020: £6.4m) in our intangible asset base which includes platform, data, patents and software.

The Group's investment in the DXRX platform continued through 2021. Capitalised development costs reduced to £3.2m in total (2020: £4.6m) and resulted in the launch of four key products in Q4 2021 and development expenditure in relation to 77 DDPs. Within the total investment of £3.2m, £3.0m has moved from development expenditure to commercialisation, triggering amortisation and £0.2m remains in development.

Data accounted for £2.1m of total intangible investment for the 2021 financial year (2020: £1.5m) as we continued to expand the depth and more timely receipt of data.

### Cash

The cash position as at 31 December 2021 decreased to £19.7m (2020: £25.3m) due to ongoing investment activities in the year and working capital timing differences. Other than a convertible loan note of £0.1m (2020: £0.1m) the Group had no debt as at 31 December 2021.

### Cashflow

Operating cash inflows for 31 December 2021 remained broadly in line at £0.6m (2020: £0.3m) Post year end in January 2022, an R&D tax receipt relating to the 2020 year of £1.6m was received.

Investment activities amounted to £5.0m for the year relating to investment in intangible asset, primarily in the development costs relating to DXRX (2020: £6.2m) and £0.6m of tangible asset spend relating to the fit out of the new office (2020: £0.1m).

The equity free cash flow for the year (net increase in cash and equivalents less proceeds from the issue of shares) continue to improve with an outflow of £5.3m in the year (2020: outflow £6.0m).

### Outlook

2021 was a transformative year for Diaceutics, one that saw the business embrace the transition from an advisory services business to a market-first digital diagnostics commercialisation platform. I am delighted to be joining the Company at such an exciting time in its growth journey and would like to thank Philip White for the significant contribution he has made to Diaceutics and wish him the best for the future.



**Mr Nick Roberts**  
Director  
22 March 2022

# Diaceutics and Market Opportunity Snapshot



Engagement

## 56 brands

Blue-chip customers: 56 pharma therapy brands. All top 10 pharma are customers. 3 diagnostic companies



Global Platform Network

## 546 labs online

546 labs online (end 2021)  
20% of mid-term target



Investment

## \$15m

Pharma will invest up to \$15m per therapy on data and services to fix diagnostic testing within Precision Medicine based on customer ordering patterns



Sales and Marketing

## Expansion

12 Client Managers  
4 Operational Support  
3 Product Verticals led by ExCo  
New Head of Sales and Marketing  
New CRM fully integrated



Unique Data

## 490m+

490m+ real world patient data. AI enabled algorithms:  
78% oncology 22% non oncology



Estimates

## \$3bn market

A company estimated \$3bn market for Diaceutics by 2030



Resolving Challenges



Up to 50% of eligible patients don't get access to our customers drugs due to testing hurdles



Resolving Challenges



30% of all FDA approvals between 2018–2021 were for therapies dependent upon patients being pretested to determine their eligibility



# Our Market Opportunity

Diaceutics is a diagnostic commercialisation platform company which serves the global Pharma industry. It has integrated a suite of real-world data-driven products and technology enabled services into a subscription and tech-enabled services-based platform called DXRX. Its data and technology enabled services are focused on first identifying and then removing the diagnostic testing hurdles for the biomarkers and companion tests that are required to guide selection of Precision Medicines.

Diaceutics' services result in more effective patient diagnoses for treatments which in turn lead to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and a higher number of patients treated.

## What is Precision Medicine?

Precision Medicine is a way of using biomarkers on the individual patient's cancer to identify a therapy that would most likely lead to the best treatment success.

Precision Medicine also provides an essential means of alleviating the higher costs of treatment by reducing costly inefficiencies in medicine including false positives/negatives; unnecessary treatment; over and under medication and costly acute care admissions/readmissions resulting from medication errors. However, such Precision Medicine is not widely prevalent: cancer drugs are still effective in to 25% of those patients who take them.

## What Disease Areas is Precision Medicine Relevant to?

Precision therapies and tests are being developed in multiple disease areas, including HIV, Alzheimer's, Cystic Fibrosis, Irritable Bowel Disease; however, it is in oncology (cancer) where the greatest penetration of Precision Medicine has occurred to date. Almost all the new cancer therapies being launched today will have the need for a companion diagnostic. It is estimated that 42% of all therapies (73% oncology) in the pipeline are dependent upon precision testing.

## Why is Diagnostic Commercialisation Important in Precision Medicine?

When Pharma companies launch a new Precision Medicine drug, they require patients to be tested first to identify if they carry the specific genetic characteristics (biomarker) to determine if they will respond to that therapy. These companion tests are mandatory and are part of the licence granted by the FDA or other drug licencing authority. This test-first-then-treat interdependency is what is broadly known today as precision testing and precision treatment. In 2021, approximately 35% of all therapy FDA approvals were for therapies dependent upon specific biomarkers. This does not include extended indications for existing therapies already aided by companion diagnostics.

Companion diagnostics are typically based on specific biomarkers (genes, proteins etc.) which stratify those patients who will either benefit from a drug or who might otherwise experience adverse effects. In some circumstances, certain tests are mandated by regulatory authorities. For example, clinicians are required to test breast cancer patients for over amplification of the HER-2 biomarker before initiating treatment with the Precision Medicine Herceptin (Trastuzumab).

The need for diagnostic commercialisation services arises because, whilst Pharma companies are adept at launching new therapies, they are historically less familiar with the diagnostic commercial ecosystem which operates differently. To avoid delays to patients accessing the precision therapy, Pharma usually chooses to outsource core parts of the diagnostic commercialisation to companies more familiar with the complex challenges.

Included in the diagnostic commercialisation services Pharma often outsources, are laboratory education modules to drive adoption of the new test; development of new testing standards to ensure patients are receiving the same type of test regardless of where they live; and anonymised testing data to track and monitor physician test ordering behaviour and the number of patients who test positive or negative with a particular biomarker. Initially Pharma has typically spent on average US\$1–US\$2m per therapy brand to ensure the patients are tested at the right time to access their therapy, based on historical revenues. By 2025 we believe this investment could increase to an average of US\$8m–US\$10m per therapy brand as Pharma companies seek to remove test access hurdles to high value therapies.

As the value of Precision Medicine to Pharma pipelines increases, so too does their willingness to invest further and faster in eliminating any access barriers caused by a complex diagnostic ecosystem denying patients treatment. We estimate that for every dollar Pharma invests in removing or lowering diagnostic barriers to treatment delivers 30 to 60 dollars back in treatment revenues otherwise lost.

Clinical trials designed with patient selection criteria based on Pharmacogenomics/Pharmacogenetics (PGX) biomarkers are 'smaller, quicker, and smarter' and 'four times as likely' to yield positive outcomes, and those using biomarkers in another manner are three times as likely<sup>1</sup>. The combination of faster clinical trials, higher success rates, and accelerated approvals results in lower drug development costs and superior outcomes for all stakeholders, especially patients. These factors have all worked to deliver billion-dollar brands in oncology and rapid growth for companies who are increasingly harnessing Precision Medicine. Taken together, these factors have doubled the overall market return, measured in net present value, compared with one-size-fits-all therapies.

For Pharma, the business case for Precision Medicine in cancer is now compelling. Merck's Keytruda which is dependent upon a biomarker called PD-L1 was the second largest branded treatment in terms of revenues in 2020 with annual revenues greater than US\$14bn. Precision Medicine alone slated to double by 2028 to US\$128bn.

## How Will the Increasing Complexity of Diagnostic Commercialisation Grow the Opportunity?

It is important to understand how and where the precision testing market is increasing in complexity since this highlights the need for Pharma to work alongside a specialised organisation such as Diaceutics. Specifically, the broadening use of diagnostic testing and an increase in the variety of precision diagnostic tests is contributing to an already complex diagnostic environment of multiple and recurring tests. In particular Pharma is making increasing use of complementary and conduit testing to supplement the traditional companion diagnostic testing. The number of testing events on a typical

patient journey is rising significantly. Against the backdrop of the introduction of panel testing we continue to see the introduction of 200–300 novel biomarkers and the evolving science as increasing the complexity and volume of novel tests. Our research shows that broader testing in conjunction with multiple therapy treatments is set to radically increase the number of testing events per patient. This increase is expected to be further amplified by greater testing for resistance and monitoring. As an example, the number of testing events per patient with NSCLC are set to increase over time:

### Average Number of Testing Events per NSCLC Patient

	2010	2014	2018	2022E	2026E
Average number of testing events per NSCLC patients	0.6	0.8	1.2	4.0	17.0

Source: Diaceutics estimates

Market demand for better testing will also come from another direction, since a further trend by Pharma R&D is to move oncology drugs (the vanguard of Precision Medicine) into earlier stages of cancer which can only be identified with more efficient testing.

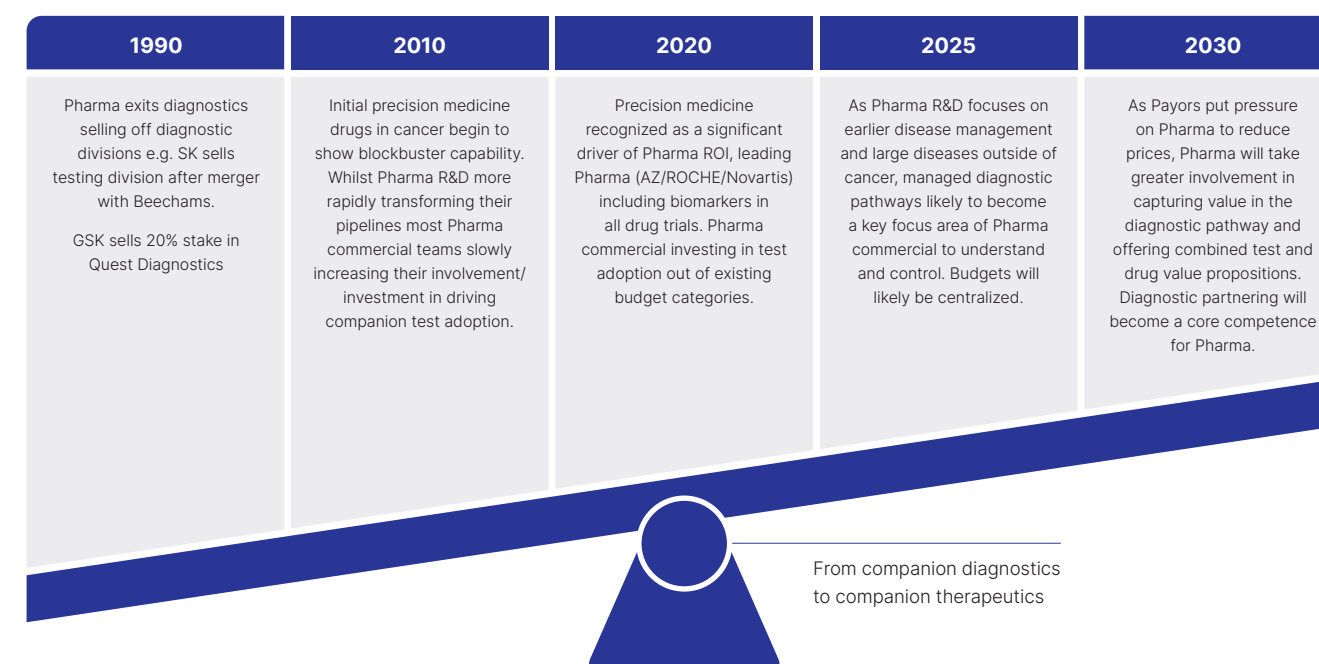
Diaceutics strategy has focused on collating large amounts of laboratory, patient (on a de-identified basis), claims and payor data which it uses to direct and deliver, via a laboratory liaison team, improved testing with over 2,500 labs globally on behalf of leading Pharma companies.

From the Pharma company's perspective, it is essential that from launch, it has optimised the practical process for testing of potential patients by labs to ensure the ability to serve the highest number of patients from the outset. On the Pharma company's side this leads to maximised impact through earlier take-up and reduced time to peak adoption.

The Directors believe that the addressable market for their specific services today has been enhanced by the launch of the DXRX platform. The addressable market prior to launch was approximately US\$0.23 bn. With expected market growth in the number of test dependent therapies on the market from 150 to 300 by 2025 and an increased willingness to invest on better diagnostic commercialisation across their entire drug portfolio, Diaceutics forecast the overall diagnostic commercialisation market will continue to grow in step with the growth of Precision Medicine.

The diagram below depicts a past and future potential trajectory of Pharma's dependency on diagnostics.

### Pharma's Precision Medicine Trajectory Over 40 Years



### Total Available Market

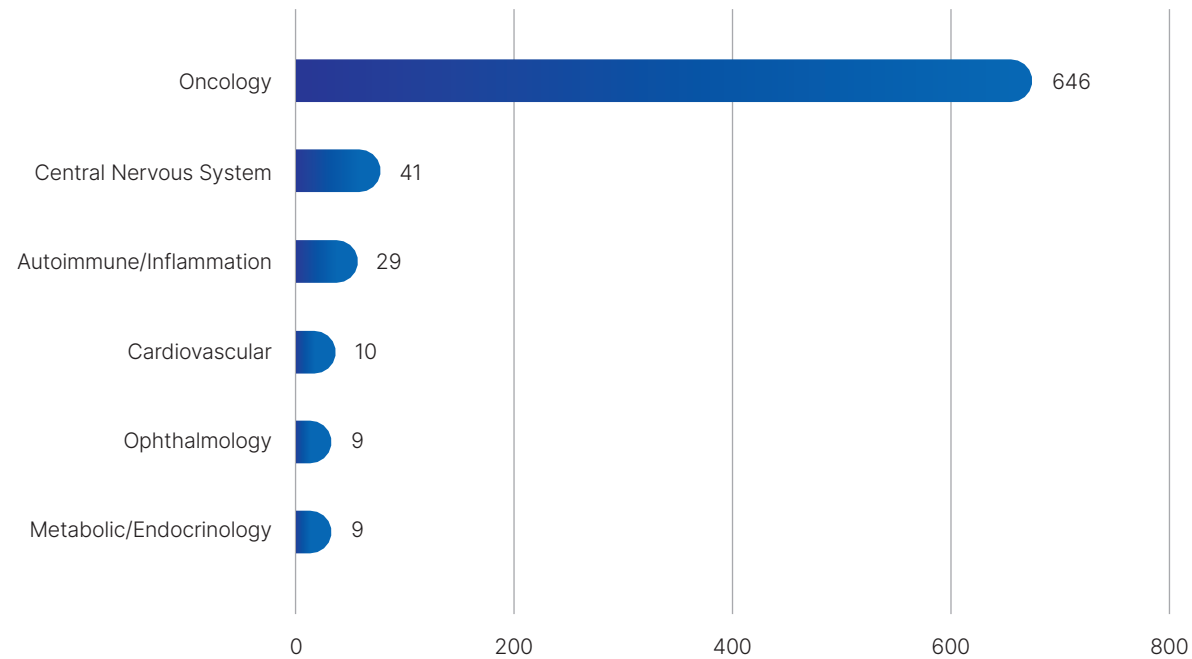
Our in-depth analysis of clinical trials indicates that there are currently over 584 late-stage clinical trials which fit the description of therapy brands likely to require a companion diagnostic if and when they come to market. The vast majority of these remain focused on oncology but 12% of trials are now focused on larger chronic diseases. This well-defined clinical trial list forms a key part of Diaceutics business development focus.



# Global Precision Medicine Market Pipelines

## Global Precision Medicine Market Pipelines

Clinical Trials Pipeline by Therapeutic Area  
(assets requiring a Biomarker test only)



Source: Diaceutics analysis of Zymewire clinical trials database February 2022

Whilst today Precision Medicine is narrowly defined around the companion diagnostic concept as represented by the pipeline of clinical trials highlighted above, eventually we believe that all patient pathways to treatment will benefit from improving the patient's diagnostic journey and consequently the focus on improving diagnostic commercialisation will become an integrated part of the Pharma marketing model. Our expanded DDP pipeline (77 DDPs in 2021) remains broadly in step with the future opportunities we see emerging from Pharma's product development with 78% focused on oncology and 22% non-oncology. We can see evidence of this diagnostic pathway management for improved treatment happening in diseases outside oncology, for example Diaceutics worked in 2021 on treatment for Alzheimer's, TB, Dengue and Inherited Retinopathy. Our growing range of non-oncology DDPs will continue to expand to support Pharma's commercialisation of non-oncology therapies as Precision Medicine becomes more prevalent in these therapeutic areas.

Historically Diaceutics focused solely on the needs of the pharmaceutical industry. However, more recently, a number of well-funded global diagnostic companies have shown their willingness to invest in testing data to guide the commercialisation of their products. Diagnostic company commercialisation budgets have traditionally been small in comparison to their Pharma peers, however over the past decade investors have supported a number of diagnostic and laboratory companies launch highly novel diagnostics like liquid biopsy (which removes a lot of the hurdles today with Labs handling solid tumour samples) and multi cancer early detection tests. As part of our DXRX introduction in 2020 we approached a number of non-Pharma clients to explore their testing data needs. By the end of 2021 three non-Pharma companies had been added to our client list. We will continue to expand this new market opportunity for the company in 2022 with a focus initially on data only where we can service client needs without significant increased cost via DXRX.

## The Need for Scale

With 50 estimated new global drug/test launches and new indications anticipated annually during the next five years, the need for a scalable solution to streamline diagnostic diffusion of tests on behalf of the pharmaceutical industry post-launch is clear. To fully capture this rapidly evolving market opportunity Diaceutics launched its Diagnostic Commercialisation platform tailored for the precision medicine market. The platform integrates three key dynamics, a product suite of data and services designed to support faster diagnostic commercialisation globally, a platform network of Labs and service partners to support rapid change management of testing at the front line and integrated the world's most comprehensive diagnostic testing database to help direct our customers investment to the diagnostic bottlenecks holding back treatment. Since launch, DXRX has enabled 56% of all our diagnostic commercialisation projects in 2021 and brought 546 of our offline labs, directly online to the platform. Across 2021 some 30 key collaborations were launched each focused on lowering one or more hurdles to better testing for patients. DXRX is proving its ability to synchronise commercialisation of precision testing and treatment from launch onwards to ensure the right patients are given the right test to receive the right treatment.

Platform business models are a way of enabling key stakeholders to collaborate more efficiently to address stakeholder needs and improve the quality of earnings as you migrate customers onto licensed and recurring revenue streams.

Our focus for the next 24 months will be to embed DXRX as the right tailored platform to meet the needs of Pharma, labs and ultimately patients and support our high growth high margin business model.

# Our People and Head Office

## The Executive Committee ('EXCO')

The Group's executive committee, EXCO, is the principal operating committee responsible for delivering the corporate strategy of the business. Within this team we have the Chief Executive Officer, Chief Innovation Officer, Chief Financial Officer, Chief Precision Medicine Officer, Chief Commercial Officer, Chief Operating Officer, and we have added the Chief Growth Officer (CGO) during 2021. The creation of the CGO position is to drive significant upselling growth within the current customer base. Within EXCO Peter Keeling (Chief Executive Officer), Ryan Keeling (Chief Innovation Officer) and Nick Roberts (Chief Financial Officer) act as Executive Directors on the Board. An operations leadership team ('OPCO') comprising members of senior management, provides an additional layer of control over the day-to-day business operations.

## Our Buildings

In the summer of 2021, we were delighted to establish our new Company headquarters at Dataworks in the King Hall Health and Wellbeing Park in Belfast, a new green building, with an 'A' rated energy certificate. Dataworks consists of smart office, laboratory, and shared space adjacent to the iconic Kings Hall building. These offices position us in direct proximity to Belfast's major hospitals, universities and innovative medical research facilities, and we are already seeing the benefits of the location as a thriving data hub enabling data analytics companies, medical professionals and patient centric groups to collaborate in this shared space.

Research groups, companies and healthcare organisations can choose to co-locate alongside Diaceutics or to work alongside our team of highly qualified experts and to gain access to our Global Data Repository through a joint Data Collaboration Agreement. Amassed over the last decade, Diaceutics' Precision Medicine diagnostic testing data repository unlocks unrivalled access to deep analysis of the world's richest source of de-identified patient testing records incorporating over 490 million patient records and with 77 disease-specific treatment pathways (Diagnostic Deductive Pathways DDPs) under development from this via accelerated algorithmic applications which are enabled by the Company's platform technology — DXRX.

# Environmental, Social and Governance

Diaceutics is committed, through its culture, processes and business activities, to ensuring that it has a positive impact on all of its stakeholders. These include our customers and customer partners, our shareholders, patients and communities, the environment, our employees and the wider Diaceutics network.

Diaceutics is at an early stage in its ESG journey, and this is our first Environmental, Social and Governance ('ESG') Statement, which is aimed at encompassing all aspects of ESG and ensuring that we set a strategy that sees our business contributing to society in an ethical, sustainable, and well governed manner for the benefit of all stakeholders.

It outlines the actions taken and business practices adopted to address this overriding purpose, along with our policies, which go hand in hand, providing the foundation for our ESG journey. This statement will be reviewed throughout 2022 and in each subsequent year, to measure progress and to scope further objectives and outcomes to improve our performance in these three important areas.

## Environment and Sustainability

Climate change is one of the defining issues of our time and we at Diaceutics are conscious of our role within this. We have appraised our environmental impact and our aim is to provide effective environmental awareness and controls, seeking to continually improve all aspects of our environmental performance, as far as economically feasible. This statement forms the basis for setting environmental objectives and outcomes that will continually improve the manner in which we operate.

### Actions and Business Practices

- Diaceutics' operational model has been founded on working from home for our employees and was further embedded during the COVID-19 pandemic, with projects and presentations being undertaken online and the use of remote systems to manage customer and internal relationships. Whilst the occupation of the new Belfast headquarters has seen a return to the office for some employees, the majority of the workforce continues to work from home. This impacts on our travel related

environmental air pollution and will continue post the COVID-19 pandemic, being reflected in our travel policy, which encourages essential travel only, for environmental reasons. The use of airlines which provide carbon offset will be encouraged wherever possible.

- Diaceutics is not a significant consumer of water in its business activities.
- Diaceutics took up occupation of its new Belfast headquarters at Dataworks at Kings Hall Health and Wellbeing Park in August 2021, a new green building, with an 'A' rated energy certificate. We are engaging with an energy performance assessor in Northern Ireland to undertake a scenario analysis for a programme to provide further energy efficiencies, with the aim of reducing energy and carbon usage on this site.
- There are several recycling initiatives which are facilitated and encouraged wherever possible within the building, including the provision of DXRX drinking flasks, boiling hot water taps, and low flush toilets. Diaceutics' facilities management partner CBRE arranges regular confidential wastepaper recycling with secure recycle bins housed externally for all recyclable items apart from confidential wastepaper.
- The four other Group sites worldwide in the Republic of Ireland, the USA, China and Singapore are all small, low occupancy offices used for data and implementation services.

## Environmental Policy

Senior management have recently adopted an operational Environmental Policy statement with a set of clear objectives encompassing the areas outlined above aimed at reducing the Group's environmental impact and engaging with suppliers who share our vision and ambitions. This will be monitored at quarterly management meetings to ensure the ongoing application of these objectives throughout the Group's operational activities and strategic plans wherever practicable.

# Environmental, Social and Governance

## Social

We are cognisant of our social responsibilities, both in the promotion of inclusivity and diversity, equality of pay and opportunity, the health and safety and wellbeing of our workforce and in supporting and benefitting the wider community. We are committed to building on our existing policies and developing further policies and procedures that enhance and improve the social outcomes for these important stakeholders.

Diaceutics' goal, working alongside other healthcare stakeholders, is ultimately aimed at providing earlier and more accurate diagnosis for patients, accelerating patients' reach to precision medicines which, in turn, leads to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and a higher number of patients treated, benefitting individual patients and the patient community, as a whole. The DXRX Test Signal product introduced in 2021 exemplifies the direct link to patients and improved patient outcomes.

## Employees

### Actions and Business Practices

- Diaceutics is global and diverse by virtue of the geographies in which it operates. We have introduced a diversity training programme, the 'Global Diversity Module' into our compliance training for 2022 and are investigating the attainment of the Northern Ireland 'Diversity Mark' accreditation. An equality and diversity module are included in our leadership training programme, and the Group's Equality, Inclusion and Diversity Policy forms part of the onboarding process for new employees on induction.
- Northern Ireland Fair Employment legislation requires the Company to monitor and report annually to the Equality Commission for Northern Ireland, the gender and community background of all current employees, applicants and new appointees in Northern Ireland. The Diaceutics' Inclusion and Diversity Strategy will also monitor and report on these metrics Group wide.

