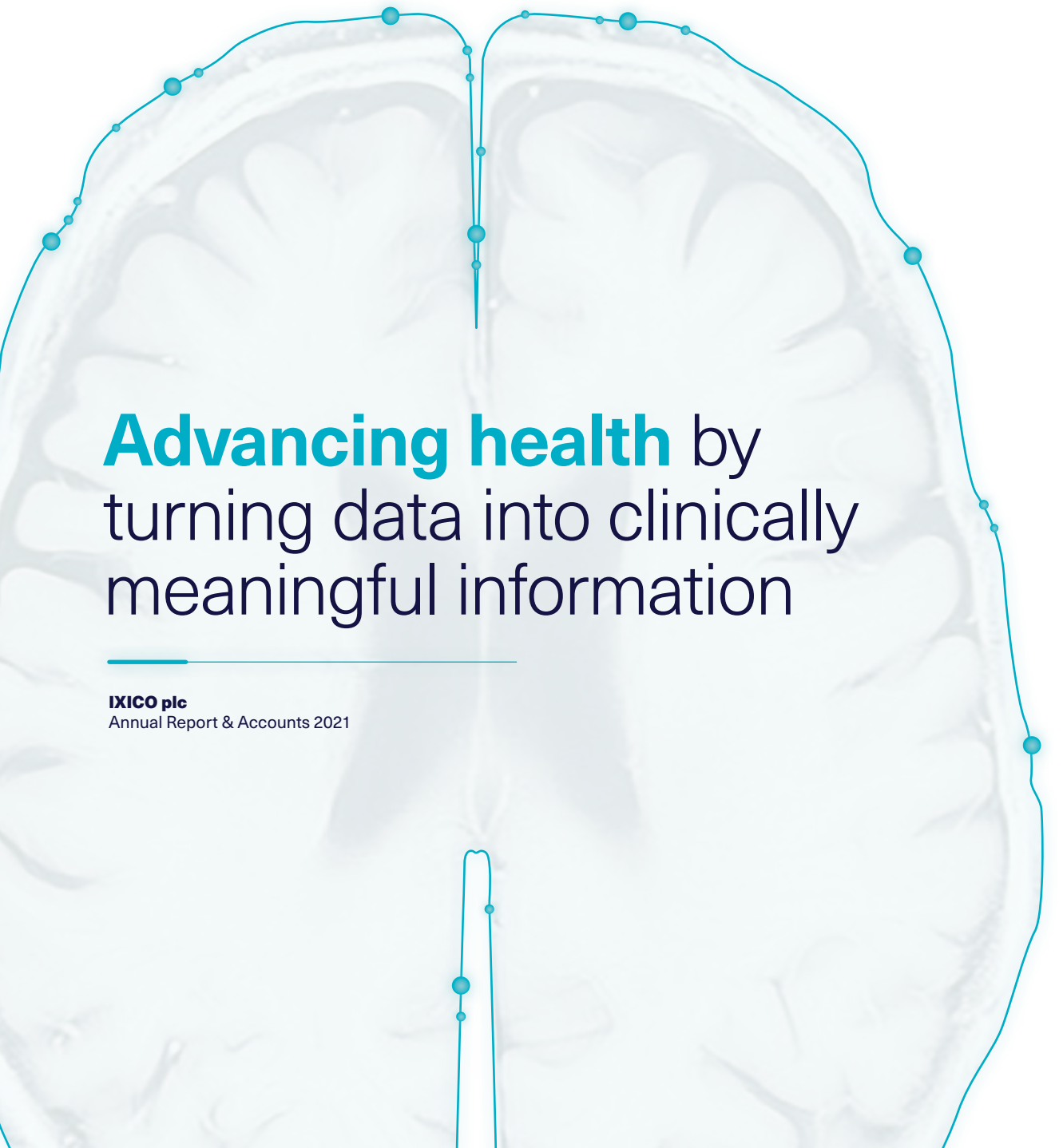
IXICO



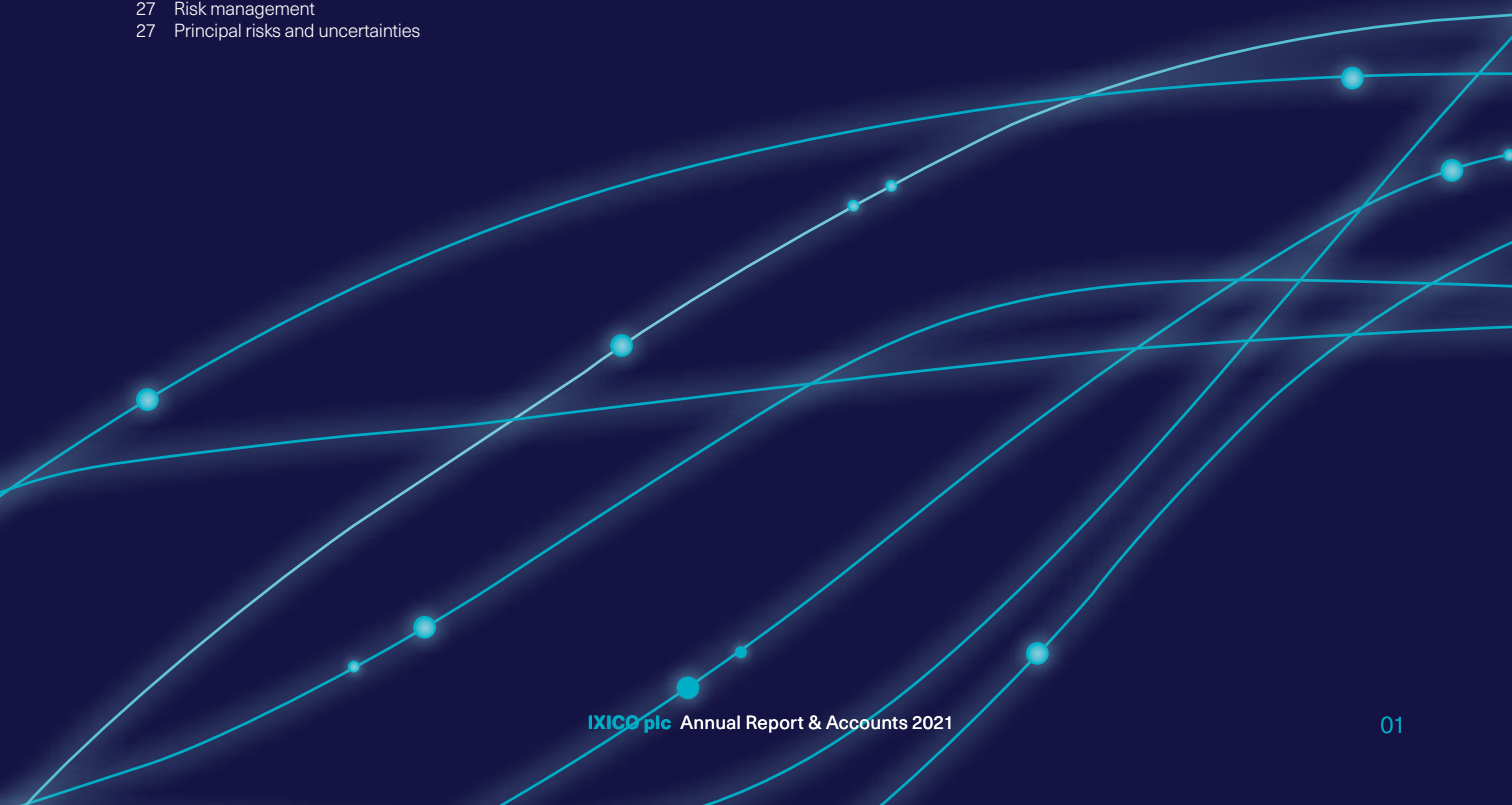
Advancing health by turning data into clinically meaningful information

IXICO plc
Annual Report & Accounts 2021

IXICO is a trusted partner to the global pharmaceutical industry, supporting their development of new treatments for neurological diseases with unmet clinical needs.

We develop and deploy therapeutic specific AI algorithms to improve insights for better outcomes in neurological clinical trials.

Strategic report



Advanced analytics.

Supporting our clients in their clinical decisions

Our specialist data analytics services and AI technologies are supporting some of the most important neurological clinical trials.

Intelligent insights.

Bringing safe and effective treatment to patients sooner

We are dedicated to enhancing insights in neuroscience. We measure specific imaging biomarkers to enhance understanding of disease progression and the efficacy and safety of drug candidates.

Find out more in our technology and innovation section on pages 12 to 17

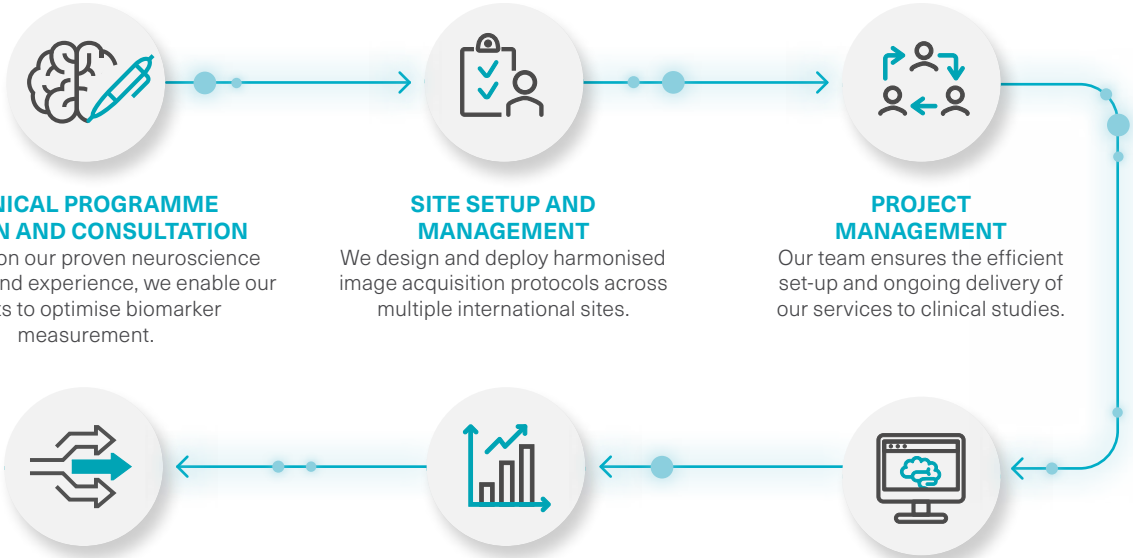
How we do it

We help global biopharma clients to get more from their clinical development programmes through...

Our services

We provide essential services to biopharmaceutical companies engaged in drug development in neuroscience, providing analysis of medical image data generated in a clinical study. Our extensive experience in defining and delivering biomarker measurements in early-phase clinical development and our bespoke TrialTracker data management platform means we are perfectly placed to deliver robust and regulatory compliant data in all phases of clinical trials.

The outputs from our data analyses are used to improve patient selection, monitor safety and assess clinical efficacy of the drug being trialled, and to support post-marketing surveillance activities.



CLINICAL PROGRAMME DESIGN AND CONSULTATION
Drawing on our proven neuroscience expertise and experience, we enable our clients to optimise biomarker measurement.

SITE SETUP AND MANAGEMENT
We design and deploy harmonised image acquisition protocols across multiple international sites.

PROJECT MANAGEMENT
Our team ensures the efficient set-up and ongoing delivery of our services to clinical studies.

READING & ANALYSIS
We develop and deploy AI data analysis tools and neuroradiology reading workflows tailored to the study requirements.

DATA MANAGEMENT AND QUALITY CONTROL
Image and data quality are assessed through our proprietary digital platform, TrialTracker.

REGULATORY PATHWAY
Our service supports deployment of imaging biomarkers within a regulatory-compliant framework.

Business model

Our core assets

Our clients and collaborators

We work with biopharma companies across the world, from leading pharma companies to emerging biotechnology firms, each choosing IXICO to support their clinical development programmes.

We are members of several scientific consortia including major academic industry-funded studies such as AMYPAD, EPAD, ADNI, C-Path, DPUK and FARA.

Our technology

Using our TrialTracker platform we gather and analyse data from imaging centres to provide insights on neurological disease and symptom progression.

We are investing in a next generation TrialTracker platform. This will use Microsoft Azure cloud-based technology to support continued scaling of the Group across the medium and long term.

Our imaging AI platform, and suite of algorithms, quantify changes to brain regions using medical scans and interpret imaging data to measure disease-specific biomarkers.

Our people

We employ highly skilled individuals, combining core expertise in neuroscience, software engineering and image analysis. Our teams collaborate with a wide pool of expertise, including radiologists, key opinion leaders, consultants, and academic partners.

What we do

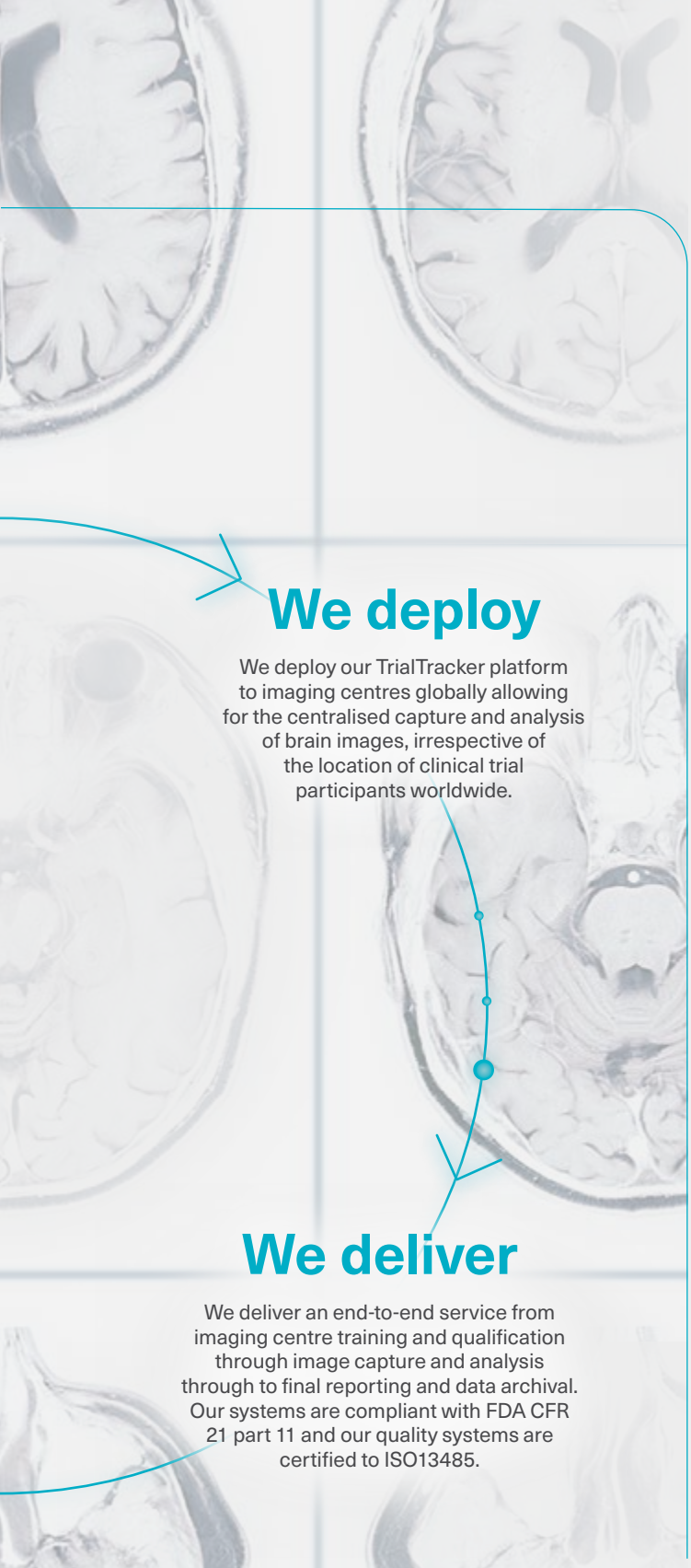
IXICO's purpose is to advance medicine and human health by converting clinical-trial imaging data into clinically meaningful information. We achieve this by innovating imaging analysis tools to better measure specific disease-related biomarkers in the brain. This supports our clients in their selection of participants for their trials, for the monitoring of the safety of those participants whilst on the trial and in assessing the efficacy of the investigational new drug ('IND') being trialled.

We innovate

Innovation plays a central role in our business; we use disease-specific data and artificial intelligence to develop our suite of brain image analysis tools.

We add value

By providing a centralised, objective image analysis solution, we increase the utility of digital imaging within clinical trials with an approach that is meaningful, centralised, and cost-effective.



We deploy

We deploy our TrialTracker platform to imaging centres globally allowing for the centralised capture and analysis of brain images, irrespective of the location of clinical trial participants worldwide.

We deliver

We deliver an end-to-end service from imaging centre training and qualification through image capture and analysis through to final reporting and data archival. Our systems are compliant with FDA CFR 21 part 11 and our quality systems are certified to ISO13485.

The value we create

For trial participants

IXICO objectively measures the impact of INDs delivered to participants within clinical trials, on those biomarkers which characterise the neurological conditions from which they suffer. This supports the assessment of those INDs with the aim of advancing medicine and human health across a broad range of devastating neurological conditions.

For clients and collaborators

IXICO supports faster, more efficient, drug development by measuring proven imaging biomarkers in client clinical programmes. This improves the depth of insight into the efficacy of client INDs and thereby provides opportunity to enhance the return on investment and reduce the risk and uncertainty within a client's clinical trials.

For employees

IXICO provides interesting and challenging roles at the cutting edge of image analysis, working in a collaborative, positive environment towards the meaningful purpose of supporting drug development aimed at areas of acute, unmet clinical and societal need.

For shareholders

By investing in IXICO, shareholders are investing in a Group which supports its clients to develop disease modifying drugs to address neurological diseases of high unmet medical need, high societal impact and high cost to global healthcare systems.

IXICO shareholders are particularly well placed to benefit from this by increased focus of biopharmaceutical investment in medical, neurologically-focussed, R&D that increasingly adopts imaging as a means to objectively measure drug efficacy and safety as a part of an industry-wide redesign of clinical trials.

Investing for growth in an attractive healthcare market – supported by long-term macro growth trends

Giulio Cerroni
Chief Executive Officer

2021 has been another significant year in IXICO's development as a premium imaging technology services partner to the global biopharmaceutical industry and has seen the Group diversify into a broader range of neurological disorders identified as having a high unmet clinical need.

With medical imaging in clinical trials growing in use, we continue to progress our societal purpose to advance human health in support of the development of new therapies by the global pharmaceutical industry.

A breakthrough treatment for the Alzheimer's community

The growing need by the global pharmaceutical industry for new imaging biomarkers and endpoints to inform and support clinical trial data for regulatory approval of new treatments, means we are confident about the long-term growth opportunity for IXICO. For example, we anticipate increased investments in Alzheimer's disease ('AD') drug development due to the FDA granting approval on 7 June 2021 for Biogen's ADUHELM™ the first-ever therapy to address a defining pathology of AD-amyloid beta plaque. In addition to this milestone announcement by Biogen, several other major pharmaceutical companies also received FDA Breakthrough Therapy Designation ('BTD') in AD during 2021 including Eli Lilly for donanemab, EISAI for lecanemab and Roche for gantenerumab. We anticipate that this will result in an additional impetus for new AD trials in the coming years and so further expand the market opportunity for IXICO's specialist neuroimaging services.

