Diaceutics

Better Testing, Better Treatment®

Diaceutics PLC

Annual Report

2022

Diaceutics PLC

Annual Report for the year ended 31 December 2022

Registered Number: NI055207

Hello!

At Diaceutics we believe that every patient should have access to the right treatment at the right time. We provide the world's leading pharma companies with an end-to-end solution for the launch of precision medicine diagnostics enabled by DXRX - The Diagnostic Network®.

DXRX is the world's first diagnostic commercialisation platform for precision medicine, integrating multiple pipelines of real-world diagnostic testing data from a global network of labs.

Diaceutics' data capability is one of the three key value drivers it has integrated into its unique DXRX platform alongside its global lab network and product suite tailored for precision testing.

Contents

Strategic reports

"The progress we have seen in 2022 serves to validate our strategy and highlights the true scale of the opportunity available as the precision medicine market continues to grow at pace."

Peter Keeling
Chief Executive Officer and Founder

Financial highlights

Revenue
£19.5m
↑ 40%
2021 : £13.9m
a 26% increase on a constant currency basis and materially ahead of expectations

Gross Profit
£16.7m
↑ 37%
2021 : £12.2m

Gross Margin
86%
broadly consistent with the prior year
2021 : 88%

Significant shift to platform-based subscription contracts
35%
of revenue now subscription based
2021 : 3%

EBITDA[1]
£3.6m
EBITDA margin of 18%, slightly ahead of the prior year
2021 : £2.3m (17%)

Profit Before Tax
£0.6m
2021 : £0.5m

Strong Balance Sheet
£19.8m
cash and cash equivalents, no debt (2021 : £19.7m)
£0.1m cash flow generative for the year (2021 outflow : £5.1m)

Improved visibility of future revenue growth in order book value
£16.9m
at 31 December 2022 (31 December 2021, £1.74m) with £10.9m of the order book expected to be realised in 2023

[1] EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items, but after share-based payment costs

Operational highlights

Continued strong adoption of the DXRX platform in second full year since launch with:

76%

Revenue generated by the platform data based 'Insight' and tech-enabled 'Engagement' solutions (2021: 60%), with 79% revenue growth in these areas

56

brands under management with 26 brands having lifetime Diaceutics spend to date over US$1m (2021: 19)

Recruitment of 290 labs onto the DXRX platform during 2022 taking the total to 851 in 38 countries, significantly increasing the DXRX platform's global footprint and availability of 'Engagement' solution offerings

Launch of new and enriched platform functionality, significantly enhancing the user experience and enabling the platform to be embedded within customers' own CRM systems and commercial processes

Operational highlights

Expansion of the **sales and marketing, customer service and delivery and technology teams** with a total increase in headcount from 129 at the end of December 2021 to 151 at the end of December 2022

Secured **two enterprise-level, multi-disease data engagements, with two top 10 global pharma companies**. Combined, the contracts will deliver a cumulative value of US$7m over a two-year period

Strengthened leadership team with the appointment of **Nick Roberts**, Chief Financial Officer, and **Julie Browne**, Chief Operating Officer, during the year

Strong trading performance in 2022 and continued momentum is driving the accelerated strategy investment announced in early 2023

At Diaceutics we believe that every patient should get the opportunity to receive the **right test and the right therapy** to positively impact their disease outcome.

We provide the world's leading pharma and biotech companies with an end-to-end commercialisation solution for the launch of precision medicine, enabled by DXRX - The Diagnostic Network®. We believe that DXRX is the only diagnostic commercialisation platform designed specifically for precision medicine, integrating multiple pipelines of real-world, real-time diagnostic testing data from a global network of labs. Diaceutics' data capability is one of the three key value drivers it has integrated into its unique DXRX platform, alongside its global lab network and product suite tailored for precision medicine.

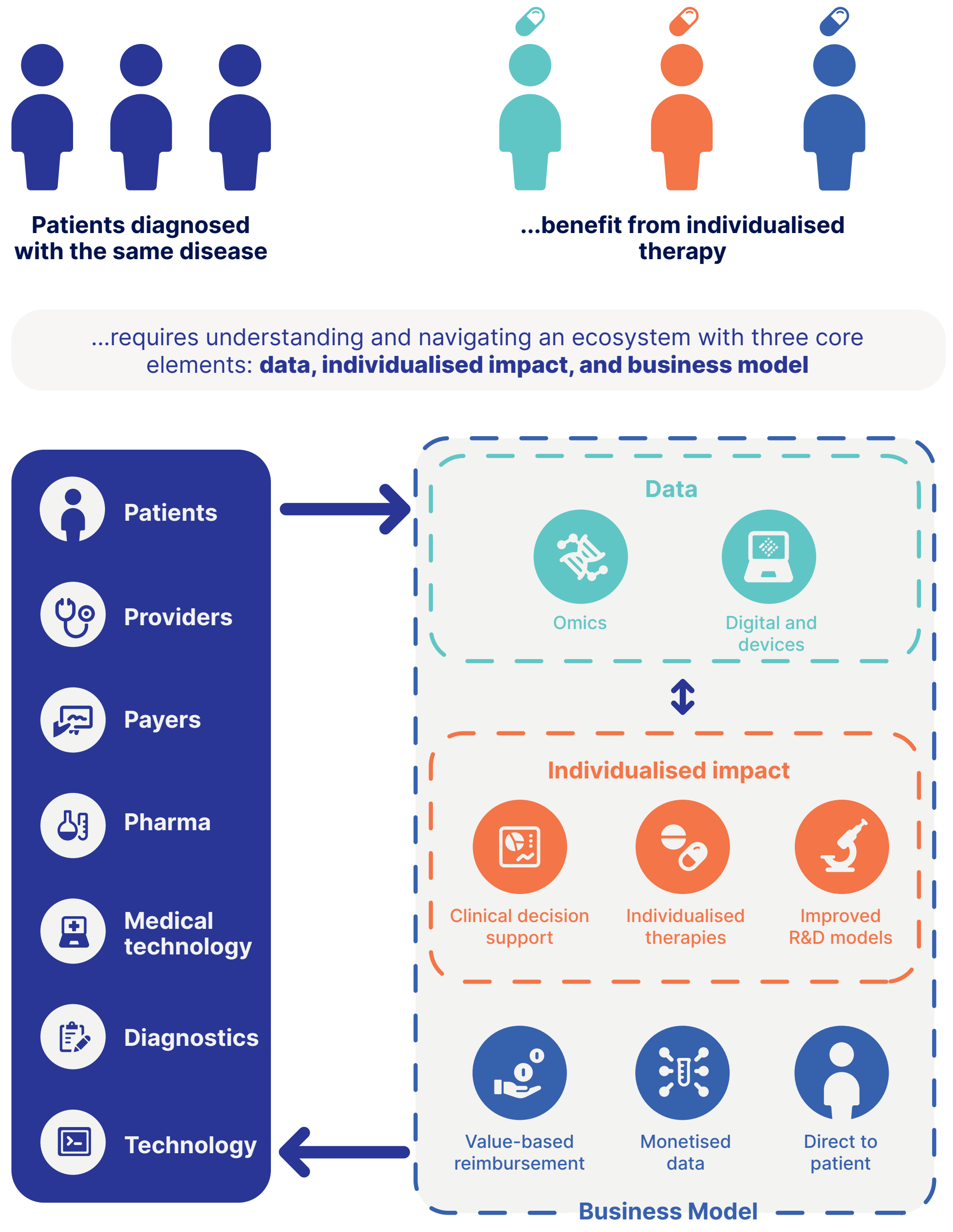
Overview of precision medicine

Precision medicine is an innovative approach to tailoring disease treatment that considers differences in patients' genetic make-up, environment, and lifestyle. In contrast to the traditional one-size-fits-all approach, in which medical treatments are designed for the 'average' patient, the goal of precision medicine is to target the right treatments to the right patients at the right time.

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 most often 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.

At Diaceutics, we champion 'better patient testing' and recognise its potential to accelerate advancements in the precision medicine field. Put simply, better testing alone has the potential to deliver equal or improved patient outcomes; when better testing leads to better treatment, the two are transformative.

As precision medicine evolves over time, patients will eventually become directly involved in shaping their own health outcomes. Patient level access to the best available diagnostic tools and insights will facilitate a more seamless diagnostic journey and will enable patients to partner with physicians to make informed treatment choices. Today, however, we are entering a 'middle era' of precision medicine that sees physicians, labs, and the industrial ecosystem working to integrate novel testing and treatment choices one or two steps removed from the patient. Many patients are still not gaining access to the right tests and, subsequently, the right treatments. Diaceutics are positioned to work with pharma and biotech companies to address this.



Overview of our services

Over the past two years we have worked consistently with 21 of the global top 30 pharma companies on all major precision medicine drug launches. Using our bespoke suite of insight and engagement solutions and advisory services, all underpinned by our unique data and enabled by DXRX - The Diagnostic Network®. These solutions are helping the world's largest pharma companies commercialise their precision medicines, enhance their return on investment and ultimately improve patients lives.

We are continuing to expand our customer base outside of large pharma and provide solutions to diagnostic and biotech companies to enable them to leverage our data insights to support diagnostic commercialisation.

Insight Solutions (Data)

DXRX provides access to the world's largest diagnostic testing data repository, combining multiple sources of information to build a complete picture of a patient's diagnostic journey. This service includes:

- Lab Segmentation
- Physician Segmentation
- Testing Rates Tracker
- Physician Signal (Alerts)

Customer solutions

Engagement Solutions (TES)

We partner with leaders in business and society to solve challenges affecting therapy success at a regional and global level to provide:

- Lab Alerts
- Lab Training
- Lab Engage
- Physician Engage

Customer solutions

Advisory Services (Professional Services)

A range of services developed to help improve patient care by accelerating the development, delivery and uptake of precision medicine:

- Precision Medicine Consulting
- Strategy & Planning
- Insight
- Education & Content
- Impact Assessment
- Market Access

Customer solutions

Please see page 30 for examples of '**Diaceutics in action**'

Diaceutics and our market opportunity

Increasing our addressable opportunity within the growing precision medicine market

The total precision medicine sector is estimated to grow at 11.5% CAGR between 2021-2030 to a value of c. US$175.6 bn, driven by the increasing number of precision medicines being brought to market.[1]

Current market estimations show 192 precision medicine therapies available to patients, with 80 of these being oncology related and the remaining 112 falling within other sectors of the market.[2]

The number of precision medicine therapies receiving FDA approval has been steadily increasing over the last 8 years; starting at 15% of total FDA drug approvals in 2018, and according to the Personalized Medicine Coalition, rising to 34-35% last year.[3]

These numbers clearly show that the precision medicine pipeline is robust, with the total number of approvals projected to increase further in the coming years. Within this pipeline, Diaceutics estimates that 2141 precision medicine trials currently exist for oncology, with another 3056 trials taking place outside the oncology sector. As these trials come to fruition, it is more than possible that over 1000 new precision medicines (including both new indications and new chemical entities) will come to market over the next 8 years.

Diaceutics is ideally positioned to leverage its existing position as a trusted partner to pharma launching therapies, to scale alongside the wider market, as pharma seeks to address the circa $3bn of lifetime precision medicine revenues lost due to inadequate testing and bring its therapies to market more effectively.[4]

Diaceutics estimates that, on average, the pharma sector allocates a **commercialisation budget of US$ 10-15m per therapy brand.** Through its current range of offerings, Diaceutics has the ability to service approximately $1m of that spend per year, per therapy brand. However, through expansion of its offering and reach, Diaceutics believes it has the ability to service **$3m of the commercialisation budget per therapy brand.**

Over the next 3-5 years Diaceutics will increase its total addressable market opportunity through:

- **Diseases:** Expanding outside oncology into other disease areas
- **Products:** Increasing its number of products, for example engagement solutions
- **Customers:** Expanding its customer base to biotech, life science companies and payers
- **Enterprise:** Further enterprise engagements with pharma
- **Geographies:** Expansion in Europe and APAC
- **Lifecycle:** Expanding into pre-launch clinical trials of precision medicine and established 'in-market' drugs pivoting to precision applications
- **Substitution:** Replacing established commercialisation spend with Diaceutics' solutions

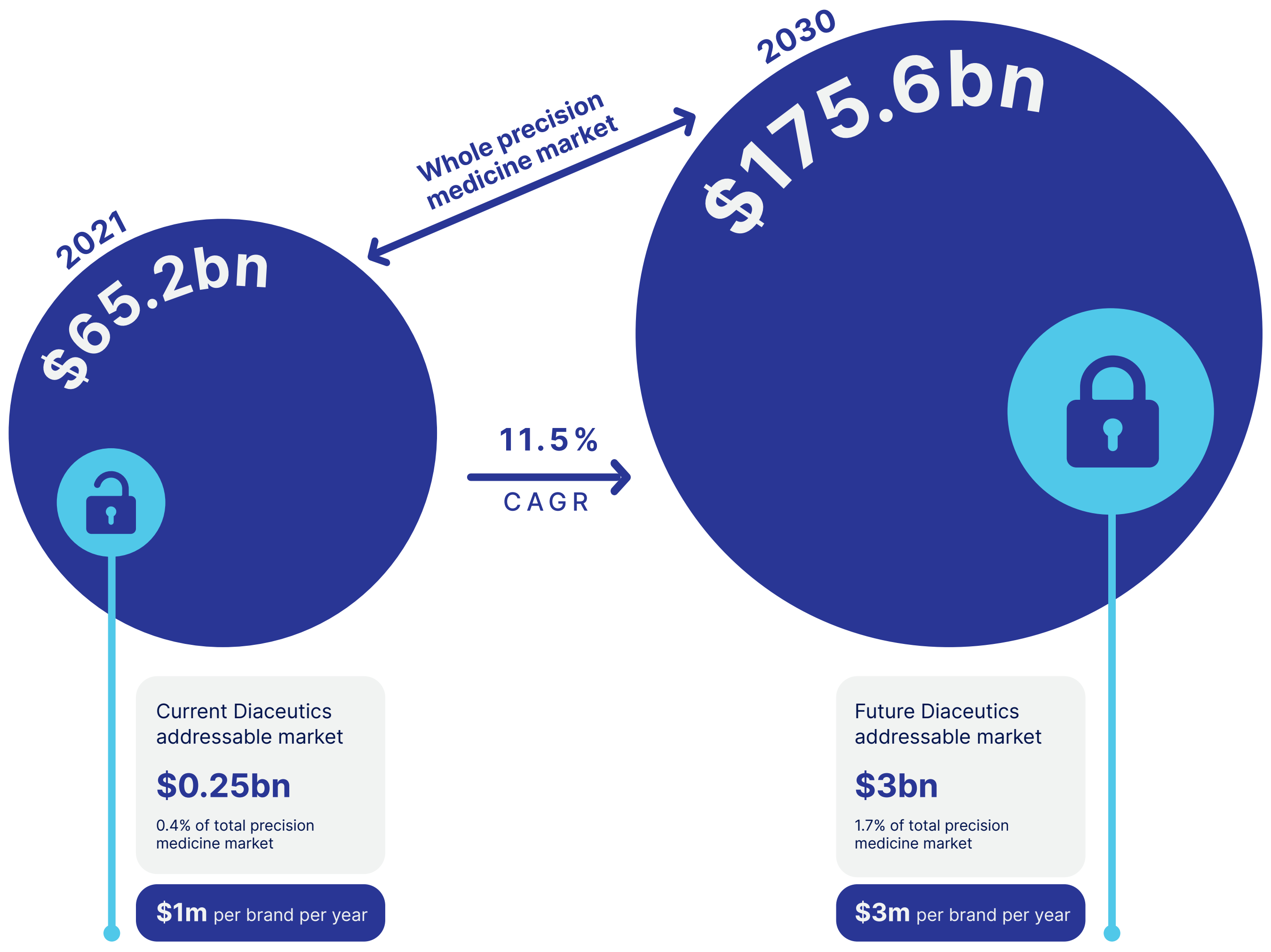
As the sector scales, Diaceutics forecasts that the total addressable market opportunity for the Group will increase to approximately US$3bn by 2030, from circa US$0.25bn in 2021.

[1]Precedence Research: Precision Medicine Market Size, Share, Report 2022 to 2030, April 2023.

[2]The 192 precision medicine therapies available to patients, with 80 being oncology related and the remaining 112 non-oncology, is based on in-house analysis on data obtained from US FDA: Table of Pharmacogenetic Associations and Bioanalysis Zone: Companion diagnostics and precision medicine: an expert overview. March 2023.

[3] Personalized Medicine Coalition: A Strategic Plan for Advancing Personalized Medicine in 2023. March 2023.

[4]Axis for change series 3/3. Precision Medicine Readiness Report: Unlocking the power of the diagnostic pathway. March 2023.



Diaceutics growth opportunity

- ✓ Expand outside core oncology
- ✓ Engagement solution offerings
- ✓ Biotech, life science and payers
- ✓ Pharma enterprise contracts
- ✓ Europe and APAC
- ✓ Pre-launch clinical trials
- ✓ Lifecycle management of established 'in-market' drugs
- ✓ Substituting established commercialisation spend

The precision medicine challenge

In November 2022, Diaceutics, alongside the Personalized Medicine Coalition and guided by an industry-wide steering committee, published a year-long study which examined clinical practice gaps associated with personalised medicine strategies in Non-Small Cell Lung Cancer (NSCLC).

The Practice Gap study, published in the Journal of Clinical Oncology (JCO), analysed the diagnostic pathway to the right treatment for over 32,000 NSCLC patients and identified that remarkably, 64% of those patients received suboptimal treatment due to inadequate testing. This is represented in the schematic below.

The Practice Gaps study evidences that whilst so much has been achieved in developing novel precision treatments and biomarkers in the past 25 years, so much remains to be done to align the commercialisation and understanding of diagnostic testing with that of the breakthrough treatments they enable, ensuring more patients are treated the right way and at the right time.

For Diaceutics, meeting this "**precision medicine challenge**" creates a $3bn market opportunity as the pharma industry seeks to fix testing gaps, so that more patients can gain access to their breakthrough treatments.

Patients lost during various stages of the diagnostic and treatment pathway

Practice gaps	Biopsy referral	Biospecimen collection	Evaluation/ Pathology	Test ordering	Test performance	Test result reporting	Treatment decision
	Tissue and/or liquid biopsy not performed	Tissue sufficiency: Initial biopsy; Re-biopsy; Insufficient tumor	Tumor load overestimation	Physicians not ordering testing; Premature treatment initiation	No results reported (QNS/TNP / inconclusive rates; Test performance / sensitivity	Turnaround time - result not reported within treatment decision window	Targeted treatment not selected despite positive test result
Data Source	CMS claim data; Real-time lab data	CMS claim data; Published journals	CMS claim data; Published journals	CMS claim data; SEER data; Published journals	CMS claim data; SEER data; Published journals	CMS claim data	CMS claim data; SEER data; Published journals
	6.6% patients lost	14.6% patients lost	1.76% patients lost	18.1% patients lost	18.4% patients lost	4% patients lost	29.2% patients lost

Data Source: CMS claim data; Real-time lab data; Published journals; SEER data

1000
Newly diagnosed NCSLC patients potentially eligible for targeted therapy

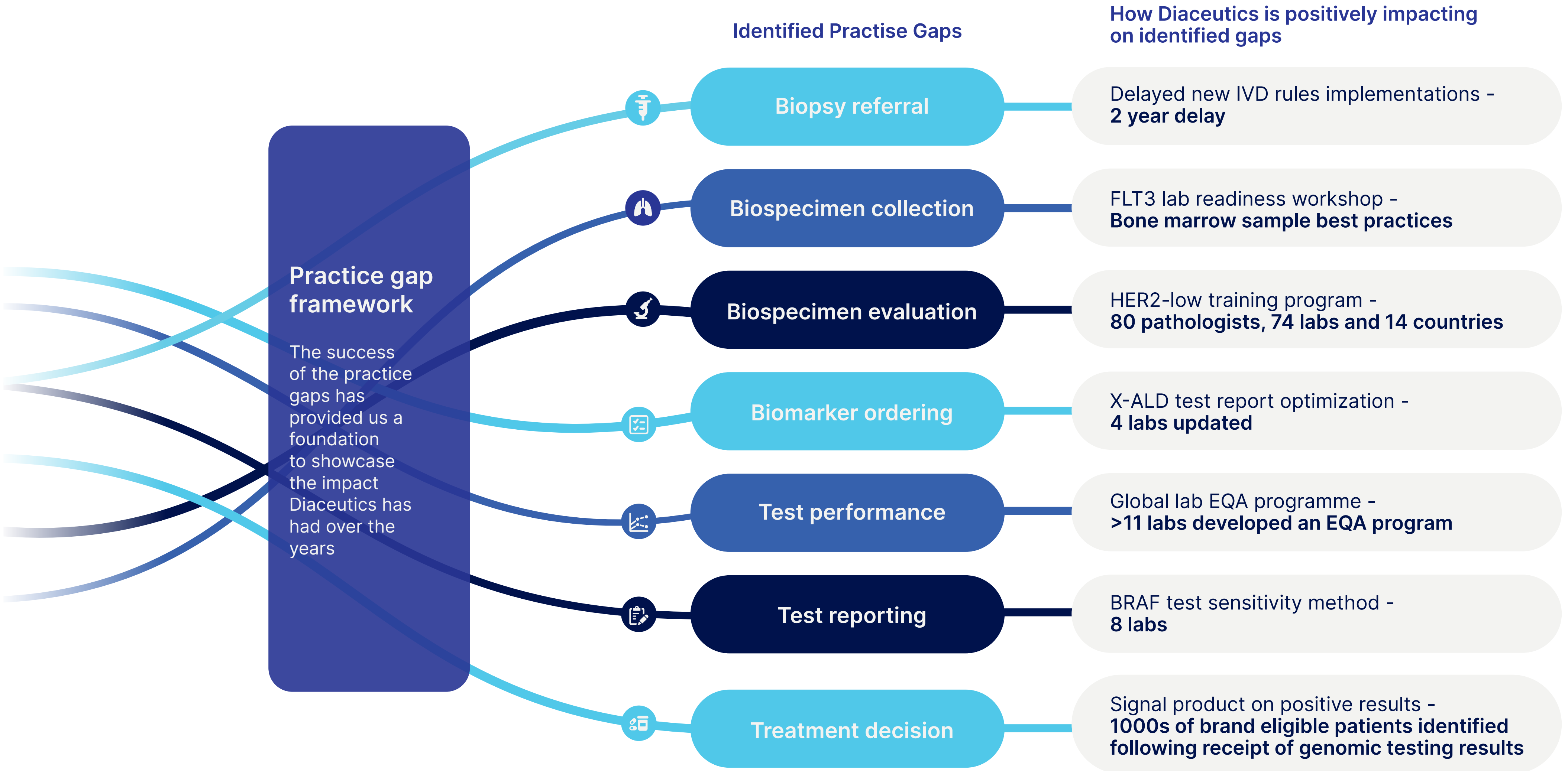
356 (64.4%)
Newly diagnosed NSCLC patients eligible for targeted therapy **tested and properly treated**

QNS, quantity not sufficient; TNP, test not performed.

Evidence that DXRX is able to impact rapid change at the frontline of precision medicine

Diaceutics goal is to provide every patient the opportunity to receive the right therapy. Since the launch of DXRX in October 2020 we have been actively improving testing in key areas of cancer.

Example of where we have made significant patient impact include:



Investment case

Why invest in **Diaceutics?**

Precision medicine has arrived and the market is growing at pace, with each treatment requiring companion diagnostics. Diaceutics is already a trusted partner to pharma launching precision medicine, and through accelerated investment, is scaling to capture the growing opportunity.

Diaceutics and the DXRX platform help connect diagnostics to treatment - enabling patients to get the medicine they need when they need it

1 Growth in the precision medicine market is evident

The precision medicine market is growing at pace.

In 2021 the precision medicine industry was valued at $66.1bn and it is expected to reach $175.6bn by 2030, expanding at a CAGR of 11.5% during the forecast period. Leading pharma companies working in precision medicine include Novartis, Roche/Genentech, Astra Zeneca, Pfizer, BMS, Merck and Amgen, and companies such as AstraZeneca have approximately 90% of their clinical development pipeline currently driven by precision therapeutics.[1]

Based on current spending trends, Diaceutics estimates that pharma allocates an average commercialisation budget of US$10-15m per brand. With its expanding offering, Diaceutics is increasingly well placed to capture a growing share of these budgets.

2 Eligible patients are not getting access to the medicine they need

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 was recently substantiated in the Journal of Clinical Oncology which stated that 64% of lung cancer patients did not receive the most effective medicines for them and their cancer type as a result of suboptimal processes in the disease testing and diagnosis stages. These missed patients across precision medicine are 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 millions of patients and billions in drug revenues. Innovations in diagnostic technology are disrupting the existing healthcare landscape, and patients are already benefiting from improved access to a range of cost-effective technologies.

3 The DXRX platform addresses these issues

The DXRX platform is the world's first diagnostic commercialisation platform for precision medicine, integrating multiple pipelines of real-world data from a global network and real-time labs, in addition to government and commercial claims data. It allows stakeholders in the precision medicine diagnostics market to collaborate and shape the marketplace, in real time. It reduces the diagnostic process hurdles ensuring that labs globally are test ready for each new precision medicine at launch. This significantly increases pharma's new drug return on investment. Ultimately, we hope to help physicians deliver the right medicine to each individual patient in relation to their own personal pathology.

[1]Precedence Research: Precision Medicine Market Size, Share, Report 2022 to 2030, April 2023

4 We have built a considerable competitive advantage

Ensuring that we retain our competitive advantage is essential and Diaceutics will continue to invest in product, platform and people to fully capitalise on the opportunity as a first mover in the space.

Through our expanded suite of platform solutions and enhanced data insights, Diaceutics has established a competitive advantage within the sector and consolidated its reputation as a trusted partner to pharma in the field of precision medicine commercialisation.

We are experts in diagnostic commercialisation, having been involved to some extent in the launch of every precision medicine currently brought to market. We believe that DXRX is the only end-to-end diagnostic commercialisation platform for precision medicine, 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 a disease level.

We are focused on precision medicine across all key diseases and have a global network of labs and service partners in precision medicine diagnostics.

With each new client or lab that joins the platform and every collaboration we form, the wealth of data grows and the service we deliver becomes more useful and valuable.

Through investments in key geographical data sources and enhanced patient healthcare journey data, we are able to secure and elevate the market leadership position of our platform enabled insight and engagement solutions, further embedding our offering in customers' commercialisation activities and securing a larger share of customer spend.

5 Proven track record

We are an established and trusted precision medicine partner to the pharma industry, evidenced in the increasing demand for our recently launched Insight and Engagement Solutions across multiple pharma therapy brands. We refer to this multi-brand, multi-product, multi-year subscription contracting as enterprise-level engagements.

We count many of the world's leading pharma businesses as customers, including 21 of the top 30 global pharma companies and all US and European- based global top 20 pharma companies.

6 A large and growing opportunity

The precision medicine market continues to expand and cover other indications such as Alzheimer's disease, cardiovascular disease, and autoimmune disease. The pharma industry is being steered by regulatory authorities to justify higher prices by requiring a companion diagnostic test takes place before the product can be prescribed, thereby ensuring higher prices are correlated with better patient outcomes. Diaceutics is uniquely placed to capitalise on this regulatory shift and support the commercialisation of newly introduced therapies.