- Diaceutics' annual mentoring programme and City and Guilds accredited Diaceutics EFFECTive Leaders programme both support and encourage employees in their personal and career development within the Group. The recently introduced EXCO sponsorship scheme provides the Group's account managers with individual EXCO support to help maximise the opportunities and success at the highest levels within the Group's customers. A further job shadowing/rotation initiative is also underway to provide employees with a broader experience of other roles within the Group.
- In 2021 the Company launched a Share Incentive Plan (SIP) in which Group employees are entitled to participate. UK employees participate through an HMRC approved share matching scheme and non-UK employees through a share option structure. The SIP enables employees to purchase shares up to a value of £1,800 in the Company which are initially matched by the Company on a two for one basis for the first year, until April 2022 and thereafter on a one for one basis. As at 31 December 2021, 54 UK and 19 global employees had participated in the scheme representing 55% of total Group employees.
- In addition to this, the Performance Management Framework ('PMF') process has been enhanced to include Succession Planning which is driven by the Individual Development Plan ('IPD') element of the PMF discussions between the employee and line manager which will empower employees to take control of their professional development.
- We have several engagement initiatives to communicate and support our workforce, including Town Hall presentations which are held at least quarterly, where employee feedback and interaction is encouraged, and updates are presented by the executive directors and other key senior management. The Group's annual employee survey was completed in 2021 with 96% of respondents reporting that people are treated fairly and with respect and 96% again reporting that they have great confidence in the future of Diaceutics. The HR department holds regular check-ins with employees, during which open and honest conversations are encouraged.

- Optional 'Flex days' were introduced in 2021 to allow those employees who have completed their two weeks' contracted hours in the prior nine days, to take the first and third Fridays off work. This operates throughout the year and is extremely popular, with 92% of the workforce currently opted into Flex days. These Flex days allow employees the option of using this day to enhance their own work life synergy to suit their individual needs.
- The Diaceutics' 'Employee Assistance Programme', launched in 2020 to foster employee wellbeing in the workplace continued to operate through 2021. This provides support for all employees in many areas including counselling, legal information and services, bereavement support and medical and health risk assessments. Line managers have also been given guidance on how to support staff wellbeing in the workplace via the Return to Office training and COVID-19 Toolkit for Managers which provide links to other external and internal sources.
- In the Belfast office, COVID-19 risk assessments are updated at least every three months, in co-ordination with the COVID-19 work group, with weekly reviews of the COVID-19 standards set by the risk assessments recorded and signed off by the office team. The COVID-19 work group also assesses and monitors the ongoing impact of the COVID-19 pandemic within the Group's wider geographic regions, developing, implementing, and revising procedures to ensure a safe working environment for all our employees.



**We are cognisant of our social responsibilities, both in the promotion of inclusivity and diversity, equality of pay and opportunity, the health and safety and wellbeing of our workforce and in supporting and benefitting the wider community.**



## Communities, Charity Support and the Wider Patient Community

- Diaceutics has developed a Training Academy for student placements and graduates. We are continuing to grow this by developing new and building upon existing relationships with local universities via lunch and learn sessions, presenting to students, aiming to support the local community and affording the opportunity of careers advice. There is also a dedicated section on the Diaceutics website for graduate and placement opportunities which will be further enhanced with interview skills and CV and application form tips.
- Five students from Queen's University, Belfast participated in a 12-week student placement programme in Q4 2021 as part of the above initiative with three of them currently participating in our Training Academy for Student Placements and Graduates on a year-long graduate placement. Further intakes are planned for 2022.
- Diaceutics supported a colleague's running team in Spain which raised funds for cancer research. They took part in Trail Solidari Alcoi (Alicante, Spain), where the proceeds go to the Scholarship created by + QUEUNTRAIL and ASIECA (Spanish Association of Researchers in Cancer) for young Spanish researchers, who also hold an annual international Meeting of Young Researchers in Cancer of the Valencian Community. £500 was raised in 2021 by one executive for the Belfast based Children's Cancer Unit Charity.
- A Charity Working Group has been formed for 2022 with fortnightly meetings, with the aim of targeting local and global charities and providing a structured means for the Group to support those charitable causes most closely linked to the Company and its employees.
- Diaceutics' mantra is 'Better Testing, Better Treatment' and this is manifested in the products and services we offer, accelerating patients' reach to Precision Medicine which, in turn, leads to better patient healthcare outcomes.

## Social, Cultural and Ethical Policies

- The Company sees a strong ethical culture as an important asset and has invested in this aspect over many years. Diaceutics' core values of Empowerment, Foresight, Fun, Entrepreneurship, Communication and Trust, together known as the Diaceutics EFFECT are core to our culture. Diaceutics has a dedicated working group of 19 Culture Ambassadors, who ensure that the corporate culture which was embedded in its policy and processes remains at the forefront of leadership thinking within its principal executive and operating groups.
- An Equality, Inclusion and Diversity Policy has been in place for some time and a Diversity and Inclusion Strategy is currently being developed to further enhance, promote and celebrate the various initiatives that are currently taking place within the company.
- At Diaceutics we are committed to maintaining high ethical standards throughout our business and ensuring that these are reflected in policies and procedures to support this commitment. These include an Equality, Inclusion and Diversity policy; Human Rights Policy; Anti-Bribery and Anti-Corruption Policy; Whistleblowing policy and, an Anti-Slavery and Human Trafficking Statement. Our critical vendor assessment policy for new core suppliers, includes a request for information as to their code of ethics, thereby seeking to ensure alignment of their culture with ours, and assessments of existing suppliers is carried out as part of the regular risk review process.
- A Code of Conduct for Employees, which will also include ethics and ethical behaviour, is currently being developed.

## Governance

Diaceutics is dedicated to having robust governance protocols and procedures throughout all aspects of our business to manage risk, operate high standards of conduct and to protect and grow the business for the benefit of shareholders and other stakeholders. A vital part of Diaceutics' business is the development and evolution of its DXRX platform. We are excited to be part of a growing digital and data driven sector which is critical to the growth of the Company, but are equally committed to the safeguarding, access, privacy, ethical use, and security of all data.

### Actions and Business Practices

- Our Diaceutics board is well balanced on all aspects of independence, knowledge of the Company's technology, sector and public company experience and professional standing to allow it to discharge its duties and responsibilities; pursue the Company's strategic goals and address anticipated issues in the foreseeable future. The Diaceutics business is managed for the benefit of shareholders as a whole, with no individual or individuals overreaching in the decision-making process.
- Diaceutics' financial statements are prepared on a going concern basis and in accordance with international accounting standards in conformity with the Companies Act 2006 applicable to companies reporting under IFRS. The company adopts IFRS accounting standards wherever appropriate.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the board of directors on business performance against those budgets and for forecasting expected performance over the financial year.
- Regular risk review meetings take place at OPCO level, to assess various aspects of risk to the business, with material findings reported to EXCO management on a monthly basis, by way of a risk register.

- Diaceutics has a dedicated legal department which monitors regulatory development and has recently formed a new department for Quality and Compliance to formulate and implement changes required to Diaceutics' systems and processes. The Quality and Compliance department has implemented a set of mandatory compliance training modules for Diaceutics Group companies which include, amongst other things, data protection, anti-bribery, cyber security, and remote working concerns. Further department-specific and other appropriate Group wide training sessions pertaining to various aspects of the Group's business and infrastructures are being developed and rolled out on an ongoing basis. The department is also in the process of implementing an ISO 9001 Framework (Quality Management System) (QMS).
- Systems and processes are in place to ensure compliance with applicable data regulations and to protect against data loss. Recently, the Company has recruited a Cyber Security Officer to assist the Quality and Compliance and IT departments with their information security projects (including personnel training sessions), which will further strengthen the group companies' IT measures and attain the company vision of information security.
- Diaceutics is working towards robust practice models to minimise risk, combining prevention technology with the continuous monitoring of the security framework. Diaceutics is also in the process of attaining ISO27001 (Information Security Management System) and CSA Star (Cloud Security) certifications.

## Governance and Business Policies and Procedures

We have in place several policies and procedures which support the operation of our business, with further policies in development to support Diaceutics as we evolve.

- IT Security, Resources and Communication Policy
- Access Control Policy
- Incident Response Plan
- Vendor Assessment Procedure
- Data Protection Impact Assessment Procedure
- Social Media Policy
- Matters reserved to the Board

Further information about how the directors are fulfilling their duties to promote the success of the Company including the interests of our key stakeholders is set out within the Section 172 section of the Annual Report, the Company's Corporate Governance Statement and the Directors' Report on pages 55–80.

# Principal Risks and Uncertainties

The risk factors that are most significant to the Group's operations, and where applicable an explanation of how these are managed or mitigated, are outlined below. The risks described do not necessarily comprise all those associated with the Group and are not set out in any particular order of priority. Additional risks and uncertainties that are currently not known by the Directors, or that are currently deemed immaterial, may also have an adverse effect on the Group.

## Operational, Commercial, Financial and Legal Risks

Risk	Mitigation
<p><b>Certainty of contracts and pipeline</b></p> <p>Any cancellations, material amendments, delays in adoption of DXRX and uncertainty around the Group's Order Book could have an impact on the revenues of the Group.</p>	<p>The Group has visibility over a proportion of its revenues through committed sales agreements, contracted work, or high-probability tenders.</p> <p>The pipeline of the business is continually reviewed by senior management with both leading (proposal generation) and lagging (order intake) indicators. Using Salesforce, key account management team and customer plans provide foresight and momentum for project closure and create the ability to assess the products and capacity required going forward.</p> <p>The Group operates in a number of global precision medicine territories with the aim of increasing its access to market opportunity, and diversifying risk across a number of geographical territories.</p>
<p><b>Dependence on key executives and personnel</b></p> <p>The Directors believe that the future success of the Group will depend in part upon the expertise and continued service of key executives and technical personnel. The loss of any key management personnel or failure to retain key employees could adversely affect the Group's ability to maintain and/or improve its operating and financial performance.</p>	<p>EXCO works together with the Board to review the business structure to ensure it continues to support the business model and strategic growth. Succession and retention planning are in place for senior management posts, for example, through the continued expansion of the operational committee (OPCO) to ensure future leaders of the Group are mentored and brought along in the journey.</p> <p>The HR department has also taken steps to further enhance succession planning by implementing a program to identify pool of existing employees who wish to undertake job shadowing or job rotation.</p> <p>The Group remains committed to the recruitment, engagement, retention, continuing development and reward of experienced management, and highly skilled scientific, marketing and sales personnel. The Group continues to improve its remuneration schemes to incentivise and retain key personnel.</p>

Risk	Mitigation
<p><b>Loss of a major customer</b></p> <p>A small number of customers, with which the Group has a long-term historical relationship, contribute over 10% of annual revenue. The loss of any such major customer would have a direct impact on the earnings potential of the business. The relationship for a major contract usually takes time to establish and the responsibility to deliver a significant project is typically developed over a number of years.</p>	<p>The Group's customer base is well diversified due to the number of brand teams, both global and in-country that Diaceutics engages within each customer, all having individual budget allocation and control. The number of brands supported by the growth has been maintained and there has been growth in the number of customers that the Group services, including contracting with new customers. The senior management team regularly review the revenue generated by key customers to ensure that the Group does not become reliant on a small number of key customers. With the appointment of the new Vice President Sales and Marketing, the sales teams will be further expanded, and relevant customer account structure improved to drive higher volumes of sales with a broader account base.</p> <p>The Group has a very good working relationship with all its major customers, and regularly seeks feedback to improve and maintain a high level of customer service. Further, the QMS upon its full implementation will enhance the customer complaint process handling.</p>
<p><b>The Group has a significant dependency on its ongoing access to patient diagnostic data</b></p> <p>Diaceutics acquires data from multiple sources including government, laboratory collaborators, commercial providers and public domain sources. The failure of a significant data supplier may be disruptive to the Group's operations.</p>	<p>Diaceutics has made a significant investment in its data lake and has over 2,500 global laboratories in its network. The Group has amalgamated over 500m real-world patient (de-identified) records from multiple sources and key precision testing markets into the data lake. The Group has laboratory liaison teams supporting 'first launch' markets for the Pharma industry and, with an extensive network of data sources, however, the Group is reliant on several laboratories and data aggregators in key markets for data supply. Moving laboratories onto the DXRX platform helps to mitigate this risk over time. At the year end the Group had moved 546 laboratories onto the DXRX platform, 21.8% of our target network. Further, the Group continues to actively build on its business continuity plan for its key data suppliers and take steps to expand its sources of data throughout the healthcare system to manage and mitigate risk.</p>
<p><b>The Group's growth strategy is subject to compliance with information security and data protection laws and requirements</b></p> <p>Data protection laws in different countries are evolving quickly and compliance standards can vary resulting in an emergence of discrepancy in such standards. This affects the way the Group collects and uses certain patient datasets to achieve its ultimate objective of ensuring such patients are able to access timely diagnosis and treatment.</p>	<p>Patient data is held by the Group on a de-identified basis. The Group's Legal department monitors changes in data protection laws, assesses and advises on the impact of regulations to the Group. The newly formed Quality and Compliance department ensures that any required changes are implemented across the Group's systems and processes to ensure the Group remains compliant in its activities.</p>

Risk	Mitigation
<p><b>The increasing instances and sophistication of Cyber-Attacks globally bring increased risk to operations, reputation, staff and finances</b></p> <p>The launch of DXRX platform brings increased stakeholder connectivity and an increased exposure to such risk.</p>	<p>A security framework is in place, combining prevention technology with continuous threat monitoring. Two-factor identification controls have been implemented and organisation wide training on identification of threats has been implemented.</p> <p>An incident management and breach response plan are in place if security controls were to be bypassed. Mitigation has been improved with the adoption of industry best practice such as Security Guideline v 4.0 and OWASP 10 and the use of specialist software such as SonarCloud to eliminate bugs and vulnerabilities in the development process. Robust penetration testing was undertaken prior to the launch of DXRX and remains a core component of our security strategy. Further, a cybersecurity officer was hired in 2021 to assist the IT department in ensuring robust IT measures have been implemented and are reviewed regularly. Further, the Quality and Compliance department formally launched the relevant workstreams (in conjunction with IT) for the Group to complete the relevant risk and gap assessments in order to achieve ISO 27001 and CSA Star certifications.</p>
<p><b>Market risks and economic conditions</b></p> <p>The Group may be affected by general market trends which are unrelated to the performance of the Group itself.</p> <p>Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's revenue, profit, growth and cash flow over a sustained period.</p>	<p>The Group's business model includes flexibility in both service offering and cost structure which can react to downturns in the market to lessen the immediate effect.</p> <p>Ongoing engagement with stakeholders, regular dialogue with customers, research and marketing activities and regular strategic reviews of the overall business assist in maintaining a sustainable business.</p>
<p><b>Events beyond the control of the Group may have adverse effects on the business</b></p> <p>The possible threat of natural disasters affecting the ability to trade.</p> <p>The Group faces continued risks in relation to the political and economic instability associated with the UK leaving the European Union, as well as potential changes to the legal framework applicable to its business. Sustained increase in global inflation presents a further risk to the operations of the business.</p> <p>The possible threat of natural disasters affecting the ability to trade.</p>	<p>The Directors have considered the financial impact of the spread of COVID-19 globally. Based on current information, we believe the impact on proposals conversion, new customer product launches and deferral of spend on customer brands is temporary and represents less risk. A COVID-19 strategy has been implemented around customer engagement and data ingestion which will continue to be reviewed and developed as additional information is provided.</p> <p>Brexit in terms of the Northern Ireland Protocol remains a risk. This risk is more political and disruptive to the movement of goods.</p> <p>In terms of inflation the Directors consider the global footprint of the Group as having the ability to find talent in lower cost regions alongside the ability to pass on customer price increases as mitigating factors against sustained rising inflationary prices.</p>



## Risk

## Mitigation

### Foreign exchange rate fluctuations may adversely affect the Group's results

The Group prepares its financial statements in pounds sterling, but a substantial proportion of the Group's income and costs are and will continue to be in foreign currencies. To the extent that the Group's foreign currency assets and liabilities are not matched or hedged, fluctuations in exchange rates between pounds sterling and other currencies may result in realised or unrealised exchange gains and losses on translation of the underlying currency into pounds sterling.

A working capital model and cash flow projections are used to plan for business transacted into different currencies so that exchange rate risk is minimised.

The Group seeks to match foreign currency costs and flex cash flows to align with corresponding foreign currency receivables.

The Group operates current bank accounts in multiple currencies. It aims to ensure that the receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of translation exposure.

In addition, the Group maintains a revolving credit facility which can be drawn in US dollars, pounds sterling or euros.



# Investment Case

## Why Invest in DXRX?

Precision Medicine has arrived, with each requiring companion diagnostics.

DXRX helps connect diagnostics to treatment — to get patients the medicine they need.

### 1. Growth in the Precision Medicine market is evident.

Precision Medicine has arrived, with each requiring companion diagnostics. Major Pharma companies such as AstraZeneca are confirming that approximately 90% of their clinical development pipeline is currently driven by precision therapeutics.

In 2021 it was estimated that the Precision Medicine industry was valued at US\$67billion. It has been predicted that the Precision Medicine industry will grow by 9.8% CAGR by 2028 to over US\$128billion. Leading Pharma companies working in Precision Medicine include Novartis, Roche/Genentech, Astra Zeneca, Pfizer, BMS, Merck and Amgen.

### 2. Patients should receive the medicine they need.

It currently takes over three years for more than 70% of laboratories to be able to offer a new diagnostic. We estimate that even after a Precision Medicine has been launched, up to 50% of eligible patients do not get access to the medicine, due to testing hurdles. This 'leakage' of patients is an issue that Pharma companies are increasingly recognising and seeking to resolve. This problem affects all test dependent therapies — regardless of disease and can run into the US\$bn for a drug.

### 3. DXRX — A data-enabled, digital platform, connecting labs, Pharma and service providers — globally.

#### First to Market

DXRX is a unique diagnostics commercialisation platform for Precision Medicine that addresses the issues.

It allows stakeholders in the Precision Medicine diagnostics market to collaborate and shape the marketplace, in real time. It reduces the diagnostic hurdles ensuring that laboratories globally are test ready for each new Precision Medicine at launch. This significantly increases Pharma's Return on Investment on developing new drugs.

Ultimately, we help physicians deliver the right medicine to each individual patient in relation to their own personal pathology.

### The world's richest repository of real-world diagnostic testing data

Through the delivery of our consulting services to overcome the hurdles to successful Precision Medicine diagnostics, we have gathered the world's largest repository of real-world testing data and developed insights into the successful commercialisation of Precision Medicine diagnostics, to create a comprehensive and unique offering, accessible via the subscription model.

The more projects we complete the more exhaust data we have to differentiate our platform and generate revenue.

### 4. We are confident we have built a considerable level of competitive advantage and competitive moat.

We are experts in diagnostic commercialisation, having been involved in some form in the launch of every Precision Medicine currently brought to market.

We have the only digital platform bringing together all the stakeholders required to resolve the inefficiencies in the Precision Medicine diagnostics market.

We have unparalleled depth of data, which combined with our unique data mining tools and algorithms provide rich real world testing data insights at disease level.

We are focused on Precision Medicine across all key diseases.

We have a global network of laboratories and service partners in Precision Medicine diagnostics, not limited by geography.

With each new customer or laboratory that joins our DXRX platform and every collaboration we form, the wealth of exhaust data grows and the service we deliver becomes more useful and valuable.



### 5. Proven Track Record

We are an established, proved provider of services to the pharmaceutical industry.

We have many of the world's leading pharmaceutical businesses as customers, including 20 of the top 30

We have worked on almost all oncology Precision Medicine drugs brought to market.

### 6. A Large and Growing Opportunity

Despite the increasing importance of effective diagnostic testing, the testing market itself is currently highly fragmented and the pharmaceutical industry has varied insight into it.


The addressable market for Diaceutics specific services today is approximately US\$0.25 billion annually based on our current forecast. We expect this to increase to US\$0.45 billion annually by 2026, due to an increasing number of brands being brought to market and more budget being spent by pharma on eliminating the testing hurdles.

#### A compelling investment case based on strong fundamentals

- Truly scalable SaaS platform
- High margin digital solutions revenue will grow over time
- Well-funded business
- High gross margins

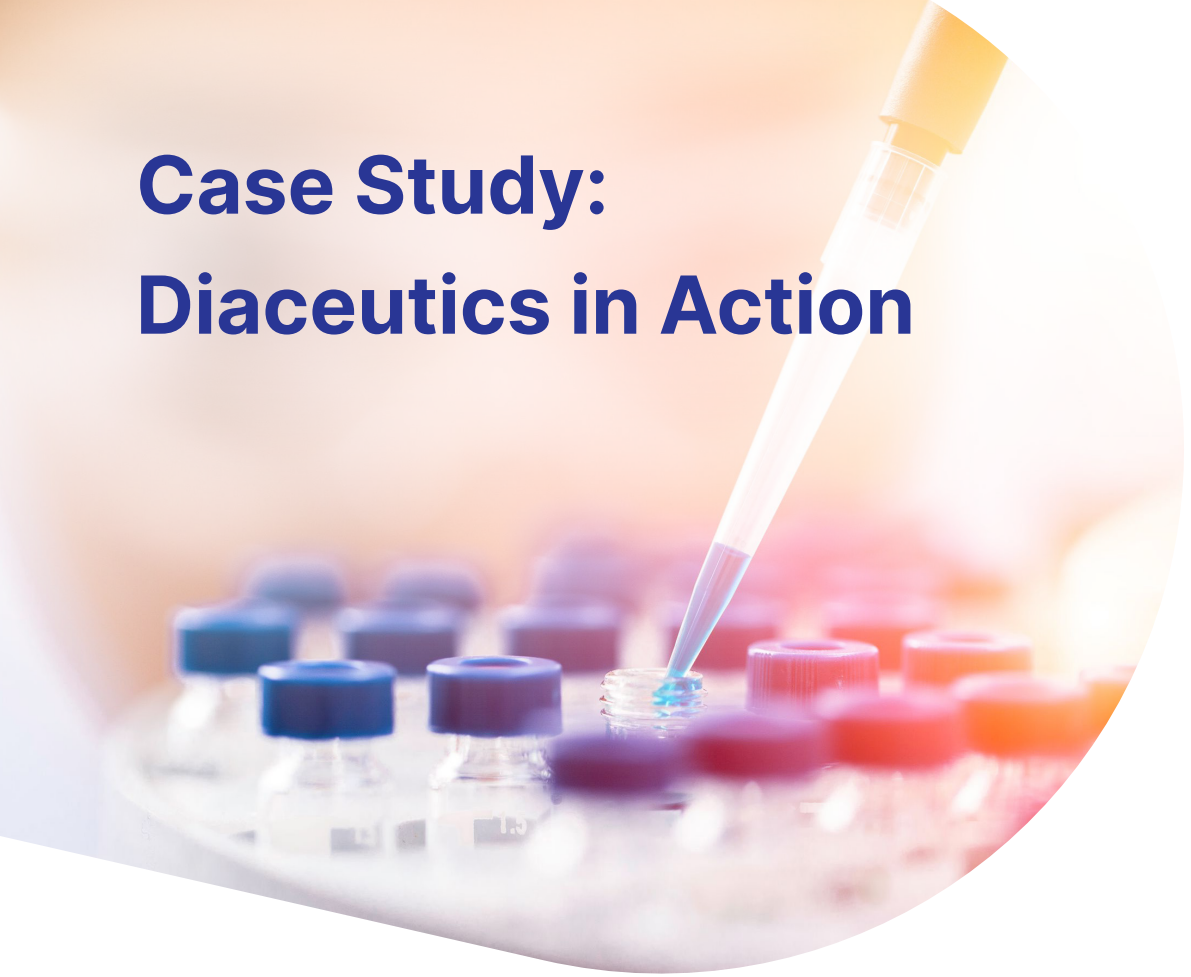
#### Outlook

The year to 31 December 2021 was one of significant positive progress for Diaceutics. Alongside a strong financial performance, we have successfully transitioned the Company to supporting a recurring revenue model, underpinned by repeat annual licence and subscription contracts, and have progressed both faster and further than we anticipated at the beginning of the year, laying the foundations for significant revenue growth. With the current business momentum, we see improved revenue growth in 2022. Alongside our investment in platform, product, data innovation and people we expect continued modest growth in our EBITDA.



**Precision Medicine has arrived, with each requiring companion diagnostics.**

## Case Study: Diaceutics in Action



### The Client

Elevation Oncology is founded on the belief that every patient living with cancer deserves to know what is driving the growth of their disease and how best to treat it. They aim to make genomic tests actionable by selectively developing drugs to inhibit the specific alterations that have been identified as drivers of tumor growth. Elevation Oncology is working towards a future in which each tumor's unique genomic test result can be matched with a purpose-built precision medicine to enable an individualized treatment plan for each patient. The company is united by a shared passion for identifying true precision therapies that will illuminate a clear treatment pathway for patients.

In partnership with academic and clinical collaborators, patient advocacy, medical education providers, diagnostic labs, and precision medicine experts such as Diaceutics, Elevation Oncology is building an approach to biomarker led development and leaving no stone unturned to search for rare, novel driver alterations that can provide a druggable pathway. Elevation Oncology applies its insights towards the development of targeted therapies for novel driver alterations with high unmet patient needs.

At the time of engagement with Diaceutics, Elevation Oncology was evaluating seribantumab in the potentially pivotal Phase 2 CRESTONE study in patients with tumors of any origin that have an NRG1 fusion.