A strong financial performance despite challenging conditions

In last year's statement, I indicated that despite the anticipated ongoing COVID-19 business environment, we looked to 2021 with cautious optimism; however, we had not foreseen the decision of the Group's largest client to cease dosing in Phase III and pause dosing in the open label extension trials in Huntington's disease ('HD') (as announced in March 2021). I am pleased however to note that the resultant descope to our order book (£7.1 million) has been more than replaced by the new and expanded contracts signed through 2021 (£13.8 million), consisting of 14 biopharmaceutical companies, of which 9 are new clients to IXICO.

In addition to diversifying the Group's revenue base, most of these new contracts are at the early-stage of the development programme; setting the foundation for IXICO to progress with the clinical assets into larger and more profitable late-stage trials should the trial Investigational New Drug ('IND') advance along the development cycle in future years.

Across the year the Group delivered £9.2 million of revenues (2020: £9.5 million), a 25% five-year revenue compound annual growth rate ('CAGR'), and continued its high gross margin performance of 66%. The Group also reported a fifth consecutive year of improved earnings before interest, tax, depreciation, and amortisation ('EBITDA') of £1.7 million.

Continued our development of AI algorithms and partnerships

We continue to make significant progress in expanding our portfolio of proprietary Artificial Intelligence ('AI') algorithms, exemplified by our scientific collaboration with Takeda, which evidenced how IXICO's AI approach can increase the number of usable datasets as well as the sensitivity to measure treatment effects. The Group has established an enviable book of alliances and collaborative agreements, including the Global Alzheimer's Platform Foundation® ('GAP') partnership, in which IXICO is applying its expertise to collect and analyse PET brain scans in GAP's 1,000 subject Bio-Hermes trial. Our strategic partnership with Microsoft to develop our next generation Microsoft Azure cloud-based imaging data platform and AI data analytics platform is also a collaboration of note in support of our investments to build further scale and efficiencies in our business.

Investing for our future in technology and people

Our consistent strong financial performance in recent years has provided profits that are being reinvested to support future growth. In addition to expanding our employee numbers to meet current and future anticipated demand, we have also made technology asset investments in 2021 in excess of £2.0 million. Most notable are those in our next generation TrialTracker data management platform, AI algorithm development platform and IT infrastructure. With £6.7 million of cash at year end, and continuing to be debt free, we have further strengthened the balance sheet to support continued investment to build further scale and resilience.

Our delivery performance in 2021 is even more commendable when one considers that our services have continued to be delivered with all functions operating remotely and grown staff numbers by 22% to an average of 95 across the year. In addition, I am also delighted to have strengthened the management team with the appointment of Romina Oxborough in September 2021 as our SVP, Operations.

Romina has over twenty years of experience in the life sciences and pharmaceutical sector and has held senior leadership positions focused on supporting clinical trials and patients' access to medicines. In her role, she will lead and build on current initiatives to continuously enhance quality and operational efficiencies in the delivery of our client projects.

In summary, we recognise that in the clinical trials market there is an intrinsic potential for clients to prematurely terminate clinical trials due to safety or efficacy issues associated with the IND. However, with an ageing population and the growing burden on the global healthcare system of diseases such as AD, the need for new treatments in a wide range of neurological diseases has never been more pressing. Our robust and strengthened balance sheet allows us to continue to invest in our technology and people to enable us to become the partner of choice for current and prospective clients to realise the medium and long-term opportunity for the scale up of our business.

Giulio Cerroni
Chief Executive Officer
6 December 2021

1 https://investors.biogen.com/news-releases/news-release-details/letter-biogens-ceo-aduhelm

2021 performance

Revenue
£9.2m
-4% (2020: £9.5m)

Gross margin
65.6%
-100bps (2020: 66.6%)

EBITDA
£1.7m
+£0.4m (2020: £1.3m)

Orderbook
£18.8m
-£2.9m (2020: £21.7m)

Our five-point strategic growth plan

Delivering on our strategic goals

	1	2
Strategic goals	**Delivering scale and operational excellence** As we win increasing numbers of contracts, we continue to invest in our people and technology.	**Continued penetration of the neuroscience clinical trials market** We have expanded the range of neurological indications in which we provide analysis services.
2021 progress	– We recruited additional expertise to support both current demand and our future growth plans. During 2021, average full-time equivalent rose from 78 to 95. – We continued our technology investment programme, developing our next generation TrailTracker platform and continued strengthening our IT infrastructure by improving the security and robustness of our data management systems. In doing so we have further strengthened our balance sheet, via intangible assets that we expect to generate significant returns across the medium and longer term. – We have won 16 new contracts in the year, with 14 clients, 9 of whom are new to IXICO, resulting in an increased diversification of our contracted order book across the year. – We established a new long-term operating model, including a reorganisation of our operational team, whilst incorporating the productivity benefits provided by remote working with the cohesive benefits of a single central office.	– We have a strong contracted order book (despite a significant trial descope in the year) supported by the onboarding of 16 new studies, across a diverse range of clients and neurological indications. – We have seen a balancing of our contracted order book across trial phases with an increase in the relative proportion of Phase I and II trials as compared to Phase III trials. – We have benefitted from industry and scientific expert advisers supporting our efforts to ensure we become the neuroscience vendor of choice for the clinical trials market.
2022 focus	– Continue to invest in our people and technology to further position the Group for growth in the medium and long term. – Build on the adaptive and efficiency benefits of our new operational team model following the appointment of our new SVP Operations in September 2021. – Continue to accelerate our reach into existing and new clients , in order to further diversify our order book in terms of project numbers across different phases of the clinical trials with an increasingly widened group of clients. – Launch our new image analysis algorithm platform for use on AD and HD clinical trials. – Enrol new trials within our next generation TrialTracker platform during the year. Providing our clients with access to state of the Microsoft Azure cloud infrastructure on which IXICO will analyse their clinical trial images. – Access the benefits of investments made to return to revenue growth whilst continuing to prioritise quality of service and client satisfaction and building a stronger balance sheet to underpin ongoing incremental increases in the returns on existing and future investments.	– Accelerate conversion of our pipeline in target therapeutic indications such as AD, HD, MS and rare neurological diseases. – Invest in expanding our end-to-end service offering to benefit neurological clinical trials across all development phases. – Further diversify and broaden our client base to reduce risk of reliance on any individual customer.

3 Target early-phase to grow into later clinical phases

We have demonstrated our ability to deliver value to our clients at all stages of clinical development.

- 15 contracts signed in early phases of clinical trials thereby increasing the number of studies we are supporting and providing a broader platform for growth as drug candidates progress through the development pipeline.
- We received awards of 16 new studies across a range of therapeutic areas, encompassing a diverse client mix from top 10 pharma to emerging biotech.

- Continued investment in the scale up of our operational capabilities to ensure we are ready to support COVID 19-delayed neurological trials.
- Enhance our scientific collaborations with both academic and industrial partners to ensure IXICO is at the forefront of scientific developments, increasing the numbers of early-phase CNS trials won.

4 Innovate through accelerated commercialisation of IXICO's proprietary AI automation and data analytics

Investment in science and innovation underpins our growth through our development of existing and new data analytics capabilities directed at unlocking biomarker insights in neurological clinical trials.

- We introduced 7 new analysis products, including an automated ASL analysis pipeline in 2021.
- We have secured increased data use rights with our clients to augment the highly contextualised data available to us to enhance the development of our automated brain analysis tools.

- Continue to develop and commercialise new AI analysis tools to expand our portfolio of proprietary services.
- Leverage clinical trial imaging data and continue to invest in IXICO's AI-deployment framework to enable further diversification within neurological therapeutic disease indications.

5 Enhance organic growth with selective Mergers & Acquisitions ('M&A')

Continue to assess M&A opportunities that would enable synergistic cross-selling opportunities, complement existing analysis solutions, or enhance geographical reach.

- We continuously monitor the market for potential accretive partnerships.
- Due to COVID-19 and managing the impact of our largest client's trial descopes on our near-term revenue projections, we have prioritised focus on our organic business plans during the year.

- Continued momentum in developing our scalability via organic growth will be further enhanced through a combination of technology and commercial partnerships to further strengthen the Group's technology franchise and geographic reach.
- We will continue discussions with potential strategic partnerships aiming to deliver these within the year and thereby broaden client access.

In pursuit of long-term growth

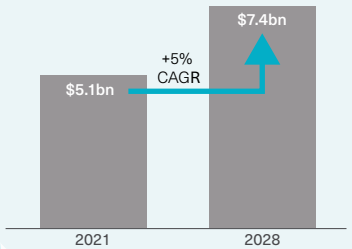
Market overview

The global neurology clinical trials market size was valued at USD 5.1 billion in 2020 and is expected to grow at a compound annual growth rate ('CAGR') of 5.5% from 2021 to 2028 to reach USD 7.4 billion[1]. This growth in neuroscience clinical trials is anticipated to be fuelled by:

- increasing prevalence of chronic diseases such as AD and rising interest in rare diseases (many of which are neurological)
- the acceleration in understanding of the need for personalised medicines
- demand for advanced technologies to support objective measures of changes in disease biomarkers
- upward trends for contracting Contract Research Organisations ('CROs') for outsourcing work pertaining to the conduct of clinical trials (rather than in-house drug development).
- globalisation of clinical trials and a growing demand for clinical trials in developing countries.

Furthermore, specifically in AD, the arrival of a first disease-modifying treatment option is expected to fuel investment in further drug development in this therapeutic area.

Forecasted market size growth in global neurology clinical trials



Market position

We provide specialist data analysis services to a wide range of biopharmaceutical clients working in neurological diseases. Our deep understanding of neurological disease and data science are key vendor selection criteria for our partners, and these will remain our focus. Increased focus on rare diseases, positive developments in research and the interrogation of novel gene therapies are key drivers of increased research activity.

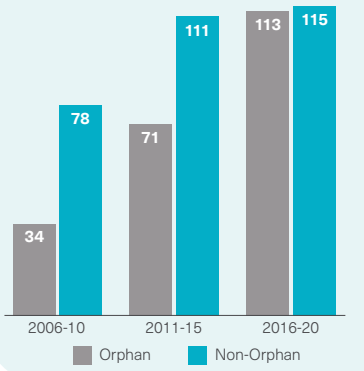
We work with many of the world's largest biopharmaceutical companies as well as emerging biotechnology companies which are leading early-stage development of new therapies. IXICO is commercially active across this broadening market in all phases of clinical development.

In addition to working directly with biopharmaceutical sponsors, IXICO has secured Master Service Agreements ('MSAs') with several leading contract research organisations ('CROs'). CROs are large commercial organisations and can therefore provide extended sales channels to reach a wider sponsor audience. IXICO is starting to see early signs of success following the execution of MSAs and we expect to go from strength to strength as we continue to establish more strategic relationships with CROs.

Rare neurological diseases

The increased focus by the biopharmaceutical industry on personalised medicine, particularly in areas of rare disease, has been given further impetus in recent years by the FDA and European Medicines Agency designating rare diseases with special drug designations (Orphan Drug Designation and Orphan Medicinal Product Designation respectively) which incentivises development of treatments for these diseases. This has attracted investment and, with treatments often being presented direct into the central nervous system, there are significant safety and efficacy imaging opportunities for companies like IXICO to support. IXICO's history of expertise in Huntington's disease and other rarer neurological conditions such as SCA and FA mean the Group is well positioned to support these trials. The below figure shows the increasing proportion of orphan versus non-orphan FDA approvals over the last 15 years, indicating the growing investment and interest in orphan drug development[2].

FDA orphan versus non-orphan drug approvals from 2006 to 2020



Assessing the impact of COVID-19

The pandemic has impacted the ecosystem of clinical trials and affected many ongoing trials for various therapeutic areas. Whilst most of our client clinical trials that were underway at the start of the pandemic have continued, we have seen the impact of the pandemic on the start-up timelines of new clinical trials with 'first-patient-in' dates being pushed back and consequently delays beyond those expected in new clinical trials being initiated.

1 https://www.grandviewresearch.com/industry-analysis/neurology-clinical-trials-market-report
2 https://www.fda.gov/drugs/new-drugs-fda-cders-new-molecular-entities-and-new-therapeutic-biological-products/novel-drug-approvals-2020

Travel restrictions have meant IXICO's commercial team have been impacted through the reduced ability to develop relationships with potential new clients or contacts. However, the team have benefitted from several years of investment in developing relationships, resulting in the signing of 16 new contracts with 14 different clients in the year. As the pandemic abates, it is our expectation that our biopharmaceutical clients will continue to prioritise the development of new investigational drugs and that drug trials delayed over the past 18 months will be initiated in the coming year.

First Disease-Modifying Treatment for AD

On 7 June 2021, the U.S. Food and Drug Administration ('FDA') approved aducanumab for the treatment of AD. Aducanumab, which was developed by Biogen and will be sold under the name 'Aduhelm', is the first AD treatment to be approved by the FDA since 2003 and is the first potentially disease-modifying therapy to reach the market.

Following, the approval of Aduhelm, the FDA granted BTD for three investigational treatments: Lecanemab developed by EISAI, Eli Lilly's Donanemab and Gantenerumab which is being developed by Roche. BTD aims to expedite the development and review of drugs that are intended to treat a serious condition.

These recent important regulatory milestones have renewed industry and investor interest in developing disease-modifying treatment options for AD. This is in part because Aduhelm has known side-effects, is expensive to administer and is accompanied by, in the words of the FDA, 'residual uncertainties regarding clinical benefit'. These characteristics of Aduhelm all indicate that the FDA is willing to consider licensing new drugs that provide even minor improvements to the prognosis for those suffering with AD.

Objective measures of small positive changes in brain biomarkers

With a focus on achieving even marginal improvements in patient prognosis, the importance of running clinical trials that recruit the optimum cohort of participants for the drug being trialled and can distinguish, even small, positive changes in disease biomarkers compared to control groups, is even more critical to the pharmaceutical companies investing post the Aduhelm FDA approval decision than it was before. IXICO's ability to support this demand for measurements of small-scale changes in biomarkers via its leading AI analysis tools, is therefore of increasing value to the biopharmaceutical industry operating in the neuroscience space.

There are currently 126 drug candidates in AD clinical trials. Most of these candidates (82.5%) target the underlying biology of AD with the intent of disease modification and therefore will likely require specialist neuroimaging support to measure even small changes in the associated biomarkers[3].

Diversification of drug targets in AD

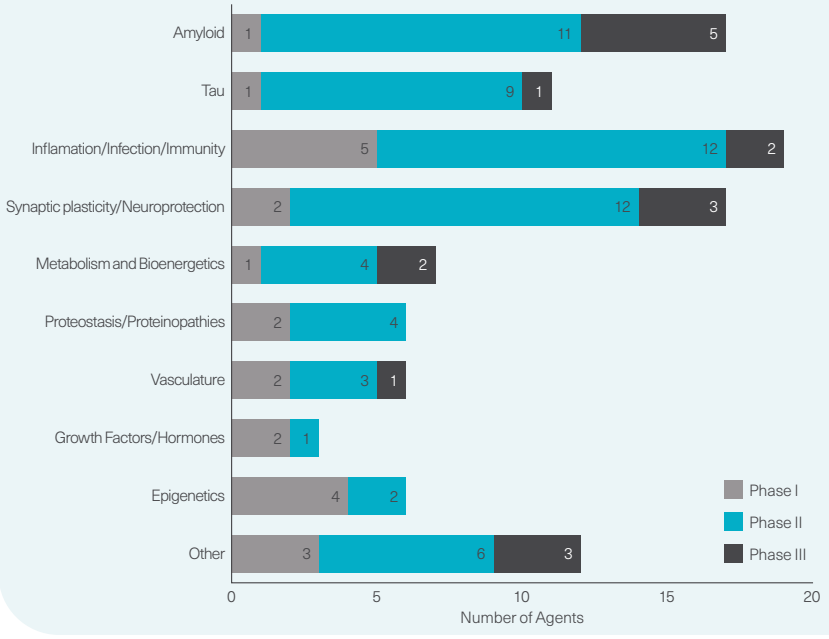
The opportunity for IXICO within AD is further enhanced by the increased diversification in the type of drug targets being pursued as part of the search for efficacy in AD. These new targets, which include targeting neuroinflammation, Tau-clearing and epigenetics in AD drug development, mean there is increased complexity in trial design within AD trials. This requires increased specialist support which IXICO is well positioned, with its focus being entirely on neurological analysis, to provide.

Demyelinating disease market

This year saw IXICO enter the demyelinating disease market by contracting two Phase III trials for demyelinating disorders with two separate customers. This is a new therapeutic area for IXICO and has great potential due to significant industry investment accompanying these diseases. The global prevalence of demyelinating diseases such as MS has risen across the world over the past 10 years, increasing the need for additional drug trials and new and better treatment options. IXICO's analytical capabilities are well positioned to support this therapeutic indication and we see this as an area for further growth over the coming years.

3 https://alz-journals.onlinelibrary.wiley.com/doi/10.1002/trc2.12179

Mechanisms of action of disease-modifying agents in all phases of clinical trials grouped according to the Common Alzheimer's Disease Research Ontology[3]



Transitioning brain volumetry to the AI era

Robin Wolz has 15 years' experience in the development of innovative analytics solutions in healthcare with a focus on imaging technology.

Prior to IXICO, Robin held different roles at Philips in the Research and Diagnostic X-Ray divisions. Robin holds a PhD in medical imaging and computer science from Imperial College London, focused on early detection of Alzheimer's disease. He is the co-author of more than 150 publications with >4,500 citations and holds multiple patents in the field of medical imaging and AI data analytics.

Segmentation of brain structure and brain pathology, powered by AI

As reported here over the past years, IXICO has been actively working on developing a new brain segmentation platform, leveraging the power of AI and deep learning. Our new AI computational engine will soon be launched into production for applications in AD and HD clinical trials.

"Over the past year we have worked on validating our AI segmentation platform and getting first solutions ready for applications in HD and AD. Obtaining usable measures for more datapoints, enables pharmaceutical clients to measure the same treatment effect on a smaller number of trial participants or, assuming the same trial size, enables the measurement of smaller treatment effects. We have shown in various publications with our academic partners how models trained on our AI platform compare favourably to widely used but generic image segmentation tools like Freesurfer, witnessed by a significant performance increase in key metrics. When compared to manual segmentation, we see a reduction in volume error of more than 50% with the AI technology and significant increase in QC pass rates from less than 50% of usable data to more than 90% for some complex brain structures[1].

We are excited to see this new technology move into its first clinical trial applications in the coming year and are working on launching additional applications for an increased number of brain structures and therapeutic indications. Beyond the segmentation of anatomical brain structures, our AI platform can be trained to segment brain pathology like tumours or vascular lesions. We are working on several applications in pathology detection across our therapeutic indications and expect to release tools in the area over the coming months."

—

Dr Robin Wolz
Chief Scientific Officer

1 (a) Michael Reinwald, Eli Johnson, Rachael Scahill, Robin Wolz: Using artificial intelligence for fast, reliable, and automatic segmentation of the thalamus, HSG Conference 2020 & (b) Jack Weatheritt, Richard Joules, Daniel Rueckert, Robin Wolz: Fully-automatic AI segmentation of subcortical regions, MIUA conference 2020

Impacting clinical trial planning and execution

We are working closely with our clients to ensure our products support the planning and execution of their clinical trials in a reliable and efficient manner. Following the technical and clinical validation stages, we have piloted the new AI technology in a collaborative project with Takeda.