The addressable market for Diaceutics' specific services today is approximately US$0.25bn annually based on our current forecast. We expect this to increase to $3bn by 2023, due to an increasing number of brands being brought to market and more budget being spent by pharma on accelerating to peak drug sales.

7 Strong fundamentals and scalable model

40%
growth in revenues in 2022

35%
of revenue now **subscription** based

86%
High **gross margins**

21 of top 30
Blue-chip customer base including **21 of the top 30** global pharma companies

£19.8m
Well-funded business with a **closing cash balance of £19.8m** as at 31 December 2022 with no debt

Statement from the Chair

I am pleased to report on what has been a transformational year for Diaceutics as we progress to become the primary commercialisation partner for pharma and biotech launching precision medicine.

The year has seen Diaceutics demonstrate its ability to deliver on its strategy and outperform against expectations. The team have brought their many years of experience to bear in creating a digital platform - which through the use of AI, can analyse millions of data points to identify where patients are not receiving the optimal treatment and then provide pharma and biotech organisations with the solutions to help address these opportunities. Ultimately, this will result in precision medicines achieving their patient treatment goals faster, and more patients receiving the right treatment at the right time for their illness.

During the year we delivered revenues materially ahead of expectations, expanded our customer base, increased our lab network, launched our first subscription data services into the US market, and accelerated our migration to a recurring revenue model. With our subscription data services having received significant uptake in the US within the first year of launch, we are now accelerating our investment to build on this momentum, develop more subscription services and launch these across more markets.

Performance

Diaceutics has delivered a strong trading and operational performance in 2022 with revenues increasing 40% to £19.5m (2021: £13.9m), a 26% increase on a constant currency basis, demonstrating the strong underlying growth of the business. The successful transition of many customers to platform-based subscription contracts has considerably improved revenue quality, and visibility in the growth of the future order book.

The strong trading and operational performance during the period, evidenced by the growing pipeline of multi-year contracts, increasingly at an enterprise level, gives the Board great confidence that now is the time to capitalise on our success and capture the significant opportunity available. As announced in our January 2023 trading statement and strategy update, Diaceutics will accelerate investment in its data and products, platform capability and operating model. This is anticipated to increase the mid-term rate of revenue growth, accelerating the continued shift towards subscription-based revenues and improving the future scalability of the Group.
The strong cash reserves of the Group provide the business with the funds to continue executing on its growth strategy.

Purpose and people

Our purpose is to ensure that every patient gets the opportunity to receive the right test and the right therapy to positively impact their disease outcome, and this is deeply rooted throughout our organisation, and resonates strongly with our people. This was demonstrated in our employee engagement survey conducted in 2022, with an 87% participation rate and an overall employee engagement score of 82%, notably higher than the benchmark data from our industry.

93% of all participants agreed or strongly agreed that they are "proud to work for Diaceutics" and 85% felt that their work gives them a "feeling of personal accomplishment". These are positive results that contribute to the unique Diaceutics culture, something which we will work hard to nurture as a responsible employer through communication, engagement, and career progression opportunities as we strive to achieve our strategic goals.

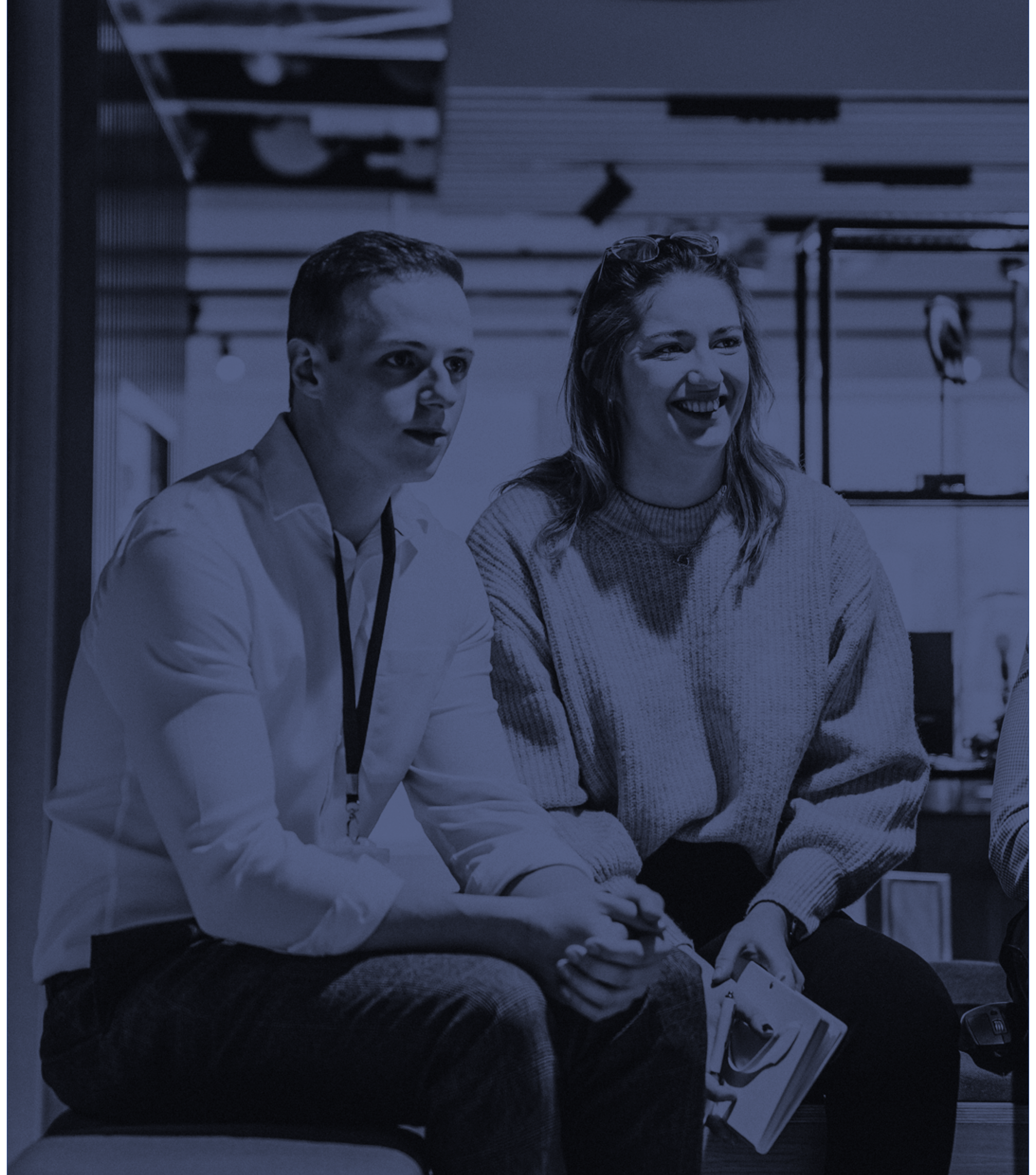
As a global business with employees operating across 16 countries, Diaceutics recognises the immense value people from all cultures, religions and backgrounds can contribute to our success. As a Company we remain fully committed to supporting all colleagues and fostering a diverse and inclusive workplace.

ESG progress

We recognise the importance with which ESG matters are viewed by investors and all stakeholders, and during 2022 began to embed ESG commitments into the core DNA of the business. ESG matters are an intrinsic part of Diaceutics' culture, processes, and business activities, and so, during the period we established an ESG working group to set objectives aimed at producing outcomes that can demonstrate our progress towards continued sustainability. As an example, we have started reporting on emissions produced through air travel and our Belfast building. Further details of our ESG progress are detailed later in this report.

Governance

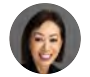
Diaceutics is committed to operating at the highest possible standards of corporate governance. Vital to this effort is ensuring that, as a Group, we adhere to strict data governance protocols in order to fully protect our data repository. During the period we have further increased the standards with which we secure the de-identified patient records we hold through the integration of all data within a single quality management system, aligning our platform with Cloud Security Alliance (CSA) Security, Trust, Assurance and Risk (STAR) certification standards. We are also making progress towards implementing ISO 27001, an international standard to manage information security, which we anticipate will be completed in 2023.



Outlook

I would like to take this opportunity to extend the appreciation of the Board to all of our dedicated and diligent team, without whom the progress made to achieve our core mission would not be possible. Despite the challenges that the macro-economic headwinds have brought, we have continued to deliver against our strategic priorities and have established a strong purpose and foundation upon which to achieve sustainable growth and fully capitalise on the opportunities available in the market.

The opportunity available to Diaceutics is larger than ever and continuing to grow at pace. The successes of the year, and the significant momentum we have built, serve to validate the Group's strategy to date. As set out in Strategy Update to the market in January, we will now be accelerating investment in our data, products, platform capability and operating model. The Board is confident that through this accelerated investment over a two-year period, we can enhance our growth and seize the opportunity to become the primary commercialisation partner for pharma or biotech launching a precision medicine.



Deborah Davis
Chair

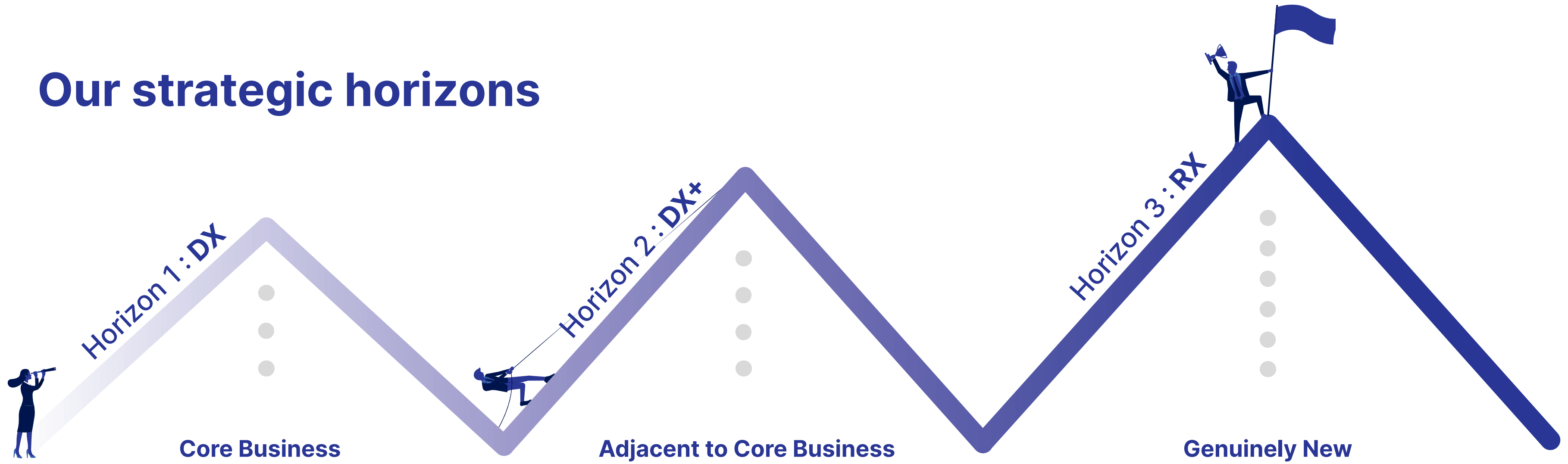
17 April 2023

Our strategic goal

By the end of 2025 we will be positioned to be the primary commercialisation partner for pharma or biotech launching precision medicine. We will leverage our core expertise, underpinned by all our data insight solutions, to find patients eligible for therapeutic intervention.

This ability will be a significant disrupter to established drug commercialisation routes, enabling biotech to launch their own drugs and therapies without significant upfront investment required in established commercialisation routes.

Our strategic horizons



Core Business	Adjacent to Core Business	Genuinely New
Diaceutics will Grow & Protect its core business	Diaceutics will Expand its core business	Diaceutics will Explore new future growth opportunities
70% of our 2023 focus	**20% of our 2023 focus**	**10% of our 2023 focus**
By year end 2023, we will aim to build infrastructure to **deliver our solutions at scale** in our target markets of US, EU5 leveraging our fully developed DXRX platform.	By year end 2024, we will aim to build and initially **deliver our DX+ Solution** which **joins the diagnostic (DX) journey to the treatment (RX) journey.**	By year end 2025, we aim be ready to **explore genuinely new business**, expanding our core business by leveraging our DX and RX suite of services and solutions.

This includes:

- Further enriching our data and platform products
- Accelerating the growth and engagement of our lab network and platform-based community
- Investing in platform scale and capability including automation and AI
- Transforming our customer experience and service

By year end 2023 recurring revenue to account for 50%	By year end 2024 recurring revenue to account for 60%	By year end 2025 recurring revenue to account for 70%

Key strategic milestones

Looking forward into 2023 and beyond we have a number of key milestones to achieve to further strengthen all three of our value drivers in the business. As a result, 2023 will continue to see an investment in capitalising on our first mover advantage.

The additional investment across our value drivers and sales and marketing will enable these functions to grow and protect our core business in 2023 whilst preparing to expand in 2024 onwards.

1

Data insights

1. Continue to improve the competitiveness of our data insights by ensuring:
    - Best-in-class patient coverage
    - Enhanced analytics
    - Reduced data lag time
2. Acquire and integrate patient treatment datasets into our US data reservoir, enhancing the value of existing Physician Segmentation and Physician Signal data products by providing a broader picture of the patient diagnostic pathway
3. Accelerate the acquisition of raw testing data to support the launch of Signal in Europe focusing on non-small cell lung cancer (NSCLC)
4. Continue the conversion of our Testing Rates Tracker product from an annual license to a multi-year subscription-based Testing Rates dashboard
5. Continued investment in the automation of data handling via DXRX – including the continued development of Diagnostic Deductive Pathways
6. Accelerate the construction of dashboards for smaller biotech companies who may not have their own data teams, enabling them to acquire presentation ready data insights

2

Engagement solutions

1. To accelerate the growth of the existing lab network within oncology, improving the reach and retention of our Lab Alerts and Lab Talks products
2. Increase preparedness for the evolution of precision medicine pipelines outside of oncology, specifically within labs who specialise in rare disease diagnostics and other key areas
3. Fully convert our Lab Training product to a digitally enabled subscription service
4. Bridge the gap to other key networks, increasing visibility for subscription-based Lab Engagement solutions
5. Further strengthen the Lab Engagement network to encourage the conversion of labs into paying subscribers

3

Precision medicine leadership

1. Sponsorship of events to enhance awareness of DXRX content, supporting the uptake of a subscription-based payment model from 40% to 80% by 2030
2. Promote awareness of our status as a thought leader in the industry
3. Support deeper customer-lab relationships through a collaborative model

4

Growth accelerators

1. Resource and implement a Horizon Scanning workstream with the aim of enhancing platform products, ultimately increasing subscription numbers including identification of merger and acquisition opportunities
2. Invest in an innovation team to scan the horizon and develop breakthrough data solutions for upcoming market challenges

Diaceutics in action

Unique lab network

Through its first mover position Diaceutics has brought 851 labs into its DXRX lab network (561 as at December 2022). Each of these labs have been selected because of their high patient testing throughput and have been recruited via a unique value-for-value contracting and collaboration model. Combined, the lab network can deliver change at the front line of precision testing three times faster than the historic norm across all the key pharma markets, and facilitates "same side collaboration" allowing labs to seamlessly communicate with other labs.

Lab training

Frequently the launch of a new therapy triggers the arrival of a novel biomarker or new testing technique which most labs will be unfamiliar with. To help labs accelerate adoption of this new technique, our 'Lab Training' module has been successfully deployed to support the re-training of Labs on HER2 testing in 2022.

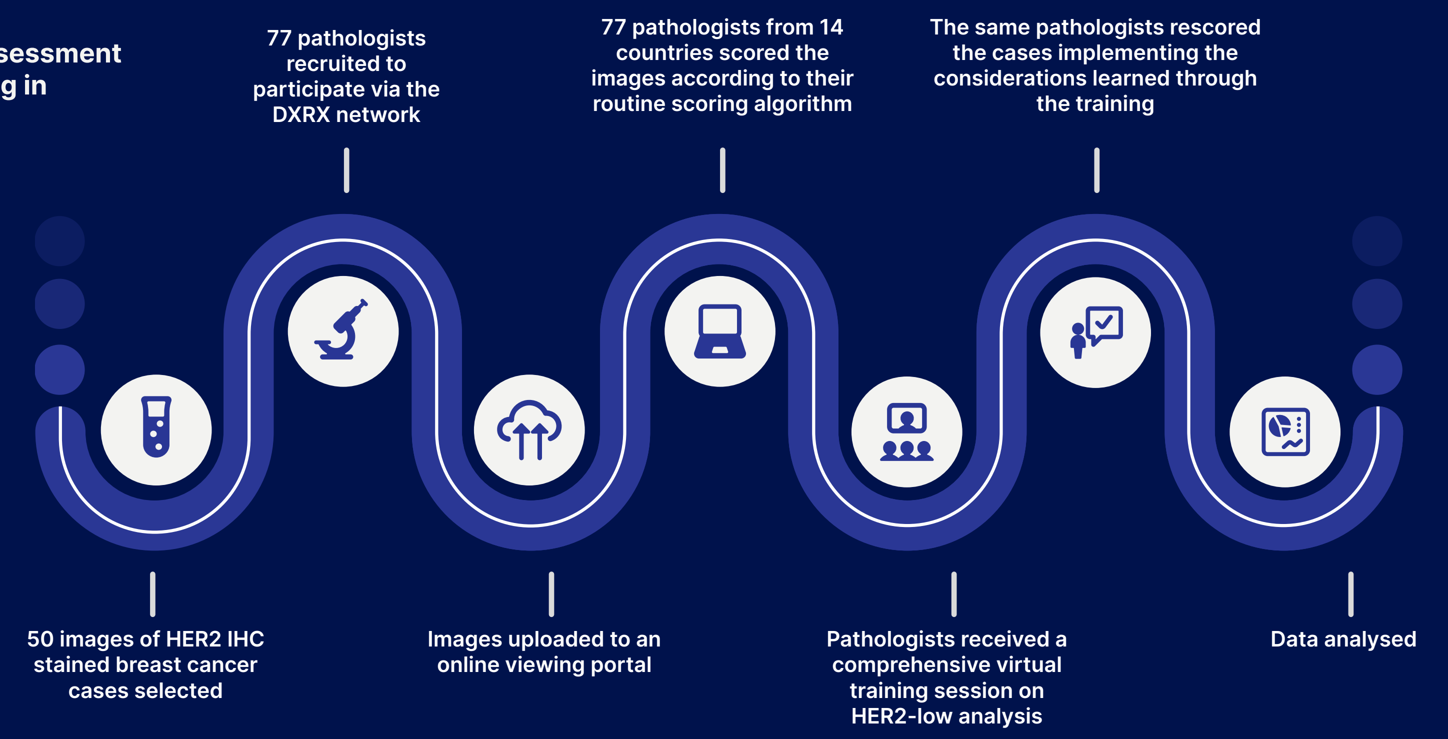
Case study

In a global real-world laboratory study sponsored by Diaceutics, HER2 scoring proficiency was evaluated across 75 pathologists to determine the current ability to distinguish low levels of HER2 expression and identify challenges in HER2-low scoring in breast cancer. Digitised images of tissue sections were selected to cover a range of IHC scores, with a focus on samples at the border between IHC 1+ and IHC 0 according to ASCO/CAP criteria. As part of the methodology, pathologists were also required to provide their own experience in HER2 staining and scoring methods through the Diaceutics DXRX platform.

The study found high levels of agreement among pathologists in the identification of the existing ASCO/CAP HER2 categories of negative versus positive, independent of training. However, after introducing the HER2-low category, a decrease in agreement rates was observed, with training only having a minor overall effect. This demonstrated a need for improved guidance on the classification of HER2-low cases.

Multi-stakeholder integration facilitated by the DXRX platform has also allowed Diaceutics to drive rapid change within the oncology testing and treatment landscape, as illustrated below:

Proficiency assessment of HER2 scoring in breast cancer



“We have expanded our data capabilities in multiple ways in 2022. Of particular note is the expansion in the number of patient records now in our global patient testing reservoir which **has increased to over 600 million covering all of the top pharma markets.**”

Peter Keeling
Chief Executive Officer and Founder

Chief Executive review

Business and strategic overview

The 2022 year has been a significant period of strategic, operational and financial progress for Diaceutics. Alongside a strong trading performance, the Group has continued to leverage the DXRX platform to successfully accelerate the Group's transition to a recurring revenue model. With 35% of revenues now being subscription based, up from 31% in 2021. As a result, forward visibility of revenues has significantly improved with order book value at 31 December 2022 increasing to £16.9m (2021: £1.74m). £10.9m of which is expected to be realised in 2023.

Growth in the period has been driven by a number of factors, including the increasing demand for our recently launched platform driven insight and engagement subscription solutions. We have had a considered focus on securing an increasing number of multi-year subscription contracts with key pharma and biotech customers. This has resulted in a growing pipeline of enterprise level engagements, such as those announced in January 2023 with two top 10 global pharma companies, representing a combined value of US$7m over two years.

At Diaceutics we believe every patient should get the right test and subsequently the right therapy to positively impact their disease outcome. We continue to embed this purpose into all aspects of our business and strategy whether it be designing and launching new modules on the DXRX platform to accelerate the uptake of precision testing, working with our customers and lab partners to support them in ensuring patients access the right treatment, or ensuring the cultural DNA of the business is incorporated into all employee communications.

We are pleased with the progress made on the strategic milestones set out at the beginning of 2022, and these are summarised in the milestone tracker below:

	Milestones set for 2022	Progress and impact in 2022
1	Accelerate revenue growth by leveraging the DXRX platform	Underlying top-line growth increasing to near historic levels of 26% (2021: 18%) on a constant currency basis
2	Continue the transition of larger customers onto the DXRX platform and increase platform-based subscription contracts	35% of revenue was subscription based (2021: 3%)
3	Securing our first multi-therapy brand enterprise engagements opportunities with this community	Secured 2 multi-brand enterprise engagements (2021: 0)
4	Continue to grow our lab network and engagement	We expanded our network to include 851 labs across 38 countries globally (2021: 561 across 33 countries)
5	Expanded customer engagement outside oncology	**17.2%** revenue now emanated from outside of oncology projects
6	Expand the number of therapy brands under management	We have **56 brands** under management[1] and have increased the number of new brands by 62%

[1] ‘Under management’ is defined as a brand team who we have contracted, worked with and generated revenue from during the preceding 24 months.

Financial performance demonstrating strategic success

Trading has been strong and materially ahead of our initial expectations, with Group revenues increasing 40% to £19.5m (2021: £13.9m) and underlying top line growth increasing to near historic levels of 26% (2021: 18%) on a constant currency basis.

EBITDA has increased to £3.6m (2021: £2.3m), at a margin of 18% (2021: 17%) and marginally ahead of expectations. EBITDA margin has increased whilst transitioning a significant proportion of customers to multi-year subscription contracts and in spite of global inflationary cost pressures. All this whilst also maintaining an accelerated investment in the business to service the subscription model and future growth.

The growth during the year was driven by multiple factors:

1

Expanding our customer base

The pharma industry is dedicating increased funding and focus towards improving patient testing for their precision medicines. The return on investment relies on increasing the number of patients being able to gain access to their targeted treatments. As a result of this, we worked with a total of 43 customers during the year, adding 15 new pharma brands in 2022. We have increased our average revenue per brand to £0.33m (2021: £0.25m) and we continue to increase the value of addressable lifetime therapy brand spend.

2

Expanding our product offering

Since its launch in October 2020, we have continued to introduce key solutions to our customers via the DXRX platform. These solutions identify the gaps in patient testing and where we can engage with our growing lab network to get more patients appropriately tested. As a result of this, we generated revenue of £2.2m (2021: £0.9m) from more than 8 customer engagements utilising the DXRX network directly through our 'engagement' solutions.

3

Met the urgent market need for digital commercialisation of therapies

Pharma and biotech commercial teams continue to accelerate the digital transformation of their commercial model, learning from the challenges of COVID-19 in getting sales representatives in direct contact with prescribers. As a result, our DXRX platform solutions have been increasingly integrated into the critical path for new therapy product launches. Customer feedback is that Diaceutics provides a unique and timely suite of digital solutions to meet their needs. The success of this is evidenced by revenue with our top 10 customers increasing to £12.0m (2021:£9.7m) and with 17 of our 30 signal products now integrated into our pharma customer CRMs.

Delivering on our strategy – shift to subscription

In pursuit of our strategy five of the eight core insight and engagement platform solutions are available on the platform with two now only available as a subscription service. A further three are planned to convert to subscription in H1 2023, and all eight solutions are planned to be available as subscriptions by the end of 2023. Ultimately, 70% of our business will be subscription only and platform enabled by 2025, with peak adoption expected to reach 80% two years later.

We are pleased to report that strong progress has been made across the Group's key value drivers of DXRX data, DXRX products and the DXRX partner network.

DXRX data

Diaceutics' competitive advantage continues to be reinforced through its unrivalled depth of data. We have expanded our data capabilities in a number of ways during the period. Of particular note is the expansion in the number of patient records now in our global patient testing reservoir which has increased to over 600 million, covering the top pharma markets. As the number of patient records on the DXRX platform increases, so too does the application of machine learning and AI. As a result we have grown our Diagnostic Deductive Pathways (DDPs), integrated within our DXRX platform, from 74 to 96, and improving the insights we can sell to our customers. Our customers' increasing demand for these insight solutions is best evidenced by the increasing revenue generated which grew by 71% during 2022.

We have made significant strides in improving the frequency of many of our US data insights, moving them from monthly to weekly data feeds to our customers. This "weekly" frequency demonstrates our data leadership within the market and enables us to connect DXRX directly with our customers' sales operations to support their prescriber outreach in real time.

DXRX products

We continue to invest in our proprietary DXRX products and platform as we further integrate with our customers' commercialisation activities and capitalise on the available opportunity by enhancing Diaceutics' share of customer budget. We have accelerated our progression towards becoming a recurring revenue business during the year, evidenced by the fact that over 76% of all our revenue in 2022 was DXRX enabled and 35% of our 2022 revenue was subscription based.