### The Challenge

Due to the rarity of NRG1 fusions, the identification of eligible patients for enrolment in the CRESTONE study was anticipated to potentially pose a challenge. To address this, it was critical for Elevation Oncology to collaborate with a solution partner that could provide real world data to gain a deeper understanding of the biomarker testing landscape, next generation sequencing (NGS) testing labs for non-small cell lung cancer (NSCLC) and pancreatic cancer patients in the US, and the volumes and types of tests being performed.

Furthermore, having the real-time lab data that can identify patients and create a call-to-action could address the key challenge of patient identification and facilitating the potential for increased enrollment in the tumor-agnostic CRESTONE clinical trial that is underway for all solid tumors which harbor the NRG1 gene fusion.

### The Solution and Outcome

Elevation Oncology quickly identified Diaceutics as a key solution partner. By utilizing DXRX — The Diagnostic Network®, Diaceutics provides Elevation Oncology with a solid foundation for strategy development and implementation for their clinical trial. Leveraging DXRX real-world evidence data, Diaceutics started by using its Lab Mapping solution to provide Elevation Oncology with robust insights and deliver a list of the top labs in the United States that receive the highest volume of samples utilizing an NGS panel (including whether they included NRG1 or not) for non-small cell lung cancer (NSCLC) and pancreatic cancers which are documented to be the most enriched and most likely tumors for possible enrolment into CRESTONE.

Building on their success with Diaceutics DXRX Lab Mapping solution, the team at Elevation Oncology then turned to Diaceutics' latest innovative data service, DXRX Signal, to identify in near real time those 'needle in a haystack' patients eligible for inclusion in their clinical trials. DXRX Signal, powered by the largest data repository for diagnostics and precision medicine in the United States, enables patients to be identified or 'signalled' following the receipt of genomic testing results in as little as 24 hours, thus allowing Elevation Oncology's team to engage in a timely manner.

This broad coverage – which includes direct from lab data – is critical for providing the earliest identification of physicians with eligible patients and overseeing the treatment of patients that could potentially be eligible for the CRESTONE study.

**Working with Diaceutics is a true partnership. They share our passion to leave no stone unturned when it comes to overcoming barriers in a patient's treatment journey and enable the rapid identification of patients that may be eligible for one of our clinical trials. By partnering with Diaceutics, we have been able to integrate genomic testing data on a patient's tumor from the laboratory to the physicians, and ultimately into a clinical trial. The insights from Diaceutics into the extensive genomic data being generated has been invaluable in helping to ensure that every suitable patient gets the treatment they deserve.**

**Amy C. Cavers**  
VP Medical Affairs,  
Elevation Oncology

# Corporate Governance



# The Board of Directors



**Deborah Davis**  
Non-Executive Chair (Remuneration Committee, Audit Committee)

Deborah has extensive global experience in platform business models, software, fintech, telecoms and e-commerce businesses. After completing her undergraduate studies in Australia, Deborah spent 25 years in CEO and executive roles including 14 years in European and global senior leadership roles at internet platform businesses PayPal and eBay, and technology companies Symantec and Verizon.

She currently holds a number of Non-Executive Director and board committee positions, including at Lloyds Banking Group Insurance Board, International Personal Finance plc, IDEX Biometrics ASA, Norway and, until April 2022, The Institute of Directors UK. Her previous board experience includes Which? Ltd and private equity based ieDigital. Deborah is a trustee of the Southern African Conservation Trust.

Deborah is a Chartered Director and a Fellow of the Institute of Directors. She holds a Bachelor of Applied Science (Electronics) Honours degree from the University of Melbourne and a Sloan Masters in Science (Management) with distinction from London Business School.



**Peter Keeling**  
Chief Executive Officer

Peter has over 34 years' experience as a leader, entrepreneur and strategist in the Pharma industry. He has led international companies and teams with a focus on novel business models and product launches, including therapies, diagnostics and FMCG products.

Peter started his career as distribution manager at American Monitor Corporation, where he oversaw the distribution of reagents and equipment globally. He subsequently spent a total of 11 years leading projects in both operational and strategic roles at the therapy division of the Wellcome Foundation, including as sales manager for the Pharma business in North and West Africa, commercial director for a joint venture with Wellcome Indonesia, and as brand director at global product level for Wellcome's antiviral franchise. Wellcome was merged with Glaxo in 1995. Subsequently he founded and was chief executive officer of Diagnostics Inc, a US/Irish based diagnostics company which specialised in the development and commercialisation of tests for sexually transmitted diseases. Peter has led Diagnostics from its inception in 2005 to become a leader in precision testing commercialisation which currently supports the principal market biomarker programmes for the world's largest Pharma companies.

Peter holds a degree in business administration from Queens University Belfast, a Master's degree in European Marketing from Buckingham University Business School and spent an academic year as a Visiting Fellow at MIT's Sloan business school in 1994 where he led a multi-corporation US think tank designed to look at disruptive models in future patient health for the Pharma industry. Peter has published several peer reviewed papers on precision medicine and is a respected speaker at Precision Medicine events around the world.



**Ryan Keeling**  
Chief Innovation Officer

Ryan is an expert in the commercialisation of diagnostics and associated technology, with over 13 years' experience in the field.

Ryan has led the development and commercialisation of the Group's technology, including its proprietary data lake. Ryan has played a pivotal role in the Group's technological and strategic development, previously acting as its chief operating officer until June 2018. As CIO, Ryan is responsible for driving the Company's product innovation, with a near term focus on the development of DXRX. Prior to joining Diagnostics in 2009, Ryan spent eight years as a software engineer for Aepona Limited, providing network infrastructure and related services to telecommunications operators.

Ryan holds a software engineering degree from Queens University Belfast. He is seen as a thought leader in the field of diagnostic commercialisation and data integration, speaking at Precision Medicine and healthcare data conferences globally.



**Nick Roberts**  
Chief Financial Officer  
(Insider Committee)

Nick is a highly experienced senior finance professional with a track record of managing and developing finance functions and governance structures in high growth AIM-listed healthcare and technology companies with global customer bases.

Prior to his appointment to Diagnostics PLC, he was Head of Group Reporting at AIM-quoted Ergomed plc, a full-service pharmacovigilance and specialist clinical trial service provider to the pharmaceutical and biotechnology industries. During his tenure, Nick developed and managed the day-to-day group finance reporting requirements for Ergomed plc and oversaw the roll-out of several governance framework and reporting projects, including the financial integration of two US business acquisitions. Prior to this, he was Group Financial Controller at AIM-quoted Ceres Power Holdings plc, a fuel cell and electrochemical technology development company, leading the development of the finance function to accommodate a period of considerable commercial and financial growth over four years.

Nick is a Fellow Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW) and holds a bachelor's degree in Accounting and Finance from the University of Southampton.



**Charles Hindson**  
Non-Executive Director (Remuneration Committee (Chair), Audit Committee (Chair), Insider Committee)

Charles joined the board as a Non-Executive Director in March 2019 and chairs the audit and remuneration committees. He brings 16 years' experience of FTSE listed company board membership, having served in executive director roles with Filtronic plc, first as group finance director and subsequently chief executive, and then with e2v technologies plc as group finance director.

He has experience supporting business leaders to develop technology businesses internationally, through organic growth and successful acquisitions, which has been reflected in creating meaningful shareholder value with these listed companies.

His early career was with 3i and PwC, and then in HQ and international divisional finance roles with British Gas plc and British Telecom plc before becoming finance director with Eutelsat SA, based in Paris, France. He also serves as a trustee and chair of the audit committee of Trinity College London, the international exam board for performing arts and English language qualifications. He is also a trustee of UCO, a specialist higher education provider in osteopathy, and chairs its audit and risk committee.



**Mike Wort**  
Non-Executive Director (Remuneration Committee, Audit Committee, Insider Committee)

Having trained as a microbiologist, Mike brings over 45 years' experience working with life science companies across the healthcare sector. Initially working with three of the top ten global Pharma companies in a variety of sales, marketing and research positions, he was appointed investor relations manager of Wellcome Plc and was actively involved in the global communications programme for the £2.4 bn secondary offering of Wellcome Plc shares by the Wellcome Trust, which enabled him to develop working relationships with leading City stakeholder groups in the life sciences industry.

Mike was a founding partner in the first specialist communications agency to support the emerging biotechnology industry with City communications. Apart from a period when he was involved as CEO during the privatisation of the Bulgarian Pharma industry, his career has been devoted to working with start-up and growing SMEs to maximise their potential for growth.

# Corporate Governance Report

The Board of Directors

## Chair's Introduction

I am pleased to introduce the Corporate Governance Report for the year ended 31 December 2021.

As an AIM quoted company, we recognise the importance of sound corporate governance principles in supporting and delivering the strategy of the Company and its subsidiaries (the 'Group') and embedding these within, and as an integral part of, the operations of the Group. The board of directors (the 'Board') adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') on the Company's IPO in March 2019. The Company's Corporate Governance Statement is available to view on the Company's website at [www.diaceutics.com](http://www.diaceutics.com).

The Board has responsibility for ensuring that appropriate corporate governance principles are in place and that these requirements are followed and applied across the Group. The corporate governance arrangements are designed, inter-alia, to protect and respect the interests of all stakeholders, to ensure that the Company is managed for the long-term benefit of the Group's shareholders and other stakeholders and to provide shareholders and other stakeholders the opportunity to express their views and expectations for the Group in a manner that encourages open and ongoing dialogue with the Board.

The COVID-19 pandemic continued to impact on the means of communication with the Group's stakeholders in 2021 but wherever possible communication which would otherwise have taken place face-to-face has been undertaken virtually.

This section of the Report from pages 55–65 sets out our approach to governance, provides further information on the operation of the Board and its committees and how the Group seeks to comply with the ten principles of the QCA Code.

**Ms Deborah Davis**  
Chair  
22 March 2022

## Principle 1 Establish a strategy and business model which promote long-term value for shareholders

The Group has established a strategy and business model which aims to promote long-term shareholder value. The Group's strategy is reviewed each year.

### Business Overview

Diaceutics is a diagnostic commercialisation company which serves the global Pharma industry. It has combined a suite of real-world data-driven products and laboratory implementation services into a business model. Its data-enabled products, model and services are focused on removing the diagnostic testing hurdles for the biomarkers and companion tests required to guide the selection of precision medicines. The Company provides services to 39 Pharma customers and their precision therapy brands in 28 markets. Diaceutics has amassed a suite of proprietary intellectual property that provides long-term value to shareholders and stakeholders.

Diaceutics has established a global network of testing laboratories that contribute data to the Group. The Group has developed a series of sophisticated and proprietary data-mining tools to make sense of that raw data and present it to Pharma companies in a meaningful way. In addition, the Company has a team of disease experts that overlay their scientific knowledge onto the data to create insights and patient outcome analysis that informs our pharmaceutical customers. Further, the Company has established a proprietary therapeutic launch-playbook to derive from its experience on over 500 projects. The Company has established over eight years of proprietary data which informs the clinical pathway and creates a deep disease-level understanding, and algorithms, which the Company describes as a diagnostic deductive pathway ('DDP'). Through this, Diaceutics' key value to Pharma companies is in providing products and services which enable insight into where, when and how the necessary precision testing procedures take place. The data generated by Diaceutics enables Pharma companies to identify the patients suitable for their therapeutic, allowing them to reach peak sales sooner than would otherwise be possible.

Diaceutics provides an end-to-end solution for the development and commercialisation of Precision Medicine diagnostics, from biomarker discovery to in-market test availability. Having launched the DXRX platform in October 2020, and with 60% of revenues delivered via the platform in 2021, the Company has a scalable, efficient platform as its core delivery mechanism, allowing Diaceutics to operate

effectively across markets to meet customer demand. The Company can maintain efficiency and create better quality of forward earnings via a product suite underpinned with data subscription, tech-enabled services and professional services.

Diaceutics' services result in more effective patient diagnoses for treatments which, in turn, lead to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and higher numbers of patients treated. The social impact of better testing is of importance to global healthcare systems. If patients can receive the right treatment at the right time, it allows for efficient use of time and resources and leads to better patient outcomes.

Diaceutics' strategy has focused on collating large amounts of real-world laboratory data, patient data (on a de-identified basis), claims and payor data which it uses to direct and deliver, via its laboratory liaison team, improved testing with over 2,500 laboratories globally on behalf of leading Pharma companies.

### Business Strategy

The Group seeks to have a balanced business model with revenues derived from three areas:

- **Data Provision** Delivered via the DXRX platform and applying its extensive dataset and analysis of real-world evidence supplemented with proprietary algorithms, to provide new insights which fully align precision testing with the corresponding Precision Medicines;
- **Implementation Services** Delivered via the DXRX platform as Tech enabled services this service provides test commercialisation services centred on the 'Diaceutics Method' and leveraging its global laboratory database and laboratory liaison team to implement rapid improvements to clinical testing with laboratory partners in key Pharma markets; and
- **Professional Services** Delivered via traditional consulting routes with our customers. This service provides both data insights and implementation services which are off platform. This high-end service allows for a tailored scope and delivery in the form and content requested by the customer.

The Group has identified multiple growth drivers over the years ahead. In the near term, the Group intends to continue with the organic growth within its core data analytics and implementation services business by offering, additional products and services and end-to-end projects and selling an ever-wider range of services to its customers. The Group expects to

derive growth from the greater number of precision medicines progressing through clinical development as well as expanding its addressable market through the following areas:

- **Additional Indications** Most of the Group's operations are presently focused on oncology, but additional datasets from testing in cardiovascular, central nervous system, autoimmune and infectious disease will open companion diagnostic opportunities in these large therapeutic areas. Diaceutics has 77 DDPs, six are now in non-oncology diseases;
- **Non-Pharma** It is the Groups intention to leverage its extensive data lake and open new revenue streams in the areas of data aggregators and diagnostic providers. During 2021 the Group transacted with three diagnostic providers providing data and insights to these providers; and
- **Subscription and Value Sharing** The Group is expected to derive additional value as DXRX becomes more embedded with our Pharma customers and other stakeholders including gradually transitioning customers to a subscriptions and value-sharing business model. This is driven by the Group's ability to provide an end-to-end outsourced diagnostic commercialisation service to its customers whereby it can be rewarded for the delivery of key milestones, allowing us to support brands over a longer period and delivering a predictable and recurring revenue stream.

## Principle 2 Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communications and constructive dialogue with both its institutional and private investors and the interests of shareholders are considered paramount to the decision-making process and strategic direction of the Group.

The Board actively seeks dialogue with its shareholders via investor roadshows, capital market days, one-to-one meetings and regular reporting. The Board believes that appropriate open communication with investors and the Company's analysts is the best way to ensure that shareholders understand the Group's business, strategy and performance and, in turn, what is expected of the Group to enable its business to be driven forward.

The COVID-19 pandemic prevented face-to-face communication with shareholders in 2020. This meant that all communication was necessarily held virtually and has continued to impact on communications in 2021. Whilst some face-to-face interaction took

place with investors in 2021, virtual presentations and investor meetings were also utilised, and will continue to be so for the foreseeable future alongside face-to-face meetings. This forum is an important tool in allowing the Company to be agile and flexible in communications with investors enabling greater investor interaction. In 2021, the Chief Executive Officer and Chief Financial Officer have held virtual meetings with those shareholders who hold the majority of institution-held shares.

The Company also held one Capital Markets Day in 2021 allowing shareholder to have a look and feel of the platform and also learn from Pharma executives how the DXRX platform benefits their business. The Chief Executive Officer and Chief Financial Officer regularly present at conferences attended by many potential and current retail investors and meet with specialist private customer fund managers. The Board is provided with feedback from all meetings and communications with shareholders.

The Company communicates with all shareholders through the Annual Report and financial statements, the announcement of its full-year and half-year results, the Annual General Meeting (AGM) and the release of news via the London Stock Exchange Regulatory News Service (RNS). The AGM in 2021 is proposed to be held in person, allowing all shareholders an opportunity to ask questions or represent their views formally to the Board during the AGM, or with directors after the meeting. The Company releases the voting results for the AGM and other General Meetings by RNS.

Corporate information, including Company announcements and presentations, are available to shareholders, investors and the public on the Group's website [www.diaceutics.com](http://www.diaceutics.com) The Company's contact details and email address for investor queries, and correspondence address are listed on the website and the website offers a facility to sign up for email alert notifications of the Company's news and regulatory announcements.

The Company has in place a process for answering communications made to the Board in a timely manner.



### Principle 3

#### Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group has strong regard for the importance of its shareholders, customers and suppliers, partners and laboratories, patients, the community and employees, many of whom are also shareholders.

#### Employees

The Group recognises that central to its success is the recruitment, retention, development and motivation of its workforce. The Group operates multiple human resources projects to recruit and retain talented individuals to support its strategic goals. These include a global healthcare and benefits programme, a multi-faceted recruitment process, a residential onboarding programme to integrate new employees, which since 2020 has been conducted virtually, and a robust Group-wide Performance Management Framework (PMF) linking each employee's daily activity to overall corporate goals. These initiatives are enhanced by bespoke developmental opportunities such as our internal mentoring programme and the City and Guilds accredited Diaceutics EFFECTive Leaders programme support and encourage employees in their personal and career development within the Group. This is in addition to overall training and development plans that promote and support personalised career development, leadership skills and learning.

In January 2022, the Company introduced the EXCO sponsorship scheme which provides the Group's account managers with individual EXCO support to help maximise the opportunities and success at the highest levels within the Group's customers. A further job shadowing/rotation initiative is also underway to provide employees with a broader experience of other roles within the Group.

In addition to this, the PMF process has been enhanced to include Succession Planning which is driven by the Individual Development Plan (IPD) element of the PMF discussions between the employee and line manager which will empower employees to take control of their professional development.

The Group strives to achieve a supportive and inclusive work environment which promotes well-being and welfare, equality, respect and human rights together with engagement with the Group's performance, its strategic directions and goals. The Group has several engagement initiatives to support its workforce including Town Hall presentations held

at least quarterly where employee feedback and interaction is encouraged, and updates from the executive directors and other key senior management.

The Chief Executive Officer regularly publishes podcasts and news articles aimed at keeping staff up to date with the direction of the Group. Employee engagement surveys are undertaken periodically, and actions taken to address key themes via sub-groups.

The Diaceutics' 'Employee Assistance Programme', launched in 2020 to foster employee wellbeing in the workplace continued to operate through 2021. This provides support for all employees in many areas including counselling, legal information and services, bereavement support and medical and health risk assessments. Line managers have also been given guidance on how to support staff wellbeing in the workplace via the Return to Office training and COVID-19 Toolkit for Managers which provide links to other external and internal sources.

In response to the COVID-19 pandemic, Diaceutics launched an online 'COVID-Toolkit' which included resources for line managers to assist staff to sustain remote working, home-schooling, virtual engagement and communication and the Diaceutics' 'Culture' programme provided a platform for employees to interact with colleagues.

Following the staged return to work, in the Belfast office, COVID-19 risk assessments are updated at least every three months, in co-ordination with the COVID-19 work group, which also assesses and monitors the ongoing impact of COVID-19 within the Group's wider geographic regions, developing, implementing, and revising procedures to ensure a safe working environment for all Group employees.

In April 2021, the Company launched a Share Incentive Plan (SIP) in which Group employees are entitled to participate. UK employees participate through an HMRC approved share matching scheme and non-UK employees through a share option structure. The SIP enables employees to purchase shares up to a value of £1,800 in the Company which are initially matched by the Company on a two for one basis for the first year, until April 2022 and thereafter on a one for one basis. As at 31 December 2021, 54 UK and 19 global employees had participated in the scheme representing 55% of total Group employees.

#### Customers and Suppliers

The Group's customer base consists of Pharma companies across several geographical markets including Europe, Asia, and the US who require our products to help with the planning, commercialising and implementation of Precision Medicine. We regularly liaise with our customers to ensure that

our products serve their purpose in informing and solving the problems of the end user. Building on the launch of the DXRX platform in October 2020 Diaceutics continued to transition its business model in 2021 and will continue this journey through 2023. This will be transformative for the Precision Medicine market and will provide our customers with access to real-time data, analytics and enhanced educational services and support which will further support our customers in achieving their end goal. Customer feedback is gathered across the Group and collated by project managers to ensure consideration of customers' expectations and project delivery to the highest quality.

Throughout the year, the Board was appraised of major contract negotiations and relations with key suppliers. Diaceutics aims to balance the requirement for strong business relationships with suppliers with the need to maintain value for money for our investors.

#### Partners and Laboratories

The Group has engaged with a range of partners and laboratories over several years and the DXRX platform has been purpose built to solve the real-world challenges faced by laboratories. It provides a secure online platform within which laboratories can enhance and promote their services, showcase their abilities, gain accreditation and access benchmarking and analytics and support services. Our Partners gain access to the laboratory, diagnostic and Pharmaceutical industry participants on a global level. Our partnerships are designed to foster business growth and strong, long lasting collaborations. We partner with organisations specialising in Precision Medicine diagnostics including areas such as test access and reimbursement, pathology training, health economics, reference standards and External Quality Assessment (EQA).

#### Patients

The Group's mantra is 'Better Testing, Better Treatment'. The Group has demonstrated its commitment to patients by establishing a formal 501(c)(6), non-profit organisation called the Precision Medicine Connective ('The Connective'). The Connective's mission is to increase awareness about testing so that every patient is empowered to make the best possible decisions in their treatment journey. It has partnered with international patient advocacy groups such as Inspire to Live, the European Cancer Patient Coalition (ECPC), Myeloma Patients Europe and Lungevity to disseminate valuable information about diagnostic testing to patients.

#### Communities and Charities

Diaceutics' goal, working alongside other healthcare stakeholders, is ultimately aimed at providing earlier and more accurate diagnosis for patients, accelerating patients' reach to precision medicines which, in turn, leads to better patient healthcare outcomes. This is manifested through faster testing, better turnaround times, quicker positive identification and a higher number of patients treated, benefitting individual patients and the patient community, as a whole. The DXRX Test Signal product introduced in 2021 exemplifies the direct link to patients and improved patient outcomes.

Diaceutics supported a colleague's running team in Spain which raised funds for cancer research. They took part in Trail Solidari Alcoi (Alicante, Spain), where the proceeds go to the Scholarship created by + QUEUNTRAIL and ASIECA (Spanish Association of Researchers in Cancer) for young Spanish researchers, who also hold an annual international Meeting of Young Researchers in Cancer of the Valencian Community. In 2021, £500 was raised by one executive for the Belfast based Children's Cancer Unit Charity. A Charity Working Group has been formed for 2022 with fortnightly meetings, with the aim of targeting local and global charities and providing a structured means for the Group of supporting the charitable causes most closely linked to the Company and its employees.

#### Regulators

Diaceutics produces many of its products using data obtained from various channels and is committed to the security, protection and lawful treatment of personal data. We acknowledge that protecting the confidentiality and integrity of personal data is a critical responsibility that we must always take seriously.

Diaceutics has a data protection regime in place, which ensures that all personnel are sufficiently trained to handle any personal data in accordance with internal policies and standard operating procedures. This regime continues to evolve to keep abreast of regulatory developments across the globe.

Diaceutics' Legal and Quality and Compliance departments play a key role in administering the data protection regime and ensuring Diaceutics' activities (including its data lake) are fully compliant with relevant regulatory requirements across the globe, including GDPR in the UK and HIPAA in the US.



**Principle 4**  
**Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable assurance with regard to the safeguarding of the Group's assets, operations, people and reputation. The Board is responsible for reviewing and approving overall Group strategy and determining the financial structure of the Group including treasury, tax and dividend policies.

There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and for forecasting expected performance over the financial year. These cover profits, cash flows, capital expenditure and the balance sheet.

The principal business and financial risks have been identified and control procedures implemented. These are monitored using a structured approach in the format of a consolidated risk register which is colour-coded to prioritise the most significant risks for ongoing EXCO and OPCO attention and mitigation. The risk management approach has been designed to identify the major risks identified within operational activity as well as Group-wide risks and those risks of a corporate nature covering strategy, markets and financial performance.

The Audit Committee of the Board ensures the maintenance of internal controls. It assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business and operational and financial controls, including the review of results of work performed by the Group controls department.

Further to the Board, the Company has an executive committee ('EXCO') comprising Peter Keeling, Ryan Keeling, Nick Roberts, Julie Browne (Chief Operating Officer), Susanne Munksted (Chief Precision Medicine Officer), Stefan McDonald (Chief Growth Officer) and Jordan Clark (Chief Commercial Officer). EXCO has a weekly operations call and monthly strategy call to review the financial position of Group and current risks, alongside future strategy for the business. A reporting pack is provided in advance of the meetings and is used to direct discussions on performance, position, cash flow and prospects of the business. An operations leadership team ('OPCO') comprising members of senior management, was implemented in 2020 to add an additional layer of control over the day-to-day business operations.

The Company employs a General Counsel to assist and advise on all legal aspects of the business, including leading the Legal and Quality and Compliance departments. The Legal department provides legal support, while its Quality and Compliance department promotes a risk and audit programme, aimed at protecting the interests of Diaceutics from a data protection compliance, contractual risk and intellectual property perspective. The department takes an active role in ensuring that compliance is at the core of all aspects of the business.