"Imaging biomarkers play an important role in our neuroscience trials, informing on patient selection, safety and/or disease-related pharmacodynamic effects. More accurate, automated quantification of volumetric MRI scans enables us to make informed decisions and detect subtle treatment effects; ultimately increasing chances of trial success and enabling more cost-effective trial design. During the past year we have worked with the IXICO team to validate novel deep learning technology in HD as an alternative to more established brain volumetry techniques. We are very pleased to be able to publish the results of our scientific collaboration, evidencing how IXICO's AI approach can increase the number of usable datasets as well as the sensitivity to measure treatment effects. I anticipate that these advances will be well-received by the pharma and biotech scientific community."

—

Dr Adam Schwarz
Senior Director & Head of Clinical Imaging, Takeda
(until October 2021)

"Gene therapies often deploy administration of the therapeutic gene directly into a target site such as the striatal region in HD. We increasingly see clinical protocols in which the size of structures like the putamen or thalamus are measured to influence patient eligibility, dosing and safety considerations. In these applications a high-quality segmentation is absolutely critical and I am excited to see how our new AI platform is providing measurements that can drive decisions in a highly reliable fashion and with minimal manual input. Volumetric results are often required within short turnaround times to make critical decisions and we are able to operate a significantly more efficient process by reducing compute times of several hours with current tools to seconds with the AI platform."

—

Dr Helen Crawford,
Principal Image Analyst, IXICO

Advanced analytics

At IXICO, we are continuously advancing the measurements we provide from MR techniques and molecular imaging data by combining our data science expertise with ever-advancing developments in data acquisition. Examples of the latest additions to IXICO's suite of advanced analytics include:

Molecular imaging

Molecular imaging allows us to visualise and characterise biological processes and is used to develop biomarkers in different neurodegenerative diseases. At IXICO we offer a range of solutions for visual and quantitative analysis of images acquired through positron emission tomography ('PET') and single photon emission computed tomography ('SPECT'). In 2021 we have strengthened our visual read process through the integration of MIMNeuro®, a radiology viewing platform that has been validated and widely used for visual read of PET and SPECT imaging as well as the integration of quantitative decision support to guide the visual read.

VisQ: amyloid positivity from PET imaging is a key diagnostic criterion of AD and a widely used inclusion criteria in AD clinical trials. Amyloid positivity is traditionally defined by a visual read from an expert radiologist, but automated quantitative tools are increasingly validated as a potentially less subjective alternative. In the VisQ process, an expert radiologist gets presented with a quantitative assessment and the expert then makes a final decision based on both the quantitative and visual assessment.

Magnetic resonance ('MR') techniques

Arterial spin labelling ('ASL'): This functional imaging techniques provides a means for measuring blood flow through brain tissue, offering alternative/complementary measures to fMRI and FDG PET. A derived measure of cerebral blood flow ('CBF') is obtained by magnetically labelling blood near the base of the brain and, after a delay to allow the labelled blood to perfuse to the capillaries, an image of the brain is acquired. By comparing such 'labelled' images to images acquired without first labelling the blood, a relative measure of cerebral perfusion can be obtained which can provide relevant biomarkers in neurodegenerative diseases such as AD and PD.

Magnetic resonance spectroscopy ('MRS'): MRS offers an in-vivo, non-invasive assessment of the brain neuro-chemical state by measuring quantitative metabolite concentrations of brain tissue in a single region of interest. Complementary to structural MR imaging, MRS is an attractive approach with which to assess the levels of metabolites in normal and diseased central nervous systems and it is considered a relevant biomarker in many therapeutic areas such as PD and Ataxias.

Next generation TrialTracker

Across the year to 30 September 2021, the Group invested over £1.8 million in the development of its next generation TrialTracker platform. This investment, the single largest in the Group's history, is focussed on ensuring that the Group is 'technology-ready' to deliver on the revenue growth opportunity presented by the neurological clinical trials imaging market. The Group expects to launch its first client trials on this platform during 2022.

The next generation TrialTracker platform is being developed using Microsoft Azure cloud infrastructure. To deliver this, the Group has deployed its internal development, technology, and business analysis team, augmented by contract resources highly experienced in the use of Azure technologies. In addition, and as was announced in March 2021, the Group is partnering with Microsoft and has benefitted from participation in Microsoft organised 'hacks' to test and develop our TrialTracker technologies within Azure.

The Group sees this investment as being critical to its growth plans. By utilising technologies that enable highly adaptive development, the Group is able not only to benefit from system resilience and security improvements in real time as they are applied to Microsoft's cloud infrastructure, but also rapidly extend and adapt the platform as business demands evolve. This delivers increasingly efficient scalability to TrialTracker supporting multiple parallel trial deployments and the ability to expand or adapt the platform capabilities to incorporate new functionality, be it developed in-house or via partnership or acquisition.

As part of this investment, the Group has significantly strengthened in its in-house development and technology capabilities, reflecting the intent to continue to develop platform enhancements on an ongoing basis beyond the initial launch date in 2022.

"The next generation of TrialTracker is critical to our continued growth. Using the latest Microsoft Azure cloud technologies, microservices architecture and agile development processes will ensure we are able to maintain the required high security, resilience, performance and flexibility that our customers demand. We are now able to bring over a decade of experience in the field to improve our processes around the new platform. The cloud-based scalability of the new workflow engine will provide the potential for extremely high analysis throughput at very low cost, whilst the transition of our analysis pipelines to the latest containerization technologies will ensure we are able to support both our existing and new analysis solutions throughout the next phase of growth."

—

Mark Austin
Director of Technology, IXICO

Our core therapeutic focus areas

IXICO's scientists, operations team and regulatory specialists support an expanding portfolio of global multi-centre trials in an increasingly diverse range of therapeutic indications.

Alzheimer's disease ('AD')

AD is a progressive neurodegenerative disease that produces dementia and is estimated to be affecting 50 million people globally, a number which is anticipated to grow to 150 million people by 2050. The healthcare costs of AD reflect this growth – rising from $1 trillion globally in 2018 to a projected $2 trillion in 2030[1]. Means of preventing, delaying the onset, slowing the progression, and improving the symptoms of AD are urgently needed. In 2021 there were more than 120 unique therapies in clinical trials for AD as registered on clinicaltrials.gov[2]. The largest number of drugs in the AD pipeline are putative disease-modifying agents targeting disease onset or progression and many drug trials for those agents require the services IXICO provides.

Parkinson's disease ('PD')

PD is a neurodegenerative disorder that affects predominately dopamine-producing ('dopaminergic') neurons in a specific area of the brain called substantia nigra and affects more than 10 million people worldwide. Symptoms generally develop slowly over years. The progression of symptoms is often different from one person to another due to the diversity of the disease.

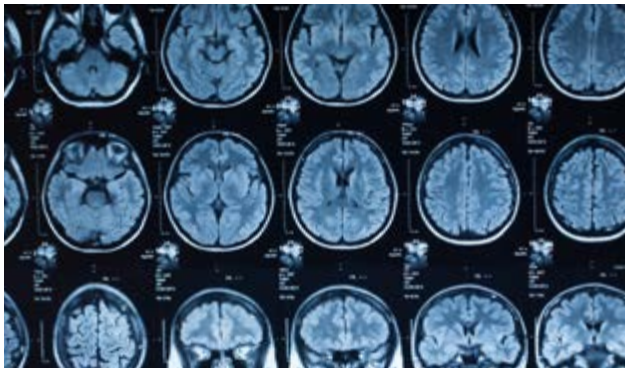
Like AD, PD currently has no disease modifying treatment ('DMT') and the current standard of care merely provides symptom relief for those that suffer. The clinical pipeline of treatment options for PD is very robust with more than 200 clinical trials in progress and several drugs about to be approved that are different from current standard of care. The leading pharmaceutical companies are working on development of new therapeutics for more effective and safer treatment of Parkinson's disease.

1 Alzheimer's Disease International. World Alzheimer's report 2015: the global impact of dementia. London, UK: Alzheimer's Disease International; 2015.
2 Cummings J, Lee G, Zhong K, Fonseca J, Taghva K. Alzheimer's disease drug development pipeline: 2021. Alzheimers Dement (N Y). 2021

Huntington's disease ('HD')

HD is caused by a mutation in a single gene (HTT), which triggers the formation of a toxic protein (mHTT) and therefore, unlike diseases such as AD, we know exactly what causes HD. HD is a rare progressive neurological indication and is a devastating disease that impacts the way people think, behave, and move. The disease impacts sufferers much earlier in their life with clinical symptoms typically being presented at the age of 30-50.

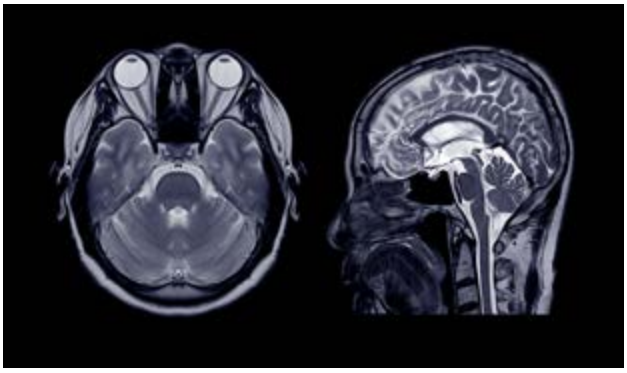
Like AD and PD there are no disease-modifying treatments available. According to the World Health Organization, in the Western world, 5-7 people per 100,000 are affected with HD, with more at risk of developing the disease at some stage in their life due to genetic predisposition.



IXICO has an unrivalled track record of supporting HD trials and very early on we played a pivotal role in standardising and characterising imaging biomarkers in the landmark natural history studies such as Track-On HD and TRACK-HD. Consequently, we have been able to provide unique expertise to pharma sponsors and to date we have supported 18 clinical trials for this rare indication. IXICO is supporting the largest ongoing HD trial and therefore we are both very well known in the HD research community around the world and have deep expertise and experience with regards to the conduct of HD trials.

Other rare neurological diseases

Our AI technology has accurately measured over 150 unique brain regions, supporting its broad application in neurological disease. This adaptive technology base enables us to configure suites of algorithms to uniquely address rare diseases, expanding our addressable market. Our current rare disease pipeline includes Multisystem Atrophy ('MSA'), Progressive Supranuclear Palsy ('PSP'), Friedreich's Ataxia ('FA') and Spinocerebellar Ataxia ('SCA'). Expedited review and approval timelines, well characterised biology and the emergence of gene therapies have increased investment in rare disease clinical trials and continue to make this a significant market area for IXICO to address.



Multiple sclerosis ('MS') and other demyelinating diseases

In 2021, IXICO started supporting its first trials in this new therapeutic area ('TA'). See detailed coverage on the next page.

In focus: Demyelinating disease

Background

Neuroinflammation has been linked to many neurodegenerative diseases, including AD and PD. Neuroinflammation has been linked to many neurodegenerative diseases, including AD and PD. Neuroinflammation can cause damage to the myelin sheath of neurons, initiating and progressing a process called 'demyelination'. Demyelinating diseases form a group of CNS neurodegenerative diseases that can be caused by an autoimmune reaction (myelinoclasis) or a genetic defect (leukodystrophy). The most prevalent demyelinating diseases are multiple sclerosis ('MS'), clinically isolated syndrome ('CIS'), neuromyelitis optica ('NMO') and NMO Spectrum Disorder. Rarer, non-hereditary diseases include acute disseminated encephalomyelitis ('ADEM') or myelin oligodendrocyte glycoprotein antibody-associated disease ('MOGAD').

Imaging

MRI plays a key role in the diagnosis of demyelinating diseases in general but also the differential diagnosis between sub-types. While white matter lesions in the brain and spinal cord are key imaging features across demyelinating diseases, differences in spatial and temporal appearance are important differentiators. To differentiate between active and inactive lesions, MR images are typically acquired and assessed with and without gadolinium contrast enhancement. Depending on the type of demyelinating disease, lesions in the spinal cord or optic nerve can play a critical role in diagnosis and assessment of disease progression. Atrophy of the whole brain and spinal cord are widely used as volumetric measures of disease progression in demyelinating disease.

Clinical trial activity

Despite the market authorisation of over 16 therapies for MS, there is still no cure for this debilitating disease. In addition, all existing therapies pose safety issues, do not necessarily repair the damage caused by MS and may not have a robust effect on disability, leaving significant unmet medical needs.

MS is the most common cause of neurological disability in young adults, resulting in significant social and professional limitations for patients. Clinical trials of potential new therapies for MS have risen in number, particularly over the last decade, and are facing increased challenges in recruiting eligible subjects. Many factors contribute to this issue, including the availability of approved therapies, exposure to previous therapies, and safety considerations, which together result in complex protocols that can be burdensome for subjects. Yet trials are essential if the therapeutic potential of new molecules in development are to achieve long-term improvement in disability. Such next generation investigational products have the potential to stop damage to myelin and may even boost remyelination.

Although there are more than 2,000 active trials currently listed on clinicaltrials.gov, there are over 160 which are interventional trials, recruiting into Phase I, II or III trials with the majority of the remaining trials being long-term Phase IV trials (real world evidence trials, registry trials, open label safety trials etc) that are recruiting a significant number of global MS subjects, thus adding to the challenges of appropriate and timely trial recruitment for the interventional trials assessing the new investigational products.

In addition, there is increasing interest in a number of associated disorders including NMO and NMO Spectrum Disorder– which currently is being assessed in around 20 open trials, and MOGAD which is being assessed in just a couple of global trials.

Thus, the demyelinating clinical trials arena is extremely robust and crowded, but brings with it increased optimism that a cure, or reversal of the loss of myelin, can be achieved by global drug developers.

IXICO momentum

In 2021, IXICO have started to offer clinical trial services in demyelinating diseases as illustrated by the award of a Phase III trial the Group announced during the year, and a further Phase III trial announced subsequent to the year end. IXICO's existing offering in other neurodegenerative diseases has formed a strong foundation to enter this new therapeutic area. Building on its existing TrialTracker platform, the Group has extended its offering of standardised MR image collection and radiology services to provide central radiology assessment of lesions in the brain, spine and the orbit. IXICO has previously developed technology for the assessment of white matter lesions (white matter hyperintensities) with an application in the assessment of vascular burden in AD. The Group has initiated a research and development programme to extend this technology into an application in lesions from demyelinating disease by leveraging concepts of the recently launched AI platform described on page 12. The extended technology will allow fully automated quantification of volume and volume change of brain lesions in demyelinating disease, providing a more sensitive measure to the one obtained from a visual radiology read.

IXICO's approach to management of Environment, Social and Governance ('ESG') issues

Environmental

IXICO aims to reduce the environmental impact of the delivery of its services where possible. Due to its remote business model, and investments in energy efficient infrastructure, its impact on the environment is relatively low. Nonetheless the Group has continued to focus on ways to further reduce this over the last year and expects to reduce this even further going forward.

Description/category

Remote business model:

IXICO's business model facilitates the collection and management of data from clinical and imaging sites located all over the world. IXICO has developed a suite of tools to train, qualify and support all sites remotely, eliminating the need for in-person visits by the IXICO operations team. The essential elements of this business model and the Group's online TrialTracker data management platform enable imaging centres to provide images to IXICO for analysis fully remotely via internet-based transmission.

2021 activities

During the COVID-19 pandemic, the Group has demonstrated that its remote model also supports staff in effective homeworking. The move to employee remote working was enhanced by the roll out of new communications tools such as a soft-phone system, Microsoft 365 and Microsoft Teams. It has further adopted IBM's Aspera system to facilitate the transfer of large, fully encrypted, data sets efficiently online, and thereby remove the need for physical transport of these data by traditional hard disk means.

The Group has initiated a major enhancement programme to further expand the capabilities of its TrialTracker system and move this system from on-premise server infrastructure into Microsoft Azure's cloud, which is between 22% and 93% more energy efficient than on-premise infrastructure and between 72% and 98% more carbon efficient.

2022 priorities

The Group has introduced a long-term hybrid working model meaning that employees will attend the office 2 days a week on average (reduced from 5 days per week prior to the COVID-19 pandemic). This will significantly reduce the long-term environmental impact of travel into and within London, reduce the Group's physical footprint and support employee work-life balance whilst maintaining the identity and cohesion that arises from regular in-person interaction. Next year will also see the completion of the next generation TrialTracker programme with delivery of energy efficiencies and lower carbon output as the Group continues to scale.

Description/category

Data server energy use:

IXICO's principal business is the collection, management and analysis of large datasets that are generated by our clients' clinical studies. High performance data servers also support our AI algorithm development. As such, data servers are the Group's key fixed assets, and these require significant energy to run and maintain and cannot yet be efficiently transferred to the cloud due to the current cost of moving large quantities of data within the cloud[1]. IXICO stores data both on- and off-premise to strict performance standards. As older servers are retired, IXICO is transitioning to supermicro server technology, a leader in green innovation.

2021 activities

In 2021, IXICO upgraded several of its servers to supermicro technology, and invested in new environmental control systems for its on-premise server room. In addition, through the Group's partnership with Insight and their subcontractor KOcycle, IXICO has entered a data destruction/electronic waste recycling project with the aim of ensuring none of the waste goes to landfill and that trees are planted to offset the carbon impact of this process.

2022 priorities

Increase use of cloud technologies, taking advantage of cloud vendor energy efficiencies and consolidation capabilities to reduce our environmental footprint further, whilst, where this remains economically unviable, continue to upgrade our on-premise infrastructure to more energy efficient servers.

1 The carbon benefits of cloud computing, a study on the Microsoft Cloud in partnership with WSP, updated 2020

Social

IXICO's purpose is to advance medicine and human health by turning data into clinically meaningful information, providing valuable new insights in neuroscience.

The re-commitment to this purpose in regular all-staff meetings reflects the importance we place on the potential positive impact of our services on society. We are committed to delivering the clearest insights to our clients as to the efficacy and safety of their neurological drug candidates. In doing so, we hope to be a part of bringing significantly positive health outcomes for patients, their families and the wider community.

Description/category

Our purpose:

The Group's focus is on neurological diseases with high unmet medical need and significant societal burden such as AD, MS and HD. Our purpose drives our innovation strategy and is a key pillar of talent recruitment and employee retention.

2021 activities

Our collaborations with key scientific institutions have given us further insight to the patient experience. We have joined other industry and academic leaders as members of the Alzheimer's Disease Neuroimaging Initiative ('ADNI'), the Critical Path for Parkinson's, Critical Path for Alzheimer's Disease ('CPAD'), Dementias Platform UK ('DPUK'), and the Friedrich's Ataxia Research Association ('FARA').

We also continued our collaborations with scientific programmes such as the London Medical Imaging and AI Centre for Value-based Healthcare, based at King's College, London and the Global Alzheimer's Platform foundation ('GAP') and the CHDI Foundation ('CHDI'). We consider these relationships critical to our endeavours as a Group but also an important part of the broader global endeavour to identify improved medical outcomes for these terrible diseases. Regular employee 'townhall' meetings have included patient advocate interviews and videos to emphasise the importance of our societal impact.

2022 priorities

Focussed investment into our image analysis innovation programme continues, with greater focus on improving imaging sequence capture and developing algorithms for better interpretation of data in our core therapeutic service indications of AD, HD and other rare neurological diseases, whilst also investing in adjacent neurological indications such as MS. IXICO will continue to work with, and further develop, its wider scientific network to develop such new approaches and accelerate their adoption.

Description/category

Employee wellbeing

With the transition to remote working, the Group has invested in ensuring that employees have access to information, training and equipment to enable safe and productive working at home, something we reflect in our health and safety policies and procedures. The Group provides access to a confidential Employee Assistance Programme for all employees and regularly promotes aspects of employee wellbeing such as Mental Health Awareness Week.