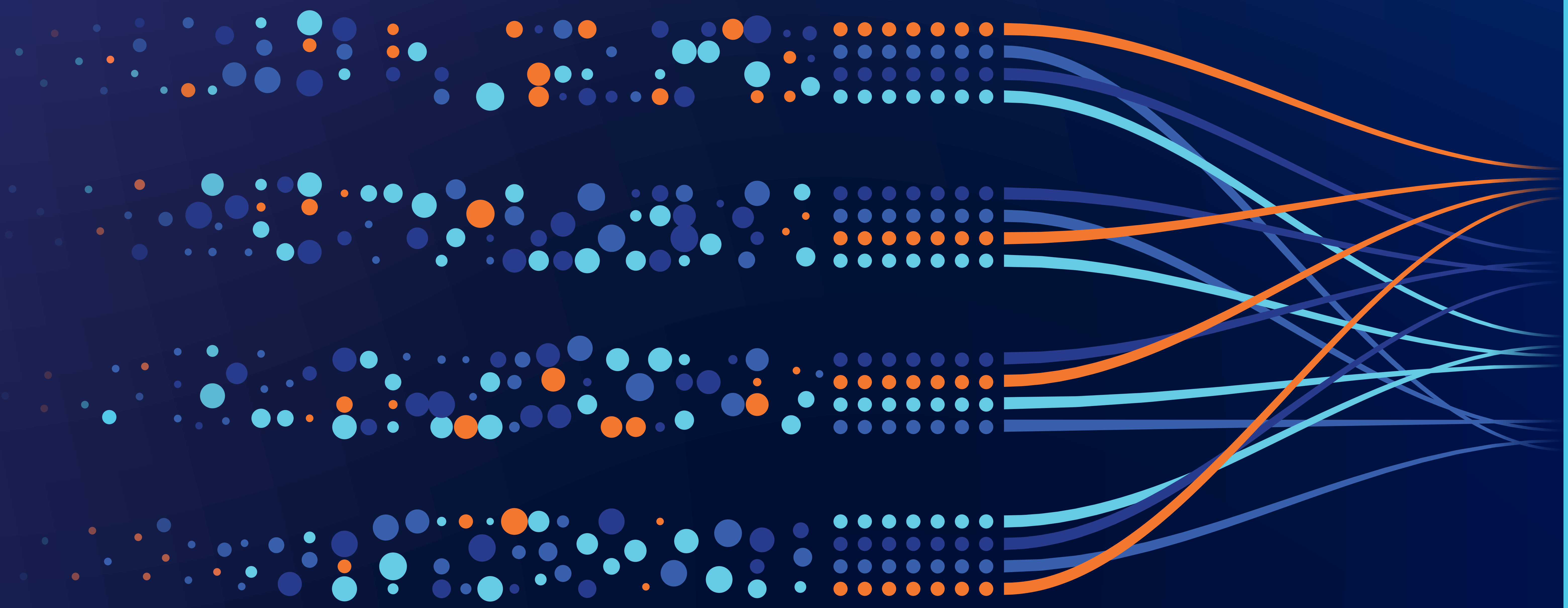
DXRX platform

Investment in the DXRX platform has improved our productivity with the team enabling us to deliver 119 platform enabled projects during 2022 (2021: 92), an increase of 29%. The technology stack underpinning DXRX is extremely agile and has allowed us to customise the user interface for key customers, proving to be a key benefit when embedding within our customers' commercial systems. An additional strategic advantage of the DXRX platform is that it allows us to scale in line with increasing market demand and meet the current and future demands of our customers.

DXRX partner network

Better empowered and informed labs are able to create rapid change to the patient diagnostic and treatment journey. The size and reach of our partner lab network allows us to provide a range of multi-year lab engagement modules back to our pharma and biotech customers to improve patient diagnostic and treatment journeys.

Although our lab engagement modules are the newest part of our DXRX platform, during 2022 we worked on 8 customer engagements generating revenue for the year of £2.2m and contributing an additioanl £2.2m in revenue to the forward orderbook.



Capitalising on a growing market opportunity

Despite the progress being made in precision testing, we estimate that pharma is still losing up to US$3 billion of lifetime precision medicine revenues due to inadequate testing. As a consequence of this, and pharma's potential diagnostic commercialisation budget of US$10-15m per brand[1], the market opportunity available for Diaceutics is larger than ever and continuing to grow at pace. Investments made in our expanded suite of platform solutions and enhanced data insights have increased our competitive advantage and consolidated our position as a trusted partner to pharma and biotech in the field of precision medicine commercialisation.

With this in mind, the Board is confident that we have the right solutions in the right place to fully capitalise on the growing customer demand.

Accelerating investment to unlock greater value

As announced in January 2023, the Board has decided to accelerate the Company's investment in its data and products, platform capability and operating model over a two-year period in order to bring additional data offerings to market more quickly and fully capitalise on the opportunity available within the market.

The investment will be made primarily into data acquisition, greater platform functionality and AI capabilities, our innovation, lab network and sales and marketing teams. This will enable the strategy acceleration in the following ways:

- **Enrich data and platform products -** through investments in key geographical data sources and enhanced patient healthcare journey data, we will secure and elevate the market leadership position of our platform enabled insight and engagement solutions, further embedding our offering in customers' commercialisation activities and boosting Diaceutics' share of customer budgets;
- **Accelerate growth and engagement of the lab network and platform-based community** through investments in our lab network team and community content engagement we will drive lab network growth and augment our platform-based engagement solution and data insight offerings to pharma;
- **Invest in platform scale and capability** through investments in the innovation team we will accelerate development of the platform capability and functionality at scale (automation and AI), facilitating better customer functionality and service, ultimately growing revenue and pushing towards best-in-class profitability;
- **Transform our customer experience and service -** through investments in Diaceutics' customer success programme, which is aimed at accelerating our precision medicine market leadership in target geographies, we will support the transformation of our sales, marketing and customer service and support teams across all customer accounts, enriching the customer experience and driving sustainable growth.

Customer consultation informing our forward strategy

In order to position Diaceutics to most effectively capture more of the estimated $10-15 m[1] per therapy brand commercialisation spend available, we carried out an audit through internal review and using thirdparty agencies to ascertain our customers near term and future needs from Diaceutics' products and the DXRX platform. The results of this audit, in conjunction with our own and independent sector analysis, we have identified that in order to realise the available opportunity, we needed to enhance investment in the platform, data and lab network, alongside investment in our sales, marketing and customer service capabilities.

By continuing to align DXRX development with the fast pace of customer transition to precision medicine we will be able to meet our customers' constantly evolving needs and consolidate our position as a leading partner for the diagnostic commercialisation phase of their precision medicine therapy launches. Listening and reacting to market requirements is helping us shape our business to meet the scale required of the pharma industry from its most valued partners.

Our team

Diaceutics is a people and purpose-oriented business, both in our drive to ensure that every patient receives the right test and the right therapy and in how we work to achieve this goal. The successes over the past year are a result of the dedication and hard work of our global team and I would like to take this opportunity to extend my sincere appreciation for their commitment and efforts.

Since January 2020 the Group's workforce has increased from 111 to 151 at the end of December 2022, which represents a 36% increase during this three-year period. Investment in our people has been made to strengthen our sales team as we target larger multi-year enterprise level contracts. We were delighted to welcome Julie Browne to the team as Chief Operating Officer in March 2022, and Nick Roberts as Chief Financial Officer and Director of the Board also in March 2022. Julie and Nick's contributions are evident in our achievements this year and in their guidance of our strategy to accelerate investments in our business model and improve the scalability of the business.

Key objectives for 2023 and current trading

To date, Diaceutics has made a positive start to 2023, trading in line with expectations and capitalising on its well-established competitive advantage within the sector and position as a trusted partner to pharma and biotech as they launch precision medicines.

[1]The US$3 billion of lifetime precision medicine revenues lost and US$10-15 million commercialisation budget for pharma are estimates based on in-house data

The Group has a strong pipeline of opportunities from which it has already seen notable successes with the announcement of enterprise-level, multi-disease data engagements with two top 10 global pharma companies in January 2023. The success of these contracts and the strength of the Group's pipeline serve to validate its strategy and management are confident in achieving further multi-year engagements during the period.

The Group's successful transition to a platform business model has greatly improved future revenue visibility and the order book value has increased significantly to £16.9m, with £10.9m of the order book expected to be realised in 2023. As Diaceutics achieves additional multi-year enterprise engagements we anticipate improving this visibility further.

Diaceutics has implemented efficiencies to its operating structure with the inclusion of an expert Vice President ('VP') management layer to support the executive team. The creation of the VP layer will further bolster Diaceutics' wealth of industry expertise, facilitating a sharper emphasis on operational success as the Group continues to deliver against its growth strategy.

Investment in product expansion has continued at pace with the roll out of our new dynamic data dashboards in March 2023. This allows customers to access real world diagnostic testing data visualisations and intuitive digital dashboards from a global network of laboratories, tracking 52 key success metrics for multiple brands.

Outlook

Our business is driven by our purpose and the belief that every patient should get the opportunity to receive the right test and the right therapy to positively impact the outcome of their disease.

The progress made in 2022 has brought us closer to achieving this goal and as demand from pharma and biotech customers for our full suite of commercialisation solutions and advisory services continues to increase, we are confident in the Group's outlook.

At the beginning of 2022 we set out to evidence the impact of DXRX on our business model and demonstrate how the transition to a subscription revenue model would enable future scalability, improve quality of revenues, and deliver a simpler digital solution to a complex problem impeding patient access to the right treatment and causing significant loss of revenue to the pharma industry.

I am satisfied that across 2022 we have not only delivered that evidence in our clinical impact and revenue growth but have highlighted the true opportunity available to us within the sector. The strong financial and operational progress made during the year has served to validate our strategy. With strong foundations already set, we are committed to accelerating investment in our platform, data and partner network in order to expedite our growth and seize this opportunity. As we continue to develop and scale to meet the needs of our customers, we will look to establish our position as the primary commercialisation partner for pharma or biotech launching precision medicine.

Mr Peter Keeling
Director

17 April 2023

Chief Financial Officer review

Diaceutics delivered a strong financial performance in 2022, exceeding revenue expectations and delivering an improved EBITDA despite macro-economic inflationary pressures. With its strong cash reserves of £19.8m at the year end (2021: £19.7m), 2022 has firmly positioned the business to deliver on its accelerated strategy investment and support its future revenue and profitability growth potential as the Company aspires to become the primary precision medicine commercialisation partner to the global pharma and biotech industries.

KPIs and Alternative Performance Measures

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

Non-Executive	2022 £000's	2021 £000's
Revenue	19,504	13,943
Revenue growth constant currency basis*	26%	18%
Subscription % revenue*	35%	3%
Order book	16,928	1,750
Gross profit	16,741	12,232
Gross profit margin (%)	86%	88%
EBITDA*	3,583	2,349
EBITDA margin*	18%	17%
Profit before tax	564	462
Cash and cash equivalents	19,841	19,675

* Alternative Performance Measures

Alternative Performance Measures ('APMs')

In measuring and reporting financial information, management reviews Alternative Performance Measures such as EBITDA, adjusted EBITDA, revenue growth on a constant currency basis and subscription percent of revenue, all of which are not defined measures under financial reporting standards. Management believes that these measures, when considered in conjunction with defined financial reporting measures, provide management and stakeholders with a broader understanding of the performance of the business.

Operating profit is the financial reporting measure under IFRS most comparable to EBITDA and adjusted EBITDA. EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items, but after share-based payment costs. The Directors may make certain adjustments to EBITDA, for nonrecurring or noncash items, to derive adjusted EBITDA, both measures of which they consider more reflective of the Group's underlying trading performance, enabling better comparisons to be made with prior periods and industry peers. A reconciliation of operating profit to EBITDA is included later in this report.

Subscription percentage of revenue is calculated as the value of revenue generated from subscription contracts as a percent of total revenue and is a new APM introduced during the 2022 financial year. The Directors consider this metric to be a key measure of the strength and visibility of the Group's revenue in the period, and of the Group's progress towards realising its near-term strategy of transitioning to a platform-based recurring revenue model.

The Directors consider and report revenue and revenue growth in the current reporting period on a constant currency basis. This is because a majority of the Group's customer contracts are written in US Dollars and this can result in significant changes in the Group's performance, relative to the comparative period, based on the prevailing exchange rate in the year. Reporting the current period revenue on a constant currency basis allows stakeholders to better understand the underlying growth in the Group's activities, before the influence of foreign currency exchange rates.

'Order book' is defined under financial reporting standards as the aggregate amount of the transaction price allocated to customer contracts that are partially or fully unsatisfied as at the year end and are not considered an APM. Order book is disclosed in note 4 of the Group financial statements.

We continue to evolve our KPIs and APMs to highlight and evidence the financial and operational performance of the Group and its progress against strategy.

Revenue growth momentum and future visibility

Revenue for the year grew 40% to £19.5m (2021: £13.9m), a 26% increase on a constant currency basis. The underlying organic growth has been driven through the expanded sales and marketing team and the launch of a comprehensive suite of end-to-end data insight and engagement solutions, designed to overcome the precision medicine commercialisation requirements of pharma and biotech companies.

Revenue growth has been especially strong within the insight (formerly 'Data') and engagement (formerly 'TES') platform-based solutions, growing 79% to £14.9m. Platform based solutions now represent 76% of all revenues (versus 60% for the comparative period) which has been achieved in the two years since the platform launch, and roughly a year ahead of expectations. Advisory service revenues were £4.6m in the year, down slightly on the comparative period as a result of the reorganisation of the business service lines, but remaining a fundamental part of the business and its end-to-end customer precision medicine commercialisation offering.

The Total Contract Value ('TCV') secured in the year was £34.3m, more than double the value of contracts secured in the prior year (2021: £16.5m). This significant step up in TCV is testament to the Group's dedication to platform adoption and the success in migrating pharma customers to multi-year subscription-based contracts. The move has also enriched the quality of the earnings, with 35% of all revenues now being derived from subscription-based contracts (2021: 3%).

The culmination of the expanded sales and marketing team, the launch of innovative platform-based solutions, and migration of customers to multi-year recurring revenue contracts, has resulted in a meaningful future order book for the first time. The order book at 31 December 2022 grew to £16.9m, up from £1.74m at December 2021, with £10.9m of the order book expected to be realised in 2023 and greatly increasing revenue quality and visibility.

The Group's customer base is heavily weighted towards blue-chip pharma companies, with 74% of revenue generated by customers based in the USA (2021: 75%). The Group worked with a total of 43 customers during the year (2021: 39) across 56 therapies (2021: 56). The Group has increased its average revenue per brand to £0.35m, up from £0.25m in 2021, and continues to increase the value of addressable lifetime therapy brand spend secured with 26 brands with lifetime brand spend over $1m (2021: 19) and the largest two customer brand team lifetime spends increasing to $7.9m and $6.6m.

The Group continues to see a higher weighting of revenue, and therefore profitability, in the second half of the financial year. In 2022 the revenue weighting first vs. second half of the year was 38:62 compared to 43:57 in 2021. This weighting has historically been driven by the pharma industries propensity to spend more of its budget in the second half of the year, particularly Q4, as it reaches the end of its own budget and financial years. Although we see this second half revenue weighting reducing in future years as a result of the Group's shift to multi-year subscription-based contracts, the strong growth rates experienced by the Company and 'accumulation' effect of subscription contracts sold in first half of the year means that this second half revenue weighting will continue throughout the period of transition to recurring revenue.

The table below sets out the revenue split between the key solution offerings:

	2022 £000's	2021 £000's
DXRX platform	**14,880**	**8,298**
Insight Solutions (Data)	12,653	7,411
Engagement Solutions (Technology Enabled Servies)	2,227	887
Advisory Services (Professional Services)	**4,624**	**5,645**
Total revenue	**19,504**	**13,943**

The below table reconciles the change of amortisation presentation in the current year financial statements:

	2022 £000's	2021 £000's
Revenue	19,504	13,943
Cost of sales excluding amortisation	2,763	(1,711)
Gross profit (as stated in 2022 financial statements)	16,741	12,232
Gross margin (as stated in 2022 financial statements)	86%	88%
Amortisation	2,704	1,665
Presented under cost of sales in 2021		1,500
Presented under administrative expenses in 2021		165
Gross profit as previously stated (including amortisation)		10,732
Gross margin as previously stated (including amortisation)		77%

Gross margin and change in accounting presentation

At the year of the current reporting period the Directors have voluntarily decided to change the accounting presentation of amortisation on the face of the income statement. The change was implemented to better align Diaceutics' profit and loss account presentation with peers in the pharma tech industry, allowing investors and analysts to benchmark our results more readily.

The change resulted in amortisation costs being 'restated' as an operating cost in the comparative year, rather than a cost of sale, and the gross profit and gross margin have increased in 2021 from £10.7m and 77% (as previously reported) to £12.2m and 88% in the current financial statements. There is a corresponding increase in administrative expenses by £1.5m. All other areas of the income statement remain unchanged.

Gross profit margins remain strong at 86% (versus 88% in 2021), but as noted in our half-year report, the margins have reduced slightly as a result of pass-through costs in relation to one significant engagement solution contract. All other direct cost of sales remains similar to prior years.

Further details regarding this change can be found in note 6 of the financial statements.

EBITDA and profit before tax performance

The Group generated an EBITDA of £3.6m, ahead of the prior year at £2.3m, but at a consistent margin (18% versus 17% in 2021). The EBITDA margin has been maintained whilst transitioning a significant proportion of customer revenue to multi-year subscription contracts. This transition results in point in time revenue being substituted for subscription revenue recognised over a longer period of time, a key goal in the strategy, but detrimental to revenue growth in the short-term.

The other primary drivers of costs during the year were the macro-economic inflationary cost pressures, predominately in the salary costs of the business, and the additional investment undertaken by the business in people which saw the headcount increase from 129 at December 2021 to 151 at the end of December 2022. This investment in people is critical at this stage to service the subscription model, release the business growth opportunity and build scale through technology deployment. The increase in headcount saw incremental increases in people across sales and marketing, customer service and delivery and technology teams of 18 and additional annualised salary costs of around £1.1m per year.

In addition, and in recognition of the significant role our people have played in the Group's success in 2022 and the increase in living costs, discretionary performance related bonuses will be awarded to employees for last year's results and employees (excluding executive directors) were provided a one-off £1,000 cost of living payment in December 2022.

Profit before tax increased slightly from £0.5m in 2021 to £0.6m. The potential increase in profit before tax as a result of increased EBITDA profitability neutralised by the increase in amortisation costs which rose from £1.7m in 2021 to £2.7m in the current year.

The increasing amortisation costs are a result of the continued investment and capitalisation of internal development costs (£2.4m in 2022 versus £3.0m in 2021) and purchased and capitalised data (£2.2m in 2022 versus £2.1m in 2021).

The intensity of development costs being capitalised will continue to curtail over the coming years, instead being expensed to the profit and loss account as the business matures. Data acquisition costs are likely to increase as additional opportunities are identified to acquire data through our lab network and existing data supply chain, and accelerate the depth and breadth of our data lake. Increasing the total data acquisition spend in future years is a key strategic goal and driver of both growth and value, and as a result, the total level of amortisation will continue to rise in relation to this capitalised spend.

Reconciliation of operating profit to EBITDA

	2022 £000's	2021 £000's
Operating profit	**575**	550
Depreciation & Amortisation	**3,008**	1,799
EBITDA	**3,583**	2,349
EBITDA margin	**18%**	17%

Financial strength

At 31 December 2022, the Group reported a strong net asset position of £42.5m (2021: £40.6m), with cash and cash equivalents of £19.8m (2021: £19.7m) and no debt.

During the year, the Group continued to invest in the development of its platform technology, with £2.6 million of a total platform development spend, of which £2.4 million was capitalised in the year (2021: £3.3 million of a total platform development spend of which £3.0 million was capitalised). The intensity of platform development costs has reduced compared with comparative periods, a trend that is planned to reverse over the coming two years as the business looks to accelerate investment in the platform products, capability and scale, although the proportion of development costs which are capitalised is likely to decrease as the platform reaches maturity. Data expenditure was £2.2 million compared with £2.1 million in 2021. Data expenditure, which is capitalised and amortised over four years, is planned to double over the coming years, in line with the strategy acceleration and as a result of identified opportunities with our lab network and existing data supply chain to procure richer data over a wider geographical spread.

The financial strength of the Group is underpinned by its move to overall cash flow generation in 2022, unlocking its confidence in accelerating investment into 2023 and 2024.

Cash received from operations for the year were £3.7m (2021: £0.9m). The free cash flow (Net cash inflow from operating activities less capital expenditure less the payment of lease liabilities) for the year was £0.1m, significantly ahead of the comparative period which was an outflow of £5.1m, as a result of the improved trading in the year and aided by a multi-year R&D tax credit receipt of £1.5m in early 2022. Future R&D tax credits are expected to be less at between £0.5 and £1.0m.

The Group maintains an undrawn multi-currency Revolving Credit Facility for £4.0m with its primary bank, SVB UK, which is due to expire in July 2023. Negotiations are progressing with multiple providers to renew the facility in July and this could provide the Group with the extra short-term flexibility it will require to execute its strategy on any acquisition prospects.

Change of auditor

In November 2022 the Group was pleased to announce the appointment of EY as auditor for the 2022 financial year. The appointment was made after a formal tender process, led by the audit committee, where three audit firms participated, including PricewaterhouseCoopers ('PWC') as incumbent auditor. On behalf of the Board I would like to thank PWC for the years of audit services provided pre and post IPO and look forward to working with EY going forwards.

Outlook

2022 was an exciting year for the whole Diaceutics team as the business started the year embarking on another transformative 'big lift', finished the year realising its top line growth potential, and announced its intention at the start of 2023 to step up its strategy investment and accelerate its potential further.

The strategy acceleration marks a pivotal moment in the Group's journey, which will position it to: invest in enriching its data and platform products; accelerate the growth and engagement of its lab network; invest in platform capability and scale; and transform its customer experience and service. Achieving these goals will allow Diaceutics to become the primary commercialisation partner for pharma or biotech launching a precision medicine and be a true disruptor to the established drug commercialisation models.

Nick Roberts
Chief Financial Officer

17 April 2023

"2022 was an exciting year for the whole Diaceutics team as the business started the year embarking on another transformative **'big lift'**"

Nick Roberts
Chief Financial Officer

"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"

Environmental, Social and Governance

At the core of the Diaceutics' mission

This is Diaceutics' second Environmental, Social and Governance ("ESG") Statement, which describes how our business is contributing to society in an ethical, sustainable, and well governed manner for the benefit of all stakeholders. These include our customers and customer partners, our shareholders, patients and laboratory communities, the environment, our employees and the wider Diaceutics network.

The statement outlines the actions taken and business practices adopted to address our overriding purpose. Together with our policies, it provides the foundation for our ESG journey. This statement will be reviewed throughout 2023 and in subsequent years, to measure progress and to scope further objectives and outcomes to improve our performance in these three important areas. We welcome all stakeholder feedback as we progress our ESG agenda.

Underpinning our commitment

Our precision medicine-oriented purpose is central to our approach towards ESG. Whilst we strive to ensure that every patient gets the opportunity to receive the right test and the optimal treatment to positively impact their disease outcome, multiple clinical reports have indicated that this is still not the case.

Throughout 2022 we were at the forefront of validating the real clinical impact of inadequate testing and highlighting how this results in the loss of patients at all seven diagnostic and treatment pathways. By collaborating with key members of the Personalized Medicine Coalition (PMC) and using our extensive data insights from our lab and claims-based data from the US health system, we identified that only 35.6% of US lung cancer patients had the opportunity to receive the right drug to positively impact their disease. This loss of patients in the US is likely reflective of similar cancers of other developed countries – a truly shocking discovery.

Published in the Journal of Clinical Oncology (JCO) in November 2022, this landmark study is now one of the most read papers in the JCO with nearly 15,000 downloads. Diaceutics, along with the other co-sponsors of the paper, hope that the findings published will drive greater levels of focus and investment on this previously unvoiced issue. A copy of the Practice Gaps Study can be downloaded from the Diaceutics website at: **knowtestingnow.diaceutics.com**

We work with a global lab community alongside the pharma industry to close or minimise the patient treatment gaps highlighted in the Practice Gaps paper. Our ongoing investment in:

- **Improving the clinical insights derived from our data for stakeholders involved in the front line of precision medicine,**
- **Alongside growing the lab network to reach more patients,**
- **And supporting specific outreach from that lab network to prescribing physicians**

Are all focused on providing more patients with the opportunity to receive the optimal therapy and ultimately provide them a better quality and extended life.

To build on our endeavour to be thought leaders within the precision testing space, we also published the final precision medicine report of the 'Axis for Change' series in February 2023. This third report analyses key current trends in the sector and makes 10 predictions to help guide all relevant stakeholders better navigate the precision medicine space and can be accessed via our website - **diaceutics.com**

Non-Oncology Focus

Year on year we are witnessing the expansion of precision medicine outside of the traditional oncology area, into areas where diagnostic commercialisation needs are varied and complex. Here too, we have seen similar evidence of patients missing out on, or having delayed access to, optimal treatment due to inadequate testing.

21.7% of our work in 2022 focused on these non-oncology related issues. Of particular note in 2022, Diaceutics supported the identification of patients in several very rare diseases such as Inherited Retinal Dystrophy (IRD), hypophosphatasia (HPP), Wilson disease and X-linked Myotubular Myopathy. Treating rare disease is highly dependent upon finding patients inside very small patient populations, with IRD being diagnosed in less than two million patients worldwide.[1]

[1] Berger, W., Kloeckener-Gruissem, B. & Neidhardt, J. The molecular basis of human retinal and vitreoretinal diseases. Prog. Retin. Eye. Res. 29, 335–375 (2010).

Social

Our Culture

At Diaceutics, we recognise that the nexus of any workplace, is that employees determine success. Without our people, the purpose, products, services, and strategy of Diaceutics would not be possible, and it is therefore essential that employees work in an environment that provides them with opportunities to thrive. It was through this recognition that the 'Diaceutics EFFECT' values were born.

Since their establishment in 2018, these six values (Empowerment, Foresight, Fun, Empathy, Communication and Trust) have been at the heart of all decisions made throughout all levels of the organisation and have gained extra momentum as the organisation has grown. With employees collaborating with one another across the globe it is more important than ever that we focus on our workplace culture to create the greatest benefit and highest impact possible.

Culture activities are led by both official and unofficial Culture Ambassadors, in parallel with the dissemination of our values, throughout the Company and beyond, to our collaborators, lab partners, clients and investors.

Our investors also recognise the value of our culture from a business perspective, identifying us as a "learning company," working and learning with our clients, flexing as the environment requires - driving our entrepreneurial and EFFECT values home by being communicably collaborative, forward thinking and of course, a trust-worthy investment.

Our Ethics

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 supplier assessment policy for new core suppliers, includes a request for information as to their code of ethics, thereby seeking to ensure that their culture aligns 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, will be introduced in 2023.

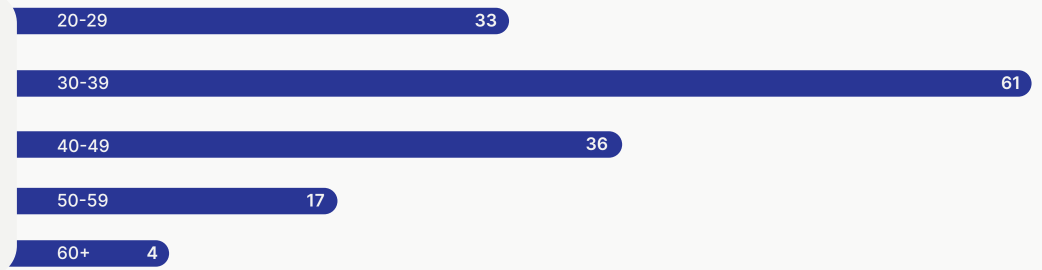
The gender balance of employees across the Group is **39% male** and **61% female**, with an equal distribution of 50% for each gender in middle and senior management positions

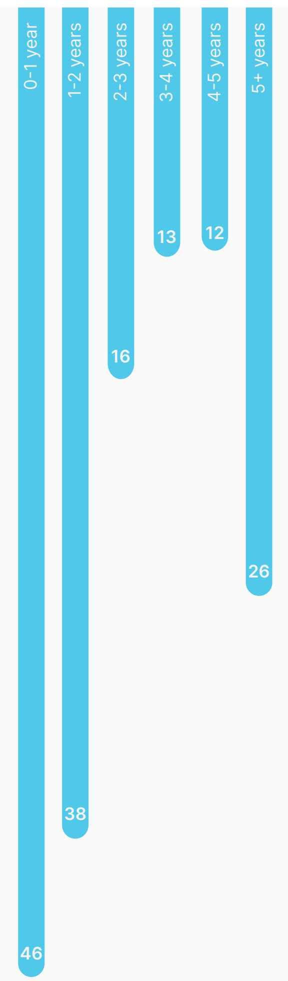
Our team

Employees based in 13 countries

Age distribution of Diaceutics' employees

The level of employee turnover using a six-month rolling average is currently 6.7%.





