



10 April 2024

Proteome Sciences plc
(“Proteome Sciences” the “Company” or the “Group”)
Final results for the year ended 31 December 2023

The Company is pleased to announce its audited results for the year ended 31 December 2023.

Highlights:

- Total revenues of £5.03m (2022: £7.78m)
- Proteomic services revenues of £1.63m (2022: £2.75m)
- TMT[®] sales, and royalties of £3.40m (2022: £4.16m)
- Total costs of £6.65m (2022: £6.05m)
- EBITDA loss of £1.14m (2022: £2.13m)
- Adjusted EBITDA* loss of £0.92m (2022: Adjusted EBITDA* profit of £2.43m)
- Loss after tax of £2.44m (2022: profit after tax £1.33m)
- Cash reserves at 31 December 2023 of £2.03m (2022: £3.99m)

** EBITDA is a non-GAAP company specific measure which is considered to be a key performance indicator of the Group's financial performance. Adjusted EBITDA is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, non-recurring costs, and employee share-based payment.*

Dr. Mariola Soehngen, Chief Executive Officer of Proteome Sciences plc, commented:

The second half of 2023 proved to be challenging for Proteome Sciences. The macroeconomic situation impacted on our client base and resulted in a decrease in revenues caused by the delay in the timing of services contracts. We remained in close contact with our clients over that period and the higher dynamics we have seen since the start of 2024 would appear to support the hypothesis that the market demand is returning to normal. During the second half of 2023 we set up our US lab which opened in early 2024. For US based clients who did not previously want to ship their samples to Europe we have provided a US solution and we will now be eligible for projects funded by US institutions where the funds must be spent in the US. We invested substantially in 2023 to expand our business by establishing the facility in San Diego, developing new ranges of TMT[®] and data-independent acquisition (“DIA”) tags and launching SCP to address the growing global demand for proteomics in 2024.

The 2024 year has experienced significant customer engagement and interest in proteomics services reflected by the considerable increase in customer contact and quotations provided across multiple projects from which new contacts have been secured in the first quarter. We expect this momentum to continue throughout 2024.

For our tag business we expect the introduction of the 32plex TMTpro[™] tags due in 2024 to generate strong interest in the market and significant revenues in the coming years.

Our DIA tags are being evaluated by academic partners and we have initiated discussion around licensing for commercial development that we expect to conclude during the year.

Interest in SCP has continued to grow since our launch and we expect to run more commercial projects in the near future.

In summary, we expect the investments that we have made and the new products and services we have introduced to add to and bring the business back to growth in 2024.

Report and Accounts and Notice of Annual General Meeting:

Copies of the Annual Report and Accounts together with notice of the Annual General Meeting (“AGM”) will be posted to shareholders shortly and made available on the Company’s website (www.proteomics.com).

The AGM of the Company will take place at 12 noon on Thursday 16 May 2024 at Allenby Capital, 5 St Helen's Place, London, EC3A 6AB. Formal notice of the AGM will be sent to shareholders which will contain further information and the resolutions which will be proposed at this meeting.

For further information please contact:

Proteome Sciences plc

Dr. Mariola Soehngen, Chief Executive Officer

Dr. Ian Pike, Chief Scientific Officer

Richard Dennis, Chief Commercial Officer

Abdelghani Omari, Chief Financial Officer

Tel: +44 (0)20 7043 2116

Allenby Capital Limited (Nominated Adviser & Broker)

John Depasquale / Lauren Wright (Corporate Finance)

Tony Quirke / Stefano Aquilino (Equity Sales & Corporate Broking)

Tel: +44 (0) 20 3328 5656

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

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

Chief Executive Officer's Statement

Group revenues for the full year decreased by 35% to £5.03m (2022: £7.78m), services revenue decreased by 41% to £1.63m (2022: £2.75m) and sales and royalties attributable to TMT®/TMTpro™ reagents decreased by 18% to £3.40m (2022: £4.16m*).

* excluding the sales milestone payment of £0.87m received in 2022 under the exclusive licence and distribution agreement with Thermo Fisher Scientific.

Despite our expectation at the end of 2022 and during H1 2023 to deliver further growth in 2023, the second half of 2023 did not develop as expected. As alluded to in our investor meeting in September 2023 and announced on 30 November 2023 the challenging macroeconomic situation with weak growth, high inflation and tight monetary policy has impacted many of our clients and partners. Particularly the biotech sector was severely affected by these headwinds, exemplified by significant layoffs and reduction of R&D budgets industry wide. Also, larger customers reduced their activities in the proteomics field and postponed planned projects to 2024. Given the market requirement for our proteomic products and services we expect customer interest for our services to significantly improve during 2024, with the introduction of new next generation tags in the isobaric and isotopic field, and the output from the US lab, the Company is confident to see the business return to growth in 2024.