2021 activities

We moved rapidly to fully remote working in response to COVID-19, with a particular focus on ensuring continued employee engagement with regular all-staff meetings and online social events. The team has also raised funds for various charities via initiatives that encourage regular exercise. We have reconfigured our London office to reflect activity-based working arrangements supporting our employees to be able to work effectively from home or in the office, whether they require a quiet space, collaboration supporting facilities, ability to talk to colleagues or clients off-site and to be able to socialise during breaks from work during the day.

2022 priorities

Further developing our hybrid working model, balancing the benefits of face-to-face engagement in the office with the benefits of home working.

Social continued

Description/category

Talent development:

We are proud to attract and develop a diverse range of talent in our team. Over 95% of our staff have at least a bachelor's level or equivalent degree, with over 67% holding a master's or doctorate qualification. With 30% of our staff joining us directly from completing their academic studies, we provide interesting early career opportunities that have a clear positive societal purpose and are accompanied by opportunities for professional development.

2021 activities

In 2021, we increased our focus on structured early career training through our Professional Qualification Financial Assistance programme to develop and retain talent. We have also undertaken a significant training programme using Microsoft Azure technologies as part of our next generation TrialTracker platform programme whilst partnering closely with Microsoft and TiG (a Microsoft premium partner) to attend workshops and wider training forum. We have also undertaken regular all-staff meetings in which we have included a mix of cross-company communication regarding role specialisations, disease relevant updates, employee welfare initiatives and development topics. We have also restructured our operational teams to better orient their focus towards client delivery, whilst providing clearer opportunities for role progression within the Group.

2022 priorities

Our move to remote working in response to COVID-19 has enabled us to implement new, flexible working models that will be further developed across 2022. We believe that this will enable us to increase talent retention by supporting improved work-life balance for our employees, as well as optimising use of our central London facility. In strengthening our HR and operational team during 2021 we provide ourselves with increased capacity to support an extension of our internal training and development programme ensuring we reflect our knowledge-based service offering in the continuing development of our people.

Description/category

Human rights and community

IXICO publishes a modern slavery statement in line with the requirements of the Modern Slavery Act 2015. We have a Modern Slavery Policy that reflects our commitment to act ethically and with integrity in all our business relationships. The Policy is communicated to all employees to ensure they understand our responsibility and attitude towards modern slavery. Our wider policy suite instils ethics and integrity across the organisation. We operate in a manner that promotes human rights through our employment policies and practices, through our supply chain and through our services.

2021 activities

We have conducted a review of all our employee salaries and ensure we pay salaries that sit significantly above both the National Minimum Wage and the National Living Wage in all circumstances. We have continued to award salary rises to all employees during the year, in contrast to many companies, despite the impact of COVID-19. We enacted this approach as it reflects that our employees are the heart of IXICO's business and ensuring they are appropriately remunerated provides one pillar of our ability to attract and retain a strong team.

2022 priorities

We will continue to act as a responsible employer, ensuring our employees, clients, suppliers and other stakeholders are treated fairly, with honesty and with integrity.

Governance

IXICO provides services to the pharmaceutical sector, which is one of the world's most closely regulated industries. We are committed to transparent and effective governance processes, to provide reassurance to both our clients and our shareholders.

Description/category

Board & leadership governance:

IXICO is committed to the principles of the QCA which lays down the key principles of good governance for an AIM-listed business (https://ixico.com/investors/governance/oversight/). Further detail on this is covered on page 34.

In addition, IXICO's management team tracks performance against a Board-approved scorecard. Robust risk registers are in place and are reviewed quarterly by management and six-monthly by the Board.

External audit:

Our Quality Policy is reviewed annually and is focussed on ensuring the way we approach our services aligns with the expectations of our clients and our overall purpose. Our quality system is certified to ISO13485, the quality standard for medical devices. As such, the Group's systems and processes are regularly audited by third parties such as BSI and Lloyds Register and client audit representatives. The Group retains Grant Thornton UK LLP to conduct audits of its financial results and review its reports to shareholders before publication.

Anti-bribery and corruption:

We continue to maintain and implement policies to ensure adherence to regulations on anti-bribery, anti-corruption and anti-money laundering whilst also capturing and recording any risk of conflict of interest. All employees receive training on these aspects to ensure IXICO maintains business practices of the highest integrity.

Tax and financial transparency:

IXICO refrains from using offshore jurisdictions for tax planning and our taxation calculations are aligned with revenue generating activities, reflecting UK taxation rules and the UK government R&D investment credit scheme. All of IXICO's income is recorded within its UK tax returns.

2021 activities

In the last year, IXICO has been audited by 6 of its pharmaceutical client teams with no significant findings. In addition, it completed a full audit for recertification to ISO13485. The Group also introduced Sparta Trackwise software as its next generation Quality Management System ('QMS'). The Group redesigned its deviation and corrective action; preventative action ('CAPA') processes to speed up the investigation and addressing of any quality issues identified and ensure accountability for each deviation and CAPA is well defined alongside clear timelines for root-cause investigation.

2022 priorities

In 2022, we will further develop the useability of our new Trackwise QMS. We also anticipate supporting further audit requirements by clients as we continue to broaden and diversify our client base.

S172 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.

In addition to the ESG considerations above, the Directors have given consideration to specific stakeholder groups in the governance section. Please see the stakeholder engagement pages on 39 to 41 for more information.

Developing our workforce

As for many other companies, the last year has been full of uncertainty and adversity, however the challenges we faced have presented transformational opportunities for our HR agenda and acted as a catalyst to prioritise certain people initiatives.

Looking back on a year characterised by adaptation and learning, we can be proud of all that we have accomplished. Our Group's core 4 'A' values of Aspiration, Ability, Agility and Accountability, which are shared by all of our employees, are the foundation of our achievements, and this year has made us recognise and appreciate them even more.

Future of our workplace

During the COVID-19 pandemic, IXICO took the necessary measures and precautions to ensure business continuity and wellbeing of our staff by enabling flexible solutions with remote working. Following consultations with our employees via regular remote all-staff meetings and questionnaires, we have introduced a hybrid working model combining working both at home and in the office to ensure optimal working conditions for our employees. The model has been developed based on senior management's view of current and future anticipated business requirements, line managements operational input and feedback from previous employee surveys of personal preferences.

To further support our hybrid working model, we have continued to provide our employees with required workstation equipment in their home environment, restructured our office configuration and invested in technologies such as office video conferencing equipment that bridge the remote and office environments. This is enabling employees to work together with ease and flexibility, fostering a culture of collaboration, both in and out of the office.

Investing in our workforce

As part of our commitment to continual improvement of services and benefits within IXICO, we implemented a new combined HR self-service and payroll system. This will improve the efficiency of each team and promote accountability for employees and line managers to effectively manage people-related processes such as employee absence and development. The introduction of this advanced HR software to IXICO is a defining moment in the HR evolution of the Group. It will act as an organisational tool to enable first class employee management and further improve our working practices through the automation of administrative processes and utilisation of other enhanced functionalities.

Our values

Aspiration
We set ourselves ambitious goals and are proud to be part of the effort to bring life-changing treatments to patients.

Ability
We deliver value by harnessing the diverse skills and experience of our colleagues.

Agility
We thrive on change and the opportunities presented by working in a fast-growing company.

Accountability
We take ownership of our work and understand its impact to our stakeholders.

We also strengthened our recruitment strategy by appointing a dedicated HR team member team to support the end-to-end hiring process. This includes promoting recruitment initiatives to reinforce our position as an attractive employer as well as boosting our candidate sourcing via direct avenues, supported by our internal Employee Referral Scheme of rewarding employees with a financial incentive for referring a successful candidate. As such, we were able to drive a significant increase in recruitment with the Group's FTEs increasing from an average of 78 across 2020 to 95 by the end of 2021.

Supporting our workforce

Since the pandemic began, the physical and mental wellbeing of our employees has been at the forefront of our business continuity plan and our remote working initiatives. We have continued to promote and support wellbeing initiatives such as Mental Health Awareness Week and World Mental Health Day to highlight important advice and resources. We continue to support our employees and line managers with awareness training and organise fundraising activities such as our 'Spring in your Step' initiative this year. This promoted physical exercise and employee engagement whilst also raising money for an impactful cause supporting the work of Alzheimer's Society. During the remote working period, we have continued to promote staff engagement and support through weekly 'HR Surgery' drop-in sessions, virtual seasonal parties, sporting, and social events. As we return to the office, both physical and mental wellbeing remains a priority with ensuring a safe environment for all our employees and further promoting our strong 'IXICan' culture.

—

Hannah Esfahanian
HR Manager

An interview with Romina Oxborough, SVP Operations at IXICO

Q: Can you tell us a bit about your background?

A: I am a scientist by training and after my PhD, I moved to managing research in a commercial environment. I have always been interested in new technology and have been very privileged to have had the opportunity to lead many commercial and academic international research projects in a wide range of areas from regenerative medicine, nanotechnology applied to medical problems and vaccine development. I then moved to the clinical world and managed all phases of development from pre-clinical development, through clinical, post-marketing and patient access programmes. I completed an MBA at Warwick in 2012.

Q: What is your role and function at IXICO?

A: As the SVP of Operations at IXICO, I am responsible for the Start Up, Project Management, Clinical Operations and Data Management functions within the Company. In a nutshell, the Operations team implement the innovative solutions developed by our Science team to deliver services to complex biopharmaceutical clinical trials in an efficient and timely manner.

Q: Why did you join IXICO and what excites you most about joining?

A: The neuroimaging space is very exciting as there are many promising treatments, including genetic therapies, being developed to treat neurodegenerative diseases. These terrible conditions are likely to affect us all either directly or indirectly (the numbers are staggering). It is very rewarding to know that we can make a difference and accelerate the development of treatments to patients with those very high unmet needs.

IXICO is a very vibrant company, with a clear purpose and the ability to support treatment development from very early stages all the way to post-marketing and observational studies. It is very exciting for our teams to be able to work across a treatment's journey and see the difference it makes to patients.

Q: What is your view on current developments in the neuroscience clinical trial space?

A: It has been a very interesting year in the neuroscience clinical trial space with a high-profile treatment approval in AD that is likely to open the door for more. In terms of developments, artificial intelligence is definitely the way forward when looking at big datasets and gene therapy is advancing at an unprecedented space. We are working on some very novel treatments that could change the prognosis of very challenging conditions.

Preserving profitable growth in a challenging year for neurological clinical trial delivery.

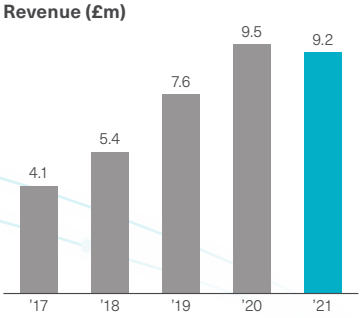
Grant Nash
Chief Financial Officer

In 2021, the Group consolidated the strong financial performance achieved across recent years despite notable short-term challenges. It did so whilst significantly progressing its investments for delivering medium and long-term growth.

Revenue

Revenue for the year of £9.2 million (2020: £9.5 million) represents a small year-on-year contraction of 4%. This contraction was driven by significant client trial descopes impacting the Group's order book and service delivery demands and by the continued drag on start-up times of new clinical trials created by COVID-19. These impacts, plus the early termination of a clinical trial shortly after the financial year end (as announced on 20 October 2021) are expected to continue to dampen revenue performance over the next 12 months.

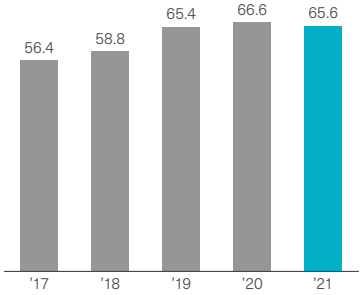
Revenue (£m)



Gross profit

The Group reports gross profit of £6.0 million for the year (2020: £6.3 million). This equates to a gross margin of 66% (2020: 67%). This strong gross profit margin reflects a favourable revenue mix, linked to the proportion of image analysis associated with Phase III trial service revenues. Looking forward, the Phase III descopes reported in the year, and the increasing proportion of early phase trials won during the year (see Order book section below) mean that gross margins will contract in the short term. Looking to the medium and longer terms, as the Group secures additional trials, the operational leverage opportunity within the Group's cost structure means the potential for sustained mid-to-high 60% gross margins remains strong.

Gross margin (%)



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

The Group materially increased its EBITDA profit in the year to £1.7 million (2020: £1.3 million). This was achieved despite the small year-on-year revenue contraction and reflects:

- careful management of costs following the Phase III descopes earlier in the year;
- the impact of capitalising costs in the Group's next generation Trial Tracker platform (thereby reflecting an element of cost that would have been reported in the Consolidated Statement of Comprehensive Income onto the Consolidated Statement of Financial Position); and

Key performance indicators

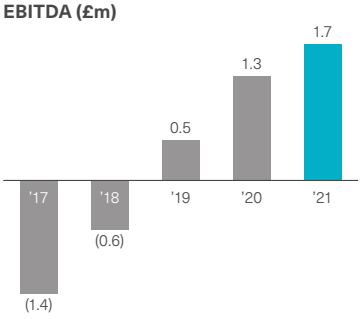
This review includes a comparison of the financial KPIs used to measure progress over the prior year, a summary of which is shown below:

KPI	2021 result	2020 result	Movement
Revenue	**£9.2m**	£9.5m	£0.3m ↓
Gross profit	**£6.0m**	£6.3m	£0.3m ↓
Gross margin	**65.6%**	66.6%	100bps ↓
EBITDA profit	**£1.7m**	£1.3m	£0.4m ↑
Operating profit	**£1.2m**	£0.9m	£0.3m ↑
Profit per share	**3.30p**	2.02p	1.28p ↑
Order book	**£18.8m**	£21.7m	£2.9m ↓
Net assets	**£11.2m**	£9.1m	£2.1m ↑
Cash	**£6.7m**	£7.9m	£1.2m ↓
Non-current asset investments	**£2.6m**	£1.6m	£1.0m ↑

– a small number of one-time benefits that have supported profitability in the year.

Looking forward, we expect to see a reduction in EBITDA performance in the next financial year to reflect the reorientation of the order book to earlier phase trials, the loss of the one-time beneficial impacts seen in 2021 and the continued operational investment program pursued by the Group to deliver on medium and longer-term growth opportunities.

EBITDA (£m)



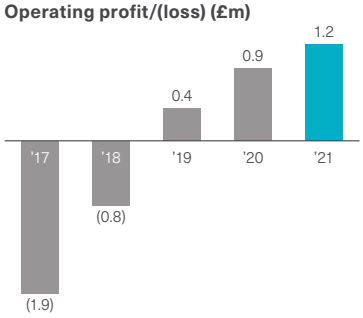
Operating profit

Operating expenditure in the year reflected investment in people and product development, specifically:

– research and development expenses of £1.2 million (2020: £1.3 million) included the development of new algorithms to support image analysis in new and existing therapeutic indications. In addition, the Group capitalised £1.0 million of internal development expenditure primarily in respect of its next generation Trial Tracker platform (2020: £0.2 million);
– sales and marketing expenses of £1.1 million (2020: £1.6 million) reflecting reduced travel and conference expenditure due to COVID-19 as well as a temporary contraction in the size of the sales team; and
– general and administrative expenses of £2.9 million (2020: £3.2 million) reflecting careful cost management within the business.

The reported operating profit of £1.2 million (2020: £0.9 million) equated to an operating profit margin of 13% (2020: 9%).

Operating profit/(loss) (£m)

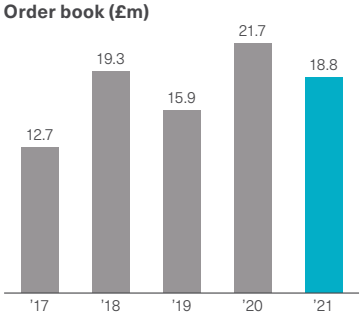


Order book

The Group continues to benefit from a healthy contracted order book. At 30 September 2021 this totalled £18.8 million (2020: £21.7 million), which takes account of £9.2 million of revenues delivered during the financial year, £13.8 million of new and expanded multi-year contracts secured during the year, £7.4 million of trial descopes due to client trial failures, and £0.1 million negative foreign exchange movement in the year.

The new trials won were across 14 different clients, 9 of whom are new to IXICO. This broadening and diversifying of the Group's order book is a key plank in the Group's strategy as the Group seeks to secure additional scale and resilience. After the year end, the Group was notified of, and announced, an indefinite halt to a client's clinical trial. This accounted for £3.3 million of the orderbook as at 30 September 2021, meaning that shortly after the year end the order book value was reduced to £15.5 million.

Order book (£m)



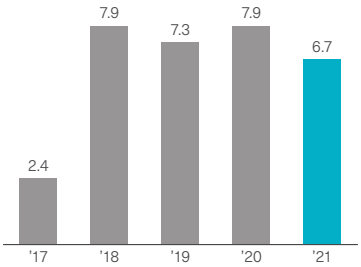
Cash

The Group reported operating cash inflows of £0.3 million before tax receipts in the year (2020: £1.5 million) reflecting the Group's strengthened profitability partially offset by the timing of trade and other receivables (which increased by £1.1 million) and trade and other payables (which decreased by £0.4 million) in the year. Whilst trade receivables increased in the year the Group had no overdue receivables at the year end and experienced no bad debts during the year.

The Group had a closing cash balance at 30 September 2021 of £6.7 million (2020: £7.9 million) with the reduction in cash reflecting £2.2 million of focussed investment in science and technology assets designed to support future scalability and improved IT infrastructure of the Group. These investments were partially offset by £0.6 million of operating cash and taxation inflows and £0.3 million of cash received from the exercising of employee share options in the year. This strong, debt-free, cash balance means the Group is well positioned to continue to invest for growth.

Consideration of the Group as a going concern is discussed in the Directors' Report.

Cash (£m)



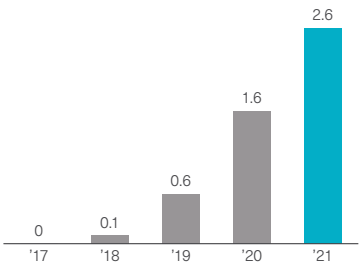
Non-current asset investments

The Group capitalised £2.6 million of non-current assets in the year to 30 September 2021 (2020: £1.6 million). This notable increase in non-current assets was primarily driven by the investment of £1.8 million in its next generation TrialTracker platform (2020: £0.3 million).

The next generation TrialTracker platform provides a completely new iteration of the Group's TrialTracker system. This TrialTracker version will further enhance the Group's capabilities to remotely collect, and centrally analyse, brain scans (or other image types) in support of clinical trials. The platform is being developed on Microsoft Azure's cloud infrastructure supporting further improvements in system resilience, security, scalability, and efficiency.

In addition, the Group extended its office lease, at a materially reduced rental fee, for a period of 5.5 years. This lease, which was due to end in March 2022, will now run until September 2026 and constitutes an addition to right of use assets of £0.4 million.

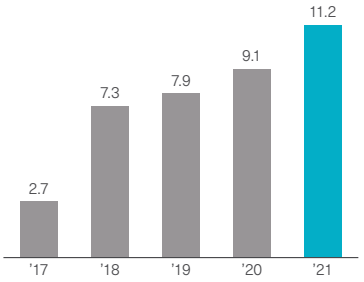
Non-current asset investments (£m)



Net assets

The Group's net asset position increased by £2.1 million to £11.2 million across the year (2020: £9.1 million). This is reflective of the Group's ability to turn profitability into operating cash, as well as the Group's commitment to build its technology assets to meet long-term future growth demands.