Length of Tenure

Our focus on our people

A key enabler of our corporate purpose has been the combination of skillsets across the Diaceutics team. Our unique employee mix brings together multiple disciplines including data scientists, lab and diagnostic experts, precision medicine thought leaders and platform engineers to design and commercialise a platform which scales across diseases and countries to address the diagnostic practice gaps. We continue to place a high emphasis on training and team development with over 9,486 hours of training recorded averaging 63 hours per person in the company. We have launched a new Learning, Training and Development Policy which offers a multitude of learning options to our people such as:

- **Job Shadowing**
- **Job Rotation**
- **EFFECTive Leaders Programme (City and Guilds accredited)**
- **Career Coaching**
- **Mentoring**
- **Diaceutics Fly Higher Training Academies (internal)**
- **Percipio Training Platform**
- **External Training Opportunities**

This is in addition to overall training and development plans that promote and support personalised career development, leadership skills and learning support to encourage employees in their personal and career development within the Group.

Inclusion and Diversity

The Group strives to achieve a supportive and inclusive work environment which promotes well-being and welfare, equality, and respect and human rights alongside engaging with the Group's performance, its strategic directions and goals. As such, the Diaceutics Group is very much committed to the promotion of equality of opportunity and to creating and sustaining an environment that values and celebrates the diversity of its people, to our collaborators, lab partners, clients, investors and patients in an inclusive environment. This commitment extends to the provision of equality of opportunity for all regardless of gender including gender identity and expression, religious belief, political opinion, marital, civil partnership or family status, race, age, sexual orientation, disability and whether or not they have dependents.

Diaceutics has created a three-year Inclusion and Diversity Strategy with a mission to continue to have a diverse workforce with an inclusive culture empowering the Diaceutics community to deliver our purpose.

To support our Equality, Inclusion and Diversity Strategy we have implemented:

- **Workplace flexibility policies and programmes to build upon the flexibilities that Diaceutics have already in place. These policies and programmes will help employees succeed at work while also fulfilling personal needs such as family obligations, managing health conditions, or participating in educational pursuits**

- **Enhanced Family Friendly Policies enable more equal sharing of work and childcare between parents so that both can fulfil their potential at work**

> "When you join Diaceutics you think that it is a typical workplace with colleagues, but after a while you realise that **it's your second home and a big family.**"
>
> **Lampros Chatzidakis**
> Diaceutics employee

Our focus on our people *continued...*

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 and additional metrics Group wide.

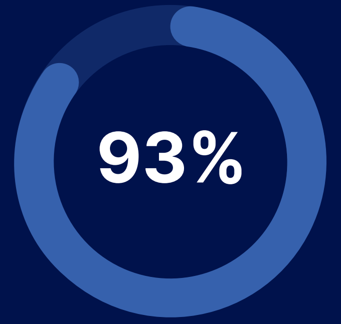
Diaceutics has recently become a licenced sponsor under the UK Home Office's Skilled Worker Visa Sponsor which has increased our talent pool in areas of skills shortages. We are currently sponsoring four employees with a further three requiring a Visa to be processed during 2023.

As the Group is global and diverse by virtue of the geographies in which it operates, we have also introduced a diversity training programme, the "Global Diversity Module" into our mandatory compliance training for 2022 and are investigating the attainment of the Northern Ireland "Diversity Mark" accreditation. An equality and diversity module is 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.

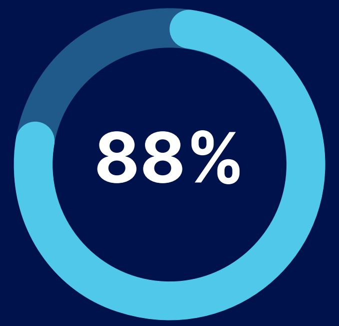
Employee Engagement

In 2022 we engaged with a third-party to further expand upon our annual employee survey with a greater focus on our employee engagement to better understand what motivated their work at Diaceutics and our unique culture. It also helps us identify drivers of success and recognise opportunities to nurture our people and to implement initiatives which will increase job satisfaction. With an 87% participation rate in the survey our overall engagement score was 82%, notably higher than the benchmark data from Qualtrics for Companies in the UK as well as the pharma, bioTech and life science industries.

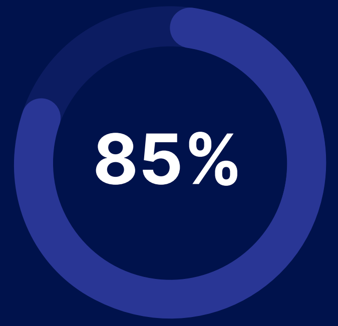
Survey highlights include:



of all participants agreed or strongly agreed that they are **"proud to work for Diaceutics".**



of those who took part in the survey would recommend Diaceutics to people they know as a **"great place to work".**



feel that their work gives them a **"feeling of personal accomplishment".**

All recommendations emanating from the survey are being followed up and one to one meetings are being held between the Human Resources Team and department managers to discuss findings for their respective divisions and teams.

We are also developing an Engagement Playbook which is a communication tool designed to guide all Diaceutics employees on how to continually live our Culture ultimately driving engagement.

Recruitment and Retention

The Group recognises that central to its success is the recruitment, retention, development and motivation of its workforce. Diaceutics operates multiple initiatives enabling it to recruit and retain talented individuals to support our purpose and goals. These include:

- **A global healthcare and benefits programme**
- **A multi-faceted recruitment process**
- **The development of comprehensive and informative candidate recruitment packs which are issued to potential candidates**
- **A residential onboarding programme to integrate new employees, (during the pandemic this had been conducted virtually but has now resumed to taking place face-to-face at our Belfast HQ)**
- **A robust Group-wide Performance Management Framework (PMF) linking each employee's daily activity to overall corporate goals.**

In addition to this, there were new additions to the 2022 performance management review cycle:

Additional line manager training: focusing on writing objectives, importance of the line manager role in performance evaluation as well as Individual Development Plans (IDP).

Line manager objectives: this includes managers being evaluated on their role in terms of providing their team learning and development opportunities, ensuring accountability for managing performance, hiring best people, embedding our culture etc.

Ensuring alignment with strategic imperatives: the Group's senior management team and HR department review team objectives to ensure they are aligned to the overall Group strategy.

Performance conversations: 1:1 meetings with OpCo Lead and the HR Team. This enabled us to ensure everyone is progressing towards achieving their objectives and ensuring the right support/ conversations are happening for all team members i.e. how to keep high performing team members engaged or how to support improvement of those who are falling behind with their objectives.

The performance review process is being further enhanced to include succession planning which is currently in the planning stages with a view to being rolled out in 2023. Driven by the IDP element of the performance review process, discussions between the employees and line managers to align with their career developmental aspirations empower employees to take control of their professional development and help retention.

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 and student presentations, 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 tips.

We have welcomed 10 graduates since the programme started, three of whom have become permanent members of staff after completing their year-long graduate programme with Diaceutics and five of whom are currently participating in the graduate programme with the potential to become permanent employees at the end.

Workplace Initiatives

In January 2022, the Company introduced a senior management sponsorship scheme which provides the Group's account managers with individual senior manager support to help maximissales opportunities and success rates at the senior management levels within our pharma and biotech customers. A further job shadowing and rotation initiative is underway to provide employees with a broader experience of other roles within the Group.

The Group has several engagement and communication initiatives to support its workforce, including Town Hall presentations held at least quarterly where employees can feedback and interact with directors and the entire senior management team. The Chief Executive Officer regularly publishes podcasts and news articles aimed at keeping staff up to date with the direction of the Group.

The Diaceutics' "Employee Assistance Programme" (launched in 2020 to foster employee wellbeing in the workplace) provides support for all employees in many areas including counselling, legal information and services, bereavement support and medical and health risk assessments. All line managers have also been given guidance on how to support staff wellbeing in the workplace.

A 'Flex days' programme is offered to employees to allow them to take every first and third Fridays off work and operates throughout the year. Flex days were extremely popular in 2022 with 96% of the workforce currently opted in. Flex days allow employees the option of using this day to enhance their own work life synergy to suit their individual needs. Further flexible working incentives and policies are being considered and will be rolled out in 2023.

The Group continues to offer a Share Incentive Plan ('SIP') in which all Group employees are entitled to participate. The SIP enables employees to purchase shares up to a value of £1,800 in Diaceutics PLC which are matched by the Company on a one for one basis. As at 31 December 2022, 82 UK and 27 global employees are participating in the scheme representing 72% of total Group employees. Another window for new and existing employees to join the SIP will be opened in May 2023.

Supporting Communities and Charities

A Charity Working Group was formed in 2022, with the aim of targeting local and global charities and providing a structured means for the Group and employees to support the charitable causes most closely linked to the Group's purpose.

Employees elected to channel sponsorship activities to two specific charities, The Children's Cancer Unit Charity and Médecins Sans Frontières, and to further support this initiative employee contributions were matched by further donations from the Company and a total of over £5,250 was raised throughout 2022 for both charities.

We also set up an online form via which individual employees could request and facilitate support for any fundraising activities they were undertaking but not organised by Diaceutics.

Sponsorships

Further to our community participation has been our sponsorship and hosting of a event for the Health Innovation Research Alliance Northern Ireland (HIRANI) in December 2022. HIRANI has been established in Northern Ireland to help connect life science businesses sharing best practices and identifying key areas for technical or clinical collaboration.

Customers and Suppliers

We are actively engaging and listening to our customers.

The Group's customer base consists of pharma and biotech companies across several geographical markets including Europe, Asia, and the US, all of which require our innovative insights and solutions to help with their precision medicine commercialisation requirements. We regularly liaise with our customers to ensure that our solutions address their requirements in enhancing the patient diagnostic and treatment journey. Building on the launch of the DXRX platform in October 2020, Diaceutics transitioned its business model through 2021 and 2022 towards a technology-led, recurring revenue model, and will continue this progression 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 advisory and engagement solutions for their precision medicine commercialisation needs.

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. Our approach to gender balance in the workplace continues to be important to our customers, a number of whom indicated through the feedback process that the balanced ratio of gender in positions of senior roles at Diaceutics was one of the factors that led to us winning their business when there was a competitive tender process.

Diaceutics aims to balance the requirement for strong business relationships with suppliers with the need to maintain value for money for our investors. During 2022 and early 2023 the Group progressed negotiations and secured contracts with key suppliers, including data suppliers, ensuring the stability of the Group's market leading and timely data insight customer solutions.

Partners and Labs

The Group has engaged with a range of partners and labs over several years and the DXRX platform has been purpose built to solve the real-world challenges faced by labs. It provides a secure online platform within which labs 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 lab, diagnostic and pharma 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).

At Diaceutics, we recognise the importance of minimising our environmental impact and promoting sustainability in all aspects of our business

Environmental

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

Our Buildings and Locations

In the summer of 2021, we were delighted to establish our new Company headquarters at Dataworks in the Kings Hall Health and Wellbeing Park in Belfast. building we occupy is a new green building, with an "A" rated energy certificate. During the year 140,600 kWh of electricity were consumed in the full time use of the headquarters in Belfast, of which 46% of the energy was sourced from renewable sources.

The Dataworks complex consists of smart office, lab patient testing and treatment organisations, 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 data repository unlocks unrivalled access to deep analysis of the world's richest source records and with 96 disease-specific treatment pathways, known internally as Diagnostic Deductive Pathways ('DDPs'), developed via accelerated algorithmic applications.

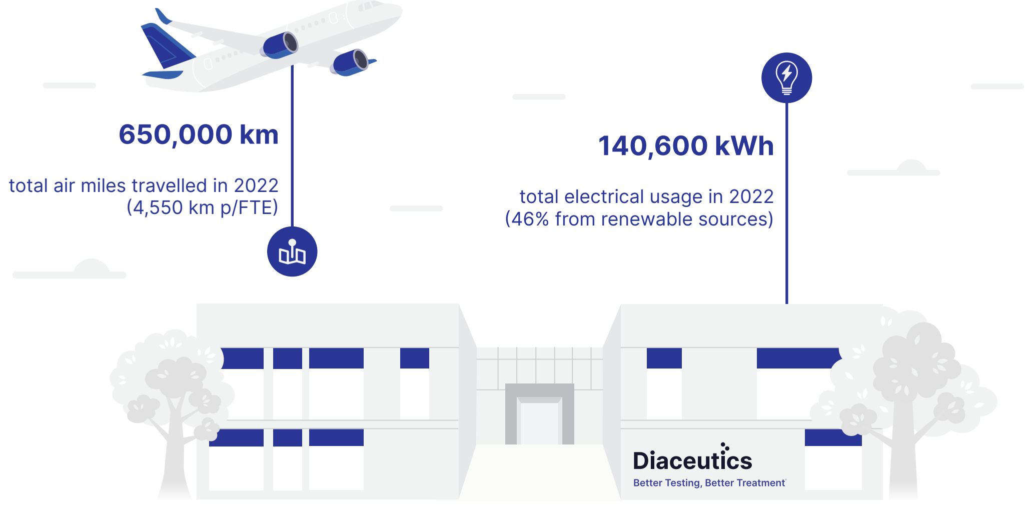
At our HQ there are several recycling initiatives which are facilitated and encouraged wherever possible within the building, including the provision of DXRX drinking flasks, boiling hot water taps, and low flush toilets. Diaceutics' facilities management partner CBRE arranges regular confidential wastepaper recycling with secure recycle bins housed externally for all recyclable items apart from confidential wastepaper.

Operational Carbon Footprint

At Diaceutics, we recognise the importance of minimising our environmental impact and promoting sustainability in all aspects of our business. We strive to implement practices and procedures that reduce our carbon footprint, conserve resources, and protect biodiversity. However, we also understand that face-to-face interaction with clients is a necessary part of our business operations, and we strive to find a balance between environmental responsibility and meeting the needs of our clients. While we encourage the use of digital communication channels and virtual meetings whenever possible, we also recognise that in some cases, in-person meetings and events are necessary to build relationships and provide our clients with the best possible service. Below are some key metrics that capture in 2022.

Future Reporting

For the future, Diaceutics has proactively taken steps towards introducing Streamlined Energy and Carbon Reporting (SECR) by engaging a third-party supplier to establish a baseline with preliminary reporting available in 2023. This is a testament to our commitment towards tracking and reporting our energy consumption and carbon emissions in a timely and efficient manner, thereby demonstrating our environmental stewardship and sustainability efforts.



Governance

Diaceutics is dedicated to having robust governance protocols and procedures throughout all aspects of our business. These help the business operate to high standards of conduct and to protect and grow the business for the benefit of all stakeholders.

Advancing Data Governance

At Diaceutics we strive to be a leader in the data governance space and stand out as a company who cares about their patients' data. We embrace the challenge of complying with the evolving regulatory landscape around data, and welcome the highest levels of data governance as an expectation for those operating with patient data in the precision medicine space.

Central to this is our commitment to ensuring the security and protection of all personal data that we process. We have built a robust data compliance framework and continue to look for ways to improve our data governance efforts. In 2022 this included the establishment of an operational environment which integrates all data handling within a quality management system and adoption of the process for ISO 27001 and Cloud Security Alliance (CSA) Security, Trust, and Assurance and Risk (STAR) certification standards for our platform.

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.

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 are fully compliant with relevant regulatory requirements across the globe, including GDPR in the UK and HIPAA in the US.

Governance Framework and Business Practices

- The Diaceutics board has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board is well balanced on all aspects of independence, knowledge of the Company's technology, sector, public company experience and professional standing and this allows it to effectively discharge its duties and responsibilities; pursue the Company's strategic goals and address anticipated issues in the foreseeable future.
- Diaceutics' 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.
- There are comprehensive internal procedures for the budgeting and planning, monitoring and reporting of business performance to the board and over the financial year.
- Regular risk review meetings take place with senior management level to assess various aspects of risk to the business, with material findings reported to executive directors on a monthly basis, by way of a risk register.
- Diaceutics has a dedicated legal department which monitors regulatory developments and a Quality and Compliance department which formulates and implements 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, 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 ISO 27001 (Information Security Management System) and CSA Star (Cloud Security) certification standards.

Key Governance and Business Policies

We have in place several key governance and business policies which support the operation of our business including the following:

- Data Collection, Retention and Protection
- Risk Management
- Health and Safety
- Conflict of Interest
- Anti-Bribery and Anti-Corruption
- Insider Information
- Equality, Diversity and Inclusion
- Human Rights
- Whistleblowing
- Anti-Slavery and Human Trafficking
- Internal Audit
- Matters reserved to the Board of Directors

Further governance information, including 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 and the Company's Corporate Governance Statement on pages 66-70.

Ongoing and future ESG workstreams

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.

At our HQ there are several recycling initiatives which are in place and encouraged wherever possible. 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 service. Diaceutics is not a significant consumer of water in its business activities.

Information on the Company's ESG progression. The Group Code of Conduct and Ethics policy is in draft form and covers all of our standard policies,

procedures and how we expect our colleagues to conduct themselves in line with Company values. Our Graduate Programme continues to evolve with further links being established with educational institutions in addition to Queens University Belfast, University of Ulster and University College Dublin, we have ensured attendance at Careers Fairs and Student Placement Events, hosting and sponsoring Lunch and Learns.

We are also exploring the introduction of a Salary Sacrifice Scheme for Electric Vehicles and a Cycle to Work scheme, along with potential carbon offsetting schemes with airlines via our travel agency.

Risk management

Internal control and risk management

The Group identifies principle risks within the business and documents the existing mitigations to those risks. Where the level of risk after existing mitigating actions is still deemed inappropriate, further actions will be designed and implemented to reduce the risks to an acceptable level. Internal controls are key procedures designed and implemented to mitigate and manage the overall level of risk.

Risk Management framework

The Group's risk management framework has been developed during 2022 to provide the structure by which the principal risks are managed and reported to the Board. The final steps in the roll out of the risk management framework will be completed in 2023, whereby it will ensure that the business can assess the impact of key risks, has appropriate procedures in place to identify emerging and new risks, and can effectively report these risks to the Board.

Given the nature and size of the Group's operations and its continued organic growth, the Board the risk management framework under review.

The Board

The Board has overall responsibility for the determination of the Group's risk appetite, the setting of objectives and policies, and has ultimate reponsibility for managing risk.

Audit Committee

The Audit Committee will formally review the material risks facing the Group and the effectiveness of the risk management processes and internal control systems biannually.

Senior management

Senior management are responsible for reviewing and monitoring the Group's key risks, overseeing the implementation and operation of the risk management framework and internal control systems.

Diaceutics teams

Everyone at Diaceutics has a role to play in identifying key risks facing the Group, and in the day-to-day management of risk through applying the appropriate controls, policies and processes.

Internal control systems

Control environment and procedures

The control environment and procedures have been designed to reduce risks to a level where compliance procedures are not disproportionate to the impact, financial or otherwise, of the risk materialising.

Indentification and evaluation of risks

Business unit leaders are responsible for collating and maintaining a risk register of their department's risks. Risks are quantified by likelihood and potential impact. Departmental risk registers are reviewed by Diaceutics's Senior management team on a quartely basis and collated into a Group risk register. From 2023, material risks from the Group risk register will be reviewed by the Audit Committee bi-annually and raised with the Board as appropriate.

Financial information

Financial information and reporting are overseen by the Chief Financial Officer ('CFO'). The CFO reports the financial results to the senior management team and Board on a regular basis. The financial information is subject to a high level of scrutiny both internally and externally.

Principal risks and uncertainities

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 listed, or that are currently deemed immaterial, may also have an adverse effect on the Group if they were to materialise.

Movement Key - 2021 Comparison

- Increased risk
- Decreased risk
- No change to risk
- New risk

Risks

Decrease in sales pipeline conversion to contract, or realisation of contracted order book, and resulting impact on revenue growth: Any material cancellations and contract scope changes, or reduction in sales pipeline build or subscription renewals may impact the Group's ability to realise its anticipated revenue growth rates. Fulfillment of contract obligations.

Movement of risk

No change to risk

Mitigation

The Group has visibility over an increasing proportion of its revenues through its order book (contracted engagements), pipeline and subscription renewal opportunities.

Recent internal changes to customer account teams will better nurture customer service and support along with proactive early engagement with customer around subscription renewals (with 100% renewal rate secured in 2022/23 on low initial volumes).

The pipeline of the business is actively reviewed by senior management with both leading and lagging indicators. Using Salesforce, the 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.

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.

The Group is increasing revenue visibility through the expansion of its order book which is driven by the Group's migration to multi-year, subscription-based contracts.

Risks

Loss of key personnel: Realisation of the Group's ambitious growth strategy and future success will depend, in part, upon the expertise and continued service of certain key personnel. The loss of certain key personnel could adversely affect the Group's ability to realise its strategic goals, ambitious growth targets, and as a result, improve patient lives and enhanced stakeholder value.

Movement of risk

Decreased risk

Mitigation

The senior management team 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.

In addition, steps to further enhance succession planning have been taken by implementing a program to identify employees who wish to undertake job shadowing or job rotation.

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 review and improve its remuneration structure to incentivise and retain key personnel and as such expanded its leadership team in 2022.

Risks

Loss of a major customer: A small number of customers, with which the Group has a long-term historical relationship, significantly contribute to annual revenue. The loss of any such major customer may have a direct impact on the revenue growth rate and earnings potential of the business.

Movement of risk

Decreased risk

Mitigation

The Group's customer base is well diversified due to the number of brand teams, both global and in-country, that Diaceutics engages with within each customer, all having individual budget allocations and control. The Group continues to expand the number of customers, brands and products/services it provides to customers. All customer accounts have a senior management allocated sponsor and regularly review the revenue generated by key customers. The Vice President of Sales and Marketing is ultimately responsible for managing the Key Account Managers and day-to-day customer brand team relationships.

The Group has established a highly trusted and professional working relationship with all its major customers, and regularly seeks feedback to improve and maintain a high level of customer service.

As part of the Group's strategy acceleration, it is looking to invest in transforming the customer experience and service over the coming years and enhance the support, technology, and precision medicine expertise it brings to all customer interactions.

In 2022, no single customer contributed more than 10% of the overall Group revenue (2021: 3).

Risks

Restricted availability or disrupted continuity of the DXRX platform: The ongoing operational continuity and availability of the DXRX platform is critical to the Group's ability to securely hold and utilise its data repository asset as well service customer and lab partner requirements. Access disruption to the DXRX platform could damage the Group's ability to service operational needs in a timely manner and have a reputational impact.

Movement of risk

New risk

Mitigation

The DXRX platform employs multiple layers of security and monitoring tools to keep the platform secure. We utilise standard industry cloud-based software and solutions and deploy the platform infrastructure as code, enabling us to restore or rebuild a part or all of our platforms and logic used to operate the business from scripts. Our data is versioned and backed up regularly across multiple platforms.

Risk

Disruption to data supply chains: Diaceutics acquires data from multiple sources including governments, lab collaborators, commercial providers and public domain sources. Failure to provide timely, accurate or regulatory compliant data may be disruptive to the Group's operations and commercial reputation.

Movement of risk

No change to risk

Mitigation

Diaceutics has made a significant investment in its data lake and has over 2,500 global labs in its network. The Group has amalgamated over 600m real-world patient (de-identified) records from multiple sources and key precision testing markets in its data lake. The Group has lab liaison teams supporting launch markets for the pharma industry and has an extensive network of data sources.

The Group has identified key labs and data aggregators in key markets which it relies upon for data supply. Moving labs onto the DXRX platform helps to mitigate this risk over time. At the year end the Group had moved 861 labs onto the DXRX platform (2021: 561), 34% of our target network. The Group continues to make improvements on its business continuity plan and risk procedures and is diversifying and securing its data supply chain to ensure continuity. In 2022 there has been an increase in key data suppliers, especially supporting key data products.

Risks

Non-compliance with data privacy laws, industry and ethical regulations/standards and/or changes to the pharma regulatory environment: Data protection laws in different countries are evolving quickly and compliance standards can vary resulting in a complex and misaligned structure of standards. Non-compliance with any one of these relevant privacy or ethical regulations/standards could result in damage the Group's reputation, ability to provide contracted services, and financial penalties.

The regulatory and ethical landscape that pharma operates in is subject to continued scrutiny and change. These changes could result in both short and longer term changes in pharma behaviour, including, but not limited to, reduction is outsourced data and consulting service spend or move away from the current precision medicine led approach to drug development.

Movement of risk

Mitigation

Our patient data continues to be held by the Group on a de-identified basis. The Group's Legal, Quality and Compliance department monitors changes in data protection laws, assesses and advises on the impact of regulations to the Group. As we continue to leverage our technology and data to innovate in achieving our purpose, ultimately growing our product offerings in new geographies, the risk around data protection and compliance equally increases. The Group engages with subject experts with specialist knowledge in Data Protection and are developing and updating internal frameworks to support ongoing commercial activities. The Group has introduced a Data Governance working group with stakeholders from key internal departments to express the vision and identify and overcome any barriers in the future.

We continue to monitor the changing macro regulatory and ethical landscapes, especially in our key geographical regions, including our pharma and biotech customer responses, both public and private, to this changing landscape.

Risks

Cyber-Attacks and Information Security breaches: The launch of the DXRX platform and the cloud-based technology solutions it enables, as well as the continued business reliance and enablement of remote working, bring increased stakeholder connectivity and an increased exposure to cyber and information security breaches which could result in operational, reputational and financial risks.

Movement of risk

Mitigation

A security framework has been developed and 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 continues to be updated.

The incident management and breach response plan have been reviewed and updated. Robust penetration testing is undertaken at least annually covering DXRX and remains a core component of our security strategy. The Group is developing a ISO 27001 compliant framework and is continually reviewing and introducing new and improved policies and procedures (IT, Engineering and Compliance documents) bringing clear awareness to the business of their established roles and responsibilities in compliance. There has also been the introduction of threat detection and prevention tools and an upgrade to system operational licenses and security.

Risks

Significant and rapidly evolving market and economic conditions: The Group may be affected by the significant and rapidly evolving market and economic conditions which are unrelated to the performance of the Group itself.

An economic downturn, globally or more locally in the pharmaceutical sector, including the impact of fast rising interest rates, inflation, ongoing bank failures and foreign exchange movements, may have an adverse effect on the demand for the Group's products, its cost base, profitability, growth rates, cash balances and/or cash flow over a sustained period.