We have continued our planned strategic investment in both our Frankfurt and San Diego laboratories and added various instruments primarily in the US laboratory including an Orbitrap Ascend Tribrid mass spectrometer and Accelerome automated sample preparation platform. We launched single cell proteomics ("SCP") in October 2023 and are working on the first projects. In addition, we have advanced our new tag developments (isobaric and isotopic) and expect to launch both near term plus develop next generation isotopic tags.

Total costs, excluding finance costs, rose to £6.65m (2022: £6.05m) which has resulted in an operating loss of £1.62m (2022: operating profit of £1.73m) and a net loss of £2.44m (2022: profit after tax of £1.33m). Cash reserves at the year-end were at £2.03m (2022: £3.99m).

	2023	2022
	£'000	£'000
Revenue	5,028	7,780
Gross profit	1,647	4,767
Administrative expenses *	(3,268)	(3,039)
EBITDA	(1,137)	2,125
Other non-cash items and non-recurring costs	218	303
Adjusted EBITDA	(919)	2,428

Adjusted EBITDA (a non-GAAP Group specific measure (see Note 3) which is considered to be a key performance indicator of the Group's financial performance) decreased by £3.35m year on year mainly due to lower revenues while costs have increased due to additional staff and the expansion to the U.S.

*Includes depreciation of £0.5m (2022: £0.4m)

Services

It was a challenging year in our service business in 2023. As in previous years, the US is by far our most significant market in terms of biopharma companies who outsource their proteomic services to Contract Research Organisations ("CROs") such as Proteome Sciences. Unfortunately, the

biopharma market especially in the US was marked by employee layoffs in 2023. According to Fierce Biotech, a company that provides news, analysis and data relating to the biotech sector, biopharma layoffs were 57% up in 2023. This has been confirmed by other Life Science provider companies in their public reporting. The significantly reduced level of financing in biopharma resulted in workforce reductions affecting 187 organisations in 2023. We were in contact and discussing projects with 38 of these that were primarily focused in proteomic pre-clinical and clinical research. Projects were either cancelled before samples were shipped, or significantly delayed pending future financing rounds. This seriously affected our ability to win business.

During the first half of 2023 orders received and sales were performing to plan halfway through the year, but this slowed significantly in the second half of 2023. Projects under discussion in the first half of 2023 did not arrive in the second half of the year, and initial discussions on new projects slowed. A considerable client outreach effort was initiated at the start of the second half of the year to offset this slowdown and that did uncover new project opportunities that are currently under discussion, so we believe the worst of the 2023 slowdown is behind us now. In the US the main focus was our investment in the new laboratory and preparing the market for the pending launch of the SCP service. Over and above this additional outreach, we continued our presence in various conferences and exhibitions throughout 2023 in both the US and Europe, combining these events with local client visits when in the close vicinity.

The news that the company has invested in a new US based laboratory in San Diego was very well received by existing clients who said they will use our new facility from 2024 onwards, and from new customers who will use us for the first time as a result of the new laboratory. It was not unexpected to hear that all clients preferred a local facility to avoid excessive shipping charges to get their samples into Europe, and to avoid any customs issues to clear samples through German importation control. Equipping the new lab with a latest generation mass spectrometer was also seen as giving us a distinct advantage over more local competition. In addition, our US entity Proteome Sciences US Inc enables the company to partake in National Institute of Health (“NIH”) and other US government sponsored grants.

In the European section of our business, we concluded all the work connected with a large Europe based clinical trial through the year. From a European perspective the UK continues to be the more active component, and we have picked up several important clients requiring proteome analysis in projects destined for, or in clinical trials.

In general, the biopharma investment slowdown did affect our business more than we expected at the start of 2023, but given the investment in new equipment, facilities and new product offerings commercially we remain confident to get back on our growth trajectory in 2024.

Licences

Income from licensing our intellectual property assets remains a key contributor to revenue, primarily through the TMT® and TMTpro™ reagents. We retain a portfolio of patents and applications covering biomarkers and reagents which we continue to monitor for commercialisation potential. As the field around use of blood proteins in diagnosis of Alzheimer’s disease, other neurodegenerative disorders and many cancers our patented biomarkers may prove critical in development of novel diagnostic tests opening up additional licensing opportunities.

Tandem Mass Tags®

In line with other parts of the business the revenue from TMT® and TMTpro™ reagent sales decreased 18% relative to 2022 (excluding milestone payment). In part this is attributable to the full year effect of a one-off adjustment to running royalties following expiry of the TMT1 patent family in

September 2022 but also reflects weaker markets for the tags globally. A range of factors are likely to have impacted tag sales including the general macroeconomic situations, the use of alternative mass spectrometry methods such as data independent acquisition and the delay of purchases pending introduction of the 32plex TMTpro™ tags due in 2024.

We are working with our licensee Thermo Fisher Scientific to address the market challenges and are excited at the prospects for the extended TMTpro™ reagents that now allow large discovery projects to be completed in a single experiment, greatly improving the coverage and quantitative precision and accuracy available to researchers.