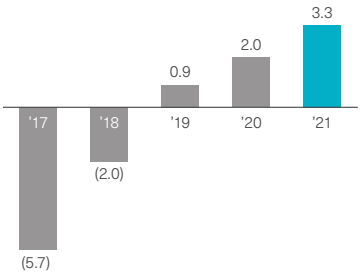
Net assets (£m)



Profit per share

The Group reports a profit per share of 3.30p (2020: 2.02p) reflecting the continued uplift in financial performance achieved across the year.

Profit/(loss) per share (p)



The Group is delivering against its growth strategy, is profitable, and is well capitalised, providing a strong basis to continue to invest to secure and strengthen its position in an expanding market.

—

Grant Nash
Chief Financial Officer
6 December 2021

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. Whilst the Board is confident that the control framework is fit for purpose, it continues to seek ways to further mitigate against the risk of material misstatement or loss.

In assessing the risks faced by the Group, a detailed risk identification and control framework is adopted. It is the responsibility of each department head to update the risk and control matrix for their area and these are then consolidated into a single matrix which is reviewed by management on a quarterly basis. The Board receives a summary of the risk and control matrix at least every six months. The matrix sets out the current status of controls in place to manage identified risks and ranks the risks by their potential impact and likelihood on the Group's operations. This matrix also details the additional actions which are being implemented to further manage such risks. The Board reviews and challenges the Executive Directors on this risk and control matrix as necessary.

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 as potentially 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 & Reputational.

Strategic risks

Change key: ↑ Increase ↓ Decrease – No change

Principal Risks	Risk Context	Mitigation	Change in the Year
The Group fails to exploit the commercial opportunities available to it and does not deliver the full potential for shareholder (and other stakeholder) returns	The Board anticipates that its strategic initiatives will lead to increased market penetration and development of new market opportunities for the Group. The nature of the neurological drug development market means that strategic initiatives will inevitably include a degree of judgement risk. 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 it.	– Annual review by the Board of Group strategy and budget priorities with 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. – Significant focus during the year on the organic strategy of the Group and ensuring investments made align with the Group strategy for delivering revenue and value growth across the medium and long term.	– Increased focus on medium and long-term strategy to return the Group to double digit revenue growth. Significant work undertaken to understand the market opportunity in each of the therapeutic indications the Group is active in and/or is investing in.
COVID-19 pandemic creates strategic, financial and/or operational uncertainty	COVID-19 has created a significant downturn in the initiation of new clinical trials with trial start dates continuing to be pushed back. This has impacted the Group's growth during 2021. In addition, the ongoing uncertainty over the duration of the COVID-19 pandemic and possible future lockdowns globally may disrupt the Group's strategic plans and/or financial performance in the near term.	– The Group has worked closely with clients to support adjustments required to their trials due to COVID-19. – The Group has been able to leverage its strong order book and balance sheet position to continue its investment plans. – The Group successfully migrated and equipped all staff to effectively work remotely. The Group has implemented a hybrid working model to retain the benefits of home working alongside the importance of creating a cohesive culture resulting from attending a central office location. – Detailed and regular forecasting and close management of expenditure have given the Group confidence in its ability to manage the COVID-19 impact. The budgeting and forecast processes will continue to assess risk of client trial dates being pushed out. – Roll out of vaccination programmes worldwide and an expected increase in new contracts are resulting in a reduced impact.	– The Group's 2022 revenue growth levels are expected to be impacted by COVID-19. However, the positive level of contract bookings in 2021 means that this risk is well managed and will diminish as COVID-19 vaccination rates continue to increase globally and the pharmaceutical industry increases confidence in the ability to run clinical trials without risk of interruption in patient visits.

Operational risks

Principal Risks	Risk Context	Mitigation	Change in the Year
Failure of IT infrastructure	A significant failure of IT infrastructure, or a physical disaster (such as fire or flood) at the Group's IT hosting centre, might disrupt the Group's operations.	– Investment in IT infrastructure, including use of cloud services, implementation of new and upgraded systems and equipment including high availability storage and full disaster recovery resilience has substantially mitigated the risk of prolonged down time because of hardware failure or a significant adverse event.	Likelihood reduced due to investments in improved infrastructure and controls during 2021.
The Group is reliant on key individuals to support its operational and service delivery	As the Group scales, servicing an increased number of clients and their projects, so the Group risks overreliance on key individuals.	– Despite the restrictions imposed by COVID-19, the Group has continued to invest in its people. During 2021, the Group made specific investments in its technology team, recruiting highly skilled personnel to support the roll out of the Group's next generation TrialTracker platform in 2022 and reduce key individual risk associated with the existing TrialTracker platform.	The risk of overreliance on several key individuals has been reduced during 2021 and is expected to reduce further as 2022 progresses as new recruits gain experience in the Group's technology platforms.
A cyber-attack results in a breach of the Group's IT systems	Any successful cyber-attack may create operational, financial and/or reputational risk for the Group. This risk has become more prevalent during COVID-19 with an increased number of cyber-attacks on high-profile businesses, particularly in the form of ransomware attacks	– Strengthened levels of control exist over the Group's IT infrastructure, including ongoing investments in improved security, upgraded firewalls and training for all staff provided on data security and standard controls such as password protection and policies. – The roll out of the next generation TrialTracker platform in 2022 will further enhance the security of the Group's systems. – The Group has worked closely with experts in respect of cyber risk management, ensuring the placement of appropriate covers and focussing on additional areas for improvement. – External audits and assessments including penetration tests provide independent scrutiny of the Group's IT infrastructure.	Improved controls and infrastructure reduce the opportunities for a cyber-attack to succeed, however the increased prevalence of cyber-attack attempts across industry (including ransomware attacks) mean that overall, despite investments made, this remains a key risk area.

Financial risks

Principal Risks	Risk Context	Mitigation	Change in the Year
Early termination of a client's clinical trial	The Group's client clinical trial contracts bear a risk of early termination in the event of: – an interim data review demonstrating no material benefit of the trial drug; or – a serious adverse event caused by the trial drug. On 23 March 2021, the Group announced the news that its largest client had communicated the decision to cease dosing on its HD Phase III and open-label extension trials. The significant descope in service requirements on these trials resulted in a reduced revenue performance compared to the first half of 2021 and negatively impacted 2022 revenue growth expectations. On 20 October 2021, shortly after the financial year end, the Group announced the news that a client was indefinitely halting its trial in SCA. The early termination of this trial had a material impact on the Group's order book and revenue expectations for 2022.	– Due to the nature of clinical trials and high failure rates (particularly in neuroscience) there will always be a risk of early termination of a clinical trial. However, increases in the Group's client and project diversification dilutes this risk. – Commercial contracts can include up-front non-refundable payments, close-out cost recovery and termination notice clauses.	The material descope of its largest client's HD trials will continue to impact the Group during 2022 and there remains the risk that these trials may be further descoped. Such a decision would have a further negative material impact on the Group. Offsetting this, the Group has successfully grown its order book of new contracts across a diversified range of therapeutic neurological indications with both current and prospective new clients.

Financial risks continued

Principal Risks	Risk Context	Mitigation	Change in the Year
Loss of a key commercial relationship with a client	The Group has material contracts with two clients. There is therefore a risk that, if either client terminated its relationship with the Group, there would be a significant impact on the Group's short and/or medium-term revenue expectations.	– Leadership monitors service levels across projects and has dedicated additional resources to supporting its largest clients. The strengthening of the Group's relationship with these clients will reduce the likelihood of relationship damage or loss. – Further development of the sales pipeline, via the appointment of additional business development resources, is targeted at new client acquisition, accelerating the broadening of the client portfolio, and reducing the impact of losing any single client. – The Group's strong cash position enables it to continue investing to ensure it can scale and convert the available medium- and long-term market opportunity in the neurological disease clinical trials market across a broader range of clients.	The termination of the HD Phase III and open-label extension trials in March 2021 has decreased the Group's reliance on its largest client. The termination of a trial just after the period end has decreased the Group's reliance on its second largest client. The Group has successfully grown its pipeline of new opportunities with the focus in 2022 being on converting new identified opportunities into signed contracts. The Group has won and been awarded new trials with its first and second largest clients during the year showing that its services continue to be highly regarded by these clients.
Financial risks are set out in further detail under note 23 to the financial statements and include: **Liquidity risks** **Credit risks** **Currency risks**	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.	No material change in these risks during the year.

Principal risks and uncertainties continued

Legal/Compliance & Reputational risks

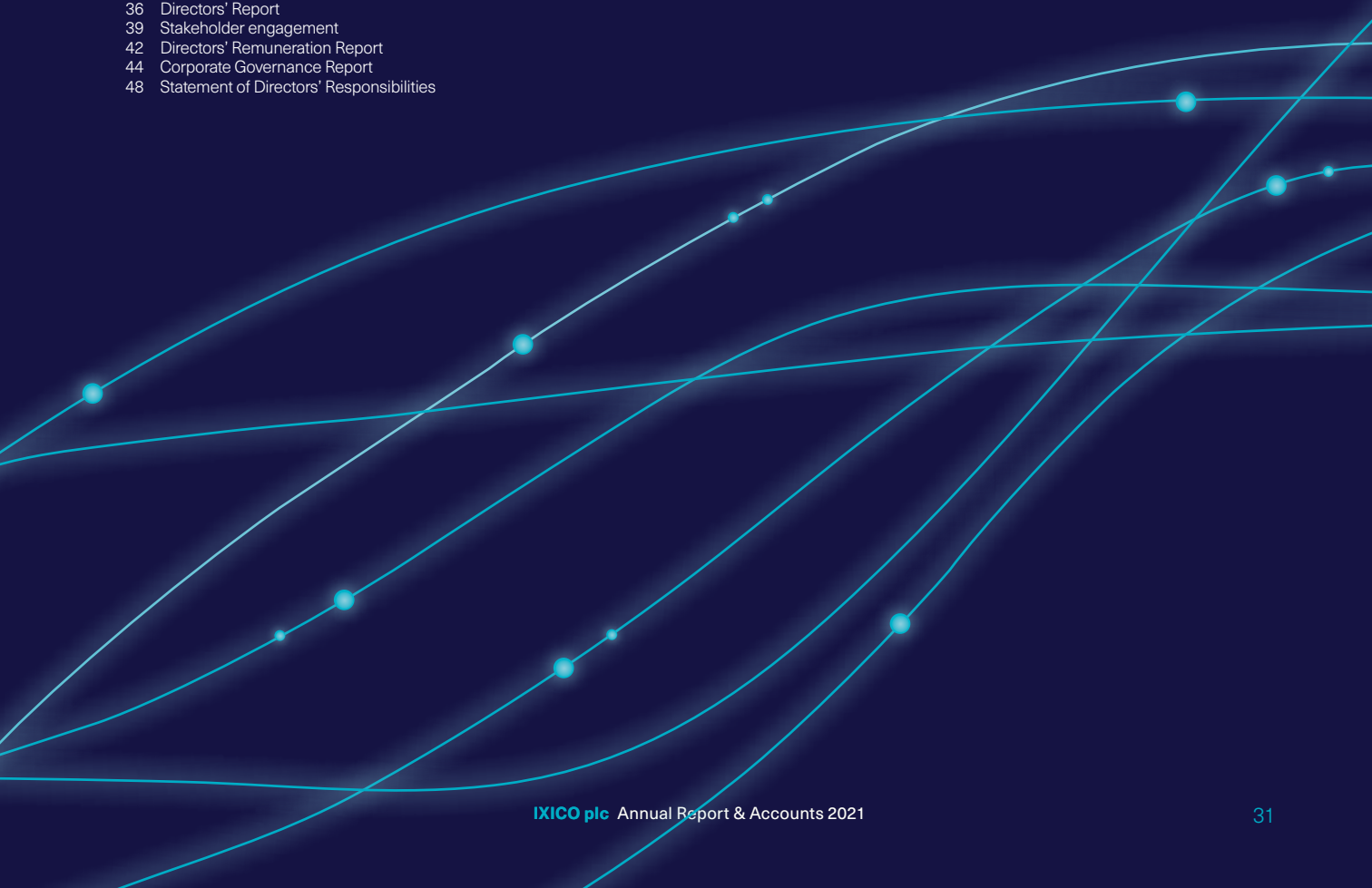
Principal Risks	Risk Context	Mitigation	Change in the Year
Reputational damage due to error or system failure in delivery of analysis services	If the Group provided incorrect results while delivering its services to a clinical trial this may impact on the trial and/or patient outcomes and result in reputational damage for the Group.	– Operational checks, frequent data hygiene reports and additional pre-transfer QC checks are used to control data error, duplication or transfer issues and to highlight when an analysis fails. – Continued investment in training and automation to scale controls used to identify potential errors, including the implementation of the SAS analytics software. – A significant upgrade to the existing TrialTracker platform is in progress which will further strengthen system controls in place. – Continued improvement of internal processes including SOP updates and wholesale review of department procedures as part of the Group's QMS.	Improved controls have reduced risk, with further process improvements and updates to be implemented in 2022.
Breach of data protection regulations	The Group captures personal data from clinical trial subjects. As such, it is exposed to data security risks.	– Data captured from client sites is pseudonymised on receipt into the Group's TrialTracker platform. – A combination of security measures including encryption, access controls and multi-factor-authentication ensures a strong defensive layer is deployed to maintain the integrity and security of sensitive or critical information. – Data outputs to clients and key stakeholders are issued following the application of controls designed to reduce, as far as possible, the likelihood of unintended release. – Data protection legislation requirements (such as GDPR) are integrated within the Group's processing activities and practices.	Likelihood reduced as the Group continues to implement further IT infrastructure enhancements and augmented data management policies and training.

The Strategic Report was approved by the Board on 6 December 2021 and signed by order of the Board by:

—

Giulio Cerroni
Chief Executive Officer
6 December 2021

Governance



Resilience whilst investing in a platform for growth

Charles Spicer
Non-Executive Chairman

Overview

IXICO is an Artificial Intelligence data analytics company delivering intelligent insights in neuroscience.

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. Specifically, this is the ability to measure accurately 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 Trial Tracker end-to-end technology platform. This supports data capture, data management, data analysis and data reporting on behalf of the clinical trial in a seamless, centralised, regulatory compliant system.

A year of consolidation

Following four years of significant growth, and a rapid move from annual losses to double digit profitability margins, the past year has been one of consolidation for IXICO. The Group has weathered dual headwinds of COVID-19, which continues to disrupt and delay the initiation of neurological clinical trials, and the impact of the descoping in March 2021 of our largest client contract, a Phase III and an open-label extension trial in Huntington's disease.

Despite these challenges, led by our excellent senior executive team, IXICO has delivered revenues of £9.2 million, just 4% less than the prior year while achieving EBITDA profitability at £1.7 million, a 34% increase equating to an EBITDA margin increase of 4%. Whilst this particularly strong EBITDA is flattered by several one-time items, it does reflect the resilience the leadership team has built into the Group as it grows. With the market opportunity continuing to develop, this ability to weather the challenges of COVID-19 and such a significant client trial descope, bodes extremely well for the Group's prospects.

As we move towards the commencement of those neurological trials delayed by the pandemic, the importance of addressing long-discussed challenges of diminishing returns and escalating costs within drug development are an acute topic of focus for the industry. All opportunities to increase clinical trial efficiency, operate services remotely, increase the objectivity of measures and improve stratification of patients (particularly in neurological disease areas) are being pursued. Sitting at the apex of this requirement within imaging, IXICO offers objective measures, using a remote-based technology driven model, increasing insights into both the trial patient population and the efficacy and safety of the drug candidates in a growing area of unmet clinical need.

Governance and people

During the year, the Group has leveraged the benefits of our ability to work remotely alongside the cohesion of a single office. We have renegotiated and extended our lease and reconfigured our office space to support a hybrid, activity-based-working model. This, alongside regularly communicated investments in technology, means the Group is positioned to work even more efficiently on behalf of our clients, while improving the work-life balance of our employees.

As in most successful, high-growth businesses, IXICO's future depends on our people and the Board thanks all our employees for their hard work, dedication and flexibility during unavoidably challenging times. In the past 12 months we have continued to invest in our team, focussing on our medium and long-term growth opportunities and on the conviction that investments made now will lead to greater returns for our shareholders and other stakeholders. We have made these investments in our workforce while continuing to promote our values – Aspiration, Ability, Agility and Accountability – to augment our positive, motivated, and effective culture which aligns our team with our purpose.

Overseeing these decisions and considering the appropriate balance of investment in a challenging period, the Board has been closely involved, meeting formally eight times during the year with several additional ad-hoc meetings to discuss specific topics. As the Group continues to scale, the Board believes it is most important to develop the technology and infrastructure to drive long-term sustained growth, rather than focus on

shorter-term growth targets. As such, we recognise there will be periods of rapid revenue growth and periods of revenue consolidation as the Group scales, each reflecting the particular successes or failures of neurological clinical trial programmes within the Group's orderbook, a characteristic inherent to the clinical trials market.

The Board uses the ten principles outlined in the Quoted Companies Alliance ('QCA') Corporate Governance Code to ensure it maintains appropriate governance arrangements. The Board conducts itself in a manner which places IXICO's values and the QCA principles at the core of our culture.

At the 2022 Annual General Meeting ('AGM'), in accordance with the Company's Articles of Association, Grant Nash and I will stand for re-election, supported by the Board of Directors' recommendation. As part of a planned Board succession process, John Bradshaw has announced his intention to retire from the Board during 2022, having served nearly 9 years as a Director of the Company. A recruitment process is well progressed in identifying a suitable successor to John, and I would like to take this opportunity to thank John for the expertise and wisdom he has invested in IXICO, and, in particular, his robust and diligent chairmanship of the Audit Committee.

Shareholders

The Group has an impressive list of leading institutions who have joined our shareholder register over the last few years, and we would like to thank all our shareholders for their continued support and enthusiasm. During the year, this list was augmented by CIP Merchant Capital and City Asset Management, both of which now hold significant shareholdings in the Group.

Outlook

The Board remains focussed on the Group's opportunity to grow and is delighted with the progress of our various investment initiatives which position us to capitalise on this opportunity. IXICO's analytical offering has been strengthened in the year and will be enhanced further during the next 12 months as our new algorithm platform is launched. Alongside this, the launch of our next generation, Microsoft Azure cloud-based data capture and analysis platform remains on track for the second half of financial year 2022.

As the Board has communicated over the past few months, companies servicing the clinical trials market are inherently exposed to the risk of early trial termination. The trial halt announced in October 2021 does create short-term challenges that need careful management as we enhance our ability to generate long-term growth. In the current year, we continue to carefully manage these challenges while pursuing our focussed investment programme to deliver scale, efficiency and service offering in a marketplace that continues to expand. We expect these investments, alongside a better mix of revenues from a more balanced order book of early phase trials, will lead to a contraction in the Group's EBITDA in the coming year, but should provide the basis for accelerated, sustained and profitable growth in the medium and longer terms.

—

Charles Spicer
Non-Executive Chairman
6 December 2021

Trusted partner to the global pharmaceutical industry

Medical image technology company

- Pursuing a meaningful purpose with high societal impact and value
- A trusted partner to blue chip biopharma clients

Resilient business model

- Strong EBITDA profitability despite negative revenue impact of COVID-19 and largest client trial failures
- Increased EBITDA margins on prior year
- Further growth of the strong balance sheet across the year supports additional scale-up investments
- Investment supports growth for the medium and long term

Attractive neuroscience market

- Favourable macro trends, including ageing population and developments in scientific understanding of disease progression
- Large unmet medical need
- Growing biopharmaceutical R&D investments
- Increasing outsourcing requirements
- A focus on centralised, remote-based, clinical trials supports IXICO's business model
- FDA's approval of Biogen's Aducanumab suggests that the FDA will consider approval of new drugs that shown even a relatively small benefit, increases the focus on being able to measure even small changes in disease biomarker progression

Healthy order book supporting growth

- Strong forward revenue visibility
- Supports sustained double-digit profitability

Strong team

- Leadership with a consistent record of delivering growth
- Highly skilled employee base to support further scientific research and strong operational delivery

Board of Directors

Balancing the skills, experience and knowledge required to achieve our strategic goals.

