Harnessing medical imaging data to advance human health.

IXICO plc
Annual Report and Accounts 2022

Advancing precision in neuroscience through innovation and investment

Highlights

Revenue
£8.6m

Gross Margin
60.7%

EBITDA
£1.5m

Orderbook
£16.0m

Cash
£5.8m

Debt
£nil

R&D Capitalised
£2.1m

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Advanced Analytics. Intelligent Insights.

Our purpose

To advance medicine and human health by turning data into clinically meaningful information, providing valuable new insights in neuroscience by supporting biopharmaceutical companies across all phases of neurology clinical research.

Our values

Aspiration
Aspiration drives us to set ambitious goals in bringing life-changing treatments to patients sooner.

Ability
Ability reflects the value we derive from the diverse skills and experience of our colleagues to deliver greater value to our stakeholders.

Agility
Agility is the ability to act rapidly to change and ensuring our people thrive on the opportunity to delight our clients.

Accountability
Accountability is underpinned by taking personal responsibility and ownership of our work and understand its impact on our clients' clinical research programmes.

What we do

Innovate
We combine neurological expertise with cutting edge technology to deliver market leading analysis.

AI based algorithms objectively measure changes in neurological disease biomarkers to a high degree of accuracy and sensitivity.

A combination of neurological disease specialists, imaging scientists and research engineers support our analysis offering.

Read more about our business model on page 18

Deploy and deliver
Our platform provides end to end imaging services to client trials.

We provide end-to-end iCRO services from imaging site qualification to site and project management, radiological and analysis services, scientific consultancy and data management.

Our CFR11 compliant TrialTracker enables seamless centralisation and analysis of data from imaging centres worldwide.

Add value
Trial tailored solutions support optimal decision making.

We adjust our service delivery to align with a client's specific trial requirements. This maximises biomarker analysis sensitivity and reduces trial costs for the client.

Our precision in neuroscience strategy

1. Build
2. Innovate
3. Penetrate
4. Bridge
5. Enhance

Read more about our future strategy on pages 20–21

Focussing on investments and early phase trials is providing a bedrock for a return to growth.

Setting a purpose-driven strategy designed to benefit all stakeholders.

See Charles' full bio on page 52

Overview

As uncertainty around the globe continues, it is ever more important for companies to hold themselves accountable to increased investor and societal scrutiny with interest focussed not just on corporate financial returns but also on the benefits (or harm) that any company is delivering to society and the global environment. Businesses are rightly expected to be managed in a manner accountable to both direct stakeholders (i.e. shareholders, clients, suppliers and employees) as well as the broader indirect stakeholders. It is with this perspective that the IXICO Board has sought to direct its governance activities over the past 12 months.

Given what was a challenging year for IXICO, the Board is particularly pleased with how the Group has enhanced its focus and purpose. IXICO has invested in technologies that elevate insights into the safety and efficacy of urgently needed new drugs in neurological disease areas. This investment enhances the likelihood of our biopharmaceutical clients bringing disease modifying drugs to rapidly increasing populations of AD, PD, HD and other rare and orphan neurological diseases.

Delivering the groundwork for future growth

Despite the cancellation of three large client trials between March 2021 and January 2022, the Group has delivered a year of stable revenues and continued strong EBITDA. As important, we have further accelerated the diversification of those clients and projects that constitute our order book, something the Board identified in 2020 as a key priority to build the project pipeline that underpins future growth.

Developments and breakthroughs in scientific understanding of neurological disease in the drug development process continue, but so also do drug development failures. Neurological clinical trials will fail and so having an order book sufficiently diversified across projects, clients and trial phases is essential to deliver sustainable growth and to build operational scale.

The Group has delivered this despite the post-COVID challenges arising from an increasingly active jobs market and inflationary headwinds. Those companies that have responded best to such challenges are those that foresaw them and acted proactively to address them. The Board is proud that IXICO was one such company.

During the year we further improved our hybrid working model. Recognising that communication avenues between clients and suppliers are changing, we have adjusted our commercial approach accordingly. We also appreciate the pressures experienced by our employees due to the cost-of-living crisis and are proactively supporting them.

As IXICO continues to scale and implements new market needed solutions in image biomarker analysis, the Board believes it is most important to expand our commercial reach to drive increased client diversification and penetration. Broadening market awareness of the IXICO brand, particularly across North America, is critical to ensure our market leading offering is understood and accessible by an increasing share of the available market

Governance and people

IXICO's future depends on our people and the Board thanks all our employees for their hard work, dedication and flexibility. As a Group we continue to promote our values – Aspiration, Ability, Agility and Accountability – to augment our positive, motivated, and effective culture and align our team with our purpose.

The Board has been closely involved as the Group has renewed its five-year strategy for the period 2022-27, meeting formally nine times during the year with several additional ad-hoc meetings to discuss specific topics. The Group uses the ten principles outlined in the Quoted Companies Alliance ('QCA') Corporate Governance Code to ensure it maintains appropriate governance arrangements and the Board conducts itself in a manner which places IXICO's values and the QCA principles at the core of our culture.

At the 2023 Annual General Meeting ('AGM'), in accordance with the Company's Articles of Association, Giulio Cerroni will stand for re-election and Kate Rogers will stand for election, supported by the Board of Directors' recommendation.

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.

Outlook

The Board remains focussed on the Group's opportunity to grow and is delighted with the progress made over the last 12 months in building up its order book following client trial failures.

We expect to continue this progress over the coming 12 months. While 2023 will see a short-term contraction in revenues as the full impact of recent client trial failures is felt in the Group's short-term revenues, continued traction in the market, coupled with successful wins of new early phase trials, should provide the bedrock for a return to growth over the medium and long term.

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

Charles Spicer
Non-Executive Chair

6 December 2022

Building on the successes of previous years.

Executing our five year precision in neuroscience strategy.

See Giulio's full bio on page 52

A year of achievement

We have delivered 2022 revenues of £8.6 million at a gross margin of over 60% and achieved EBITDA profitability of £1.5 million, an EBITDA margin of 18%. We have simultaneously enhanced the capabilities and global reach of IXICO as a specialist neuroimaging CRO. Building on the resilience demonstrated by the Group in recent years, our strong balance sheet supports the execution of our renewed five-year strategic plan to commercialise and deploy a 'broad and deep' portfolio of specialist neuroimaging services. Specifically, this includes the analysis of neuroimaging biomarkers as objective measures to improve patient selection, monitor patient safety and determine efficacy of new potential investigative treatments.

I am pleased to highlight several of these achievements and share details of the strategic pillars that underpin our ambitious goals for the period 2022 to 2027.

Delivering on our purpose

Our purpose is to enable the advance of medicine and human health in an increasingly broad range of neurodegenerative diseases. New services developed in our data analytics offering during 2022 have further strengthened our position to deliver on this purpose, underlined by over £12 million of new contracts signed during the year with new and existing clients.

During the year, I have articulated our Precision in Neuroscience strategy for the period 2022 to 2027, focussing on precision in neuroscience. The detail of this is shown across the coming pages. This reflects the completion of the five-year strategy that I set out on joining IXICO in 2017, which has driven substantial development of our scientific, technological and operational capabilities.

This has seen a more than doubling of our revenues and a rapid move to profitability, all of which strengthen our ability to support our clients and deliver on our purpose.

