IXICO plc
Annual Report and Accounts 2023

Company registration number 03131723

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Chair's statement

This is my last statement as Chair as, after ten years on the Board and seven as Chair, I will step down at the AGM in January 2024 and be succeeded by my fellow non-executive director, Mark Warne.

I am proud of all that the Group has achieved over the last decade. IXICO now leads the market in neurological image analysis capabilities. We support academic and industry partnerships investigating and illuminating disease progression in the challenging conditions of Huntingdon's disease (HD) and Alzheimer's disease (AD) and have seamlessly delivered image analysis services to the world's largest HD clinical trial.

This year, Eisai announced FDA approval for a drug to treat AD and Eli Lilly reported positive late stage trial results that together, by showing disease modification benefits, herald a new era for neurological drug development. Such positive progress towards mechanisms that slow, halt and potentially even reverse the progression of AD, coupled with the global epidemic of dementia and the rapid growth in associated international healthcare costs, creates a compelling investment case for the biopharma industry generally and IXICO in particular.

Despite the currently challenging neurological disease clinical trials market, typified by high profile drug failures and decades of research to achieve even minor progress, IXICO has progressed in its technical, scientific and operational capabilities and is strongly positioned to scale. In the last few months, we have streamlined our cost base whilst sharpening our focus on the growth opportunity ahead. The next generation TrialTracker platform is now production ready and our recent investments in IT infrastructure provide the Group with the highest levels of data security and resilience.

Overview

Our purpose is to advance medicine and human health in neuroscience by converting raw imaging data, captured as part of the clinical trial process, into clinically meaningful information. We accurately measure changes (which can be very small) in biomarkers relevant to diseases of the brain. By doing so, our data analytics services provide objective insights into the efficacy and safety of the drugs being trialled and so deliver greater efficiency and accuracy to the clinical development process. These services are underpinned by our TrialTracker end-to-end technology platform which supports the capture, management, analysis and reporting of data on behalf of each clinical trial in a seamless, centralised, regulatory compliant system that removes the need for travel to global imaging sites.

A step backwards to move forwards.

It has been an especially challenging year for the biopharmaceutical industry and the clinical trials service providers that support it. Across the Contract Research Organization (CRO) market we have seen fewer clinical trial initiations as large pharma companies scrutinise their existing trial pipelines. Meanwhile, biotech companies, facing tight capital market conditions, are making cash conservation their primary priority. Consequently, cost restructuring and market consolidation have been widely reported.

In this context, IXICO has performed satisfactorily. Despite reduced revenues (which we communicated this time last year) the Group has delivered an earnings performance in line with market expectations and retains a strong, debt-free, cash balance.

As the Group looks to return to growth, we have carefully adjusted expectations based on the wider market challenges and the Board took the important, but uncomfortable, decision to right-size our cost base. I thank the IXICO team for the professional, sensitive and respectful way in which this was managed by all involved.

Governance and people

IXICO's future depends on our people and the Board thanks all our employees for their hard work, dedication, and flexibility in this particularly challenging year. We continue to promote our values – Aspiration, Ability, Agility and Accountability – to augment our culture and align our team with our purpose. The Group uses the ten principles outlined in the Quoted Companies Alliance ('QCA') Corporate Governance Code to ensure it maintains appropriate governance arrangements and the Board conducts itself in a manner that places IXICO's values and the QCA principles at the core of our culture. The Board met formally thirteen times during the year with several additional ad-hoc meetings or calls to discuss specific topics.

I am delighted that Dr Dipti Amin has joined us as a Non-Executive Director. An experienced NED with an executive career that includes more than twenty years with IQVIA, where she occupied senior positions in compliance, drug safety and medical affairs. Dipti brings significant additional pharmaceutical and CRO experience to the Board.

At the 2024 Annual General Meeting ('AGM'), in accordance with the Company's Articles of Association, Dipti Amin and Mark Warne will stand for election, supported by the Board of Directors' recommendation. I will retire from the Board on the same date and Mark Warne will step up to the Board Chair position. I am delighted that Mark has agreed to do so, thereby creating a smooth succession, and wish him, our fellow directors and the wider IXICO team the best of luck for the future.

Shareholders

The Group has an impressive list of leading institutional investors, and we would like to thank all our shareholders for their continued support and enthusiasm for IXICO's important work.

Outlook

While we expect 2024 to be largely flat on 2023, we anticipate growth in our orderbook of client contracts should position the Group for a return to double digit revenue growth in 2025.

IXICO is well positioned in its wider market which we expect to grow and therefore attract new investment in the global pursuit of medical solutions to those neurological diseases so that impact the lives of millions of patients and impose wider significant social and economic burdens. We are a small but important part of the solution to this high unmet medical need and the Board is proud of the way that the Group approaches its business activities with this significant responsibility held firmly at the front of mind.

Charles Spicer
Non-Executive Chair
4 December 2023

Chief Executive's statement

Executive Summary

As I look back and reflect on 2023, it is with mixed feelings. On the one hand, the Alzheimer's Disease (AD) research landscape continues to experience a significant resurgence, with regulatory approvals for new therapies with blockbuster potential imminent. After nearly two decades of high-profile disappointing results in Phase 3 trials, Biogen's Aducanumab approval in 2021 was followed in 2023 by the accelerated and then full FDA approval granted for Eisai's Lecanemab and positive Phase 3 readouts for Eli Lilly's Donanemab. Our view is that these major milestones will be a trigger for more investment in neurological disease areas by the biopharmaceutical industry. With this favourable backdrop, we took significant strides in 2023 in the delivery of our purpose of harnessing medical imaging data to advance human health, investing to strengthen our position as a specialist provider of neuroscience imaging data analytics solutions to the clinical trials industry.

Conversely, macro-economic impacts of a challenging political landscape, high global inflation, and continuing regional conflicts resulted in the biopharmaceutical industry cutting back on development pipelines and/or delaying new clinical trial start-ups. Like many other CRO companies supporting the clinical trials market, IXICO was not immune to the financial impacts of these conditions, resulting in a weaker year of new contract bookings than had been anticipated. Despite lower than planned revenues, I am pleased to report earnings that align with market expectations. However, given that we expect the challenging business environment to continue across 2024, we recently took the difficult decision to reduce headcount to right size our cost base as we reset the business for growth.

During the year we supported two important enhancements to neurological disease knowledge in AD and Huntington's disease (HD). We supported the Global Alzheimer's Platform (GAP) by providing PET Amyloid visual reads for their 1,000 participant BioHermes trial, completing data transfers ahead of the requested timelines. The study was notable for achieving a secondary recruitment target requiring a minimum of 20% of the study participants to be from traditionally underrepresented populations, enabling IXICO to report on initial findings on differences between racial and ethnic groups at the CTAD opening symposium (Boston, October 2023). We also led, alongside the CHDI Foundation, the Huntington's Disease Imaging Harmonization Consortium (HD-IH) in securing funding to ensure the full analysis of more than 6,000 HD datasets using IXICO's leading IXIQ.Ai analytics platform. We anticipate that the insights derived from the work of the HD-IH consortium will create long term value to the biopharmaceutical partners to support them in their clinical development programmes and to the broader HD research community.

We delivered seamlessly for our clients, providing image analysis services to more than 30 studies, broadening our offering across therapeutic indications whilst improving our service level metrics to exceed our clients' expectations. In tandem, we further developed our PET imaging capabilities, including an enhanced service offering for PET tracer management, deepening our reach into the AD market. Our next generation TrialTracker platform is production ready, and we are looking forward to deploying this Microsoft Azure enabled technology in support of our client trials during 2024 and in the years ahead.

We have made strides in executing our 2022 to 2027 "Precision in Neuroscience" strategy. We enter our new financial year with an order book of signed contracts valued at £14.8m and a stronger pipeline of client opportunities, with visibility of new contracts to provide a platform for double digit growth in 2025 and beyond. Considering the longer term, I am also excited by the progress made with the "Bridge Pillar" of our strategy, with a recent funding award to develop our plans for post-market decision support; this development will provide the bridge between clinical trials and diagnostic tools to enable the right patients to safely access novel therapies in AD. There remains significant opportunity in this space, and our intention is to accelerate further development in this area during 2024.

I would like to thank my team at IXICO for their incredible hard work over the last twelve months, and for the approach and professionalism that they have brought to both meeting the opportunities and supporting the challenges that we and our current and prospective clients face in developing new therapies across many neurological diseases. As I look forward to 2024, it is with cautious optimism underpinned by a deep-rooted confidence that IXICO is better placed than it has ever been to deliver seamlessly for our clients on our purpose of harnessing medical imaging data to advance human health within neuroscience.

Market overview

The burden of degenerative neurological disease continues to increase, driven by an aging population. Research in this area continues to advance; greater understanding of neurological disease has been recently driven by insights derived from multi-modal approaches combing genomics, biomarkers, diagnostics, and imaging techniques, and this, along with emerging new drug mechanisms, is changing the fundamentals of innovation in the sector.

Recent regulatory progress in AD for Biogen, Eisai and Eli Lilly has given pharma companies greater certainty of commercial returns in what has been historically a very challenging indication. This has encouraged further investment in neuroscience portfolios and, consequently, the market for clinical trials in neuroscience is expected to continue to grow at pace.

Central Nervous System disorders account for the second largest segment of pharmaceutical R&D investment, behind only that of oncology. The CNS disorders segment accounted for 10.6% of the clinical trial imaging market in 2020. This segment has been valued at $108 million in 2021 and it is expected to grow to $157 million in 2026 with a CAGR of 7.7%

Neuroimaging is widely deployed in CNS trials at all phases, firstly to screen patients for safety and eligibility and then at regular intervals to detect and measure changes in brain structure caused by disease progression and interventions. Although many imaging biomarkers are exploratory, objectively detecting and measuring even small changes can deliver significant insights to the sponsor on treatment mode of action and efficacy.

The core of IXICO's imaging offer is in its proprietary, validated artificial intelligence technology which is deployed to deliver standardised and repeatable analysis generating reliable insights; IXIQ.Ai can more than double the amount of usable data compared to widely used tools delivering greater value to clients in extracting insights from its trial investments. In addition, IXICO offers its clients deep expertise, in imaging techniques and endpoints with specialist Biomarker Scientists dedicated to each study to help clients plan the imaging approach and protocol, and to provide quality assurance for the study output. IXICO's TrialTracker platform ensures robust data management and security which is of the highest importance to clients operating in the highly regulated field of clinical trials, particularly when deploying studies in multiple jurisdictions.

Outlook of the neurological drug development segment by indication

Alzheimer's Disease (AD)

Historically, over 99% of novel treatments in development for AD have failed to achieve regulatory approval, with many of these failures occurring in the late stage of trial, representing a loss of many billions of dollars of investment. More recently, Biogen and Eisai have achieved approval by the FDA and, with a further asset now in regulatory review (Eli Lilly), there is renewed confidence in the validity of the research approach. This has paved the way for even greater focus in this area of research and development. The IXIQ.Ai brain segmentation platform can improve success rates by providing more usable data, enabling more targeted patient selection to lower the biggest driver of costs and inefficiencies while increasing the chance of success. Currently there are over 140 drugs in the global AD development pipeline; many of these drugs are exploring new modes of action, increasing the value of imaging biomarkers to closely monitor patients for safety, as well as to study disease progression and drug efficacy.

Parkinson's Disease (PD)

Until recently, treatments for PD have focused on reducing the severity and impact of the physical symptoms of this debilitating disorder. However, decades of research into the underlying causes of PD are now bearing fruit with the development of newer drugs that focus on slowing, halting, or even reversing disease progression, particularly in the early stages. To date, IXICO has provided neuroimaging services to 14 trials in parkinsonian syndromes and more recently has introduced algorithms for DAT SPECT imaging modalities, specifically to support the growing portfolio of PD trials.

Multiple Sclerosis (MS)

MS tends to affect a younger patient population compared to AD and PD, and a wide portfolio of therapies has been available for treatment for many years. However, the disease is increasingly now well-understood, and research has identified new clinical subtypes, ushering in new approaches to treatment and management, and fuelling an increasing development pipeline. IXICO is partnering with leading clinical centres on the development of new algorithms to support subtype detection and monitoring, providing leading-edge services to MS studies. The Group also recently introduced an early engagement programme to enable sponsors to fully take advantage of novel imaging approaches on their studies to unlock new insights.

<u>Huntington's Disease (HD)</u>

HD is a relatively rare neurodegenerative disease caused by a faulty gene. Although there have been recent setbacks in the progress of drug development for this indication, the genetic nature of HD means that patients can be reliably identified earlier in the disease pathway, long before symptoms are apparent. This may enable earlier intervention and raises the possibility of gene therapies, supporting the continued growth of the HD development pipeline. IXICO is a leader in neuroimaging in HD, having supported many HD studies in the past decade and has strengthened its leadership position through its close collaboration with the CHDI Foundation and the HD-IH consortium (see the Science review).

<u>Orphan and Rare Diseases</u>

Initiatives by the EU EMA and US FDA such as orphan drug designation, and the increasing use of genomic sequencing technology to screen newborns and to investigate early childhood development disorders, have encouraged significant investment into a wide range of rare diseases. In the past five years a new wave of rare disease neurological treatments, including dozens with orphan designation, have been approved. With its expertise in imaging and biomarker development, IXICO has successfully adapted many biomarkers for rare neurodegenerative diseases to support a wide range of studies in rare indications such as Friedreich's Ataxia, Multiple System Atrophy and Progressive Supranuclear Palsy.

Operational review

During 2023, the Group worked on more than 30 studies across a broadening range of neurodegenerative indications, supporting all phases of clinical research from small early phase studies to larger Phase 3 trials.

<u>Delivering operational excellence</u>

As a highly specialised provider of tailored solutions, we strive to deliver an excellent service to our biopharmaceutical clients and to the imaging sites we work with. We achieve our high standards by being agile in decision-making and through our ability to customise the solutions we offer. Examples of 2023 performance metrics include:

- Project performance: we monitor our performance through customer satisfaction, quality, resources and deliverables. Our metrics have exceeded both those agreed with our sponsors and our own internal targets.

- Geographies: We supported more than 30 studies across 25 countries. During 2023 we added more than 10 SPECT sites to our network of qualified sites, bringing our total qualified site number for MRI, PET and SPECT to over 1,000 sites across the globe.

- Analysis units: we analysed over 30,000 image endpoints this year for over 4,000 patient visits. The number of endpoints analysed increased by 37% compared to FY22.

- Turnaround timelines: fast turnarounds of radiology reports are key to ensure patient eligibility and treatment decisions are not delayed. During 2023, IXICO consistently delivered radiology reports in an average of 3 working days or less, meeting or exceeding the high standards of expectation by clients for brain scans.

We strive to stay at the forefront when developing best practice and have reduced the timelines for transferring data and images to our clients. We know how critical it is for biopharmaceutical companies to have quick access to the full set of high-quality data collected in their study to allow regulatory filing, early publication and conference presentations. We continue to streamline our processes to ensure that client requirements are fulfilled or exceeded to achieve these important milestones.

We are proud of our easy-to-work with operations processes, exemplified by a webinar (December 2022) in collaboration with Re:Cognition Health showcasing our best-in-class approach in setting up imaging studies quickly and efficiently.

Enhancing operational capabilities

1. PET Tracer management

   During 2023, IXICO enhanced its service offering to our sponsors to provide PET Tracer management solution for AD and PD studies. PET imaging uses a radioactive tracer during the scan. The tracer's uptake provides information to help determine patient eligibility and treatment efficacy. Due to their radioactive nature, these tracers have a short half-life (e.g., 110 minutes for the most widely used), and require special transportation, licencing and storage conditions. They are complex to produce and therefore their availability may be limited. Due to all these characteristics, tracer management is increasingly of interest to biopharmaceutical companies. IXICO is able to support these activities by facilitating the coordination of the Tracer manufacturing company, the logistics companies and the imaging sites.

2. Next generation of TrialTracker

   Over the past three years, IXICO has utilised its in-house development resources, augmented by contracted expertise, to bring to market a next generation of its TrialTracker platform.

   As with the Group's existing TrialTracker, this is an end-to-end data management platform enabling imaging sites, wherever they are in the world, to upload brain scans whilst automatically checking scan quality and pseudonymising the scan. The platform seamlessly transfers the scan to IXICO's radiological team, to provide image reads and safety checks, and hosts its AI enabled, automated proprietary analysis pipelines.

   The next generation TrialTracker platform has been developed using Microsoft's Azure cloud technologies, providing the Group and its clients with state-of-the-art, secure, resilient, regulatory compliant infrastructure benefitting from highly flexible microservice capabilities. This enables the Group to adapt the platform to suit the specific (and often bespoke) clinical trial needs of its clients and partners.

   The platform is ready to be deployed on client trials having completed extensive testing and validation activities in 2023.

Science review

Significant progress was made across 2023 in further developing, validating and positioning IXICO's clinical trial product portfolio across therapeutic indications. In addition, the Group made further progress in developing core technology to 'bridge' into potential new markets in clinical applications as the field is experiencing significant momentum in the approval of new therapies, specifically in AD. Throughout 2023, IXICO has actively participated in the scientific discussion across core therapeutic areas as demonstrated by the attendance at eight conference and the (co-) presentation of more than 20 posters and (invited) talks. IXICO has furthermore, hosted three scientific webinars with key opinion leaders in AD, gene therapies, and HD.

A key R&D focus was on the extension of IXICO's PET analysis capabilities to extend the service offerings across both relevant (MRI and PET) imaging modalities within a broadening range of neuroscience clinical trials. Specifically, IXICO has now deployed PET visual read and quantitative analysis solutions across core PET tracers in AD and PD. During 2023, we have completed PET analysis of the Bio-Hermes trial for the Global Alzheimer's Platform (GAP). Co-sponsored by pharma companies with an interest in AD clinical development, the landmark 1,000-participant Bio-Hermes study was designed to evaluate the ability of blood-based and digital biomarkers to reflect the presence of brain amyloid in participants enrolled in AD clinical trials. A secondary objective of Bio-Hermes was to include a significant representation of ethnic and racial minority participants, building a highly valuable database as regulatory requirements in AD clinical trials increasingly require improved representation of traditionally underrepresented populations. IXICO provided all PET data collection services as well as the visual radiology read to determine gold-standard amyloid pathology. Following study completion, IXICO's scientific team led an initial analysis of the collected PET biomarkers, specifically focusing on the analysis across ethnic and racial groups. The work was selected for presentation and discussion in the opening symposium at the high-impact CTAD (Clinical Trials in Alzheimer's Disease) conference, held in Boston, Massachusetts, between 24th and 27th October 2023. Selection by the organising committee for this prestigious presentation slot highlights the importance of the work performed for the AD community and provided a significant opportunity for IXICO to demonstrate cutting edge scientific and technical capabilities in AD PET imaging to participating pharma sponsors and academic researchers. As a Bio-Hermes partner with an R&D license on the data collected, IXICO is well-positioned to further investigate the unique dataset and thereby advance scientific knowledge in this critical field of AD development.

Huntington's disease continues to be a key market for IXICO, and good progress was made during 2023 to further underline the Group's leading position by progressing the IXICO-initiated HD Imaging Harmonization (HD-IH) consortium. HD-IH was founded in 2022 by IXICO, the CHDI Foundation Inc. (CHDI) and pharma partners uniQure and PTC Therapeutics to conduct an unprecedented harmonization analysis of more than 6,000 participant-visit magnetic resonance images (MRIs) acquired from over 2,000 research participants. During 2023, the project has completed the initial phase and, through the onboarding of a third pharma partner, Asklepios BioPharmaceutical, Inc. (AskBio) and additional funding commitments by both CHDI and IXICO, secured the necessary financing to complete the project. These analyses are expected to support the development of therapeutic strategies targeting specific HD sub-populations ("precision-medicine"), inform eligibility and dosing decisions for clinical trials, and aid in associated trial design decisions and biomarker development to enable interventional studies earlier in the disease course. IXICO presented an update on progress of HD-IH at the 18th Huntington's Disease Therapeutics Conference (HDTC) held in Dubrovnik, Croatia, from 24-27 April 2023.

Further steps were taken in the development of an extended offering for demyelinating disorders. The Group has previously announced the award of two phase-III trials in MOG antibody-associated disease (MOG-AD) and during 2023 we have extended our service offering to provide automated lesion quantification into one of those trials. With these extended capabilities, the Group can now serve core imaging requirements across demyelinating disorders, including Multiple Sclerosis (MS) as the most prevalent and widely researched disease area. IXICO presented a poster on its quantitative MS analysis at the 9th conference by the European Committee for Treatment and Research in MS, ECTRIMS, held in Milan, Italy, from 11-13 October 2023.