Charles Spicer
Non-Executive Chairman

Charles is an experienced Director of, and adviser to, public and private companies primarily in the medtech and life sciences sectors. He is Non-Executive Chairman of Creo Medical Group plc, M J Hudson Group plc and Korn Wall Limited. In addition, he chairs the UK Department of Health Invention for Innovation Funding Panel.

Appointment to Board
October 2013

Committee membership
—

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 3 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.

Appointment to Board
February 2017

Committee membership
—

Grant Nash
Chief Financial Officer and Company Secretary

Grant has worked in the life sciences sector for over 15 years. In his Executive Director role, Grant leads the Group's Finance, Legal, HR, IT and Quality functions. Grant joined IXICO from UK Biobank, an international health research data resource, where he had been Finance Director since 2014. Before this he was SVP Finance at Evotec, an early-stage drug discovery CRO. Grant is a member of the Share Transaction Committee and acts as Secretary to the Board and its subcommittees.

Appointment to Board
August 2019

Committee membership
S

Mark Warne

Non-Executive Director and Senior Independent Director

Mark is Chief Executive Officer of DeepMatter Group plc. He is widely recognised in the UK and international life sciences sector, having spent almost 10 years at IP Group Plc, a leading intellectual property commercialisation company, where he led the Healthcare team. Mark is Senior Independent Director and chairs the Remuneration Committee and Share Transaction Committee and is also a member of the Audit Committee.

Appointment to Board
September 2016

Committee membership
R A S

John Bradshaw

Non-Executive Director

John is a chartered accountant with more than 20 years' experience as a Chief Financial Officer with venture-capital-backed and listed companies. Until his retirement in July 2021 he was the Chief Financial Officer of Syncona Investment Management Limited. He is a Non-Executive Director and Audit Committee chair of Creo Medical Group plc. John chairs the Audit Committee and is a member of the Remuneration Committee.

Appointment to Board
October 2013

Committee membership
R A

Committee membership

- R Remuneration Committee
- A Audit Committee
- S Share Transaction Committee
- — None
- ● Denotes Committee Chair

Directors' Report

for the year ended 30 September 2021

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 2021.

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 profit after tax of £1.6 million for the year (2020: £1.0 million).

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 23 of the consolidated financial statements. Specific financial risks are set out on page pages 28 and 29 of the Strategic Report.

Political donations

The Group made no political donations during the period (2020: £nil).

Charitable donations

The Group made charitable donations of £3,500 during the period (2020: £5,000) as part of our corporate social responsibility activities.

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
Giulio Cerroni	Chief Executive Officer	6 February 2017
Grant Nash	Chief Financial Officer	21 August 2019
	Company Secretary	31 May 2019
Charles Spicer	Non-Executive Chairman	14 October 2013
John Bradshaw	Non-Executive Director	14 October 2013
Mark Warne	Non-Executive and Senior Independent Director	16 September 2016

Biographical details of IXICO plc's Directors are shown on page 34.

Directors' remuneration and share options

Details of the Directors' remuneration and share options are set out in the Directors' Remuneration Report on pages 42 and 43.

Re-election of Directors

At the 2021 AGM, in accordance with the Company's Articles of Association, John Bradshaw and Mark Warne were reappointed as Non-Executive Directors. At the 2022 AGM, Charles Spicer and Grant Nash will, being eligible to do so, offer themselves for re-election. John Bradshaw has notified the Board that, having served almost 9 years on the Board, he will step down from the Board during 2022 once a successor has been appointed.

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 3 December 2021, 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 2021	Ordinary shares of 1 pence 2020
Giulio Cerroni	**491,333**	109,600
Grant Nash	**–**	–
Charles Spicer	**333,196**	333,196
John Bradshaw	**35,500**	35,500
Mark Warne	**19,650**	5,400

During the year ended 30 September 2021, the Directors' interests in the Company's shares changed because of the transacting of shares in the market as approved under the Group's share trading policies.

The Directors' interests are beneficially held by each Director unless otherwise stated. Apart from these interests and share options (as disclosed on pages 42 and 43, 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 COVID-19 pandemic continues to cause uncertainty across global markets for the short and medium term. During the year, the Group continued to react quickly to the changing operational landscape caused by the pandemic, including a continuous assessment of any financial implications through the preparation of revised forecasts. The Group also continued to successfully operate a fully remote model for employees through the year. Whilst there was a notable contract loss in the year, and a further contract loss shortly after the period end, there was a significant increase in new trials and contract wins during the year. These new contract wins significantly diversify the client base of the Group and reduce the reliance it has on its largest clients.

In assessing going concern, management has prepared detailed sensitised forecasts which consider different scenarios throughout the course of the next 12 months. These include the risk to current projects and expected future sales pipelines, the ability for participants to attend imaging centres (due to the ongoing COVID-19 pandemic) and potential delays in new trial start-up timelines. 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 2021, 48,151,373 (2020: 47,091,292) shares were allotted and fully paid. Note 21 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 22 of the consolidated financial statements.

Authority to issue shares

At the general meeting held on 21 January 2021, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £156,955 (representing 33.33% of the issued share capital) and to allot equity securities up to an aggregate nominal value of £313,910 in connection with a fully pre-emptive rights issue (representing 66.67% of the issued share capital) in accordance with industry guidance (Investment Association and PLSA), and to allot for cash equity securities having a nominal value not exceeding in aggregate £47,091 (representing 10.0% of the issued share capital).

These authorities expire at the close of business on 20 January 2021, or if earlier, the conclusion of the next AGM. At the 2022 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 3 December 2021, 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	18.53
Octopus Investments	6,408,400	13.31
Gresham House Asset Management	5,357,100	11.13
Amati Global Investors	5,031,300	10.45
CIP Merchant Capital Limited	3,857,566	8.01
City Asset Management	1,452,315	3.02

AGM

The notice convening and giving details of the 2022 AGM will be posted to shareholders on or before 17 December 2021. The 2022 AGM of the Company will be held at the offices of CCT Venues Smithfield, 2 East Poultry Avenue, London, EC1A 9PT on Thursday 20 January 2021.

Other matters

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

Disclosure of information to auditors

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) 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

—

Charles Spicer
Non-Executive Chairman
6 December 2021

Stakeholder engagement

The Board recognises that effective stakeholder engagement enables improved, impactful decision-making. As such, it is committed to building beneficial relationships with a broad range of stakeholder groups impacted by the Group's activities.

Our stakeholders	Material topics	How we engage
Employees As a leading provider of AI data analytics to clinical trials in neuroscience, IXICO employs highly qualified employees in a range of scientific, operational and supporting roles. Providing an environment that supports continued learning and development improves employee retention levels and is central to our success.	– Opportunities for development – The working environment, culture and values – Collaboration and idea sharing – The Group's financial performance	Employees agree development plans as part of their annual performance and development review to support their personal growth as well as their wider contribution to the Group. The management hold regular meetings to update employees on material matters as well as sharing progress on initiatives being pursued by individual teams. The Group has invested in communication tools to support effective remote working, idea sharing and collaboration. Further, the Group's office in London has been reconfigured to better support activity-based working as part of hybrid working arrangements. Surveys conducted before and during the COVID-19 pandemic reflect a high level of employee engagement.
Shareholders As a business listed on the AIM market, we recognise the important role that our shareholders play via their investments in the Group and in providing feedback to the Board on strategy and governance.	– Financial and operational performance – Business model and strategy – Capital allocation – Commercial pipeline and future visibility of revenues	We use a range of tools to engage with shareholders including LSE RNS, our website, video interviews with senior leadership, investor presentations and social media. We host twice-yearly results briefings to communicate key Group developments to, and receive feedback from, shareholders and brokerage analysts. The briefing presentations are also available on our website. In addition, our Non-Executive Chairman and other Non-Executive Directors make themselves available to meet with shareholders as appropriate.
Clients Our clients rely on our data analytics services to support critical decisions in their clinical development programmes. Most client contracts represent multi-year projects, providing the opportunity to build effective, long-term relationships.	– High levels of quality assurance – Consistent and reliable service levels – New product development and innovation	Our business development team has many years of experience in the industry and build long-term client relationships. Each client project is led by a dedicated project manager who is accountable for service delivery; weekly IXICO-client project team calls are standard practice. Our R&D team is closely involved in the client projects to ensure that clients can take advantage of the latest advances in the IXICO analysis portfolio. The Group operates under a well-defined Quality Management System, accredited to ISO 13485. We are subject to regular client audits of our processes and procedures thereby assuring our clients that we approach their projects with a high priority placed on the quality of service provided.

Stakeholder engagement continued

Our stakeholders	Material topics	How we engage
Scientific Partners IXICO is a member of several scientific consortia. We view our contribution to the scientific progress achieved by these partnerships as a critical part of our strategy and purpose.	– Scientific and operational capabilities – Investment in innovation – Development of relationships to support our commercial growth and our wider purpose	IXICO is engaged in several scientific collaborations and continues to be an active contributor at scientific conferences including virtual events and webcasts. We have provided significantly discounted or in-kind analysis services and consultancy to scientific collaborations designed to advance knowledge about the neurological diseases for which we support clients in their drug development programmes.
Imaging Centres Our clients work with expert imaging centres to undertake MRI, PET and other scans on participants involved in their clinical trials. The centres directly upload images to IXICO's TrialTracker data management platform for patient selection, safety review and drug efficacy analysis.	– Training and qualification of imaging centre personnel – Technical support and issue resolution	Our online imaging-centre-support model enables centres to engage with training and qualification activities at a time that suits them and requires no in-person visits.
Participants Our clients recruit participants to take part in the clinical trials of their drug candidates. By using IXICO's portfolio of algorithms these trials benefit from objective measures of biomarkers which are used to assess drug efficacy. The objective nature of these measures increases participant confidence that the monitoring of the drug development process is robust.	– Objective measurement of the impact of drug candidates on the brain	Whilst we do not have direct communication with participants on clinical trials, we have engaged with patient representatives to better understand the challenges of living with the diseases we support and provide additional meaning to our Group purpose for our employees.

Principal Strategic Decision in 2021 – continued investment despite significant descope failure of our largest client's HD clinical trials and the continued impact of COVID-19 on CNS clinical trials:

In March 2021 the Group was informed that its largest client's Phase III and open-label extension trials into HD were to be significantly descoped and that dosing on these trials would cease. The Board rapidly reviewed the impact of this news on the Group's financial projections and notified the market that this descope removed £7.1 million of expected revenues from the Group's orderbook, £0.7 million in 2021; £2.8 million in 2022 with the balance across 2023 and 2024. The Board also reiterated its view that the medium- and long-term opportunity for growth within the CNS imaging space remains compelling.

Further, the Group continued to see the impact of new neurological clinical trials being delayed due to the COVID-19 pandemic. This remains an immediate-term delay in trial start up rather than the cancellation of trials and is therefore considered a short-term drag to the Group's growth whilst the pandemic endures.

These pressures on short-term growth rates required the Board to review its planned investment programme to assess the impact of the interruption to the Group's growth on this investment strategy. Following this review, it concluded that continuing with these plans, albeit with some pragmatic adjustments to ensure that the short term is managed effectively without undermining the opportunity to continue to grow rapidly across the medium and long term, was in the best interests of the Group and its stakeholders.

Reason for the decision:

The clinical trials market has been significantly affected by the COVID-19 pandemic, with patient travel restrictions and the increased burden on healthcare facilities restricting local clinical trial activity. Similarly, the impact of the Group's largest client trial descopes has had a specific and significant impact on the Group's immediate revenue expectations. However, the high unmet clinical need in the disease areas which are the focus of the Group's service offering (which itself reflects the historic failure of neurological drugs within the development pipeline) means that the Group's opportunity to grow across the medium and long term remains undiminished.

Following a detailed review of the neurological clinical development imaging market, and an assessment of the expected growth trends over the coming five years, the Board feels confident that the opportunity for growth remains compelling. It recognised that postponed trials will be reinitiated in the medium term and that investment in extending the Group's image capture and analysis platform and further development of its service offering will optimise the Group's ability to maximise market share. This will support the Group's clients and deliver value over the medium to long term.

The Board's confidence in the Group's relative financial strength with its strong balance sheet, significant cash reserves, absence of debt and visibility of future revenues, ultimately underpinned this decision to continue investment.

Stakeholders affected and engagement:

Employees – accelerated implementation of remote working tools to enable more flexible working and enhanced communication. This includes updates on progress of Group objectives and the neuroscience clinical trials market. In addition, wider informational programmes for all departments have been communicated outlining the investment programmes within R&D, image analysis and our technology innovations. The Group's investment plan will further provide employees with opportunities for learning and development as the Group grows and implements new technologies and service offerings.

Clients – as the Group enters its new financial year it continues to invest in enhancing its service offering, commercially, operationally and scientifically whilst also investing in its technology, to provide even better service quality and capability to its clients.

Shareholders – regular communication of plans and financial performance through meetings, telephone calls, video broadcast channels, LSE RNS/Reach platforms and social media. Shareholders continue to benefit from high visibility of future revenues in an expanding market, sustained profitability and will benefit from medium- and long-term accelerated growth accruing from the programme of investments being pursued by the Group.

Scientific Partners – continued engagement with the scientific community through virtual conferencing and engaging in partnerships to support improved understanding of neurological disease. With accelerated research and development, scientific partners (whether commercial or academic) will benefit from access to new, state-of-the-art algorithms to identify and measure new biomarkers relevant to their specific neurological indications.

Imaging Centres – access to enhanced imaging centre management tools to provide better remote training and monitoring. With investments in a next generation TrialTracker platform, the Group will further support the qualification of new imaging centres, thereby accelerating centre onboarding to a trial and reducing the burden on scarce healthcare resources (which have been further restricted due to local COVID-19 response). This is important for both clients and the imaging centres as this improves the potential for trials to access eligible participants efficiently from a wider geographical area.

Participants – as the Group continues to invest in its portfolio of algorithms and technology it will be able to provide new biomarker insights to enhance trial participant selection, safety monitoring and drug efficacy within clinical development. This will reduce the risks and uncertainty associated with the drug development process and further support beneficial outcomes for participants suffering from neurological diseases.

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.

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. All performance targets are set by the Remuneration Committee. The award of bonus payments to employees, including Executive Directors, is subject to the Remuneration Committee's review and approval.

For the year to 30 September 2021, the Remuneration Committee determined that bonus related KPIs and strategic objectives were partially met, resulting in a minority portion of the maximum bonus opportunity of the eligible directors being achieved. The bonus payments will be split into two equal payments included in the December 2021 and March 2022 payrolls respectively.

The bonus packages and award for each member of the board are set out below:

Director	Maximum bonus opportunity as % of salary	Bonus related performance measure	Actual bonus achieved as % of salary
Giulio Cerroni	75.00%	Financial performance	20.00%
	12.50%	Orderbook related metric	12.50%
	12.50%	Operational related metric	0.00%
	100.00%		**32.50%**
Grant Nash	22.50%	Financial performance	6.00%
	3.75%	Orderbook related metric	3.75%
	3.75%	Operational related metric	0.00%
	30.00%		**9.75%**

Non-executive Directors are excluded from the Group bonus scheme. 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 linked to the achievement of share price accretion and strategic goals. The vesting 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. This increased from 12.5% in the prior year following the approval of an ordinary resolution at the 2021 AGM on Thursday 21 January 2021.

At 30 September 2021, 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 5,205,361 or 10.8% of the number of ordinary shares in issue at that date.

Other benefits

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

Private medical insurance and 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 Chairman)	16 September 2016	3 months
John Bradshaw	14 October 2013	3 months
Mark Warne	16 September 2016	3 months

Directors' remuneration

	Year ended 30 September 2021			Year ended 30 September 2020		
	Salary and fees £	**Bonus £**	**Pension contributions £**	Salary and fees £	Bonus £	Pension contributions £
Executive						
Giulio Cerroni	**313,417**	**101,860**	**–**	279,239	258,421	–
Grant Nash	**186,000**	**18,135**	**14,880**	149,300	38,196	11,944
	499,417	**119,995**	**14,880**	428,539	296,617	11,944
Non-Executive						
Charles Spicer	**47,215**	**–**	**–**	44,100	–	–
John Bradshaw	**23,891**	**–**	**–**	23,625	–	–
Mark Warne	**23,891**	**–**	**–**	23,400	–	–
	94,997	**–**	**–**	91,125	–	–
Aggregate emoluments	**594,414**	**119,995**	**14,880**	519,664	296,617	11,944

No Directors waived emoluments in the year ended 30 September 2021 (2020: £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 2020	Granted during the year	Exercised during the year	Lapsed during the year	**At 30 September 2021**	Exercise price	Date of grant	Expiry date
Giulio Cerroni	676,582	–	(676,582)	–	**-**	£0.365	7-Feb-17	6-Feb-20
	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	–	–	–	**245,000**	£0.010	5-Dec-19	4-Dec-22
	245,000	–	–	–	**245,000**	£0.010	5-Dec-19	4-Dec-23
	2,335,632	–	(676,582)	–	**1,659,050**			
Grant Nash	300,000	–	–	–	**300,000**	£0.010	5-Dec-19	4-Dec-22
	300,000	–	–	–	**300,000**	£0.010	5-Dec-19	4-Dec-23
	600,000	–	–	–	**600,000**			
Total	2,935,632	–	(676,582)	–	**2,259,050**			

During the year, Giulio Cerroni exercised 676,582 options which had a market value of £615,690 on the date of issue. The price paid for these options totalled £246,952, creating a gain on exercise of share options totalling £368,737.

The Company's share price ranged from £0.55 to £1.27 during the year.

Further details of the share option schemes are set out in note 22 of the consolidated financial statements.

Corporate Governance Report

The Board has adopted, and complies with, the Quoted Companies Alliance ('QCA') Corporate Governance Code ('Code') and 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 10 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/).

	Governance Principle	Group Approach	Further Reading
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. To achieve our business goals, the Group is investing for growth and has grown profitability in the financial year to 30 September 2021 by: – building scale and market presence for our technology solutions; and – developing and commercialising new products and services. These activities promote and are delivering long-term value for shareholders.	Our 5-point growth plan is detailed on pages 8 and 9. Our approach to innovation and recent product launches are described on page 13.
	2: Seek to understand and meet shareholder needs and expectations	The Board is committed to encouraging open communication between itself and shareholders. The Chief Executive Officer and Chief Financial Officer arrange to meet with major shareholders at least twice a year to update them on strategy, progress against this strategy and obtain feedback. The Chairman 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 39 to 41.
	3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	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 clients, suppliers, employees and the participants of the clinical trials it serves. The Board has implemented approaches to support the requirements of each group and, where it identifies, or is notified of, any risks or concerns in respect of any of these stakeholder groups, it puts in place actions to address these.	Our stakeholders are described in our business model on pages 2 and 3 and in our stakeholder engagement on pages 39 to 41.
	4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	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 page 27.

	Governance Principle	Group Approach	Further Reading
Maintain a strong and dynamic management framework that places value on developing the Group in an ethical manner	5: Maintain the Board as a well-functioning, balanced team led by the Chair	The Board comprises the Non-Executive Chairman, two Executive Directors and two Non-Executive Directors, one of whom acts as Senior Independent Director. 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 Chairman 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 pages 34 and 35.
	6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board has an effective and 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.	Further details of the Board's skills and experience can be found on pages 34 and 35.
	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 Chairman 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.	
	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 (including ISO 13485:2016) 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 eradication of fraud and bribery in the way in which the Group operates is also of great importance to securing the trust and confidence of its clients and partners. Therefore, the Group adopts a zero-tolerance position to fraud and bribery and is committed to pursuing this approach throughout its operational practices.	The Group's values are described on page 22.
	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 27.