The effectiveness of the established framework of business and internal financial controls is regularly reviewed by the executive management, the Audit Committee and the Board. Previously this review identified that the Group would benefit from an internal audit process and during 2021 key areas of the business have been progressed through this process and recommendations reviewed by the board.

The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

**Principle 5**  
**Maintain the Board as a well-functioning, balanced team led by the Chair**

**Composition, Roles and Responsibilities**

The Board is responsible for the long-term success of the Company.

Deborah Davis was appointed Chair on 4 January 2021. Nick Roberts was appointed as Chief Financial Officer on 18 March 2022 in place of Philip White who resigned from the Board on that date.

The Board currently comprises the Chair, Deborah Davis, two non-executive directors, Charles Hindson and Mike Wort and three executive Directors, Peter Keeling (Chief Executive Officer), Ryan Keeling (Chief Innovation Officer) and Nick Roberts (Chief Financial Officer).

The Directors' biographies, together with their respective Board Committee memberships, are set out on pages 52–54.

The Chair is responsible, inter-alia, for the proper functioning of the Board and the Chief Executive Officer has executive responsibility for running the Group's business and the development and implementation of the Group's strategy. The Chief Innovation Officer is responsible for the development and commercialisation of the Group's technology, including DXRX and the Group's proprietary data lake. The Chief Financial Officer is responsible for all of the

Group's financial and risk management operations and developing the global financial architecture that underpins Group strategy.

The non-executive directors have a particular responsibility for bringing objective challenge, judgement and scrutiny to all matters of the Board. They critically challenge proposed strategies and current operational performance. The Board considers that the non-executive directors are independent.

The Board considers that it has an appropriate balance between independence, knowledge of the Company's technology, sector experience and professional standing to allow it to discharge its duties and responsibilities; pursue the Company's strategic goals and address anticipated issues in the foreseeable future. However, the composition of the Board remains constantly under review and consideration will be given to any potential additions to the Board, to further broaden the experience and effectiveness of the Board as the Group develops. At this stage in the Company's development the Board does not support the nomination of a senior non-executive director, but this will also remain under review.

**Board Operation**

There is a formal schedule of matters reserved for the Board, which may only be amended by the Board. These include approval of overall Group strategy, budgets, major contracts and investments, legal and regulatory compliance and key policy implementation, operational and management performance, risk and control processes, corporate and shareholder matters including corporate capital structure, annual reports and financial statements and dividends. The Board holds monthly meetings, which are supplemented by additional meetings where required for the proper management of the business. In addition, the Board holds at least one strategy meeting each year to formulate, evaluate and interrogate the Group's near and long-term strategy. For 2022 a programme is being developed to ensure that one board meeting in each quarter will be held face to face and be devoted to a more in-depth review of themes including people, safety and security, strategy updates, Board evaluation, marketing; and environmental, social and governance matters. The Directors are provided with regular and timely information regarding the Group's operational and financial performance with a monthly reporting pack being received, as a minimum.

Relevant information is circulated to the Directors in advance of meetings to allow adequate time for discussion or consideration.

The Board met 20 times during the financial year ended 31 December 2021.

The following table shows the Directors' attendance at Board and Committee meetings during the year ended 31 December 2021:

	<b>Board</b>	<b>Audit</b>	<b>Remuneration</b>	<b>Insider</b>
Deborah Davis (Appointed 4 January 2021)	20/20	3/3	2/2	–
Peter Keeling	20/20	–	–	–
Ryan Keeling	20/20	–	–	–
Philip White (Resigned 18 March 2022)	20/20	–	–	None
Charles Hindson	20/20	3/3	2/2	None
Mike Wort	19/20	3/3	–	None

Each of the executive directors are required to commit at least five days per week to their roles. The non-executive directors are required to provide such time as is required to fully and diligently perform their duties. All Board members are expected to attend all meetings of the Board and the committees on which they sit, wherever possible.

The directors of the Company (the 'Directors') are encouraged to debate and use independent judgement, based on their respective knowledge and experience, to challenge all matters affecting the business, whether strategic or operational.

The Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Group's expense.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

#### **Board Rotation**

The Company's Articles of Association (the 'Articles') require that one-third of the Directors must stand for re-election by shareholders annually in rotation and that any new directors appointed during the year must stand for re-election at the AGM immediately following their appointment. In accordance with the Articles, Nick Roberts will stand for re-election at the AGM to be held in 2022 and Charles Hindson will retire by rotation and stand for re-election at the AGM. Directors are required to seek re-election at least once every three years.

#### **Principle 6** Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The biographies of the Board are set out on pages 52–54. The Board retains a range of industry, technology and finance experience and there is a good balance of skills, independence, diversity and knowledge of both the Group and the arena in which it operates including Pharma, platform technology, innovation, marketing, finance and public markets. The non-executive directors have been appointed on merit and for their specific areas of expertise and knowledge. This enables them to bring independence of judgement on issues of strategy and performance and to debate matters constructively.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills, knowledge, experience and time committed to enable it to deliver the strategy of the Group, it is nevertheless mindful of the need to continually review the needs of the business to ensure that this remains true.

Directors receive regular and timely information on the Group's operational and financial performance with information being circulated to the directors in advance of meetings. The business reports monthly on its performance against its agreed budget.

Operational skills are maintained through an active day to day involvement with leading global experts from the laboratory, diagnostic and Pharma industries. Peter Keeling is a member of the COVID-19 Testing Industry Consortium group which is a group of 19 leading healthcare companies which aims to inform, improve, innovate and accelerate aspects of COVID-19 testing and highlight the wider effects of COVID-19.

The Group gains important insight and support through its DXRX Network Advisory Panel, an external advisory panel comprising a recruited group of scientific advisors, typically in the field of oncology and pathology who are key industry opinion leaders well recognised in their fields. They support the Company's collaborations with industry bodies, assist with abstract submissions for the likes of ASCO, and customer engagement. The panel meets monthly and is led by Ryan Keeling.

Board members may attend such courses or training, as they feel appropriate, to keep up to date. Involvement with a variety of other boards allows the members to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Group's advisors.

During 2021, external accounting advice was sought to support the setting of the Long Term Incentive Plan ('LTIP') target framework to support the vesting of the share options and the absolute shareholder return underpinning the performance of the share option.

All Directors may take independent professional advice in the furtherance of their duties, if necessary, at the Group's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

The Chair, together with the Company Secretary, ensure that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board.

#### **Principle 7** Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Since the Company's IPO in March 2019, the Board has sought to improve the ways in which it interacts and the manner in which information is presented to it. The processes that have been put in place allow for a consistent approach to reporting, thus aiding analysis by the Board of all matters at hand.

A formal Board effectiveness review was undertaken following the first year of establishment of the current board and was repeated in the year-ended 31 December 2021. This review was in the form of a structured questionnaire circulated to all directors, asking them to rate the Board's performance in several strategically important areas and provide a rationale for their view. Results and outcomes were analysed by the Company Secretary and reported to the Board. The Chair reported and discussed the key themes with the Board, with appropriate recommendations arising from this review being implemented by the Board. These include a plan for the consideration of key topics such as ESG, marketing, people, strategy, safety and security at quarterly face to face board meetings, the development of Committee reporting and a review of board training.

In addition to the formal appraisal process for Board members, the Chair and Chief Executive Officer regularly discuss the performance of the Board and the information provided by the executive team.

Diaceutics' succession planning module was developed to focus on the individual employee and their development, as well as the longer-term strategy of the Company. It uses a Performance Management Framework ('PMF') which allows us to nurture via a structured employee engagement a talent pool in a manner which is aligned with Diaceutics' immediate and future business strategy. The process is driven by creating an Individual Development Plan ('IDP') for each employee taking account of their future aspirations in collaboration with senior management thus identifying individuals who would like to progress within the Company. The PMF process has been enhanced to include succession planning which is driven by the IDP element of the PMF discussions between the employee and line manager which will empower employees to take control of their professional development. In addition, a job shadowing/rotation initiative is underway to provide employees with a broader experience of other roles within the Group. These initiatives operate for all employees apart from EXCO, where succession planning is managed by the Chief Executive Officer with the support of the Board.

#### **Principle 8** Promote a corporate culture that is based on ethical values and behaviours

The Board believes that an organisation is defined by its people. In 2018, the Group established a formal working group, known as 'The Culture Club' to formulate Diaceutics' values.

These values continue to provide the core structure of our culture and are based on the key values of Empowerment, Foresight, Fun, Entrepreneurship, Communication and Trust, together known as the Diaceutics EFFECT values. Diaceutics has a dedicated working group of 19 Culture Ambassadors, who ensure that the corporate culture which was embedded in its policy and processes remains at the forefront of leadership thinking within its principal executive and operating groups. These EFFECT values are core to both our recruitment and annual Performance Management Framework and are the cornerstone on which our mandatory onboarding programme is based.

A Code of Conduct for Employees, which will also include ethics and ethical behaviour, is currently being developed.

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies and procedures to support these standards. These include our Equality, Diversity and Inclusion policy, Anti-Bribery and Anti-Corruption Policy, Human Rights policy, Whistleblowing policy and Anti-Slavery and Human Trafficking Statement. Our critical vendor assessment policy for new core suppliers, includes a request for information as to their code of ethics thereby seeking to ensure alignment of their culture with our own and assessments of existing suppliers are carried out as part of the regular risk review process.

#### **Principle 9** Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Group's governance structures have been reviewed in the light of the QCA Code. The Board believes them to be in accordance with best practice as adapted to best comply with the Group's circumstances and stage of development.

The Board has overall responsibility for implementing the Group's strategy and promoting the long-term success of the Group. The executive directors have overall responsibility for managing the day-to-day operational, commercial and financial activities,

supported by EXCO. The non-executive Directors are responsible for bringing independent and objective judgement to Board decisions.

The Board seeks to meet regularly, but in any event to hold no fewer than 12 board meetings in each year, which are scheduled prior to the commencement of each financial year. These meetings are scheduled to coincide with the announcement of the Company's annual and half yearly results and throughout the remainder of the year at regular monthly intervals. Of these monthly meetings, those that are held each quarter are held face to face wherever practicable, which enhances communication between board members and facilitates more in-depth engagement on key areas. These scheduled board meetings are supplemented with additional meetings and informal discussions between members of the Board, the executive Directors and senior operational managers of the Company, in relation to strategic business development and other topics which are key to the Company's progress,

The Board is supported by the Audit Committee, Remuneration committee and Insider Committee, all of which have formally delegated duties and responsibilities and written terms of reference. The terms of reference of each committee are available from the Group's website at [www.diaceutics.com](http://www.diaceutics.com)

The Audit Committee is chaired by Charles Hindson and the other members of the Committee are Deborah Davis and Mike Wort. It meets at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.

The Committee's responsibilities are set out in its terms of reference and include amongst other things, reviewing the adequacy of the Group's accounting and operating controls, reviewing the proposed financial statements of the Group prior to publication and recommending the appointment of the auditor and review of the scope and results of its audit. It is also responsible for ensuring that an effective system of internal control is maintained.

The Remuneration Committee is chaired by Charles Hindson and the other members of the Committee are Deborah Davis and Mike Wort. It also meets at least twice a year at appropriate times in the accounting cycle and otherwise as required. The Committee's responsibilities include amongst other things, responsibility for determining the remuneration for the Group's executive directors and senior management and reviewing the design of share incentive plans and setting of performance related pay schemes and total annual performance related payments.

Operational inside or price sensitive information, relating for example to a significant contract, is typically identified initially by EXCO (all members of whom are listed on the Company's Insider List). There is an internal procedure for the assessment and announcement of such information, in discussion with the Company's advisors, where necessary, and the Board is included on all such announcements. Other, one off or non-operational price sensitive events, would be considered by the Insider Committee, which comprises Nick Roberts, Charles Hindson and Mike Wort and meets on an ad hoc basis as required. It is responsible for assisting and informing the decisions of the Board concerning the identification of non-operational inside information and/or price sensitive information, and to make recommendations about how and when the Company should disclose that information in accordance with the Company's disclosure manual, the Disclosure Guidance and Transparency Rules, the AIM Rules and the Market Abuse Regulations ('MAR').

In 2021, the Board formed a subcommittee to appoint a new CFO, with its members being the Chief Executive Officer, Peter Keeling and the two Non-Executive Directors, Charles Hindson and Mike Wort. The subcommittee appointed an experienced recruitment adviser and ran a selection process resulting in the appointment of the new CFO being announced on 11 January 2022

The Board and its committees are provided with information ahead of meetings to give time for review and analysis. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable each committee to discharge its duties. For each Board meeting an agenda is prepared and approved by the Chair and followed. Conflict of interest is an agenda item at every meeting of the Board and Related Party transactions is a standard agenda item at each monthly or other scheduled meeting.

The Board is confident that its governance structures and processes are consistent with its current size and complexity of the business. The appropriateness of the Group's governance structures will be reviewed annually to take account of further developments of accepted best practice and the development of the Company.

#### Principle 10

**Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company communicates with shareholders through the Annual Report and financial statements, the announcement of its full-year and half-year results, the AGM and the release of news via RNS channels and by regular one-to-one meetings with large existing or potential new shareholders and by open events with private shareholders.

The Group encourages two-way communication with both its institutional and private investors and responds promptly to all queries received. The Chief Executive Officer talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. Investor roadshows are held following the release of half and full-year results; and the Chief Executive Officer and Chief Finance Officer attend several investor and sector specific conferences which give smaller investors the opportunity to speak with the executive.

The Group's workforce is regularly updated as appropriate, with the development of the Group and its performance. A group information platform entitled DXHub contains Company communications including Town Hall recordings, Employee spotlights, DXRX updates, health and wellness information, press releases and news, culture initiatives and best practice and resource information together with links to all of our internal systems and training and performance management platforms.

An all-company Town Hall webinar is held quarterly during the year (sometimes more often) updating staff and consultants on past performance and future plans for the Group along with employee related matters.

The Company aims to hold an annual four-day All Company Meeting (ACM), to which all employees are invited in order to communicate, disseminate and discuss the Group's plans and goals. This aims to engage and align the entire workforce with the culture and strategic goals of the Group in an environment which is effective and conducive to their attainment.

Corporate information, including Group announcements, financial reports and presentations, are also available to shareholders, investors and the public on the Group's corporate website [www.diaceutics.com](http://www.diaceutics.com)

**The Company communicates with shareholders through the Annual Report and financial statements, the announcement of its full-year and half-year results, the AGM and the release of news via RNS channels and by regular one-to-one meetings with large existing or potential new shareholders and by open events with private shareholders.**



# Section 172 Statement

# Section 172 Statement

The directors of the Company (the 'Directors') are aware of their duty under section 172(1) of the Companies Act 2006, to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

Throughout the year, the Directors have recognised their duty to promote the success of the Company and their responsibilities outlined above (the 'Section 172 Considerations') and have had regard to these in their decision making, whilst also considering the impact of decisions on the Company's wider stakeholders.

The Directors believe that the following groups are the Company's stakeholders and have set out below the key decisions made and Company engagements undertaken during the year with full consideration of the Company's stakeholders and the Section 172 Considerations, all of which have long term implications for the ultimate success of the Company.



Stakeholder and Section 172 Considerations	Who Engaged	How We Engaged	Outcomes
Employees	Board/EXCO	<p>The Group has several engagement initiatives to communicate and support its workforce, including Town Hall presentations held at least quarterly, where employee feedback and interaction is encouraged. Regular updates and training sessions on various aspects of the business are provided by the executive directors and other key senior management.</p> <p>Optional 'Flex days' were introduced in 2021 to allow those employees who have completed their two weeks' contracted hours in the prior nine days, to take the first and third Fridays off work.</p> <p>During the year we implemented the Diaceutics share incentive plan allowing employees who participate and buy shares to have those shares matched by the Company, subject to limits. As at the year end, 54 UK and 19 global employees participated in the scheme which represents 55% of total Group employees.</p> <p>The Diaceutics' 'Employee Assistance Programme', launched in 2020 to foster employee wellbeing and work-life synergy and promoting flexibility within the workplace, has continued to operate through 2021. This provides support for all employees in many areas including counselling, legal information and services, bereavement support and medical and health risk assessments. Line managers have also been given guidance on how to support staff wellbeing in the workplace via the Return to Office training and COVID-19 Toolkit for Managers, which provide links to other external and internal sources.</p> <p>In the Belfast office, COVID-19 risk assessments are updated at least every three months, in co-ordination with the COVID-19 work group, which also assesses and monitors the ongoing impact of the COVID-19 pandemic within the Group's wider geographic regions, developing, implementing, and revising procedures to ensure a safe working environment for all our employees.</p>	<p>This enabled us to communicate regularly with employees on relevant updates pertaining to operational and strategic initiatives.</p> <p>Flex days allow employees the option of using this day to enhance their own work-life synergy to suit their individual needs.</p> <p>The share incentive plan allows employees to own shares and benefit from the Company matching the shares and upside potential in the movement in the share price over time.</p> <p>These programmes ensure that the Group provides support for the health, and wellbeing of our employees in these important areas.</p> <p>Whilst working from home continues post COVID-19 for the majority of our work force and flexibility is encouraged, the support and safety for our employees returning to work is vital and this allows us to monitor and maintain the appropriate safeguards.</p>



<b>Stakeholder and Section 172 Considerations</b>			
<b>Stakeholder and Section 172 Considerations</b>	<b>Who Engaged</b>	<b>How We Engaged</b>	<b>Outcomes</b>
Customers, Suppliers and Reputation	EXCO/Business Development, Sales and Procurement Teams	<p>We have continuous touchpoints with our customers and suppliers to ensure that our products serve their purpose in informing and solving the problems of the end user. Through 2021, we have maintained regular communication with our customers and suppliers, albeit mostly virtually due to the continued COVID-19 restrictions, through quarterly business reviews, online meetings and attendance at online conferences.</p> <p>We have continued to engage our customers and suppliers virtually to promote our DXRX Platform by delivering demos and facilitating Q&amp;A sessions.</p>	<p>We continue to adapt to ensure that we are working with our customers and suppliers to provide products to best solve their problems.</p> <p>Feedback allows us to refine our products and practices and to enhance customer satisfaction always seeking to provide the best service for our customers.</p>
Partners and Laboratories	EXCO/Global Laboratories and Innovations Teams	On the launch of DXRX in 2020, we engaged with a number of our existing partners and laboratories to enrol them onto the platform. We created a demonstration plan and dedicated our DXRX relationship team to deliver demonstrations to those partners and laboratories.	By 31 December 2021, we had enrolled 546 of our partners and laboratories on the DXRX platform. Increasing our partnerships in 2021 supported and enhanced our current and future product offering.
Patients and the Community	EXCO	<p>We undertook several initiatives to enhance our ethos of support for patients and the community, these included:</p> <ul style="list-style-type: none"> <li>• Application for access to CMS data with the scope to increase the understanding of government of the impact on patient cancer diagnosis as a result of the COVID-19 pandemic;</li> <li>• In 2021, sponsorship support was provided for the Children's Cancer Unit in Belfast as part of a community programme;</li> <li>• We supported a colleague's running team in Spain which raised funds for cancer research. They took part in Trail Solidari Alcoi (Alicante, Spain), where the proceeds go to the Scholarship created by + QUEUNTRAIL and ASIECA (Spanish Association of Researchers in Cancer) for young Spanish researchers, who also hold an annual international Meeting of Young Researchers in Cancer of the Valencian Community; and</li> <li>• In 2021, we developed a Training Academy for student placements and graduates and are continuing to grow this by developing new, and building upon existing relationships with, local universities. As part of this initiative, five students from Queen's University, Belfast participated in a 12-week student placement programme in Q4 2021, with three currently participating in a year long placement under our Training Academy for Student Placements and Graduates.</li> </ul>	<p>Engaging in activities which support patients and community are consistent with our strategic purpose. Engaging in these activities helps to promote an awareness of these initiatives to the benefit of the patients and community as well as Diaceutics.</p>

<b>Stakeholder and Section 172 Considerations</b>			
<b>Stakeholder and Section 172 Considerations</b>	<b>Who Engaged</b>	<b>How We Engaged</b>	<b>Outcomes</b>
Regulators and Reputation	EXCO/Legal/Quality & Compliance	In 2021, a new department for Quality & Compliance was created. The Group's Compliance Officer leads this department (in consultation with the General Counsel) and continues to make improvements to further strengthen Diaceutics' policies and procedures, in particular in relation to the Group's data collection activities globally and due diligence on data vendors. In addition, the Quality & Compliance department is in the process of implementing a new Quality Management System (QMS). This will further improve the Group's document management, vendor assessment and risk Assessment, and implement a formal Corrective And Preventive Action (CAPA) process on customer feedback and complaints and plan an internal audit process.	We continue to review and improve our policies and procedures to ensure that we are striving for best-in-class.
Investors/Shareholders	CEO/CFO/Board	<p>During the year, the CEO and the CFO regularly held one-to-one meetings, calls and roadshows with institutional investors. During 2021 we have engaged investors on a range of topics including:</p> <ul style="list-style-type: none"> <li>• COVID-19</li> <li>• Precision Medicines tipping point</li> <li>• The power of real-world healthcare data and DXRX platform by hosting a capital markets day allowing investors to see the DXRX platform in action and hear from a leading Pharma customer on how Diaceutics enables the commercialisation of PM drugs</li> <li>• Company performance (operational and financial)</li> <li>• Social and Governance matters</li> </ul> <p>In addition, the Board received and responded to investors Q&amp;As via a number of channels. Corporate broker communication was maintained and the CEO and CFO had regular interaction with the Company's corporate analyst and brokers.</p> <p>In 2021 Capital Access Group ('CAG') were also engaged to provide and encourage access to a broader range of investors, with roadshows facilitated by CAG held in 2021 and Q1 2022.</p>	Formal and informal feedback was received from investors and is welcomed by the Board in order to support future decision making for the benefit of all members.



**Mr Peter Keeling**  
**Director**  
 22 March 2022

# Remuneration Committee Report

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year-ended 31 December 2021.

## Remuneration Committee

During the year-ended 31 December 2021, the Committee consisted of three Non-Executive Directors: myself (as Chairman), Deborah Davis (who was appointed as Non-Executive Chair on 4 January 2021) and Mike Wort. The Remuneration Committee met two times during the year-ended 31 December 2021.

## Role of the Remuneration Committee

The Remuneration Committee has responsibility for determining and agreeing with the Board the Company's broad remuneration policy, for the Chair and the executive directors, including pension rights and compensation payments, together with recommending the level and structure of remuneration for senior management. The Remuneration Committee also has responsibility for determining (within the terms of the agreed policy) the total individual remuneration package of the Chair, the executive directors, the Company Secretary, and senior executives including bonuses, incentive payments, and share options. The Committee is responsible for the design, setting of targets and approval of total annual payments under the Company's performance related pay schemes together with the design of all share incentive plans and annual awards thereunder. In performing its duties, the Remuneration Committee takes consideration of the pay and employment conditions across the Group, in determining salary increases. The Board is responsible for the remuneration of the Non-Executive Directors.

## Policy on Executive Directors and Senior Management Remuneration

Diaceutics prioritises recruiting and retaining highly skilled and experienced staff to support the success of the Group. The remuneration policy seeks to deliver a fair and balanced remuneration package for each of the Executive Directors and Senior

Management team, reflecting experience and role. The remuneration policy takes into consideration the Group's appetite for risk and is aligned to the long-term strategic goals of the Group. In remunerating the Executive Directors and Senior Management, a proportion of the remuneration is structured to link rewards to corporate and individual performance to drive long-term success for the Group.

## Basic Salary

The basic salaries of the Executive Directors are reflective of competitive rates, taking into consideration the level of experience and skills which the individual has relevant to the sector and the level of compensation within comparable AIM Companies. All Executive Directors' salaries are determined on appointment, as part of the individual remuneration package (within the terms of the agreed policy) and are reviewed annually by the Committee. Executive Director pay rises are considered annually, in line with employees. Changes in basic salaries are considered in the light of changes in responsibilities, roles, and external changes such as inflation.

## Pension

All employees in the UK and Ireland can participate in the Group pension scheme within which the employer makes pension contributions of between 2% and 5% for employees. Enhanced rates can be agreed for particular members of senior management on an individual basis.

The pension arrangements in place during the financial year for the Executive Directors are that the Company contributed 10% of salary for Peter Keeling, 5% of salary for Phillip White and 5% for Ryan Keeling. These arrangements were reviewed in 2019 and were considered within the range of the Company's pension contribution for other staff, reflecting the individual Directors' salary levels. The pension arrangements for Nick Roberts (who was appointed on 18 March 2022) are that the Company contributes 4% of salary.

## Private Healthcare

All employees including the Executive Directors are offered private healthcare, apart from employees in Japan and China where this cannot be facilitated.

## Bonus and Equity

All Executive Directors and Senior and Middle Management are eligible for discretionary annual bonuses. Annual cash bonuses are paid upon the achievement of pre-set strategic objectives which relate to Group performance targets. The Committee, in conjunction with the Board, reviews these targets and sets the objectives at the commencement of each financial year.

In addition to cash bonuses, equity-based awards are made to Executive Directors and Senior and Middle Management. This scheme is intended to provide a long-term incentive plan for eligible employees. The first grant was made in June 2020, in the form of market value share option awards, with the second grant in April 2021 in the form of a performance share options with performance criteria based on absolute shareholder return. The third grant is expected to be made in April 2022 with a further grant of performance-based share options conditional on absolute shareholder return.