Movement of risk

Mitigation

The Group's business model includes flexibility in both service offering and cost structure which allow the Group to react to changes in market conditions to lessen the immediate impact.

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.

The Group is diversifying its concentration of credit risk associated with its substantial cash holdings with one primary bank and is working towards implementing a compressive treasury policy to ensure adequate policies are in place to mitigate risks including credit, liquidity, capital, interest and currency, among others. The Group continues to monitor and manage the impact of pronged inflation on its revenue and cost base.

To help mitigate foreign exchange risk the Group operates multi-currency bank accounts and aims to ensure that the receipts and payments, and assets and liabilities in a particular currency are offset in a natural hedge. In addition, the Group uses other simple hedging techniques such as forward contracts and maintains a revolving credit facility, which can be drawn in US dollars, pounds sterling or euros, to offset foreign exchanges exposures.

Risks

Business continuity including climate change: There is the possible threat of natural disasters, including pandemics, which could impact the Group's ability to trade, demand for the Group's products, its cost base, profitability, growth rates and/or cash flow over a sustained period.

The Group continues to face risks in relation to the political and economic instability associated with the continued and unresolved uncertainties around the framework of the UK's withdrawal from the European Union in relation to Northern Ireland.

Movement of risk

Mitigation

The Directors continue to considered the possible impact of the spread of COVID-19 or another similar pandemic. Based on current information, we believe the impact on the Group continues to reduce as the world adapts to the longer term normality of living with COVID-19.

The UK's withdrawal from the European Union, especially in terms of the Northern Ireland Protocol, remains a risk. Current available information suggests that this risk is considered more political and potentially disruptive to the movement of goods rather than the services provided by the Group with are predominately in North America and Europe and can be serviced from operational entities based within those jurisdictions.

Stakeholder engagement and S172

We believe that engagement with our principal stakeholders is key to enhancing the Group's value and promoting its long-term success. The means of engagement are described in the table below.

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:

a. **Likely consequences of any decision in the long term;**
b. **Interests of the Company's employees;**
c. **Need to foster the Company's business relationships with suppliers, customers and others;**
d. **Impact of the Company's operations on the community and the environment;**
e. **Desirability of the Company maintaining reputation for high standards of business conduct;**
f. **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 Principles") 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 Principles.

The particular Section 172 Principle to which the engagement or decision relates is highlighted in the table below:

Our key stakeholders	Their principal interests	How the business engages	How the Directors engaged under Section 172
Customers and Suppliers	• Professional expertise • Open and transparent business arrangements • Product awareness	• DXRX platform • Our contracts providing real time data, analytics, educational services and support • Industry papers (including the landmark Journal of Clinical Oncology - Practice Gaps study) • Precision Medicine Reports • Regular customer surveys including in 2022 where customers highlighted our thought leadership in Precision Medicine as key to partnering with us • Ongoing feedback via dedicated project managers • Strong product engagement and education	• The ASCO face-to-face conference in 2022 allowed immersive engagement with Senior management and Board representatives. A study commissioned with a third party provided key insights into customer needs leading to the incorporation of important customer centric principles within our strategy. (Principle (c)) • Our rigour around GDPR and HIPPA compliance and pursuit of ISO 27001 and CSA certification demonstrate our commitment to the highest of business standards (Principle (e))

Continued...

Our key stakeholders	Their principal interests	How the business engages	How the Directors engaged under Section 172
Lab Network	• Trusted partnerships • Online security • Global industry access • Precision medicine focus	• DXRX platform • Our lab contracts enable real time data download and support • Accreditation enabling	• Our landmark Practice Gaps study has identified important gaps in patient treatment practices, including lab testing, which impacts on patient care and outcomes. (Principle (d) • GDPR and HIPPA compliance and our pursuit of ISO 27001 and CSA certification provides assurance to our lab partners (Principle (e)
Precision Medicine and Thought Leaders	• Evidence based information • Trusted collaboration	• DXRX Network Advisory Panel comprises a recruited group of scientific advisors mainly in the field of oncology and pathology which meets quarterly • Industry papers (including the landmark Journal of Clinical Oncology - Practice Gaps study • Engagement with individual industry consultants	• Our landmark Practice Gaps study has provided important data and information which impacts the precision medicine industry. (Principle (d) • The release of our third PM Readiness report highlights valuable insights and key trends in the precision medicine arena. (Principle (d)
Regulatory and Government bodies	• Compliance • Proactive engagement with new regulations	• Strictly controlled regulatory environment • Dedicated Quality and Compliance team who work closely with regulatory bodies • ISO27001 and CSA Star (Cloud Security) framework implementation are in progression	• GDPR and HIPPA compliance and our pursuit of ISO 27001 and CSA certification evidences our work with key regulatory frameworks (Principle (e))

Continued...

Our key stakeholders	Their principal interests	How the business engages	How the Directors engaged under Section 172
Patients and Communities	• Access to improved testing and diagnosis • Identification of better treatments • Improved treatment outcomes • Positive engagement and wider community benefits	• The Group's overriding aim is to provide earlier and more accurate diagnosis for patients, accelerating patients' reach to precision medicine and better healthcare outcomes • The Group engages in charity programmes, graduate training and life science engagement initiatives such as HIRANI, among other activities documented in our ESG report	• Our landmark Practice Gaps study has identified crucial gaps in patient testing which directly impacts patient outcomes (Principle (d)) • The release of our third PM Readiness report highlights valuable insights and key trends in the precision medicine arena which affect patient treatments and outcomes (Principle (d)) • Our approach to our environmental responsibilities is set out in our ESG report on page 48 (Principle (d)) • Compliance with GDPR and HIPPA is vital to patient data confidentiality (Principles (c) and (e))
Our People	• Our purpose, strategy and progress • Development and progression opportunities • Employee wellbeing and welfare • Diversity, inclusion and ethical behaviour	• Regular Town Hall presentations held at least quarterly where employee feedback and interaction is encouraged • The CEO regularly publishes podcasts and news articles aimed at informing employees of the direction of the Group • Regular employee engagement surveys. Our most recent survey held in September 2022 produced an 82% employee engagement score • The Diaceutics "Employee Assistance Programme" which fosters and encourages wellbeing in the workplace and provides support in many areas including counselling, legal information and services, bereavement, medical and health assistance • The core structure of the business culture is based on the key values of Empowerment, Foresight, Fun, Empathy, Communication and	• The Company held a four-day All Company Meeting (ACM) in 2022 to which all employees were invited to communicate, disseminate and discuss the Group's plans and goals allowing our employees to fully engage and align with the culture and strategic goals of the Group (Principles (a) and (b)) • In recognition of the important role our people have played in the Group's success and the unprecedented increase in living costs, all eligible employees were provided a one-off £1,000 cost of living payment through the payroll in December 2022 (Principle (b)) • In September 2022 we engaged a third party to undertake a survey of our employees. This is referred to on pages 51-52 and garnered an 82% engagement score (Principle (b))

Continued...

Our key stakeholders	Their principal interests	How the business engages	How the Directors engaged under Section 172
Our People		Trust, together known as the Diaceutics EFFECT values. Diaceutics has a dedicated group of both official and unofficial Culture Ambassadors, who lead our cultural activities, disseminating our values throughout the organisation and beyond. 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 four day All Company Meeting was held in 2022, to which all employees were invited. This allowed our employees to fully engage and align with the culture and strategic goals of the Group	• In 2022 we also undertook a job evaluation and benchmarking exercise to ensure that all our employees are appropriately remunerated in terms of salary and benefits; that roles are classified and aligned across the organisation to produce a framework which is fair and equitable for current and future use (Principles (a) and (b)) • In 2022 we developed our Strategy acceleration with consideration given to all our key stakeholders. Our strategy is outlined on page 26-29 (Principle (a))
Investors	• Financial performance • Convergence of long-term goals • Credible strategic direction • Good governance and regulatory compliance	• The Board actively seeks dialogue with its shareholders via investor roadshows, capital market days, one-to-one meetings and regular reporting • The Chief Executive Officer and Chief Financial Officer hold virtual or face to face meetings each year with most institutional shareholders, as well as facilitating meetings with private investors where practicable. Regular virtual and in-person forums facilitate agile and flexible communications with investors, enabling greater investor interaction • Following on from the Company's first successful Capital Markets Day held in 2021, the Company is planning to hold a DXRX Platform demonstration in 2023 • The Senior Management Team at Diaceutics regularly present at investor and industry conferences attended by potential and current investors • The Company communicates with all	• In 2022 our Strategy acceleration was developed and was communicated to investors and analysts in early 2023 (Principle (a)) • The CEO and CFO have engaged with an increasingly diverse investor group, and continue the development of messaging around company activities and strategy (Principle (f))

Our key stakeholders	Their principal interests	How the business engages	How the Directors engaged under Section 172
Investors		shareholders through a mix of formal and less formal communication tools and media, including the Annual Report and financial statements; the Annual General Meeting (AGM) and; the release of news via the London Stock Exchange Regulatory News Service (RNS) • The AGM in 2022 was held in person, as will the AGM in 2023, allowing all shareholders an opportunity to ask questions or represent their views formally to the Board during the meeting or with directors after the meeting • Corporate information, including Company announcements and presentations, is available to shareholders, investors and the public on the Group's website www.diaceutics.com. Contact details and email address for investor queries are listed on the website, which offers a facility to sign up for email alert notifications of the Company's news and regulatory announcements • Less formal communication methods utilised by the Group include webinars, social media such as LinkedIn and Twitter and news articles made available through the Group's website.	

Corporate governance

Corporate Governance Report

The Board of Directors

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

Ryan Keeling
Chief Innovation Officer

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

Peter Keeling
Chief Executive Officer

Nick Roberts
Chief Financial Officer (Insider Committee)

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

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 over two decades in CEO and European and global senior executive roles including at internet platform businesses PayPal and eBay, and technology companies Symantec and Verizon.

Deborah currently holds non-executive director and board committee positions at the following institutions: Lloyds Banking Group/Scottish Widows Insurance, International Personal Finance plc, IDEX Biometrics ASA, Norway and, The Institute of Directors UK. Her previous board experience includes Which? Ltd and private equity based i.e. Digital. 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 Master's in Science (Management) with distinction from London Business School.

Skills: Global strategy, Platform business models, Partnerships, High growth tech businesses, Governance

Peter Keeling

Chief Executive Officer

Peter has over 35 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 Diagnology Inc, a US/Irish based diagnostics company which specialised in the development and commercialisation of tests for sexually transmitted diseases. Peter has led Diaceutics 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.

Skills: Pharma sector commercialisation, Precision medicine thought leadership, Diagnostic landscape

Ryan Keeling

Chief Innovation Officer

Ryan is an expert in the commercialisation of diagnostics and associated technology, with over 14 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 Diaceutics 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.

Skills: Platform tech, Operational management, Pharma sector commercialisation

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-quoted healthcare and technology companies with global customer bases.

Prior to his appointment to Diaceutics PLC, he was Head of Group Reporting at AIM-quoted Ergomed plc, a full-service pharmacovigilance and specialist clinical trial service provider to the pharma 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.

Skills: Financial management, AIM public market, high-growth tech and pharma businesses

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 and as a trustee of UCO, a specialist higher education provider in osteopathy, chairing its audit and risk committee.

Skills: Financial governance and remuneration oversight, AIM public market

Mike Wort

Non-Executive Director
(Remuneration Committee, Audit Committee, Insider Committee)

Having trained as a microbiologist, Mike brings over 46 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.

Skills: Life Science Communication, Life Science Networking, City Finance and Listing

Corporate Governance Report

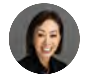
Chair's Introduction

I am pleased to introduce the Corporate Governance Report for the year ended 31 December 2022.

As an AIM quoted company, we recognise and prioritise 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 initial public offering to the market in March 2019 and the Company's Corporate Governance Statement is available to view on the Company's website at **diaceutics.com**

The Board has overall 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 Governance section of the Report from pages 74 to 107 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.



Deborah Davis
Chair

17 April 2023

Board of Directors - Governance

Board Operation and Meetings

The Board has adopted a formal schedule of matters reserved solely for its consideration, which may only be amended by the Board. Matters reserved for the Board include approval of overall Group strategy, budgets, major contracts and investments, certain areas of legal and regulatory compliance, key risk and control policy implementation, operational performance, corporate and shareholder matters including corporate capital structure, the annual reports and financial statements and dividends.

In 2022 the Board held monthly meetings (apart from in February) and these were supplemented by additional meetings, where required, for the proper management of the business. For 2023 there will be fewer scheduled monthly board meetings, replaced in months without meetings by a board reporting pack and supplementary meetings with the executive management team where required. The Board holds at least three extended face to face meetings each year, devoted to a more in-depth review of key strategic areas including people, safety and security, strategy, marketing, and ESG (Environmental, Social and Governance) matters. One of these extended face to face meetings incorporates a strategy session to formulate and evaluate the Group's near and long-term strategy. The Directors are provided with regular and timely information regarding the Group's operational and financial performance.

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.

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

Board Meetings during the year and time committed

The Board met 19 times in total during the financial year ended 31 December 2022 for both scheduled and ad hoc meetings and calls.

The following table shows the Directors' attendance at scheduled Board meetings during the year ended 31 December 2022:

	Board	Audit	Remuneration	Insider
Deborah Davis	12/12	2/2	3/3	-
Peter Keeling	12/12	-	-	-
Ryan Keeling	12/12	-	-	-
Nick Roberts (appointed 18 March 2022)	11/11	-	-	None
Charles Hindson	12/12	2/2	3/3	None
Mike Wort	12/12	2/2	3/3	None
Philip White (resigned 18 March 2022)	2/2	-	-	None

Each of the executive directors are required to commit at least five days per week to their roles. The non-executive directors 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 Committees

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 **diaceutics.com**

The Board and its committees are provided with information in advance of meetings to give time to review and consider the matters at hand. 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.

Audit Committee

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 including risk management, reviewing the financial statements of the Group prior to publication, 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.

Remuneration Committee

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 others, responsibility for determining the remuneration for the Group's executive directors and senior management, reviewing the design of share incentive plans, the structure of performance related pay schemes and targets related to those schemes.

Insider Committee

Operational inside or price sensitive information relating to, for example, a significant contract, is typically identified initially by the Senior Management Team (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, Mike Wort and Philip White (until his resignation) 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").

Board Appointment, Removal and Re-election

The Company's Articles of Association (the "Articles") require that one-third of the Directors stand for re-election by shareholders annually by 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, Peter Keeling (CEO) and Mike Wort (NED) 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.

On 18 March 2022, Philip White resigned as a Director and CFO to pursue other business interests and was replaced by Nick Roberts. The Board thanks Philip for his dedicated and long-standing service as CFO, a tenure which saw the Group through key events including IPO in March 2019, subsequent fund raise in June 2020 and the significant growth of the Group.

Board Knowledge, Training and skills

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. Diaceutics is also a member of the Personalized Medicine Coalition, a pan industry group researching and promoting key dynamics of the precision medicine market.

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 key sector conferences and customer engagement. The panel meets quarterly and is led by Ryan Keeling. The Directors and employees of Diaceutics continue to be named on thought leading white and peer reviewed papers based on their research and analysis of the precision medicine market, most recently the Practice Gaps paper.

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.

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.

Board performance and evaluation

Two formal and internally orchestrated board effectiveness reviews have taken place since the Company's IPO in 2019. The first was undertaken in 2019 to 2020 following the establishment of the Board post IPO and this was repeated in the year ended 31 December 2021. This review was in the form of a structured questionnaire circulated to all Directors, where the Board's performance was rated in several strategically important areas. 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.

In addition to the formal appraisal process for Board members, the Chair and Chief Executive Officer regularly discuss the performance of the Board, the senior management team and succession planning for both.

Application of QCA Code Principles

Principle 1

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

At the centre of Diaceutics is its purpose: that every patient should get the opportunity to receive the right test and the right therapy to positively impact their disease outcome. We believe that by driving to fulfil this purpose we will drive long term stakeholder value and have established a strategy and business model with this purpose at the heart.

The Group's strategy is reviewed each year, and in 2022, underpinned by the strong financial momentum and balance sheet, this review culminated in an increased investment and acceleration of the strategy. The strategy is described in detail on pages 26 to 29.

Further details of the investment case can be found on pages 22 to 23 and our market opportunity on page 18 to 19.

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.

Details of how we communicate with our stakeholders (including shareholders) are set out on pages 66 to 70, 'Stakeholder Engagement and s172'.

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 stakeholders, including shareholders, customers and suppliers, partners and laboratories, patients, the community, regulators and employees.

Details of how we identify and engage with the varying principal interests of stakeholders can be found on pages 66 to 70, 'Stakeholder Engagement and s172', and pages 46 to 60 on ESG.

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 – further details on the framework and principal risks and uncertainties can be found of page 62 to 65.

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 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 76 to 81.

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 repository. 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 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 appointment remains under review. See pages 82 to 84 of the Corporate Governance Report for further information on Board operation and meetings, Directors' time committed and Board Committees.

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 76 to 81. The Board retains a range of industry, technology, operational 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 that enables them to bring independence of judgement on issues of strategy and performance and to debate matters constructively. Directors' key individual skills are listed with their biographies.

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.

See pages 76 to 81 which covers the 'Knowledge, Training and Skills' of the Board.

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board continually seeks to improve the ways in which it interacts and the manner in which information is presented to it. The processes and information presented to the Board are regularly reviewed to ensure a consistent and informative approach to reporting. This, in turn, facilitates informed analysis and decision making by the Board of all matters at hand.

See page 85 of the Corporate Governance Report which deals with the 'Performance and evaluation' and page 84 for 'Appointment, Removal and Re-election' of the Board.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The core structure of the business culture is based on the key values of Empowerment, Foresight, Fun, Empathy, Communication and Trust, together known as the Diaceutics EFFECT values. Culture activities are led by both official, and unofficial Culture Ambassadors, in parallel with the dissemination of our values, throughout the Company, and beyond, to our collaborators, lab partners, clients and investors. 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 and will be introduced in 2023.

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 that their culture aligns with our own and assessments of existing suppliers are carried out as part of the regular risk review process.

See ESG on pages 46 to 60 and Stakeholder Engagement and s172 on pages 66 to 70 for further information on the Group's corporate culture and our stakeholders.

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 and the needs of the business. 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 the senior management team. The non-executive directors are responsible for bringing independent and objective judgement to Board decisions.

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.

See page 82 to 85 of the Corporate Governance Report which deals with matters reserved to the board and Board Committees and pages 76 to 81 for Directors' roles and responsibilities.

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 inter alia 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's workforce is regularly updated as appropriate, with the development of the Group and its performance. Full details of how we communicate with our employees is set out in the ESG section on pages 50 to 53.

The Company held a four-day All Company Meeting (ACM), in 2022 to which all employees were invited, to communicate, disseminate and discuss the Group's plans and goals. This allowed the opportunity for the 112 employees present to fully engage and align with the culture and strategic goals of the Group in an environment which was effective and conducive to this achievement.

Please see our stakeholder engagement and s172 report on pages 66 to 70 for further information about our engagement with all of our stakeholders.

Remuneration Committee Report

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 31 December 2022.

Remuneration Committee

During the year ended 31 December 2022, the Committee consisted of three non-executive directors: me (as Chair), Deborah Davis and Mike Wort. The Remuneration Committee met three times during the year ended 31 December 2022.

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, 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 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 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 directors' pay is considered annually, in line with the wider workforce. Changes in basic salaries are considered in the light of changes in responsibilities, roles, and external changes such as inflation.

As a result of the executive director remuneration review and evaluation performed by the Committee, the base salary of the executive directors will be increased by 6% from 1 January 2023 and a further 2% from 1 April 2023. This increase is in line with other employees and will increase the salaries as follows: CEO from £274,839 to £297,156; CIO from £250,536 to £270,880. The CFO salary will increase from £145,000 to £153,700 from 1 January 2023. From 1 April 2023 the CFO salary will increase from £153,700 to £194,616 to reflect performance and increased responsibilities since joining the Company, and is in line with benchmarked salaries for similar AIM company CFOs.

During the 2022 year the Committee approved a Group-wide pay increase which was a mix of both inflationary and performance measures. The average increase was 4.3% and was implemented in April 2022 and backdated to January 2022.

In recognition of the important role our people have played in the Group's success and the unprecedented increase in living costs, all eligible employees (excluding executive directors) were provided a one-off £1,000 cost of living payment through the payroll in December 2022. A 6% salary increase was awarded to eligible employees on 1 January 2023 with a further average increase of 3.2% awarded in April 2023. The total salary increases in 2023 of between 6 and 10% are based upon individual employee performance whilst being representative of the wider inflationary environment.

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 5.6% of salary for Peter Keeling and between 4-5% for the other executive directors. These arrangements were reviewed in 2019 and, for Nick Roberts, on his appointment in 2022. They are considered within the range of the Company's pension contribution for other staff, reflecting the individual Directors levels.

Private healthcare

All employees including the executive directors are eligible to participate in the private healthcare arrangements.

Performance related bonuses

All executive directors, senior and middle management and other key employees are eligible to receive annual performance-related bonuses. Annual cash bonuses are paid upon the achievement of pre-set financial and strategic objectives of the Group. The Committee, in conjunction with the Board, reviews these targets and sets the objectives at the commencement of each financial year.

Performance related bonuses *continued...*

Executive directors are eligible to receive an annual cash bonus based on corporate financial targets (Revenue and Profit) of up to 60% of their base salary. In 2022, no bonuses were paid to executive directors in relation to the Group's 2021 performance. Based on the Group's performance for the 2022 financial year, the executive directors are in line to receive annual cash bonuses of 44% of the maximum cash bonus (26.4% of base salary) in April 2023 and these bonuses are reflected in the Directors' remuneration for 2022 and as set out in the table later in this report.

In addition to executive director bonuses, the business has made provision for a discretionary performance related bonus to be paid to all eligible employees in relation to the 2022 results.

Share options

Equity-based awards are made to executive directors, senior and middle management and other key employees. This scheme is intended to provide a long-term incentive plan for eligible employees and ensure employee remuneration is aligned to those of shareholders. The first grant of market value share option awards was made in June 2020 with second and third grants of performance share options with performance criteria based on absolute shareholder return, made in April 2021 and April 2022 respectively. The Committee and Board will continue to review the effectiveness of equity-based awards, and any performance conditions, to ensure they incentivise employees and align employee objectives with long-term shareholder value.

Executive directors are eligible to be awarded LTIP equity awards on an annual basis up to a value of 30% of their base salary. Details of share option awards to Directors are included later in this report.

Share Incentive Plan

All Group employees are entitled to participate in the Group's Share Incentive Plan ("SIP"). 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 matched by the Company on a one for one basis. As of 31 December 2022 82 UK employees and 27 global employees (representing 72% of the Group's workforce) had enrolled in the SIP. Another window for new and existing employees to join the SIP will be opened in May 2023.

Activity during the year

In the year to 31 December 2022, the Remuneration Committee reviewed the Performance Management Framework ("PMF") and it was recommended to undertake a job evaluation and Remuneration (salaries and benefits) benchmarking exercise for all roles. The Group engaged with an independent third party to assist with this exercise, the objective of which was to develop a framework whereby jobs are appropriately classified and aligned and which are also fair and equitable for current and future use. A review of UK and Ireland roles was completed in Q1 2023 with Rest of World roles being completed in early Q2 2023. The Committee also considered and made recommendations on several other key matters including the interpretation and application of the absolute share price targets for the LTIPs issued in March 2022, applicability of LTIPs and targets in respect of the departure of certain executives in the year; the detailed circumstances in which "good leavers" may be entitled to exercise share options on departure from the Group; the PMF and bonus recommendations for the year ended 31 December 2021, paid to employees in 2022; and the grant of equity sign on bonuses for certain senior executives who had been appointed or promoted in the year.

Diaceutics' succession planning programme is in the early stages of development and will focus on the individual employee and their development, as well as being aligned with the longer-term strategy of the Company. Full details of the Group's PMF are set out on page 53. The PMF process was enhanced to include job shadowing and job rotation initiatives to provide employees with a broader experience of other roles within the Group. These initiatives operate for all employees apart from senior management, where succession planning is managed by the Chief Executive Officer with the support of the Board.

Directors' Remuneration

The remuneration of the Board of Directors of Diaceutics PLC for the year ended 31 December 2022 is set out below:

Executive	Basic Salary (£)	Bonus[1] (£)	Taxable Benefits[2] (£)	Pension (£)	2022 Total (£)	2021 Total (£)
Peter Keeling	274,839	72,557	-	15,839	363,235	276,345
Ryan Keeling	251,507	65,142	5,273	12,344	334,266	230,533
Nick Roberts[3]	114,327	30,204	401	4,573	149,505	-
Philip White[4]	47,692	-	-	2,202	49,894	231,172
Total	**688,365**	**167,903**	**5,674**	**34,958**	**896,900**	**738,050**

Non-Executive	Basic Salary (£)	Bonus[1] (£)	Taxable Benefits[2] (£)	Pension (£)	2022 Total (£)	2021 Total (£)
Deborah Davis	70,000	-	-	-	70,000	69,551
Mike Wort	30,000	-	-	-	30,000	30,000
Charles Hindson	35,000	-	-	-	35,000	35,000
	135,000	**-**	**-**	**-**	**135,000**	**134,551**
Total	**822,365**	**167,903**	**5,674**	**34,958**	**1,031,900**	**872,601**

[1]Bonus payments are in relation to performance of the Group in 2022, are accrued at the year end, and will be paid in April 2023.

[2]Taxable benefits consist of private healthcare provision during the period.

[3]Nick Roberts' remuneration reflects all payments made since his appointment on 18 March 2022 until the year ended 31 December 2022.

[4]Philip White's remuneration reflects all payments made up to the date of his resignation from the Board of Directors on 18 March 2022.

Directors' interests in share options for the year ended 31 December 2022

The remuneration of the Board of Directors of Diaceutics PLC for the year ended 31 December 2022 is set out below:

Executive	Type of Award	Award Date	Number of shares at 31 December 2022	Exercise Price (£)	Vesting Date	Number of shares at 31 December 2021
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	73,542
	LTIP	1 April 2022	79,303	0.002	1 April 2025	-
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	64,154
	LTIP	1 April 2022	72,290	0.002	1 April 2025	-
Nick Roberts[1]	LTIP	1 April 2022	41,838	0.002	1 April 2025	180,000
	ESOP	27 May 2022	50,000	0.002	18 March 2025	64,154
	SIP	9 September 2022 to 29 December 2022	900	0.002	9 September 2025 to 29 December 2025	-
Philip White[2]	LTIP	17 April 2020	-	1.265	17 April 2023	180,000
	LTIP	1 April 2021	-	0.002	1 April 2024	64,154

[1]Appointed 18 March 2022

[2]Resigned 18 March 2022

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 2022

The Directors who held office during 2022 had the following interests in the ordinary shares of £0.002 in the capital of the Company:

Executive	Number of Ordinary Shares held at 31 December 2022	Ordinary Shares as a % of issued share capital	Number of Ordinary Shares held at 31 December 2021
Peter Keeling	17,252,049[1]	20.42%	17,252,049
Ryan Keeling	2,990,643[2]	3.54%	2,990,643
Nick Roberts	40,079	0.05%	-
Philip White[3]	1,315,543	1.60%	1,606,389

Non-Executive	Number of Ordinary Shares held at 31 December 2022	Ordinary Shares as a % of issued share capital	Number of Ordinary Shares held at 31 December 2021
Deborah Davis	86,000	0.10%	44,800
Charles Hindson	63,500	0.08%	43,500
Mike Wort	144,737	0.17%	144,737
Total	21,892,551	25.96%	22,082,118

There were no changes in the shareholdings of the directors between 31 December 2022 and the date of this report save for a total of 856 ordinary shares purchased on behalf of Nick Roberts during the period from 27 January 2023 to 28 March 2023 pursuant to the SIP, of which 428 are partnership shares, and 428 are matching shares which do not vest until three years from the date of purchase.