	Governance Principle	Group Approach	Further Reading
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.	Strategic Report pages 1 to 30. Stakeholder engagement on pages 39 to 41. Directors' Report pages 36 and 37. Financial Review pages 24 to 26.

The Board and its subcommittees

The Board meets at least 4 times per year in accordance with a pre-determined meeting calendar. The Board is supported by 3 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 table below shows the membership of the Board and each subcommittee as at the end of 30 September 2021:

	Board	Audit Committee	Remuneration Committee	Share Transaction Committee
Charles Spicer (Non-Executive Chairman)	Chairman	–	–	–
Giulio Cerroni (Chief Executive Officer)	Member	–	–	–
Grant Nash (Chief Financial Officer & Company Secretary)	Member & Secretary	Secretary	Secretary	Member & Secretary
Mark Warne (Senior Independent Non-Executive Director)	Member	Member	Chairman	Chairman
John Bradshaw (Independent Non-Executive Director)	Member	Chairman	Member	–

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/).

Audit Committee

The Audit Committee is chaired by John Bradshaw. Mark Warne is a member of the 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 usually held a minimum of twice per financial year.

The Group auditor only provides audit services to the Group.

Remuneration Committee

The Remuneration Committee is chaired by Mark Warne. John Bradshaw is a member of the 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 usually held twice per financial year.

Share Transaction Committee

The Share Transaction Committee is chaired by Mark Warne. Grant Nash is a member of the 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.

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 International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006. 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 IFRS 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

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Charles Spicer
Non-Executive Chairman
6 December 2021

Financial statements

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 2021, which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, 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 international accounting standards in conformity with the requirements of the Companies Act 2006, 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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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.

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.

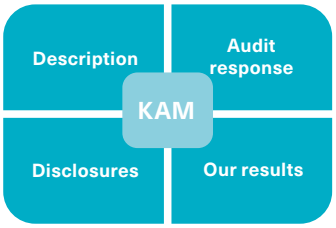
The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

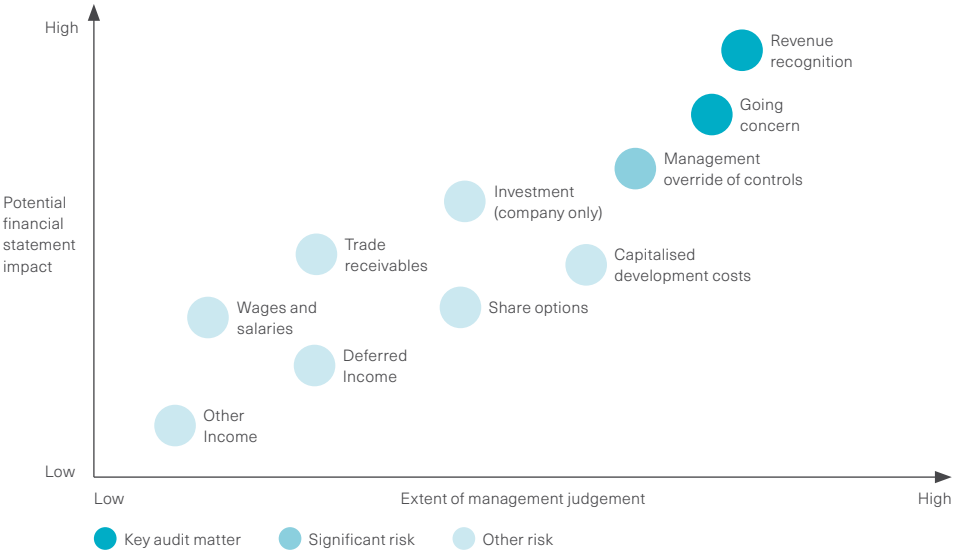
Grant Thornton	Overview of our audit approach
	Overall materiality: – Group: £176,000, which represents approximately 2% of the group's revenue. – Parent company: £174,000 which represents 2% of the parent company's total assets, capped at an amount less than group materiality.
	Key audit matters were identified as: – Revenue recognition (same as previous year) – Going concern (same as previous year) Our auditor's report for the year ended 30 September 2020 included no key audit matters that have not been reported as key audit matters in our current year's report.
	We performed an audit of the financial information of the parent company and the other significant component using component materiality (full-scope audit procedures on Ixico Technologies Limited). We performed analytical procedures on the financial information of Ixico Technologies Inc.

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
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.
 	
The group has one revenue stream: service revenue. Service revenue from many of the group's contracts comprises multiple performance obligations, which the group denotes as 'tasks'.
 	
Identifying these performance obligations within each contract in line with IFRS 15 requires the use of management judgement. Once the performance obligations within the contract are identified, determining the revenue allocated to the performance obligation is based on standalone price.
	In responding to the key audit matter, we performed the following audit procedures:
	– Performed a walkthrough of the processes and controls around revenue recognition to confirm it is consistently applied in the current period.
	– Completing an evaluation of revenue recognition policies for consistency and compliance with IFRS 15;
	– Gaining an understanding of the performance and progress of material contracts through discussions with the operational project managers;
	– Confirming the occurrence of revenue items through the selection of a sample of tasks and performing the following:
	  – Agreeing the planning sheets to contracts, which have been reconciled through to the trial balance;
	  – Corroborating the tasks' unit price to signed contracts;
	  – Agreeing the number of units to the group's internal project tracker system; and
	  – Assessing whether the performance obligations of each task are being recognised in accordance with IFRS 15.
	– Inspecting a sample of new contracts awarded in the year and agreeing key details through to the group's internal project tracker system;
	– Inspecting contracts signed near the year end to assess whether the revenue has been recognised in the correct period;
	– Corroborating a sample of accrued and deferred income balances to supporting project planning sheets and considering the revenue recognised at the year-end;
	– Reperforming calculations of the foreign exchange variances on contracts priced in currencies other than sterling.

Relevant disclosures in the Annual Report and Accounts 2021 – Financial statements: Note 3.1 Accounting Policies, Note 4 Key judgments and estimates, Note 5 Revenue and Note 6 Segmental information.	**Our results** Our audit testing did not identify any material deficiencies in relation to the revenue that would have required us to expand the nature or scope of our planned detailed testing work.

Key Audit Matter – Group	How our scope addressed the matter – Group
Going concern We identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement due to the risk of error. As stated in the 'Conclusions related to going concern' section of our report, COVID-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects continue to result in uncertainty. The impact of COVID-19 in delaying contract start dates combined with the risk of 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 and 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 30 September 2023, together with supporting evidence for all key trading, working capital and cash flow assumptions and assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions; – Obtaining management's downside scenarios, 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 COVID-19 on patient enrolment and ongoing image acquisition; – Determining whether the assumptions are consistent with our understanding of the business obtained during the course of the audit and the changing external circumstances arising from the impact of COVID-19; – Assessing the accuracy of management's past forecasting by comparing management's forecasts for last year to the actual results for last year and considering the impact on the base case cash flow forecast; – 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; and – Assessing the adequacy of related disclosures within the Annual Report and Accounts.
Relevant disclosures in the Annual Report and Accounts 2021 – Financial statements: Note 1d Going concern – The Directors report	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

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.

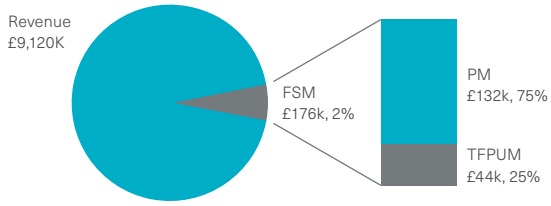
Materiality was determined as follows:

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	£176,000 which is approximately 2% of the group's total revenue.	£174,000 which represents 2% of the parent company's total assets, 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 consistently used revenue to determine materiality due to the year over year volatility in profit or loss before tax. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2020, using the same basis. This reflects the decrease in revenue in the current year.	This benchmark is considered the most appropriate because its principal activity is that of a holding company for the trading group and 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 2020, using the same basis. This is due to the materiality being capped at a percentage of group materiality, which was lower this year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£132,000, which is 75% of financial statement materiality.	£130,500, which is 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 prior years – 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 parent company financial statements in prior years – 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
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, including Directors remuneration and related disclosures	We determined a lower level of specific materiality for the following areas: – Related party transactions, including Directors remuneration and related disclosures

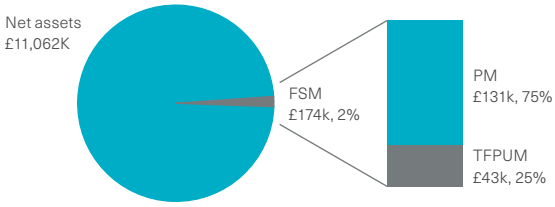
Materiality measure	Group	Parent company
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£8,800 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,700 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



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 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, absolute profit before taxation and total assets. If any of the individual metrics above were >15% of the group total, then that 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, the only other component of the group (Ixico Technologies Inc) was selected as 'neither significant nor material' and analytical procedures performed.

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 2020 being substantive in nature.

Audit approach	No. of components	% coverage Total assets	% coverage Revenue	% coverage Absolute PBT
Full-scope audit	2	100	100	99
Analytical procedures	1	-	-	1
Total	3	100	100	100

Other information

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

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

We have nothing to report in this regard.

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

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

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

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks 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 (IFRS 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, those responsible for legal and compliance procedures and management. We corroborated our inquiries through our review of board minutes and walkthroughs performed with management.
- 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 judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with large values or those posted at the year end;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - held discussions with those outside the finance team including human resources, key management including the Chief Executive Officer and operations personnel.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities, including consideration of the engagement team'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.
- 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 disclosures and business risks that may result in risks of material misstatement.

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

6 December 2021

Consolidated Statement of Comprehensive Income

for the years ended 30 September 2021 and 30 September 2020

	Note	2021 £000	2020 £000
Revenue	5	**9,190**	9,532
Cost of sales		**(3,166)**	(3,186)
Gross profit		**6,024**	6,346
Other income	7	**448**	606
Operating expenses			
Research and development expenses		**(1,240)**	(1,309)
Sales and marketing expenses		**(1,146)**	(1,579)
General and administrative expenses		**(2,905)**	(3,208)
Total operating expenses	10	**(5,291)**	(6,096)
Operating profit		**1,181**	856
Finance income		**1**	20
Finance expense		**(22)**	(18)
Profit on ordinary activities before taxation		**1,160**	858
Taxation credit	11	**415**	94
Profit attributable to equity holders for the period		**1,575**	952
Other comprehensive expense:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange translation differences		**9**	(1)
Total other comprehensive expense		**9**	(1)
Total comprehensive income attributable to equity holders for the period		**1,584**	951
Profit per share (pence)	12		
Basic profit per share		**3.30**	2.02
Diluted profit per share		**3.12**	2.00

Consolidated Statement of Financial Position

as at 30 September 2021 and 30 September 2020

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Property, plant and equipment	13	**1,081**	1,014
Intangible assets	14	**2,710**	796
Total non-current assets		**3,791**	1,810
Current assets			
Trade and other receivables	16	**3,194**	2,082
Current tax receivables	11	**480**	259
Cash and cash equivalents		**6,684**	7,945
Total current assets		**10,358**	10,286
Total assets		**14,149**	12,096
Liabilities and equity			
Non-current liabilities			
Trade and other payables	17	**114**	167
Provisions	18	**–**	90
Lease liabilities	19	**519**	45
Total non-current liabilities		**633**	302
Current liabilities			
Trade and other payables	17	**2,217**	2,407
Provisions	18	**–**	100
Lease liabilities	19	**78**	168
Total current liabilities		**2,295**	2,675
Total liabilities		**2,928**	2,977
Equity			
Ordinary shares	21	**482**	471
Share premium	21	**84,802**	84,499
Merger relief reserve	21	**1,480**	1,480
Reverse acquisition reserve	21	**(75,308)**	(75,308)
Foreign exchange translation reserve	21	**(88)**	(97)
Capital redemption reserve	21	**7,456**	7,456
Accumulated losses		**(7,603)**	(9,382)
Total equity		**11,221**	9,119
Total liabilities and equity		**14,149**	12,096

The financial statements on pages 58 to 91 were approved by the Board of Directors and authorised for issue on 6 December 2021 and were signed on its behalf by:

—

Grant Nash
Chief Financial Officer
6 December 2021

IXICO plc, Registered number: 03131723

Company Statement of Financial Position

as at 30 September 2021 and 30 September 2020

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Investments in Group undertakings	15	**5,748**	5,623
Total non-current assets		**5,748**	5,623
Current assets			
Trade and other receivables	16	**3,549**	4,255
Cash and cash equivalents		**1,845**	1,705
Total current assets		**5,394**	5,960
Total assets		**11,142**	11,583
Liabilities and equity			
Current liabilities			
Trade and other payables	17	**80**	73
Total current liabilities		**80**	73
Equity			
Ordinary shares	21	**482**	471
Share premium	21	**84,802**	84,499
Merger relief reserve	21	**1,480**	1,480
Capital redemption reserve	21	**7,456**	7,456
Accumulated losses		**(83,158)**	(82,396)
Total equity		**11,062**	11,510
Total liabilities and equity		**11,142**	11,583

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 £966,000 (2020: £1,040,000).

The financial statements on pages 58 to 91 were approved by the Board of Directors and authorised for issue on 6 December 2021 and were signed on its behalf by

—

Grant Nash
Chief Financial Officer
6 December 2021

IXICO plc, Registered number: 03131723

Consolidated Statement of Changes in Equity

for the years ended 30 September 2021 and 30 September 2020

	Ordinary shares £000	Share premium £000	Merger relief reserve £000	Reverse acquisition reserve £000	Foreign exchange translation reserve £000	Capital redemption reserve £000	Accumulated losses £000	Total £000
Balance at 1 October 2019	469	84,436	1,480	(75,308)	(81)	7,456	(10,533)	7,919
Total comprehensive income/(expense)								
Profit for the period	–	–	–	–	–	–	952	952
Other comprehensive expense:								
Realised losses on foreign exchange	–	–	–	–	(15)	–	15	–
Foreign exchange translation	–	–	–	–	(1)	–	–	(1)
Total comprehensive income/(expense)	–	–	–	–	(16)	–	967	951
Transactions with owners								
Charge in respect of share options	–	–	–	–	–	–	184	184
Exercise of share options	2	63	–	–	–	–	–	65
Total transactions with owners	2	63	–	–	–	–	184	249
Balance at 30 September 2020	**471**	**84,499**	**1,480**	**(75,308)**	**(97)**	**7,456**	**(9,382)**	**9,119**
Total comprehensive income/(expense)								
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**1,575**	**1,575**
Other comprehensive expense:								
Foreign exchange translation	**–**	**–**	**–**	**–**	**9**	**–**	**–**	**9**
Total comprehensive income/(expense)	**–**	**–**	**–**	**–**	**9**	**–**	**1,575**	**1,584**
Transactions with owners								
Charge in respect of share options	**–**	**–**	**–**	**–**	**–**	**–**	**204**	**204**
Exercise of share options	**11**	**303**	**–**	**–**	**–**	**–**	**–**	**314**
Total transactions with owners	**11**	**303**	**–**	**–**	**–**	**–**	**204**	**518**
Balance at 30 September 2021	**482**	**84,802**	**1,480**	**(75,308)**	**(88)**	**7,456**	**(7,603)**	**11,221**

Company Statement of Changes in Equity

for the years ended 30 September 2021 and 30 September 2020

	Ordinary shares £000	Share premium £000	Merger relief reserve £000	Capital redemption reserve £000	Accumulated losses £000	Total £000
Balance at 1 October 2019	469	84,436	1,480	7,456	(81,540)	12,301
Total comprehensive expense for the period	–	–	–	–	(1,040)	(1,040)
Transactions with owners						
Charge in respect of share options	–	–	–	–	184	184
Exercise of share options	2	63	–	–	–	65
Total transactions with owners	2	63	–	–	184	249
Balance at 30 September 2020	**471**	**84,499**	**1,480**	**7,456**	**(82,396)**	**11,510**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(966)**	**(966)**
Transactions with owners						
Charge in respect of share options	**–**	**–**	**–**	**–**	**204**	**204**
Exercise of share options	**11**	**303**	**–**	**–**	**–**	**314**
Total transactions with owners	**11**	**303**	**–**	**–**	**204**	**518**
Balance at 30 September 2021	**482**	**84,802**	**1,480**	**7,456**	**(83,158)**	**11,062**

Consolidated and Company Statements of Cash Flows

for the years ended 30 September 2021 and 30 September 2020

	Group		Company	
	2021 £000	Restated 2020 £000	2021 £000	2020 £000
Cash flows from operating activities				
Profit/(loss) for the period	**1,575**	952	**(966)**	(1,040)
Finance income	**(1)**	(20)	**–**	(4)
Finance expense	**22**	18	**29**	1
Taxation	**(415)**	(94)	**–**	–
Depreciation	**464**	356	**–**	–
Amortisation of intangibles	**145**	82	**–**	–
Disposal of fixed assets	**–**	1	**–**	–
Dilapidation provision release	**(53)**	–	**–**	–
Impairment of intangible assets	**–**	2	**–**	–
Research and development expenditure credit	**(160)**	(162)	**–**	–
Share option charge	**204**	184	**78**	76
	1,781	1,319	**(859)**	(967)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(1,112)**	297	**706**	455
Decrease in trade and other payables	**(410)**	(146)	**(21)**	(39)
Cash generated from/(used in) operations	**259**	1,470	**(174)**	(551)
Taxation received	**354**	447	**–**	–
Net cash generated from/(used in) operating activities	**613**	1,917	**(174)**	(551)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(170)**	(686)	**–**	–
Purchase of intangible assets including staff costs capitalised	**(1,984)**	(456)	**–**	–
Finance income	**1**	20	**–**	4
Net cash (used in)/generated from investing activities	**(2,153)**	(1,122)	**–**	4
Cash flows from financing activities				
Issue of shares	**314**	65	**314**	65
Repayment of lease liability	**(44)**	(177)	**–**	–
Net cash generated from/(used in) financing activities	**270**	(112)	**314**	65
Movements in cash and cash equivalents in the period	**(1,270)**	683	**140**	(482)
Cash and cash equivalents at start of period	**7,945**	7,264	**1,705**	2,187
Effect of exchange rate fluctuations on cash held	**9**	(2)	**–**	–
Cash and cash equivalents at end of period	**6,684**	7,945	**1,845**	1,705

Notes to the financial statements

for the years ended 30 September 2021 and 30 September 2020

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 a parent of a number of 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.

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.

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 COVID-19 pandemic continues to cause uncertainty across global markets for the short and medium term. During the year, the Group continued to react quickly to the changing operational landscape caused by the pandemic, including a continuous assessment of any financial implications through the preparation of revised forecasts. The Group also continued to successfully operate a fully remote model for employees through the year. Whilst there was a notable contract loss in the year, and a further contract loss shortly after the period end, there was a significant increase in new trials and contract wins during the year. These new contract wins significantly diversify the client base of the Group and reduce the reliance it has on its largest client.

In assessing going concern, management has prepared detailed sensitised forecasts which consider different scenarios throughout the course of the next 12 months. These include the risk to current projects and expected future sales pipelines, the ability for participants to attend imaging centres (due to the ongoing COVID-19 pandemic) and potential delays in new trial start-up timelines. 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.