This strategic renewal comes at a time when the Group has faced significant short-term challenges following client decisions to halt three large trials being supported by the Group; but also at a time when significant breakthroughs are being seen which enhance the medium and long-term opportunity for us. These include the increased adoption of imaging biomarkers in neurological diseases clinical trial protocols, together with new scientific approaches to addressing these diseases. These advances, alongside an aging global population and escalating associated healthcare costs are further developing the market opportunity for our services. In particular, we see promising momentum and opportunity in clinical development programmes of new investigative treatments for Alzheimer's disease.

Patient need, societal benefit, and market opportunity

We are achieving our purpose by building our specialist position in neurodegenerative conditions, which continues to be a focus of significant R&D investment by the global biopharmaceutical industry.

Clinical development in neurology is recognised as amongst the most challenging of therapeutic areas and will frequently mean that clinical trials will not reach regulatory approval. However, the potential quality of life benefits of new treatments to many millions of patients and families, and to society in general, supports the conviction that we are on a path of continued and accelerating clinical development and healthcare system investments in neurological conditions.

IXICO is well positioned to capitalise on the expected corresponding growing demand for neuroimaging biomarker analytics services. In addition to our strong innovation roadmap, we continue to invest in our technology and operational capabilities.

As we address an increasing number of client opportunities, it is important to demonstrate our ability to deliver our services, efficiently and at scale; accompanied by a secure and resilient infrastructure. In recent years, we have made significant capital investments in both our IT infrastructure and in the development of our next generation, Microsoft Azure-cloud based, TrialTracker platform. This will be deployed in 2023, enabling greater agility, enhanced client service levels and support new commercial services to support our long-term growth ambitions.

Executing on our forward-looking strategy

Our goal over the next five-year period is to establish IXICO as a global neuroimaging specialist CRO of scale. Our strategy is to continue to build a leadership position in rare diseases, such as Huntington's disease, whilst capitalising on the growing demand for neuroimaging services in Alzheimer's disease, Parkinson's disease and Multiple Sclerosis. Having established agreements for neuroimaging services with an increasing portfolio of leading biopharmaceutical clients, these act as a 'springboard for growth' by enhancing access to new prospective clinical trials being initiated in these large adjacent therapeutic areas.

As we enter the new year with £5.8m cash and remain debt free, our strong balance sheet enables us to support the necessary investments required to support the five pillars underpinning our ambitious growth strategy for the period 2022 to 2027.

Most of all, we are a people business

I have spoken to how ongoing investments in our technology platform and innovation roadmap ensures we continue to deliver superior AI driven analytics services, through our CRO project management infrastructure, utilising our end-to-end imaging technology platform. However, most important of all is the talent and commitment of my colleagues at IXICO.

Our employees drive our performance, and I am proud of the organisation's tireless commitment to support our clients and enable continued progress in achieving our purpose.

I would like to sign off this year, as in previous, in thanking all my colleagues at IXICO for another year of exceptional progress in achieving our purpose of advancing medicine and human health in neurological diseases. I look forward to 2023 being another year in which IXICO further develops its position as a trusted technology partner to the global biopharmaceutical industry.

Giulio Cerroni
Chief Executive Officer
6 December 2022

IXICO Group strategic pillars 2017 to 2022

1. **Delivering scale and operational excellence**
2. **Continued penetration of the neuroimaging clinical trials market**
3. **Target early phase to grow into later clinical phases**
4. **Innovate through accelerated commercialisation of proprietary AI automation and data analytics**
5. **Enhance organic growth through partnerships and M&A**

2017-2022 strategy achievements

Financial

- 16% 5-year revenue CAGR with gross margin accretion to >60%
- More than doubling revenues from £4.1m in 2017 to £8.6m in 2022
- A rapid EBITDA transition from £1.4m loss in 2017 to £1.5m profit in 2022
- Balance sheet (net assets) growth from £2.7m in 2017 to £12.5m in 2022
- Cash at 30 September 2022 of £5.8m, operating cash generative and debt free

Operational

- Increased project diversification by >50% across the last two years
- Established a global network of over 1,000 unique imaging sites across 35+ countries
- Resilient technology platform provided uninterrupted service to clients during COVID-19
- Successful delivery of global scale PIII studies; including world's largest HD study
- Worked with 8 of the top 14 pharmaceutical companies and more than 30 clients
- Completed £1m+ programme of IT infrastructure resilience and security

Innovation

- Rapid expansion of proprietary AI driven analytical tools, including LEAP and IXIQ.Ai
- IXIQ.Ai launched in 2022, to address growing client requirement to improve R&D ROI by significantly reducing trial cost and increasing accuracy of biomarker measurement for HD and AD trials
- Next generation, Microsoft Azure cloud-based 21 CFR11, GCP compliant TrialTracker imaging platform developed
- Supported multiple exploratory disease consortia (e.g., GAP, AMYPAD, EPAD, DPUK, ADNI, C-Path, FARA, Track-HD). Contributing to natural history studies to support development of new imaging biomarkers in support of our purpose
- Substantial increase in access to disease specific data assets
- Continued to develop extensive key opinion leader ('KOL') relationships and network

Stakeholders

- Progressed IXICO purpose of delivering insights to support medical advances in unmet medical need associated with neurological disease areas
- Increased employee headcount by approximately 50%, enhanced employee benefits, engagement and training and development opportunities as part of IXICO's culture
- Implemented enhanced data management and protection protocols aligning/surpassing best practice expectations of clients and suppliers
- Improved imaging centre onboarding and qualification procedures to support easy trial start up for clients and imaging centres
- Achieved significant shareholder value across the period 2017 to 2022

Delivering precision in neuroscience

During 2022, we refreshed our strategic pillars for the next five years. These are:

Read more in Our strategy on pages 20–21

Build commercial reach and iCRO scale

Innovate via building on data assets and extending leading AI biomarker portfolio

Penetrate early phase trials to grow into later clinical phases

Bridge the clinical trial to clinical diagnostic divide

Enhance organic growth through partnerships and M&A

Innovation makes us different.

IXICO's continued investments in R&D keep it at the forefront of innovation as a market leader in AI analytics. Completion of our next generation platform with a healthy order book positions IXICO to build on continued positive operational cash flows over the next five years.

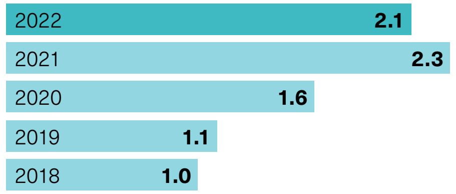
Innovation

The development of novel AI biomarker analysis products and investments in our TrialTracker technology platform puts IXICO at the forefront of innovations for MRI and PET imaging in neuroscience.

IXICO's purpose to advance human health requires a commitment to innovation and associated R&D spend. The continuous need and interest by the global pharmaceutical industry for more sensitive biomarker measures, means IXICO is well positioned to become a leading advocate and beneficiary of the increasing use of imaging biomarkers in neuro clinical trials.

Our next generation TrialTracker platform, due for release during 2023, underpins IXICO's ambitious growth plans, enabling support of a larger sponsor project portfolio together with enhanced client-service levels. In addition, we anticipate the new, cloud based, technology platform to support new development of commercial partnerships.

R&D Spend (£m)



For more information
See pages 22–27

People

Our highly skilled and passionate workforce supports the ongoing development of IXICO products and services.