[1] includes 8,587,975 shares held by Delia Keeling, Peter's wife
[2] includes 100,000 shares held by Robyn Keeling, Ryan's wife
[3] Resigned 18 March 2022

Service Contracts and non-executive directors' Letters of Appointment

The executive directors have rolling contracts that are terminable on 12 months' notice except for Nick Roberts whose contract is terminable on 6 months' notice. The Chair and each of the non-executive directors 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 in respect of the year ended 31 December 2021. It will undergo a standalone formal performance evaluation in 2023.

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 2022 at the forthcoming Annual General Meeting. This resolution is advisory in nature.

Charles Hindson
Remuneration Committee Chairman

17 April 2023

Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2022.

Audit Committee

During the year, the Committee consisted of three non-executive directors: me (as Chair), Deborah Davis and Mike Wort. The Audit Committee is convened as required and met twice during the year (March and September 2022) 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 2022.

The Committee also met as a panel in October 2022 to oversee the final stages of the audit tender process. Three audit firms submitted tenders for the role of external auditors and Ernst & Young ("EY") were selected and appointed as external auditors for the financial year ended 31 December 2022 following the resignation of PricewaterhouseCoopers LLP ("PwC") in November 2022.

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 also met with the external auditors without management present during the year.

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 Principal areas of judgement considered by the Committee in relation to the Group's 2022 financial statements include revenue recognition in accordance with IFRS 15, capitalisation of intangibles and impairment assessment of intangibles. Each of these areas also received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee.

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 **diaceutics.com**

External auditors

PwC was appointed by the board as the Company's external auditor on 26 May 2022 for the 2022 reporting year.

On 28 November 2022, following the conclusion of a formal selection process led by the Committee, the Board approved the appointment of EY as the Company's auditor for the financial year ending 31 December 2022. A proposal to re-appoint EY will be subject to approval by the Company's shareholders at the next Annual General Meeting to be held in 2023 and it is EY's intention to put themselves forward at the AGM to stand as auditors for the next financial year.

PwC resigned on 28 November 2022 and confirmed that there were no matters connected with it ceasing to hold office that should be brought to the attention of the members or creditors of the Company. The board thanks PwC for their support for the Company's IPO in March 2019 and their assistance in the Company's initial years on AIM.

There are no contractual obligations that restrict the Committee's choice of external auditors.

Committee performance and effectiveness

During the year, the Committee:

- Led the formal selection process for the Company's auditors for the financial year ended 31 December 2022
- Provided support for the preparation of the trading update made in September 2022
- Reviewed the status of the systems of internal control and monitored progress of the Internal Audit and risk management programmes during the current year
- Reviewed the Annual Report and Accounts
- Liaised with the external auditors, including on their appointment, 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 17 April 2023.

Charles Hindson
Audit Committee Chairman

17 April 2023

Directors' report

The Directors present their annual report and the audited Group financial statements for the year ended 31 December 2022. 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 activities

The principal activities of the Group during the year continued to be provision of solutions and technology to pharma and life science companies for the commercialisation of their precision medicines. The Group engages in research and development activities in the area of drug development science, Precision Medicine data and platform software.

Results and dividends

The profit after tax for the year amounted to £724,000 (2021: £561,000).

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

Going concern

The financial performance and balance sheet position at 31 December 2022 along with a range of scenario plans to 31 December 2025 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 2025 and therefore the Directors have satisfied themselves that the Group has adequate funds in place to continue in operational existence for the foreseeable future.

Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Research and development and future developments

In line with the Group's strategy (further details of which can be found on pages 26 to 29, management intends to further develop the Group's technology offering including its proprietary data lake and DXRX platform to meet future customer and market demand.

Outlook and financial risk

Details of market outlook are disclosed in our market opportunity section on page 18, and financial risks are outlined within principal risks and uncertainties on pages 62 to 65.

Directors

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

- Deborah Davis
- Peter Keeling
- Ryan Keeling
- Nick Roberts (appointed on 18 March 2022)
- Charles Hindson
- Mike Wort
- Philip White (resigned 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 91 to 93. 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 and treasury shares are shown in Note 26 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 2022 there were 84,472,431 fully paid ordinary shares in issue. All shares are freely transferable and rank pari passu for voting and dividend rights.

Political donations

The Group has not made any political donations during the year (2021: £Nil).

Financial instruments

Information on the Groups' financial instruments, together with the Groups' assessment on financial risk is disclosed in Note 25 and is included in this report by cross reference.

Substantial shareholdings

At 31 December 2022, shareholders holding more than 3% of the share capital in Diaceutics PLC were:

Non-Executive	Ordinary Shares	Percentage of that class
Mr Peter Keeling[1]	17,252,049	20.42%
Gresham House Asset Management Limited	10,780,221	12.76%
Canaccord Genuity Group Inc	7,806,120	9.24%
Berenberg Bank	5,440,945	6.44%
Danske Bank AS	4,527,644	5.36%
Elizabeth Considine	3,112,169	3.68%
Ryan Keeling[2]	2,990,643	3.54%

[1] Includes 8,587,975 shares held by Delia Keeling, Peter's wife
[2] 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 2022 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.

Post balance sheet events

On 10 March 2023, the Federal Deposit Insurance Corporation ('FDIC') was appointed as receiver of Silicon Valley Bank US ('SVB US'). Under the arrangements of the receivership the FDIC and Federal Reserve guaranteed to fully protect all depositors cash, both insured and uninsured, and placed SVB US under the control of a bridge bank. All of the Group's cash and cash equivalent balances with SVB US were fully protected and accessible from 13 March 2023.

On 13 March 2023, the BoE took the decision to sell SVB UK, the UK subsidiary of SVB US, to HSBC Group PLC ('HSBC'). The BoE confirmed that all depositors' money with SVB UK would be safe and secure as a result of this transaction. The SVB UK business continued to be operated normally by SVB UK and all services continued to operate as normal. All of the Group's cash and cash equivalent balances with SVB UK were fully protected and accessible from 13 March 2023.

The Group has agreed new temporary Revolving Credit Facility terms relaxing the cash holding requirements with SVB UK, set up additional banking facilities with two additional banking partners and has transferred funds to ensure the diversification of its concentrated banking credit risk at the year end. The Group is working towards implementing a comprehensive treasury policy to ensure adequate controls are in place to mitigate risks including credit, liquidity, capital, interest, and currency, among others.

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 66 to 70 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, Ernst & Young, 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

17 April 2023

Statement of Directors responsibilities in relation to the financial statements

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 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

17 April 2023

Independent auditor's report to the members of Diaceutics PLC

Opinion

In our opinion:

- Diaceutics plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Diaceutics plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise:

Group	Parent company
Group Profit & Loss Account for the year then ended	Company Statement of Financial Position as at 31 December 2022
Group Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Group Statement of Financial Position as at 31 December 2022	Related notes 1 to 19 to the financial statements including a summary of significant accounting policies
Group Statement of Changes in Equity for the year then ended	
Group Statement of Cash Flows for the year then ended	
Related notes 1 to 31 to the financial statements, including a summary of significant accounting policies.	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecast for the going concern period which covers the period from the date of signing of this audit opinion to 31 December 2025;
- We tested the factors and assumptions included in the cash forecast. We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the Group;
- We considered mitigating factors that are within control of the Group. This includes review of the Group's cash outflows and evaluating the Company's ability to control these outflows as mitigating actions if required. We also verified credit facilities available to the Group;
- We have performed reverse stress testing in order to identify what factors would lead to the Group utilising all cash and debt facilities which covers the period from the date of signing of this audit opinion to 31 December 2025;
- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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 and parent company's ability to continue as a going concern for the period from the date of signing of this audit opinion to 31 December 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	This is the first year we have been appointed as auditor to the Group. We undertook a number of transitional procedures to prepare for the audit. Before we commenced our audit, we established our independence of the Group. We used the time prior to commencing our audit to meet with key members of management to gain an understanding of the business, its challenges, and the environment in which it operates. We performed an audit of the complete financial information of 3 components and audit procedures on specific balances for a further 1 component. The components where we performed full or specific audit procedures accounted for 89% of Profit before tax, 100% of Revenue and 100% of Total assets.
Key audit matters	The key audit matters that we identified in the current year were: • Revenue recognition • Accounting for capitalised development costs • Recoverability of intangible assets
Materiality	Overall group materiality of £97,500 based on 0.5% of revenue.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 6 reporting components of the Group, we selected 4 components covering entities within the US, UK, Ireland and Singapore, which represent the principal business units within the Group.

Of the 4 components selected, we performed an audit of the complete financial information of 3 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 1 component ("specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 89% of the Group's Profit before tax, 100% of the Group's Revenue and 100% of the Group's Total assets. For the current year, the full scope components contributed 79% of the Group's Profit before tax, 99% of the Group's Revenue and 99% of the Group's Total assets. The specific scope component contributed 10% of the Group's Profit before tax, 1% of the Group's Revenue and 1% of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 2 components that together represent 0% of the Group's revenue, none are individually greater than 1% of the Group's key metric used to establish materiality. For these components, we performed other procedures, including analytical review and/or 'review scope' components, testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax

79% full scope components

10% specific scope components

11% other procedures

Revenue

99% full scope components

1% specific scope components

0% other procedures

Total assets

99% full scope components

1% specific scope components

0% other procedures

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. All audit work performed for the purposes of the audit for components was undertaken by the Group audit team.

Climate Change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Group has determined that there are no future impacts from climate change on their operations. This is explained on page 65 in the principal risks and uncertainties which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on evaluating management's assessment that there is no impact of climate change risk, the adequacy of the Group disclosures in the financial statements and the conclusion that no issues were identified that would impact the carrying values of Intangible assets, Property, Plant and equipment or have any other impact on the financial statements as disclosed on page 125. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (2022: £19.5m, 2021: £13.9m) Refer to the Accounting policies (page 119 and 120); and Note 4 of the Consolidated Financial Statements (page 127 and 128) There is a risk of improper revenue recognition due to management override of controls in order to inappropriately accelerate revenue recognition by using the incorrect percentage of completion rate for professional services revenue. Furthermore, there is also a risk of incorrect revenue recognition in accordance with IFRS 15, Revenue from Contracts with Customers, in respect of identifying and assigning value to performance obligations due to the complexity and non-standard terms and conditions of the Group's sales contracts, including related Statements of Work (SOW) or variation agreements. In particular, the Group may recognise or allocate revenue that is not included (explicitly or implicitly) in the sales contracts to activities that do not meet the requirements of separable distinct performance obligations. Additionally, revenue may be misstated in respect of discounts, termination clauses, concessions and contract modifications (change orders) not appropriately identified and accounted for correctly.	We performed management inquiries and obtained an understanding of the revenue recognition process. We performed walkthroughs of the revenue recognition process, including walkthroughs of the design and implementation of relevant controls. We performed contract analysis and test of details by reviewing the terms of agreements to ensure revenue recognised in accordance with the contract terms, the Group accounting policy and the application of IFRS 15, Revenue from Contracts with Customers. We examined customer contracts, SOWs and variation agreements to verify the identification of separable distinct performance obligations, termination clauses, concessions/discounts, contract modifications and the allocation of consideration to the identified separable distinct performance obligations. We performed look-back procedures for the prior year uncompleted projects that were completed during the year to assess if the budgeting process in 2021 was reasonable and reliable. We assessed the deliverables provided to customers against the milestones outlined in the relevant contracts to determine the reasonableness of the revenue allocated to performance obligations and recognised in the financial statements. For professional services revenue, we tested the reasonableness of the Percentage of Completion (POC) used in the revenue recognition for all uncompleted projects as of end of the year by using the actual hours incurred as indicated in the timesheets over the total budgeted hours for the project. Performed substantive procedures over cut-off, credit memos and other adjustments such as incentives, discounts to obtain appropriate assurances over the recognition of revenue. We performed data analytics procedures on revenue and correlated the relationship between revenue, debtors (including deferred and accrued revenue) and cash. We reviewed key financial statement disclosures for compliance with IFRS 15 Revenue from Contracts with Customers.	Our observations included an overview of the risk, outline of the audit procedures performed, the judgements we focused on and the results of our testing.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Recoverability of intangible assets (2022: £15.22m, 2021: £12.82m) Refer to the Accounting policies (page 123); and Note 16 of the Consolidated Financial Statements (pages 144 to 147) The Group carries 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 in accordance to IAS 36 Impairment of Assets. With respect to the impairment considerations of an intangible asset, significant estimates are considered within the value in use calculation. The most significant estimate is the revenue growth rate. There is a risk that the management assumptions are materially inaccurate.	We performed management inquiries and obtained an understanding of the impairment process. We performed walkthroughs of the process, including walkthroughs of the design and implementation of relevant controls. We performed inquiries of management with regard to the assumptions used in assessing indicators of impairment. We have obtained and audited management's assessment of the whole Group as one Cash Generating Unit (CGU). We assessed the reasonableness of the assessments made by management in respect of the external and internal indicators of impairment. We obtained the discounted cash flow model and tested its mathematical accuracy. We obtained understanding of the budgeting process and underlying key assumptions. To test the reasonableness of the prospective financial information in the model we performed a comparison of historical forecasting against actuals and performed a sensitivity analysis on the key assumptions used therein. We compared the market capitalisation of the Group to the book value of assets and liabilities as at the Statement of financial position date and as at 31 March 2023. We reviewed key financial statement disclosures for compliance with IFRS 36 Impairment of assets.	Our observations included an overview of the risk, outline of the audit procedures performed, the judgements we focused on and the results of our testing.
Capitalisation of intangible assets (2022: £4.7m, 2021: £5.2m) Refer to the Accounting policies (page 122); and Note 16 of the Consolidated Financial Statements (pages 144 to 147) The Group capitalise costs associated with the development of the DXRX platform and data lake which are internally developed. These costs are assessed against IAS 38 Intangible Assets to ensure they meet the criteria for capitalisation. There is a risk of incorrect capitalisation of labour cost of £1.9m (2021: £2.6m). The capitalisation cost is determined based on the actual time spent by employees on the platform.	We performed management inquiries and obtained an understanding of the internal capitalised cost process. We performed a walkthrough of the process, including walkthrough of the design and implementation of relevant controls. We obtained a schedule of all labour cost capitalised during the year and performed test of details. We agreed a sample of employees' base salaries with the payslips. We also obtained and reviewed the workings for the capitalisation of labour costs which is based on hourly wage rate and time spent by employees on qualifying development activities. We assessed whether the capitalised payroll cost is directly attributable to the development of the DXRX platform by reviewing employee timesheets. We conducted inquiries and discussions with the project teams involved with the project development to corroborate the inputs used. We reviewed the inputs used by management in the calculation of labour costs which includes uplift on gross pay relating to insurance cost and employer contribution to pension schemes and ensured all uplifts applied were consistent with the country of employment of each employee. We assessed whether the cost capitalised reflects the full cost of employment as described in IAS 19 Employee Benefits. We reviewed key financial statement disclosures for compliance with IAS 38 Intangible assets.	Our observations included an overview of the risk, outline of the audit procedures performed, the judgements we focused on and the results of our testing.

In the prior year, the auditor's report included a key audit matter in relation to the "Impact of COVID-19". In the current year, we have not identified this as a key audit matter as we do not believe the pandemic significantly impacted the business in the current year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £97,500 (2021: £43,337), which is 0.5% of revenue (2021: 5% of average profit before tax and exceptional costs for the past 3 years). We believe that using 0.5% of revenue provides a reasonable basis for setting materiality as it is the primary measure used by the Board and the shareholders in evaluating the performance of the Group given the level of investment been made by the Group into the DXRX platform.

We determined materiality for the Parent Company to be £97,500 which is 0.5% of Group revenue (2021: £43,337 based of 5% of average profit before tax and exceptional costs for the past 3 years).

During our audit, we reassessed initial materiality and the only change in final materiality was to reflect the actual reported performance of the group in the year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 75%) of our planning materiality, namely £48,750 (2021: £32,503). We have set performance materiality at this percentage as this is an initial year audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £9,500 to £48,750 (2021: £20,000 to £39,003).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £4,875 (2021: £2,167), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 99, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 99 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance with GDPR.
- We understood how the Group is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the General Legal Counsel. We corroborated our enquiries through our review of the Group's Compliance Policies, board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal and external legal counsel and management.

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

Use of our report

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

Roger Wallace

for and on behalf of
Ernst & Young, Chartered Accountants
and Statutory Audit Firm, Dublin

17 April 2023

Group financial statements

Group profit and loss account

	Note	2022 £000's	As restated 2021* £000's
Revenue	4	19,504	**13,943**
Cost of sales	5	(2,763)	(1,711)
Gross profit		**16,741**	**12,232**
Administrative expenses	5	(16,280)	(11,877)
Other operating income	11	114	195
Operating profit	5	**575**	**550**
Finance income	12	111	-
Finance costs	13	(122)	(88)
Profit before tax		**564**	**462**
Income tax credit	14	160	99
Profit for the financial year		**724**	**561**

All results relate to continuing operations.

*The Group has restated the classification of amortisation of Intangible assets for the year ended 31 December 2021 to conform with the current year presentation. Further details of this reclassification are detailed in note 6 to these financial statements.

The notes in page 118 to 161 form an integral part of the Group financial statements.

Group statement of comprehensive income

for the year-ended 31 December 2022

	2022 £000's	2021 £000's
Profit for the financial year	724	561
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	440	(317)
Total comprehensive income for the year, net of tax	**1,164**	**244**

All results relate to continuing operations.

Earnings per share

for the year-ended 31 December 2022

		2022 Pence	2021 Pence
Basic	15	0.86	0.67
Diluted	15	0.84	0.66

The notes in page 118 to 161 form an integral part of the Group financial statements.

Group statement of financial position

for the year-ended 31 December 2022

		Note	2022	2021
Assets	**Non-current assets**			
	Intangible assets	16	15,222	12,821
	Right of use assets	18	1,333	1,411
	Property, plant and equipment	17	759	718
	Deferred tax asset	14	46	1
			17,360	**14,951**
	Current assets			
	Trade and other receivables	20	9,209	7,615
	Income tax receivable		1,846	2,772
	Cash and cash equivalents	24	19,841	19,675
			30,896	**30,062**
	Total assets		**48,256**	**45,013**

Group statement of financial position *continued...*

for the year-ended 31 December 2022

		Note	2022	2021
Equity and Liabilities	**Equity**			
	Equity share capital	26	169	168
	Share premium		37,126	36,864
	Treasury shares	26	(263)	(165)
	Translation reserve		138	(302)
	Profit and loss account		5,344	4,084
	Total Equity		**42,514**	**40,649**
	Non-Current Liabilities			
	Lease Liability	22	1,205	1,285
	Provision for dilapidation	18	79	-
	Deferred tax liability	14	706	445
			1,990	**1,730**
	Current liabilities			
	Trade and other payables	21	3,628	2,358
	Lease Liability	22	124	146
	Financial liabilities	23	-	130
			3,752	**2,634**
	Total liabilities		**5,742**	**4,364**
	Total equity and liabilities		**48,256**	**45,013**

The Group financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 April 2023. The notes on pages 118 to 161 form an integral part of the Group financial statements.

Nick Roberts
Chief Financial Officer

17 April 2023

Group statement of changes in equity

for the year-ended 31 December 2022

	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
At 1 January 2021	**168**	**36,864**	**-**	**15**	**3,191**	**40,238**
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
At 31 December 2021	**168**	**36,864**	**(165)**	**(302)**	**4,084**	**40,649**

Group statement of changes in equity *continued...*

for the year-ended 31 December 2022

	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
At 1 January 2022	**168**	**36,864**	**(165)**	**(302)**	**4,084**	**40,649**
Profit for the year	-	-	-	-	724	724
Other comprehensive expense	-	-	-	440	-	440
Total comprehensive income for the year	-	-	-	440	724	1,164
Transactions with owners, recorded directly in equity						
Conversion of loan notes	1	133	-	-	-	134
Exercise of warrants	-	129	-	-	-	129
Share based payment	-	-	-	-	536	536
Treasury shares	-	-	(98)	-	-	(98)
Total transactions with owners	1	262	(98)	-	536	701
At 31 December 2022	**169**	**37,126**	**(263)**	**138**	**5,344**	**42,514**

Group statement of cash flows

for the year-ended 31 December 2022

	Note	2022 £000's	2021 £000's
Operating activities			
Profit before tax		564	462
Adjustments to reconcile Profit before tax to net cash flows from operating activities			
Net finance costs		11	88
Amortisation of intangible assets	16	2,704	1,665
Depreciation of right to use asset	18	157	49
Depreciation of property, plant and equipment	17	147	85
Research and development tax credits		(86)	(169)
Share-based payments	10	536	373
Increase in trade and other receivables		(1,594)	(1,499)
Increase /(Decrease) in trade and other payables		1,266	(159)
Cash received from operations		**3,705**	**895**
Tax received /(paid)		1,391	(325)
Net cash inflow from operating activities		**5,096**	**570**

Group statement of cash flows *continued...*

for the year-ended 31 December 2022

	Note	2022 £000's	2021 £000's
Investing activities			
Purchase of intangible assets	16	(4,684)	(5,036)
Purchase of property, plant and equipment	17	(186)	(565)
Finance income interest received	12	111	-
Net cash outflow from investing activities		**(4,759)**	**(5,601)**
Financing activities			
Interest paid	13	(59)	(56)
Lease liability repayments	24	(163)	(49)
Purchase of treasury shares	26	(98)	(165)
Issue of shares on exercise of a warrant		129	-
Net cash outflow from financing activities		**(191)**	**(270)**
Net increase /(decrease) in cash and cash equivalents		**146**	**(5,301)**
Net foreign exchange gain /(loss)		20	(279)
Cash and cash equivalents at 1 January		19,675	25,255
Cash and cash equivalents at 31 December		**19,841**	**19,675**

Notes to the group financial statements

for the year-ended 31 December 2022

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 Health & Wellbeing 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 UK adopted international accounting standards 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.

The principal accounting policies have been consistently applied to all the years presented, unless otherwise stated. The classification of amortisation on the face of the profit and loss for the year ended 2021 has been changed in the current reporting period resulting in the 2021 year being 'restated'. Further details of this reclassification are detailed in note 6 to these financial statements. The operating profit, EBITDA and profit before and after tax for the 2021 year, as reported in March 2022, have not changed.

Going concern

The financial performance and balance sheet position at 31 December 2022 along with a range of scenario plans to 31 December 2025 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 2025 and therefore the Directors have satisfied themselves that the Group has adequate funds in place to continue in operational existence for the foreseeable future.

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 returns 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 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 2022:

- Reference to the Conceptual Framework – amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- AIP IFRS 1 First -Time Adoption of International Finance Reporting standards – Subsidiary as a first-time adopter
- AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- AIP IAS 41 Agriculture – Taxation in fair value measurements

There has been no material impact on our financial statements as a result of any 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 2022 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:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (amendments to IAS 8)
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1 Presentation of Financial Statements
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)

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 separate products and service lines: Insight Solutions (Data); Engagement Solutions (Tech-enabled services); Advisory services (Professional services).
The Group's performance obligations for these revenue streams are deemed to either be the provision of specific deliverables to the customer, at or over a period of time, or subscription-based deliverables.

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:

Insight Solutions (Data)

Insight Solutions (formerly referred to as Data) comprise access to the DXRX platform diagnostic testing data repository to utilise licensed data insight products, typically: lab segmentation, physician segmentation, testing rates tracker and physician signal.

The contract with the customer defines the nature, quantity and price of the data license to be provided. Licenses provided under each contract are split into the identifiable and distinct performance obligations which are satisfied at or over time, depending on whether the data license deliverable has retrospective or prospective components, and if there are any data consultancy service components included. In determining the performance obligations for the data consultancy service component of the customer contract, judgment may be required in interpreting the contract wording and customer expectation of the data consultancy as a separately identifiable and distinct service, if the contract is not explicit.

The transaction price associated with the performance obligation components is determined by reference to the contract and change orders. Where the contract does not determine the transaction price for performance obligations, judgement may be required to determine the transaction price. These judgements include allocating transaction prices to data consultancy services based on an adjusted market assessment approach with the residual transaction price allocated to the retrospective and prospective data license performance obligations pro-rated depending on the data license period of coverage.

Where a contract confers the customer with the right to benefit from existing data insight IP as at a specific

2. Accounting policies *continued...*

date, as is the case for a retrospective data license, that is treated as a right to use licence and the revenue recognised at a point in time when delivered or access is enabled to the data. Where a contract confers the customer with the right to benefit from future data insight IP developments as they occur, as is the case for a prospective data license, that is treated as a right to access licence and revenue recognised on a subscription basis over the period of time that the customer has access to the data and the right to future IP developments. Revenue for data consulting services is recognised as the performance obligation milestones are satisfied.

Insight Solution services are invoiced based on predetermined activities or milestones. Where there is a timing difference between the recognition of revenue and invoicing under a contract, a contract asset (accrued revenue) or liability (deferred revenue) is recognised.

Advisory services (Professional services) and Engagement Solutions (Tech-enabled services)

Advisory services (formerly referred to as Professional services) comprise a range of services developed to help improve patient care by accelerating the development, delivery and uptake of precision medicine, typically: Consulting, Strategy and Planning, Insights, Education and Content production, Impact Assessments and Market Access studies.
Engagement Solutions (formerly referred to as Tech-enabled services) are comprised of a suite of services designed to solve the challenges affecting precision medicine commercialisation success at a regional and global level, such as: Lab alerts, Lab training, Lab engagement and Physician engagement.
The contract with the customer defines the nature, quantity and price of the various services to be provided. Services provided (included those provided by a third party and reimbursed by the customer) under each contract are split into the identifiable and distinct performance obligations which are satisfied over time. The Group is the contract principal in respect of both direct services and, in the case of Engagement Solutions, the use of third parties that support the service. The transaction price is determined by reference to the contract and change orders, including any pass-through or reimbursable expenses, adjusted to reflect the amount the Group expects to be entitled to in exchange for transferring promised goods or services to a customer.

Revenue for the identifiable and distinct services is recognised as the contract performance obligations are satisfied. The progress towards completion of Advisory Services and Engagement Solution performance obligations are measured at a point in time: where milestones specified within client contract are satisfied based on an input measure of Percentage of Completion (POC) being project total actual hours incurred to date as a proportion of total budgeted hours at each reporting period, depending on the nature of the service obligation.