Stroke Biomarkers

Our two licensees Randox Laboratories and Galaxy CCRO (“Galaxy”) have made progress with their clinical trials during 2023. In connection with Galaxy’s initiation of a first clinical study in Europe we received a milestone. Galaxy is a US based clinical contract research organisation, which is developing a point of care test for the diagnosis and timing of stroke onset in order to guide the use of specialist thrombolytic treatment. Under the terms of the licence with Galaxy we have received equity in Galaxy as an initial fee in 2019 and similarly the milestone in 2023 was also satisfied in equity. As a result of this we own a minority stake in Galaxy and under the licence we are entitled to subsequent development milestones and a running royalty on any product sales. We expect more news to come during 2024 with the possibility for further milestones relating to trial completion and product launches on the horizon.

Research

During the year we have focused our research efforts on improving our processes and have successfully achieved a significant improvement in our sample preparation processes enabling us to increase our capacities by 50%. The new workflows are also simpler, more robust and deliver equivalent performance within the same budget. In parallel, we continued to optimise workflows for Single Cell Proteomics. Over the year we were able to improve coverage so that we can attain quantification for approximately 1,500 proteins per cell in studies where we measure 576 individual cells. Overall performance is stable across different cell types and we are now beginning our first commercial activities with the SysQuant®-SCP service operating from our Frankfurt laboratory.

We also continue research to develop new reagents for proteomics and this resulted in our producing a set of non-isobaric tags for multiplexing of data-independent acquisition (“DIA”) studies. The tags are being evaluated by academic partners and we have initiated discussions around licensing for commercial development that we expect to conclude during the year. We also completed the development of the extended set of TMTpro™ reagents and look forward to their introduction to our services in the first half of 2024. We continue to innovate in chemistry and will be working on ancillary products to add new functionality for TMTpro™ enabled studies through a sponsored research project.

Operating Environment

We started the year 2023 with a strong order book. Our service business developed positively in H1 2023 with 19% increase over the same period in 2022 – a trend which could not be sustained in H2 2023. The TMT® business remained flat in the first half of the year and decreased by 18% year on year. Next to the macroeconomic changes which have influenced our clients and us negatively the expectation of the new 32plex isobaric tags might also have played a role in the cautious ordering of tags.

To address the growing DIA market, we have developed a totally new line of isotopic tags which we aim to partner with a strong distribution partner.

SCP as our new service was launched in October 2023 and we have started first projects in partnership with academic key opinion leaders and our long-term customers. The roll out of this service is expected to unfold in 2024 when customer projects will be delivered from the Frankfurt lab.

The US lab has been opened in January 2024, and was met with good interest primarily in the US market where we plan to address the customers who have had reservations to ship samples to the EU. With the lab in San Diego, one of the largest biotechnology and pharmaceutical research hub globally, we have addressed these concerns and are starting customer projects in 2024.

At the end of a difficult year for our business and following the substantial strategic investments that have been made for the future, we would like to thank all our teams for their contribution, passion and hard work. We expect the macroeconomic trends to improve in the course of 2024 and these should impact positively on our business.

Outlook

We invested substantially in 2023 to expand our business by establishing the facility in San Diego, developing new ranges of TMT® and DIA tags and launching SCP to address the growing global demand for proteomics in 2024.

The 2024 year has experienced significant customer engagement and interest in proteomics services reflected by the considerable increase in customer contact and quotations provided across multiple projects from which new contacts have been secured in the first quarter. We expect this momentum to continue throughout 2024.

For our tag business we expect the introduction of the 32plex TMTpro™ tags due in 2024 to generate strong interest in the market and significant revenues in the coming years.

Our DIA tags are being evaluated by academic partners and we have initiated discussion around licensing for commercial development that we expect to conclude during the year.

Interest in SCP has continued to grow since our launch and we expect to run more commercial projects in the near future.

In summary, we expect the investments that we have made and the new products and services we have introduced to add to and bring the business back to growth in 2024.

We would like to thank our shareholders and team for their continuing support, and we look forward to communicating renewed progress in 2024.

Dr. Mariola Söhngen
Chief Executive Officer
9 April 2024

STRATEGIC REPORT

Review of the Business

The principal activities of the Group involve protein biomarker research and development. As a leader in applied proteomics, we use high sensitivity proprietary techniques to detect and characterise differentially expressed proteins in biological samples for diagnostic, prognostic and therapeutic applications. In addition, we invented and developed the technology for TMT[®] and TMTpro[™], and manufacture these small, protein-reactive chemical reagents which are sold for multiplex quantitative proteomics under exclusive license by Thermo Fisher Scientific.

Proteome Sciences is a major provider of contract research services for the identification, validation and application of protein biomarkers. Our clients are predominantly pharmaceutical and biotechnology companies, but we also perform services for other sectors including academic research. While we have several well-established workflows that meet the needs of many customers, we retain our science-led business focus wherever possible, developing new analytical methods, new reagents and data analysis tools to provide greater flexibility in the types of studies we can deliver. Our contract service offering remains centred on mass spectrometry-based proteomics, and this is becoming more widely implemented in drug development projects as the pharmaceutical industry seeks to expand biological knowledge beyond genomics. These services are fully aligned with the drug development process, can be used in support of clinical trials and *in vitro* diagnostics, and include proprietary bioinformatics capabilities.