The Group continues an active R&D program exploring opportunities to develop its core clinical trial analytics technology for applications that support treatment-related decision-making in new post-market applications. During 2023, we have actively progressed several partnership opportunities on the development of solutions to provide diagnostic decision-support in clinical practice and safety monitoring of ARIA (amyloid related imaging abnormality), the core side effect of recently approved anti-amyloid therapy. To further support development of a post-market decision support tool, the Group has secured funding that will support and complement IXICO's internal R&D program during 2024.

Growth strategy & Corporate outlook

Our focus remains on neuroscience with neurology global medicine spending expected to grow at 3–6% to more than $140 billion by 2025. This includes much higher growth subsegments, as a range of rare neurological diseases have had new treatments approved or showing positive progression as well as the potential that large population diseases like AD or PD will see further investment consequent to the approval of new treatments.

During 2023, IXICO was impacted by a slow-down in trial start-ups and near-term cutbacks in pharma R&D pipelines resulting from a tighter funding environment affecting the biopharmaceutical industry. Whilst we anticipate these conditions continuing in 2024, we view them as near-term headwinds. We remain resolute in our conviction that the unmet clinical need in neurodegenerative diseases provides significant runway for growth for IXICO, reflected in our "Precision in Neuroscience" strategy.

<u>Our 5-point Precision in Neuroscience strategy</u>

IXICO continued to make good progress in several strategic areas:

<u>Build Pillar:</u> Robust operational performance and cost control measures for the period enabled financial earnings in line with market expectations, despite lower year over year revenues. Investments made during 2023 to build our commercial infrastructure have led to notable increase in the client contract opportunities pipeline providing management visibility to significantly larger numbers of Requests for Proposal (RFP) over the next 24 months, each valued at between £0.25m to £2.5m, across a broadening range of therapeutic areas. This, combined with an order book at the end of 2023 of £14.8m, provides good future revenue visibility and a basis for targeting our commercial efforts to return to double digit revenue growth in 2025 and beyond.

<u>Innovate Pillar:</u> We believe that IXICO will lead in our addressable markets by developing proprietary algorithms that the biopharmaceutical industry rely on to establish both the safety and efficacy of new treatments. Data analysis undertaken by IXICO as part of the GAP Bio-Hermes study (see Science review) completed in 2023 were presented in the opening symposium at the prestigious CTAD (Boston, October 24th), AD clinical trials scientific conference. Presenting important data at large disease specific conferences is expected to increase awareness of IXICO's capabilities to the global pharma industry and provide significant potential future business development opportunities.

In 2023, the HD-IH consortium was expanded (see Science review). The HD-IH consortium deploys IXICO's proprietary IXIQ.Ai brain segmentation platform to conduct a harmonized analysis of more than 6,000 participant-visit magnetic resonance images (MRIs) acquired from over 2,000 research participants. These analyses will support the development of therapeutic strategies targeting more specific sub-populations, inform eligibility and dosing decisions for HD clinical trials, and aid in associated trial design decisions and biomarker development to enable interventional studies earlier in the disease course.

Penetrate Pillar: Despite delays in clinical trial start-ups, we continue to make good progress in pursuing our strategy of penetrating early stage (phase 1 and 2) programmes, accessing the potential to stay with the client for several years as the asset, if successful, moves along the development continuum. Broadening the client base with more early phase studies reduces the risk associated with any single large, late phase project, while providing multiple opportunities to move into larger, later stage (phases 3 and 4) clinical trials in the future.

Developing drugs takes a long time and is expensive. The overall likelihood of approval (LOA) from Phase 1 for all developmental candidates over 2011–2020 was 7.9%. However, rare disease therapies (of which many are in neurology) are notably more successful with an overall LOA of 17.0% and development programs with trials employing patient preselection biomarkers have two-fold higher LOAs (15.9%), driven by a Phase 2 success rate of nearly one-in-two. This insight supports our strategy of becoming the partner of choice across a broader range of rare diseases, as we have done in HD. In addition, we will be looking to leverage our next generation TrialTracker platform to increase commercial success in new trials of large population diseases like AD, MS, or PD, in particular those employing imaging biomarkers combined with potential analysis of non-imaging biomarkers, such as blood-based and digital biomarkers.

Bridge Pillar: There is incredible potential for real world evidence (RWE) to play a much broader role in the advancement of drug development, delivering insights that ensure efficacy and safety, while increasing patient-centricity and trial feasibility. With our recent and ongoing investments in artificial intelligence (AI) and cloud analytics together with our next generation TrialTracker data sharing and AI analysis platform, IXICO's ambition is to address many of the challenges to analysing and interpreting RWE Imaging data. We expect this to expand IXICO's addressable clinical trials market whilst creating a bridge into post marketing and clinical practice markets.

Enhance Pillar: With long lead times, significant regulatory and procurement barriers to entry into the clinical trials market, IXICO is uniquely positioned to partner with innovative analytics organisations to provide a market channel to the global biopharmaceutical industry. This partnering strategy supplements our own innovation roadmap with additional enhancements to our offering to provide cutting edge innovations across a broad range of CNS disease areas. Progress made during 2023 means that we are hopeful to be able to announce our first significant partnership agreement early in 2024.

Giulio Cerroni
Chief Executive Officer
4 December 2023

Stakeholder engagement

The Board recognises that effective stakeholder engagement enables improved, impactful decision-making. It is committed to further strengthening its relationships across all stakeholders impacted by the Group's activities.

The principal strategic decision made during the year was in relation to assessing the operational cost of the Group. This included critically analysing the cost base of the Group, covering both fixed and variable costs to identify cost savings, as well as making the decision to reduce headcount to reflect known short-to-medium term challenges in the clinical trial market. The Board prioritised this to ensure that the Group continues to be well positioned to respond to expected market growth generated by material progress in the development of drugs to address AD and rare neurological diseases. This decision supports IXICO's offering to the neurological clinical trials market, utilising efficient, secure and highly resilient technology that delivers the highest levels of drug safety and efficacy and trial patient stratification assessments.

Our stakeholders

Employees **IXICO employs highly qualified employees in a range of scientific, technical, operational, and supporting roles**	
What's important to them	**How we engage**
Employee engagement is critical to employee happiness, wellbeing and retention. One of the primary topics of engagement is emphasising the Group's purpose and societal benefit arising from its activities. Additionally, employees need to understand their opportunities for development, and how their roles contribute directly and indirectly to the Group's successes. Collaboration and idea sharing along with communication to, within and between teams is crucial.	The Group holds regular Townhalls with employees to communicate material matters and topics including strategic, scientific, operational, commercial and financial. Development and training plans are defined as part of annual performance reviews to support personal growth as well as a wider contribution to the Group. These plans are reviewed and revisited each year by line managers and their direct reports. During the year a survey was conducted to obtain feedback from employees.
Impact of key strategic decision Right sizing the organisation by removing a small number of roles in the Group affected all employees, not just those directly impacted. A focus on clear communication, accompanied by a transparent approach and rationale for the change supported employees in understanding the change and their response to it.	

Shareholders **IXICO has a strong list of institutional and individual shareholders**	
What's important to them	**How we engage**
Engagement with shareholders focusses on the Group's purpose and its strategy for delivering this. Shareholders want to see a return to growth and have the confidence that the Group's management are making decisions that place the Group in the best possible position to capitalise on market opportunities as they arise. This includes responding to challenges in a measured and rational manner.	Shareholders are communicated to via LSE RNS, IXICO's website, investor presentations and social media. The Group delivers twice-yearly results briefings to communicate developments to, and receive feedback from, shareholders. Our Executive Directors, Non-Executive Chairman and other Non-Executive Directors make themselves available to meet with shareholders as appropriate.
Impact of key strategic decision Key shareholders have been impacted within their portfolios by companies that have found the lack of available capital in the market challenging. IXICO's careful management of its financial reserves, whilst continuing important investments that support future growth supports shareholder confidence that the Group is addressing short term challenges whilst securing capabilities to respond to both expected and unexpected opportunities as they arise.	

Pharmaceutical and biotech clients **Clients rely on data analytics services to support critical decisions in their clinical development programs**	
What's important to them	**How we engage**
Clients expect high levels of quality assurance, with consistent and reliable service levels. They also seek more efficient ways to run trials, alongside utilising new product development and innovation. Scientific leadership and consultancy are also highly valued.	Each project has a dedicated project manager accountable for service delivery, where weekly project calls are standard practice. Our science team is closely involved in projects enabling clients to take advantage of the latest advances in the IXICO analysis portfolio and expertise. The Group supports all client audit requirements, and operates under a Quality Management System, accredited to ISO 13485.
Impact of key strategic decision The Group has ensured that it continues to achieve the highest levels of client satisfaction and service quality across the year, prioritising these metrics as it seeks to become the partner of choice across neurological clinical trials.	

Scientific Partners **IXICO is a member of several scientific consortia and scientific partnerships**	
What's important to them	**How we engage**
These partners require scientific and operational capabilities, with a focus on investment in innovation. It's also important to develop relationships that support the community's wider purpose of advancing human health.	IXICO is engaged in several scientific collaborations and contributes at conferences dedicated to specific disease areas. The Group provides discounted and/or in-kind services to collaborations designed to advance knowledge of neurological diseases. During the year, the Group CSO undertook detailed analysis on behalf of a partner resulting in a prestigious symposium presentation at this year's CTAD conference.
Impact of key strategic decision A careful review of the most impactful scientific developments to support clients and partners has increased the focus of the Group in its investments to the long-term benefit of these stakeholders.	

Imaging Centres **Imaging centres perform brain scans on participants involved in clinical trials. The centres upload images to IXICO's systems for analysis**	
What's important to them	**How we engage**
The centres used by IXICOs clients require training and qualification of their personnel to deliver accurate imaging data. During a project, technical support and timely issue resolution is critical in successfully delivering for our mutual client.	Our online imaging-centre-support model enables centres to receive training and qualification at a time that suits them. Access to support is also managed through an online helpdesk.
Impact of key strategic decision The Group continues to provide the highest levels of support for the qualification of new imaging centres, thereby accelerating centre onboarding to a trial and reducing the burden on scarce healthcare resources. Positive feedback from sites continues to separate IXICO from its competition in this respect.	

Participants **Our clients recruit participants to take part in the clinical trials of their drug candidates**	
What's important to them	**How we engage**
Participants rely on IXICO to provide objective measurement of the impact of trial drugs on the brain. A participant's confidence in the safety of enrolling in a clinical trial is of the highest importance and they rely on accurate and timely readings to ensure this.	Whilst we do not directly communicate with trial participants, we engage with patient representatives to understand the challenges of living with neurological diseases.
Impact of key strategic decision The right sizing of the organisation ensures that IXICO can provide sustained delivery of its purpose which places the improvement of health outcomes for patients suffering from neurological disease at the core of everything that it does.	

S172(1) statement:

As required by Section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In so doing, the director must have regards, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Interests of the Group's employees;
- Need to foster the Group's business relationships with suppliers, customers and others;
- Impact of the Group's actions on the community and environment;
- Desirability of the Group maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the Group.

The Directors continue to consider specific stakeholder groups (as outlined in more detail within the governance section). This includes the regularity and means by which the Group engages with its stakeholders.

Our ESG journey

IXICO's purpose is to advance medicine and human health by converting clinical-trial imaging data into clinically meaningful information. IXICO's values are key to the delivery of its purpose but also provide an important basis upon which to deliver ESG goals.

In order to deliver its purpose, it is essential that IXICO adopts high standards of governance and compliance whilst making a positive impact on society and this principle forms the basis of IXICO's ESG framework.

Having developed our ESG framework and the material topics which we considered to be essential in achieving sustainable business growth, we have spent 2023 focusing on further developing this framework and, looking at what we can do in terms of improving our identified material topics. As part of this, we have calculated our first carbon footprint with the support of Heart of the City[1]. This is just the start of our ESG journey and we will continue to improve how we collect ESG data which in turn will improve the reliability of our ESG positioning and the clarity of the actions we need to take to improve this further. This will be a key focus for 2024 as further detailed below.

Whilst our ESG data collection journey is in its infancy, the calculation of our baseline 2023 figure has already identified those areas where we can work to reduce IXICO's climate impact. In Scope 3, purchased goods and services is by far our largest emission and we therefore need to better scrutinise this data. We have had very positive feedback from our suppliers who are introducing a range of initiatives to reduce their carbon footprint and we therefore need to look at ways we can reflect these ESG initiatives and carbon reductions within our data. Similarly, we will use this approach to scrutinise the emissions data for our employees working from home and how better we can support and engage with our employees in reducing our footprint in this area.

ESG Progress and Targets

ENVIRONMENTAL
Impact on environment
Commitment To reduce the Group's carbon footprint by lowering reliance on fossil fuel generated power where possible and economically viable and more broadly limit the environmental impact of Group employees and business operations.

2023 progress and priorities
 	
- With the support of Heart of the City, we collected data for the first time enabling the Group to calculate estimated carbon dioxide emissions for Scopes 1,2 and 3. The outcome of these annual estimates is as follows:.
    - Scope 1: approximately 5 tons of CO2
    - Scope 2: approximately 10 tons of CO2
    - Scope 3: approximately 1,200 tons of CO2
- The IXICO ESG Taskforce is well established and meets quarterly to monitor and promote employee engagement with IXICO's ESG journey
- Whilst our primary focus is to investigate ways to reduce our carbon footprint, we will also consider carbon offsetting strategies where these can be shown to be robust and represent more than 'greenwashing'.

[1] Heart of the City | We believe every business can be a force for good (theheartofthecity.com)

PEOPLE AND SOCIETY

IXICO requires a diverse and skilled workforce that is aligned to the Group's purpose of advancing medicine and human health.

This includes attracting and retaining talented individuals, with the primary aim of benefitting society as a whole.

Diversity, equity and inclusion	Talent retention and development	Engagement	Societal benefit & impact
Commitment To always promote and support diversity and inclusion within the workforce	Commitment To develop appropriate tools, resources and policies to attract and retain talent	Commitment To implement appropriate channels of engagement for two-way communication	Commitment To promote the purpose of the Group in supporting the development of drugs to address the high unmet medical need of neurological disease.
2023 progress and priorities - Initiated sponsorship of overseas employee visa requirements to attract specific skills into the Group. - Developed IXICO's Diversity & Inclusion strategy by introducing metrics to measure average and median gender pay.	2023 progress and priorities - Refreshed and enhanced HR policies with a focus in 2024 on launching an enhanced D&I strategy. - Implemented additional personal and professional development modules with IXICO's on-line training provider. - Launch of private healthcare cover for employees. - Supporting staff in their continued professional education and development. - Launched a framework to support employees with the achievement of personal and company objectives in line with IXICO's 4As values.	2023 progress and priorities - Conducting employee surveys and ongoing programme of cross organisation communication via staff meetings and newsletters. - Held staff engagement events which will continue into 2024.	2023 progress and priorities - Continued development of new and improved analysis pipelines. - Continued growth of the HD-IH consortium enabling the completion of the retrospective analysis of over 6,000 HD imaging datasets. The output of the project will enable improved approaches to stratifying patients in HD clinical trials as well as increasing the precision of efficacy measurements of drugs within HD clinical trials. - Presented data analysis results at the October 2023 CTAD conference in respect of the effects of race and gender on amyloid positivity and diagnosis of AD using data from the GAP BioHermes project.

RESPONSIBLE BUSINESS

IXICO provides services to the biopharmaceutical sector, which is one of the world's most closely regulated industries.

As a Group quoted on AIM, we strive to comply with the QCA governance code (see page 26). The primary commitment is to have transparent and effective governance processes to provide reassurance to all its stakeholders.

Stakeholder engagement	**Data governance**	**Innovation**	**Zero tolerance to misconduct and fraud**
Commitment To engage with all stakeholders, and adapt the Group's strategies towards delivering common themes and priorities	Commitment To capture, process, store, analyse and report data in a controlled, secure resilient manner and in compliance with data protection regulations and stakeholder expectations.	Commitment To provide neurological disease biomarker analysis that supports the development of new medicines designed to address the high unmet medical need within neurological disease.	Commitment To establish policies and procedures to reduce fraud and encourage an open environment for whistleblowing
2023 progress and priorities - Engagement with stakeholders including clients, suppliers, patient groups and investors to align on ESG commitments. These initiatives will continue into 2024 to ensure IXICO's approach is aligned with the commitments and aspirations of its stakeholders.	2023 progress and priorities - GDPR training and subsequent refresher training forms part of the HR induction programme. - Enhanced data protection policies launched in 2023. - Continued investments in IXICO's infrastructure and data governance program.	2023 progress and priorities - Ongoing programme of analysis pipelines to enable valuable insights into the progression of AD and HD. - Collaboration between IXICO's Science and Technology teams to support IXICO's technological advancements in its launch of its next generation analysis platform.	2023 progress and priorities - Update of general HR policies to support high standards of behaviour expected of our culture. - Anti-bribery training forms part of the HR induction programme. However, in 2024, a general refresh of anti-bribery training will be implemented in conjunction with the roll out of an IXICO code of conduct.

Financial review

Right sizing the Group for future growth.

In 2023, the Group has navigated a challenging trading environment. This was anticipated, and the Group has delivered financial earnings for 2023 in line with market expectations.

Looking to 2024, ongoing macro-economic and political challenges continue to weigh down on the clinical trials market, and, in particular, the availability of capital. This has led to cost restructuring and consolidation across the pharma, biotech and CRO space, and has softened the Group's revenue outlook for 2024, as announced in September 2023. To anticipate this, the Group has undertaken cost reduction measures, including a 'right sizing' of the employee base seeking to balance the weaker short-term outlook and the medium-long term market opportunity (which, if anything, has strengthened in the year).

The Group expects to deliver flat revenue across 2024, before returning to revenue growth in 2025.

This review includes a comparison of the financial KPIs used to measure progress over the prior year, a summary of which is shown below:

KPI	2023 result	2022 result	Movement
Revenue	£6.7m	£8.6m	£1.9m ↓
Gross profit	£3.3m	£5.2m	£1.9m ↓
Gross margin	49.1%	60.7%	1,160bps ↓
EBITDA (loss)/profit	(£0.8m)	£1.5m	£2.3m ↓
Operating (loss)/profit	(£1.4m)	£0.9m	£2.3m ↓
(Loss)/profit per share	(2.44p)	2.14p	4.58p ↓
Order book	£14.8m	£16.0m	£1.2m ↓
Net assets	£11.4m	£12.5m	£1.1m ↓
Cash	£4.0m	£5.8m	£1.8m ↓
Non-current asset investments	£1.9m	£2.3m	£0.4m ↓

Revenue

Revenue for the year of £6.7 million (2022: £8.6 million) represents a year-on-year contraction of 23%. This contraction was expected, and was caused by the final year impact of large client trial cessations arising across 2021 and early 2022, each materially impacting future revenues. Replacing the revenues lost from these trials takes time, both in contracting and initiating new trials and those new trials will tend to be lower value, earlier phase trials compared to the large, failed trials (which were predominantly late stage).

Across 2023, the Group has seen lower levels of new contract bookings than it anticipated, a trend seen across the clinical trials market. The Group will deliver approximately flat revenues in 2024 before an expected return to revenue growth in 2025.

Gross profit

The Group reports gross profit of £3.3 million for the year (2022: £5.2 million). This equates to a gross margin of 49% (2022: 61%). Whilst this remains a strong gross margin, the reduction on the prior year reflects both the reduction in revenues and a revenue mix increasingly reflective of earlier phase trials, which tend to be lower margin. Whilst in the short term, a portfolio of early phase trials results in lower gross margins, this portfolio also provides a strong base for future growth, as those trials that successfully move from early to late phase provide the Group with the opportunity to continue providing services as these trials transition to larger, later phase trials.

Earnings before interest, tax, depreciation, and amortisation ('EBITDA')

The Group delivered an EBITDA loss of £0.8 million in the year (2022: £1.5 million profit). This reflects the reduction in revenues, tighter margins, a lower level of grant income, several non-recurring benefits that supported profitability in 2022 and a reduced level of cost capitalisation. These negative impacts have then been partially offset by careful cost management including the completion of a headcount reduction exercise immediately post the financial year end.