The service fees for Advisory Services and Engagement Solutions are invoiced based on predetermined activities or milestones. Third party costs are invoiced to customers as they are incurred. Where there is a timing difference between the recognition of revenue and invoicing under a contract, a contract asset (accrued revenue) or liability (deferred revenue) is recognised. Significant accrued and deferred revenue can arise for the Advisory Services or Engagement Solutions as a result of these timing differences.

Contract assets and liabilities

The Group recognises contract assets in the form of accrued revenue when the value of satisfied or part-satisfied performance obligations is in excess of the payment due to the Group, and deferred revenue when the amount of unconditional consideration is in excess of the value of satisfied or part satisfied performance obligations. Once a right to receive consideration is unconditional, that amount is presented as a trade receivable.

Changes in contract balances typically arise due to:

- adjustments arising from a change in the estimate of the cost to complete the project, which results in a cumulative catch-up adjustment to revenue that affects the corresponding contract asset or liability;
- the recognition of revenue arising from deferred revenue; and
- the reclassification of amounts to receivables when a right to consideration becomes unconditional.

Cost to obtain and fulfil contracts

Contract fulfilment costs in respect of the service line contracts are expensed as incurred.

The Group expenses pre-contract bidding costs which are incurred regardless of whether a contract is awarded.

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. The financial results from this one segment are equivalent to the financial statements of the group as a whole.

2. Accounting policies *continued...*

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 pound 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each 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.

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 are 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 profit and loss account, 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 statement of financial position 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.

The Group is eligible within the UK to claim tax credits against certain R&D expenditure under the SME R&D and RDEC regimes. The current tax receivable represents the Directors' best estimate of tax due to the Group at the year end under the SME R&D tax and the RDEC regimes. The credit tothe profit and loss is recognised in the income tax line (note 14) if in relation to the SME R&D and other income (note 11) if in relation to the RDEC.

2. Accounting policies *continued...*

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 statement of financial position 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. Capitalised development expenditure that is not available for use is tested for impairment annually.

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)

2. Accounting policies *continued...*

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.

Impairment

Intangible assets, property, plant & equipment and right of use assets are tested for impairment at the reporting date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

*The Group also considered the potential impact of climate change. This is an area of estimation and judgement.

Leases

In 2021, the Group entered into a lease for its Belfast Headquarters building at Building two, Dataworks at King's Hall Health & Wellbeing 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 cost of the right of use asset consists of the initial measurement of the lease liability, any initial direct costs incurred in entering into the lease, restoration costs and any payments made on or before the lease commencement date, net any lease incentives received. 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

The Group recognises a financial asset in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. At initial recognition, the group measures a financial asset at its fair value. 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. Financial assets are classified at amortised cost or at fair value. Assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Forward contracts initially have a fair value of nil. Contracts are subsequently marked to market and gains and losses are recognised through profit or loss. Interest income, foreign exchange gains and losses

2. Accounting policies *continued...*

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. To measure expected credit losses, trade receivables, other contract assets and amounts owed by group undertakings (applicable to Company financial statements) are analysed based on their credit risk characteristics to determine a suitable historical loss rate. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Group considers could affect the ability of its customers to settle the receivables. Contract assets are also subject to expected credit loss and the Group applies the simplified approach permitted by IFRS9.

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 include 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. Only those bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management practice are considered as cash and cash equivalents.

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.

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 Group and Company financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The Group has considered the impact of climate change on the consolidated financial statements, but have concluded that it does not have a material impact in the carrying value of assets, the useful life of assets and provisions as at 31 December 2022.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements and are summarised below.

Source of estimation uncertainty	Description
Useful economic life (UEL) of intangible assets *(Group and Company)*	The assessment of UEL 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. The platform has been assessed to have a UEL of 10 years, platform algorithms six years and data four years. Further details are disclosed in note 16 intangibles.
Impairment of assets *(Group and Company)*	The assessment of the recoverable amount of property plant and equipment, intangible assets and right-of-use assets and investment in subsidiaries (company) is made in accordance with IAS 36 Impairment of Assets. The Group performs an annual review in respect of indicators of impairment, and if any such indication exists, the Group and Company are required to estimate the recoverable amount of the asset. Following this assessment, no impairment indicators were present at 31 December 2022. The Group's policy is to test non-financial assets for impairment annually, or if events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Group and Company have considered whether there have been any indicators of impairment during the year to 31 December 2022 which would require an impairment review to be performed. Based upon this review, the Group and Company have concluded that there are no such indicators of impairment at 31 December 2022. 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.
Discount rate *(Group and Company)*	Application of IFRS 16 requires the Group and Company 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 of 4.3% (2021: 4.3%). Further details are disclosed in note 22 lease liability.
Attrition rate *(Group and Company)*	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. The attrition rate varies depending on the nature of the award, rising to a maximum 3-year rate of 37.6% (2021: 23%). Further details are disclosed in note 10 share based payments.

Critical accounting judgements

Accounting policy	Description of critical judgement
Revenue *(Group and Company)*	In determining the performance obligations for the data consultancy service component of Insight Solutions, judgment may be required in interpreting the contract wording and customer expectation of the data consultancy as a separately identifiable and distinct service, if the contract is not explicit. The transaction price associated with the performance obligation components of Insight Solution services is determined by reference to the contract and change orders. Where the contract does not determine the transaction price for performance obligations, judgement may be required to determine the transaction price. These judgements include allocating transaction prices to data consultancy services based on an adjusted market assessment approach with the residual transaction price allocated to the retrospective and prospective data license performance obligations pro-rated depending on the data license period of coverage. Where the input method is used to determine the value of revenue recognition for Advisory Service and Engagement Solution services over a period of time, a key source of estimation will be the total budgeted hours to completion for comparison with the actual hours spent.
Deferred tax *(Group and Company)*	In assessing the requirement to recognise a deferred tax asset, management carried out a forecasting exercise in order to assess whether the Group and Company will have sufficient future taxable profits on which the deferred tax asset can be utilised. This forecast required management's judgment as to the future performance of the Group and Company.
Intangible assets *(Group and Company)*	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.

4. Revenue and segmental analysis

Operating Segments

The Group currently operates under one reporting segment, there are no individual groups of assets generating distinct and separately identifiable cashflows. 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 the DXRX platform Insight Solution and Engagement Solution lines, and Advisory Service line. Revenue is disaggregated by primary geographic market, timing of recognition and by product/service line. Timing of revenue recognition and product/service line are the primary basis on which management reviews the business.

Revenue

For all periods reported the Group operated under one reporting segment but revenue is analysed under three separate products and service lines.

The following tables present the disaggregated Group revenue for the current and prior financial years.

In 2022 there were no customers who had sales which exceeded 10% of total revenue. 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.

(a) Major product/service line

	2022 £000's	2021 £000's
Platform – Insight Solutions (Data)	12,653	7,411
Platform – Engagement Solutions (Tech-enabled services)	2,227	887
Advisory services (Professional services)	4,624	5,645
	19,504	**13,943**

(b) Timing of recognition

	2022 £000's	2021 £000's
Point in time revenue recognition	9,370	6,994
Over time and input method revenue recognition	10,134	6,949
	19,504	**13,943**

(c) Geographical market by customer location

	2022 £000's	2021 £000's
North America	14,454	8,457
UK	561	555
Europe	2,696	3,623
Asia and Rest of World	1,793	1,308
	19,504	**13,943**

The receivables, contract assets and liabilities in relation to contracts with customers are as follows:

	2022 £000's	2021 £000's
Contract assets		
Trade receivables	5,792	5,999
Accrued revenue	2,582	1,003
Contract liabilities		
Deferred revenue	411	208

Accrued revenue primarily relates to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

Deferred revenue primarily relates to the advance consideration received from customers. There are no significant financing components associated with deferred revenue.

There were no significant amounts of revenue recognised in the current or prior year arising from performance obligations satisfied in previous periods.

The carrying value of trade receivables and accrued revenue approximates to their fair value at the reporting date. Information about the Group's exposure to credit risks and expected credit losses for trade receivables and accrued revenue is included in note 20.

Order book

The aggregate amount of the transaction price allocated to product and service contracts that are partially or fully unsatisfied as at the 2022 year end ('order book') are as follows:

	2023 £000's	2024 £000's	2025+ £000's	Total £000's
Platform based products and services	10,621	4,108	1,922	16,651
Advisory services	277	-	-	277
	10,898	**4,108**	**1,922**	**16,928**

Order book as at the 2021 year end:

	2022 £000's	2023 £000's	2024+ £000's	Total £000's
Platform based products and services	1,276	225	-	1,501
Advisory services	242	-	-	242
	1,518	**225**	**-**	**1,743**

The order book as at 31 December 2022 includes future contracted revenue beyond 2023 which, although subject to annual customer break clauses, the Group expects will not be exercised by customers, and the revenue and performance obligations deliverable under these contracts will be realised.

5. Operating profit

	2022 £000's	2021 £000's
Employee benefit costs		
Wages and salaries	11,045	9,258
Social security costs	1,446	1,167
Pension costs	317	362
Benefits	130	136
Share based payments and related costs	536	372
Capitalised development costs	(1,895)	(2,645)
	11,579	**8,650**
Amortisation of intangible fixed assets *(change in accounting presentation on face of the Profit and loss)* (see note 6)	2,704	1,665
Depreciation of tangible fixed assets	147	85
Right of use depreciation	157	49
Subcontractor costs	779	318
Platform transaction value	907	-
Travel costs	352	80
Legal and professional	1,202	1,190
Gain on foreign exchanges	(130)	(42)
Other expenses	1,346	1,593
	7,464	**4,938**
Total cost of sales and administrative expenses	**19,043**	**13,588**

The classification of the 'Amortisation of intangible fixed assets' on the face of the profit and loss for the year ended 2021 has been changed in the current reporting period. Amortisation has been reclassified from 'Cost of sales' to 'Administrative expenses'. This has resulted in the 2021 gross profit and gross margin increasing. Operating profit, EBITDA and profit before and after tax for the 2021 year, as reported in March 2022, have not changed. See note 6 for further details.

6. Change in accounting policy

During the year the Directors have voluntarily changed the accounting policy in respect of presentation of amortisation of Intangible assets on the face of the Group Profit and Loss account. The Group has made a decision to disclose the amortisation of intangible assets in administrative expenses instead of Cost of sales.

The change was implemented to better align Diaceutics' Group Profit and Loss account presentation with peers in the pharma tech industry, allowing investors and analysts to benchmark the Group's results more readily.

This has resulted in the 2021 gross profit and gross margin increasing. Operating profit and profit before and after tax for the 2021 year have not changed. Accordingly, the prior year comparatives have been restated to reflect this change in accounting policy.

The following table summarises the impact of change in accounting policy on the Group's Profit and Loss account as at 31 December 2021 for each of the financial statement lines affected. Please note that there is no impact on the Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Cash Flow and as at 31 December 2021.

Further details regarding the background to this change and uplift in reported gross profit margin can be found in the Financial Review section of the Strategic Report.

	As Reported **31 December 2021** £000's	**Adjustment** £000's	*As restated* **31 December 2021** £000's
Revenue	13,943	-	13,943
Cost of sales	(3,211)	1,500	(1,711)
Gross profit	**10,732**	**1,500**	**12,232**
Administrative expenses	(10,377)	(1,500)	(11,877)
Other operating income	195	-	195
Operating profit	**550**	-	**550**
Finance income	-	-	-
Finance costs	(88)	-	(88)
Profit before tax	**462**	-	**462**
Income tax credit	99	-	99
Profit for the financial year	**561**	-	**561**

7. Auditors' remuneration

	2022 £000's	**2021** £000's
Included within administrative expenses (legal and professional):		
Audit of parent and subsidiary financial information	171	136
Other assurance related and other services	-	19
	171	**155**

8. Staff numbers

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

	2022 Number	**2021** Number
Administration	31	30
Technical	89	80
Business development	12	13
Finance	10	10
	142	**133**

9. Directors' emoluments

	2022 £000's	**2021** £000's
Directors		
Aggregate emoluments	991	825
Pension contributions	35	41
	1,026	**866**

Pension contributions were made for four* Directors during the period (2021: three)

*Philip White Resigned 18 March 2022

Nick Roberts Appointed 18 March 2022

Highest paid director

The highest paid director did not exercise any share options and received the following emoluments:

	2022 £000's	2021 £000's
Aggregate emoluments	347	252
Pension contributions	16	24
	363	**276**

Key senior management

Key senior management received total compensation as follows:

	2022 £000's	2021 £000's
Aggregate emoluments	1,665	1,241
Pension contributions	73	85
Share based payments and related costs	278	173
	2,016	**1,499**

10. Share-based payments

The Company currently has an Employee share Option Plan ("ESOP") for employees, a Long-Term Incentive Plan ("LTIP") for key management and mid-management levels, a Share Incentive Plan ("SIP") open to all employees and "Ad-Hoc" share option issues.

The ESOP, LTIP and Ad-Hoc 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 2022, 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 have a performance condition based upon Total Shareholder Return (TSR), 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. The LTIP options issued in 2022 also have a TSR performance condition with the percentage of shares vesting increasing from nil at a TSR of less than £1.75 rising to 100% at a TSR of £2.80.

SIP options were issued to employees on a 2-for-1 matching basis for the first year of the plan and on a 1-for-1 basis thereafter. The only performance obligation attached being continued employment to date of vesting. The only performance obligation attached to Ad-Hoc options is also continued employment to date of vesting. The total expense recognised in the year in relation to share based payment charges and related costs is £621,000 (£536,000 share based payments and £85,000 social security) (2021: £428,000 (£372,000 share based payments and £56,000 social security)).

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

ESOP:

	2022		2021	
	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	420,000	£0.002	355,664
Granted during the year	£0.002	117,600	£0.002	155,400
Exercised during the year	£0.002	(23,119)	£0.002	(8,447)
Forfeited during the year	£0.002	(35,681)	£0.002	(82,617)
As at 31 December	£0.002	478,800	£0.002	420,000

10. Share-based payments *continued...*

LTIP:

	2022		2021	
	Weighted average exercise price per share option	**Number of options**	**Weighted average exercise price per share option**	**Number of options**
As at 1 January	£0.741	1,750,119	£1.265	1,251,674
Granted during the year	£0.002	876,411	£0.002	891,969
Exercised during the year	£0.002	(68,727)	-	-
Forfeited during the year	£0.669	(655,210)	£0.735	(393,524)
As at 31 December	£0.455	1,902,593	£0.741	1,750,119

SIP:

	2022		2021	
	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	105,272	-	-
Granted during the year	£0.002	136,096	£0.002	115,392
Exercised during the year	£0.002	-	£0.002	-
Forfeited during the year	£0.002	(35,078)	£0.002	(10,120)
As at 31 December	£0.002	206,290	£0.002	105,272

10. Share-based payments *continued...*

Ad-Hoc:

	2022		2021	
	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	55,720	£0.002	55,720
Granted during the year	£0.002	200,000	-	-
Exercised during the year	£0.002	(16,716)	-	-
Forfeited during the year	£0.002	(69,004)	-	-
As at 31 December	£0.002	170,000	£0.002	55,720

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 2022	Share options at 31 December 2021
June 2019	June 2022	£0.002	96,600	117,600
June 2020	June 2023	£0.002	147,000	163,800
June 2021	June 2024	£0.002	121,800	138,600
June 2022	June 2025	£0.002	113,400	-

LTIP:

Grant Date	Expiry Date	Exercise Price	Share options at 31 December 2022	Share options at 31 December 2021
April 2020	April 2023	£1.265	682,167	1,023,433
April 2021	April 2024	£0.002	413,967	726,686
April 2022	April 2025	£0.002	806,459	-

10. Share-based payments *continued...*

SIP:

Grant Date	Expiry Date	Exercise Price	Share options at 31 December 2022	Share options at 31 December 2021
May 2021	May 2024	£0.002	5,730	6,848
June 2021	June 2024	£0.002	7,490	9,148
July 2021	July 2024	£0.002	11,604	14,808
August 2021	August 2024	£0.002	11,428	14,554
September 2021	September 2024	£0.002	11,452	14,518
October 2021	October 2024	£0.002	11,412	14,488
November 2021	November 2024	£0.002	11,984	15,172
December 2021	December 2024	£0.002	12,454	15,736
January 2022	January 2025	£0.002	11,260	-
February 2022	February 2025	£0.002	12,658	-
March 2022	March 2025	£0.002	11,690	-
April 2022	April 2025	£0.002	10,434	-
May 2022	May 2025	£0.002	5,375	-
June 2022	June 2025	£0.002	6,932	-
July 2022	July 2025	£0.002	6,631	-
August 2022	August 2025	£0.002	10,494	-
September 2022	September 2025	£0.002	10,673	-
October 2022	October 2025	£0.002	11,684	-
November 2022	November 2025	£0.002	12,423	-
December 2022	December 2025	£0.002	12,482	-

10. Share-based payments *continued...*

One-off under ESOP:

Grant Date	Expiry Date	Exercise Price	Share options at 31 December 2022	Share options at 31 December 2021
December 2020	December 2021 – December 2023	£0.002	-	55,720
May 2022	September 2022 – May 2025	£0.002	200,000	-

The weighted average remaining contractual life of options outstanding at the end of the year was 1.34 years (2021: 1.73 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 was £0.562 per option (2021: £0.776). 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. 136,600 share options are exercisable as at the end of the year (2021: Nil). These options have a weighted average exercise price of £0.002.

	ESOP		LTIP		SIP		Ad-Hoc
	2022	2021	2022	2021	2022	2021	2022
Ex Price	£0.002	£0.002	£0.002	£0.002	£0.002	£0.002	£0.002
Grant date	June 2022	June 2021	April 2022	April 2021	Jan-Dec 2022	May-Dec 2021	May 2022
Expiry Date	June 2025	June 2024	April 2025	April 2024	Jan-Dec 2025	May-Dec 2024	Sep 2002 – May 2025
Share price at Grant date	£0.92	£1.26	£1.12	£1.03	£0.96*	£1.26*	£1.11
Volatility	46%	97%	46%	70%	45%*	97%*	46%
Risk-free rate	1.90%	0.51%	1.25%	0.41%	2.32%*	0.81%*	1.65%**
Fair Value	£0.92	£1.26	£0.33	£0.65	£0.95*	£1.11*	£1.10

*Average share-price, volatility, risk-free rate and fair value for options issued monthly during 2021 and 2022. **Average risk-free rate

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

11. Other operating income

	2022 £000's	2021 £000's
Government grants	28	26
Research and developments credits	86	169
	114	**195**

12. Finance income

	2022 £000's	2021 £000's
Bank interest received and receivable	111	-
	111	**-**

13. Finance costs

	2022 £000's	2021 £000's
Revolving credit facilities	56	56
Interest on convertible loan notes	3	12
Lease interest	61	20
Other	2	-
	122	**88**

14. Income tax credit

a. Tax on profit /(loss)

	2022 £000's	2021 £000's
Current income tax:		
UK corporation tax on loss for the year	(471)	(530)
Adjustments in respect of previous years	(199)	(5)
	(670)	**(535)**
Foreign tax:		
ROI corporation tax on profits for the year	-	47
US corporation tax on profits for the year	422	78
Adjustments in respect of previous years	(86)	(42)
	336	**83**
Total current tax credit	**(334)**	**(452)**
Deferred tax:		
Origination and reversal of temporary differences	43	342
Adjustments in respect of previous years	98	(10)
Impact of change in tax rates	33	21
Total deferred tax expense	**174**	**353**
Total tax credit	**(160)**	**(99)**

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% (2021: 19.00%). The differences are reconciled below:

	2022 £000's	2021 £000's
Profit before tax	**564**	**462**
Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)	**107**	**88**
Effects of:		
Tax rates in foreign jurisdictions	**128**	(22)
Non-deductible expenses	**102**	92
Share based payments	**-**	9
Foreign tax suffered	**-**	1
Impact of change in tax rates	**35**	21
Research and development	**(553)**	(453)
Research and development rate difference	**146**	152
Deferred tax not recognised	**105**	70
Movement in deferred tax previously not recognised	**(43)**	-
Adjustments in respect of previous years	**(187)**	(57)
Total tax credit	**(160)**	**(99)**

Non-deductible expenses are made up of various non-deductible expenses including legal and professional fees and depreciation on non-qualifying assets.

A change in the main UK corporation tax rate, announced in the budget on 3 March 2021, was substantively enacted on 24 May 2021.

From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the Company's profit falls between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will impact the Company's future tax charge accordingly.

c. Deferred tax

The deferred tax included in the statement of financial position is as follows:

Deferred tax balance	**Tax losses** £000's	**Bonus accrual** £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 January 2021	1,270	-	-	(597)	(738)	-	(65)
Credited/(charged) to the profit and loss account	452	-	(1,839)	624	384	26	(353)
Translation	-	-	-	-	(26)	-	(26)
Asset/(liability) at 31 December 2021	1,722	-	(1,839)	27	(380)	26	(444)
Credited/(charged) to the profit and loss account	(7)	31	(197)	(103)	89	13	(174)
Translation	2	-	-	-	(44)	-	(42)
Asset/(liability) at 31 December 2022	**1,717**	**31**	**(2,036)**	**(76)**	**(335)**	**39**	**(660)**

The amount of the deferred tax balance expected to be used within one year is £250,000 (2021: £236,000).

The deferred tax balance consists of a deferred tax asset amounting to £46,000 (2021: £1,000) and a deferred tax liability of £706,000 (2021: £445,000), netting to a liability of £660,000 (2021: a liability of £444,000). The deferred tax asset is recognised on the basis that the Group has forecasted sufficient taxable profits on which the deferred tax asset can be utilised.

Tax losses carried forward amount to £6,687,000 (2021: £6,888,000) 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 on tax losses carried forward of £366,000 (2021: £288,000) 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 for the financial year attributable to equity holders divided by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated on the basic earnings per share adjusted to allow for the issue of ordinary shares on the 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	**2022** £000's	**2021** £000's
Profit for the financial year	**724**	**561**

Weighted average number of shares to shareholders	**2022** Number	**2021** Number
Shares in issue at the end of the year	**84,472,431**	**84,068,923**
Weighted average number of shares in issue	84,357,387	84,068,923
Less treasury shares	(207,791)	(133,000)
Weighted average number of shares for basic earnings per share	84,149,596	83,935,923
Effect of dilution of Convertible Loan Notes	-	754
Effect of dilution of Share Options	1,939,925	1,005,478
Weighted average number of shares for diluted earnings per share	**86,089,521**	**84,942,155**

Profit attributable to shareholders	**2022** Pence	**2021** Pence
Basic	0.86	0.67
Diluted	0.84	0.66

16. Intangible assets

	Patents and trademarks	Datasets	Development expenditure*	Platform	Software	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
At 1 January 2021	1,190	2,755	422	6,577	485	11,429
Transfer between categories	-	-	(3,187)	3,187	-	-
Foreign exchange translation	(55)	(3)	(4)	(44)	-	(106)
Additions	9	2,097	2,985	7	77	5,175
At 31 December 2021	1,144	4,849	216	9,727	562	16,498
Foreign exchange translation	59	228	4	301	1	593
Transfer between categories	-	-	(2,401)	2,401	-	-
Additions	1	2,169	2,359	-	155	4,684
At 31 December 2022	1,204	7,246	178	12,429	718	21,775

16. Intangible assets *continued...*

	Patents and trademarks	Datasets	Development expenditure*	Platform	Software	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Amortisation						
At 1 January 2021	1,076	875	-	40	77	2,068
Foreign exchange translation	(55)	(1)	-	-	-	(56)
Charge for the year	64	818	-	681	102	1,665
At 31 December 2021	1,085	1,692	-	721	179	3,677
Foreign exchange	59	77	-	35	1	172
Charge for the year	41	1,313	-	1,112	238	2,704
At 31 December 2022	1,185	3,082	-	1,868	418	6,553
Net book value At 31 December 2022	**19**	**4,164**	**178**	**10,561**	**300**	**15,222**
At 31 December 2021	59	3,157	216	9,006	383	12,821

*Development expenditure relates to an asset under construction and as such no amortisation has been charged. This expenditure is subject to the same annual impairment review as the other intangible assets.

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 three to ten years.

Amortisation in respect of Platform, Datasets, Patents and trademarks and Software is expensed to the profit and loss account as administrative expenses.

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. In 2022, a further £2,401,000 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 2022 would reduce by £283,000 (2021: £166,000) to £10,278,000 (2021: £8,840,000). If the useful life of the asset were increased by 2 years, the carrying amount of the asset at 31 December 2022 would increase by £170,000 (2021: £120,000) to £10,731,000 (2021: £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 2022 would reduce by £482,000 (2021: £106,000) to £3,682,000 (2021: £3,051,000). If the useful life of the asset were five years, the carrying amount of the asset at 31 December 2022 would increase by £259,000 (2021: £64,000) to £4,423,000 (2021: £3,221,000).

These are all definite life intangible assets. There were no impairment indicators identified at 31 December 2022 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% (2021: 25%);
- Average gross margin (excluding amortisation) assumption of 85% (2021:c74% including amortisation);
- Long term growth rate of 2% (2021:2%);
- An applied post-tax discount rate of 12% (2021:9%);
- Average annual operational cost increase of 20% (2021: 0%); and
- Average annual capital expenditure of £6m.

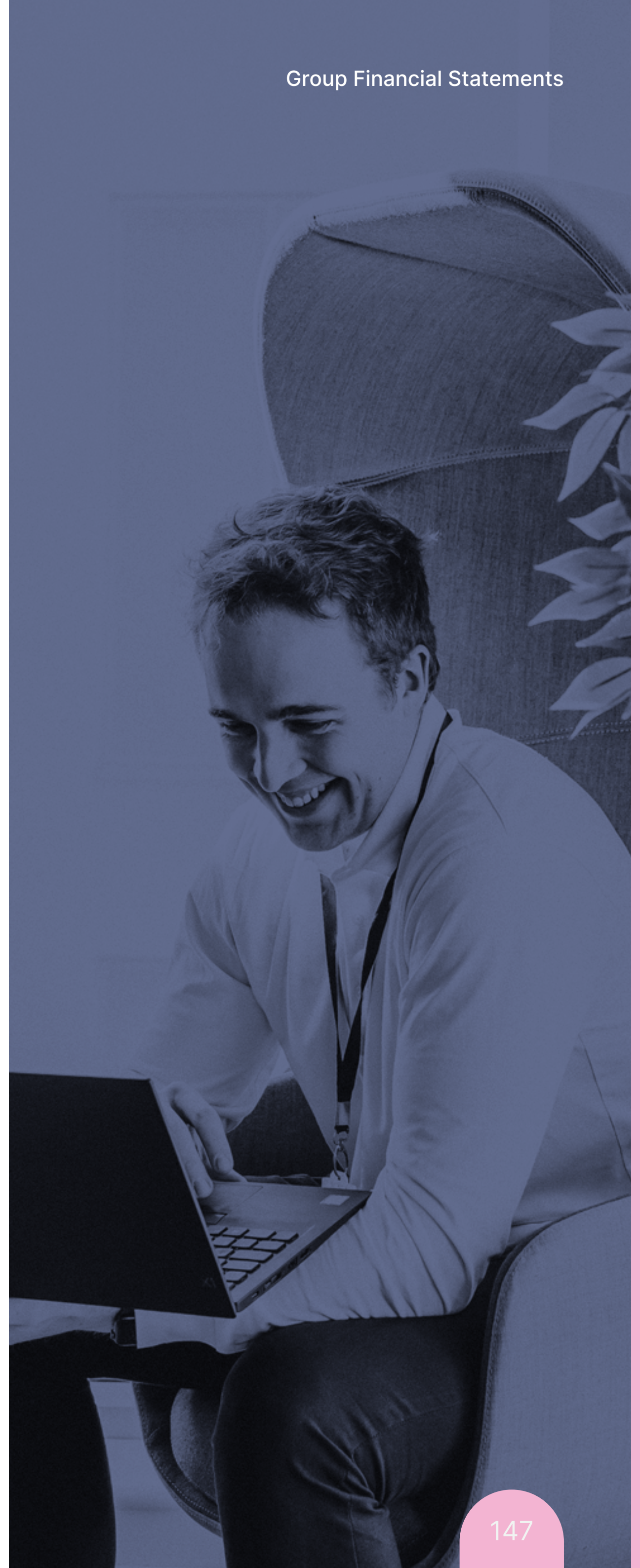
16. Intangible assets *continued...*

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 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.
Post-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, administrative expenses increased with inflation at 5% per annum or on a headcount basis if appropriate
Average capital	For the purpose of this review, a reduction in capital expenditure was not considered.