Progress during 2023

Growing Our Services Business

As in all sectors of technology-based sales, no organisation can stand still and offer the same services year in and year out. As ligand binding technologies like multiplex ELISA expand both antibody and aptamer arrays to cover more proteins per run, thereby more closely compete with traditional proteomic analysis by mass spectrometry, we must take our services deeper into the proteomic field.

Single Cell Proteomics is a good example of how the company is moving forward, by using mass spectrometry to achieve protein detection levels currently several orders of magnitude greater than ELISA based technologies can achieve at this time. Another clear application area for mass spectrometry is in detection of more post translational modifications on the proteins detected in a more conventional run. We see an increasing need from biopharma to detect post translational modified peptides and proteins as end-point biomarkers in a clinical trial. This can provide ongoing business via classical protein Discovery based projects and, more importantly as the drug progresses into clinical trials, a Targeted assay under Good Clinical Laboratory Practice (“GCLP”) laboratory standards. Clients have informed us that we are one of a few CRO’s that they have identified who can take a research project now through to clinical reporting base in the future under more stringent GCLP standards. Furthermore, we continue to meet both new and current clients to discuss their upcoming proteomic needs and how we can help them. As protein experts, clients value our thoughts and processes on how we can solve their problems. Proteome Sciences will be expanding its services to include these 32 tags by end H1 2024, thereby having a head start on other CRO’s who will have to wait for the new tags to be available from Thermo Fisher Scientific.

Finally, we have made a significant step by investing in our US laboratory. This will make it easier for current US clients to ship samples to us, and it removes the barrier for new clients to do the same. These new clients will be biopharma but will also address the considerable academic market. Many academic institutes could not use our Frankfurt facility because their grant money could only be spent in the US. Proteome Sciences US Inc also enables the company to participate in NIH/US

Government grants as a US entity, employing US employees and have a US based footprint. With the latest generation mass spectrometer in the San Diego lab, we are better placed than the local providers.

Expanding beyond the core proteome

We have been delivering deep analysis of post-translational modifications through our SysQuant® phosphoproteomics workflows for many years and introduced new methods for analysis of protein ubiquitylation more recently. These two methods have been used across many different types of studies enabling our customers to better understand how their drug targets fit into the wider biological context, as well as providing deeper insights into the mechanism of action of their experimental drugs. In 2023 we started to expand our coverage to include additional modifications relevant to a range of disease areas that were previously poorly served by traditional proteomics methods. We continue to evaluate the potential to add further protein modifications to our repertoire, along with adding additional analytes in the metabolic space where the same mass spectrometry platforms can be deployed.

Single Cell Proteomics

Our launch of Single Cell Proteomics services in October 2023 followed an intensive development process reflecting the large technical challenge of working with such limited material. We have now initiated several biological studies with academic collaborators to demonstrate different aspects of the technology as well as a proof-of-concept study with one of our long-term customers. Critical to developing SCP is the downstream data analysis and visualization. We have been working on an in-house tool for streamlining data quality assessment, pre-processing and statistical analysis that allows us to identify cellular diversity based on the expression profiles of over 1,000 proteins per cell. Interest in SCP has continued to grow since our launch and we expect to run our first commercial projects in the near future.

Status of the Tandem Mass Tag® Product Portfolio

During 2023 we have been working on the largest extension of TMT™ multiplexing as we increase the current 18plex tags to 32plex. This was in response to market demand as the need to use more samples in proteomics studies is being widely recognised. Whilst many groups have been moving towards data-independent acquisition methods to gain throughput, this has been at the cost of some analytical precision and we believe that introduction of an additional 14 channels will re-balance the demand for TMTpro™ reagents which still provide the greatest combination of quantitative precision and, when combined with our patented MS3 acquisition methods, accuracy. Commercial stocks of the additional 14 tags have been synthesized and we are working with our licensee Thermo Fisher Scientific to optimise the mass spectrometry acquisition methods. We are introducing 32plex workflows to our standard proteomics services which will be available ahead of the wider commercial launch of the reagents.

Stroke biomarkers

We currently have two licensees to our stroke biomarkers and both have been engaged in clinical trials of their respective tests during 2023. Randox Laboratories have a long-running trial based in the UK nearing completion and results are expected during 2024. We would hope that a product approval and launch may then follow swiftly, at least for the European market. Our other licensee, Galaxy CCRO, continues to operate in stealth mode, with a preliminary clinical trial of the GSTP marker initiated in Glasgow during the second half of 2023. Galaxy have indicated they expect a read-out of the Rhesus trial during 2024 and this will inform decisions around a full regulatory trial both in Europe and the US. We own a minority stake in Galaxy and under the license we are entitled to subsequent development milestones and a running royalty on any product sales.