## Activity During the Year

### Share Incentive Plan

On 1 April 2021, the Company launched a Share Incentive Plan (SIP) in which all Group employees (apart from those in China) are entitled to participate, which was originally supported and recommended by the Remuneration Committee in the year to 31 December 2020. UK employees participate through an HMRC approved share matching scheme and non-UK employees through a share option structure. The SIP enables employees to purchase shares up to a value of £1,800 in the Company which are initially matched by the Company on a two for one basis for the first year, until 31 March 2022 and thereafter on a one for one basis.

### Sales Commission Incentive Plan

In the year to 31 December 2021, the Remuneration Committee reviewed the Sales Commission Incentive Plan for all sales employees, which had been introduced on 1 January 2021. The commission structure is designed to incentivise sales staff to focus on customer relationships and to support the organisation's targets for sales growth and reducing revenue seasonality, with a commission received based on achievement of their individual sales targets. The revised Sales Commission Incentive Plan commenced on 1 January 2022.

## Directors' Remuneration

The remuneration of the board of directors of Diaceutics PLC for the year-ended 31 December 2021 is set out below

	Basic Salary £	Bonus £	Taxable Benefits £	Pension £	2021 £	2020 £
<b>Executive</b>						
Peter Keeling	251,685	–	660	24,000	276,345	273,303
Ryan Keeling	219,555	–	–	10,978	230,533	225,317
Philip White	219,555	–	639	10,978	231,172	223,123
	<b>690,795</b>	<b>–</b>	<b>1,299</b>	<b>45,956</b>	<b>738,050</b>	<b>721,743</b>
<b>Non-Executive</b>						
Deborah Davis	69,551	–	–	–	69,551	–
Mike Wort	30,000	–	–	–	30,000	30,000
Charles Hindson	35,000	–	–	–	35,000	35,000
Julie Goonewardene (Resigned 31 December 2020)	–	–	–	–	–	55,000
	<b>134,551</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>134,551</b>	<b>120,000</b>
<b>Total</b>	<b>825,346</b>	<b>–</b>	<b>1,299</b>	<b>45,956</b>	<b>872,601</b>	<b>841,743</b>

Taxable benefits consist of reimbursed home internet costs during the period.

Remuneration is fixed except for bonus of £nil (2020: £nil).

Deborah Davis's remuneration reflects all payments made since her appointment on 4 January 2021 until the year ended 31 December 2021. Philip White resigned from the board of directors on 18 March 2022.

## Director Pension Contribution

During the year the committee carried out a review of Executive Director pension contributions and sought advice from Deloitte in relation to benchmarking and market trends. As a result, the CEO pension contribution reduced from 10% of salary to 5% of salary, in line with the other Executive Directors pension contribution. A salary uplift was effected to offset the reduction in pension contribution such that the net impact of the change in CEO package was zero.

## Directors' interests in share options for the year-ended 31 December 2021

As at 31 December 2021, the following directors held the following share awards over ordinary shares of £0.002 per share under the Company's long-term incentive plan (LTIP) award scheme. For details of the share option schemes see Note 9.

	Type of Award	Award Date	Number of Shares at 31 December 2021	Exercise Price £	Vesting Date	Number of Shares at 31 December 2020
<b>Executive</b>						
Peter Keeling	LTIP	17 April 2020	180,000	1.265	17 April 2023	180,000
	LTIP	1 April 2021	73,542	0.002	1 April 2024	–
Ryan Keeling	LTIP	17 April 2020	180,000	1.265	17 April 2023	180,000
	LTIP	1 April 2021	64,154	0.002	1 April 2024	–
Philip White	LTIP	17 April 2020	180,000	1.265	17 April 2023	180,000
	LTIP	1 April 2021	64,154	0.002	1 April 2024	–
<b>Non-Executive</b>						
Deborah Davis	–	–	–	–	–	–
Mike Wort	–	–	–	–	–	–
Charles Hindson	–	–	–	–	–	–

Additional information with respect to the share options is disclosed in note 9 share based payments.



## Directors' interests in shares for the year-ended 31 December 2021

The Directors who held office at 31 December 2021 had the following interests in the ordinary shares of £0.002 in the capital of the Company

	Number of Share Options held at 31 December 2021	Number of Ordinary Shares held at 31 December 2021	Ordinary Shares as a % of Issued Share Capital	Number of Ordinary Shares held at 31 December 2020
<b>Executive</b>				
Peter Keeling	253,542	17,252,049*	20.52%	17,502,049
Ryan Keeling	244,154	2,990,643**	3.56%	2,890,643
Philip White	244,154	1,606,389***	1.91%	3,026,330
<b>Non-Executive</b>				
Deborah Davis	–	44,800	0.05%	–
Charles Hindson	–	43,500	0.05%	43,500
Mike Wort	–	144,737	0.17%	144,737
<b>Total</b>	<b>741,850</b>	<b>22,082,118</b>	<b>26.27%</b>	<b>23,607,259</b>

\*includes 8,587,975 shares held by Delia Keeling, Peter's wife

\*\*includes 100,000 shares held by Robyn Keeling, Ryan's wife

\*\*\*includes 504,900 shares held by the Philip White Tyres Pension Trust 81810

There were no changes in the shareholdings of the directors between 31 December 2021 and the date of this report.

## Service Contracts and Non-Executive Directors' Letters of Appointment

The executive directors have rolling contracts that are terminable on 12 months' notice. The Chair and each of the Non-Executive Directors have entered into a letter of appointment which is terminable on three months' notice.

## Committee Evaluation

The Committee underwent a formal performance evaluation as part of the Board's effectiveness review, which identified one suggestion for more reporting to directors not involved in the Committee.

## Shareholder Approval of the Directors' Remuneration Report

Shareholders are asked to approve this directors' Remuneration Report (excluding the directors' Remuneration Policy) for the year-ended 31 December 2021 at the forthcoming Annual General Meeting. This resolution is advisory in nature.



**Mr Charles Hindson**  
Remuneration Committee Chairman  
22 March 2022



# Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee Report for the year-ended 31 December 2021.

## Audit Committee

During the year, the Committee consisted of three Non-Executive Directors: me (as Chairman), Deborah Davis and Mike Wort. Deborah Davis was appointed as Non-Executive Chair on 4 January 2021 and joined the Committee in place of Julie Goonewardene with effect from that date.

The Audit Committee is convened as required and met three times during the year (March and September 2021) to discharge its responsibilities inter alia in connection with the Group's Financial Statements for the year-ended 31 December 2021 and the Interim Financial Statements for the six months ended 30 June 2021 and, in August 2021, to consider the Company's EIS/VCT investment status.

I held two further planning meetings which took place with the external auditors in preparation for the interim and final results.

## Role of the Audit Committee

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim financial statements and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, reviewing findings of an audit with the auditors, meeting regularly with the auditors and advising on the appointment of external auditors.

The Chief Financial Officer, the senior director of Finance and the external auditors normally attend Committee meetings. The Committee met with the external auditors without management present during the year. The board is satisfied that I, as the Chairman of the Committee, have recent and relevant financial experience, being a Chartered Accountant with prior

executive director experience over 17 years with two FTSE listed international technology companies, as chief executive officer and chief financial officer.

Whilst the Board as a whole has a duty to act in the best interests of the Company, the Committee has a particular role, acting independently of management, to ensure that the interests of shareholders are properly protected in relation to financial reporting and the effectiveness of the Group's systems of financial internal controls.

The key responsibilities of the Committee are to:

- Monitor the integrity of the Group's financial statements and other statements and announcements relating to its financial performance, reviewing and challenging the methodology and assumptions used where necessary
- Consider the Group's accounting policies and practices along with its application of accounting standards and significant judgements
- Review the effectiveness of the Group's system of internal controls, including financial reporting and controls and risk management systems
- Review the adequacy and security of the Group's procedures and controls for whistleblowing; the detection of fraud and the prevention of bribery
- Consider and make recommendations to the board on the appointment, reappointment, removal or resignation and remuneration of the external auditors
- Oversee the relationship with the Group's external auditors including consideration of the objectivity and independence of the external audit process. The full terms of reference for the Committee can be found on the Company's website at [www.diaceutics.com](http://www.diaceutics.com)

## External Auditors

PricewaterhouseCoopers LLP was appointed by the board as the Company's external auditor on 19 May 2021 for the 2021 reporting year and it is their intention to put themselves forward at the AGM to stand as auditors for the next financial year. There are no contractual obligations that restrict the Committee's choice of external auditors.

The Group paid £136k to PwC for audit services in 2021, relating to the statutory audit of the Group and Company financial statements, the audit of Group subsidiaries. In addition, the Group paid PwC £9k in relation to other non-audit services.

## Committee Performance and Effectiveness

During the year, the Committee:

- Reviewed the EIS/VCT investment status of the Company, supported by external advice from Philip Hare & Associates
- Provided support for the preparation of the trading update made in September 2021
- Reviewed the status of the systems of internal control and establishing an Internal Audit programme for the current year.
- Reviewed the Annual Report and Accounts
- Liaised with the external auditors, including on their reappointment, and considered their non-audit work

The Committee underwent a formal performance evaluation as part of the Board's effectiveness review, which confirmed the committee was discharging its responsibilities and supported the anticipated further development of internal audit activities and identified one suggestion for more reporting to directors not involved in the Committee.

This Audit Committee Report was reviewed and approved by the board on 18 March 2022.



**Mr Charles Hindson**  
**Audit Committee Chairman**  
22 March 2022

**The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and reviewed.**

# Directors' Report

The Directors present their annual report and the audited Group financial statements for the year-ended 31 December 2021. These will be laid before the shareholders of the Company at the next Annual General Meeting (AGM).

Diaceutics PLC is incorporated in Northern Ireland, registration number NI055207, and its registered office is First Floor, Building Two, Dataworks at Kings Hall Health and Wellbeing Park, Belfast, County Antrim BT9 6GW. The Company is listed on the Alternative Investment Market of the London Stock Exchange (AIM: DXRX).

## Principal Activity

The principal activity of the Group during the year continued to be data, data analytics and implementation services. The Group has established a core suite of products and outsourced advisory services which help its Pharma customers to optimise and deliver their marketing and implementation strategies for companion diagnostics. Their mission is to design, create and implement innovative solutions that enhance speed to market and increase the effectiveness of all the stakeholders in the Precision Medicine industry. The Group engage in research and development activities in the area of drug development science, testing data and software platform development.

## Results and Dividends

The profit for the year, after taxation, amounted to £0.6m (2020: £0.3m).

No dividends were paid during the year. The Directors do not recommend the payment of a dividend.

## Going Concern

The financial statements have been prepared on the going concern basis which assumes that the Group will be able to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due. In preparing the financial statements, the directors have taken into account the Group's future trading and cash flows and believe that it is appropriate to prepare the financial statements on the going concern basis.

The financial performance and balance sheet position at 31 December 2021 along with a range of scenario plans to 31 December 2023 has been considered, applying different sensitivities to revenue. Across these scenarios, including at the lower end of the range, there remains significant headroom in the minimum cash balance over the period to 31 December 2023 and therefore the Directors have satisfied themselves that the Group has adequate funds in place to continue in operational existence for the foreseeable future.

## Research & Development and Future Developments

Management intends to further develop the DXRX platform to meet future market demand as outlined in the Market Opportunity section of this report (pages 28–33).

## Outlook and Financial Risk

Details of the Company outlook are disclosed in the Chief Executive Review section on pages 12–19, and financial risks are outlined within principal risks and uncertainties on page 41.

## Directors

The Directors who served during the year, and up to the date the financial statements were signed, were:

- Ms D Davis (appointed 4 January 2021)
- Mr P Keeling
- Mr R Keeling
- Mr P White (resigned on 18th March 2022)
- Mr C Hindson
- Mr M Wort
- Mr N Roberts (appointed on 18 March 2022)

## Directors' Interests and Indemnity Arrangements

The Directors' interests in the shares of the Company are disclosed in the Remuneration Report on pages 70–75.

The Directors and officers of the Group have the benefit of a Directors' and Officers' liability insurance.

No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business except in respect of service agreements and share options and as disclosed in the Directors' Remuneration Report.

## Share Capital

Details of the Company's issued share capital are shown in Note 25 to the consolidated financial statements.

The share capital of the Company comprises one class of ordinary shares and these are listed on AIM. At 31 December 2021 there were in issue 84,068,923 fully paid ordinary shares. All shares are freely transferable and rank pari passu for voting and dividend rights.

## Substantial Shareholdings

At 31 December 2021, shareholders holding more than 3% of the share capital in Diaceutics PLC were:

	Ordinary Shares	Percentage of that Class
Peter Keeling*	17,252,049	20.52%
Gresham House Asset Management Limited	9,443,000	11.23%
Canaccord Genuity Group Inc	7,808,750	9.29%
Berenberg Bank	5,069,500	6.03%
Danske Bank AS	4,738,796	5.64%
Elizabeth Considine	3,112,169	3.70%
Herald Investment Management	3,011,000	3.58%
Ryan Keeling**	2,990,643	3.56%

\* Includes 8,587,975 shares held by Delia Keeling, Peter's wife

\*\* includes 100,000 shares held by Robyn Keeling, Ryan's wife

Save as referred to above, the Directors are not aware of any persons as at 31 December 2021 who were interested in 3% or more of the voting rights of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.



# Statement of Directors' Responsibilities in Relation to the Financial Statements

## Political Donations

The Group has not made any political donations during the year (2020: £Nil).

## Financial Instruments

Information on the Groups' financial instruments, together with the Groups' assessment on financial risk is disclosed in Note 24 and is included in this report by cross reference.

## Corporate Governance

The Board has responsibility for ensuring that appropriate corporate governance principles are in place and that these requirements are followed and applied across the Group. Details of the Groups' adherence to these principles are disclosed on pages 55–65 and are included in this report by cross reference.

## Disclosure of Information to Auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- The Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

## Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**Mr Peter Keeling**  
Director  
22 March 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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



**Mr Peter Keeling**  
Director  
22 March 2022

# Group Financial Statements

# Independent Auditors' Report to the Members of Diaceutics PLC

## Report on the Audit of the Financial Statements

### Opinion

In our opinion:

- Diaceutics PLC's group financial statements and company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Group and Company Statements of Financial Position as at 31 December 2021; the Group Profit and Loss Account and Group Statement of Comprehensive Income, the Group Statement of Cash Flows and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our Audit Approach

#### Overview

#### Audit Scope

- We focused our work over the Group's reporting packs for the key trading entities
- We performed procedures over all Group companies, including Diaceutics Plc (the parent company of the Group), and the consolidation adjustments
- The components where we performed our audit work, together with procedures over the consolidation adjustments, accounted for 100% of Group revenue and 99% of Profit before tax.

### Key Audit Matters

- Accounting for capitalised development costs (group and parent)
- Recoverability of intangible assets (group and parent)
- Accounting for revenue recognition including accrued and deferred income (group and parent)
- Impact of COVID-19 (group and parent)

### Materiality

- Overall group materiality: £43,337 (2020: £53,655) based on 5% of average profit before tax and exceptional costs for the past 3 years.
- Overall company materiality: £39,003 (2020: £48,289) based on 5% of average profit before tax and exceptional costs for the past 3 years.
- Performance materiality: £32,503 (2020: £40,241) (group) and £29,252 (2020: £36,217) (company).

### The Scope of our Audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.



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**Key Audit Matter****Accounting for capitalised development costs (group and parent)**

The Group and the Company capitalises costs associated with the development of the DXRX platform, which has been developed internally. The costs associated with the time spent on this development project are capitalised onto the balance sheet at the year end and represent the hours spent on this project by the dedicated team who work on the data collection or the development of the software platform.

**How our Audit Addressed the Key Audit Matter****To test the capitalised development costs:**

- We obtained the workings for the capitalisation of the internal labour costs and tested the inputs to this schedule and tested the mathematical accuracy of the workings;
- We agreed a sample of employees' base salaries to the payroll records;
- We reperformed the calculation for the estimate of the cost of employers tax and benefits that are capitalised;
- We agreed a sample of the individuals hours charged to the timesheets for those individuals;
- We obtained independent confirmations from a sample of employees on the time charged to the project as detailed in the schedule provided to us;
- We held a number of discussions with non-finance related employees and project managers who work on the project to corroborate the status of the project outside the finance function; and
- We have also assessed management's assessment of the economic benefits and ensured the capitalised costs met the criteria of IAS 38.

Based on the audit procedures performed, we noted no material issues arising from our audit work.

**Recoverability of intangible assets (group and parent)**

The Group and Company have intangible assets held at a NBV of £12.8m (2020: £9.4m) and £8.9m (2020: £6.2m) respectively at the year end. The carrying value of intangible assets are dependent on estimates of future cash flows of the Group and there is a risk that if management does not achieve these cash flow estimates it could give rise to an impairment charge. This risk increases in periods when the Group's trading performance and projections do not meet expectations. Given that these assets are amortised, management is required to undertake impairment trigger assessments at least annually or when triggering events occur. As a result of COVID-19, management has undertaken a formal impairment review. The impairment review performed by management include a number of significant judgements and estimates and changes in these assumptions can result in an impairment charge or a material difference in available headroom.

**To test the recoverability of the intangible assets:**

- We obtained the discounted cash flow model and tested the mathematical accuracy of the model;
- We tested and challenged the various assumptions and inputs to the model such as revenue growth rates by comparing this to historic growth rates and assessing if it reflected the impact of COVID-19;
- We obtained a listing of current projects in place and also pipeline projects to verify the revenue projections;
- We obtained the CAPEX budget approved by the board and assessed whether it was aligned to what was shown in the model;
- We obtained the detailed workings on the discount rate and confirmed the mathematical accuracy;
- We verified the discount rate detailed workings to relevant sources and performed an independent recalculation of it;
- We performed our own independent sensitivity analyses on the model including sensitising the revenue growth rate, discount rate and assessing what would be the relative breakeven point in the model; and
- We held a number of discussions with management, we challenged assumptions in the model and we carried out a walkthrough of the DxRx platform.

Based on the audit procedures performed, we noted no material issues arising from our audit work.

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**Key Audit Matter****Accounting for revenue recognition including accrued and deferred income (group and parent)**

The Group and the Company recognises project revenue over time, based on the stage at which a particular project is in terms of completion. This is measured by comparing the actual hours to budget on any given project. The Project Manager is responsible for updating the budget based on actual hours charged and comparing this to estimated cost to completion.

**How our Audit Addressed the Key Audit Matter****To test the revenue recognition:**

- We updated our understanding around revenue streams and respective recognition policies across the group, specifically for those that were live around the year end;
- Our approach to testing revenue recognition involved identifying the substance of the contracts, identifying the performance obligations included, determining the transaction price of the contract and subsequently identifying the allocation of the transactional price against the performance obligation milestones;
- We obtained evidence of final deliverables provided to the customer for projects that were completed during the year;
- We obtained budgets for a sample of projects ongoing at year end and assessed the reasonableness of the percentage of completion calculation at the year end based on forecast hours to actual hours recorded on timesheets;
- We reviewed completed contracts post year end to confirm that they were delivered within the budgeted hours;
- We held discussions with project managers to ensure that the percentage of completion at the year end based on hours charged to date was a fair representation of the stage of the project;
- We performed look back procedures on open projects at the previous year end to assess if the budgeting of project hours in FY20 when compared to actual hours was reasonable and whether or not we could rely on management's ability to budget in FY21; and
- We traced any adjustments to deferred and accrued revenue to the financial statements, to ensure that this accurately reflected the timing difference.

Based on the audit procedures performed, we noted no material issues arising from our audit work.

**Impact of COVID-19 (group and parent)**

The ongoing COVID-19 pandemic is having a significant impact on both the UK economy and the global economy in which the Group and Company operates. There is significant uncertainty as to the duration of the pandemic and what its lasting impact will be on the global economy. The Directors have considered the impact to the Group and Company of the ongoing COVID-19 pandemic across the business. As a diagnostic commercialisation business for precision testing to the global healthcare market, the results for the year ended 31 December 2021 reflected the impact of COVID-19. In relation to the going concern assessment, the Directors have prepared cash flow forecasts with a range of scenarios to 31 December 2023 considered and different sensitivities applied to revenue. These forecasts reflect the expected future impact of the COVID-19 pandemic on the Group and Company. These forecasts indicate that the Group and Company will have sufficient cash resources to continue in operation for a period of at least 12 months from the date these financial statements were approved. The Group had cash of £19.7m as at 31 December 2021 and has external debt consisting of convertible loan notes of £0.1m.

In assessing management's consideration of the impact of COVID-19 on the Group and Company, we have undertaken the following audit procedures:

- We obtained the latest cash flow forecasts that support the Director's assessment and conclusions in relation to the going concern basis of preparation of the financial statements;
- We challenged the appropriateness of the underlying assumptions in the forecasts, including the different scenarios presented;
- We obtained the latest management accounts for the financial year to date and reviewed they were in line with the forecasts; and
- We reviewed the disclosures within the financial statements and consider them to be reasonable.

Based on the audit procedures performed, we noted no material issues arising from our audit work and our conclusion in respect of going concern is included in the 'Conclusions relating to going concern' section below.

## How we Tailored the Audit Scope

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

We performed full scope audits in respect of all entities within the group. This ensured that sufficient and appropriate audit procedures were performed to achieve sufficient coverage over the financial statement line items.

## Materiality

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

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

	Financial Statements — Group	Financial Statements — Company
Overall materiality	£43,337 (2020: £53,655)	£39,003 (2020: £48,289)
How we determined it	5% of average profit before tax and exceptional costs for the past 3 years	5% of average profit before tax and exceptional costs for the past 3 years
Rationale for benchmark applied	Average profit before tax and exceptional costs for the past 3 years is the primary measure used by the Board and the shareholders in evaluating the performance of the Group and is a generally accepted auditing benchmark. This measure excludes exceptional costs which are non-recurring due to their nature.	Average profit before tax and exceptional costs for the past 3 years is the primary measure used by the Board and the shareholders in evaluating the performance of the Company and is a generally accepted auditing benchmark. This measure excludes exceptional costs which are non-recurring due to their nature.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £20,000 to £39,003. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £32,503 (2020: £40,241) for the group financial statements and £29,252 (2020: £36,217) for the company financial statements.

In determining the performance materiality, we considered a number of factors — the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls — and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £2,167 (group audit) (2020: £2,683) and £1,950 (company audit) (2020: £2,414) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions Relating to Going Concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained cash flow forecasts and financial projections for the Group that included a base case and severe but plausible downside scenario that could arise.
- We assessed the assumptions used by management and compared the forecasts against historical performance, factoring in knowledge of the entity's plans and the impact of COVID-19, as well as our knowledge of the entity and the sector in which it operates.
- We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

## Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the Financial Statements and the Audit

### Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities in relation to the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to those laws and regulations that have a direct impact on the preparation of the financial statements such as local tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting for estimates including estimates relating to revenue recognition and estimates for capitalised development costs. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of the effectiveness of management's controls designed to prevent and detect irregularities;
- Identification and testing of significant journal entries; and
- Testing of assumptions and judgements made by management in making significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this Report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other Required Reporting

### Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## Other Matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

**Kevin MacAllister**  
**(Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
Belfast  
22 March 2022



## Group Profit and Loss Account

for the year-ended 31 December 2021

	Note	2021 £000's	2020 £000's
<b>Revenue</b>	4	<b>13,943</b>	12,696
Cost of Sales	5	<b>(3,211)</b>	(3,233)
<b>Gross Profit</b>		<b>10,732</b>	9,463
Administrative Expenses	5	<b>(10,377)</b>	(10,015)
Other Operating Income	10	<b>195</b>	282
Operating Profit/(Loss) Before Exceptional Items		<b>550</b>	(270)
Exceptional Items	11	<b>-</b>	(388)
<b>Operating Profit/(Loss)</b>	5	<b>550</b>	(658)
Finance Income	12	<b>-</b>	27
Finance Costs	13	<b>(88)</b>	(51)
<b>Profit/(Loss) Before Tax</b>		<b>462</b>	(682)
Income Tax Credit	14	<b>99</b>	945
<b>Profit for the Financial Year</b>		<b>561</b>	263

All results relate to continuing operations.