More than 85% of our operational and R&D team hold Master's degrees or PhDs and over 95% of our employees hold a bachelor's degree or higher. This, combined with strong industry experience supports our ambition to deliver our Group purpose. An ongoing commitment to developing the skills of a highly qualified workforce, alongside our internal quality and validation procedures, ensure that IXICO's innovative technology services are developed and delivered to the highest standards, at scale, across an ever increasing portfolio of sponsor projects.

Reinforced by IXICO's values of Aspiration, Agility, Ability and Accountability, we support our employee development via ongoing training programmes such as our line manager training to help develop and retain our key leaders in the Group.

65%

of employees hold a masters qualification or above

For more information
See pages 40–41

Market opportunity

With an increasingly aging global population, high economic and societal costs of treatment, advances in disease understanding and recent trial drug breakthroughs, increasing research into CNS disorders is anticipated to drive strong and consistent demand for IXICO's services.

The number of people living with dementia is expected to increase significantly from 55 million in 2019 to 139 million in 2050. This is just one example of the large and increasing unmet clinical need for new disease modifying treatments across a range of neurological diseases. We are seeing this translate into a growing number of clinical trials being planned and initiated across our target therapeutic areas. As a result, clinical trial imaging for CNS disorders is expected to grow by between 5-7% per annum, and have a market value in excess of $157 million by 2026.

With the anticipated increase in neuro trials, researchers are looking for more efficient ways to develop new drugs (thereby improving their return on investment). Our new AI-based brain segmentation platform IXIQ.Ai can increase the amount of useable data by up to two-fold, allowing for an overall improvement to efficiency on clinical trials by reducing cost and increasing biomarker measure sensitivity.

$157m

IXICO's identified target market size

For more information
See pages 14–17

Financial performance

Our robust balance sheet with cash of £5.8m and net assets of £12.5m position the Group to support our strategic investment plans and provide resilience during periods of challenging economic conditions.

IXICO's 5-year track record demonstrates resilience. During the period FY17 to FY22, IXICO reported 16% revenue CAGR, with the Group moving from an EBITDA loss position to a significant EBITDA profit position. This was achieved despite several early trial cessations, which is recognised as an inherent challenge associated with the CRO industry.

Across the same period the Group has been able to reinvest profits in innovation, technology and infrastructure, and shown its ability to seamlessly deliver its services throughout the global pandemic.

Whilst the global economic forecast looks challenging due to inflationary pressures, market uncertainty and conflicts in Europe, the Group's stable financial position, which includes a forward-looking order book of £16.0 million, places IXICO in a position to continue to invest in its strategic priorities whilst carefully managing its cost base and further diversifying and broadening its orderbook.

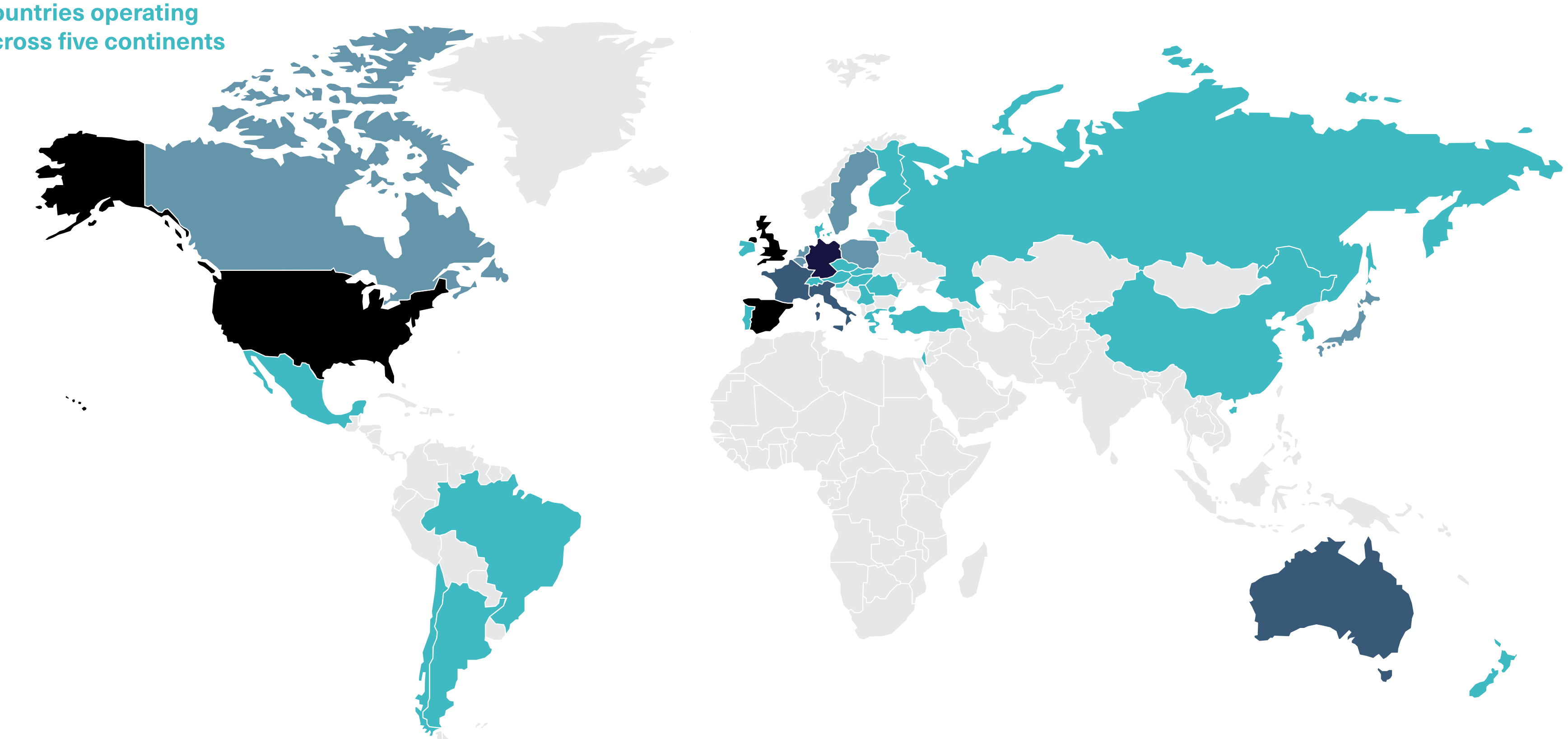
£16m

of future years' revenues within signed client contracts

For more information
See pages 42-45

35+

countries operating across five continents



Imaging sites supported

High — Low — None

United Kingdom	France	Netherlands	China	Israel	Slovenia	Greece
Spain	Italy	Belgium	Mexico	Serbia	South Korea	Ireland
USA	Australia	Canada	Russian Federation	Chile	Slovakia	Lithuania
Germany	Japan	Poland	Austria	Romania	Slovenia	Portugal
	Sweden		Switzerland	New Zealand	Czechia	Argentina
			Finland	Turkey	Denmark	Brazil
					Hungary	