Our modelling shows that forecast revenue can fall by approximately 14% (2021: 6%), without moderating forecast capital expenditure to reflect lower growth rates, in each year before an impairment would be required.

In a separate scenario, our modelling shows that forecast gross margins can drop by approximately 14% (2021: 17%) before an impairment would be required.



17. Property, plant and equipment

	Leasehold Improvements £000's	Office equipment £000's	Total £000's
Cost			
At 1 January 2021	-	395	395
Reclassification	59	(59)	-
Additions	419	146	565
At 31 December 2021	478	482	960
Foreign exchange translation	-	5	5
Additions	54	132	186
At 31 December 2022	532	619	1,151
Accumulated Depreciation			
At 1 January 2021	-	157	157
Charge for the year	16	69	85
At 31 December 2021	16	226	242
Charge for the year	50	97	147
Foreign exchange translation	-	3	3
At 31 December 2022	66	326	392
Net book value			
At 31 December 2022	466	293	759
At 31 December 2021	462	256	718

18. Right of Use assets

	Buildings £000's
Cost	
At 1 January 2021	-
Additions	1,460
At 31 December 2021	1,460
Adjustment	79
At 31 December 2022	**1,539**
Accumulated depreciation	
At 1 January 2021	-
Charge for the year	49
At 31 December 2021	49
Charge for the year	157
At 31 December 2022	**206**
Carrying amount	
At 31 December 2022	**1,333**
At 31 December 2021	1,411

During 2021, the group entered into a new lease for its property at Dataworks, Kings Hall Health & Wellbeing Park, Belfast, BT9 6GW. The lease term is 10 years.

This resulted in additions to right-of-use assets of £1,460K in 2021. In 2022, an adjustment was made to the asset balance for the creation of a provision for dilapidations.

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.

Amounts recognised in profit and loss	2022 £000's	2021 £000's
Depreciation expense on right-of-use assets	157	49
Interest expense on lease liabilities	61	20

19. Investments

Group undertakings

The following were subsidiaries of the Company at 31 December 2022:

	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

	2022 £000's	2021 £000's
Trade receivables	5,792	5,999
Contract Assets	2,582	1,003
Other receivables	207	146
Prepayments	628	430
Derivative financial instruments (note 25)	-	37
	9,209	**7,615**

Other receivables primarily consist of recoverable taxes and as such are considered to have low credit risk. Derivative financial instruments consist primarily foreign currency forward contracts and are considered to have low credit risk. The maturity period of these assets were less than 12 months, and given their nature, and that there were no forward contracts in place at the end of the year, the expected credit loss allowance recognised during in the period against these assets were £Nil.

Trade receivables are non-interest bearing, are generally on 90-day terms and are shown net of a provision for impairment. Management's assessment was that the trade receivables are fully recoverable and the amount of the provision netted against the trade receivables balance was £Nil (2021: £20,000).

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 show in the table below:

The Group's contract assets as at the statement of financial position date are expected to be invoiced and received in the following year. The maturity period of these assets were less than 12 months, and given their nature, the expected credit loss allowance recognised during the period against these assets were £Nil.

	Total £000's	0-30 days £000's	31-60 days £000's	61-90 days £000's	>90 days £000's
2022	**8,374**	**6,568**	**1,354**	**319**	**133**
2021	7,002	3,623	2,278	709	392

20. Trade and other receivables *continued...*

The following table shows the movement in contract assets:

	2022 £000's	2021 £000's
Contract assets recognised at start of the year	1,003	1,265
Revenue recognised in prior year that was invoiced in the current year	(1,003)	(1,265)
Amounts recognised in revenue in the current year that will be invoiced in future years	2,582	1,003
Balance at the end of the year	**2,582**	**1,003**

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

	2022 £000's	2021 £000's
UK sterling	881	402
Euro	504	562
US dollar	7,737	6,622
Canadian Dollars	31	12
Singapore dollars	56	17
	9,209	**7,615**

The maximum exposure to credit risk is the carrying value of each class of receivables. The Group does not hold any collateral as security. The Group and Company's exposure to credit, currency and liquidity risk related to trade and other receivables are disclosed in note 25.

21. Trade and other payables

	2022 £000's	2021 £000's
Creditors: falling due within one year		
Trade payables	759	513
Accruals	1,996	1,310
Other payables	39	-
Other tax and social security	423	327
Contract liabilities	411	208
	3,628	**2,358**

Contract liabilities of £411,000 (2021: £208,000) 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:

	2022 £000's	2021 £000's
Contract liabilities recognised at start of the year	208	303
Amounts invoiced in prior year recognised as revenue in the current year	(208)	(303)
Amounts invoiced in the current year which will be recognised as revenue in the later years	411	208
Balance at the end of the year	**411**	**208**

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

	2022 £000's	2021 £000's
UK sterling	3,079	1,532
Euro	203	275
US dollar	326	480
Singapore dollars	16	59
Other	4	12
	3,628	**2,358**

The Group and Company's exposure to currency, liquidity and interest rate risk related to trade and other payables is disclosed in note 25.

22. Lease Liability

	2022 Discounted	2022 Undiscounted	2021 Discounted	2021 Undiscounted
Maturity analysis:				
Year 1	124	179	146	146
Year 2-5	573	731	436	585
+5 Year	632	683	849	1,040
	1,329	**1,593**	**1,431**	**1,771**
Analysed as:				
Non-current	1,205	1,414	1,285	1,625
Current	124	179	146	146
	1,329	**1,593**	**1,431**	**1,771**

All lease liabilities are denominated in pounds sterling.

23. Financial liabilities

	2022 £000's	2021 £000's
Creditors: falling due within one year	-	130
Convertible loan notes	-	**130**

All financial liabilities, which are entirely comprised convertible loan notes, are denominated in pounds sterling.

24. Interest bearing loans and borrowings

	2022 £000's	2021 £000's
Convertible loan notes (b)	-	130
	-	**130**

£100,000 of the Loan Notes issued on 15 February 2019 remained in place at 31 December 2021 (10% interest rate payable annually from 1 April 2019). These loan notes were convertible into Ordinary Shares in the Company on or after 31 March 2022. The convertible loan notes were converted to ordinary shares in April 2022.

24. Interest bearing loans and borrowings *continued...*

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

	2022 £000's	2021 £000's
Balance at 1 January	130	118
Interest on convertible loan notes	3	12
Convertible loan note conversion to equity	(133)	-
Balance at 31 December	-	**130**

(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 2022. The Maturity Date of the facility is 16 July 2023. Please refer to Note 31: Post balance sheet events on page 161.

(b) Convertible loan notes

These loan notes have been converted into Ordinary Shares in the Company during 2022.

The following table shows the net (debt)/funds:

	Convertible loan notes £000's	**Lease 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		49	49	(5,438)	(5,389)
Other changes	(12)	(1,480)	(1,492)	(142)	(1,634)
Net funds as at 31 December 2021	**(130)**	**(1,431)**	**(1,561)**	**19,675**	**18,114**
Cashflows	-	163	163	166	329
Other changes	130	(61)	69	-	69
Net funds as at 31 December 2022	-	**(1,329)**	**(1,329)**	**19,841**	**18,512**

25. 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:

Assets	**2022** £000's	**2021** £000's
Measured at amortised cost		
Trade receivables	5,792	5,999
Other receivables	207	146
Cash at bank and in hand	19,841	19,675
Measured at fair value		
Derivative financial instrument	-	**37**

Liabilities	**2022** £000's	**2021** £000's
Trade payables	759	513
Convertible loan notes	-	130
Lease liability	1,329	1,431

25. Financial instruments *continued...*

Convertible loan notes

The loan notes were converted into Ordinary Shares in the Company during 2022.

Derivative financial instruments – foreign currency forward contracts

The group has entered several foreign currency derivative contracts during the year. The nominal value of the Group's forward contracts is £Nil (2021: £3,735,525) principally to sell US Dollars. Forward contracts initially have a fair value of nil. Contracts are subsequently marked to market and gains and losses are recognised through profit or loss. The Group's foreign currency forward contracts are not traded in active markets. These contracts have been fair valued using observable forward exchange and interest rates corresponding to the naturing of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

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.

Notwithstanding the Silcon Valley Bank matters disclosed in subsequent paragraphs and in Note 31, the credit risk on cash and cash equivalents is considered to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group primarily operates bank accounts with Silicon Valley Bank UK Limited ('SVB UK'), Silicon Valley Bank US ('SVB US') and HSBC UK Bank ('HSBC'), where the accounts are domiciled in the UK, Ireland, Denmark, USA, China and Singapore.

The carrying amount of cash and cash equivalents held across different financial institutions, along with those institution credit ratings, are as follows:

	Credit ratings as at 31 December 2022				
	Standard & Poor's	Moody's	Fitch	2022 £000's	2021 £000's
SVB UK	BBB+ Stable	Aa3 Stable	-	17,235	18,416
SVB US	BBB+ Stable	Aa3 Stable	-	2,157	485
HSBC	A+ Stable	A1 Stable	AA- Stable	375	279
Other				74	495
				19,841	**19,675**

On 10 March 2023, the Federal Deposit Insurance Corporation ('FDIC') was appointed as receiver of Silicon Valley Bank US. Under the arrangements of the receivership the FDIC and Federal Reserve guaranteed to fully protect all depositors cash, both insured and uninsured, and placed SVB US under the control of a bridge bank. All of the Group's SVB US deposit balances were protected.

On 13 March 2023, the Bank of England ('BoE') took the decision to sell SVB UK, the UK subsidiary of the US bank, to HSBC. The BoE confirmed that all depositors' money with SVB UK would be safe and secure as a result of this transaction. The SVB UK business continued to be operated normally by SVB UK and all services continued to operate as normal. All of the Group's SVB UK deposit balances were protected.

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 has a multi-currency revolving credit facility with Silicon Valley Bank Limited 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 (pound 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, pound sterling or euro. The Group makes use of foreign currency derivative contracts to manage currency risk.

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.

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	2022 £000's	2021 £000's
UK sterling	14,997	17,955
Euro	445	341
US dollar	4,314	1,160
Singapore dollars	45	179
Other	40	40
	19,841	**19,675**

The carrying amounts of the Group's financial assets and liabilities by currency at the reporting date are disclosed in the relevant notes. Note 20 details the exposure of trade and other receivables of foreign currency risk and note 21 discloses the exposure of trade and other payables foreign currency risk.

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 (£147,000)/£180,000 respectively (2021:(£15,000)/18,000). 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 £35,000/(£43,000) respectively (2021: (£26,000)/£32,000). 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 (£418,000)/£511,000 respectively (2021:(£235,000)/£288,000). 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 (£414,000)/£506,000 respectively (2021: (£423,000)/£512,000).

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 2022.

26. Equity Share capital

	2022 £000's	2021 £000's
Allotted, called up and fully paid		
84,472,431 (2021: 84,068,923) Ordinary shares of £0.002 each	169	168
	169	**168**

These were no adjustments to the authorised share capital during the year (2021: Nil). Movements in the issued ordinary shares during the year pertains to the following: (a) conversion of the loan notes for 233,508 shares (2021: nil); (b) exercise of share warrants of 170,000 shares at 76p per Ordinary Share (2021: nil); and (c) exercise of share options (see details in Note 10).

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 10 for further information). Shares issued to employees are recognised on a first in, first out basis.

	Number of shares		£000's	
Details	**2022**	**2021**	**2022**	**2021**
Acquisition of shares by the Trust	74,791	133,000	98	165
	207,791	**133,000**	**263**	**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.

Translation reserve: This reserve records foreign exchange differences on translation of foreign operations.

27. Commitments and contingencies

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

28. Related parties

The remuneration of key management personnel and details of directors' emoluments are shown in note 9.

In 2021 the Group entered 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 £162,500 lease payment was made in the year (2021: £49,000).

Refer to note 18 and 22 for further details of the lease.

29. 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.

30. 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 based on the gearing ratio.

Net funds are calculated as total borrowings (current and non-current) as shown in the group statement of financial position 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	2022 £000's	2021 £000's
Total borrowings	24	1,329	1,561
Less: cash and cash equivalents		(19,841)	(19,675)
Net funds		(18,512)	(18,114)
Total equity		42,514	40,649
Gearing ratio		**3.1%**	**3.8%**

31. Post balance sheet events

On 10 March 2023, the Federal Deposit Insurance Corporation ('FDIC') was appointed as receiver of Silicon Valley Bank US ('SVB US'). Under the arrangements of the receivership the FDIC and Federal Reserve guaranteed to fully protect all depositors cash, both insured and uninsured, and placed SVB US under the control of a bridge bank. All of the Group's cash and cash equivalent balances with SVB US were fully protected and accessible from 13 March 2023.

On 13 March 2023, the BoE took the decision to sell SVB UK, the UK subsidiary of SVB US, to HSBC Group PLC ('HSBC'). The BoE confirmed that all depositors' money with SVB UK would be safe and secure as a result of this transaction. The SVB UK business continued to be operated normally by SVB UK and all services continued to operate as normal. All of the Group's cash and cash equivalent balances with SVB UK were fully protected and accessible from 13 March 2023.

The Group has agreed new temporary Revolving Credit Facility terms relaxing the cash holding requirements with SVB UK, set up additional banking facilities with two additional banking partners and has transferred funds to ensure the diversification of its concentrated banking credit risk at the year end. The Group is working towards implementing a comprehensive treasury policy to ensure adequate controls are in place to mitigate risks including credit, liquidity, capital, interest, and currency, among others.

Company financial statements

Company Statement of Financial Position

as at 31 December 2022

	Notes	2022 £000's	2021 £000's
Assets			
Non-current assets			
Intangible assets	6	9,865	8,902
Right-of-use assets	8	1,333	1,411
Property, plant and equipment	7	750	704
Investments	10	251	226
		12,199	**11,243**
Current assets			
Trade and other receivables	11	7,561	7,128
Income tax receivable	12	1,462	2,256
Cash and cash equivalents		16,742	18,085
		25,765	**27,469**
Total assets		**37,964**	**38,712**

	Notes	2022 £000's	2021 £000's
Equity and Liabilities			
Equity			
Equity share capital	17	169	168
Share premium		37,126	36,864
Treasury shares	17	(263)	(165)
Profit and loss account - including loss for the year of £2,002,000 (2021: Profit of £580,000)		(3,563)	(2,097)
Total Equity		**33,469**	**34,770**
Non-Current Liabilities			
Lease liability	14	1,205	1,285
Provision for dilapidation	8	79	-
Deferred tax liability	9	321	87
		1,605	**1,372**
Current liabilities			
Trade and other payables	13	2,766	2,294
Lease liability	14	124	146
Financial liabilities	15	-	130
		2,890	**2,570**
Total liabilities		**4,495**	**3,942**
Total equity and liabitlies		**37,964**	**38,712**

The Company financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 April 2023. The notes on pages 168 to 181 form an integral part of the Company financial statements.

Nick Roberts
Chief Financial Officer

17 April 2023

Company Statement of Changes in Equity

for the year-ended 31 December 2022

	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
At 1 January 2021	**168**	**36,864**	**-**	**(3,019)**	**34,013**
Profit for the year	-	-	-	580	580
Total comprehensive income for the year	-	-	-	580	580
Transactions with owners, recorded directly in equity					
Exercise of warrant	-	-	-	-	-
Share-based payments	-	-	-	342	342
Treasury shares	-	-	(165)	-	(165)
Total transactions with owners	-	-	(165)	342	177
At 31 December 2021	**168**	**36,864**	(165)	**(2,097)**	**34,770**
At 1 January 2022	168	36,864	(165)	(2,097)	34,770
Loss for the year	-	-	-	**(2,002)**	**(2,002)**
Total comprehensive loss for the year	-	-	-	**(2,002)**	**(2,002)**
Transactions with owners, recorded directly in equity					
Conversion of loan notes	1	133	-	-	134
Exercise of warrants	-	129	-	-	129
Share-based payments	-	-	-	536	536
Treasury shares	-	-	(98)	-	(98)
Total transactions with owners	1	262	(98)	536	701
At 31 December 2022	**169**	**37,126**	**(263)**	**(3,563)**	**33,469**

Notes to the Company Financial Statements

for the year-ended 31 December 2022

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 pound sterling. These financial statements are the stand-alone financial statements of the parent company.

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 profit and loss account 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 Health & Wellbeing 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 2022. The accounting policies have been applied consistently to all the years presented, unless otherwise stated. In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- Related Party Disclosures entered into between two or more members of a group;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share based Payments in respect of Group settled share-based payments;
- Details of key assumptions used for the purposes of impairment testing; and
- IFRS 7 Financial Instrument Disclosures.

Going concern

The financial performance and balance sheet position at 31 December 2022 along with a range of scenario plans to 31 December 2025 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 2025 and therefore the Directors have satisfied themselves that the Company has adequate funds in place to continue in operational existence for the foreseeable future.

2. Accounting policies

Overview

The accounting policies applied in the Company financial statements for the current and preceding periods are the same as those accounting policies applied to the Group financial statements, which are detailed on pages 119 to 124, except for:

- any exemptions which are set up in section 1 of these Company financial statements ('General information'); and
- accounting policies which differ from or are in addition to those accounting policies outlined in the Group financial statements, further details of which are set out below.

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. Share-based payments in relation to employees of subsidiary companies are treated as a capital contribution in the Company Financial Statements.

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

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and expenditure during the year.

Details of the judgements, estimates and assumptions and the effect they have on the Company financial statements is detailed in the Group financial statements, note 3 ('Judgements in applying accounting policies and key sources of estimation uncertainty') on pages 125 to 126.

4. Employee cost

	2022 £000's	2021 £000's
Wages and salaries	9,384	7,162
Social security costs	1,321	954
Shared based payment	427	272
Other pension costs	280	294
	11,412	**8,682**

5. Staff numbers

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

	2022 Number	2021 Number
Administration	30	29
Technical	77	62
Business development	12	10
Finance	10	10
	129	**111**

6. Intangible assets

	Patents and trademarks £000's	Datasets £000's	Development expenditure* £000's	Platform £000's	Software £000's	Total £000's
Cost						
At 1 January 2021	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
At 31 December 2021	188	3,165	167	6,782	551	10,853
Transfer from development expenditure to platform	-	-	(1,558)	1,558	-	-
Additions	1	1,120	1,536		140	2,797
At 31 December 2022	**189**	**4,285**	**145**	**8,340**	**691**	**13,650**
Amortisation						
At 1 January 2021	87	650	-	24	77	838
Charge for the year	42	533	-	437	101	1,113
At 31 December 2021	129	1,183	-	461	178	1,951
Charge for the year	40	803	-	756	235	1,834
At 31 December 2022	**169**	**1,986**	**-**	**1,217**	**413**	**3,785**
Net book value						
At 31 December 2022	**20**	**2,299**	**145**	**7,123**	**278**	**9,865**
At 31 December 2021	59	1,982	167	6,321	373	8,902

*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. In 2022, a further £1,558,000 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 datasets 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 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 £184,000 to £6,939,000. If the useful life of the asset were increased by 2 years, the carrying amount of the asset would increase by £120,000 to £7,243,000.

Datasets 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 £277,000 to £2,022,000. If the useful life of the asset were 5 years, the carrying amount of the asset would increase by £163,000 to £2,462,000.

Amortisation in respect of platform, datasets, patents and trademarks and software is expensed to the profit and loss account as administrative expenses.

These are all definite life intangible assets. While these assets are owned by the Company they are operated as a single asset across the Group. 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
Cost			
At 1 January 2021	-	345	345
Additions	419	145	564
Reclassification	59	(59)	-
At 31 December 2021	478	431	909
Additions	54	130	184
At 31 December 2022	**532**	**561**	**1,093**
Accumulated depreciation			
At 1 January 2021	-	128	128
Charge in the year	16	61	77
At 31 December 2021	16	189	205
Charge in the year	50	88	138
At 31 December 2022	**66**	**277**	**343**
Net book value			
At 31 December 2022	**466**	**284**	**750**
At 31 December 2021	462	242	704

8. Right-of-use assets

	Buildings £000's
Cost	
At 1 January 2021	-
Additions	1,460
At 31 December 2021	1,460
Adjustment	79
At 31 December 2022	1,539
Accumulated depreciation	
At 1 January 2021	-
Charge for the year	49
At 31 December 2021	49
Charge for the year	157
At 31 December 2022	206
Carrying amount	
At 31 December 2022	1,333
At 31 December 2021	1,411

During 2021, the group entered into a lease for its property at Dataworks, King's Hall Life Sciences Park, Belfast, BT9 6GW. The lease term is 10 years (2021: 10 years).

This resulted in additions to right-of-use assets of £1,460K in 2021. In 2022, an adjustment was made to the asset balance in relation to creating a provision for dilapidations.

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.

	2022 £000's	2021 £000's
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	157	49
Interest expense on lease liabilities	61	20

9. Deferred tax liability

	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 2021	1,208	-	(247)	(665)	-	296
Credited/(charged) to the profit and loss account	515	(1,838)	249	665	26	(383)
Asset/(liability) at 31 December 2021	1,723	(1,838)	2	-	26	(87)
Credited/(charged) to the profit and loss account	(51)	(197)	1	-	13	(234)
Asset/(liability) at 31 December 2022	**1,672**	**(2,035)**	**3**	**-**	**39**	**(321)**

10. Investments

	Investment in subsidiaries £000's
At 1 January 2021	125
Additions	101
At 31 December 2021	226
Additions	109
Provision for impairment	(84)
At 31 December 2022	251

During the year ended 31 December 2022, the Company made capital contributions amounting to £109,000 (2021: £101,000) to certain subsidiaries in respect of share-based payment awards.

The Company has an investment/receivable due from its subsidiary Diaceutics PTE, which was established to facilitate the Group's provision of services to customers based in Singapore and the wider APAC region. Due to the Group's strategic shift to a platform business and the lessening requirement for local regional presence in the region to service customers, the value of the investment/receivable due from Diaceutics PTE is unlikely to be recoverable in the foreseeable future and has been fully provided at the year ended 31 December 2022.

A full provision of £84,000 (2021: £Nil) has been provided by the Company for its investment in its subsidiary Diaceutics Pte Limited due to uncertainty around the recoverability of this balance.

The following were subsidiaries of the Company at 31 December 2022:

	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	Northern Ireland	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

	2022 £000's	2021 £000's
Trade receivables	5	743
Contract assets	419	43
Amounts owed by Group undertakings	6,660	5,839
Other debtors	168	123
Prepayments	309	343
Derivative financial instruments	-	37
	7,561	**7,128**

All amounts are due within one year. Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

Management's assessment was that the trade receivables are fully recoverable and the amount of the provision netted against the trade receivables balance was £Nil (2021: £20,000).

The Company has an investment/receivable due from its subsidiary Diaceutics PTE, which was established to facilitate the Group's provision of services to customers based in Singapore and the wider APAC region. Due to the Group's strategic shift to a platform business and the lessening requirement for local regional presence in the region to service customers, the value of the investment/receivable due from Diaceutics PTE is unlikely to be recoverable in the foreseeable future and has been fully provided at the year ended 31 December 2022. The company is owed £2,265,000 (2021: £2,012,000) by its subsidiary Diaceutics Pte Limited. A full provision (2021 :£Nil) has been made by the Company for this balance due to uncertainty around the recoverability of this debt.

12. Income tax receivable

	2022 £000's	2021 £000's
Balance at 1 January	2,256	2,215
Expensed/credited to the profit and loss account	(794)	41
Balance at 31 December	**1,462**	**2,256**

13. Trade and other payables

	2022 £000's	2021 £000's
Creditors: amounts falling due within one year		
Trade payables	592	374
Amounts owed to group undertakings	-	515
Accruals	1,812	1,129
Contract liabilities	10	35
Other tax and social security	352	241
	2,766	**2,294**

Contract liabilities of £10,000 (2021: £35,000) which arise in respect of amounts invoiced during the year for which the performance obligation has not been met by the year end. Contract liabilities would be expected to be recognised as revenue in the following year.

14. Lease liability

	2022 Discounted £000's	2022 Undiscounted £000's	2021 Discounted £000's	2021 Undiscounted £000's
Maturity analysis:				
Year 1	124	179	146	146
Year 2-5	573	731	436	585
+5 Year	632	683	849	1,040
	1,329	**1,593**	1,431	1,771
Analysed as:				
Non-current	1,205	1,414	1,285	1,625
Current	124	179	146	146
	1,329	**1,593**	1,431	1,771

All lease liabilities are denominated in pound sterling.

15. Financial liabilities

	2022 £000's	2021 £000's
Creditors: falling due within one year		
Convertible loan notes	-	130
	-	**130**

16. Interest bearing loans and borrowings

	2022 £000's	2021 £000's
Convertible loan notes (b)	-	130
	-	**130**

(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 2022. The maturity date of the facility is 16 July 2023. Please refer to note 31: Post balance sheet events on page 161 of the consolidated accounts.

(b) Convertible loan notes

The loan notes were converted into ordinary shares in the Company during 2022. Refer to Group note 24.

17. Equity share capital

	2022 £000's	2021 £000's
Authorised, allotted, called up and fully paid		
84,472,431 (2021: 84,063,923) ordinary shares of £0.002 each	169	168
	169	**168**

Movements in the issued ordinary shares during the year pertains to the following: (a) conversion of the loan notes for 233,508 shares (2021: nil); (b) exercise of share warrants of 170,000 shares at 76p per Ordinary Share (2021: nil); and (c) exercise of share options (see details in Note 10 of the consolidated accounts).

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 26 for details of treasury shares that 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.

Translation reserve: This reserve records foreign exchange differences on translation of foreign operations.

18. Commitments and contingencies

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

19. Related party transactions

As outlined in note 1 the Company has taken advantage of the exemption available in FRS 101 in relation to 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 2021, 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 £162,500 lease payment was made in the year (2021: £49,000).

There were no other transactions which fall to be disclosed under the terms of IAS 24. Refer to note 8 and 14 for further details of the lease.

Corporate Information

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Mr R Keeling
Mr N Roberts
Mr C Hindson
Mr M Wort

Company Secretary Mrs S Craig

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