Patent Applications and Proprietary Rights

During the year 2023 23 new patents were issued across five different families. Of these 6 related to the TMTpro™ reagents and methods of use and 6 related to biomarkers for Alzheimer's disease and cancer. One new patent application was submitted relating to new isotopic tags for data independent acquisition mass spectrometry. Overall costs of maintaining the patent estate were slightly lower than in 2022 due to expiry of several early TMT patents.

Strategic evaluation

We have used 2023 to further implement our strategy of organic growth. In particular we have:

- Addressed the growing DIA market by developing a totally new line of isotopic tags which we will licence with a strong distribution partner.
- Worked on the life cycle management of TMT by developing 32plex isobaric tags.
- Launched SCP in October 2023 as our new service and have started first projects. The roll out of this service is expected to unfold during 2024 when customer projects will be delivered from the Frankfurt lab.
- Opened the US lab in January 2024.

Financial Review

Results and Dividends

Key Performance Indicators ("KPI's")

- The directors consider that revenue, adjusted EBITDA, and profit before/after tax are important in measuring Group performance. The performance of the Group is set out in the Chief Executive Officer's Statement.
- The directors believe that the Group's rate of cash expenditure and its effect on Group cash resources are important. Net cash outflows from operating activities for 2023 were £0.48m (2022: net cash inflows of £2.14m). The costs in 2023 were higher when compared to 2022 due to the investment in our San Diego site, development of next generation tags and the launch of SCP. We suffered from lower revenues in biomarker services and TMT® as compared to 2022. Cash at 31 December 2023 was £2.03m (31 December 2022: £3.99m).
- In 2023 service revenues decreased by 41% to £1.63m (2022: £2.75m). As a proportion of total group revenue (excluding the milestone revenue) service revenues in 2023 was 32% compared to 40% in 2022.

Financial Performance

For the twelve-month period ended 31 December 2023 revenue decreased 35% to £5.03m (2022: £7.78m)

- Licences, sales and services revenue decreased 27% to £5.03m (2022: £6.91m (adjusted for the milestone)). This is comprised of two revenue streams: TMT® related revenue and Proteomic (Biomarker) Services. Sterling values of our sales and royalties received for TMT® tags decreased by 18% to £3.40m (2022: £4.16m)
- Adjusted EBITDA decreased to (£0.92m) (2022: £2.43m)
- The loss after tax was £2.44m (2022: profit after tax of £1.33m)

Taxation

Owing to the changing nature of our services business, with a stronger focus on commercial activities, we have not fully assessed our available R&D tax credit for 2023, and such amounts are only recognised when reasonably assured.

Costs and Available Cash

- The Group maintained a positive cash balance in 2023 and continues to seek improved cash flows from commercial income streams. Due to lower revenues and higher operating costs year on year, the Group had a negative cash flow in the year. Administrative expenses in 2023 were £3.27m (2022: £3.04m)
- Staff costs for the year were £3.35m (2022: £3.12m) of which £0.22m was a share based payment charge (2022: £0.30m)
- Property costs without charges on rent of £0.44m were higher than previous years (2022: £0.16m) also including property costs for the lab in San Diego
- Finance costs relate to interest due on loans from two major investors in the Company and lease interest. Costs of £0.80m were higher than the prior year (2022: £0.47m)
- Trade and other payables were £0.63m (2022: £0.82m)
- Trade and other receivables were £0.96m (2022: £1.44m)
- Cash at the year end was £2.03m (2022: £3.99m)

Principal Risks and Uncertainties

Commercialisation Activities

It is uncertain whether our range of contract proteomic services will generate sufficient revenues for the Group ultimately to be successful in an increasingly competitive commercial market which generally favours companies with a broader technology platform than our own. Similarly, our increased capacities and the opening of our US laboratory create a risk that we do not generate sufficient orders to make our commercial activities profitable.

Management of Risk: The Group has sought to manage this risk by broadening its proteomic services offering by increasing the coverage of unbiased discovery experiments and broadening capabilities for analysis of very small samples including single cells, investing in our own sales by dedicating more staff time to direct business development activities in our principal commercial territories and adopting conventional service-based metrics directed at speed, cost and quality.

Adding new services bears the risk that competitors are already more advanced, and it will be difficult to find and retain new customers.

Management of risk: We believe the technology we are developing for single cell proteomics has a high demand in the market and hence we believe there is sufficient room for many players to satisfy the demand. Moreover, Proteome Sciences has a USP (Unique Selling Point) as we are the owner of TMT® which gives us a number of advantages (including cost control) vis à vis competitors.

Dependence on Key Personnel

The Group depends on its ability to retain a limited number of highly qualified scientific, commercial and managerial personnel, the competition for whom is strong. While the Group has entered into conventional employment arrangements with key personnel and staff turnover is low, their retention cannot be guaranteed as evidenced by 1 resignation during 2023.