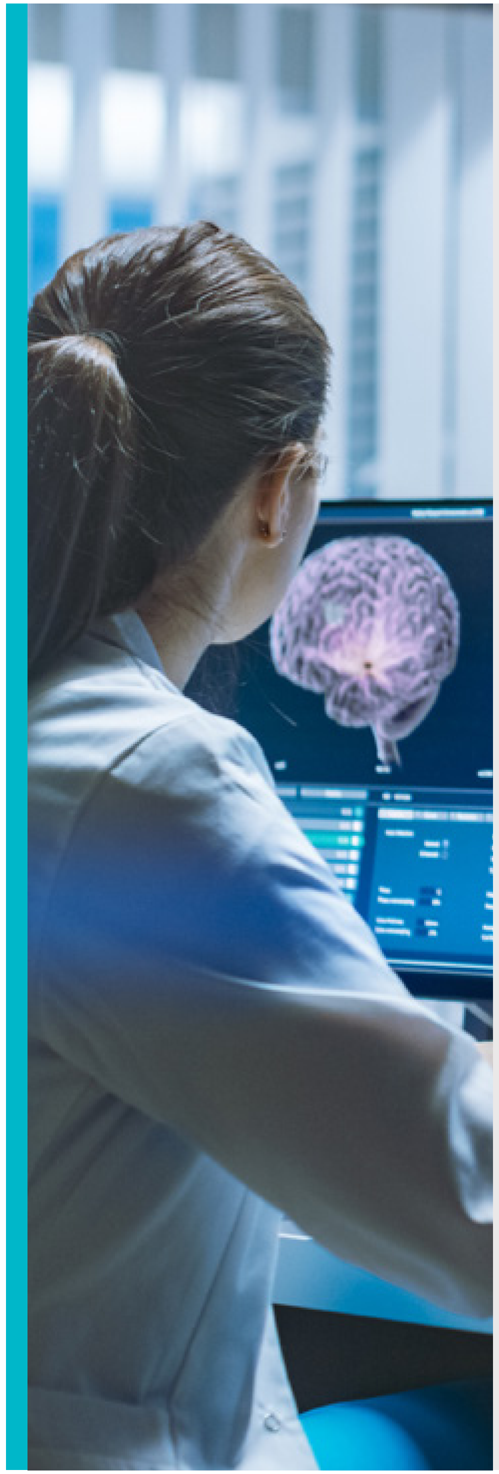
Global reach

IXICO's streamlined, agile approach and centralised technology platform, enables the Group to reach clients and imaging sites across the globe.

IXICO's size and culture enable it to be agile when it comes to client needs and requirements. We have extensive experience and track records in working with clients worldwide to ensure their recruitment requirements in clinical trials are met, including the qualification of over 1,000+ unique imaging sites in over 35 countries.

Our continued focus on developing an agile workforce is reinforced through our commitment to engage with industry leaders and consultants across the globe. This enables IXICO to provide unique and tailored neuroimaging solutions to our clients and their partners, wherever they are located.

Market review and opportunities



Urgent and growing unmet medical need.

As health care improvements lead to an increasingly ageing population, dementia is expected to increase.

The number of people with dementia is expected to increase from 55 million in 2019 to 139 million in 2050[1].

The global cost of dementia is expected to reach $2.8 trillion by 2030[2].

Market overview

The rising burden of neurological disease is fuelling the demand for treatment, with research into dementia attracting significant investments from both private and public funds.

These have helped advance research activities, including an increasing number of clinical trials looking to bring new drugs to market. Consequently, this is creating an expanded market for clinical trial imaging that supports neurological drug development.

The increasing prevalence of CNS disorders, the growing investments in research, and the robust pipeline of drugs in this therapeutic area are expected to drive sustained market growth. The CNS disorders segment accounted for 10.6% of the clinical trial imaging market in 2021. This segment has been valued at $108 million in 2021 and it is expected to grow to $157 million in 2026 with a CAGR of 7.7%[3].

Market drivers and positioning

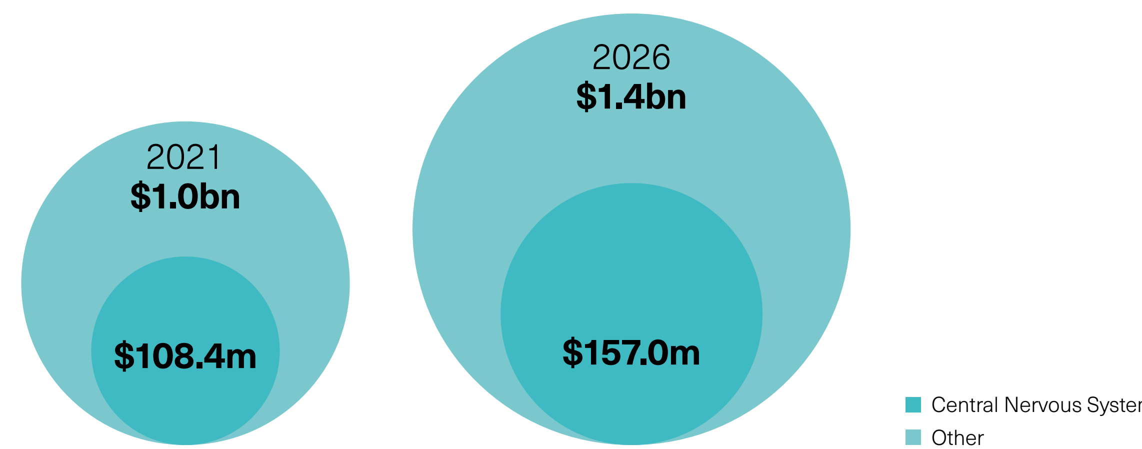
Market drivers:

- High societal and economic burden associated with increasing number of dementia sufferers worldwide.
- Demand for objective measures of drug efficacy via highly accurate imaging techniques.
- Availability of complete support throughout a clinical trial, from project start up through to its close and reporting.

Positioning:

- IXICO's AI-based brain segmentation platform increases the usability of data, and reduces volume error to manual expert segmentations by up to 80%.
- Our AI-based analysis tools provide the highest levels of image biomarker measurement providing objective detail on drug efficacy at even marginal outcome improvement levels.
- Our highly skilled team and partners are able to advise across all stages, including development of appropriate imaging protocols for projects of any size or scale.
- Network of relationships with highly skilled partners in neurology, including radiologists.

Size of imaging clinical trials market by area and growth of CNS market from 2021 to 2026



1 Global action plan on the public health response to dementia 2017–2025, World Health Organization, Global action plan on the public health response to dementia 2017-2025 (who.int)
2 https://www.alzint.org/about/dementia-facts-figures/dementia-statistics/#:~:text=Economic%20impact%20of%20dementia&text=The%20cost%20of%20dementia%20is,US%24%202.8%20trillion%20by%202030
3 Clinical Trials Imaging Market – Global forecast to 2026 JULY 2021; MarketsandMarkets

Outlook of the neurological drug development segment.

Disease area	IXICO's experience and offering

Alzheimer's disease

Since 2005, new AD products have seen a 99.4% failure rate[4]. However, the last couple of years has seen significant advances in drug development for AD, exemplified by Biogen receiving FDA approval for its Aduhelm drug in the United States. This breakthrough is followed by several other drugs, most notably including Eisai and Biogen's lecanemab, which demonstrate the increasing commitment to, and progress made, by biopharmaceutical companies for research into this difficult disease area.

There are currently 100+ drugs[5] in clinical development for AD spread across 160+ clinical trials. The majority of these involve imaging modalities.

10

projects supported by IXICO in 2022

A key challenge for biopharmaceutical companies involved in AD clinical trials is to predict which subjects are at risk of disease progression. Our IXIQ.Ai brain segmentation platform can improve prediction success rates therefore lowering the biggest driver of costs.

IXICO's wealth of experience in imaging for AD paired with our novel IXIQ.Ai platform, makes us a compelling partner for the growing number of AD trials.