2. New and amended accounting standards and interpretations

a. Adoption of new accounting standards for the year ended 30 September 2021

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. The standards and amendments that are now effective and have been adopted by the Group include:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Classification of liabilities as current or non-current (Amendments to IAS 1)

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. This revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

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. 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.

3. Significant accounting policies continued

3.1 Revenue continued

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.

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 the access granted to client trial sites for upload of clinical information. Due to the lack of interrelationship between the 2 distinct services provided, each are recognised independently. The performance obligations for each are: 1. The performance obligation for deployment is met once TrialTracker is deployed and granted to the client. 2. 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 once the platform is appropriately configured and is ready for use through the receipt of images from client trial sites. 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.

Service type	Performance obligations	Revenue recognition policy
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 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.	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. 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 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.

Change orders

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 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.

3. Significant accounting policies continued

3.2 Other income

Government grants

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.

Research and Development Expenditure Credit ('RDEC')

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% (which increased from 12% from 1 April 2020) of qualifying research and development expenditure. 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 in relation to TrialTracker 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 payments is expensed on a straight-line basis over the vesting 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 non-market-based vesting 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 22 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 plan.

The assets of the Group scheme are held separately from those of the Group in independently administered 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, 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.

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. Significant accounting policies continued

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 arises 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.

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. The assets useful economic life is as follows:

Internally generated technology	3 – 10 years

3.9 Impairment of non-current assets

Each category of non-current assets is reviewed for impairment both annually and 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.

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 3.3.

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 – 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.

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 and are initially recognised at fair value and subsequently stated at amortised cost.

3. Significant accounting policies continued

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.

Further information relating to financial instruments and the policies adopted by the Group to manage risk is found in note 23.

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 the project or 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 entered into 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 a material increase in revenue and cost of sales recognised in the year and a decrease in profit margins achieved.

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 2021, total research and development expenses totalled £2,270,000 (2020: £1,553,000). Of this amount, £1,030,000 (2020: £244,000) was capitalised as an intangible asset. The balance of expenditure being £1,240,000 (2020: £1,309,000) 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 20 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 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 company 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.

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:

	2021 £000	2020 £000
Service revenue	**9,190**	9,532

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 2021, revenue includes £438,000 (2020: £227,000) held in contract liabilities within trade and other payables at the beginning of the period. This amount includes the satisfaction of performance obligations relating to legacy contracts whereby TrialTracker deployments and access are combined in to a single fee, with the access fee being recognised over the duration of the project. This also includes the completion of performance obligations for advance payments held 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.

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 by other team members. Performance information is reported as a single business unit to the management team, who review the Group's management information.

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.

During the year ended 30 September 2021, the Group had two clients (2020: one client) that exceeded 10% of total revenue. In 2021 the individual percentage revenue associated with these clients was 55% (£5,012,000) and 14% (£1,248,000). In 2020, the individual percentage revenue associated with the largest client was 65% (£6,232,000).

Geographical information

The Group's revenue can be categorised by type of revenue and by country, based on the location of the contracting client. Sometimes clients of the Group, which include global pharmaceutical 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 of the client based elsewhere in the world.

	2021 £000	2020 £000
Switzerland	**3,247**	4,950
United Kingdom	**1,983**	1,473
United States of America	**1,860**	1,995
Netherlands	**1,248**	370
Ireland	**482**	522
Other – Europe	**370**	222
Revenue	**9,190**	9,532

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, originating solely in the United Kingdom. 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.

	2021 £000	2020 £000
Grant income	**288**	444
RDEC	**160**	162
Other income	**448**	606

8. Auditor's remuneration

	2021 £000	2020 £000
Audit services		
– Group and Parent Company	**33**	33
– subsidiary companies	**22**	22
Total audit fees	**55**	55
Audit-related assurance services	**6**	6
Total auditor's remuneration	**61**	61

9. Employees and Directors

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

	2021 Number	2020 Number
Administration	**16**	15
Operations, research and development	**77**	67
Average total persons employed	**93**	82

The Group uses a different metric in the measurement of key performance indicators, and includes both the number of employees and contractors, adjusted for the number of hours worked during the year (to account for part-time employees). This is known as average full-time equivalents, or FTE's, and for the year ended 30 September 2021, the average number of FTE's was 95 (2020: 78).

The aggregate remuneration of employees in the Group was:

	2021 £000	2020 £000
Wages and salaries	**5,778**	5,480
Social security costs	**625**	845
Other pension costs	**269**	203
Share-based payments charge	**204**	184
Total remuneration for staff	**6,876**	6,712
Staff costs capitalised	**(1,030)**	(244)
Net staff costs	**5,846**	6,468

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 2021 in respect of pension costs were £42,000 (2020: £31,000).

The remuneration of the Group's Directors is set out in the Directors' Remuneration Report on pages 42 and 43, as well as in note 24 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 profit

An analysis of the Group's operating profit has been arrived at after charging:

	2021 £000	2020 £000
Research and development expenses	**1,240**	1,309
Sales and marketing expenses	**1,146**	1,579
Operating lease charges: land, buildings and printers	**2**	21
Depreciation of tangible assets	**464**	356
Loss on disposal of tangible and intangible assets	**–**	3
Dilapidation provision release	**(53)**	–
Amortisation of intangible assets	**26**	26
Foreign exchange (gain)/ loss	**28**	(17)
Administrative expenses	**2,438**	2,819
Total operating expenses	**5,291**	6,096

There is a further amortisation charge of £118,000 (2020: £56,000) recognised in cost of sales for those items directly related to project activities. The total amortisation charge for the year is £144,000 (2020: £82,000).

11. Taxation

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

	2021 £000	2020 £000
Profit on ordinary activities before taxation	**1,160**	858
Profit before tax at the effective rate of corporation tax in the United Kingdom of 19% (2020: 19%)	**220**	163
Effects of:		
Expenses not deductible for tax purposes	**4**	16
Origination and reversal of temporary differences	**(415)**	(131)
Research and development uplifts net of losses surrendered for tax credits	**(319)**	(145)
Prior period adjustment	**95**	3
Tax credit for the period	**(415)**	(94)

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

	2021 £000	2020 £000
Small or medium enterprise research and development credit	**(350)**	(127)
Deduction for corporation tax on RDEC	**30**	30
Prior period adjustment	**(95)**	3
Tax credit for the period	**(415)**	(94)

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:

	2021 £000	2020 £000
Current tax receivable at start of period	**259**	450
Current period credit	**575**	256
Corporation tax repayment	**(354)**	(447)
Current tax receivable at end of period	**480**	259

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:

	2021 £000	2020 £000
Tax credit for the year	**415**	94
RDEC gross of corporation tax deduction	**160**	162
Current period credit	**575**	256

12. Earnings per share

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

	2021	2020
Earnings		
Earnings for the purposes of basic and diluted EPS, being net profit attributable to the owners of the Company (£000)	**1,575**	952
Number of shares		
Weighted average number of shares for the purposes of basic EPS	**47,664,319**	47,036,398
Effect of potentially dilutive ordinary shares:		
Weighted average number of share options	**2,749,423**	513,521
Weighted average number of shares for the purposes of diluted EPS	**50,413,742**	47,549,919

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.

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

	2021	2020
Basic earnings per share	**3.30p**	2.02p
Diluted earnings per share	**3.12p**	2.00p

13. Property, plant and equipment

Group

	Office building £000	Leasehold improvement £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost					
At 30 September 2019	–	102	5	283	390
Adjustment on transition to IFRS 16	462	–	–	–	462
Additions	–	44	–	549	593
Disposals	–	–	–	(1)	(1)
At 30 September 2020	462	146	5	831	1,444
Additions	405	39	–	124	568
Dilapidation provision release	(90)	–	–	–	(90)
At 30 September 2021	**777**	**185**	**5**	**955**	**1,922**
Accumulated depreciation					
At 30 September 2019	–	2	2	70	74
Charge for the period	191	45	2	118	356
Disposals	–	–	–	–	–
At 30 September 2020	191	47	4	188	430
Charge for the period	139	51	1	273	464
Dilapidation provision release	(53)	–	–	–	(53)
At 30 September 2021	**277**	**98**	**5**	**461**	**841**
Net book value					
At 30 September 2020	271	99	1	643	1,014
At 30 September 2021	**500**	**87**	**–**	**494**	**1,081**

The only right-of-use asset is held within the office building category. At 30 September 2021, the carrying amount of the right-of-use asset was £500,000 (2020: £271,000).

Company

At 30 September 2021 and 30 September 2020, 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 2019	182	161	–	343
Additions	75	195	318	588
Impairment	–	(4)	–	(4)
At 30 September 2020	257	352	318	927
Additions	60	179	1,819	2,058
Transfers	(107)	107	–	–
At 30 September 2021	**210**	**638**	**2,137**	**2,985**
Accumulated amortisation				
At 30 September 2019	34	17	–	51
Amortisation	31	51	–	82
Impairment	–	(2)	–	(2)
At 30 September 2020	65	66	–	131
Amortisation	39	105	–	144
At 30 September 2021	**104**	**171**	**–**	**275**
Net book value				
At 30 September 2020	85	393	318	796
At 30 September 2021	**106**	**467**	**2,137**	**2,710**

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 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 3 and 4.

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. There was no indication of impairment at the year end. Whilst the asset remains under construction, amortisation is not charged.

Company

At 30 September 2021 and 30 September 2020, the Company had no intangible assets.

15. Investments

The consolidated financial statements of the Group as at 30 September 2021 and at 30 September 2020 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:

	Company	
	2021 £000	2020 £000
Investments in subsidiary undertakings		
At beginning of the period	**5,623**	5,516
Capital contribution	**125**	107
Total investments at end of the period	**5,748**	5,623

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	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Trade receivables	**2,613**	1,395	**–**	–
Less: expected credit losses	**–**	–	**–**	–
Net carrying amount of trade receivables	**2,613**	1,395	**–**	–
Other taxation and social security	**11**	137	**2**	19
Prepayments and accrued income	**552**	550	**19**	30
Other receivables	**18**	–	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**3,528**	4,206
Trade and other receivables	**3,194**	2,082	**3,549**	4,255

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 (2020: 30 to 90 days).

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 (2020: 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 (2020: 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	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Amounts not past due	**2,613**	1,372	**–**	–
Past due:				
Less than 30 days	**–**	23	**–**	–
Total trade receivables	**2,613**	1,395	**–**	–

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 23.

17. Trade and other payables

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Current liabilities				
Trade payables	**734**	176	**15**	13
Other taxation and social security	**42**	171	**–**	–
Contract liabilities	**475**	761	**–**	–
Accrued expenses	**953**	1,294	**65**	60
Other payables	**13**	5	**–**	–
	2,217	2,407	**80**	73
Non-current liabilities				
Accrued expenses	**114**	167	**–**	–
Total trade and other payables	**2,331**	2,574	**80**	73

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.

Reconciliation of liabilities arising from financing activities

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

	Total £000
Lease liability as at 1 October 2019	**–**
Adoption of IFRS 16	372
Revised lease liability as at 1 October 2019	**372**
Cash-flow: Repayment of lease	(177)
Non-cash: Interest charge	18
Lease liability as at 30 September 2020	**213**
Lease liability as at 1 October 2020	**213**
Cash-flow: Repayment of lease	(44)
Non-cash: Interest charge	22
Non-cash: Remeasurement following lease modification	406
Lease liability as at 30 September 2021	**597**

18. Provisions

The provision balance consists of dilapidations and other provisions. The movements and carrying amounts in the provision account are as follows:

	Total £000
Carrying amount 1 October 2020	190
Release of provisions	(190)
Carrying amount 30 September 2021	**–**
Current	–
Non-current	–

Part of the prior year provision relates to the office building and was the estimated cost of returning the property in its original condition at the end of the lease. Following the renegotiation of the lease agreement in the year, the requirement to return the property to its original condition is no longer a contractual obligation.

The remaining part of the provision related to a legal matter which has successfully concluded during the year.

19. Leases

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

	Group	
	2021 £000	2020 £000
Current	**78**	168
Non-current	**519**	45
	597	213

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. Following a renegotiation of the lease agreement in the year, the remaining lease term is 60 months (2020: 17 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.

As a result of the lease renegotiation, the lease liability was remeasured at the modification date, which takes into account payment dates, the incremental borrowing rate available to the Group, any rent-free periods, and the expected length of the lease. The remeasurement resulted in an increase to the right-of-use asset and lease liability.

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.

19. Leases continued

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	777	(277)	500

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

	2021 £000	2020 £000
Statement of Comprehensive Income		
Depreciation charge in the year	**139**	191
Release of dilapidation provision	**(53)**	–
Interest expense on lease liability	**22**	
Low value leases expensed in the year	**2**	1
Statement of Cash Flows		
Capital repayments on lease agreements	**44**	177

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	4 – 5 years	Total
30 September 2021						
Lease payments	111	155	132	166	133	697
Finance charges	(33)	(29)	(20)	(14)	(4)	(100)
Net present value	**78**	**126**	**112**	**152**	**129**	**597**
30 September 2020						
Lease payments	177	45	–	–	–	222
Finance charges	(8)	(1)	–	–	–	(9)
Net present value	169	44	–	–	–	213

At 30 September 2021, the Group's commitment to short-term and low-value leases was £nil (2020: £nil).

20. Deferred tax

Deferred tax asset (unrecognised)

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Depreciation in excess of tax allowances	**891**	292	**(1)**	(1)
Accumulated losses	**(17,098)**	(12,657)	**(3,038)**	(1,966)
Deductible temporary differences	**(51)**	(140)	**(20)**	(14)
Deferred tax asset (unrecognised)	**(16,258)**	(12,505)	**(3,059)**	(1,981)

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 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% (2020: 19%).

21. Issued capital and reserves

Ordinary shares and share premium

The Company has 1 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 Number	Share capital £000	Share premium £000
Authorised, issued and fully paid			
At 30 September 2020	47,091,292	471	84,499
Share options exercised	1,060,081	11	303
At 30 September 2021	**48,151,373**	**482**	**84,802**

Exercise of share options

During the period, the following share options were exercised:

Date of exercise	Key management personnel Shares	Other employees Shares	Total Shares	Exercise price Pence	Value £000
07/01/2021	–	10,039	10,039	49.0	4,919
07/01/2021	–	25,098	25,098	30.5	7,655
07/01/2021	–	10,039	10,039	36.5	3,664
05/02/2021	112,942	–	112,942	30.5	34,447
05/02/2021	43,529	–	43,529	34.0	14,800
04/03/2021	676,582	–	676,582	36.5	246,952
29/06/2021	–	181,852	181,852	1.0	1,819
Total	**833,053**	**227,028**	**1,060,081**		**314,256**

This resulted in an increase in share capital of £10,601 and an increase in share premium of £303,655.

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.

22. 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 7.7 years (2020: 7.9 years). The total charge for each period relating to employee share-based payment plans for continuing operations is disclosed in note 9 of the consolidated financial statements.

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

	2021		2020	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at start of the period	**4,438,512**	**£0.17**	3,690,572	£0.18
Granted	**475,000**	**£0.52**	1,990,000	£0.17
Exercised	**(1,060,081)**	**£0.30**	(188,998)	£0.34
Lapsed	**(37,500)**	**£0.36**	(1,053,062)	£0.17
Outstanding at end of the period	**3,815,931**	**£0.18**	4,438,512	£0.17
Exercisable at end of the period	**998,766**	**£0.07**	1,118,581	£0.36

During the year to 30 September 2021, there was 1 issue of share options awarded (2020: 2 issues of share options). Details of this award is provided below.

26 July 2021

Share options totalling 475,000 were granted on 26 July 2021 to employees of the Group with an exercise price of £0.52. In this grant there were 2 conditions attached, each relating to 50% of the options issued, each representing 237,500 options. The first condition is subject to a level of profitability being achieved with the second condition being linked to service. Both conditions will be measured over a 3-year period.

The model used to value the grants was the Monte Carlo method followed by 'Hull White' trinomial lattice and the inputs used were as follows:

	5 December 2019	6 July 2020	26 July 2021
Weighted average share price	£0.70	£0.70	£0.69
Weighted average exercise price	£0.01	£0.70	£0.52
Expected volatility	66.7%	64.4%	62.9%
Expected life	5 years	10 years	10 years
Expected dividend yield	0%	0%	0%
Risk-free interest rate	0.55%	–0.05%	0.30%

23. 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

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Financial assets held at amortised cost				
Trade and other receivables excluding prepayments	**3,331**	1,960	**3,530**	4,225
Cash and cash equivalents	**6,684**	7,945	**1,845**	1,705
	10,015	9,905	**5,375**	5,930
Financial liabilities held at amortised cost				
Trade and other payables excluding statutory liabilities	**1,838**	2,003	**80**	73
Lease liabilities	**597**	213	**–**	–
	2,435	2,216	**80**	73

Fair value of financial assets and liabilities

There is no material difference between the fair values and the carrying values of the financial instruments 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 (2020: 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 19. All other non-current liabilities are due between 1 to 5 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 or 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 and Euros. 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.

During the year, the Group has not made use of financial instruments to minimise any foreign exchange gains or losses, and fluctuations in foreign exchange movements are reflected in the results from operating activities. The Group seeks to minimise the exposure to foreign currency risk by matching local currency income with local currency costs where possible. The Group will use financial instruments to minimise foreign exchange fluctuations where it is appropriate to do so.

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

	Group		Company	
US Dollar exposure	**2021 USD'000**	2020 USD'000	**2021 USD'000**	2020 USD'000
Balance at end of period				
Monetary assets	**1,224**	469	**–**	–
Monetary liabilities	**(612)**	(170)	**–**	–
Total exposure	**612**	299	**–**	–

	Group		Company	
Euro exposure	**2021 EUR'000**	2020 EUR'000	**2021 EUR'000**	2020 EUR'000
Balance at end of period				
Monetary assets	**450**	304	**–**	–
Monetary liabilities	**(24)**	(32)	**–**	–
Total exposure	**426**	272	**–**	–

Foreign currency sensitivity analysis

As at 30 September 2021, the sensitivity analysis assumes a +/-10% change of the USD/GBP and EUR/GBP exchange rates, which represents management's assessment of a reasonably possible change in foreign exchange rates (2020: 10%). The sensitivity analysis was applied on the fair value of financial assets and liabilities.

	2021		2020	
	10% weaker[1] £000	**10% stronger £000**	10% weaker £000	10% stronger £000
US Dollar	**(61)**	**61**	(23)	23
Euro	**(43)**	**43**	(25)	25
	(104)	**104**	(48)	48

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

23. Financial risk management continued

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 2021 (2020: 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.

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 2021 (2020: £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.

24. 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:

	2021 £000	2020 £000
Short-term employee benefits	**1,317**	1,905
Post-employment benefits	**27**	27
Other long-term benefits	**46**	104
Termination benefits	**–**	74
Share-based payments	**171**	170
Total remuneration	**1,561**	2,280

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 £1,028,000 (2020: £1,256,000) and aggregate pension of £15,000 (2020: £12,000). Further detail of Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 42 and 43.

Transactions with group companies

The Company is responsible for financing and setting Group strategy. The Company's subsidiaries carries out the Group's research and development strategy, employs all employees, including the Executive Directors, and manages 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.

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 funding which attracts a 0% interest rate.

Outstanding balances related to subsidiary undertakings are disclosed in note 16. During the year, the following transactions occurred with related parties:

	2021 £000	2020 £000
Charges from subsidiaries:		
Management recharge from subsidiaries	**611**	653
Net interest charged	**29**	2
Charges to subsidiaries:		
Share option charge	**125**	107

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