Management of Risk: The Group has a policy of organising its work so that projects are not dependent on any one individual, and we have strong managerial oversight and support for our laboratory-based staff. Retention is also sought through annual, role-based reviews of remuneration packages, performance related bonus payments, and the opportunity for share option grants.

Investment Limitations

Sales and royalties from TMT® have historically been key to revenue and working capital for the group to invest in the business. We are still reliant on TMT® sales and royalties for the majority of our revenues and working capital to invest in growing the business remains limited.

Management of Risk: In addition to previous cost reduction and ongoing containment measures which have significantly changed the cost profile of the business over the last years, we also actively engage with our major creditors to manage the Company's debt.

Competition and Technology

The international bioscience sector is subject to rapid and substantial technological change. There can be no assurance that developments by others will not render the Group's service offerings and research activities obsolete or otherwise uncompetitive. Proteomics remains a growth area where increasing demand from the pharmaceutical industry remains ahead of the growth in service provider capacities.

Management of Risk: The Group employs highly experienced research scientists and senior managerial staff who monitor developments in technology that might affect the viability of its service business or research capability. This is achieved through access to scientific publications, attendance at conferences and collaboration with other organisations.

Licensing Arrangements

The Group intends to continue sub-licensing new discoveries and products to third parties, but there can be no assurance that such licensing arrangements will be successful.

Management of Risk: The Group manages this risk by a thorough assessment of the scientific and commercial feasibility of proposed research projects which is conducted by an experienced management team. Risk has also been reduced by decreasing the overall number of research projects and re-distributing available resources.

Patent Applications and Proprietary Rights

The Group seeks patent protection for identified protein biomarkers which may be of diagnostic, prognostic or therapeutic value, for its chemical mass tags, and for its other proprietary technologies. The successful commercialisation of such biomarkers, chemical tags and proteomic workflows is likely to depend on the establishment of such patent protection. However, there is no assurance that the Group's pending applications will result in the grant of patents, that the scope of protection offered by any patents will be as intended, or whether any such patents will ultimately be upheld by a court of competent jurisdiction as valid in the event of a legal challenge. If the Group fails to obtain patents for its technology and is required to rely on unpatented proprietary technology, no assurance can be given that the Group can meaningfully protect its rights. All patents have a limited period of validity and competing products may be sold by third parties on expiry in each territory. The final

TMT1 patent expired in the US in September 2022. This was the last case with broad claims to the field of isobaric tagging, but the patents covering the TMT® and TMTpro™ products themselves, along with several proprietary methods such as TMTcalibrator™ and MS3 quantification remain in force. Whilst the expiration of the earliest TMT patent results in a reduced royalty rate under the exclusive licence and distribution agreement with Thermo Fisher Scientific, we do not expect further royalty reductions in 2024 and beyond. We continually monitor the implications of patent expiry and have not seen any generic isobaric tags enter the markets so far.

Management of Risk: The Group retains limited but experienced patent capability in house, supplemented by external advice, which has established controls to avoid the release of patentable material before it has filed patent applications. Maintenance of the existing patent portfolio is subject to biannual review ensuring that its ongoing cost is proportional to its perceived value. We seek to prolong the value of our proprietary technologies by patenting improved chemical tags and superior biomarker panels when we are able to do so, and we monitor the impact of patent expiry by monitoring of market share of licensed products such as TMT® and TMTpro™.

Section 172 statement

The Board recognises the importance of the Group's wider stakeholders when performing their duties under Section 172(1) of the Companies Act and their duties to act in the way 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) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

The Board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to regard the interests of the company's employees, its relationships with suppliers, customers, the communities and the environment in which it operates. It is the view of the Board that these requirements are addressed in the Corporate Governance Statement, which can also be found on the company's website www.proteomics.com.

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance. The Board believes that two decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders as follows:

Annual General Meeting (AGM)

The Board encourages engagement with the Group's shareholders and took the decision in 2023 to hold the AGM as both an in person and virtual meeting therefore improving accessibility.

Section 172 statement (continued)

Investment in a US laboratory

The board considers the decision to open a US laboratory facility an important investment in the future of the organisation. With a large percentage of interest in the organisation's services originating from the US the new San Diego laboratory will expand the reach of the organisation to provide services to both existing and new customers in the US.