## Group Statement of Comprehensive Income

for the year-ended 31 December 2021

	2021 £000's	2020 £000's
<b>Profit for the Financial Year</b>	<b>561</b>	263
Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations	<b>(317)</b>	(5)
<b>Total Comprehensive Income for the Year, Net of Tax</b>	<b>244</b>	258

## Earnings per Share

for the year-ended 31 December 2021

	Note	2021 Pence	2020 Pence
Basic	15	<b>0.67</b>	0.34
Diluted	15	<b>0.66</b>	0.34
Basic Adjusted	15	<b>0.67</b>	0.74
Diluted Adjusted	15	<b>0.66</b>	0.74

## Group Statement of Financial Position

as at 31 December 2021

	Note	2021 £000's	2020 £000's
<b>Non-current Assets</b>			
Intangible Assets	16	<b>12,821</b>	9,361
Property, Plant and Equipment	17	<b>718</b>	238
Right of Use Asset	18	<b>1,411</b>	-
Deferred Tax Asset	14	<b>1</b>	301
		<b>14,951</b>	9,900
<b>Current Assets</b>			
Cash and Cash Equivalents		<b>19,675</b>	25,255
Trade and Other Receivables	20	<b>7,615</b>	6,107
Income Tax Receivable	14	<b>2,772</b>	2,257
		<b>30,062</b>	33,619
<b>Total Assets</b>		<b>45,013</b>	43,519
<b>Equity and Liabilities</b>			
Equity Share Capital	25	<b>168</b>	168
Share Premium		<b>36,864</b>	36,864
Treasury Shares	25	<b>(165)</b>	-
Translation Reserve		<b>(302)</b>	15
Profit and Loss Account		<b>4,084</b>	3,191
<b>Total Equity</b>		<b>40,649</b>	40,238
<b>Non-current Liabilities</b>			
Deferred Tax Liability	14	<b>445</b>	366
Leasehold Liability	22	<b>1,285</b>	-
		<b>1,730</b>	366
<b>Current Liabilities</b>			
Trade and Other Payables	21	<b>2,358</b>	2,346
Leasehold Liability	22	<b>146</b>	-
Financial Liabilities	23	<b>130</b>	118
Income Tax Payable	14	<b>-</b>	451
		<b>2,634</b>	2,915
<b>Total Liabilities</b>		<b>4,364</b>	3,281
<b>Total Equity and Liabilities</b>		<b>45,013</b>	43,519

The Group financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2022. The notes on pages 97-127 form an integral part of the Group financial statements.



**Mr Nick Roberts**  
Director  
22 March 2022

## Group Statement of Changes in Equity

for the year-ended 31 December 2020

	Equity Share Capital £000's	Share Premium £000's	Treasury Shares £000's	Translation Reserve £000's	Profit and Loss Account £000's	Total Equity £000's
<b>At 1 January 2020</b>	<b>139</b>	<b>17,335</b>	<b>-</b>	<b>20</b>	<b>2,638</b>	<b>20,132</b>
Profit for the Year	-	-	-	-	263	263
Other Comprehensive Expense	-	-	-	(5)	-	(5)
Total Comprehensive Income for the Year	-	-	-	(5)	263	258
Transactions with Owners, Recorded Directly in Equity						
Exercise of Warrant	1	264	-	-	-	265
Share Based Payment	-	-	-	-	290	290
Issue of Shares on Placing	28	19,265	-	-	-	19,293
Total Transactions with Owners	29	19,529	-	-	290	19,848
<b>At 31 December 2020</b>	<b>168</b>	<b>36,864</b>	<b>-</b>	<b>15</b>	<b>3,191</b>	<b>40,238</b>

## Group Statement of Changes in Equity

for the year-ended 31 December 2021

	Equity Share Capital £000's	Share Premium £000's	Treasury Shares £000's	Translation Reserve £000's	Profit and Loss Account £000's	Total Equity £000's
<b>At 1 January 2021</b>	<b>168</b>	<b>36,864</b>	<b>-</b>	<b>15</b>	<b>3,191</b>	<b>40,238</b>
Profit for the Year	-	-	-	-	561	561
Other Comprehensive Expense	-	-	-	(317)	-	(317)
Total Comprehensive Income for the Year	-	-	-	(317)	561	244
Transactions with Owners, Recorded Directly in Equity						
Share Based Payment	-	-	-	-	332	332
Treasury Shares	-	-	(165)	-	-	(165)
Total Transactions with Owners	-	-	(165)	-	332	167
<b>At 31 December 2021</b>	<b>168</b>	<b>36,864</b>	<b>(165)</b>	<b>(302)</b>	<b>4,084</b>	<b>40,649</b>

## Group Statement of Cash Flows for the year-ended 31 December 2021

	Note	2021 £000's	2020 £000's
<b>Operating Activities</b>			
Profit/(Loss) Before Tax		462	(682)
Adjustments to Reconcile Profit/(Loss) Before Tax to Net Cash Flows from Operating Activities			
Net Finance Costs		88	24
Amortisation of Intangible Assets	16	1,665	776
Depreciation of Right to Use Asset	18	49	–
Depreciation of Property, Plant and Equipment	17	85	33
Research and Development Tax Credits		(169)	(247)
(Increase)/Decrease in Trade and Other Receivables		(1,499)	549
Decrease in Trade and Other Payables		(159)	(63)
Share Based Payments		373	290
<b>Cash Received in Operations</b>		<b>895</b>	680
Tax Paid		(325)	(427)
<b>Net Cash Inflow from Operating Activities</b>		<b>570</b>	253
<b>Investing Activities</b>			
Purchase of Intangible Assets		(5,036)	(6,157)
Purchase of Property, Plant and Equipment		(565)	(137)
<b>Net Cash Outflow from Investing Activities</b>		<b>(5,601)</b>	(6,294)
<b>Financing Activities</b>			
Borrowing Costs		(56)	–
Leasehold Repayments		(49)	–
Purchase of Treasury Shares		(165)	–
Issue of Shares		–	19,614
<b>Net Cash (Outflow)/Inflow from Financing Activities</b>		<b>(270)</b>	19,614
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(5,301)</b>	13,573
Net Foreign Exchange Losses		(279)	(38)
Cash and Cash Equivalents at 1 January		25,255	11,720
<b>Cash and Cash Equivalents at 31 December</b>		<b>19,675</b>	25,255

## Notes to the Group Financial Statements for the year-ended 31 December 2021

### 1. General Information

Diaceutics PLC (the 'Company') is a public company limited by shares, incorporated, domiciled and registered in Northern Ireland. The Company's registration number is NI055207, and the registered office is First Floor, Building Two, Dataworks at King's Hall Life Sciences Park, Belfast, County Antrim, Northern Ireland, BT9 6GW.

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The Company financial statements present information about the Company as a separate entity and not about the Group.

The principal activity of Diaceutics PLC (the Company) and its subsidiaries (together 'the Group') is data, data analytics and implementation services. The Group has established a core suite of products and outsourced advisory services which help its Pharma customers to optimise and deliver their marketing and implementation strategies for companion diagnostics. Their mission is to design, create and implement innovative solutions that enhance speed to market and increase the effectiveness of all the stakeholders in the personalised medicine industry.

The financial statements are presented in pound sterling.

### Basis of Accounting

These consolidated financial statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the Companies Act 2006 applicable to companies reporting under UK adopted international accounting standards. These financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in conformity 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. Judgements in applying accounting policies and key sources of estimates and uncertainty are disclosed in the notes.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Going Concern

The financial performance and balance sheet position at 31 December 2021 along with a range of scenario plans to 31 December 2023 has been considered, applying different sensitivities to revenue and gross profit margin. Across these scenarios, including at the lower end of the range, there remains significant headroom in the minimum cash balance over the period to 31 December 2023. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has power over the subsidiary;
- Is exposed, or has rights, to return from its involvement with the subsidiary; and
- Has the ability to use its power to affect its returns.

The Company considers all relevant facts and circumstances in assessing whether or not it has control over a subsidiary, including the ability to direct the relevant activities at the time that decisions need to be made.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.



## 2. Accounting Policies

### New and amended IFRS Standards that are effective for the current year

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2021:

- Interest rate benchmark phase 2 reform (Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021— (Amendment to IFRS 16)

### Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

There has been no material impact on our financial statements as a result of these changes.

### Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021— Amendment to IFRS 16

There has been no material impact on our financial statements as a result of these changes.

### New accounting standards and interpretations not yet adopted by the Group

The following new accounting standards, amendments and/or interpretations have been published but not yet endorsed by the UK and are not mandatory for 31 December 2021 reporting year. They have not been early adopted by the group and these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- IFRS 17 insurance contracts
- Classification of liabilities as current or non-current (amendments to IAS 1)
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)
- Reference to the Conceptual Framework (IFRS 3)
- Proceeds before Intended Use (IAS 16)
- Onerous Contracts (IAS 37)
- Annual Improvements to IFRS Standards 2018–2020 (IFRS1, IFRS9, IFRS16 and IFRS41)
- Amendments to IFRS 4 – extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2 – disclosure of accounting policies

- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 – Definition of accounting estimates

We are still assessing the implications of the new standards and interpretations however it is not expected to have a material impact on the Group.

### Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

The Group has three revenue streams, DXRX platform data revenue, DXRX platform technology enabled services revenue and Professional services revenue. The Group's performance obligations for these revenue streams are deemed to either be the provision of specific deliverables to the customer or a subscription-based service. Revenue billed to the customer is allocated to the various performance obligations, based on the relative fair value of those obligations, and is then recognised when it transfers control of a deliverable to a customer as follows:

The platform data revenue and the platform technology enabled services revenue are recognised at a point in time when milestone based or overtime when subscription based. The professional services revenue is recognised over time based on the number of input hours. With all other professional services recognised at a point in time where milestones are specified within client contract, otherwise input hours recognition applies.

Contract assets arise on contracts with customers that would be expected to be invoiced and received in the following year. The Group's contracts with customers are typically less than one year in duration.

Contract liabilities arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities would be expected to be recognised as revenue in the following year.

### Segment Reporting

The Group currently has one operating segment. This is consistent with the internal organisational and management structure and the internal reporting information provided to the Chief Operating Decision Maker, the Board, who is responsible for allocating resources and assessing performance of the operating segment.

### Government Grants

Grants, which include research and development tax credits where the recovery of those credits is not restricted, are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

Grants relating to development projects are included in non-current liabilities as deferred income and are credited to the profit and loss account on a straight-line basis over the expected useful economic lives of the related assets.

### Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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 translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(c) Group companies

The results and financial position of all the Group entities (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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each profit and loss account are translated at average exchange rates (unless this average 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 rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income and disclosed as a separate component of equity in a foreign currency translation reserve.

### Exceptional Items

The Group presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation on the face of the profit and loss account in order to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in the financial performance.

### Employee Benefits

The Group operates a defined contribution pension scheme which is open to employees and directors. The assets of the scheme are held by investment managers separately from those of the Group. The contributions payable to the scheme is recorded in the profit and loss account in the accounting period to which they relate.

The Group also operates a long-term incentive plan (LTIP), an element of which is the ability for eligible employees to be awarded a discretionary cash bonus based on Group performance. These short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Share Based Payments

The company has one class of shares in issue. Where shares are issued to employees that contain restrictions that mean they have obtained those shares by virtue of their employment, those shares are accounted for as share based payments. The company's share based payments are classified as equity settled share based payments as the employees will receive the shares after the required service period. For equity settled shares, a fair value of those shares is established at the date the shares are granted and, if the employee is required to complete a period of service before the shares vest, this fair value is spread over that period (vesting period).

## Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group's subsidiaries operate and generate taxable income. 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 income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

## Intangible Assets

### Research and Development

Expenditure on research activities and patents is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of infrastructure and direct labour including employer national insurance. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost until it is brought into use.

### Other Intangible Assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents and Trademarks — 3 years (33.3% straight line) from date of registration
- Datasets — 4 years (25% straight line)
- Software — 5 years (20% straight line)
- Platform — 10 years (10% straight line)
- Platform Algorithms — 6 years (16.7% straight line)

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

### Property, Plant & Equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

The Group assesses at each reporting date whether there are indicators of impairment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Office Equipment — 5 years (20% straight line)
- Leasehold Improvements — 10 years (10% straight line)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

### Leases

During the year, the Group entered into a new lease for its Belfast Headquarters building at Building two, Dataworks at King's Hall Life Sciences Park, Belfast, Antrim, BT9 6GW.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the Group incremental borrowing rate.

Lease payments included in the measurement of the lease liability only consist of fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives

received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

### Financial Assets

#### (a) Classification

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

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit and loss).

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies its financial assets when and only when its business model for managing those assets changes.

#### (b) Recognition and Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement of financial assets depends on the Group's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Group only has financial assets classified at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses.

Interest income, foreign exchange gains and losses and expected credit losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### (c) Expected Credit Losses

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the Group applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the Group applies the three-stage model as prescribed in IFRS 9, to determine expected credit losses.

### Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings due within one year and after one year, which are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group does sometimes make use of derivative financial instruments or hedge accounting for foreign currency transactions. Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

### Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

### Equity

Ordinary shares are classified as equity. Incremental costs directly attributable for the issue of new shares are shown in equity as a deduction from the proceeds.

The share premium reserve represents the excess over the nominal value of the fair value of consideration received for equity shares, net of expenses on the share issue.

The capital redemption reserve records the nominal value of shares repurchased by the Company.

### Distributions to Equity Holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

### Related Party Transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Such 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 and are subject to continual re-evaluation. It should be noted that the impact of variation in some assumptions and estimates can have a particularly material impact on the reported results.

The key judgements in applying the accounting policies include:

- The Group capitalises costs associated with the development of the DXRX platform and data lake. These costs are assessed against IAS 38 Intangible Assets to ensure they meet the criteria for capitalisation.
- In assessing the requirement to recognise a deferred tax asset, management carried out a forecasting exercise in order to assess whether the Group will have sufficient future profits on which the deferred tax asset can be utilised. This forecast required management's judgment as to the future performance of the Group.
- With respect to revenue recognition, as described in note two accounting policies, where the input method is used to determine recognition over time, a key source of estimation will be the total budgeted hours to completion for comparison with the actual hours spent.

Key sources of estimation uncertainty are as follows:

- The Group's estimation of the useful economic lives of intangible assets. The assessment of useful life of data purchases and platform require estimation over the period in which these assets will be utilised and is based on information on

the estimated technical obsolescence of such assets and latest information on commercial and technical use. Further details on the estimation uncertainty have been disclosed in note 16.

- Assessment of the recoverable amount, being the higher of value in use and the fair value less cost to sell, of property plant and equipment, intangible assets and right-of-use assets in accordance with IAS 36 Impairment of Assets. The Group carry's out an annual review in respect of indicators of impairment, and if any such indication exists, the Group is required to estimate the recoverable amount of the asset. Following this assessment, no impairment indicators were present at 31 December 2021. Further details are disclosed in note 16 intangibles.
- With respect to the impairment considerations of an intangible asset, significant estimates are considered within the value in use calculation. The most significant estimate would be the revenue growth rate. Refer to note 16 – Intangible assets for details of the impairment review and sensitivity analysis.
- Application of IFRS 16 requires the Group to make significant estimates in assessing the rate used to discount the lease payments in order to calculate the lease liability. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the Group commercial borrowing rate.

- In the calculation of Share Based Payments and related costs charge an assessment of expected employee attrition is used based on expected employee attrition and where possible actual employee turnover from the inception of the share option plan.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in accounting estimates may be necessary if there are changes in the circumstances or experiences on which the estimate was based or as a result of new information.

## 4. Revenue

### Operating Segments

The Group currently operates under one reporting segment, but revenue is analysed under three separate revenue streams.

Revenue represents the amounts derived from the provision of services which fall within the Group's ordinary activities, stated net of value added tax. Revenue is principally generated from DXRX platform data revenue, DXRX technology enabled services revenue and professional services revenue. Revenue is disaggregated by primary geographic market and by principal activities and products. Geography is primary basis on which management reviews the business.

The following tables present revenue of the Group for the years ended 31 December 2021 and 2020

	2021 £000's	2020 £000's
<b>Revenue by Major Product/Service Line</b>		
Platform — Data	7,411	–
Platform — TES	887	–
Professional Services	5,645	12,696
	<b>13,943</b>	12,696
<b>Revenue by timing of Recognition</b>		
Point in Time Revenue Recognition	6,994	–
Over Time and Input Method Revenue Recognition	6,949	12,696
	<b>13,943</b>	12,696



	2021 £000's	2020 £000's
<b>Geographical Area</b>		
North America	8,457	6,035
UK	555	543
Europe	3,623	4,243
Asia and Rest of World	1,308	1,875
	<b>13,943</b>	12,696

In 2021 three customers each had sales which exceeded 10% of total revenue with the largest customer accounting for £2,647,000 (19%) the second accounting for £1,768,000 (13%) of revenue and the third accounting for £1,439,000 (10%) of revenue.

In 2020 three customers each had sales which exceeded 10% of total revenue with the largest customer accounting for £1,398,000 (11%); the second accounting for £1,395,000 (11%) and the third accounting for £1,332,000 (10.5%) of revenue.

## 5. Operating Profit/(Loss)

	2021 £000's	2020 £000's
<b>Employee Benefit Costs</b>		
Wages and Salaries	9,258	9,794
Social Security Costs	1,167	1,236
Pension Costs	362	366
Benefits	136	285
Share Based Payments and Related Costs	372	290
Capitalised Development Costs	(2,645)	(3,388)
	<b>8,650</b>	8,583
Amortisation of Intangible Fixed Assets	1,665	776
Depreciation of Tangible Fixed Assets	85	33
Right of Use Depreciation	49	-
Subcontractor Costs	318	546
Travel Costs	80	205
Legal and Professional	1,190	1,465
Gain on Foreign Exchanges	(42)	(58)
Other Expenses	1,593	1,698
	<b>4,938</b>	4,665
<b>Total Cost of Sales and Administrative Expenses</b>	<b>13,588</b>	13,248

(Excluding exceptional items which are disclosed in note 11)

## 6. Auditors' Remuneration

	2021 £000's	2020 £000's
<b>Included within Administrative Expenses (Legal and Professional)</b>		
Audit of Parent and Subsidiary Financial Information	136	92
Other Assurance Related and Other Services	19	11
<b>Included within Exceptional Items</b>		
Fees Relating to Other Services	-	65
	<b>155</b>	168

## 7. Staff Numbers

The average monthly number of employees during the year was as follows:

	2021	2020
Administration	30	30
Technical	80	81
Business Development	13	9
Finance	10	8
	<b>133</b>	128

## 8. Directors' Emoluments

	2021 £000's	2020 £000's
<b>Directors</b>		
Aggregate Emoluments	825	802
Pension Contributions	41	40
	<b>866</b>	842

Pension contributions were made for three Directors during the period.

	2021 £000's	2020 £000's
<b>Highest Paid Director</b>		
Aggregate Emoluments	252	248
Pension Contributions	24	25
	<b>276</b>	273

The highest paid director did not exercise any share options.

	2021 £000's	2020 £000's
<b>Key Senior Management</b>		
Aggregate Emoluments	1,241	1,207
Pension Contributions	85	84
Share Based Payments and Related cCosts	173	102
	<b>1,499</b>	1,393

## 9. Share Based Payments

The Company currently has an Employee share Option Plans ('ESOP') for employees, a Long-Term Incentive Plan ('LTIP') for key management and a Share Incentive Plan ('SIP') open to all employees (apart from those in China).

The ESOP and LTIP plans are designed to provide long term incentives for senior management and above, and certain employees (including executive directors) to deliver long-term shareholder returns and promote staff retention. The SIP plan is designed to encourage employee participation in the ownership of the Company and as a means to promote staff retention. Under these schemes, employees are granted options which only vest if certain performance standards are met. For the ESOP options, that are outstanding as at 31 December 2021, the only performance obligations attached are continued employment to date of vesting, with no more than two unsatisfactory performance reviews.

These same conditions apply to the LTIP options issued in 2020. The 2021 LTIP options are underpinned by a Total Shareholder Return (TSR) target, with the percentage of shares vesting increasing from nil at a TSR of less than £1.1885 rising to 100% at a TSR of £1.9105. TSR is measured by the aggregate of dividends declared and paid, and average share price over the applicable period. SIP options are issued to employees on a 2-for-1 matching basis for the first year of the plan with the only performance obligation attached being continued employment to date of vesting. The total expense recognised in the year in relation to share based payment charges and related costs is £428,000 (£372,000 share based payments and £56,000 social security) (2020: £290,000 (£254,000 share based payments and £36,000 social security)).

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

### ESOP:

	2021		2020	
	Weighted Average Exercise Price per Share Option	Number of Options	Weighted Average Exercise Price per Share Option	Number of Options
As at 1 January	£0.002	355,664	£0.002	151,240
Granted during the Year	£0.002	155,400	£0.002	231,000
Exercised during the Year	£0.002	8,447	–	–
Forfeited during the Year	£0.002	82,617	£0.002	26,576
As at 31 December	£0.002	420,000	£0.002	355,664

### LTIP:

	2021		2020	
	Weighted Average Exercise Price per Share Option	Number of Options	Weighted Average Exercise Price per Share Option	Number of Options
As at 1 January	£1.265	1,251,674	–	–
Granted during the Year	£0.002	891,969	£1.265	1,430,244
Exercised during the Year	–	–	–	–
Forfeited during the Year	£0.735	393,524	£1.265	178,570
As at 31 December	£0.741	1,750,119	£1.265	1,251,674

### SIP:

	2021		2020	
	Weighted Average Exercise Price per Share Option	Number of Options	Weighted Average Exercise Price per Share Option	Number of Options
As at 1 January	–	–	–	–
Granted during the Year	£0.002	115,392	–	–
Exercised during the Year	£0.002	–	–	–
Forfeited during the Year	£0.002	10,120	–	–
As at 31 December	£0.002	105,272	–	–

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

**ESOP:**

Grant Date	Expiry Date	Exercise Price	Share Options at 31 December 2021	Share Options at 31 December 2020
June 2019	June 2022	£0.002	117,600	151,240
June 2020	June 2023	£0.002	163,800	204,424
June 2021	June 2024	£0.002	138,600	–

**LTIP:**

Grant Date	Expiry Date	Exercise Price	Share Options at 31 December 2021	Share Options at 31 December 2020
April 2020	April 2023	£1.265	1,023,433	1,251,674
April 2021	April 2024	£0.002	726,686	–

**LTIP:**

Grant Date	Expiry Date	Exercise Price	Share Options at 31 December 2021	Share Options at 31 December 2020
May 2021	May 2024	£0.002	6,848	–
June 2021	June 2024	£0.002	9,148	–
July 2021	July 2024	£0.002	14,808	–
August 2021	August 2024	£0.002	14,554	–
September 2021	September 2024	£0.002	14,518	–
October 2021	October 2024	£0.002	14,488	–
November 2021	November 2024	£0.002	15,172	–
December 2021	December 2024	£0.002	15,736	–

The weighted average remaining contractual life of options outstanding at the end of the year was 1.73 years (2020: 2.24 years).

No options expired during the year.

**Fair Value of Options Granted**

The weighted average fair value at grant date of options granted during the year-ended 31 December 2021 was £0.776 per option. The fair value at grant date is independently determined using an adjusted Black-Scholes model for ESOP and SIP options and a Monte-Carlo model for LTIP options. These models take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, and the risk-free interest rate for the term of the options.

	ESOP		LTIP		SIP	
	2021	2020	2021	2020	2021	2020
Exercise Price	<b>£0.002</b>	£0.002	<b>£0.002</b>	£1.265	<b>£0.002</b>	–
Grant Date	<b>June</b>	June	<b>April</b>	April	<b>May–Dec</b>	–
Expiry Date	<b>June 2024</b>	June 2023	<b>April 2024</b>	April 2023	<b>May–Dec 2024</b>	–
Share Price at Grant Date	<b>£1.26</b>	£1.52	<b>£1.03</b>	£1.265	<b>£1.26*</b>	–
Volatility	<b>97%</b>	58%	<b>70%</b>	58%	<b>97%*</b>	–
Risk-free Rate	<b>0.51%</b>	0.53%	<b>0.41%</b>	0.53%	<b>0.81%*</b>	–
Fair Value	<b>£1.26</b>	£1.49	<b>£0.65</b>	£1.25	<b>£1.11*</b>	–

\*Average share-price, volatility, risk-free rate and fair value for options issued monthly during 2021.

The expected price volatility is based on the historical volatility and companies within similar industries.

**10. Other Operating Income**

	2021 £000's	2020 £000's
Government Grants	<b>26</b>	35
Research and Developments Credits	<b>169</b>	247
	<b>195</b>	282



## 11. Exceptional Items

	2021 £000's	2020 £000's
Restructuring	-	388
	-	388

In December 2020, the Group carried out a restructure with the aim of reducing operating cost base and re-positioning staff to support the future operations as a platform business. Exceptional costs of £388,000 were reflected in the profit & loss account, with an associated provision recognised within current liabilities on the balance sheet of £360,000 which was utilised by 31 March 2021. The exceptional costs related to redundancy costs and professional fees which were wholly and exclusively attributable to the restructure event.