Parkinson's disease

For Parkinson's disease (PD) there are several approved drugs for patients aimed at reducing the physical symptoms of this irreversible and progressive disease. The focus of research now is to look at potential to slow, reverse or prevent the disease. This approach in PD is mostly targeting the early stages of the disease. In these early disease subjects, DaT SPECT imaging is a key technology used to assess drug efficacy.

IXICO has supported 14 studies in parkinsonian diseases over the past 12 years. We are supporting ongoing trials utilising DaT SPECT and are well placed to increase our portfolio of PD imaging studies.

Disease area	IXICO's experience and offering

Multiple Sclerosis

Multiple sclerosis (MS) is another irreversible and progressive neurodegenerative disease, but usually affects a younger population compared to AD and PD. This is a well-supplied clinical area, with many available therapies for treating patients across the range of the condition. Today, there are more than 19 drugs available to patients.

There continues to be an active pipeline of drugs entering and within development. For MS, the primary endpoint on these trials is nearly always imaging.

This is a therapeutic arena of great promise for IXICO. We are already working in innovative trials in another demyelinating disease – MOGAD (Myelin Oligodendrocyte Glycoprotein Antibody-Associated Disease) and we expect to expand our work with the many established and new products entering this arena.

Huntington's disease

Huntington's disease (HD) is a neuro-orphan indication with a more limited patient number of about 70,000 in the US, Australia and North-Western Europe[6]. Despite the setback announced by Ionis and Roche last year on their Tominersen study, this treatment is now being assessed in younger patients earlier in the progression of the disease. In addition, cutting-edge gene therapies are now in early stage trials and are showing promise for this patient population with significant unmet medical needs.

15

separate projects supported by IXICO in 2022

IXICO is the market leader in this space with deep scientific and technical knowledge of this indication. We have supported 26 studies in HD over 15 years, and we are currently supporting ten trials.

Rare diseases and orphan indications

While rare diseases are by definition of low prevalence (in Europe a rare disease is defined as a condition affecting <1:2,000 people) the total number of patients suffering from them is high. Examples are HD, atypical parkinsonisms (multiple system atrophy and progressive supranuclear palsy) Friedreich's ataxia, and spinocerebellar ataxias. In 2021, drug developers invested a total of US$22.9 billion for research on rare disorders, an increase of 28% compared with 2020[7]. Rare diseases tend to have clear genomic targets as well as high unmet needs, making them ideal targets for gene therapies.

IXICO is a leader in rare and orphan neuro indications. We have supported 17 studies (excluding HD and MOGAD) since 2015, and we are currently supporting 10 studies. Moreover, we are currently working on four gene therapy studies. We have developed deep expertise in the innovative technologies and imaging requirements of gene therapy trials.

4 Cummings JL, Morstorf T, Zhong K. Alzheimer's disease drug-development pipeline: few candidates, frequent failures. Alzheimers Res Ther. 2014;6(4):37-43
5 https://www.alz.org/media/documents/alzheimers-facts-and-figures.pdf
6 Baig, S.S., Strong, M. and Quarrell, O.W.J. (2016) The global prevalence of Huntington's disease: a systematic review and discussion. Neurodegenerative Disease Management, 6 (4). I
7 Rare diseases: maintaining momentum, the Lancet Neurology, volume 21, issue 3, 1 March 2022

Business model

Delivering valuable insights in neuroscience.

With the backdrop of an aging global population, millions of people are suffering from neurological diseases such as Alzheimer's disease (AD), Huntington's disease (HD), Parkinson's disease (PD), Multiple Sclerosis (MS) and other rare and orphan diseases. They are entirely reliant on biopharmaceutical research which strives to identify and develop disease modifying treatments that show efficacy in slowing, halting, or even reversing, the progression of these diseases. Clinical trial research is focussed upon delivering safe and efficacious treatments for patients whilst ensuring efficient and cost-effective trials for their investors. These targets are achieved through delivery of highly accurate and valuable insights into the progression of the disease, using brain biomarkers which can be measured to a high degree of accuracy using various imaging modalities across multiple patient datasets.

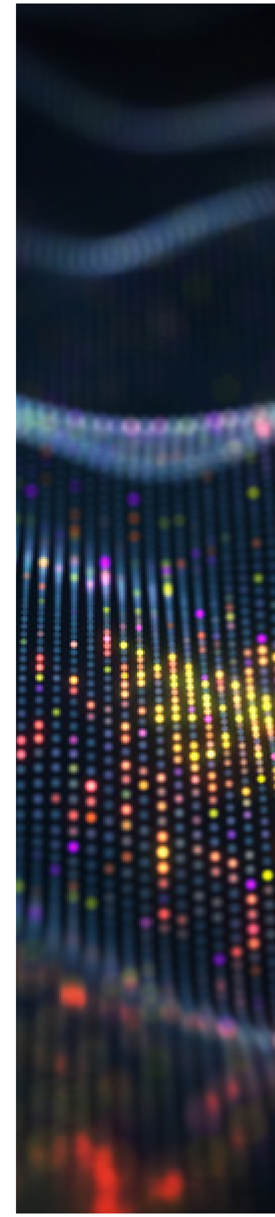
IXICO is a niche provider to these clinical trials and has focussed its investments for over 15 years on becoming the scientific leader in neuroscience brain image analysis. Our image analysis technology has been shown to substantially outperform more widely available analytical tools when it comes to the identification and measurement of brain-based biomarkers of neurological disease. The business delivers its services and neurological disease area expertise across the globe to the biopharmaceutical industry, academic collaborators and, by extension, to the sufferers of neurological disease both present, and future.

The Company has shown its future potential over the past few years having supported all phases of clinical trials from small early phase trials to one of the largest late phase trials in the sector. In doing so, it has delivered strong rates of growth, a seamless and scalable operational model and profitability. As the global biopharmaceutical market increasingly recognises the Group's unique biomarker analysis capabilities, the investments made over the last few years mean it is well placed to grow further over the coming years at a rate exceeding the attractive levels of market growth in the sector.

Our service and delivery model

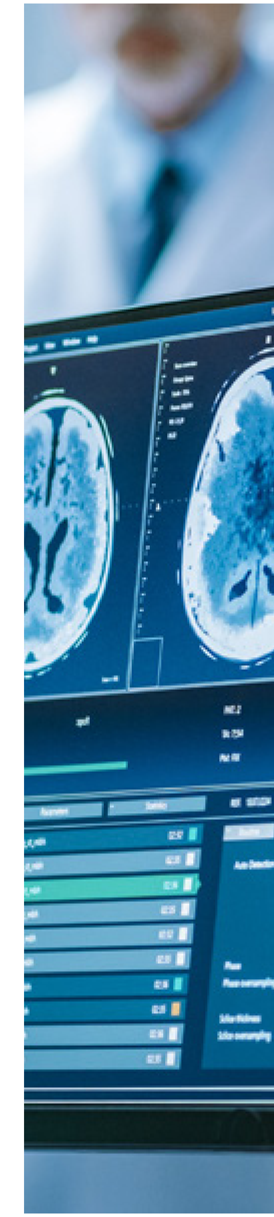
Expertise

We recruit and retain a highly specialised team of neuroscientists, many of whom have deep relationships with the leading neurological teams at the London universities of Imperial, Kings and UCL as well as KOLs globally.



Technology

We are able to utilise our state-of-the-art data capture, data management, AI data analysis technology and human scientific expertise, to ensure brain images are analysed to the greatest degree of accuracy currently available.