By Order of the Board

Coveham House
Downside Bridge Road
Cobham
Surrey KT11 3EP

Victoria Birse

Company Secretary
9 April 2024

Consolidated income statement

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue			
Licences, sales and services		5,028	7,780
Revenue - total		5,028	7,780
Cost of sales		(3,381)	(3,013)
Gross profit		1,647	4,767
Administrative expenses		(3,268)	(3,039)
Operating (loss)/profit		(1,621)	1,728
Finance costs		(797)	(473)
(Loss)/profit before taxation		(2,418)	1,255
Tax (charge)/credit		(25)	70
(Loss)/profit for the year		(2,443)	1,325
(Loss)/profit per share			
Basic	3	(0.83p)	0.45p
Diluted		(0.83p)	0.43p

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
(Loss)/profit for the year	(2,443)	1,325
Other comprehensive income for the year		
<i>Items that will or may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	(41)	158
Re-measurement of Defined Benefit Pension Scheme	43	145
(Loss)/profit and total comprehensive income for the year	(2,441)	1,628
Attributable to owners of parent	(2,441)	1,628

Consolidated balance sheet

As at 31 December 2023

	2023	2022
	£'000	£'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	551	444
Right-of-use asset	2,525	873
	<hr/> 7,294	<hr/> 5,535
Current assets		
Inventories	837	901
Trade and other receivables	955	1,443
Contract assets	345	560
Cash and cash equivalents	2,027	3,994
	<hr/> 4,164	<hr/> 6,898
Total assets	<hr/> 11,458	<hr/> 12,433
Current liabilities		
Trade and other payables	(629)	(823)
Contract liabilities	(1)	(104)
Borrowings	(11,235)	(11,262)
Lease liabilities	(609)	(300)
	<hr/> (12,474)	<hr/> (12,489)
Net current liabilities	<hr/> (8,310)	<hr/> (5,591)
Non-current liabilities		
Lease liabilities	(1,631)	(353)
Pension provisions	(419)	(434)
Total non-current liabilities	<hr/> (2,050)	<hr/> (787)
Total liabilities	<hr/> (14,524)	<hr/> (13,276)
Net liabilities	<hr/> (3,066)	<hr/> (843)
Equity		
Share capital	2,952	2,952
Share premium	51,466	51,466
Share-based payment reserve	4,713	4,495
Merger reserve	10,755	10,755
Translation reserve and other reserve	(10)	31
Retained loss	(72,942)	(70,542)
Total deficit	<hr/> (3,066)	<hr/> (843)

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Translation reserve £'000	Merger reserve £'000	Retained loss £'000	Equity attributable to owners of the parent £'000	Total (deficit) £'000
At 1 January 2022	2,952	51,466	4,193	(128)	10,755	(72,013)	(2,775)	(2,775)
Profit for the year	-	-	-	-	-	1,325	1,325	1,325
Exchange differences on translation of foreign operations	-	-	-	158	-	-	158	158
Re-measurement of Defined Benefit Pension Schemes	-	-	-	-	-	145	145	145
Profit and total comprehensive expense for the year	-	-	-	158	-	1,470	1,628	1,628
Credit to equity for share-based payment	-	-	303	-	-	-	303	303
At 31 December 2022	2,952	51,466	4,495	31	10,755	(70,542)	(843)	(843)

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital	Share premium account	Share based payment reserve	Translation reserve	Merger reserve	Retained loss	Equity attributable to owners of the parent	Total (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	2,952	51,466	4,495	31	10,755	(70,542)	(843)	(843)
Loss for the year	-	-	-	-	-	(2,443)	(2,443)	(2,443)
Exchange differences on translation of foreign operations	-	-	-	(41)	-	-	(41)	(41)
Re-measurement of Defined Benefit Pension Schemes	-	-	-	-	-	43	43	43
Loss and total comprehensive income for the year	-	-	-	(41)	-	(2,400)	(2,441)	(2,441)
Credit to equity for share-based payment	-	-	218	-	-	-	218	218
At 31 December 2023	2,952	51,466	4,713	(10)	10,755	(72,942)	(3,066)	(3,066)

Consolidated cash flow statement

For the year ended 31 December 2023

	Group Year ended 31 December 2023 £'000	Group Year ended 31 December 2022 £'000
(Loss)/profit after tax	(2,443)	1,325
Adjustments for:		
Finance costs	797	437
Depreciation of property, plant and equipment	123	106
Lease depreciation	361	178
Tax (credit)/charge	25	(70)
Share-based payment expense	218	303
Operating cash flows before movements in Working capital	(919)	2,279
Decrease in inventories	63	187
Decrease/(increase) in receivables	704	(920)
(Decrease)/increase in payables	(298)	293
(Decrease)/increase in provisions	(15)	80
Foreign exchange	9	151
Cash (used in)/generated from operations	(456)	2,070
Tax (paid)/received	(25)	70
Net cash (outflow)/inflow from operating activities	(481)	2,140
Cash flows from investing activities		
Lease upfront payment	(187)	-
Purchases of property, plant and equipment	(237)	(319)
Loans advanced to subsidiary undertakings	-	-
Net cash (outflow)/inflow from investing activities	(424)	(319)
Financing activities		
Lease payments	(238)	(209)
Debt repayments	(824)	-
Net cash outflow from financing activities	(1,062)	(209)
Net increase in cash and cash equivalents	(1,967)	1,612
Cash and cash equivalents at beginning of year	3,994	2,387
Effect of foreign exchange rate changes	-	(5)
Cash and cash equivalents at end of year	2,027	3,994

Notes to the Financial Information

1. Basis of Preparation

The financial information set out in this document does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022 within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023, which were approved by the directors on 9 April 2024, have been reported on by the Independent Auditors. The Independent Auditor's reports on the Annual Report and Financial Statements for years ended 31 December 2023 and 2022 were unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2023 will be delivered to the Registrar of Companies in due course and will be posted to shareholders shortly, and thereafter will be available from the Company's registered office at Coveham House, Downside Bridge Road, Cobham, Surrey KT11 3EP and from the Company's website <http://www.proteomics.com/investors>.