## 12. Finance Income

	2021 £000's	2020 £000's
Bank Interest Received and Receivable	-	27
	-	27

## 13. Finance Costs

	2021 £000's	2020 £000's
Revolving Credit Facilities	56	41
Interest on Convertible Loan Notes	12	10
Lease Interest	20	-
	88	51

## 14. Income Tax Credit

### (a) Tax on Profit/(Loss)

	2021 £000's	2020 £000's
<b>Current Income Tax</b>		
UK Corporation Tax on Profit/(Loss) for the Year	(530)	(1,427)
Adjustments in Respect of Previous Years	(5)	(348)
	(535)	(1,775)
<b>Foreign Tax</b>		
ROI Corporation Tax on Profits for the Year	47	330
US Corporation Tax on Profits for the Year	78	467
Adjustments in Respect of Previous Years	(42)	(88)
	83	709
<b>Total Current Tax</b>	(452)	(1,066)
<b>Deferred Tax</b>		
Origination and Reversal of Temporary Differences	342	85
Adjustments in Respect of Previous Years	(10)	66
Impact of Change in Tax Rates	21	(30)
Total Deferred Tax	353	121
<b>Total Tax Credit</b>	(99)	(945)

## (b) Factors Affecting the Tax Credit for the Year

The tax assessed for the year differs from the effective standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are reconciled below:

	2021 £000's	2020 £000's
Profit/(Loss) Before Tax	462	(682)
Tax using the UK Corporation Tax Rate of 19.00% (2020: 19.00%)	88	(130)
<b>Effects of:</b>		
Tax Rates in Foreign Jurisdictions	(22)	(18)
Non-deductible Expenses	92	46
Share Based Payments	9	47
Foreign Tax Suffered	1	12
Impact of Change in Tax Rates	21	(30)
Research and Development	(453)	(614)
Research and Development Rate Difference	152	–
Deferred Tax not Recognised	70	112
Adjustments in Respect of Previous Years	(57)	(370)
Total Tax Credit	(99)	(945)

Non-deductible expenses are made up of various non-deductible expenses including legal and professional fees, convertible loan note interest expense and depreciation on non-qualifying asset.

## (c) Deferred Tax

The deferred tax included in the balance sheet is as follows:

	2021 £000's	2020 £000's
<b>Deferred Tax Balance</b>		
Tax Losses Carried Forward	1,722	1,270
Other Temporary Differences	26	(597)
Property, Plant and Equipment	(1,839)	–
Transitional Adjustment	1	–
Share Based Payment	26	–
Research and Development	(380)	(738)
	(444)	(65)

The amount of the deferred tax balance expected to be used within one year is £236,000 (2020: £232,000).

The deferred tax balance consists of a deferred tax asset amounting to £1,000 (2020: £301,000) and a deferred tax liability of £445,000 (2020: £366,000), netting to a liability of £444,000 (2020: a liability of £65,000). The deferred tax asset is recognised on the basis that the Group has forecasted sufficient profits on which the deferred tax asset can be utilised.

Tax losses carried forward amount to £6,888,000 (2020: £6,684,000) within Diaceutics PLC. In addition, the Group has tax losses arising in subsidiary undertakings. Due to the uncertainty of the recoverability of the tax losses within these subsidiaries, a potential deferred tax asset of £288,000 (2020: £186,000) has not been recognised. Deferred tax assets and liabilities have otherwise been recognised as they arise.

## 15. Earnings per Share

Basic earnings per share are calculated based on the profit/(loss) for the financial year attributable to equity holders divided by the weighted average number of shares in issue during the year. The weighted average number of shares for all periods presented has been adjusted for the reorganisation and bonus issue of shares undertaken on 13 March 2019 prior to the admission of the company to the AIM market of the London Stock Exchange.

Adjusted earnings per share are calculated based on the profit/(loss) for the financial year adjusted for exceptional items as disclosed in Note 11. Diluted earnings per share is calculated on the basic earnings per share adjusted to allow for the issue of ordinary shares on the assumed conversion of the convertible loan notes and employee share options. In the current year there are no exceptional items and therefore there is no adjustment required to basic earnings per share or to diluted earnings per share.

## Profit Attributable to Shareholders

	2021 £000's	2020 £000's
Profit for the Financial Year	561	263
Exceptional Costs	–	388
Tax Impact of Exceptional Costs	–	(74)
Adjusted Profit for the Financial Year	561	577

## Weighted Average Number of Shares to Shareholders

	2021 Number	2020 Number
Shares in Issue at the End of the Year	84,068,923	84,068,923
Weighted Average Number of Shares in Issue	84,068,923	77,532,897
Less Treasury Shares	(133,000)	–
<b>Weighted Average Number of Shares for Basic and Adjusted Earnings per Share</b>	<b>83,935,923</b>	77,532,897
Effect of Dilution of Convertible Loan Notes	754	754
Effect of Dilution of Share Options	1,005,478	297,146
<b>Weighted Average Number of Shares for Diluted Earnings per Share</b>	<b>84,942,155</b>	77,830,797

## Earnings per Share

	2021 Pence	2020 Pence
Basic	0.67	0.34
Diluted	0.66	0.34
Adjusted	0.67	0.74
Diluted Adjusted	0.66	0.74

## 16. Intangible Assets

	Patents and Trademarks £000's	Datasets £000's	Development Expenditure* £000's	Platform £000's	Software £000's	Total £000's
<b>Cost</b>						
At 1 January 2020	1,054	1,286	2,461	–	210	5,011
Transfer from Development Expenditure to Platform	–	–	(6,577)	6,577	–	–
Foreign Exchange Translation	42	7	(20)	–	–	29
Additions	94	1,462	4,558	–	275	6,389
At 31 December 2020	1,190	2,755	422	6,577	485	11,429
<b>Foreign Exchange Translation</b>	<b>(55)</b>	<b>(3)</b>	<b>(4)</b>	<b>(44)</b>	–	<b>(106)</b>
<b>Transfer from Development Expenditure to Platform</b>	–	–	<b>(3,187)</b>	<b>3,187</b>	–	–
<b>Additions</b>	<b>9</b>	<b>2,097</b>	<b>2,985</b>	<b>7</b>	<b>77</b>	<b>5,175</b>
<b>At 31 December 2021</b>	<b>1,144</b>	<b>4,849</b>	<b>216</b>	<b>9,727</b>	<b>562</b>	<b>16,498</b>
<b>Amortisation</b>						
At 1 January 2020	976	193	78	–	3	1,250
Foreign Exchange Translation	43	(1)	–	–	–	42
Transfer from Development Expenditure to Datasets	–	78	(78)	–	–	–
Charge for the Year	57	605	–	40	74	776
At 31 December 2020	1,076	875	–	40	77	2,068
<b>Foreign Exchange</b>	<b>(55)</b>	<b>(1)</b>	–	–	–	<b>(56)</b>
<b>Charge for the Year</b>	<b>64</b>	<b>818</b>	–	<b>681</b>	<b>102</b>	<b>1,665</b>
<b>At 31 December 2021</b>	<b>1,085</b>	<b>1,692</b>	–	<b>721</b>	<b>179</b>	<b>3,677</b>
<b>Net Book Value</b>						
<b>At 31 December 2021</b>	<b>59</b>	<b>3,157</b>	<b>216</b>	<b>9,006</b>	<b>383</b>	<b>12,821</b>
At 31 December 2020	114	1,851	422	6,537	408	9,361

\*Development expenditure relates to an asset under construction and as such no amortisation has been charged.



## 16. Intangible Assets (continued)

Intangible assets relate to patents, trademarks, software, DXRX platform and datasets which are recorded at cost and amortised over their useful economic life which has been assessed as four to ten years.

On 1 December 2020 the Group's platform – DXRX was commissioned and brought into use. On this date £6,577,000 was transferred out of development expenditure and into platform. In 2021 an additional £3,187,000 was transferred to platform intangible asset.

The Group assesses the useful life of all assets on an annual basis.

The Group has determined that the useful life of data and platform is a significant area of estimation.

The platform has been assessed to have a useful life of 10 years based on information on the estimated technical obsolescence of such assets. However, the actual asset useful life may be shorter or longer than 10 years depending on technical innovations and other external factors. If the useful life were reduced by 2 years, the carrying amount of the asset at 31 December 2021 would reduce by £166,000 to £8,840,000. If the useful life of the asset were increased by 2 years, the carrying amount of the asset at 31 December 2021 would increase by £120,000 to £9,126,000.

On reviewing the useful life of the data sets it was determined that based on latest information on commercial and technical use, four years represented the best estimate of the useful life of such assets as this reflects the period over which this data can provide meaningful insights to support client projects. However, the actual asset useful life may be shorter or longer than four years depending on technical innovations and other external factors. If the useful life were three years, the carrying amount of the asset at 31 December 2021 would reduce by £106,000 to £3,051,000. If the useful life of the asset were five years, the carrying amount of the asset at 31 December 2021 would increase by £64,000 to £3,221,000.

These are all definite life intangible assets. There were no impairment indicators identified at 31 December 2021 and therefore no impairment.

The combined recoverable value of intangible assets is determined based on a value-in-use calculation which incorporates cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate.

The key assumptions used in the impairment review are as follows, and were determined with consideration to past performance and management's expectations of future development:

- The rate of forecast revenue growth which is on average 25%;
- Average gross margin assumption of c74%;
- Long term growth rate of 2%;
- An applied pre-tax discount rate of 9%;
- No operational cost reduction; and
- Average annual capital expenditure is unchanged.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach to Determining Values
Revenue Growth	Average annual growth rate over the five-year forecast period; based on pre-Covid performance and management's expectations of market development.
Gross Margin	Based on past performance and management's expectation for the future.
Long-term Growth Rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax Discount Rate	Reflects specific risks relating to the Group and the countries in which we operate.
Operational Cost	For the purpose of this review, a reduction in administrative expenses was not considered.
Average Capital Expenditure	For the purpose of this review, a reduction in capital expenditure was not considered.

Our modelling shows that forecast revenue can fall short by approximately 6.5% in each year before an impairment would be required. Should forecast revenue drop by 7% in each year an impairment of £7m would be required.

In a separate scenario, our modelling shows that forecast gross margins can drop by approximately 17% before an impairment would be required. Should forecast gross margins reduce by 20% an impairment of £15m would be required.

The directors believe that the carrying value of their remaining investments are supported by their underlying net assets.

Amortisation in respect of Patents and trademarks and Software is expensed to the Profit and Loss Account as Administrative expenses. Platform and Datasets amortisation is included within Cost of sales.

## 17. Property, Plant and Equipment

	Leasehold Improvements £000's	Office Equipment £000's	Total £000's
<b>Cost</b>			
At 1 January 2020	–	257	257
Foreign Exchange Translation	–	1	1
Additions	–	137	137
At 31 December 2020	–	395	395
Reclassification	59	(59)	–
Additions	419	146	565
<b>At 31 December 2021</b>	<b>478</b>	<b>482</b>	<b>960</b>
<b>Accumulated Depreciation</b>			
At 1 January 2020	–	124	124
Charge for the Year	–	33	33
At 31 December 2020	–	157	157
Charge for the Year	16	69	85
<b>At 31 December 2021</b>	<b>16</b>	<b>226</b>	<b>242</b>
<b>Net Book Value</b>			
<b>At 31 December 2021</b>	<b>462</b>	<b>256</b>	<b>718</b>
At 31 December 2020	–	238	238

## 18. Right of Use Assets

	Buildings £000's
<b>Cost</b>	
Additions	1,460
At 31 December 2021	1,460
<b>Accumulated Depreciation</b>	
Charge for the Year	49
At 31 December 2021	49
<b>Carrying Amount</b>	
At 31 December 2021	1,411

During the year, the group entered into a new lease for its property at Dataworks, Kings Hall Life Sciences Park, Belfast, BT9 6GW for a term of 10 years. The average lease term is 10 years.

This resulted in additions to right-of-use assets of £1,460K in 2021.

The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in note 22.

	2021 £000's	2020 £000's
<b>Amounts Recognised in Profit and Loss</b>		
Depreciation Expense on Right-of-use Assets	49	–
Interest Expense on Lease Liabilities	20	–

## 19. Investments

### Group Undertakings

The following were subsidiaries of the Company at 31 December 2021:

	Country of Incorporation	Percentage of Shares Held
Diaceutics Ireland Limited	Republic of Ireland	100%
Labceutics Limited	Northern Ireland	100%
Diaceutics Inc	USA	100%
Diaceutics Pte Ltd	Singapore	100%
Diaceutics Precision Medicine Technology (Guangzhou) Limited*	China	100%

The principal business of all the subsidiary undertakings is data and implementation services. All entities were incorporated before 1 January 2021.

\*The holding in Diaceutics Precision Medicine Technology (Guangzhou) Limited is held indirectly through Diaceutics Pte Ltd.

## 20. Trade and Other Receivables

	2021 £000's	2020 £000's
Trade Receivables	5,999	4,078
Contract Assets	1,003	1,265
Other Receivables	146	177
Prepayments	430	587
Derivative Financial Instruments (Note 24)	37	–
	<b>7,615</b>	6,107

Trade receivables are non-interest bearing, are generally on 90-day terms and are shown net of a provision for impairment. The amount of the provision netted against the trade receivables balance was £20,000 (2020: £20,000). The default percentage used in the expected credit loss calculation was 0.002% (2020: 0.16%) for debt up to 30 days old; 0.002% (2020:0.20%) for debt between 31 and 60 days old; 0.004% (2020:0.31%) for debt between 61 and 90 days old; 0.01% (2020:0.84%) for debt between 91 and 180 days old and 5.71% (2020: 8.09%) for debt over 180 days old. Bad debts amounting to £Nil (2020: £Nil) were realised.

Other receivables are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses. Most of our customers are large-Pharma, we do not foresee any credit difficulties within our customer base and the markets they operate in are recovering well from the impact of the COVID pandemic. The age profile of the trade receivables and contract assets are as follows:

	<b>Total</b> £000's	<b>0-30 days</b> £000's	<b>31-60 days</b> £000's	<b>61-90 days</b> £000's	<b>&gt;90 days</b> £000's
<b>2021</b>	<b>7,002</b>	<b>3,623</b>	<b>2,278</b>	<b>709</b>	<b>392</b>
2020	5,343	3,116	1,500	449	278

The Group's contracts with customers are typically less than one year in duration and any contract assets as at the balance sheet date would be expected to be invoiced and received in the following year.

The following table shows the movement in contract assets:

	<b>2021</b> £000's	<b>2020</b> £000's
Contract Assets Recognised at Start of the Year	<b>1,265</b>	796
Revenue Recognised in Prior Year that was Invoiced in the Current Year	<b>(1,265)</b>	(796)
Amounts Recognised in Revenue in the Current Year that will be Invoiced in Future Years	<b>1,003</b>	1,265
Balance at the End of the Year	<b>1,003</b>	1,265

The carrying amount of trade and other receivables are denominated in the following currencies:

	<b>2021</b> £000's	<b>2020</b> £000's
UK Sterling	<b>402</b>	770
Euro	<b>562</b>	625
US Dollar	<b>6,622</b>	4,708
Canadian Dollars	<b>12</b>	-
Singapore Dollars	<b>17</b>	4
	<b>7,615</b>	6,107

The maximum exposure to credit risk is the carrying value of each class of receivables. The Group does not hold any collateral as security.

## 21. Trade and Other Payables

	<b>2021</b> £000's	<b>2020</b> £000's
<b>Creditors: Falling Due within One Year</b>		
Trade Payables	<b>513</b>	466
Accruals	<b>1,310</b>	1,259
Other Tax and Social Security	<b>327</b>	318
Contract Liabilities	<b>208</b>	303
	<b>2,358</b>	2,346

Contract liabilities of £208,000 (2020: £303,000) which arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities would be expected to be recognised as revenue in the following year.

The following table shows the movement in contract liabilities:

	<b>2021</b> £000's	<b>2020</b> £000's
Contract Liabilities Recognised at Start of the Year	<b>303</b>	387
Amounts Invoiced in Prior Year Recognised as Revenue in the Current Year	<b>(303)</b>	(387)
Amounts Invoiced in the Current Year which will be Recognised as Revenue in the Later Years	<b>208</b>	303
Balance at the End of the Year	<b>208</b>	303

The Group and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.



## 22. Leasehold Liability

	2021 Discounted £000's	2021 Undiscounted £000's
<b>Maturity Analysis:</b>		
Year 1	146	146
Year 2-5	436	585
+5 Year	849	1,040
	1,431	1,771
<b>Analysed as:</b>		
Non-current	1,285	1,625
Current	146	146
	1,431	1,771

## 23. Financial Liabilities

	2021 £000's	2020 £000's
<b>Creditors: Falling Due within One Year</b>		
Convertible Loan Notes	130	118
	130	118
<b>Interest Bearing Loans and Borrowings</b>		
Convertible Loan Notes (b)	130	118
	130	118

The fair value of the Group's loans and borrowings is £130,000 (2020: £118,000). The fair value of current borrowings equals their carrying amounts as the impact of discounting is not significant.

The following table shows the changes in liabilities arising from financing activities:

	2021 £000's	2020 £000's
Balance at 1 January	118	108
Interest on Convertible Loan Notes	12	10
Balance at 31 December	130	118

The interest on convertible loan notes and foreign exchange losses are non-cash items, all other items are cash related movements.

The following table shows the net (debt) funds:

	Convertible Loan Notes £000's	Leasehold Liability £000's	Subtotal £000's	Cash £000's	Total £000's
Net Debt as at 1 January 2020	(108)	–	(108)	11,720	11,612
Cashflows	–	–	–	13,475	13,475
Other Changes	(10)	–	(10)	60	50
Net Debt as at 31 December 2020	(118)	–	(118)	25,255	25,137
Cashflows	–	–	–	(5,438)	(5,438)
Other Changes	(12)	(1,431)	(1,443)	(142)	(1,585)
<b>Net Funds as at 31 December 2021</b>	<b>(130)</b>	<b>(1,431)</b>	<b>(1,561)</b>	<b>19,675</b>	<b>18,114</b>

### (a) Revolving Credit Facility

In July 2020 the Group entered into a revolving credit facility with Silicon Valley Bank who provided a credit facility for £4,000,000. This facility is available to be drawn in US dollars, Sterling or Euro and was unused at 31 December 2021. The Maturity Date of the facility is 16 July 2023.

### (b) Convertible Loan Notes

£100,000 of the Loan Notes issued on 15 February 2019 remain in place (10% interest rate payable annually from 1 April 2019). These loan notes can be converted into Ordinary Shares in the Company on or after 31 March 2022.

In line with IFRS 9, Financial Instruments, the total finance cost of the convertible loan notes was spread over the maturity period using an effective interest rate. Consequently, an interest charge of £12,000 (2020: £10,000) has been recognised in the profit and loss account using an effective rate of 10%.

## 24. Financial Instruments

### Classification of Financial Instruments

The principal financial instruments used by the Group from which financial instrument risk arises are trade and other receivables (excluding contract assets which are not yet invoiced), cash and cash equivalents and trade and other payables, loans, the revolving credit facility and convertible loan notes. The impact of the discounting of financial instruments is not material.

The Group's financial instruments are classified as follows:

	2021 £000's	2020 £000's
<b>Assets</b>		
<b>Measured at Amortised Cost</b>		
Trade Receivables	5,999	4,078
Other Receivables	146	177
Cash at Bank and in Hand	19,675	25,255
<b>Measured at Fair Value</b>		
Derivative Financial Instrument	37	–

	2021 £000's	2020 £000's
<b>Liabilities</b>		
Trade Payables	513	466
Accruals	1,310	1,259
Convertible Loan Notes	130	118
Leasehold Liability	1,431	–

### Convertible Loan Notes

£100,000 of the Loan Notes issued on 15 February 2019 remain in place (10% interest rate payable annually from 1 April 2019). These loan notes can be converted into Ordinary Shares in the Company on or after 22st March 2022

### Derivative Financial Instruments — Forward Contracts and Options

The group has entered into a number of foreign currency derivative contracts during the year. The nominal value of the Group's forward contracts is £3,735,525 (2020: £nil) principally to sell US Dollars.

### Credit Risk

Credit risk is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an on-going basis with the result that exposure to bad debts is normally not significant. As the Group trades only with recognised third parties there is no requirement for collateral.

Other financial assets comprise of cash and cash equivalents which are therefore subject to minimal credit risk. The Group operates bank accounts domiciled in the UK, Ireland, Denmark, Turkey, USA, China and Singapore.

### Liquidity Risk

Liquidity risk arises from the Group's management of working capital and is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Group policy is that funding is reviewed in line with operational cash flow requirements and investment strategy. Repayment terms and conditions are approved by the Board in advance of acceptance of any facility. At each board meeting, and at the reporting date, the cash flow projections are considered by the Board to confirm that the Group has sufficient funds and available funding facilities to meet its obligations as they fall due.

The Group had a revolving credit facility for up to £4,000,000.

### Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group seeks to transact the majority of its business in its reporting currency (Sterling). However, many customers and suppliers are outside the UK and a proportion of these transact with the company in US dollars and euro. For this reason, the Group operates current bank accounts in US dollars and euro as well as in its reporting currency and has a revolving credit facility available which can be drawn in US dollars, pounds sterling or euro.

To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency.

Cash flow projections are used to plan for those occasion when funds will need to be translated into different currencies so that exchange rate risk is minimised.

If the exchange rate between sterling and the US dollar had been 10% higher/lower at the reporting date, the effect on profit would have been approximately (£15,000)/£18,000 respectively (2020:(£35,000)/4,000). If the exchange rate between sterling and euro had been 10% higher/lower at the reporting date the effect on profit would have been approximately (£26,000)/£32,000 respectively (2020: (£27,000)/£15,000). If the exchange rate between sterling and the US dollar had been 10% higher/lower at the reporting date, the effect on equity would have been approximately (£235,000)/£288,000 respectively (2020:(£268,000)/£327,000). If the exchange rate between sterling and euro had been 10% higher/lower at the reporting date the effect on equity would have been approximately (£423,000)/£512,000 respectively (2020: (£434,000)/£531,000).

### Interest Rate Risk

Cash flow interest risk arises from the Group's external loans and revolving credit facilities, which carry interest based on underlying base rates in the UK, US and the EU. The revolving credit facility remains unused at 31 December 2021.

## 25. Equity Share Capital

	2021 £000's	2020 £000's
<b>Allotted, Called Up and Fully Paid</b>		
84,068,923 (2020: 84,068,923) Ordinary shares of £0.002 each	<b>168</b>	168
	<b>168</b>	168

### Treasury Shares

Treasury shares are shares in Diaceutics Plc that are held by the Diaceutics Employee Share Trust for the purpose of issuing shares under the Diaceutics Plc SIP scheme (see note 9 for further information). Shares issued to employees are recognised on a first in, first out basis. There were no treasury shares in place at 31 December 2020.

	Number of Shares	£000's
Acquisition of Shares by the Trust	<b>133,000</b>	165
Balance 31 December 2021	<b>133,000</b>	165

All Ordinary Shares rank pari passu in all respects including voting rights and the right to receive all dividends and other distributions, if any, declared or made or paid in respect of Ordinary Shares.

### Reserves

Share premium account: This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve: This reserve records the nominal value of shares repurchased by the Company.

## 26. Commitments and Contingencies

There are no material capital commitments, financial commitments or contingent liabilities at the balance sheet date not provided for in these financial statements.

### 27. Related Parties

The remuneration of key management and personnel and details of directors' emoluments are shown in note 8.

During the year the Group entered into a 10-year lease for its new Belfast offices at a commercial business rate. The lessor is O'Connor & McCann Ltd, a private limited company in which Peter Keeling is a director and Ryan Keeling is a shareholder. A £49,000 lease payment was made in the year (2020: £nil). The balance owed to O'Connor & McCann Ltd at 31 December 2021 is £24,500 (2020: £nil)

### 28. Ultimate Controlling Party

The Company is controlled by its shareholders. There is no one party which is the ultimate controlling party of the Group and Company.

## 29. Capital Risk Management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio.

Net funds is calculated as total borrowings (current and non-current) as shown in the group balance sheet less cash and cash equivalents. Gearing ratio is calculated as total borrowings divided by total equity.

The gearing ratios at 31 December were as follows:

	Note	2021 £000's	2020 £000's
Total Borrowings	23	<b>1,561</b>	118
Less: Cash and Cash Equivalents		<b>(19,675)</b>	(25,255)
Net Funds		<b>(18,114)</b>	(25,137)
Total Equity		<b>40,649</b>	40,238
Gearing Ratio		<b>3.8%</b>	0.3%



# Company Financial Statements

## Company Statement of Financial Position

as at 31 December 2021

Assets	Note	2021 £000's	2020 £000's
<b>Fixed Assets</b>			
Intangible Assets	6	8,902	6,229
Right of Use Asset	8	1,411	–
Property, Plant and Equipment	7	704	217
Deferred Tax Asset	9	–	296
Investments	10	226	125
		<b>11,243</b>	6,867
<b>Current Assets</b>			
Cash at Bank and in Hand		18,085	22,764
Trade and Other Receivables	11	7,128	4,670
Income Tax Receivable	12	2,256	2,215
		<b>27,469</b>	29,649
<b>Total Assets</b>		<b>38,712</b>	36,516
<b>Equity and Liabilities</b>			
Equity Share Capital		168	168
Share Premium Account	17	36,864	36,864
Treasury Shares		(165)	–
Profit and Loss Account — Including Profit for the Year of £580,000 (2020: Loss of £3,315,000)	17	(2,097)	(3,019)
<b>Total Equity</b>		<b>34,770</b>	34,013
<b>Non-current Liabilities</b>			
Leasehold Liability	14	1,285	–
Deferred Tax Liability	9	87	–
		<b>1,372</b>	–
<b>Current Liabilities</b>			
Trade and Other Payables	13	2,294	2,385
Leasehold Liability	14	146	–
Financial Liabilities	15	130	118
		<b>2,570</b>	2,503
<b>Total Liabilities</b>		<b>3,942</b>	2,503
<b>Total Equity and Liabilities</b>		<b>38,712</b>	36,516

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2022. The notes on pages 132–146 form an integral part of these financial statements.