	2023 £000	**2022 £000**
Profit attributable to equity holders	(1,178)	1,032
Depreciation of fixed assets	400	451
Amortisation of fixed assets	225	188
Interest on lease liabilities	29	33
Interest on cash held at bank	(105)	(10)
Taxation	(183)	(147)
EBITDA	(812)	1,547

Operating profit

Operating expenditure in the year reflected careful cost management alongside targeted investment, specifically:

- research and development expenses of £0.9 million (2022: £1.2 million) included the development of new algorithms to support image analysis in new and existing therapeutic indications. In addition, the Group capitalised £1.2 million of internal development expenditure primarily in respect of its next generation TrialTracker platform (2022: £0.9 million);
- sales and marketing expenses of £1.3 million (2022: £1.2 million) reflecting increased investment in this team in particular, sales executives and marketing and product capabilities; and
- general and administrative expenses of £2.9 million (2022: £2.6 million) reflecting several non-recurring positive impacts on profit in the prior year that included positive foreign exchange movements and the write back of long term incentive charges on share options that did not, or were not expected to, meet their performance conditions.

Operating losses totalled £1.4 million (2022: £0.9 million profit) equated to an operating loss margin of 22% (2022: 11% profit margin).

Order book

The Group continues to benefit from a healthy contracted order book. On 30 September 2023 this totalled £14.8 million (2022: £16.0 million), which takes account of £6.7 million of revenues delivered during the financial year, £8.0 million of new and expanded multi-year contracts secured during the year and £2.6 million of trial descopes due to client trial failures and minor foreign exchange movement in the year. This net contraction in the order book reflects the notable slowdown in new trial initiations during 2023. This is a short-term challenge reflective of the tight capital markets and is counter to the medium and longer term trends for increased investment in this market driven by aging populations, increased global healthcare costs and scientific breakthroughs in the area of neurological disease.

New contracts won were across 7 clients with contract extensions across 13 clients.

	2023 £000	**2022 £000**
Opening orderbook	16,019	18,776
New wins	8,030	12,617
Revenue	(6,665)	(8,643)
Net descoping, inflation and FX	(2,631)	(6,731)
Closing orderbook	14,753	16,019

Cash

The Group reported operating cash inflows after tax receipts of £0.3 million in the year (2022: £1.4 million). This reflects the timing of operational cash inflows and outflows with strong client payment volumes early in the year supporting an overall positive operational cash position.

The Group had a closing cash balance at 30 September 2023 of £4.0 million (2022: £5.8 million) with the reduction in cash reflecting £1.9 million (2022: £2.2 million) of investment in data and technology assets designed to support future scalability and £0.2m of lease payments on the Group offices (2022: £0.1m). These investments were partially offset by the £0.3m of operating cash and taxation inflows (2022: £1.4 million).

Non-current asset investments

The Group capitalised £1.9 million of non-current assets in the year to 30 September 2023 (2022: £2.3 million). This decrease in non-current assets reflects the 2023 investment in bringing to operational readiness of the Group's next generation TrialTracker platform totalling £1.6 million (2022: £2.0 million). 2024 capitalised investment in this platform to deliver additional functionality is expected to be less than £1.0 million.

The next generation TrialTracker platform further enhances the Group's capabilities to remotely collect, and centrally analyse, brain images in support of clinical trials. The platform has been developed on Microsoft Azure's cloud infrastructure supporting further improvements in system resilience, security, scalability, and efficiency.

Net assets

The Group's net asset position decreased by £1.1 million to £11.4 million across the year (2022: £12.5 million). This reflects the losses reported partially offset by the investments made in technology assets to underpin long-term future growth aspirations and market demands.

Loss per share

The Group reports a loss per share of 2.44p (2022: 2.14p profit per share).

Grant Nash
Chief Financial Officer
4 December 2023

Risk management

The Board holds responsibility for monitoring risks to which the Group is exposed, and for reviewing and assessing the effectiveness of the internal control framework used by the Group to manage those risks.

The Group has designed its internal controls with the aim of providing a proportionate level of assurance for the organisation, taking account of its size, stage of development and risk exposure.

In assessing the risks faced by the Group, a detailed risk identification and control framework is adopted. It is the responsibility of each department leader within the Group to update the risk and control matrix for their department and each matrix is reviewed by management on a quarterly basis. The Board receives a summary of the consolidated risk and control matrices every six months. The matrix sets out the status of controls in place to manage identified risks and ranks the risks by their likelihood of occurrence and the potential impact of this on the Group's operations. This matrix also details actions which are identified to further manage such risks. The Board reviews, discusses and challenges this risk and control matrix with the Executive Directors.

Principal risks and uncertainties

The following table presents the principal risks and uncertainties that the Board considers could have a material impact on the Group's operational results, financial condition and prospects. This is not an exhaustive list of risks and is intended to provide visibility of those risks the Board considers the most material based on the information it currently has available to it.

These risks and uncertainties reflect the business environment within which the Group operates, together with risks in the execution of its business strategy. The risks are separated into four specific risk areas being Strategic, Operational, Financial, and Legal, Compliance & Regulatory.

Operational Risks

Principal Risks	Context	Mitigation	Risk Change
Commercial Risk **Risk Score** High	Failure to understand market trends or build client relationships may result in lost client opportunities and reduced financial returns. Clinical trials have long sales cycles and failure to build a pipeline of opportunities will impact on future sales performance. A significant turnover of employees within the commercial function may impact short term commercial momentum. A tightening of the funding environment has impacted the number of clinical trials initiated in 2023, particularly in the biotech sector. This will impact the rate of growth in revenues achieved by the Group	– The Commercial team has been strengthened during the year with additional Business Development and marketing roles appointed. – The Group has raised its profile through a series of therapeutic indication- and operational capabilities-based webinars, presented in partnership with key opinion leaders in IXICO's market. – The Group has strengthened its pipeline of opportunities in the year, meaning it is targeting a larger number of contracts than it was twelve months ago. – The Group has reduced its cost base to reflect an expected longer timeframe to achieve growth targets.	⇔
Threat of cyber attacks **Risk Score** High	Any successful cyber-attack may create operational, financial and/or reputational risk for the Group. This risk will remain a high-level risk owing to geopolitical issues including the conflict in Europe and the success of ransomware attacks across the globe. Increased incidence of cyber-attack has impacted insurer risk appetite for this risk meaning the ability to secure cyber cover at sensible premiums (or at all) has become more difficult.	– Investment in IT infrastructure, including use of cloud services, implementation of new and upgraded systems and equipment. – Ongoing review of potential vulnerabilities and formulation and implementation of action plans and patch management systems – Cyber security training for all employees – Deployment of latest technology updates in a timely manner. – Independent penetration tests undertaken to assess system security. – Investments in email security to minimise levels of phishing emails received and improve the ability for employees to spot these emails.	⇔

Principal Risks	Context	Mitigation	Risk Change
Employee retention **Risk Score** Medium	A failure to attract and retain talent within the business may result in a shortage or loss of key skills. A reduction in headcount during the year results in increased reliance on specific individuals within the Group.	– Strong focus on the purpose and values of the Group – Competitive salaries and benefits for employees, including private healthcare which was introduced during the year. – Training opportunities combined with professional qualification assistance – Secondment opportunities – Employee surveys to determine engagement levels – Succession planning for identified key roles – Initiatives to enhance employee engagement are in place, such as monthly ‘townhall’ meetings.	⇧
IT Infrastructure **Risk Score** Medium	The Group deploys its services via its technology infrastructure. Any failure in this infrastructure would risk impacting the Group’s financial and/or operational performance. In a rapidly evolving technology environment, accompanied by increased scrutiny and focus on cyber security, it may be difficult to ensure sufficient levels of IT investment to address all IT systems-related risks.	– Next generation data capture and analysis cloud-based platform developed and deployed into the production environment. – Investments in infrastructure to update and improve security and resilience. – Full back up within and between data centres mitigates risks of data loss. – External independent penetration tests designed to identify key areas for investment focus. – Ongoing program of investments planned to further upgrade IT infrastructure.	⇩

Financial Risks

Principal Risks	Context	Mitigation	Risk Change
Termination of client clinical trials **Risk Score** Medium	The Group's client clinical trial contracts bear a risk of early termination. These normally result from a client's interim data review demonstrating no material benefit of the trial drug, or adverse safety events caused by the client's trial drug. This risk has been evidenced by the early termination of several Group client clinical trials across recent years and is expected to occur in the future. The increased diversification of the Group's contracted orderbook mean the loss of any single trial will have a lower impact that was the case previously.	– A focus on diversification by the commercial team in developing the Group's client and project pipelines to reduce the reliance by the Group on any single, or small number of, clinical trials. – Commercial contracts can include up-front non-refundable payments, close-out cost recovery and termination notice clauses. – The Group builds a level of trial cancellation into its budgets and forecasts in recognition that the risk of early cancellation is particularly high in neurological clinical trials.	⇔
Cash reserves **Risk Score** Medium	The Group addresses a market that has low levels of repeat revenue and therefore requires a continued pipeline of new trial wins to deliver revenues. It is also susceptible to trial failures which can impact on financial position. If the Group undertakes significant financial investment commitments on the back of its contracted orderbook it is exposed to the risk of increased financial impact of any trial failure	– The Group undertakes detailed budgets and forecasts, as well as sensitivity analysis, to ensure prudent investment decision making. – The Group seeks to negotiate up-front payments with clients where it can, improving its cashflows and reducing risk in the event of trial failure. – The Group is agile allowing it to react rapidly to any unexpected changes in circumstances. – The Group undertook a cost reduction exercise to right size its cost base to the longer timeframe expected to hit its growth targets.	⇧
Liquidity, credit and currency **Risk Score** Medium	The Group is exposed to financial risks typical of all commercial companies. These include the risks of a cash shortfall, experiencing a significant client payment delay, exposure to a foreign currency rate fluctuation which is against the interests of the Group and/or the Group fails to plan for tax and therefore is exposed to tax liabilities beyond the level necessary.	– Standard controls are applied around these risks – The Group has a strong cash position and a client portfolio which includes large, well-funded organisations – Most contracts are denominated in GBP and currency levels are forecast and reviewed monthly with currency hedges utilised where appropriate – The Group utilises deposit accounts with its banking partner to ensure it achieves a return on its existing cash reserves.	⇧

Strategic Risks

Principal Risks	Context	Mitigation	Risk Change
Failure to exploit commercial opportunities **Risk Score** Medium	The Board sets strategic initiatives that it expects will deliver increased market penetration and new market opportunities for the Group. The nature of any strategic initiative is that it includes a degree of judgement risk. Further, the Group may not execute on its strategic plans as effectively or efficiently as possible, or its strategic plans may not be the most optimal, thereby failing to maximise the commercial opportunity available to the Group. 2023 has been impacted by a challenging economic environment which impacted the Groups rate of signing new contracts and added inflationary increases to its cost base.	– Annual review by the Board of Group strategy and budget priorities as well as progress against strategy. – Monthly leadership review of delivery of specific strategic initiatives. – Board appraisal of significant investments before funds are committed and subsequent review of each investment's delivery and performance. – External expertise and advice sought to inform strategic initiatives. – Orientation and alignment of management to focus on delivery of the Group's strategic plans. – The Group has undertaken a cost reduction exercise to reflect the more challenging environment and provide for a longer than previously anticipated timeline to return to revenue growth.	⇧

Legal, compliance and regulatory risk

Principal Risks	Context	Mitigation	Risk Change
Data Protection **Risk Score** Low	The Group captures personal data from clinical trial subjects thereby exposing it to data security risks (and associated reputational risks in the event of a data leak).	– Data captured from client sites is pseudonymised on receipt into the Group's TrialTracker platform – Security measures ensure a strong defensive layer is deployed to maintain the integrity and security of sensitive or critical information – Data protection legislation requirements (such as GDPR) are integrated within the Group's processing activities and practices – All employees undergo GDPR training and annual refresher training	⇩

The Strategic Report was approved by the Board on 4 December 2023 and signed by order of the Board by:

Giulio Cerroni
Chief Executive Officer
4 December 2023

Corporate Governance Report

The Board has adopted, and strives towards compliance with, the Quoted Companies Alliance ('QCA') Corporate Governance Code ('Code'). It has published a statement on the Group website that sets out, in broad terms, how the Group complies with the Code at the date of this report. The Board provides annual updates about compliance with the Code. The Board is responsible for ensuring that IXICO is managed for the long-term benefit of all shareholders, through effective and efficient decision-making. Corporate governance is an important part of the Board's role by providing oversight and guidance to help manage risk and build long-term value.

The Code comprises ten principles, with which companies undertake to comply as part of their corporate governance arrangements. The Board conducts itself in a manner which places IXICO's values and the principles of the Code at the core of the Group's culture.

A summary of how the Group complies with these principles is outlined below with further detail being available on the Group's website (https://ixico.com/investors/governance/oversight/).

Principle	Group approach
DELIVER VALUE IN A MANNER ALIGNED TO SHAREHOLDER AND WIDER STAKEHOLDER ASPIRATIONS	
1: Establish a strategy and business model which promotes long-term value for shareholders	The Group delivers insights to biopharmaceutical companies developing drugs to address neurological disease. During 2022 the Group refreshed its strategy focussing on the next phase of its growth across the period 2022 to 2027. This was presented to stakeholders (including shareholders) in December 2022. Progress against this strategy is reviewed regularly at Board meetings and at least annually in a full day strategy review day. This last took place in June 2023. Further updates to stakeholders occurred across 2023 and will be part of the presentations made to stakeholders in December 2023. The strategy is focussed on achieving scale, which the Group sees as critical to it achieving its long-term goals and purpose and will be reflected in the creation of long-term value for shareholders. *Our 5-point growth plan for the period 2022 to 2027 is discussed in the Chief Executive's Statement on pages 10 to 11.*
2: Seek to understand and meet shareholder needs and expectations	The Board is committed to encouraging open communication between itself and shareholders. The CEO and CFO arrange to meet with major shareholders at least twice a year to update them on strategy, progress against this strategy and obtain feedback. The Chair also makes himself available for discussions with major shareholders as and when appropriate. Further, should the Board consider any significant divergence from strategy it will seek feedback from major shareholders as part of its deliberations. The Board uses publications on its website and its Annual Report to keep all shareholders informed of its progress. It uses the AGM to invite feedback from any shareholder. The CEO and CFO are responsible for investor relations and any feedback received from shareholders is communicated to the wider Board. *Shareholder expectations are discussed further in stakeholder engagement on pages 12 to 14.*

<table>
<tr><th>Principle</th><th>Group approach</th></tr>
<tr><td>3: Take into account wider stakeholder and social responsibilities and their implications for long-term success</td><td>The Group is highly conscious of the requirements of its wider stakeholders in supporting its long-term success. It views its wider stakeholders as its shareholders, clients, suppliers, employees and the participants of the clinical trials it serves. The Group's purpose is to generate societal benefits via supporting the development of drugs which deliver improved health outcomes for those impacted by neurological diseases. To bring life to this purpose, the Board engenders a culture which translates this purpose into an ethos and culture by which the Group operates. This is emphasised in our ESG section (page 12) where the Group discusses our investments in our employees and how this contributes to long term success.

In working closely with its stakeholders, the Board has implemented approaches that align the considerations of each stakeholder group with the Group's purpose and 'way of working'.

Our stakeholders are described in our stakeholder engagement on pages 12 to 14.</td></tr>
<tr><td>4: Embed effective risk management, considering both opportunities and threats, throughout the organisation</td><td>The Board has ultimate responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness.

The Board instils control to the Group's operations by overseeing the following:
• competent and prudent management;
• sound planning;
• adequate systems of control, including regular review of risk;
• adequate and accurate accounting records; and
• compliance with statutory and regulatory obligations.

The Risk Management Report is provided on pages 21 to 25.</td></tr>
</table>

<table>
<tr><th colspan="2">MAINTAIN A STRONG AND DYNAMIC MANAGEMENT FRAMEWORK THAT PLACES VALUE ON DEVELOPING THE GROUP IN AN ETHICAL MANNER</th></tr>
<tr><td>5: Maintain the Board as a well-functioning, balanced team led by the Chair</td><td>The Board comprises the Non-Executive Chair, two Executive Directors and two Non-Executive Directors, one of whom acts as Senior Independent Director. A further Non-Executive Director was appointed after the year end.

The Board has an appropriate balance between independence and knowledge of the Group and its target markets which allows it to discharge its duties and responsibilities effectively.

The Directors use their independent judgement and challenge matters affecting the business whether strategic or operational. The Non-Executive Directors are in regular contact with the Executive Directors and the Chair has regular one-to-one meetings with the Chief Executive Officer. The Board has access to independent external advisers to support it In its decisions, where additional skills or expertise is deemed necessary.

The Board has procedures in place to deal with a situation in which a Director has, or may have, a conflict of interest. The Board is aware of other commitments and interests as they are disclosed by each Board member.

The Board meets formally (either face-to-face or via video conference) not fewer than four times per year in addition to the annual strategy day.

The Board is also supported by three subcommittees: the Audit Committee, the Remuneration Committee and the Share Transaction Committee. The Board and its subcommittees all operate against terms of reference which are summarised on the Company website (https://ixico.com/investors/governance/).

More information on Board membership is provided on page 32.</td></tr>
</table>

Principle	Group approach
6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board has an appropriate balance of skills and experience and is mindful of the need to continuously review the needs of the business to ensure that this remains true, so that the Board can drive performance as well as comply with regulations. The Group's Articles of Association require that all Directors must stand for re-election every three years and that any new Directors appointed during the year must stand for election at the AGM following their appointment.
7: Evaluate all elements of Board performance based on clear and relevant objectives, seeking continuous improvement	The Board undertakes self-reviews from time to time in order to assess its performance. The Chair provides leadership to the Board and assesses the individual Directors to ensure that their contribution is relevant and effective and that they are committed members of the Board. *Further details of the Board's skills and experience can be found on page 32.*
8: Promote a corporate culture that is based on ethical values and behaviours	The Group operates in a highly regulated environment in accordance with an Integrated Management System which is subject to third-party audit. The Group is focussed on a therapeutic area which has a high unmet medical need, and our employees are motivated to support our clients in their quest to develop and provide safe, effective treatments for people living with neurological diseases. The Group employs a diverse workforce and embraces a culture where employees are treated equitably within an environment of mutual respect and understanding. The Group adopts a zero-tolerance position to fraud, bribery, modern slavery and other unethical behaviours and is committed to meeting high standards in this regard throughout its operational practices and wider stakeholder engagements. The Company's corporate responsibility approach is to ensure that as a company we focus on the environmental, social and governance ('ESG') consequences of all our activities and to strive to be an organisation that individuals wish to interact with, whether employees, clients or suppliers. The Company is committed to integrating ESG within its business model. *The Group's values are described on page 4.*
9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board is collectively responsible for the long-term success of the Group. Its principal function is to provide the Group with a framework of prudent and effective controls, which enables risk to be assessed and managed and its strategy executed. Further details as to how the governance processes are structured to achieve this are outlined within this Governance Report. *The Group's risk management approach is described on page 21 to 25.*

Principle	Group approach
BUILD TRUST BASED ON OPEN COMMUNICATION WITH STAKEHOLDERS	
10: Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Group communicates with shareholders (and other stakeholders) via its website, its Annual Report, and the AGM as well as via issuing RNS announcements and presenting to major shareholders and analysts. This Governance Report and the wider Strategic and Directors' Reports are designed to provide full and relevant updates on how the Group is governed and how it is performing. These are drafted with both shareholders and the wider stakeholder community in mind. *Further reading can be found in the Strategic Report on pages 4 to 25, stakeholder engagement on pages 12 to 14, the Directors' Report on pages 35 to 38, and the Financial Review pages 18 to 20.*

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board of Directors

Charles Spicer
Non-Executive Chair
4 December 2023

Audit Committee Report

The Audit Committee is charged with monitoring the integrity of the Group's financial statements and the application of accounting policies. The Committee also assesses the effectiveness of the internal control and risk management systems. Risk management discussions take place bi-annually and are included within the agenda of Board meetings.

The Committee is chaired by Kate Rogers; Mark Warne and Dipti Amin are members of the Committee. Additional attendees are invited to join by the Committee where appropriate. In the year ending 30 September 2023, this included the Chief Financial Officer, Group Financial Controller, General Counsel, and senior representatives of the Group's auditor Grant Thornton UK LLP.

FY23 Audit Committee agenda items

During FY23, the Audit Committee met three times, with a variety of agenda items discussed. These are set out below, with further additional details about the FY24 Audit Tender presented, which is considered to be the Key Decision for FY23.