The financial information set out in these results has been prepared using the recognition and measurement principles of UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2022, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2023. Other new standards, amendments and interpretations to existing standards, which have been adopted by the Group have not been listed, since they have no material impact on the financial statements.

2. Liquidity and Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Statement and Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in the consolidated cash flow statement.

Notwithstanding net liabilities of £3,066k these financial statements have been prepared on the going concern basis which remains reliant on the Group achieving an adequate level of sales in order to maintain sufficient working capital to support its activities. The directors have reviewed the Company's and the Group's going concern position, taking account of current business activities, budgeted performance and the factors likely to affect its future development, as set out in the Annual report, and including the Group's objectives, policies and processes for managing its working capital, its financial risk management objectives and its exposure to credit and liquidity risks.

In particular, the directors have considered the challenges from the macro environment on international business, and the general inflationary pressure on costs. The Company did not see any impact on the supply chain of its raw materials or its products but did observe reduced demand for TMT® and for its services during the second half of 2023 but has seen first signs of a potential

recovery since the beginning of 2024. During 2023 the Company has observed price increases from its suppliers and vendors and had increases in its labour costs.

Due to the continued backdrop from the macro environment on international business, and the general inflationary pressure on costs, Group revenues for the year ended 31 December 2023 decreased by 35% to £5.03m (2022: £7.78m). Proteomic (biomarker) services decreased 41% to £1.63m (2022: £2.75m). Sales and royalties attributable to TMT® and TMTpro™ reagents were £3.40m (2022: £4.16m). Total costs, excluding finance costs, rose to £6.65m (2022: £6.05m) and this resulted in an operating loss of £1.62m (2022: operating profit of £1.73m) and a net loss of £2.44m (2022: a profit of £1.33m). Cash reserves at the year-end were at £2.03m (2022: £3.99m).

The Group is also dependent on the loan facility provided by the Chairman of the Group, which under the terms of the facility, is repayable on demand. The amount owed as of 31 December 2023, including interest, was £11,235k (2022: £10,459k).

The directors have received a legally binding written confirmation from the Chairman that he has no intention of seeking its repayment, with the facility continuing to be made available to the Group, on the existing terms, for at least 12 months from the date of approval of these financial statements or until at least 30 April 2025.

On 29 March 2021, the loan facility with Vulpes Investment Management Private Limited (“VIM”) (the “Loan”) was amended such that the Loan and all accrued interest is now repayable on 1 May 2022 (previously 1 May 2021). On the 17 June 2021 the Loan Agreement was amended to allow for conversion into ordinary shares such that until 30 April 2022, VIM may convert part (being not less than £50,000 or a multiple thereof) or all of the Drawn Loan and accrued interest to 31 December 2022 (being £51,538) into new ordinary shares of the Company. The conversion price was 7.16p per share, which is the average of the closing middle market price for the ordinary shares of the Company during the five consecutive trading days immediately prior to entering into the Loan Amendment. On 30 March 2022, the Company signed the Third Amendment to the VIM Loan Agreement which extended the term of the loan to 30 June 2023. At 31 May 2023 amounts drawn £700k interest £102k). The loan and accrued interest totalling £824,424 was repaid to VIM on the 1 June 2023.

Following a detailed review of forecasts, budgets, sales order book and with the knowledge of how the Group has traded in the second year post the global pandemic, the directors have a reasonable expectation the Group as a whole, has adequate financial and other resources to continue in operational existence for the period of at least twelve months post approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

3. Profit per Share from Continuing Operations

The calculations of basic and diluted loss per ordinary share are based on the following profits and numbers of shares.

	2023	2022
	£'000	£'000
(Loss)/profit for the financial year	(2,443)	1,325

	2023	2022
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share:	295,182,056	295,182,056
Weighted average number of ordinary shares and outstanding options for the purposes of calculating diluted earnings per share:	311,222,086	309,020,565

The weighted average number of ordinary shares outstanding was calculated applying the treasury stock method to an amount of 23.6m share options which were in the money at the 31 December 2023. An average share price for 2023 of 5.43p per share added by the outstanding service amounts for these options and resulting in a number of shares of 16,040,030 added to the existing issued share stock for the purpose to calculate the diluted EPS. A number of 0.5m shares were not considered in the calculation of the weighted number of outstanding shares used for the diluted EPS calculation as these options were not dilutive at the 31 December 2023. Since the Group is recording a loss for 2023 no dilution has been recognised in calculation of the loss per share for 2023.

4. Cautionary Statement on Forward-looking Statements

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