**Mr Nick Roberts**  
Director  
22 March 2022

## Company Statement of Changes in Equity

for the year-ended 31 December 2021

	Called Up Share Capital £000's	Share Premium Account £000's	Treasury Shares £000's	Profit and Loss Account £000's	Total Equity £000's
<b>At 1 January 2020</b>	<b>139</b>	<b>17,335</b>	–	<b>6</b>	<b>17,480</b>
Loss for the Year	–	–	–	(3,315)	(3,315)
Total Comprehensive Expense for the Year	–	–	–	(3,315)	(3,315)
<b>Transactions with Owners, Recorded Directly in Equity</b>					
Exercise of Warrant	1	264	–	–	265
Share Based Payments	–	–	–	290	290
Issue of Shares on Placing	28	19,265	–	–	19,293
Total Transactions with Owners	29	19,529	–	290	19,848
<b>At 31 December 2020</b>	<b>168</b>	<b>36,864</b>	–	<b>(3,019)</b>	<b>34,013</b>
<b>At 1 January 2021</b>					
	<b>168</b>	<b>36,864</b>	–	<b>(3,019)</b>	<b>34,013</b>
Profit for the Year	–	–	–	580	580
Total Comprehensive income for the Year	–	–	–	580	580
<b>Transactional with Owners, Recorded Directly in Equity</b>					
Share Based Payments	–	–	–	342	342
Treasury Shares	–	–	(165)	–	(165)
Total Transactions with Owners	–	–	(165)	177	177
<b>At 31 December 2021</b>	<b>168</b>	<b>36,864</b>	<b>(165)</b>	<b>(2,097)</b>	<b>34,770</b>

## Notes to the Company Financial Statements for the year-ended 31 December 2021

### 1. General Information

Diaceutics PLC is incorporated and domiciled in Northern Ireland. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company's financial statements are presented in Sterling.

#### Parent Company Profit and Loss Account

The directors' have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement for the company alone.

The results of Diaceutics PLC are included in the consolidated financial statements of Diaceutics PLC which are available from Building Two, Dataworks at King's Hall Life Sciences Park, Belfast, County Antrim, Northern Ireland, BT9 6GW.

#### Basis of Accounting

These financial statements have been prepared on a going concern basis. The financial statements are prepared under the historical cost convention unless otherwise specified within these accounting policies, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and in accordance with The Companies Act 2006 as applicable to companies using FRS 101.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year-ended 31 December 2021. The accounting policies have been applied consistently to all the years presented, unless otherwise stated. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46–52 of IFRS 2 Share Based Payments;
- the requirements of paragraphs 10(d), 10(f), 16, 38(a)–(d), 39(c), 40(a)–(d), 111 and 134–136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and 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.

#### Going Concern

The financial performance and balance sheet position at 31 December 2021 along with a range of scenario plans to 31 December 2023 has been considered, applying different sensitives to revenue. Across these scenarios, including at the lower end of the range, there remains significant headroom in the minimum cash balance over the period to 31 December 2023 and therefore the Directors have satisfied themselves that the Company and Group has adequate funds in place to continue in operational existence for the foreseeable future.

#### New and Amended Accounting Standards Adopted by the Company

The following new accounting standards, amendments and/or interpretations have been published but not yet endorsed by the UK and are not mandatory for 31 December 2021 reporting year. They have not been early adopted by the Company and these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- IFRS 17 insurance contracts
- Classification of liabilities as current or non-current (amendments to IAS 1)
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)
- Reference to the Conceptual Framework (IFRS 3)
- Proceeds before Intended Use (IAS 16)
- Onerous Contracts (IAS 37)
- Annual Improvements to IFRS Standards 2018–2020 (IFRS1, IFRS9, IFRS16 and IFRS41)
- Amendments to IFRS–4 – extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement–2 – disclosure of accounting policies
- Amendments to IAS –2 – deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS–8 – definition of accounting estimates

We are still assessing the implications of the new standards and interpretations however it is not expected to have a material impact on the Company.

### 2. Accounting Policies

#### Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax and after eliminating sales within the Company.

The Company has three revenue streams, DXRX platform data revenue, DXRX platform technology enabled services revenue and Professional services revenue. The Company's performance obligations for these revenue streams are deemed to either be the provision of specific deliverables to the customer or a subscription-based service. Revenue billed to the customer is allocated to the various performance obligations, based on the relative fair value of those obligations, and is then recognised when it transfers control of a deliverable to a customer as follows:

The platform data revenue and the platform technology enabled services revenue are recognised at a point in time when milestone based or overtime when subscription based. The professional services revenue is recognised over time based on the number of input hours. With all other professional services recognised at a point in time where milestones are specified within client contract, otherwise input hours recognition applies.

#### Government Grants

Grants, which include research and development tax credits where the recovery of those credits is not restricted, are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the profit and loss account over the period necessary to match them with the costs that they are intended to compensate. Grants relating to development projects are included in non-current liabilities as deferred income and are credited to the profit and loss account on a straight-line basis over the expected useful economic lives of the related assets.

#### Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the

exchange rate at the date of the

transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### Investments

Investments in subsidiaries are held at historical cost less any provisions for impairment in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Intangible Assets

##### Research and Development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost until it is brought into use.

##### Other Intangible Assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

##### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents and Trademarks — 3 years (33.3% straight line) from date of registration
- Datasets — 4 years (25% straight line)
- Software — 5 years (20% straight line)
- Platform — 10 years (10% straight line)
- Platform Algorithms — 6 years (16.7% straight line)

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

#### Property, Plant & Equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether there are indicators of impairment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment. The estimated useful lives are as follows:

- Office Equipment — 5 years (20% straight line)
- Leasehold Improvements — 10 years (10% straight line)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. 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 income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by

the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either, the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

#### Employee Benefits

The Company operates a defined contribution pension scheme which is open to employees and directors. The assets of the scheme are held by investment managers separately from those of the Company. The contributions payable to the scheme is recorded in the profit and loss account in the accounting period to which they relate.

#### Share Based Payments

The Company has a number of classes of shares in issue. Where shares are issued to employees that contain restrictions that mean they have obtained those shares by virtue of their employment, those shares are accounted for as share based payments. When the shares are issued a determination is made, based on the rights of those shares, as to whether there is a contractual liability for the Company to reacquire the shares at some point (cash settled) or not (equity settled). For equity settled shares, a fair value of those shares is established at the date the shares are granted and, if the employee is required to complete a period of service before the shares vest, this fair value is spread over that period (vesting period).

#### Financial Assets

##### (a) Classification

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

- Those to be measured at amortised costs; and
- Those to be measured subsequently at fair value

(either through Other Comprehensive Income of through profit and loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies its financial assets when and only when its business model for managing those assets change.

##### b) Recognition and Measurement

At initial recognition, the Company measures financial assets at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of financial assets depends on the Company's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Company only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss.

##### c) Expected Credit Losses

The Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the Company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the Company applies the three-stage model to determine expected credit losses.

#### Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings due within one year and after one year, which are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. The Company does sometimes make use of derivative financial

instruments or hedge accounting for foreign currency transactions. Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables, and financial liabilities are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

#### Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term

highly liquid investments with original maturities of three months or less and bank overdrafts.

#### Equity

Ordinary shares are classified as equity. Incremental costs directly attributable for the issue of new shares are shown in equity as a deduction from the proceeds.

The share premium reserve represents the excess over the nominal value of the fair value of consideration received for equity shares, net of expenses on the share issue.

The capital redemption reserve records the nominal value of shares repurchased by the Company.

#### Distributions to Equity Holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Such 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 and are subject to continual re-evaluation. It should be noted that the impact of variation in some assumptions and estimates can have a particularly material impact on the reported results.

The key judgements in applying the accounting policies include but are not limited to:

- The Company capitalises costs associated with the development of the DXRX platform and data lake. These costs are assessed against IAS 38 Intangible Assets to ensure they meet the criteria for capitalisation.
- Assessment of the recoverable amount, being the higher of value in use and the fair value less cost to sell, of property plant and equipment, intangible assets and right-of-use assets in accordance with IAS 36 Impairment of Assets. The Company carries out an annual review in respect of indicators of



impairment, and if any such indication exists, the Company is required to estimate the recoverable amount of the asset. Following this assessment, no impairment indicators were present at 31 December 2021. Further details are disclosed in note 6 intangible assets.

- Application of IFRS 16 requires the Company to make significant judgements in assessing the rate used to discount the lease payments in order to calculate the lease liability. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the Company commercial borrowing rate.
- In assessing the requirement to recognise a deferred tax asset, management carried out a forecasting exercise in order to assess whether the Company will have sufficient future profits on which the deferred tax asset can be utilised. This forecast required management's judgment as to the future performance of the Company.
- In the calculation of Share Based Payments charge an assessment of expected employee attrition is used based on actual employee turnover from the inception of the share option plan.

• With respect to revenue recognition, as described in note two accounting policies, where the input method is used to determine recognition over time, a key source of estimation will be the total budgeted hours to completion for comparison with the actual hours spent.

Key sources of estimation uncertainty are as follows:

- The Company's estimation of the useful economic lives of intangible assets. The assessment of useful life of data purchases and platform require estimation over the period in which these assets will be utilised and is based on information on the estimated technical obsolescence of such assets and latest information on commercial and technical use. Further details on the estimation uncertainty has been disclosed in note 6.
- Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in accounting estimates may be necessary if there are changes in the circumstances or experiences on which the estimate was based or as a result of new information.

#### 4. Employee Costs

	2021 £000's	2020 £000's
Wages and Salaries	7,162	4,359
Social Security Costs	954	796
Other Pension Costs	294	242
	<b>8,410</b>	5,397

#### 5. Staff Numbers

The average monthly number of employees during the year was as follows:

	2021	2020
Administration	29	23
Technical	62	49
Business Development	10	2
Finance	10	8
	<b>111</b>	82

#### 6. Intangible Assets

	Patents and Trademarks £000's	Datasets £000's	Development Expenditure* £000's	Platform £000's	Software £000's	Total £000's
<b>Cost</b>						
At 1 January 2020	111	956	949	–	210	2,226
Transfer from Development Expenditure to Platform	–	–	(4,142)	4,142	–	–
Additions	68	967	3,530	–	276	4,841
At 31 December 2020	179	1,923	337	4,142	486	7,067
Transfer from Development Expenditure to Platform	–	–	(2,633)	2,633	–	–
Additions	9	1,242	2,463	7	65	3,786
<b>At 31 December 2021</b>	<b>188</b>	<b>3,165</b>	<b>167</b>	<b>6,782</b>	<b>551</b>	<b>10,853</b>
<b>Amortisation</b>						
At 1 January 2020	63	179	78	–	3	323
Transfer from Development Expenditure to Datasets	–	78	(78)	–	–	–
Charge for the Year	24	393	–	24	74	515
At 31 December 2020	87	650	–	24	77	838
Charge for the Year	42	533	–	437	101	1,113
<b>At 31 December 2021</b>	<b>129</b>	<b>1,183</b>	<b>–</b>	<b>461</b>	<b>178</b>	<b>1,951</b>
<b>Net Book Value</b>						
<b>At 31 December 2021</b>	<b>59</b>	<b>1,982</b>	<b>167</b>	<b>6,321</b>	<b>373</b>	<b>8,902</b>
At 31 December 2020	92	1,273	337	4,118	409	6,229

\* Development expenditure relates to an asset under construction and as such no amortisation has been charged.

Intangible assets relate to patents, trademarks, software, DXRX platform and datasets which are recorded at cost and amortised over their useful economic life which has been assessed as four to ten years. On 1 December 2020 the DXRX platform was commissioned and brought into use. On this date £4,142,000 was transferred out of development expenditure and into platform. In 2021 an additional £2,633,000 was transferred to platform intangible asset.

The Company assesses the useful life of all assets on an annual basis. On reviewing the useful life of the data sets it was determined that based on latest information on commercial and technical use, four years represented the best estimate of the useful life of such assets.

The Company has determined that the useful life of data and the platform is a significant area of estimation.

The platform has been assessed to have a useful life of 6–10 years based on information on the estimated technical obsolescence of such assets. However, the actual asset useful life may be shorter or longer than this period depending on technical innovations and other external factors. If the useful life were reduced by two years, the carrying amount of the asset would reduce

by £101,000 to £6,220,000. If the useful life of the asset were increased by 2 years, the carrying amount of the asset would increase by £79,000 to £6,400,000.

Data sets have been assessed to have a useful life of four years based on information on the estimated commercial and technical use of such assets. However, the actual asset useful life may be shorter or longer than 4 years depending on technical innovations and other external factors. If the useful life were 3 years, the carrying amount of the asset would reduce by £64,000 to £1,917,000. If the useful life of the asset were 5 years, the carrying amount of the asset would increase by £38,000 to £2,019,000.

Amortisation in respect of Patents and trademarks and Software is expensed to the Profit and Loss Account as Administrative expenses. Platform and Datasets amortisation is included within Cost of sales.

These are all definite life intangible assets. While these assets are owned by entities across the Group, they are operated a single asset. Refer to Group note 16 – Intangible assets for details of impairment review and sensitivity analysis.

## 7. Property, Plant and Equipment

	Leasehold Improvements £000's	Office Equipment £000's	Total £000's
<b>Cost</b>			
At 1 January 2020	–	213	213
Additions	–	132	132
At 31 December 2020	–	345	345
Reclassification	59	(59)	–
Additions	419	145	564
<b>At 31 December 2021</b>	<b>478</b>	<b>431</b>	<b>909</b>
<b>Accumulated Depreciation</b>			
At 1 January 2020	–	96	96
Charge for the Year	–	32	32
At 31 December 2020	–	128	128
Charge for the Year	16	61	77
<b>At 31 December 2021</b>	<b>16</b>	<b>189</b>	<b>205</b>
<b>Net Book Value</b>			
<b>At 31 December 2021</b>	<b>462</b>	<b>242</b>	<b>704</b>
At 31 December 2020	–	217	217

## 8. Right of Use Assets

	Buildings £000's
<b>Cost</b>	
Additions	1,460
At 31 December 2021	1,460
<b>Accumulated Depreciation</b>	
Charge for the Year	49
At 31 December 2021	49
<b>Carrying Amount</b>	
At 31 December 2021	1,411

During the year, the group entered into a new lease for its property at Dataworks, Kings Hall Life Sciences Park, Belfast, BT9 6GW for a term of 10 years. The average lease term is 10 years (2020: 0 years).

This resulted in additions to right-of-use assets of £1,460K in 2021 (2020: £Nil).

The Company's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in note 14.

	2021 £000's	2020 £000's
<b>Amounts Recognised in Profit and Loss</b>		
Depreciation Expense on Right-of-use Assets	49	–
Interest Expense on Lease Liabilities	20	–

## 9. Deferred Tax Liability

Tax losses carried forward amount to £6,687,000 (2020: £6,358,000).

	Tax Losses £000's	Property, Plant and Equipment £000's	Other Temporary Differences £000's	Research & Development £000's	Share Based Payments £000's	Total £000's
Asset/(Liability) at 1 January 2020	518	–	(171)	–	–	347
Credited/(Charged) to the Income Statement	690	–	(76)	(665)	–	(51)
Asset/(Liability) at 31 December 2020	1,208	–	(247)	(665)	–	296
Credited/(Charged) to the Income Statement	515	(1,838)	249	665	26	(383)
<b>Asset/(Liability) at 31 December 2021</b>	<b>1,723</b>	<b>(1,838)</b>	<b>2</b>	<b>–</b>	<b>26</b>	<b>(87)</b>

## 10. Investments

	Investment in Subsidiaries £000's
At 1 January 2020	58
Additions	67
At 31 December 2020	125
Additions	101
<b>At 31 December 2021</b>	<b>226</b>

During the year ended 31 December 2021, the Company made capital contributions amounting to £101,000 to certain subsidiaries in respect of share based payment awards.

The following were subsidiaries of the Company at 31 December 2021:

	Registered Office	Country of Incorporation	Percentage of Shares Held
Diaceutics Ireland Limited	Unit 3, Creative Spark, Clongtara Drive, Muirhevnamon, Dundalk, County Louth	Republic of Ireland	100%
Labceutics Limited	727 Antrim Road, Belfast, BT15 4EJ	Northern Ireland	100%
Diaceutics Inc	2001 Route 46, Waterview Plaza Suite 310, Parsippany, New Jersey, 07054	USA	100%
Diaceutics Pte Limited	6 Temesak Boulevard, #20-00 Suntec Tower Four, Singapore	Singapore	100%

The principal business of all the subsidiary undertakings is data and implementation services. All entities were incorporated before 1 January 2021.

## 11. Trade and Other Receivables

	2021 £000's	2020 £000's
Trade Receivables	743	876
Contract Assets	43	104
Amounts Owed by Group Undertakings	5,839	3,092
Other Debtors	123	175
Prepayments	343	423
Derivative Financial Instruments	37	–
	<b>7,128</b>	4,670

All amounts are due within one year. Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

The default percentage used in the expected credit loss calculation was 0.002% (2020: 0.16%) for debt up to 30 days old; 0.002% (2020:0.20%) for debt between 31 and 60 days old; 0.004% (2020:0.31%) for debt between 61 and 90 days old; 0.01% (2020:0.84%) for debt between 91 and 180 days old and 5.71% (2020: 8.09%) for debt over 180 days old.

The Company applies the practical expedient in IFRS 9 (which allows the group to measure impairment using the 12 month Expected Credit Loss model) in respect of amounts owed by group undertakings, for those balances that meet the following requirements:

- it has a low risk of default;
- the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

For those balances where there is a higher risk of default the group follows the 3 stage approach within IFRS 9 to determine lifetime expected credit losses.

Other receivables are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses.

The Company's contracts with customers are typically less than one year in duration and any contract assets as at the balance sheet date would be expected to be invoiced and received in the following year.

The following table shows the movement in contract assets:

	2021 £000's	2020 £000's
Contract Assets Recognised at Start of the Year	104	416
Revenue Recognised in Prior Year that was Invoiced in the Current Year	(104)	(416)
Amounts Recognised in Revenue in the Current Year that will be Invoiced in Future Years	43	104
Balance at the End of the Year	<b>43</b>	104

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

## 12. Income Tax Receivable

	2021 £000's	2020 £000's
Balance at 1 January	2,215	293
Credited to the Profit and Loss Account	41	1,922
Balance at 31 December	<b>2,256</b>	2,215

Included in the movement is a credit to the P&L account relates to a credit on losses for the year amounting to £530,000 (2020: £1,792,000) plus credits relating to RDEC amounting to £123,000 (2020: £147,000).

## 13. Trade and Other Payables

	2021 £000's	2020 £000's
<b>Creditors:</b> Amounts Falling Due within One Year		
Trade Payables	374	394
Amounts Owed to Group Undertakings	515	947
Accruals	1,129	807
Contract Liabilities	35	31
Other Tax and Social Security	241	206
	<b>2,294</b>	2,385

Contract liabilities of £35,000 (2020: £31,000) which arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. The Company's contracts with customers are typically less than one year in duration and any contract liabilities would be expected to be recognised as revenue in the following year.

The following table shows the movement in contract liabilities:

	2021 £000's	2020 £000's
Contract Liabilities Recognised at Start of the Year	31	148
Amounts Invoiced in Prior Year Recognised as Revenue in the Current Year	(31)	(148)
Amounts Invoiced in the Current Year which will be Recognised as Revenue in the Later Years	35	31
Balance at the End of the Year	<b>35</b>	31



## 14. Leasehold Liability

	2021 Discounted £000's	2021 Undiscounted £000's
<b>Maturity Analysis:</b>		
Year 1	146	146
Year 2-5	436	585
+5 Year	849	1,040
	1,431	1,771
<b>Analysed as:</b>		
Non-current	1,285	1,625
Current	146	146
	1,431	1,771

## 15. Financial Liabilities

	2021 £000's	2020 £000's
<b>Creditors: Falling Due within One Year</b>		
Convertible Loan Notes	130	118
	130	118

## 16. Interest Bearing Loans and Borrowings

	2021 £000's	2020 £000's
Convertible Loan Notes (b)	130	118
	130	118

### (a) Revolving Credit Facility

In July 2020 the Company entered into a revolving credit facility with Silicon Valley Bank who provided a credit facility for £4,000,000. This facility is available to be drawn in US dollars, Sterling or Euro and was unused at 31 December 2021. The Maturity Date of the facility is 16 July 2023.

### (b) Convertible Loan Notes

£100,000 of the Loan Notes issued on 15 February 2019 remain in place. Interest is charged at 10% and payable annually. These loan notes can be converted into Ordinary Shares in the Company on or after 22nd March 2022.

Under IFRS 9, Financial Instruments, the total finance cost of the convertible loan notes is required to be spread over the maturity period using an effective interest rate. Consequently, an interest charge of £12,000 (2020: £10,000) has been recognised in the profit and loss account using an effective rate of 10%.

## 17. Equity Share Capital

	2021 £000's	2020 £000's
<b>Allotted, Called Up and Fully Paid</b>		
84,068,923 (2020: 84,068,923) Ordinary Shares of £0.002 each	168	168
	168	168

In the prior year the Company undertook a Placing of 14,137,931 new ordinary shares to raise, in aggregate £20.5m (before expenses of £0.9m) the Company issued 347,915 Ordinary Shares pursuant to the exercise of warrants at an exercise price of 76p per Ordinary Share. The issued share capital of the Company immediately following completion of the Placing and the exercise of warrants and at 31 December 2020, was 84,068,923 Ordinary Shares of £0.002 each. There was no change to the share capital of the Company in the current year.

All Ordinary Shares rank pari passu in all respects including voting rights and the right to receive all dividends and other distributions, if any, declared or made or paid in respect of Ordinary Shares.

### Treasury Shares

Refer to Group note 25 for details for details of treasury shares are held by the Diaceutics Employee Share Trust for the purpose of issuing shares under the Diaceutics Plc SIP scheme.

### Reserves

Share premium account: This reserve records the amount above the nominal value received for shares sold, less transaction costs.

### Dividends

During the year dividends amounting to £Nil (2020: £Nil) were paid. No dividends were proposed by the directors after the balance sheet date.

## 18. Share Based Payments

### Employee Share Option Plan

The Company currently has an Employee Share Option Plan ('ESOP') for employees. In June 2019, 197,400 options were granted to certain employees to satisfy contractual obligations. These options, which have an exercise price of £0.002, are payable in shares at the end of three years to the extent that performance criteria are met. At the end of June 2020, a further 231,000 options were granted under the share scheme and at the end of June 2021 155,400 further options were granted with an exercise price of £0.002

In the first half of 2020 the Company launched a long-term incentive plan (LTIP), under which an initial award of 1,430,244 options were granted to certain employees on 17 April 2020. These options which have an exercise price of £1.265, are exercisable at the end of three years with no performance obligations attached other than being employed in the Company at the end of the vesting period. In April 2021 a further 891,969 options were granted with an exercise price of £0.002, the 2021 LTIP options are underpinned by a Total Shareholder Return (TSR) target, with the percentage of shares vesting increasing from nil at a TSR of less than £1.1885 rising to 100% at a TSR of £1.9105. TSR is measured by the aggregate of dividends declared and paid, and average share price over the applicable period.

In April 2021 the Company launched a Share Incentive Plan (SIP). SIP options are issued to employees on a 2-for-1 matching basis for the first year of the plan with the only performance obligation attached being continued employment to date of vesting. 115,392 options were granted under the plan in 2021 with an exercise price of £0.002.

Granted awards under the Company's ESOP, LTIP and SIP schemes that were outstanding at 31 December 2021 had a weighted average fair value at grant date of £1.24 per option (2020: £0.72). The fair value of the awards is recognised over the three-year vesting period from the grant date, with share based payments and related costs of £312,000 being charged through the profit and loss account in the year-ended 31 December 2021 (2020: £221,000).

It is intended the obligation arising with the above shares will be met within the existing employee benefit trust.

The options with performance conditions attached will only be exercisable provided the employee has received no more than two 'unsatisfactory' individual performance ratings in all of their individual performance reviews in the three-year period from the date of grant. The 2021 LTIP options have the further TSR performance condition to meet before being exercisable.

## 19. Commitments and Contingencies

There are no material capital commitments, financial commitments or contingent liabilities at the balance sheet date not provided for in these financial statements.

## 20. Related Party Transactions

As outlined in note 1 the Company has taken advantage of the exemption in IAS 24 'Related Party Disclosures' from disclosing transactions between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member. During the year the Company entered into a 10-year lease for its new Belfast offices. The lessor is O'Connor & McCann Ltd, a private limited company in which Peter Keeling is a director and Ryan Keeling is a shareholder.

A £49,000 rental charge was incurred in the year (2020: £Nil). The balance owed to O'Connor & McCann Ltd at 31 December 2021 is £Nil (2020: £Nil).

There were no other transactions which fall to be disclosed under the terms of IAS 24.

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