NOVEMBER 2022	MAY 2023	SEPTEMBER 2023
External audit Reviewed external audit findings report with Grant Thornton. Reviewed and approved accounting approach to areas of judgement or those deemed to be of higher risk. **Accounting policies, judgements, and estimates** Following a review into the Group's policies on IFRS 15 – Revenue, the impact of changes on accounting for commissions was presented and confirmed. **Full year results** Review of full year preliminary results announcement and draft Annual Report ahead of recommending them for approval by the Board. **Other** Completed annual review of the Audit Committee Terms of Reference and completed checklist to ensure appropriate actions had been taken to fulfil the duties of the Audit Committee.	**External audit** Reviewed interim review report for the half year unaudited results with Grant Thornton. Reviewed and approved accounting approach to areas of judgement or those deemed to be of higher risk. **Interim results** The interim results and associated announcement were reviewed ahead of recommending them for approval by the Board. **Internal control** The Group's internal control framework was reviewed and agreed fit for purpose. **FY24 Audit Tender** It was confirmed that the Group would tender the audit services for the financial year 2024 as well as the process that would be followed to complete this.	**External audit** Reviewed the audit plan for the 2023 financial year with Grant Thornton with particular focus on areas of judgement or those deemed to be of higher risk. **Anti-Bribery and Corruption** The Group's Anti Bribery and Corruption policies were reviewed and agreed fit for purpose. **FY24 Audit Tender** The Audit Committee agreed next steps to finalise the appointment of the Group's FY24 auditors.

FY24 Audit Tender Process

In the year, the Audit Committee agreed to put out the financial year 2024 Group audit to tender. This is in line with good practice, seeks to ensure the achievement of ongoing high-quality audits, balanced with obtaining fee levels that reflect value for money. A Selection Panel was established to assist the Audit Committee in its proposal to the Board. The Selection Panel consisted of the Audit Committee Chair the Chief Financial Officer and the Group Financial Controller.

Throughout the process, the Selection Panel used the following criteria to assess each audit firm:

- Audit approach including understanding of the key risk areas and use of technology during audits;
- Reputation and experience in AIM and within the life sciences and technology industries;
- Understanding of IXICO, its industry and the identification of risks;
- Approach to client service to ensure quality audits are delivered for all stakeholders;
- Quality of communication throughout the selection process and ability to develop a robust relationship; and
- Delivery of a value for money audit for stakeholder value.

The initial scoping phase included obtaining a list of potential audit firms and detailed each audit firms experience on AIM, as well as their industry specific experiences, and the firm's size and network. A longlist of eight firms were identified, each of which were invited to take part in the process. The Group received tender proposals from six audit firms. Each proposal was assessed based on their merits and were discussed in detail by the Selection Panel. Following this, a shortlist of three firms were progressed to present their audit services to the Selection Panel.

Following the completion of the presentations, the Selection Panel presented their findings to the Audit Committee in September 2023. Based on the above criteria, the Audit Committee will advise the Board on their recommendation, and the appointment of the auditors for the year ending 30 September 2024 will be proposed as a resolution at the 2024 AGM.

Going concern

The financial statements are prepared on a going concern basis after considering the Group's and the Company's current cash position, and in reviewing the cash flow forecasts and budgets for a period of 12 months following the approval of these financial statements.

The Audit Committee are satisfied with the going concern basis through obtaining a sensitised cashflow forecast which consisted of several adjustments which are not in the ordinary course of business. These included but were not limited to:

- Increasing the level of expected cancellations and delays on clinical trials beyond the level that would normally be expected in this environment; and
- Reducing the number of new contracts expected to sign during the next 12 months.

Other mitigating factors in the event of a significant downturn in business include careful cost management and opportunities to raise additional financial capital.

In addition, the Audit Committee reviewed a reverse stress test based on the Group's existing cash and current receivable position, considering the plausibility of these assets being insufficient to enable the Group to continue to trade for twelve months. Based on its review the Committee concluded that it is appropriate that the Group continue to report as a going concern.

The Board of Directors

Giulio Cerroni Chief Executive Officer	Giulio has over 35 years of experience in the life sciences sector and a track record of growing business operations in Europe, the US and Asia. Prior to IXICO, Giulio held global leadership roles at Thermo Fisher Scientific, Inc. and LGC Limited, where he transformed the scale of LGC's Genomics division, completing three acquisitions in under 18 months. Giulio was a member of the executive leadership team responsible for the successful sale of LGC Limited to global investment firm, KKR & Co. Inc. **External appointments** None
Grant Nash Chief Financial Officer & Company Secretary	Grant has worked in the life sciences sector for almost 20 years. In his Executive Director role, Grant leads the Group's Finance, Legal, IT and Quality functions. Grant joined IXICO in 2019. He was previously Finance Director at UK Biobank, an international health research data resource. Previous to this he was SVP Finance at Evotec, an early-stage drug discovery CRO. Grant is a member of the Share Transaction Committee and also acts as Secretary to the Board and its subcommittees. **External appointments** None
Charles Spicer Non-Executive Director Chair	Charles is an experienced director of public and private companies, primarily in the MedTech sector. In addition to his other appointments below, Charles is Chair of the UK Department of Health's Invention for Innovation (i4i). **External appointments** Creo Medical Group plc, *Non-Executive Chair* Korn Wall Limited, *Non-Executive Chair* NetScientific plc, *Non-Executive Chair*
Mark Warne Non-Executive Director Senior Independent Director	Mark is widely recognised in the UK and international life sciences sector, having spent almost ten years at IP Group Plc, a leading intellectual property commercialisation company, where he led the Healthcare team. **External appointments** Deep Matter Group plc, *Chief Executive Officer* Angelini Ventures, *Advisor*
Kate Rogers Non-Executive Director	Kate is qualified as a chartered accountant and holds a Bachelor of Science degree in Engineering from Oxford University. Kate previous experience includes a 20-year career with Glaxo SmithKline. At GSK Kate led the transformation of GSK's global finance organisation, having previously worked as CFO for Laboratoire Glaxo SmithKline SaS (GSK France) and other senior finance roles within GSK. **External appointments** Follicular Lymphoma Foundation, *Chief Executive Officer*
Dipti Amin Non-Executive Director	Dipti is an experienced non-executive director having previously sat on the Boards of companies in both the private and public sector. Before this, Dipti spent over 20 years of her executive career at IQVIA occupying senior positions in compliance, drug safety and medical affairs. Dipti is medically trained and is a Fellow of the Faculty of Pharmaceutical Medicine. Dipti joined the Board on 1 October 2023. **External appointments** University of Hertfordshire, *Non-Executive Director* Lineage Cell Therapeutics, *Non-Executive Director*

Board activities and timeline

The Board and its subcommittees
The Board meets at least four times per year in accordance with a pre-determined meeting calendar. The Board is supported by three subcommittees: the Audit Committee, the Remuneration Committee and the Share Transaction Committee. The subcommittees discharge responsibilities on behalf of the Board and are entitled to such internal or external advice as is required to allow them to fulfil their duties.

The Board and its subcommittees receive appropriate and timely information prior to each meeting including a formal agenda. Any Director may challenge Group proposals. Decisions are taken democratically after appropriate discussion. Specific actions arising from Board meetings are agreed by the Board or relevant subcommittee and are then followed up by the Executive Directors.

The Board and subcommittees all operate against terms of reference which are summarised on the Group website (https://ixico.com/investors/governance/).

Board and sub-committee responsibilities

Board meetings	The Board is responsible to shareholders for the proper management of the Group. It comprises the Non-Executive Chair, two Executive Directors and three Non-Executive Directors, one of whom acts as Senior Independent Director. The Board is chaired by Charles Spicer. Kate Rogers, Mark Warne and Dipti Amin are considered to be independent of the Executive Directors and free from any relationship which could materially affect the exercise of their independent judgement. Non-Executive Directors receive a fee for their services. The Board has agreed terms that are reserved for its consideration including the Group's strategy, budgets, financial reporting, and internal controls, together with the monitoring of the progress to achieve its goals.
Remuneration Committee	The terms of reference of the Remuneration Committee include the following responsibilities: • determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and other such members of the executive management as it is designated to consider; • approve the design of, and determine targets for, any performance-related pay schemes and approve the total annual payments made under such schemes; • approve all long-term incentive scheme structures and option schemes; • approve all option grants for ratification by the Board; and • within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, bonuses, incentive payments and share options. Remuneration Committee meetings are held at least twice per financial year.
Audit Committee	The terms of reference of the Audit Committee include the following responsibilities: • monitor the integrity of the Group's financial statements and application of accounting policies; • review the effectiveness of the Group's internal control and risk management systems; and • oversight of the Group's external auditors, including assessment of their independence from the Group. Audit Committee meetings are held at least twice per financial year. The Group auditor only provides audit services to the Group.

Share Transaction Committee	The terms of reference of the Share Transaction Committee include the following responsibilities: • review, consider and, where appropriate, approve the exercise of share options by option holders of the Group and the issuance of shares in connection with such exercises; and • review, consider and approve the request to transact shares by employees or other individuals closely related to the Group in accordance with the relevant policies of the Group, applicable law and any directions of the Group's nominated adviser. The Share Transaction Committee meetings are held on an ad hoc basis as required.

Board and sub-committee meetings in the 2023 financial year

	Board meeting	Audit Committee	Remuneration Committee	Share Transaction Committee
Number of meetings	13	3	6	1
G Cerroni	12 Member			
G Nash	13 Member			1 Member
K Rogers (NED)	13 Member	3 Chair	6 Member	
C Spicer (NED)	13 Member			
M Warne (NED)	13 Member	3 Member	6 Chair	1 Chair
Attendance percentage	98.7%	100.0%	100.0%	100.0%

Note: Dipti Amin (NED) joined the Board on 1 October 2023, immediately after the end of the 2023 financial year

Directors' Report

The Board of Directors of IXICO plc (registered in England and Wales: 03131723) presents its report together with the audited consolidated Group and Company financial statements for the year ended 30 September 2023.

Principal activities

The Group provides specialist data analytics services to the global biopharmaceutical industry. The services include the collection, analysis, management and reporting on data generated in the course of a clinical study. The outputs from the data analysis are used to improve patient selection, monitor drug safety and assess clinical efficacy of the drug under development.

Results and dividends

The Group achieved a net loss after tax of £1.2 million for the year (2022: £1.0 million profit).

The Board of Directors does not recommend the payment of a dividend.

Financial risk management

The financial risk management and objectives of the Group are set out in note 22 of the consolidated financial statements. Specific financial risks are set out on page 24 of the Strategic Report.

Political donations

The Group made no political donations during the period (2022: £nil).

Charitable donations

The Group made £1,000 in charitable donations during the period (2022: £nil).

Directors

The Directors of the Company, who served during the period and up to the date of this report, unless otherwise indicated, are as follows:

Director	Capacity	Appointed date	Resignation date
Giulio Cerroni	Chief Executive Officer	6 February 2017	
Grant Nash	Chief Financial Officer Company Secretary	21 August 2019 31 May 2019	
Charles Spicer	Non-Executive Chair	14 October 2013	
Mark Warne	Non-Executive and Senior Independent Director	16 September 2016	
Kate Rogers	Non-Executive Director	21 January 2022	
Dipti Amin	Non-Executive Director	05 October 2023	

Biographical details of IXICO plc's Directors are shown on page 32.

Directors' remuneration and share options
Details of the Directors' remuneration and share options are set out in the Directors' Remuneration Report on page 39 and 40.

Re-election of Directors
At the 2023 AGM, in accordance with the Company's Articles of Association, Kate Rogers was elected as a Non-Executive Director and Giulio Cerroni was re-elected as a Director of the Company.

In accordance with section 992 of the Companies Act 2006, the Directors disclose that the rules regarding the appointment and replacement of Directors are contained in the Company's Articles of Association, which may be amended with shareholder approval in accordance with relevant legislation. The powers of the Directors are contained in the Company's Articles of Association or in accordance with the provisions of the Companies Act 2006. The Companies Act 2006 provides that Directors may issue and buy back the Company's shares on behalf of the Company, subject to authority being given to the Directors by shareholders in a general meeting. No authority to buy back the Company's ordinary shares of 1 pence per share has been sought.

Directors' interests

At 4 December 2023, the table below sets out the interests in the Company's shares of Directors who served during the period and their connected persons:

Director	**Ordinary shares of 1 pence 2023**	Ordinary shares of 1 pence 2022
Giulio Cerroni	491,333	491,333
Grant Nash	200,000	-
Charles Spicer	333,196	333,196
John Bradshaw[1]	N/A	35,500
Mark Warne	19,650	19,650
Kate Rogers	-	-

[1]John Bradshaw left the company in April 2022, his shareholding is therefore not disclosed for the year ended 30 September 2023

The Directors' interests are beneficially held by each Director unless otherwise stated. Apart from these interests and share options (as disclosed on pages 39 and 40), no Director had any further interest in the period in the share capital of the Company or other Group companies. There have been no changes in the Directors' interests in the share capital of the Group since the year end.

Directors' indemnities

The Group had in place for the whole of the period, and at the date of signing the consolidated financial statements, qualifying third-party indemnity insurance for all Directors and officers.

Going concern

The ongoing conflict in eastern Europe and recent re-commencement of hostilities in the middle east, accompanied by rising inflation, interest rates and a broad degree of macro-economic and political disruption continue to create challenges for the global economy. These have resulted in a lowered risk appetite which has impacted capital markets around the world, reducing capital availability and investment in areas deemed higher risk.

The impact of this has been visible in the clinical trials market both through a slow down in the initiation of new clinical trials, increased focus on development pipelines by the biopharmaceutical companies and restructuring and consolidation announcements within both biopharma and CROs.

The Group has seen the impact of this and, whilst it remains well capitalised and debt-free, it has seen an elongation of the timeframes to sign new clinical trials and therefore has lowered its expectations for revenues in 2024 ahead of a return to growth in 2025.

Irrespective, the Group has a strong balance sheet for its size with financial year end net assets of £11.4 million, a £4.0 million cash balance and has secured £8.0 million of new contracts in the year providing it with good visibility of future revenues across a diversified portfolio of clients and projects.

In assessing going concern, management has prepared detailed sensitised forecasts which consider different scenarios through to December 2024. These include the risk to current projects and expected future sales pipelines. The Directors have considered these forecasts, alongside the Group's strong balance sheet and cash balance as well as the ability for the Group to mitigate costs if necessary. After due consideration of these forecasts, the Directors concluded with confidence that the Group has adequate financial resources to continue in operation for the foreseeable future.

Structure of the Company's capital

The Company's share capital comprises a single class of ordinary shares of 1 pence per share, each carrying 1 voting right and all ranking equally with each other. At 30 September 2023, 48,351,373 (2022: 48,151,373) shares were allotted and fully paid. Note 20 of the consolidated financial statements provides full details of movements in the Company's share capital.

Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights, either in person or by proxy, on resolutions proposed at general meetings and participate in any distribution of income or capital. There are no restrictions on the transfer of shares in the Company or in respect of voting rights attached to the shares. None of the shares carries any special rights with regard to the control of the Company.

Participants in employee share option schemes have no voting or other rights in respect of the shares which are subject to their awards until the options are exercised, at which time the shares rank pari passu in all respects with shares already in issue. Details of employee share option schemes are set out in note 21 of the consolidated financial statements.

Authority to issue shares

At the general meeting held on 20 January 2023, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £160,505 (representing 33.33% of the issued share capital) and to allot for cash equity securities having a nominal value not exceeding in aggregate £48,151 (representing 10.0% of the issued share capital).

These authorities expire at the close of business on 26 January 2024, or if earlier, the conclusion of the next AGM. At the 2024 AGM, similar authorities will be sought from shareholders, and the Company does not intend to seek authority for a fully pre-emptive rights issue.

Substantial shareholdings

At 4 December 2023, the Company had received notification from the following financial institutions of their and their clients' interest in the following disclosable holdings, which represent 3% or more of the voting rights of the issued share capital of the Company.

Shareholders having a major interest	Number of shares held	% of issued Shares
BGF Investment Management	8,924,000	18.46
Octopus Investments	6,408,400	13.25
Gresham House Asset Management	5,357,100	11.08
Amati Global Investors	5,031,300	10.41
CIP Merchant Capital Limited	3,857,566	7.98
City Asset Management	1,864,493	3.86

AGM

The notice convening and giving details of the 2024 AGM will be posted to shareholders on or before 17 December 2023. The 2024 AGM of the Company will be held at the offices of CCT Venues Smithfield, 2 East Poultry Avenue, London, EC1A 9PT on Thursday 25 January 2024.

Other matters

Matters required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 which have not been covered in the Directors' Report have been included in the Strategic Report in accordance with Section 414c(11) of the Companies Act 2006.

No post balance sheet events have been noted.

Disclosure of information to auditors

The Directors confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board of Directors

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Charles Spicer
Non-Executive Chair
4 December 2023

Directors' Remuneration Report

Remuneration policy for Executive Directors
The remuneration policy and practice are intended to align the remuneration of Executive Directors with the Group's business model and achievement of the Group's strategy. The policy seeks to strike an appropriate balance between a base salary and a discretionary, performance-related element.

Base salary
The Remuneration Committee approves the base salary of Executive Directors, having regard to the individual role and responsibilities.

Pension contribution
The Group operates a money purchase Group personal pension plan for all employees. The Group contributes to the scheme 8% of base salary in respect of the Chief Financial Officer. The Chief Executive Officer does not receive pension contributions.

Performance-related bonus
The Group operates a discretionary bonus scheme that takes account of the underlying financial performance of the Group, meeting KPIs and achieving strategic objectives, specifically focussed on revenue and contract wins. All performance targets are set by the Remuneration Committee. The award of bonus payments to employees, including Executive Directors, are subject to the Remuneration Committee's review and approval. For the year to 30 September 2023, the Remuneration Committee determined that bonus related KPIs and strategic objectives were not met, resulting in no bonus entitlements being achieved.

Bonus payments are not pensionable.

IXICO EMI Share Option Plan 2014
Share options granted to Executive Directors are in accordance with the rules of the IXICO EMI Share Option Plan 2014. The share options include performance-related vesting criteria related to the achievement of strategic goals or a significant corporate development transaction. The exercise of share options is subject to the Remuneration Committee's review, and approval, of whether such performance targets have been achieved.

Share dilution limits
The aggregate number of new ordinary shares which may be issued on the realisation of the EMI Share Option Plan 2014 in any 10-year period may not exceed 15% of the number of ordinary shares in issue.

At 30 September 2023, and assuming satisfaction of all performance conditions, the total number of the Company's shares issuable under awards made under the EMI Share Option Plan 2014 (and including any awards already exercised) was 5,119,111 or 10.6% of the number of ordinary shares in issue at that date.

Other benefits
The Executive Directors are part of a Group Life Assurance scheme and a private medical insurance scheme that is maintained and paid by the Group for all employees.

Income protection insurance are not provided.

Executive Directors' service contracts and termination provisions

The service contracts of Executive Directors are approved by the Remuneration Committee and then the Board. The service contracts may be terminated by either party giving notice to the other as set out below:

	Date of contract	Notice period
Giulio Cerroni	6 February 2017	12 months
Grant Nash	29 April 2019	6 months

Non-Executive Directors
The Non-Executive Directors have letters of appointment with the Company. Fees paid to the Non-Executive Directors are determined by the Board, giving due consideration to market rates and comparative businesses. The Non-Executive Directors do not receive pension contributions and do not participate in any discretionary bonus or Company share option schemes. Current contracts together with notice periods are as follows:

	Date of contract	Notice period
Charles Spicer (as Chair)	16 September 2016	3 months
Mark Warne	16 September 2016	3 months
Kate Rogers	21 January 2022	3 months
Dipti Amin	01 October 2023	3 months

Directors' remuneration

	Year ended 30 September 2023			Year ended 30 September 2022		
	Salary and fees £000	**Bonus £000**	**Pension contributions £000**	Salary and fees £000	Bonus £000	Pension contributions £000
Executive						
Giulio Cerroni	**328**	**-**	**-**	316	2	-
Grant Nash	**200**	**-**	**16**	186	2	15
	528	**-**	**16**	502	4	15
Non-Executive						
Charles Spicer	**53**	**-**	**-**	51	-	-
John Bradshaw	**-**	**-**	**-**	14	-	-
Mark Warne	**31**	**-**	**-**	28	-	-
Kate Rogers	**31**	**-**	**-**	21	-	-
	115	**-**	**-**	114	-	-
Aggregate emoluments	**643**	**-**	**16**	616	4	15

No Directors waived emoluments in the year ended 30 September 2023 (2022: £nil).