Delivery

Located in London, UK, all our services are provided remotely using technological and operational experience from our project management teams to support imaging sites across the globe deliver clinical trials to the highest standard.

Supported by a data portfolio that is highly contextual to the neurological disease image analysis we provide

Precision in neuroscience growth strategy.

This year marked the end of our previous five year strategy. As a result, the Board has refreshed the Group's five strategic pillars with a renewed focus on delivering increased precision in neuroscience.

Over the next five years, our focus will be on building scale through delivery of innovative products to the neuroscience market. We will also have a renewed focus on penetrating into early phase trials, in the hope of these growing into later clinical phases, whilst also looking to bridge the clinical trial to diagnostic divide.

IXICO is well positioned to take advantage of its strong position to continue increasing precision in neuroscience. Continued investment and innovation will keep IXICO at the forefront of the industry, allowing further penetration of a growing market.

Our new strategic pillars 2022-2027

1 Build

Initiative

Build commercial reach and iCRO scale

Five year goal

To be recognised as an emerging leader in delivering imaging services to global neurological clinical trials in an operationally efficient manner across all phases of the clinical development pipeline.

2023 focus

- Continued investment in commercial team to accelerate the growth of our order book following trial cancellations whilst continuing to diversify it across clients, trial phases and neurological therapeutic indications
- Further development of marketing and product strategy to support commercialisation of novel IXICO products
- Launch of IXICO's next generation TrialTracker, which will support our ambitious long-term growth plan
- Invest in efficiency programmes to deliver greater value to our stakeholders

2 Innovate

Initiative

Innovate via building on data assets and extending leading AI biomarker portfolio

Five year goal

To be recognised by the global biopharmaceutical industry to offer the 'best' data analytics capabilities to support neurological clinical trials.

2023 focus

- Extend product portfolio in AD, PD & other rare diseases, across both MRI and PET analysis
- Enter into more strategic partnerships with disease area KOLs
- Investments in MS data acquisition programme to enhance capabilities in this disease area
- A focus on early-stage disease modelling on advanced neurological AI biomarkers
- Agree further data use agreements with clients and collaborators

3 Penetrate

Initiative

Penetrate early phase trials to grow into later clinical phases

Five year goal

To have built the Groups profile such that IXICO is seen as a go-to provider of neurological analytical services to the clinical trials industry by all entities within the biopharmaceutical space, irrespective of their size or location worldwide.

2023 focus

- Continued investment in commercial team to accelerate the growth of our order book whilst continuing to diversify it across clients, trial phases and neurological therapeutic indications
- Further development of marketing and product strategy to support commercialisation of novel IXICO products
- Extend the Group's attendance at conferences to widen client access and increase client awareness of IXICO's capabilities

4 Bridge

Initiative

Bridge the clinical trial to clinical diagnostic divide

Five year goal

To have leveraged the Group's technological capabilities to accompany neurological clinical trial drugs into the clinical diagnostic space as and when these drugs achieve approval.

2023 focus

- Leverage our TrialTracker platform to support the deployment of image analysis capabilities which have the potential to support both clinical trial analysis and clinical diagnostic analysis
- Support our investments with a grant award with Innovate UK to further the Groups post-market analysis offering

5 Enhance

Initiative

Enhance organic growth through partnerships and M&A

Five year goal

To accelerate the Group's organic growth plans by the acquisition of, or partnership with, entities that will support IXICO achieving its above goals quicker and at an appropriate return on investment.

2023 focus

- Identify at least one partnership that will result in an acceleration of the Group's 2022-2027 strategic plan

Target: **To deliver long term sustainable profits by building IXICO into a global neuroimaging specialist CRO of scale**

Launching IXIQ.Ai

New AI analysis platform to keep IXICO at the cutting edge.

Following a three year development and validation phase, IXICO has released IXIQ.Ai, its novel AI-based brain segmentation platform, into production use on clinical trials. Launched alongside the 17th Annual Huntington's Disease Therapeutics Conference: A Forum for Drug Discovery & Development and the 16th International Conference on Alzheimer's & Parkinson's Diseases, IXIQ.Ai has been shown to outperform widely used tools like FreeSurfer in three areas outlined below.

Since the launch in Spring 2022, IXICO secured eight contracts with biopharmaceutical sponsors to deploy IXIQ.Ai across three therapeutic indications and has been selected to set a new standard for volumetry in Huntington's disease as part of the newly formed HD-IH consortium (see next page).

Benefits of using IXIQ.Ai

Increased sensitivity	Increased accuracy	Increased flexibility

Sensitivity to smaller treatment effects

Every datapoint matters in efficacy analysis of imaging endpoints to increase the ability of detecting a treatment effect and, ultimately, to manage trial size, development time and costs, improving overall efficiency in running clinical trials. The IXIQ.Ai platform increases the amount of usable data by 10%-20% on standard brain regions and can more than double it for challenging brain regions when compared to widely used tools, enabling the detection of proportionally smaller treatment effects without increasing trial size.[1,2]

Accuracy that enables patient-level decision making

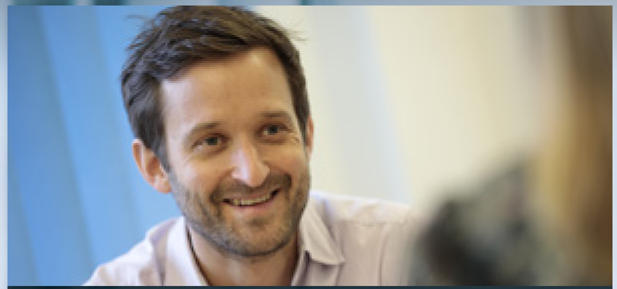
A move towards precision medicine as well as increasingly sophisticated drug candidates and administration modes in neuroscience, encourage applications of brain volumetry that drive individual patient decisions. Moving away from group-level statistics increases the requirements on accurate and reliable measurements at the patient level. Compared to widely used tools, IX IQ.Ai reduces volume error to manual expert segmentations by up to 80%, enabling more accurate patient-level decision-making. IXIQ.Ai provides measurements in real-time, enabling quick turnarounds in critical eligibility decisions.[3-4]

Flexibility to adapt to customised trial needs

Using an analysis solution tailored to specific patient populations or brain regions, enables greater accuracy compared to one-size-fits-all solutions. IXIQ.Ai can be flexibly adapted to a specific patient population by using only a small number of highly curated training cases, offering a customisable solution to address specific trial needs.[3]

1 J. Weatheritt, R. Joules, R. Wolz, D. Rueckert, Fully Automatic AI Segmentation of Subcortical Regions; Neurotherapeutics (2020) 17:S1–S41, page 521.
2 M. Reinwald, E. B. Johnson, R. I. Scahill, R. Wolz, Using Artificial Intelligence for Fast, Reliable, and Automatic Segmentation of the Thalamus; Neurotherapeutics (2020) 17:S1–S41, page 513.
3 J. Weatheritt, D. Rueckert, R. Wolz, Transfer Learning for Brain Segmentation: Pre-task Selection and Data Limitations, Communications in Computer and Information Science, 1248, pg 118-30

Link to strategy: 1 2



"Following a three year development and validation process, we are pleased to have successfully released IXIQ.Ai into its first commercial applications. With the initial release, we have targeted areas of high unmet need like the segmentation of the striatal area in Huntington's disease patients that is usually challenging due to low contrast properties on MRI.