Directors' options
Details of options over shares in the Company held by Directors who served during the period, all of which have been granted at no cost to the Directors, are set out below:

	Number of options							
	At 30 September 2022	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**At 30 September 2023**	**Exercise price**	**Date of grant**	**Vesting date**
Giulio Cerroni	584,525	-	-	-	584,525	£0.010	4-Jun-18	3-Jun-21
	584,525	-	-	-	584,525	£0.010	4-Jun-18	3-Jun-22
	245,000	-	-	(81,666)	163,334	£0.010	5-Dec-19	4-Dec-22
	245,000	-	-	(81,666)	163,334	£0.010	5-Dec-19	4-Dec-23
	1,659,050	**-**	**-**	**(163,332)**	**1,495,718**			
Grant Nash	300,000	-	(200,000)	(100,000)	-	£0.010	5-Dec-19	4-Dec-22
	300,000	-	-	(100,000)	200,000	£0.010	5-Dec-19	4-Dec-23
	600,000	**-**	**(200,000)**	**(200,000)**	**200,000**			
Total	**2,259,050**	**-**	**(200,000)**	**(363,332)**	**1,695,718**			

During the year ended 30 September 2023, the Company's share price ranged from £0.175 to £0.34.

Further details of the share option schemes are set out in note 21 of the consolidated financial statements.

Financial Statements

Independent Auditor’s Report

Independent auditor’s report to the members of IXICO plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of IXICO plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 30 September 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 September 2023 and of the group’s loss 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 UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

A description of our evaluation of management’s assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

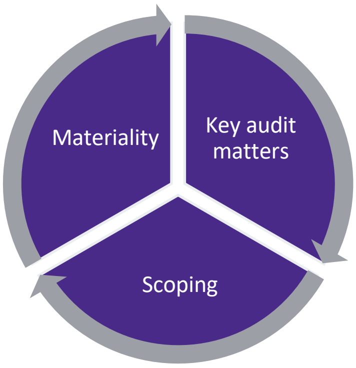
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Our approach to the audit

GrantThornton

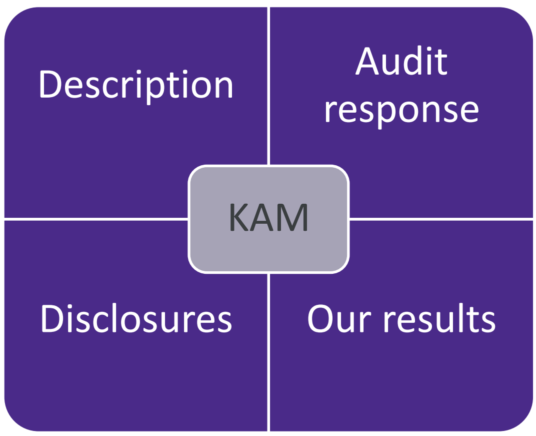


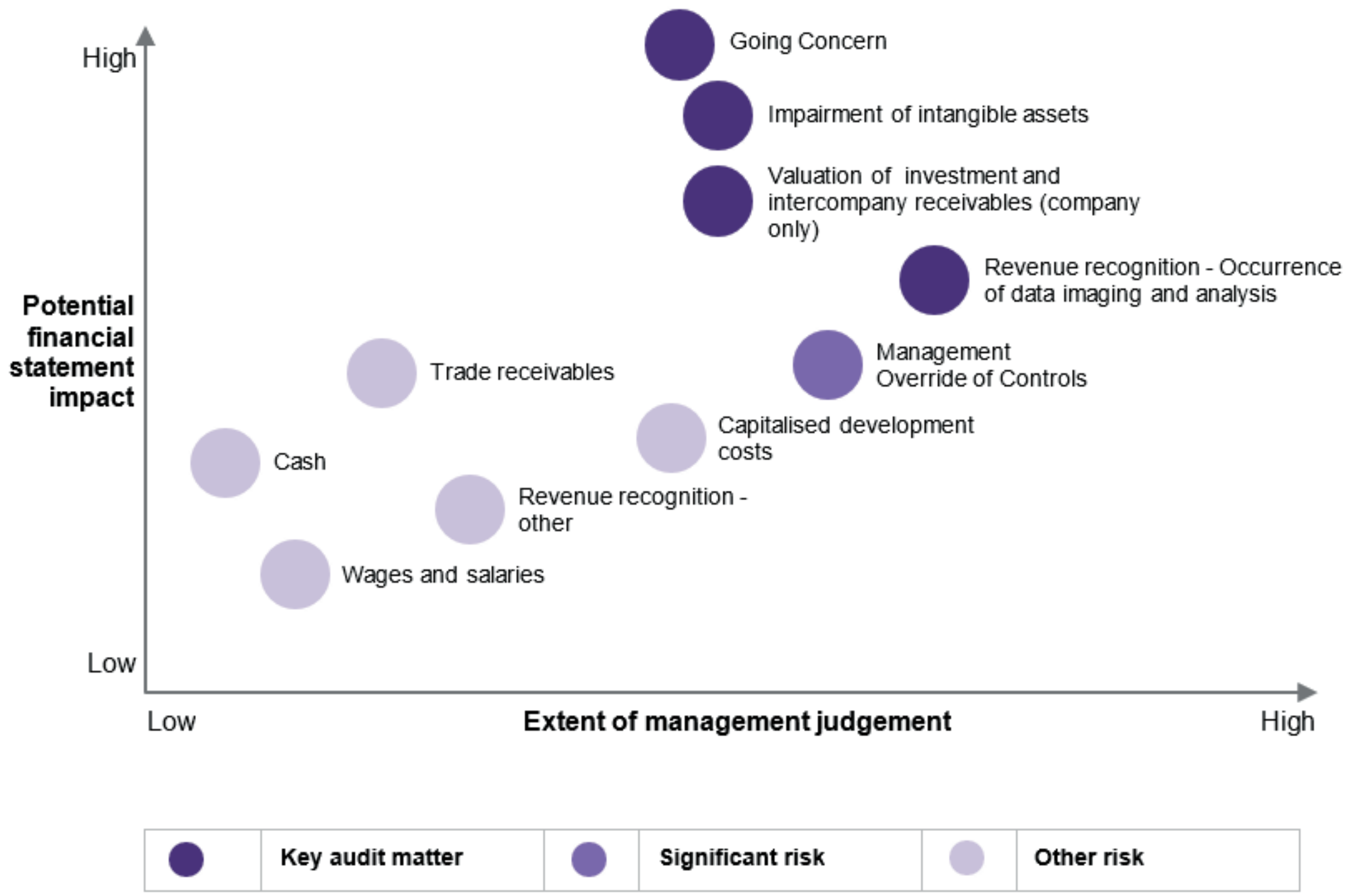
Overview of our audit approach
Overall materiality: – Group: £132,000, which represents 2% of the group's total revenue. – Parent company: £118,800, which represents 2% of the parent company's total assets, capped at 90% of group materiality.
Key audit matters were identified as: – Revenue recognition – Occurrence of data imaging and analysis (same as previous year) – Going concern (same as previous year). – Impairment of intangibles assets (new) – Valuation of investment and intercompany receivables (company only) (new). Our auditor's report for the year ended 30 September 2022 included no key audit matters that have not been reported as a key audit matter in our current year's report.
We performed full scope audit procedures on the financial information of the significant components of the Group. This includes IXICO Technologies Limited. We performed analytical procedures on the financial information of IXICO Technologies Inc. There were no changes to scope of the group audit from the prior year.

Key audit matters

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

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





Key Audit Matter – Group	How our scope addressed the matter – Group
Revenue Recognition – Occurrence of data imaging and analysis We identified revenue recognition as one of the most significant assessed risks of material misstatement due to the risk of fraud. Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a rebuttable presumption that there are risks of fraud in revenue recognition. Group revenue of £6,665k (2022: £8,643k) has been recognised for the year ended 30 September 2023. The Group's contracts comprise a variety of tasks. These tasks are all considered types of a single revenue stream, being service revenue. The key audit matter has been pinpointed to the data imaging and analysis related obligations. The data imaging and analysis revenue of £2,770k (2022: £3,106k) is determined to have the most significant risk of fraud because the units, being each analysed image, fluctuate based on usage each month	In responding to the key audit matter, we performed the following audit procedures: *Occurrence (significant risk)* • Obtaining management's IFRS 15 Revenue from Contracts with Customers accounting paper and confirming if the revenue policy is consistent and in accordance with IFRS 15. Considering new contracts and whether the revenue policies have been consistently applied. • Forming an expectation of revenue based on cash received during the year. • Confirming the occurrence of data imaging and analysis revenue through the performance of the following audit procedures: - Agreeing a sample of tasks to planning sheets, contracts, invoices and payment; - Corroborating the tasks' unit price to the signed contracts;

Key Audit Matter – Group	How our scope addressed the matter – Group
and this is where the opportunity to fraudulently manipulate revenue would arise. Further, the occurrence assertion is considered where the greatest risk of fraud exists. For each contract the number of units billed each month varies, depending on the number of images analysed in the month. Therefore, there is opportunity for the unit values of any contract to be inflated and for increased revenue to be recognised as there is no set expectation of billing each month.	- Agreeing the number of units to the group's internal project tracker system; - Assessing whether the performance obligations of each task are being recognised in accordance with IFRS 15; and - Testing credit notes raised during the year and post-year end to assess the size and qualitative nature of these and ensure they are recorded in the correct period.
Relevant disclosures in the Annual Report & Accounts 2023 • Financial statements: Note 3 Significant accounting policies, subsection 3.1 – Revenue, Note 4 Significant management judgements in applying accounting policies and estimation uncertainty, Note 5 Revenue and Note 6 Segmental information.	**Our results** Our audit testing did not identify any material misstatements in relation to revenue.
Going concern We identified going concern as one of the most significant assessed risks of material misstatement due to error. Macro-economic uncertainties currently faced by the UK have ongoing impacts on businesses, and at the date of this report its effects continue to result in uncertainty. The impact of cost increases combined with the risk of further cancelled contracts could adversely impact the future trading performance of the group and the parent company and as such increases the extent of judgement and estimation uncertainty associated with the forecasts prepared, as well as management's decision to adopt the going concern basis of accounting in the preparation of the financial statements.	In responding to the key audit matter, we performed the following audit procedures: • Obtaining management's base case scenario for the period to 31 December 2024, together with supporting evidence for all key trading, working capital and cash flow assumptions. We assessed how these cash flow forecasts were compiled and assessed their appropriateness by applying relevant sensitivities to the underlying assumptions and challenging the nature of those assumptions. • Obtaining management's downside scenarios, including a Reverse Stress Test, which reflect management's assessment of uncertainties. We evaluated the assumptions regarding the forecast period and reduced trading levels under each of these scenarios including the impact of early termination of clinical trials, failure to convert expected bookings to contracted bookings and the impact of macro-economic uncertainties on the cost base of the group. • Determining whether the assumptions are consistent with our understanding of the business obtained during the course of the audit and the changing external macro-economic circumstances. • Assessing the accuracy of management's past forecasting by comparing management's forecasts for previous years to the actual results for previous years and considering the impact on the base case cash flow forecast.

Key Audit Matter – Group	How our scope addressed the matter – Group
	• Obtaining post year end management accounts and comparing against amounts forecasted to assess accuracy of forecasts; • Obtaining and reading post year end board minutes to confirm that any post year end events have been factored into management's forecasts. • Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities. • Consulting with our transaction advisory service to provide a specialist assessment of going concern. • Assessing the adequacy of related disclosure within the Annual Report and Accounts.
Relevant disclosures in the Annual Report & Accounts 2023 • Financial statements: Note 1(d) Going concern	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report. We did not identify any material uncertainties related to going concern.
Impairment of intangible assets We identified the valuation of the intangible balance as one of the most significant assessed risks of material misstatement due to error. There is a significant intangibles balance of £6,147k (PY £4,587k) in the group financial statements which needs to be considered for impairment in accordance with IAS 36 Impairment of assets. Based on IAS 36, intangible assets that are not ready for use should be tested annually for impairment and all assets within the standard's scope are to be tested for impairment where there are visible impairment indicators. With the decline in revenues, the reported trading loss and the declining market capitalisation of the group at 30 September 2023 (being close to the carrying value of intangibles at the balance sheet date), there is a significant risk that the carrying value is not recoverable and that impairment is required. As a result, management prepared an impairment assessment in relation to the carrying value of the CGU to determine their recoverability.	In responding to the key audit matter, we performed the following audit procedures: • Assessing any indicators of impairment in line with IAS 36 that may trigger a requirement of an impairment for all intangibles. • Obtained management's impairment assessment, including determination of assets included in the CGU. Assessing and challenging the trading, working capital, and cash flow assumptions applied to the value-in-use model to ensure they are reasonable and supportable. • Agreeing inputs to the value-in-use calculations by reference to the forecasts tested in our audit of going concern and ensuring consistency of the forecasts, where appropriate. • Checking mathematical accuracy of the Value in Use calculations. • Engaging our internal valuations experts to inform our challenge of management, to confirm that the assumptions used within the calculation of the discount rate are reasonable and consistent with industry data.

Key Audit Matter – Group	How our scope addressed the matter – Group
	• Obtaining details of management's sensitivity analysis and further sensitising growth rates within the model, by reference to industry and market data. • Assessing the accuracy and completeness of financial statement disclosures relating to the impairment of intangible assets.
Relevant disclosures in the Annual Report & Accounts 2023 • Financial statements: Note 3 Significant accounting policies, subsection 3.9 – Impairment of non-current assets and Note 14 Intangibles.	**Our results** Our audit testing did not identify any material misstatement to the impairment of intangibles.

Key Audit Matter – Parent company	How our scope addressed the matter – Parent Company
Valuation of investment and intercompany receivables (company only) We identified the valuation of the investment and intercompany balance in the parent company financial statements as one of the most significant assessed risks of material misstatement due to error. This relates to the investment held by IXICO plc in the subsidiary IXICO Technologies Ltd and amounts due from IXICO Technologies Ltd. There is a significant investment balance of £5,857k (PY £5,805k) and intercompany balance of £2,451k (PY £3,507k) in the parent company financial statements which needs to be considered for impairment in accordance with IAS 36 Impairment of assets and IFRS 9 Financial instruments. With the decline in revenues, the reported trading loss and the declining market capitalisation of the group at 30 September 2023 (being close to the carrying value of intangibles at the balance sheet date), there is a significant risk that the carrying value is not recoverable and that that impairment is required. As a result, management prepared an impairment assessment in relation to the carrying value of the investment and intercompany receivables to determine their recoverability.	In responding to the key audit matter, we performed the following audit procedures: • Assessing any indicators of impairments in line with IAS 36 that may trigger a requirement of an impairment. • Obtaining management's paper and assessing and challenging the trading, working capital, and cash flow assumptions applied to the client-prepared value-in-use model to ensure they are reasonable and supportable. • Reviewing the cash balance of IXICO Technologies and ensuring that the company has enough cash to repay the intercompany debt. • Agreeing inputs to the value-in-use calculations by reference to the forecasts tested in our audit of going concern and ensuring consistency of the forecasts, where appropriate. • Checking mathematical accuracy of the Value in Use calculations. • Engaging our internal valuations experts to inform our challenge of management, to confirm that the assumptions used within the calculation of the discount rate are reasonable and consistent with industry data. • Obtaining details of management's sensitivity analysis and further sensitising growth rates within the model, by reference to industry and market data.

Key Audit Matter – Parent company	How our scope addressed the matter – Parent Company
Relevant disclosures in the Annual Report & Accounts 2023 • Financial statements: Note 3 Significant accounting policies, subsection 3.10 – Investments in Group undertaking and Note 15 Investments.	**Our results** Our audit testing did not identify any material misstatement to the impairment of investment and intercompany balance.

Our application of materiality

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

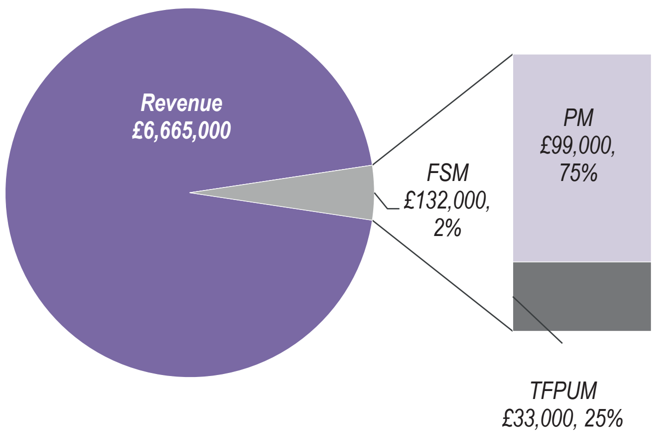
Materiality was determined as follows:

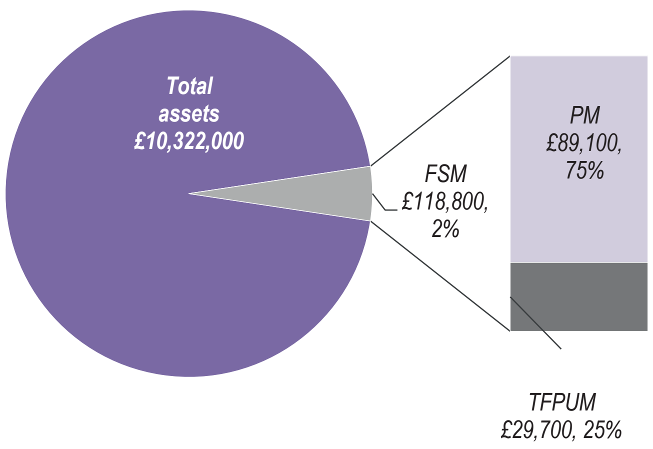
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£132,000, which is 2% of the group's total revenue.	£118,800, based on 2% of the parent company's total assets, and then capped at an amount less than group materiality.
Significant judgements made by auditor in determining the materiality	We have selected revenue as the most appropriate benchmark because this is a key measure used by the directors to report on the financial performance of the group. We have also consistently used revenue to determine materiality due to the year-on-year volatility in profit or loss before tax, meaning it is not a stable and appropriate benchmark. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2022 owing to the decrease in revenue in the current year.	This benchmark is considered the most appropriate because the company's principal activity is that of a holding company for the group and this judgement is consistent with the prior year. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2022 owing to the reduction in group materiality.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the	

Materiality measure	Group	Parent company
	aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£99,000, which is 75% of financial statement materiality.	£89,100 which is approximately 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: - whether there were any significant adjustments made to the group financial statements in the prior year - whether there were any significant control deficiencies identified in prior years - whether there were any changes in senior management of the group during the period - whether there were any significant changes in business objectives/strategy	In determining performance materiality, we made the following significant judgements: - whether there were any significant adjustments made to the company financial statements in the prior year - whether there were any significant control deficiencies identified in prior years - whether there were any changes in senior management of the company during the period - whether there were any significant changes in business objectives/strategy
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: - Related party transactions - Directors’ remuneration	We determined a lower level of specific materiality for the following areas: - Related party transactions - Directors’ remuneration
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£6,600 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£5,900 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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

Overall materiality – Group	Overall materiality – Parent company (Capped at 90% of group materiality)





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

An overview of the scope of our audit

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

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

- The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- The engagement team obtained an understanding of the effect of the group organisational structure on the scope of the audit, identifying that there are centralised processes and controls over the key areas of audit focus. Group management are responsible for all judgemental processes and significant risk areas. All accounting is centralised, and we have tailored our audit response accordingly. In assessing the risk of material misstatement to the group financial statements we considered the transactions undertaken by each entity and therefore where the focus of our audit work was required.

Identifying significant components

- Significant components were identified through assessing their relative share of key financial metrics including total revenue, profit before taxation and total assets. If any of these individual metrics were >15% of the group total amounts, then the related component was classified as 'individually financially significant to the group' and an audit of the financial information of the component using component materiality (full-scope audit) was performed.
- Other than IXICO Technologies Limited, which was scoped as a significant component, the only other component of the group (IXICO Technologies Inc) was selected as 'neither significant nor material' and was subject to analytical procedures.

Performance of our audit

- The year-end audit was conducted both remotely and at the head office. This hybrid approach was supported through the use of software collaboration platforms for the secure and timely delivery of requested audit evidence. The audit team held pre-scheduled video calls throughout the audit fieldwork.
- Our audit approach in the current year is consistent with the audit approach adopted for the year ended 30 September 2022, being wholly substantive in nature.