It is rewarding to see how the new platform improves performance across widely used tools and we are pleased to see commercial success after a relatively short period of time. As part of the HD-IH consortium, we are using the technology to better understand progression of key biomarkers in Huntington's disease to increase the role those measurements can play in clinical trials. As part of our R&D roadmap, we are further developing and validating IXIQ.Ai functionality in Alzheimer's disease, Multiple Sclerosis and neuro-orphan indications like ataxias.

Dr Robin Wolz
Chief Scientific Officer, IXICO

IXIQ.Ai increases useable data by up to

100%

Clearer data. Better outcomes.

Setting new standards on Huntington's disease volumetry.

Brain volume and volume change is a widely discussed biomarker across neurodegenerative diseases. Reliable and accurate measurement of those biomarkers is a critical prerequisite to include such measurements in clinical trials.

Together with the CHDI Foundation and two commercial partners, uniQure and PTC Therapeutics, Inc., IXICO was a founding member of a new consortium that aims to better understand the structural brain changes that occur over the course of Huntington's disease. Known as the HD Imaging Harmonization Consortium (HD-IH), a first of its kind, the objective is to systematically conduct harmonised analysis to produce a rich dataset that will give insight into key brain volumetric biomarkers over the course of HD.

The HD-IH consortium aims to analyse more than 6,000 participant-visit MRIs that were acquired from over 2,000 participants enrolled in the TRACK-HD, PREDICT-HD, and IMAGE-HD natural history studies.

Using IXICO's artificial intelligence-based IXIQ.Ai analysis platform, the HD-IH consortium will build a high-quality data repository. This will enable biopharmaceutical and non-profit members to develop more targeted therapeutic strategies, inform eligibility and dosing decisions, and aid associated trial design and biomarker development.

As part of the recently developed Huntington's Disease Integrated Staging System (HD-ISS), caudate and putamen volumetric data were chosen as landmark variables for entry into Stage 1 of HD-ISS, when demonstrable neurodegeneration can be detected by changes in these biomarkers. One objective of the HD-IH consortium is to determine Stage 1 cut-off tables so that the HD-ISS criteria can be readily applied within this imaging analysis platform, thereby enabling robust implementation of the HD-ISS in future clinical trials

Aims to analyse more than

6,000

participant-visit MRIs

"The imaging harmonisation that this consortium is conducting will be a turning point in the development of volumetric MRI biomarkers to monitor disease progression and response to interventions in Huntington's disease. Groundwork of this sort is foundational for scientific breakthroughs.

Dr Christina Sampaio
Chief Medical Officer, CHDI

Link to strategy: 2 5

Case study

Turning reads around quickly to support with challenging enrolment

Background

Challenging eligibility criteria required over 1,800 screenings to identify 450 eligible participants.

The customer needed IXICO to manage large volumes and radiology reads quickly, to inform the eligibility decision to keep timelines on schedule and costs under control.

Strategy

IXICO provided dedicated site managers and radiologists to the study, all highly trained on each specific element of the study, as well as being experts in the disease area, to deliver the project.

Results

A dedicated site manager was tasked with controlling the site, to ensure organisation, efficiency and consistency for the site.

Five radiologists with expertise in the therapeutic area and the specific study were enrolled to provide quick turnarounds and accuracy. This allowed IXICO to expedite urgent client requests as they arose.

At peak of enrolment, IXICO received an average of 200 MRI scans per month and supported 109 sites in ten countries spanning nine time zones.

Outcome

Eligibility results from the radiology reads were provided back to sites within an average of 2.75 days, 45% faster than required, with over 10% of read results returned within one working day.

Upwards of 200 emails and calls were received from sites each month, with over 80% of these replied to less than one working day.

Delivering operational excellence.

IXICO's business focus is on the delivery of high-quality and reliable acquisition and analysis services of brain MR and molecular (PET / SPECT) imaging modalities in clinical trials of neurodegenerative diseases.

Deep expertise

Our employees are driven by advancing human health and combine a unique expertise in neuroscience, imaging science and AI data analytics. Along with our >15-year track-record in delivering imaging services for clinical trials across neurodegenerative disease, this provides laser-focussed capabilities to provide highly reliable, accurate and innovative imaging services to our biopharmaceutical customers.

Advanced analysis solutions

We strive for the highest quality offering for biomarker measurements from MR and molecular imaging data by combining our data science and radiology expertise with ever-advancing developments in data acquisition. Over the past year, we have continuously advanced our service offering, including a new pipeline for QSM Analysis (see right), and updates to our read discordance process.

Operational excellence

As a highly specialised solutions provider, we strive to deliver an excellent service to our biopharmaceutical clients and to the sites we work with. We monitor our performance through key metrics for customer satisfaction, quality, resources and deliverables. We achieve our high standards by being agile in decision-making and through our ability to customise the solutions we offer.

Advancements in analysis solutions

Quantitative Susceptibility Mapping ('QSM'):

We developed a novel pipeline for QSM analysis of susceptibility-weighted MRI (SWI). QSM enables the quantitative measurement of various biomarkers like iron and calcium and is increasingly deployed in trials in Parkinson's disease (PD), and other therapeutic indications.

6

new algorithms released in the year across different therapeutic areas and imaging modalities

Link to strategy: 2 3

Case study

Achieving challenging start up timelines in global studies

Background

A client with a complex protocol (T1, fMRI, DTI and safety sequences, adapted for scanner capabilities) required support with site start up.

Strategy

IXICO has a complete service offering with dedicated teams for specific projects. This allows thorough and easy to follow training materials, and site operations to be provided quickly.

Results

The dedicated project start-up team needed an average of just two months to complete full scanner setup, training and qualification with the sites.

106 imaging centres were qualified across 19 countries over four continents.

Developed guides in eight languages (English, Mandarin, Russian, Italian, German, Japanese, Spanish and French).

Outcome

Our global approach allowed all sites to be set-up efficiently, with no quality lost between continents.

The first site was qualified in less than three months from contract signature allowing the Sponsor to get first patient in within three months of study initiation.

External engagement and partnerships.

Working with a network of world-leading experts in imaging and radiology is an important factor in our service model.

Continuous engagement in cutting-edge scientific consortia as well as attendance and presentation at conferences in our domain enables us to stay up to date on latest developments and provide our contribution to a rapidly developing landscape of novel imaging biomarkers. Below provides a spotlight on some of our recent activities in this space:

Relationship with collaborators and suppliers

IXICO are at the forefront of a number of consortia, where our science experts sit on the Imaging Biomarker workgroups, collaborating with academic and industry partners in the shared effort of imaging biomarker development and validation in AD, PD, MSA, HD, and FA.

We also work directly with leading neuro-radiologists and nuclear medicine physicians who act both as our scientific advisors on their respective clinical and modality areas of specialism and as well as form the core of our centralised reading team of experts.

We have expanded this team of experts over the last year, onboarding two new MRI radiologists, one new PET nuclear medicine physician, and establishing direct consulting lines with imaging experts from two institutes and across MRI, CT and PET specialties, allowing direct scanner access to testing and validation of sequences across scanner types.

Conference attendance and presentations

As international travel is increasingly possible again, attending meetings face-to-face gives an important opportunity to engage with our clients and experts in the field. During the past 12 months, the IXICO team has attended more than ten scientific conferences across the therapeutic indications we service. In collaboration with our partners, we have presented our research findings to the community at more than ten oral and poster presentations.