Audit approach	No. of components	% coverage Total assets	% coverage Revenue	% coverage PBT
Full-scope audit	**2**	**100**	**100**	**100**
Analytical procedures	**1**	**-**	**-**	**-**
Total	**3**	**100**	**100**	**100**

Other information

The other information comprises the information included in the Annual Report & Accounts 2023, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report & Accounts 2023. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK-adopted international accounting standards and the Companies Act 2006).
- We understood how the company and the group is complying with those legal and regulatory frameworks by making inquiries of management, including general counsel. We corroborated our inquiries through our review of board minutes and walkthrough tests performed with management.
- In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosure and business risks that may result in risks of material misstatement.
- We assessed the susceptibility of the company's and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the group engagement team included:
    - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
    - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;

- Challenging assumptions and judgements made by management in its significant accounting estimates such as capitalised development costs, carrying value of intangible assets and the valuation of the parent company investments and intercompany balances in group undertakings,
- Identifying and testing journal entries, in particular any journal entries posted with large values, unusual account combinations and those posted at the year-end or those posted by certain users during the year;
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
- Holding discussions with those outside the finance team including human resources, key management including the Chief Executive Officer and operations personnel, and general counsel.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner assessed whether the engagement team collectively has the appropriate competence and capabilities. This included consideration of the engagement tam's understanding of, and practical experience with, audit engagements of a similar nature and complexity, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the entity.

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.

Paul Naylor

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

London

4 December 2023

Consolidated Statement of Comprehensive Income

for the years ended 30 September 2023 and for 30 September 2022

	Notes	30-Sep-23 £000	30-Sep-22 £000
Revenue	5	6,665	8,643
Cost of sales		(3,395)	(3,400)
Gross profit		3,270	5,243
Other income	7	393	689
Operating expenses			
Research and development expenses		(925)	(1,217)
Sales and marketing expenses		(1,321)	(1,226)
General and administrative expenses		(2,854)	(2,581)
Total operating expenses	10	(5,100)	(5,024)
Operating (loss) / profit		(1,437)	908
Finance income		105	10
Finance expense		(29)	(33)
(Loss) / profit on ordinary activities before taxation		(1,361)	885
Taxation	11	183	147
(Loss) / profit attributable to equity holders for the period		(1,178)	1,032
Other comprehensive income / (expense):			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange translation differences		(21)	14
Movement in fair value of cash flow hedges	22	111	(214)
Cash flow hedges recycled to revenue	22	(27)	103
Total other comprehensive income / (expense)		63	(97)
Total comprehensive (expense) / income attributable to equity holders for the period		(1,115)	935
(Loss) / profit per share (pence)			
Basic (loss) / profit per share	12	(2.44)	2.14
Diluted (loss) / profit per share	12	(2.44)	2.03

Consolidated Statement of Financial Position

as at 30 September 2023 and 30 September 2022

	Notes	30-Sep-23 £000	30-Sep-22 £000
Assets			
Non-current assets			
Property, plant and equipment	13	518	817
Intangible assets	14	6,147	4,587
Commission assets	16	39	-
Total non-current assets		6,704	5,404
Current assets			
Trade and other receivables	16	1,706	3,029
Current tax receivables	11	549	453
Cash and cash equivalents		4,031	5,769
Total current assets		6,286	9,251
Total assets		12,990	14,655
Liabilities and equity			
Non-current liabilities			
Trade and other payables	17	2	33
Lease liabilities	18	275	394
Total non-current liabilities		277	427
Current liabilities			
Trade and other payables	17	1,142	1,502
Derivative financial liabilities	22	27	111
Lease liabilities	18	112	122
Total current liabilities		1,281	1,735
Total liabilities		1,558	2,162
Equity			
Ordinary shares	20	484	482
Share premium	20	84,802	84,802
Merger relief reserve	20	1,480	1,480
Reverse acquisition reserve	20	(75,308)	(75,308)
Cash flow hedge reserve	20,22	(27)	(111)
Foreign exchange translation reserve	20	(95)	(74)
Capital redemption reserve	20	7,456	7,456
Accumulated losses	20	(7,360)	(6,234)
Total equity		11,432	12,493
Total liabilities and equity		12,990	14,655

The financial statements on pages to 53 to 87 were approved by the Board of Directors and authorised for issue on 4 December 2023 and were signed on its behalf by:

Grant Nash
Chief Financial Officer
4 December 2023
IXICO plc, Registered number: 03131723

Company Statement of Financial Position

as at 30 September 2023 and 30 September 2022

	Notes	30-Sep-23 £000	30-Sep-22 £000
Assets			
Non-current assets			
Investments in Group undertakings	**15**	**5,857**	5,805
Total non-current assets		**5,857**	5,805
Current assets			
Trade and other receivables	**16**	**2,481**	3,088
Cash and cash equivalents		**1,469**	1,590
Total current assets		**3,950**	4,678
Total assets		**9,807**	10,483
Liabilities and equity			
Current liabilities			
Trade and other payables	**17**	**60**	83
Total current liabilities		**60**	83
Equity			
Ordinary shares	**20**	**484**	482
Share premium	**20**	**84,802**	84,802
Merger relief reserve	**20**	**1,480**	1,480
Capital redemption reserve	**20**	**7,456**	7,456
Accumulated losses	**20**	**(84,475)**	(83,820)
Total equity		**9,747**	10,400
Total liabilities and equity		**9,807**	10,483

Parent Company Income Statement
As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The Company's loss for the financial year was £707,000 (2022: £741,000).

The financial statements on pages 53 to 87 were approved by the Board of Directors and authorised for issue on 4 December 2023 and were signed on its behalf by:

Grant Nash
Chief Financial Officer
4 December 2023

IXICO plc, Registered number: 03131723

Consolidated Statement of Changes in Equity

for the years ended 30 September 2023 and 30 September 2022

	Ordinary shares	Share premium	Merger relief reserve	Reverse acquisition reserve	Foreign exchange translation reserve	Cash flow hedge reserve	Capital redemption reserve	Accumulated Losses	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 30 September 2021	**482**	**84,802**	**1,480**	**(75,308)**	**(88)**	**-**	**7,456**	**(7,345)**	**11,479**
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	-	1,032	1,032
Other comprehensive income/expense									
Foreign exchange translation	-	-	-	-	14	-	-	-	14
Movement in fair value of cash flow hedges	-	-	-	-	-	(214)	-	-	(214)
Cash flow hedges recycled to revenue	-	-	-	-	-	103	-	-	103
Total comprehensive income/expense	**-**	**-**	**-**	**-**	**14**	**(111)**	**-**	**1,032**	**935**
Transactions with owners									
Charge in respect of share options	-	-	-	-	-	-	-	79	79
Balance at 30 September 2022	**482**	**84,802**	**1,480**	**(75,308)**	**(74)**	**(111)**	**7,456**	**(6,234)**	**12,493**
Total comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(1,178)	(1,178)
Other comprehensive income/expense									
Foreign exchange translation	-	-	-	-	(21)	-	-	-	(21)
Movement in fair value of cash flow	-	-	-	-	-	111	-	-	111
Cash flow hedges recycled to revenue	-	-	-	-	-	(27)	-	-	(27)
Total comprehensive income/expense	**-**	**-**	**-**	**-**	**(21)**	**84**	**-**	**(1,178)**	**(1,115)**
Transactions with owners									
Charge in respect of share options	-	-	-	-	-	-	-	52	52
Exercise of share options	2	-	-	-	-	-	-	-	2
Total transactions with owners	2	-	-	-	-	-	-	52	54
Balance at 30 September 2023	**484**	**84,802**	**1,480**	**(75,308)**	**(95)**	**(27)**	**7,456**	**(7,360)**	**11,432**

Company Statement of Changes in Equity

for the years ended 30 September 2023 and 30 September 2022

	Ordinary shares £000	Share premium £000	Merger relief reserve £000	Capital redemption reserve £000	Accumulated losses £000	Total £000
Balance at 30 September 2021	**482**	**84,802**	**1,480**	**7,456**	**(83,158)**	**11,062**
Total comprehensive expense for the period	-	-	-	-	(741)	(741)
Transactions with owners						
Charge in respect of share options	-	-	-	-	79	79
Balance at 30 September 2022	**482**	**84,802**	**1,480**	**7,456**	**(83,820)**	**10,400**
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(707)**	**(707)**
Transactions with owners						
Charge in respect of share options	-	-	-	-	52	52
Exercise of share options	2	-	-	-	-	2
Total transactions with owners	**2**	**-**	**-**	**-**	**52**	**54**
Balance at 30 September 2023	**484**	**84,802**	**1,480**	**7,456**	**(84,475)**	**9,747**

Consolidated Statements of Cash Flows

for the years ended 30 September 2023 and 30 September 2022

	30-Sep-23 £000	30-Sep-22 £000
Cash flows from operating activities		
Profit / (loss) for the period	**(1,178)**	1,032
Finance income	**(105)**	(10)
Finance expense	**29**	33
Taxation	**(183)**	(147)
Depreciation of fixed assets	**400**	451
Amortisation of intangibles	**225**	188
Research and development expenditure credit	**(355)**	(316)
Impairment of intangible assets	**14**	41
Share option charge	**52**	79
	(1,101)	1,351
Changes in working capital		
Decrease in trade and other receivables	**1,290**	280
(Decrease) / increase in trade and other payables	**(327)**	(696)
Cash (used in) / generated from operations	**(138)**	935
Taxation received	**456**	499
Taxation paid	**(16)**	(10)
Net cash (used in) / generated from operating activities	**302**	1,424
Cash flows from investing activities		
Purchase of property, plant and equipment	**(100)**	(187)
Purchase of intangible assets including staff costs capitalised	**(1,863)**	(2,058)
Finance income	**99**	6
Net cash (used in) / generated from investing activities	**(1,864)**	(2,239)
Cash flows from financing activities		
Issue of shares	**2**	-
Repayment of lease liabilities	**(158)**	(114)
Net cash (used in) / generated from financing activities	**(156)**	(114)
Movements in cash and cash equivalents in the period	**(1,718)**	(929)
Cash and cash equivalents at start of period	**5,769**	6,684
Effect of exchange rate fluctuations on cash held	**(20)**	14
Cash and cash equivalents at end of period	**4,031**	5,769

Notes to the financial statements

1. Presentation of the financial statements

a. General information

IXICO plc (the 'Company') is a public limited company incorporated in England and Wales and is admitted to trading on the AIM market of the London Stock Exchange under the symbol IXI. The address of its registered office is 4th Floor, Griffin Court, 15 Long Lane, London EC1A 9PN.

The Company is the parent of the subsidiaries detailed in note 15, together referred to throughout as 'the Group'. The Group is an established provider of technology-enabled services to the global biopharmaceutical industry. The Group's services are used to select participants for clinical trials and assess the safety and efficacy of new drugs in development within the field of neurological disease.

b. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirement of the Companies Act 2006.

The consolidated financial statements comprise a Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Changes in Equity, a Statement of Cash Flows, and accompanying notes. These financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial instruments.

The consolidated financial statements are presented in Great British Pounds ('£' or 'GBP') and are rounded to the nearest thousand unless otherwise stated. This is the predominant functional currency of the Group, and is the currency of the primary economic environment in which it operates. Foreign currency transactions are accounted in accordance with the policies set out below.

The Company has elected to use Financial Reporting Standard – 'The Reduced Disclosure Framework' (FRS101). In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- A statement of cash flows and related notes;
- The requirement to produce a statement of financial position at the beginning of the earliest comparative period;
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- The effect of future accounting standards not adopted;
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Disclosures in relation to impairment of assets
- IFRS 7, 'Financial instruments: Disclosures'.

c. Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiary companies adjusted to eliminate intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions. The Company's subsidiaries are detailed in note 15. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

1. Presentation of the financial statements continued

The Group controls a subsidiary when the Group is exposed to, or has rights to, variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The results of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities of foreign operations are translated into GBP at exchange rates prevailing at the end of the reporting period. Income statements and cash flows of foreign operations are translated into GBP at average monthly exchange rates which approximate foreign exchange rates at the date of the transaction. Foreign exchange differences arising on retranslation are recognised directly in a separate translation reserve.

d. Going concern

The ongoing conflict in eastern Europe and recent re-commencement of hostilities in the middle east, accompanied by rising inflation, interest rates and a broad degree of macro-economic and political disruption continue to create challenges for the global economy. These have resulted in a lowered risk appetite which has impacted capital markets around the world, reducing capital availability and investment in areas deemed higher risk.

The impact of this has been visible in the clinical trials market both through a slow down in the initiation of new clinical trials, increased focus on development pipelines by the biopharmaceutical companies and restructuring and consolidation announcements within both biopharma and CROs.

The Group has seen the impact of this and, whilst it remains well capitalised and debt-free, it has seen an elongation of the timeframes to sign new clinical trials and therefore has lowered its expectations for revenues in 2024 ahead of a return to growth in 2025.

Irrespective, the Group has a strong balance sheet for its size with financial year end net assets of £11.4 million, a £4.0 million cash balance and has secured £8.0 million of new contracts in the year providing it with good visibility of future revenues across a diversified portfolio of clients and projects.

In assessing going concern, management has prepared detailed sensitised forecasts which consider different scenarios through to December 2024. These include the risk to current projects and expected future sales pipelines. The Directors have considered these forecasts, alongside the Group's strong balance sheet and cash balance as well as the ability for the Group to mitigate costs if necessary. After due consideration of these forecasts, as well as the review completed by the Audit Committee (including a review of a reverse stress test) the Directors concluded with confidence that the Group has adequate financial resources to continue in operation for the foreseeable future.

2. New and amended accounting standards and interpretations

a. Adoption of new accounting standards for the year ended 30 September 2023

The Group has adopted all new and amended accounting standards and interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

There was no impact on the Group's financial statements as a result of adopting these standards.

b. Accounting developments affecting financial statements in subsequent periods

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretations have been published by the IASB. The standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Definition of Accounting Estimates
- Disclosure of Accounting Policies

2. New and amended accounting standards and interpretations continued

The Directors anticipate, based on current business processes, that the introduction of the above standards and amendments will not have a material impact on the Group and Company financial statements and therefore the impact of these changes on the financial statements has not been assessed.

3. Significant accounting policies

3.1 Revenue

Revenue is principally derived from service revenue. Revenue comprises the transaction price, being the amount of consideration the Group expects to be entitled to in exchange for transferring promised goods or services to a customer in the ordinary course of business net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

In determining whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a client;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

All services provided to clients are agreed at the inception of a project through contracts, wherein the transaction price is determined and agreed for each performance obligation in the schedule of work. The transaction price agreed at the outset is not variable or subject to any refunds or warranties, and this is consistent across all revenue streams. A critical part of the contract is a detailed schedule of work that provides the list of services to be provided by the Group. Under the requirements of IFRS 15 - Revenue from Contracts with Customers, the Group is required to identify individual and distinct performance obligations within each contract. This represents a judgement, and the Group has considered whether each individual service provided meets these requirements in its own right and in the context of the contract, by assessing in particular the level of interrelationship between each type of service and the nature of the contract entered in to with clients.

The Group has identified performance obligations within each of the revenue streams as set out below. The transaction price associated to each performance obligation is allocated based on their relative stand-alone selling price. Revenue is recognised once the performance obligation is met for each distinct service. Deferred income and advanced payments are recognised where consideration is received before all performance considerations have been completed. They are then released in line with contractual terms which dictate which performance obligations they relate to. In some instances the Group invoices in advance of work being completed, a corresponding contract liability is therefore created to account for this. The Group also invoices on completion of contractual milestone. In these instances accrued income is recognised until the invoices are issued to reflect the Group’s right to compensation for these completed but not invoiced performance obligations.

Revenue types

The Group’s contracts comprise a variety of performance obligations. These obligations are all considered streams of a single revenue type, being service revenue. Most of the Group’s revenue is recognised at a point in time; the Group recognises this revenue once control is passed to the client, or once the service has been delivered on behalf of the client.

3.1 **Revenue** continued

The Group's most significant streams of service revenue are outlined below and have the respective recognition criteria:

Service type	Performance obligations	Revenue recognition policy
Project & site set up Training materials and delivery Scientific reports	This service type includes the initial project set up documentation, such as scientific protocols and operational guides, and close out activities such as scientific reports. Where a tangible product is created, the performance obligation is met once the item is transferred to the client. In respect of training, materials are prepared in advance and provided to clients as tools for site training. Site training is provided either through live online training or through a self-paced training module. The performance obligation is met once each individual site has completed the training.	Revenue for this service is recognised at a point in time once the Group has delivered the relevant material on behalf of the client. For training materials and delivery, revenue is recognised at the point in time when a site has completed its training.
Project management Site management	Each contract requires various project management activities. These services are provided throughout the duration of a contract. Site management services are provided throughout the duration of a site being operational and would typically be shorter than the project management cycle. For both activities, the costs and time spent delivering these services are generally spread evenly over the project lifetime. As such the performance obligation is met when the specific service is provided each month.	The services provided for project and site management represents a provision of ongoing services. As the fee is charged monthly to the client over the duration for which management services are provided, revenue for these items is recognised over a series of points in time across the contract.
TrialTracker configuration and access	The TrialTracker platform delivers a robust and comprehensive set of centralised imaging services designed to efficiently manage the complex imaging workflow, including image upload, quality control, reading and analysis. The platform also allows for reporting and data transfer. This involves the initial configuration and deployment of TrialTracker, and access granted to client trial sites for upload of clinical information. Due to the lack of interrelationship between the two distinct services provided, each are recognised independently. The performance obligations for each are: • The performance obligation for deployment is met over a period of time during the configuration and development of TrialTracker. • The performance obligation for ongoing access to TrialTracker for the upload of data by client trial sites is recognised over the duration of the project once TrialTracker is deployed.	The deployment of TrialTracker is recognised over time as the platform is configured for the customer. This is because an asset is being created that has no alternative use for the Group and there is an enforceable entitlement to receive payment for the work completed to date. The ongoing access fee is charged monthly to the client and so revenue is recognised over a series of points in time across the contract.
Data management and quality control	Ensuring data are managed appropriately and that the data are of a high quality is critical in the delivery of the Group's service. The data management and imaging teams work in collaboration to ensure ongoing integrity of data. The data will go through a series of quality control reviews prior to being used in the Group's performance of reading	In respect of data quality control, revenue will be recognised at the point in time when data is quality checked. The services provided for data management represents a provision of ongoing services.

	and analysis. Therefore, the performance obligation is met once the data is quality checked. Data management is an ongoing service performed throughout the duration of a project whilst data is being received and managed on a project. The respective costs and time spent delivering this service is generally spread evenly over the duration in which data is being managed and as such the performance obligation is met when the specific service is provided each month.	As the fee is charged monthly to the client over the duration for which data management is required, revenue for these items is recognised over a series of points in time across the contract.
Data reading and analysis	The Group provides data analysis services across a range of biomarkers, providing high-quality, clinically meaningful data. The performance obligation for these services is met once the analysis is completed.	Revenue from reading and analysis of clinical data is recognised at the point in time when the work is complete.
Licence revenue	Revenue relating to licencing is entirely attributable to TrialTracker. Each agreement will grant the user rights to access the software for their own use and receive associated technical support during the licence period. The granting of the licence and its associated support are distinct performance obligations and are met on a straight-line basis over the contract term.	Revenue for both the licencing and support are recognised on a straight-line basis over the duration of the contract and is therefore recognised over time. Licence revenue in the current year is not material.

<u>Change orders</u>
Throughout the duration of a contract, the client may request additional services or service changes to be made. For revenue recognition purposes, the Group treats a change order or contract modification to a client agreement as a separate contract, if both:

- the scope changes due to the addition, or reduction, of ‘distinct’ services; and
- the price change reflects the services stand-alone selling prices (‘SSP’) under the circumstances of the modified contract.

The revenue recognition for the change order is applied in the same way as the original contract, as detailed above, with the original client agreement remaining unchanged.

In line with note 5, the Group has determined that it acted as an agent in one material contract in the year. The Group charges a management fee and recognises this as revenue. This contract delivered £13,000 (£192,000) of revenues in the year.

3.2 Other income

<u>Government grants and assistance</u>
A government grant is recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. The grants are recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. The Group recognises grant income as an item of other income.

<u>Research and Development Expenditure Credit (‘RDEC’)</u>
The Group has elected to take advantage of the RDEC introduced in the Finance Act 2013. A company may surrender corporation tax losses on research and development expenditure incurred on or after 1 April 2013 for a corporation tax refund. Relief is given as a taxable credit on 13% of qualifying research and development expenditure, with the rate increasing to 20% for expenses incurred from 1 April 2023. The Group recognises research and development expenditure credit as an item of other income, taking advantage of the ‘above the line’ presentation, and is recognised in the year for which the research and development relates.

3.3 Research and development expenditure
In all instances across the Group, research expenditure is expensed through the income statement. For development expenditure, items will be expensed where the recognition criteria for internally generated intangible assets is not met.

The main criteria used to assess this, as required under IAS 38 – Intangible Assets, are:
- Demonstrating technical feasibility of completing the intangible asset;
- Intention to complete the asset;
- Ability to use or sell the asset in order to generate future economic benefit;
- Availability of adequate technical or other resources to complete development; and
- Ability to measure reliably the expenditure attributable to the asset.

It was determined that the Group continued to meet the above criteria in respect of specific developments to its TrialTracker platform and data analytics service offering. As a result, associated development costs are capitalised in the year and an intangible asset is recognised as set out in note 14.

3.4 Share-based payments
Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the performance period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of any non-market-based performance conditions.

Any changes that impact the original estimates, for example the effect of employees who have left the Group in the year and have forfeited their options, is recognised in the Consolidated Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21 of the consolidated financial statements.

3.5 Employee benefits
All employee benefit costs are recognised in the Consolidated Statement of Comprehensive Income as they are incurred. These principally relate to holiday pay and contributions to the Group defined contribution pension plan.

The assets of the Group pension scheme are held separately from those of the Group in independently administered pension funds. The Group does not offer any other post-retirement benefits.

3.6 Leased assets
A lease is defined as a contract that gives the Group the right to use an asset for a period of time in exchange for consideration. The Group identifies from the contract the total length and cost of the lease contract, and determines whether it meets the definition of a right-of-use asset. Recognition of a right-of-use asset is met if it is longer than 12 months and of a high value. For those leases that do not meet these criteria, the rental charge payable under these leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

The initial recognition and subsequent measurement of right-of-use asset leases are:

Initial recognition
At the commencement date, the Group measures the lease liability at the present value of future lease payments, discounted using the Group's incremental borrowing rate. The Group also recognises a right-of-use asset which is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs and an estimate of any costs to reinstate the asset to its original condition.

Subsequent measurement
The lease liability is reduced for payments made and increased for interest accrued, and is remeasured for any modifications made to the lease. The right-of-use asset is depreciated on a straight-line basis over the expected lease term. The asset is also assessed for impairment when such indicators exist.

On the statement of financial position, right-of-use assets are included in property, plant and equipment and lease liabilities are shown separately. Please see note 18 for more information.

3.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and, where appropriate, less provisions for impairment. The initial recognition and subsequent measurement of property, plant and equipment are:

Initial recognition
Property, plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating. In most circumstances, the cost will be its purchase cost, together with the cost of delivery.

Subsequent measurement
An asset will only be depreciated once it is ready for use. Depreciation is charged so as to write off the cost of property, plant and equipment, less its estimated residual value, over the expected useful economic lives of the assets.

Depreciation is charged on a straight-line basis as follows:

Office buildings	over expected lease term
Leasehold improvements	shorter of 5 years or the lease term
Fixtures and fittings	3 years
Equipment	3 years

The disposal or retirement of an asset is determined by comparing the sales proceeds with the carrying amount. Any gains or losses are recognised within the Consolidated Statement of Comprehensive Income.

3.8 Intangible assets

Acquired intangibles
Intangible assets that are acquired through business combinations are recognised as intangible assets if they are separable from the acquired business or arise from contractual or legal rights. These assets will only be recognised if they are also expected to generate future economic benefits and their fair value can be reliably measured.

Initial recognition
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Subsequent measurement
Following capitalisation, the intangible assets are carried at cost less any accumulated amortisation, and where appropriate, less provisions for impairment.

Intangible assets are amortised using the straight-line method over their estimated useful economic life as follows:

- Intangibles acquired through business combinations	5 years
- Computer software	3 years
- Data acquisition	5 years

Amortisation is charged to the Consolidated Statement of Comprehensive Income and is included within cost of sales for those items directly related to project activities, or otherwise within general and administrative expenses.

Internally generated intangible assets
Intangible assets that are capitalised internally are deemed to have met the recognition criteria set out in IAS 38. These items relate to research and development costs and are considered in note 3.3.

Initial recognition
Internally generated intangible assets are initially recognised at cost once the recognition criteria of IAS 38 are met.

3.8 Intangible assets continued

Subsequent measurement
Any assets that are not yet ready for use will be capitalised as assets under construction and will not be amortised. Once the asset is ready for use, amortisation will begin. The amortisation rates adopted are based on the expected useful economic life of the projects to which they relate, with the charges recognised in accordance with how the Group receives the benefit from the technology. The assets useful economic life is as follows:

Internally generated technology	3 - 5 years
Proprietary clinical trial platform	15 years

3.9 Impairment of non-current assets
Each category of non-current assets is reviewed for impairment annually when under construction or when there is an indication that an asset may be impaired, being when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Non-financial assets, other than goodwill, which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.10 Investments in Group undertakings
Investments in Group undertakings are initially recognised at cost and subsequently measured at cost less any impairment provision. Investments are subject to an annual impairment review, with any impairment charge being recognised through the Consolidated Statement of Comprehensive Income. Additions to investments are amounts relating to share options for the services performed by employees of the subsidiaries of the Company and are classified as capital contributions within note 15.

3.11 Trade and other receivables
Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, less any expected credit losses. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assess impairment of trade receivables on an individual basis as they possess individual credit risk characteristics based on each client. Refer to note 16 for further information on aging of trade receivables and an analysis of any expected credit losses.

The Group recognises commission payments as incremental costs from obtaining a contract. Those that are paid immediately are capitalised under IFRS 15 and amortised over 3 years (2022: 3 years), being the average length of contracts entered into by the Group, as opposed to using a tailored time period for each project. Management reviews this assessment annually to determine that there are no material variances. Those not paid immediately are accrued over a period of time as this element of the commission payment requires the respective employee to remain in service for a specific period. Commission assets.

3.12 Taxation
Current tax
Current tax represents amounts recoverable within the United Kingdom and is provided at amounts expected to be recovered using the tax rates and laws that have been enacted at the Statement of Financial Position date.

Research and development credits
The benefit associated with UK-based research and development is recognised under the UK's Research and Development Expenditure Credit scheme. Details of the recognition are set out in note 3.2.

Deferred taxation
Deferred tax is provided in full, 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 in accordance with IAS 12 –

3.12 Taxation continued

Income taxes. Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available in future years to utilise the temporary difference. Deferred 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 the accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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 tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Group intends to settle these on a net basis.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. As such, the Group does not recognise any deferred tax assets, see note 19.

3.13 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand with original maturities at inception of 3 months or less.

3.14 Foreign currency translation
Transactions denominated in foreign currencies are translated into Great British Pounds at actual rates of exchange prevailing at the date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into Great British Pounds at rates of exchange prevailing at the end of the financial year. All foreign currency exchange differences are taken to the Consolidated Statement of Comprehensive Income in the year in which they arise.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.15 Trade and other payables
Trade and other payables are non-interest-bearing, unless significantly overdue, and are initially recognised at fair value and subsequently stated at amortised cost.

3.16 Provisions, contingent assets and contingent liabilities
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing of such outflows may still be uncertain. Such provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable estimate available at the reporting date, discounted to the present value where material.

Any reimbursement that the Group is virtually certain to collect from a third party in relation to the related provision will be recognised as a separate asset.

Liabilities are not recognised where the outflow of economic resources is not probable, but are instead disclosed as contingent liabilities.

3.17 Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.18 Financial instruments
Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group or the Company becomes a party to the contractual provisions of the instrument. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.18 Financial instruments continued
The Group holds one type of derivative financial instrument – forward contracts used for the purposes of hedging. These are designated as cash flow hedges and held at fair value with changes held in the cash flow hedge reserve. On crystallisation the gain or loss is recycled to revenue to reflect the risks being hedged. The ineffective portion of the hedging instrument is recognised in the profit or loss account immediately.

Further information relating to financial instruments and the policies adopted by the Group to manage risk is found in note 22.

4. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, the Directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Determination of acting as agent or principal
The scope of a client project or its contract terms are reviewed to determine whether the Group is acting as principal or agent. This determination depends on the facts and circumstances of each individual project or contract and requires judgement, which are made in accordance with the applicable standards. The primary indicator used to determine whether the Group is acting as a principal is whether control of the good or service is gained prior to the good or service transferring to the client. If control is gained, revenue is recognised on a gross basis. If no control is achieved, then revenue is recognised on a net basis. During the year, the Group had a contract with a client to arrange the delivery of products from a third party to various client trial sites. The Group determined this was an agency relationship. If this judgement was incorrect and the Group was acting as principal, it would result in an immaterial increase in revenue and cost of sales recognised in the year and a decrease in profit margins achieved. In the prior year the effect would have been material.

Capitalisation of internally developed software
Distinguishing the research and development phases of a new software product and determining whether the requirements for the capitalisation of development costs are met requires judgement. Management will assess whether a project meets the recognition criteria as set out in IAS 38 based on an individual project basis. More detail is included in note 3.3 as to the specific considerations given to each project when determining whether to capitalise internally developed software. Where the criteria are not met, the research and development expenditure will be expensed in the Consolidated Statement of Comprehensive Income. Where the recognition criteria are met, the items will be capitalised as an intangible asset.

During the year ended 30 September 2023, research and development expenses totalled £2,152,000 (2022: £2,129,000). Of this amount, £1,211,000 (2022: £912,000) was capitalised as an intangible asset relating to employee costs. The balance of expenditure being £925,000 (2022: £1,217,000) is recognised in the Consolidated Statement of Comprehensive Income as an expense.

Recovery of deferred tax assets
Deferred tax assets have not been recognised for deductible temporary differences and tax losses. The Directors consider that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses. Further information on the Group's deferred tax asset can be found in note 19 of the consolidated financial statements.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Changes to these estimations may result in substantially different results for the year.

Determination of transaction prices in revenue recognition
Client contracts include an agreed work order so the transaction price for a contract is allocated against each distinct performance obligations for each service, based on their relative stand-alone selling prices. For legacy contracts prior

4. Significant management judgement in applying accounting policies and estimation uncertainty continued

to the adoption of IFRS 15, management were required to estimate the standalone price allocated to each distinct service that were previously grouped in a single price. For new contracts, the fair value of individual components is based on actual amounts charged by the Group on a stand-alone basis. Management have determined that for items recognised on a straight-line basis, including project, site and data management, the demands of this on the Group are spread evenly over the life of the revenue stream. This was determined through an understanding of the work required to deliver the various revenue streams and the obligations within the contract needing to be met.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. Details of the estimations used in determining the fair value of the options in issue are detailed in note 22. In line with IAS 2, management assess whether non-market conditions will be achieved and adjusts appropriately.

Useful lives of depreciable assets
The useful lives of depreciable assets are determined by management at the date of purchase based on the expected useful lives of the assets. These are subsequently monitored and reviewed annually and where there is objective evidence of changes in the useful economic lives, these estimates are adjusted. Any changes to these estimates may result in significantly different results for the period.

5. Revenue

An analysis of the Group's revenue by type is as follows:

	2023 **£000**	2022 £000
Service revenue	**6,665**	8,643

All material revenue streams derived by the Group relate to the delivery of services in support of clinical trials. As such, all revenue is deemed to belong to one stream, being service revenue.

Revenue derived from services provided over time do not constitute a material portion of revenue and therefore disclosure distinguishing between revenue recognised at a point in time versus over time is not made.

For the year ended 30 September 2023, revenue includes £214,000 (2022: £499,000) held in contract liabilities within trade and other payables at the beginning of the period. This amount also includes performance obligations relating to advance payments that were not yet complete at the end of the prior year. Advance payments are charged to clients to de-risk start-up activities and are recognised at a point in time once an activities performance obligation is met. At 30 September 2023, £343,000 (2022: £575,000) of advanced payments were recognised on the balance sheet.

6. Segmental information

The Board considers there to be only one core operating segment for the Group's activities. This is based on the Group's development, commercial and operational delivery teams operating across the entirety of the Group, which is primarily based in the United Kingdom. The projects undertaken by the Group are managed by project managers, who receive inputs for each project from other team members. Performance information is reported as a single business unit to the management team.

The information gathered for each project is subsequently reported to the Group's Chief Executive Officer, who is considered to be the chief operating decision-maker. This information is used for resource allocation and assessment of performance. Therefore, the entirety of the Group's revenue and assets can be attributed wholly to this operating segment with reference to the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

6. Segmental information continued

During the year ended 30 September 2023, the Group had five clients (2022: three clients) that exceeded 10% of total revenue. In 2023 the individual percentage revenue associated with these clients was 14% (£966,000), 14% (£949,000), 13% (£862,000), 12% (£792,000) and 10% (£699,000). In 2022, the individual percentage revenue associated with the three largest clients was 38% (£3,320,000), 14% (£1,175,000) and 11% (£976,000).

Geographical information

The Group's revenue can be categorised by country, based on the location of the contracting client. Sometimes clients of the Group, which include global biopharmaceutical companies with offices in multiple locations across the world, request the Group to contract directly with their regional offices in the United Kingdom or European locations. In such circumstances the associated revenues are reported as being based in the contracting location even though much of the operational execution of the contract will include entities or partners of the client based elsewhere in the world.

	2023 £000	2022 £000
United States of America	3,053	2,711
United Kingdom	952	2,057
Netherlands	862	436
Switzerland	816	2,077
Ireland	689	724
Other - Europe	293	638
Revenue	**6,665**	8,643

As the Group is domiciled in the United Kingdom, the entirety of the revenue originates from this location.

7. Other income

Items of other income principally relate to government grants received. Grants are recognised as income over the period required to match them with the related costs, for which they are intended to compensate, on a systematic basis.

The Group also recognises Research and Development Expenditure Credit ('RDEC') as other income.

	2023 £000	2022 £000
Grant income	**38**	373
RDEC	**355**	316
Other income	**393**	689

8. Auditor's remuneration

	2023 £000	2022 £000
Audit services		
- Group and Parent Company	**56**	38
- subsidiary companies	**37**	26
Total audit fees	**93**	64
Audit-related assurance services	**8**	7
Total auditor's remuneration	**101**	71

9. Employees and Directors

The average monthly number of persons (including Executive and Non-Executive Directors) employed by the Group was:

	2023 Number	2022 Number
Administration	**14**	15
Operations, research and development	**75**	75
Average total persons employed	**89**	90

The aggregate remuneration of employees in the Group was:

	2023 £000	2022 £000
Wages and salaries	**5,944**	5,851
Social security costs	**702**	610
Other pension costs	**303**	286
Share-based payments charge	**52**	79
Total remuneration for employees	**7,001**	6,826
Employee costs capitalised	**(1,211)**	(912)
Net employee costs	**5,790**	5,914

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The amounts outstanding at 30 September 2023 in respect of pension costs were £46,000 (2022: £46,000).

The remuneration of the Group's Directors is set out in the Directors' Remuneration Report on pages 39 and 40, as well as in note 23 under related party transactions.

The Company did not directly employ any staff and therefore there is no cost recognised in respect of staff costs.

10. Operating loss / profit

The Group's operating loss (2022: profit) has been achieved after charging:

	2023 £000	2022 £000
Research and development expenses	**903**	1,176
Research and development related impairment	**14**	41
Research and development related amortisation	**8**	-
Sales and marketing expenses	**1,262**	1,173
Amortisation of commission assets	**59**	53
Operating lease charges: land, buildings and printers	**1**	1
Depreciation of tangible assets	**400**	451
Amortisation of intangible assets	**24**	23
Foreign exchange (gain) / loss	**85**	(149)
Administrative expenses	**2,344**	2,255
Total operating expenses	**5,100**	5,024

There is a further amortisation charge of £193,000 (2022: £165,000) recognised in cost of sales for those items directly related to project activities. The total amortisation charge for the year is £225,000 (2022: £188,000).

11. Taxation

The tax charge for each period can be reconciled to the result per the Consolidated Statement of Comprehensive Income as follows:

	2023 £000	2022 £000
(Loss) / profit on ordinary activities before taxation	**(1,361)**	885
(Loss) / profit before tax at the effective rate of corporation tax in the United Kingdom of 22% (2022: 19%)	**(299)**	168
Effects of:		
Expenses not deductible for tax purposes	**(17)**	4
Origination and reversal of temporary differences	**(291)**	(332)
Research and development uplifts net of losses surrendered for tax credits	**406**	17
Overseas taxation	**16**	-
Prior period adjustment	**2**	(4)
Tax credit for the period	**(183)**	(147)

The tax credit for each period can be reconciled as follows:

	2023 £000	2022 £000
Small or medium enterprise research and development credit	**(276)**	(200)
Deduction for corporation tax on RDEC	**75**	57
Overseas taxation	**16**	-
Prior period adjustment	**2**	(4)
Tax credit for the period	**(183)**	(147)

11. Taxation continued

The Group has elected to take advantage of the RDEC, introduced in the Finance Act 2013 whereby a company may surrender corporation tax losses on research and development expenditure incurred on or after 1 April 2013 for a corporation tax refund.

The following is a reconciliation between the tax charge and the tax receivable within the Consolidated Statement of Financial Position:

	2023	2022
	£000	£000
Current tax receivable at start of period	**453**	480
Current period credit	**552**	472
Corporation tax repayment	**(456)**	(499)
Current tax receivable at end of period	**549**	453

The tax credit for each period can be reconciled to the current period credit recognised in tax receivable within the Consolidated Statement of Financial Position in each period as follows:

	2023	2022
	£000	£000
Tax credit for the year	**183**	147
RDEC gross of corporation tax deduction	**355**	316
Overseas taxation	**15**	-
Tax recoverable	**(1)**	9
Current period credit	**552**	472

12. Earnings per share

The calculation of basic and diluted earnings per share ('EPS') of the Group is based on the following data:

	2023	2022
Earnings		
Earnings for the purposes of basic and diluted EPS, being net profit attributable to the owners of the Company (£000)	**(1,178)**	1,032
Number of shares		
Weighted average number of shares for the purposes of basic EPS	**48,309,181**	48,151,373
Effect of potentially dilutive ordinary shares:		
- Weighted average number of share options	-	2,606,350
Weighted average number of shares for the purposes of diluted EPS	**48,309,181**	50,757,723

Basic earnings per share is calculated by dividing earnings attributable to the owners of the Company by the weighted average number of shares in issue during the year. The diluted EPS is calculated by dividing earnings attributable to the owners of the Company by the weighted average number of shares in issue taking into account the share options outstanding during the year. For the year ended to 30 September 2023, there was no dilutive effect as the share options in issue would have decreased the loss per share.

The basic and diluted earnings per share for the Group and Company is:

	2023	2022
Basic earnings per share	**(2.44p)**	2.14p
Diluted earnings per share	**(2.44p)**	2.03p

13. Property, plant and equipment

Group

Cost	Office building £000	Leasehold improvement £000	Fixtures and fittings £000	Equipment £000	Total £000
At 30 September 2021	**777**	**185**	**5**	**955**	**1,922**
Additions	-	-	-	187	187
Disposals	-	-	-	(25)	(25)
At 30 September 2022	**777**	**185**	**5**	**1,117**	**2,084**
Additions	-	7	-	94	101
Disposals	-	-	-	(20)	(20)
At 30 September 2023	**777**	**192**	**5**	**1,191**	**2,165**

Accumulated depreciation					
At 30 September 2021	**277**	**98**	**5**	**461**	**841**
Charge for the period	102	59	-	290	451
Disposals	-	-	-	(25)	(25)
At 30 September 2022	**379**	**157**	**5**	**726**	**1,267**
Charge for the period	102	19	-	279	400
Disposals	-	-	-	(20)	(20)
At 30 September 2023	**481**	**176**	**5**	**985**	**1,647**

Net book value					
At 30 September 2022	398	28	-	391	817
At 30 September 2023	**296**	**16**	**-**	**206**	**518**

The only right-of-use asset is held within the office building category. At 30 September 2023, the carrying amount of the right-of-use asset was £296,000 (2022: £398,000).

Company
At 30 September 2023 and 30 September 2022, the Company had no property, plant and equipment.

14. Intangible assets

Group

	Other acquired intangibles £000	Other Internally developed technology £000	Next generation TrialTracker platform £000	Total £000
Cost				
At 30 September 2021	**210**	**638**	**2,137**	**2,985**
Additions	11	121	1,974	2,106
Impairment	-	(41)	-	(41)
Disposals	-	(8)	-	(8)
At 30 September 2022	**221**	**710**	**4,111**	**5,042**
Additions	121	89	1,589	1,799
Impairment	-	(14)	-	(14)
At 30 September 2023	**342**	**785**	**5,700**	**6,827**
Accumulated amortisation				
At 30 September 2021	**104**	**171**	**-**	**275**
Amortisation	37	151	-	188
Disposals	-	(8)	-	(8)
At 30 September 2022	**141**	**314**	**-**	**455**
Amortisation	47	178	-	225
At 30 September 2023	**188**	**492**	**-**	**680**
Net book value				
At 30 September 2022	80	396	4,111	4,587
At 30 September 2023	**154**	**293**	**5,700**	**6,147**

Amortisation is charged to the Consolidated Statement of Comprehensive Income and is included within cost of sales for those items directly related to project activities, research and development for those items directly related to the research activities of the company or otherwise within general and administrative expenses.

Internally developed technology
The Group has capitalised research and development costs during the year in relation to the development of its proprietary TrialTracker software. Development includes TrialTracker platform upgrades as well as additional algorithm development. The costs capitalised include time and expenses in relation to staff costs. In recognising these assets, the Group has applied the recognition criteria of IAS 38 relating to internally generated intangible assets, where costs in relation to the development phase must be capitalised under certain circumstances. More information in relation to this is included in the accounting policies of the Group in notes 4 and 5.

Assets under construction
Assets that are still under construction undergo an annual impairment test which is carried out at the end of the reporting period. This impairment test considers the carrying amount of the asset and compares it with its recoverable amount, with an impairment being recognised if the recoverable amount is lower than the carrying amount. Management have determined the recoverable amount as being the value-in-use, which is calculated using management expectations of future revenues, discounted at an applicable rate. Whilst the asset remains under construction, amortisation is not charged.

Company
At 30 September 2023 and 30 September 2022, the Company had no intangible assets.

15. Investments

The consolidated financial statements of the Group as at 30 September 2023 and at 30 September 2022 include:

Name of subsidiary	Class of share	Country of incorporation	Principal activities
Directly held:			
IXICO Technologies Limited	Ordinary	United Kingdom	Data collection and analysis of neurological diseases
Indirectly held:			
IXICO Technologies Inc.	Ordinary	United States	Sales and marketing

The Company and Group has no investments other than the holdings in the above subsidiaries that are all 100% owned. The carrying amounts of the investments in subsidiaries for the Company are:

	2023 £000	2022 £000
Investments in subsidiary undertakings		
At beginning of the period	**5,805**	5,748
Capital contribution	**52**	57
Total investments at end of the period	**5,857**	5,805

The capital contribution represents the charge in the year for share-based awards issued by the Company to employees of IXICO Technologies Limited and IXICO Technologies Inc.

16. Trade and other receivables

	Group		Company	
Current receivables	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Trade receivables	**945**	2,247	**-**	-
Less provision for bad and doubtful debts	**-**	-	**-**	-
Net carrying amount of trade receivables	**945**	2,247	**-**	-
Other taxation and social security	**40**	30	**6**	2
Prepayments and accrued income	**684**	652	**20**	28
Commission assets	**27**	96	-	-
Other receivables	**10**	4	**5**	1
Amounts due from subsidiary undertakings	**-**	-	**2,450**	3,057
Current receivables	**1,706**	3,029	**2,481**	3,088
Non-current receivables				
Commission assets	**39**	-	**-**	-
Total trade and other receivables	**1,745**	3,029	**2,481**	3,088

All amounts are classified as short-term and are expected to be received within one year. The average credit period granted to clients ranges from 30 to 90 days (2022: 30 to 90 days).

16. Trade and other receivables continued

A provision for expected credit losses is made when there is uncertainty over the ability to collect the amounts outstanding from clients. This is determined based on specific circumstances relating to each individual client. The Directors consider that there are immaterial credit losses (2022: immaterial credit losses) due to the calibre of customers the Group has and so the carrying amount of trade and other receivables approximates their fair value.

Within the Company, there are expected to be immaterial credit losses (2022: immaterial credit losses) from subsidiary companies due to the level of cash available in the subsidiaries which would allow the repayment of these receivables immediately.

As at the year-end, the ageing of trade receivables which are past due but not impaired is as follows:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Amounts not past due	**864**	2,189	**-**	-
Past due:				
Less than 30 days	**81**	58	**-**	-
Total trade receivables	**945**	2,247	**-**	-

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 22.

17. Trade and other payables

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Current liabilities				
Trade payables	**86**	254	**-**	-
Other taxation and social security	**58**	56	**-**	-
Contract liabilities	**529**	673	**-**	-
Accrued expenses	**464**	508	**60**	83
Other payables	**5**	11	**-**	-
	1,142	1,502	**60**	83
Non-current liabilities				
Accrued expenses	**2**	33	**-**	-
Total trade and other payables	**1,144**	1,535	**60**	83

Trade payables and accrued expenses principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the trade payables. The Group's policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments.

The fair value of trade and other payables approximates their current book values.

17. Trade and other payables continued

Reconciliation of liabilities arising from financing activities
The only liabilities affecting financing activities arise solely from the recognition of the lease liability:

	£000
Lease liability as at 1 October 2021	**597**
Cash-flow: Repayment of lease	(114)
Non-cash: Interest charge	33
Lease liability as at 1 October 2022	**516**

Lease liability as at 1 October 2022	**516**
Cash-flow: Repayment of lease	(158)
Non-cash: Interest charge	29
Lease liability as at 30 September 2023	**387**

18. Leases

All lease liabilities are presented in the statement of financial position as follows:

	2023 £000	2022 £000
Current	**112**	122
Non-current	**275**	394
	387	516

The Group uses leases throughout the business for office space and IT equipment. With the exception of short-term leases and leases of low value, each lease is reflected on the balance sheet as a right-of-use asset in property, plant and equipment and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. For leases over office buildings, the Group must keep those properties in a good state of repair.

The Group has identified one lease relating to the office building that meets the definition of a right-of-use asset. There is no option to purchase and payments are not linked to an index. The remaining lease term is 36 months (2022: 48 months). The lease has the ability to be extended at the end of this term and can be terminated on the break date being after 3.5 years from the date the lease was renegotiated.

The Group has elected to not recognise a lease liability for short-term leases, being 12 months or less, or for leases of low value. Payments for these are expensed on a straight-line basis.

Right-of-use asset and lease liability

Additional information on the right-of-use asset is as follows:

	Asset £000	Depreciation £000	Carrying amount £000
Office building	398	(102)	296

18. Leases continued

The various elements recognised in the financial statements are as follows:

	2023 £000	2022 £000
Statement of Comprehensive Income		
Depreciation charge in the year	102	102
Interest expense on lease liability	29	33
Low value leases expensed in the year	1	1
Statement of Cash Flows		
Capital repayments on lease agreements	158	114

The undiscounted maturity analysis of lease liabilities for the office building is as follows:

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	Total
30 September 2023					
Lease payments	132	166	127	-	**425**
Finance charges	(20)	(14)	(4)	-	**(38)**
Net present values	**112**	**152**	**123**	**-**	**387**
30 September 2022					
Lease payments	151	132	166	134	**583**
Finance charges	(29)	(20)	(14)	(4)	**(67)**
Net present values	**122**	**112**	**152**	**130**	**516**

At 30 September 2023, the Group's commitment to short-term and low-value leases was £nil (2022: £nil).

19. Deferred tax

Deferred tax asset (unrecognised)

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Tax effect of temporary differences:				
Tax allowances in excess of depreciation	**1,581**	1,316	**(1)**	(1)
Accumulated losses	**(17,618)**	(17,310)	**(3,331)**	(3,217)
Losses on financial instruments debited to equity	**5**	28	**-**	-
Accelerated commission charge	**14**	-	**-**	-
Deductible temporary differences	**(13)**	(14)	**-**	(5)
Deferred tax asset (unrecognised)	**(16,031)**	(15,980)	**(3,332)**	(3,223)

The unrecognised deferred tax asset predominantly arises due to unused tax losses carried forward that have originated but not reversed at the Consolidated Statement of Financial Position date and from transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future.

The unrecognised deferred tax asset is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences will reverse. Based on tax rates and laws enacted or substantively enacted at the latest balance sheet date, the rate when the above temporary differences are expected to reverse is currently 25% (2022: 25%).

20. Issued capital and reserves

Ordinary shares and share premium
The Company has one class of ordinary shares. The share capital issued has a nominal value of £0.01 and each share carries the right to one vote at shareholders' meetings and all shares are eligible to receive dividends. Share premium is recognised when the amount paid for a share is in excess of the nominal value.

The Group and Company's opening and closing share capital and share premium reserves are:

	Group and Company		
	Ordinary shares	Share capital	Share premium
	Number	£000	£000
Authorised, issued and fully paid			
At 30 September 2022	48,151,373	482	84,802
Share issue in the year	200,000	2	-
At 30 September 2023	48,351,373	484	84,802

Exercise of share options

During the year, the following share options were exercised:

Date of exercise	Key management personnel shares	Other employee shares	Total shares	Exercise price Pence	Value £000
16/12/2022	200,000	-	200,000	1.0	2
	200,000	**-**	**200,000**		**2**

Other reserves
Accumulated losses
This reserve relates to the cumulative results made by the Group and Company in the current and prior periods.

Merger relief reserve
In accordance with Section 612 'Merger Relief' of the Companies Act 2006, the Company issuing shares as consideration for a business combination, accounted at fair value, is obliged, once the necessary conditions are satisfied, to record the share premium to the merger relief reserve.

Reverse acquisition reserve
Reverse accounting under IFRS 3 'Business Combinations' requires that the difference between the equity of the legal parent and the issued equity instruments of the legal subsidiary, pre-combination, is recognised as a separate component of equity.

Capital redemption reserve
This reserve holds shares that were repurchased and cancelled by the Company.

Foreign exchange translation reserve
This reserve represents the impact of retranslation of overseas subsidiaries on consolidation.

Cash flow hedge reserve
This reserve represents the movement in designated hedging instruments in the year that have not yet crystallised.

21. Share-based payments

Certain Directors and employees of the Group hold options to subscribe for shares in the Company under share option schemes. All share options relate to a single scheme outlined in the EMI Share Option Plan 2014.

The scheme is open, by invitation, to both Executive Directors and employees. Participants are granted share options in the Company which contain vesting conditions. These are subject to the achievement of individual employee and Group performance criteria as determined by the Board. The vesting period varies by award and the conditions approved by the Board. Options are usually forfeited if the employee leaves the Group before the options vest.

Total share options outstanding have a range of exercise prices from £0.01 to £0.70 per option and the weighted average contractual life is 6.7 years (2022: 7.2 years). The total charge for each period relating to employee share-based payment plans for continuing operations is disclosed in note 10 of the consolidated financial statements.

Details of the share options under the scheme outstanding during the period are as follows:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of the period	4,490,931	£0.18	3,815,931	£0.18
Granted	-	-	900,000	£0.20
Exercised	(200,000)	£0.01	-	-
Lapsed	(761,250)	£0.29	(225,000)	£0.35
Outstanding at end of the period	**3,529,681**	**£0.15**	**4,490,931**	**£0.18**
Exercisable at end of the period	**1,949,680**	**£0.08**	**1,719,680**	**£0.07**

22. Financial risk management

In common with all other areas of the business, the Group is exposed to risks that arise from the use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

The main risks arising from the Group's financial instruments are liquidity, interest rate, foreign currency and credit risk. The Group's financial instruments comprise cash and various items such as trade receivables and trade payables, which arise directly from its operations.

Categories of financial instruments

	2023 £000	2022 £000
Financial assets held at amortised cost		
Trade and other receivables excluding prepayments	**1,795**	2,943
Cash and cash equivalents	**4,031**	5,769
	5,826	8,712
Financial liabilities held at amortised cost		
Trade and other payables excluding statutory liabilities	**1,144**	1,535
Lease liabilities	**387**	516
	1,531	2,051
Financial liabilities held at fair value		
Forward contracts held at fair value (Level 2)	**27**	111
	27	111

22. Financial risk management continued

Fair value of financial assets and liabilities
There is no material difference between the fair values and the carrying values of the financial instruments held at amortised cost because of the short maturity period of these financial instruments or their intrinsic size and risk.

Liquidity risk management
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due through having insufficient resources. The Group monitors its levels of working capital to ensure that it can meet its liabilities as they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate framework for the management of the Group's short-, medium- and long-term funding and liquidity requirements.

The principal current asset of the business is cash and cash equivalents and is therefore the principal financial instrument employed by the Group to meet its liquidity requirements. The Board ensures that the business maintains surplus cash reserves to minimise any liquidity risk.

The financial liabilities of the Group and Company are all mostly due within 3 months (2022: 3 months) of the Consolidated Statement of Financial Position date, with the exception of the lease liability. Further analysis of the lease liability is provided in note 18. All other non-current liabilities are due between 1 to 3 years after the period end. The Group does not have any borrowings or payables on demand which would increase the risk of the Group not holding sufficient reserves for repayment.

Market risk
Interest rate risk management
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group operates an interest rate policy designed to minimise interest costs and reduce volatility in reported earnings.

The Group holds all cash and cash equivalents with institutions with a recognised high credit rating. Interest rates on current accounts are floating. Changes in interest rates may increase or decrease the Group's finance income.

The Group does not have any committed interest-bearing borrowing facilities and consequently there is no material exposure to interest rate risk in respect of financial liabilities.

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

The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's overseas operating activities, primarily denominated in US Dollars, Euros and Swiss Francs. There is also an investment by the Company in a foreign subsidiary. The Group's exposure to foreign currency changes for all other currencies is not material. The Group seeks to minimise the exposure to foreign currency risk by matching local currency income with local currency costs where possible. The Group utilises US Dollar forward contracts to mitigate the risk of US Dollar fluctuations on client contracts. It agrees forward contracts based on forecasts of its US Dollar inflows and applies hedge accounting to minimise currency risk.

The Group enters into forward contracts to sell US Dollars at quarterly intervals and applies hedge accounting to these contracts. Under hedge accounting, unrealised gains or losses are recognised in other comprehensive income and the cash flow hedge reserve, with the ineffective portion being recognised in the profit and loss as soon as they occur. The gains or losses arising on these are allocated to revenue on settlement. The item hedged was a portion of highly probable forecast US Dollar inflows. The hedged item is the receipt of US Dollars, and the hedging instrument is the sale of a portion of these. The Group has determined that a 1:1 ratio exists between the instrument and items as the underlying risks of both are the same – the exchange rate of USD:GBP. The Group uses the dollar offset method to monitor effectiveness, which compares the change in fair value of the underlying derivative and the change in fair value of future cash flows. Ineffectiveness can arise due to the counterparties credit risk and inaccurate forecasting, which

22. **Financial risk management** continued

could leave the Group over hedged. In the year some ineffectiveness arose where the Group's actual inflows were below that of the hedging instrument. This ineffective portion was recognised in general and administrative expenses.

At year end the Group had contracts to sell $750,000, these hedges are designated as effective under IFRS 9 and hence the fair value of these is recognised in other comprehensive income. These balances are removed from the Group's US Dollar exposure as there is deemed to be no foreign exchange exposure. At 30 September 2023, $750,000 is hedged to period of March 2024, at an average rate of 1.2785. The contracts are valued based on observable market exchange rates.

The hedging transactions in the year had the following effect on the Group's results:

	Without hedge accounting £000	Hedging movements £000	**2023 £000**
Statement of Comprehensive Income			
Revenue	6,638	27	6,665
Gross profit	3,243	27	3,270
General and administrative expenses	(2,743)	(111)	(2,854)
Profit for the year	(1,094)	(84)	(1,178)
Total other comprehensive expense	(21)	84	63
Total comprehensive income attributable to equity holders for the period	(1,115)	-	(1,115)
Statement of financial position			
Derivative financial liabilities	27	-	27
Cash flow hedge reserve	-	(27)	(27)
Accumulated losses	(7,387)	27	**(7,360)**

	Without hedge accounting £000	Hedging movements £000	**2022 £000**
Statement of Comprehensive Income			
Revenue	8,746	(103)	8,643
Gross profit	5,346	(103)	5,243
General and administrative expenses	(2,795)	214	(2,581)
Profit for the year	921	111	1,032
Total other comprehensive expense	14	(111)	(97)
Total comprehensive income attributable to equity holders for the period	935	-	935
Statement of financial position			
Derivative financial liabilities	111	-	111
Cash flow hedge reserve	-	(111)	(111)
Accumulated losses	(6,345)	111	**(6,234)**

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 30 September are as follows:

US Dollar exposure	**2023 USD'000**	**2022 USD'000**
Balance at end of period		
Monetary assets	**14**	**704**
Monetary liabilities	**(27)**	**(135)**
Total exposure	**(13)**	569

22. Financial risk management continued

Euro exposure	2023 EUR'000	2022 EUR'000
Balance at end of period		
Monetary assets	**156**	480
Monetary liabilities	**(13)**	(15)
Total exposure	**143**	465

Swiss Franc exposure	2023 CHF'000	2022 CHF'000
Balance at end of period		
Monetary assets	**33**	113
Monetary liabilities	**-**	-
Total exposure	**33**	113

The Company had no foreign currency exposure at the year end (2022: nil).

Foreign currency sensitivity analysis
As at 30 September 2023, the sensitivity analysis assumes a +/-10% change of the USD/GBP, EUR/GBP and CHF/GBP exchange rates, which represents management's assessment of a reasonably possible change in foreign exchange rates (2022: 10%). The sensitivity analysis was applied on the fair value of financial assets and liabilities.

	2023		2022	
	10% weaker[1]	**10% stronger**	10% weaker	10% stronger
			£000	£000
US Dollar	**1**	**(1)**	(51)	51
Euro	**(12)**	**12**	(41)	41
Swiss Franc	**(3)**	**3**	(10)	10
	(14)	**14**	(102)	102

[1] 10% weaker relates to the Great British Pound strengthening against the currency and therefore the Group would be in a weaker monetary position.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's financial assets are cash and cash equivalents and trade and other receivables. The carrying value of these assets represents the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for any expected credit losses, estimated by the Group's management based on prior experience and their assessment of the current economic environment, and any specific criteria identified in respect of individual trade receivables. An allowance for expected credit losses is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of future cash flows. There are no outstanding expected credit losses identified at 30 September 2023 (2022: nil).

Prior to entering into an agreement to provide services, the Group makes appropriate enquiries of the counterparty and independent third parties to determine creditworthiness. The Group has not identified any significant credit risk exposure to any single counterparty or Group of counterparties as at the period end.

22. Financial risk management continued

The Group and Company continually reviews client credit limits based on market conditions and historical experience. Any provision for impairment, as well as the ageing analysis of overdue trade receivables, is set out in note 16.

The Group and Company's policy is to minimise the risks associated with cash and cash equivalents by placing these deposits with institutions with a recognised high credit rating.

Capital risk management

The Group considers capital to be shareholders' equity as shown in the Consolidated Statement of Financial Position, as the Group is primarily funded by equity finance and is not yet in a position to pay a dividend. The Group had no borrowings at 30 September 2023 (2022: £nil).

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders. In order to maintain or adjust the capital structure the Group may return capital to shareholders or issue new shares.

23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration and transactions of Directors and key management personnel

Key management remuneration:

	2023	2022
	£000	£000
Short-term employee benefits	**1,113**	1,269
Post-employment benefits	**29**	33
Other long-term benefits	**(44)**	(115)
Share-based payments	**19**	77
Total remuneration	**1,117**	1,264

Key management includes Executive Directors, Non-Executive Directors and senior management who have the responsibility for managing, directly or indirectly, the activities of the Group.

The aggregate Directors' remuneration, including employers' National Insurance and share-based payments' expense, was £687,000 (2022: £658,000) and aggregate pension of £16,000 (2022: £15,000). Further detail of Directors' remuneration is disclosed in the Directors' Remuneration Report on page 39 and 40.

Transactions with group companies

The Company is responsible for financing and setting Group strategy. The Company's subsidiaries carry out the Group's research and development strategy, employ all employees, including the Executive Directors, and manage the Group's intellectual property. As a result, a management charge is made between the subsidiaries and the Company for the services provided by the subsidiaries on behalf of the Company. Similarly, as share options are issued in the Company for employees of the subsidiaries, a charge is made between the Company and its subsidiaries.

23. Related party transactions continued

Intercompany balances are unsecured and are interest bearing at 6%, with no fixed date of repayment but are repayable on demand. The intercompany balance also includes specific funding provided by the Company, which attracts a 0% interest rate.

Outstanding balances related to subsidiary undertakings are disclosed in note 17. During the year, the following transactions occurred with related parties:

	2023	2022
	£000	£000
Charges from subsidiaries:		
Management recharge from subsidiaries	**530**	416
Net interest charged	**(100)**	(68)
Charges to subsidiaries:		
Share option charge	**52**	57