Link to strategy: 4 5

We strive to stay at the forefront when developing best practice. As an example, our site qualification process is praised by the imaging sites we work with. The process, all the materials and the information provided to the sites have been developed to maximise their autonomy and allow staff to work around their other commitments. The feedback we receive from the sites is that our processes are straight-forward to follow, meeting our objective of getting it right first time.

“We really like working with IXICO, their processes are very straight forward and self-explanatory. The IXICO team send queries very quickly and respond to any questions promptly. I wish all other vendors were that easy to work with!

Vicky Eyre
Director, Clinical Operations; ReCognition Health

Effective engagement. Informed decisions.

S172(1) statement:

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

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

The Directors have given further consideration to specific stakeholder groups in the governance section, and specifically on 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.

The principal strategic decision made during the year was the refresh of our five-year strategy which set out the roadmap for the period 2022 to 2027 (see pages 20–21). The Board prioritised this in part because the timing coincided with the conclusion of the five-year strategy set in 2017, but also by challenges encountered by the Group following the cancellation of its three largest client trials within a period of 12 months. This underlined the importance for the Group to achieve scale and, despite the many successes over the past five years, that progress is still to be made in achieving resilience that supports sustained growth and profitability, irrespective of inevitable failures of trial drugs in the neurological space.

In delivering for its stakeholders and in having good visibility of the market opportunity available, strategic actions required to maximise and expand on this opportunity are the principal initiatives planned within the next five year period.

Employees

IXICO employs highly qualified employees in a range of scientific, operational, and supporting roles.

What's important to them

Employee engagement is critical to staff happiness, wellbeing and retention. One of the primary topics of engagement is emphasising the Group's purpose and societal benefit arising from its activities. Additionally, employees need to understand their opportunities for development, and how the Group adapts its working environment, culture and values.

How we engage

- The Group holds regular Townhalls with employees to communicate material matters, both commercial and financial. Patient advocates also deliver presentations to employees.
- Development plans are part of annual performance reviews to support personal growth as well as a wider contribution to the Group. During the year, line management training was delivered, along with surveys conducted to measure and obtain feedback on employee engagement.
- Communication tools continue being implemented to support hybrid working, idea sharing and collaboration.

Impact of key strategic decision

Delivering on the Group's purpose is highly motivating for the Group's employees. Growth is accompanied by development and career progression opportunities and, for our highly dedicated team, translates into visible value generation in the pursuit of treatments for diseases.

Shareholders

IXICO has a strong list of institutional and individual shareholders.

What's important to them

Engagement with this stakeholder focusses on the Group's purpose and ESG. Also important are the financial and operational performance, and the Group's business model and long-term strategy, with a particular focus on client project pipeline and visibility of future revenues.

How we engage

- Shareholders are communicated to via LSE RNS, IXICO's website, investor presentations and social media. The Group also delivers twice-yearly results briefings to communicate developments to, and receive feedback from, shareholders.
- Our Executive Directors, Non-Executive Chair and other Non-Executive Directors make themselves available to meet with shareholders as appropriate.

Impact of key strategic decision

Positioning the Group for further scale provides a strong incentive for continued investment in the Group. Aligned to the Group's purpose, this provides additional attraction to a shareholder highly motivated by societal, as well as financial, returns arising from their investments.

Pharmaceutical & biotech clients

Clients rely on data analytics services to support critical decisions in their clinical development programmes.

What's important to them

Clients require high levels of quality assurance, with consistent and reliable service levels. They also look for more efficient ways to run trials, alongside utilising new product development and innovation. Scientific leadership and consultancy are also important areas of focus.

How we engage

- Each project has a dedicated project manager accountable for service delivery, where weekly project calls are standard practice. Our Science team is closely involved in the projects enabling clients to take advantage of the latest advances in the IXICO analysis portfolio and expertise.
- The Group supports all client audit requirements, and operates under a Quality Management System, accredited to ISO 13485.

Impact of key strategic decision

Focussing on a scaling of the Group provides clients with increased visibility of the Group's resilience and the benefit of greater operational reach and the corresponding efficiencies. This encourages a deepening of relationships with the Group, enhancing the well-established scientific leadership in neurological disease image analysis.

Scientific partners

IXICO is a member of several scientific consortia and scientific partnerships.

What's important to them

These partners require scientific and operational capabilities, with a focus on investment in innovation. It's also important to develop relationships that support the community's wider purpose of advancing human health.

How we engage

- IXICO is engaged in several scientific collaborations and contributes at conferences dedicated to specific disease area. The Group also provides discounted and/or in-kind services to collaborations designed to advance knowledge of neurological diseases.

Impact of key strategic decision

A strengthening of scientific capabilities in neurological disease provides additional benefits to scientific partners through improved insights into neurological disease biomarkers. This will improve understanding of how these diseases develop, thereby providing new opportunities to address them.

Imaging centres

Imaging centres perform brain scans on participants involved in clinical trials. The centres upload images to IXICO's systems for analysis.

What's important to them

The centres used by IXICO's clients require training and qualification of their personnel to deliver accurate imaging data. During a project, technical support and timely issue resolution is critical in successfully delivering for our mutual client.

How we engage

- Our online imaging-centre-support model enables centres to receive training and qualification at a time that suits them. Access to support is also managed through an online helpdesk.

Impact of key strategic decision

With its continued investments in its data capture and analysis 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.

Participants

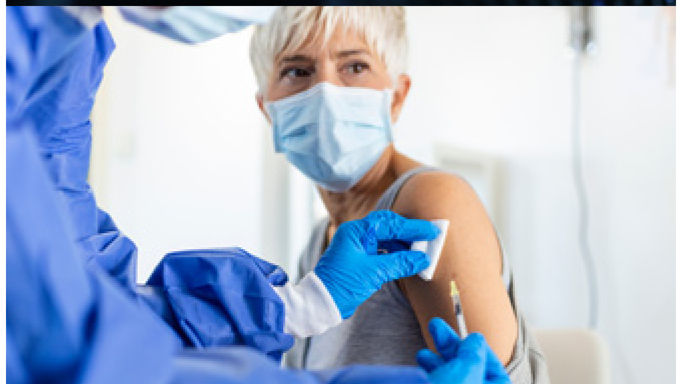
Our clients recruit participants to take part in the clinical trials of their drug candidates.

What's important to them

Participants rely on IXICO to provide objective measurement of the impact of trial drugs on the brain. A participant's confidence in safety of enrolling in a clinical trial is of most importance and they rely on accurate and timely readings to ensure this.

How we engage

- Whilst we do not directly communicate with trial participants, we engage with patient representatives to understand the challenges of living with neurological diseases.



Impact of key strategic decision

As the Group develops its portfolio of algorithms it will provide further improved biomarker insights within clinical development. This will reduce risks associated with drug development, advance human health, and further support beneficial outcomes for participants suffering from neurological diseases.

Environment, Social and Governance.

Our focus areas

Environment

Material topics:

Impact on the environment

People & society

Material topics:

- Diversity and inclusion
- Talent retention
- Engagement
- Societal benefit and impact

Responsible business

Material topics:

- Stakeholder engagement
- Data governance
- Zero tolerance of fraud
- Innovation

IXICO's purpose is to advance medicine and human health by converting clinical-trial imaging data into clinically meaningful information.

IXICO's values are key to the delivery of its purpose but also provide an important basis upon which to deliver ESG goals.

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

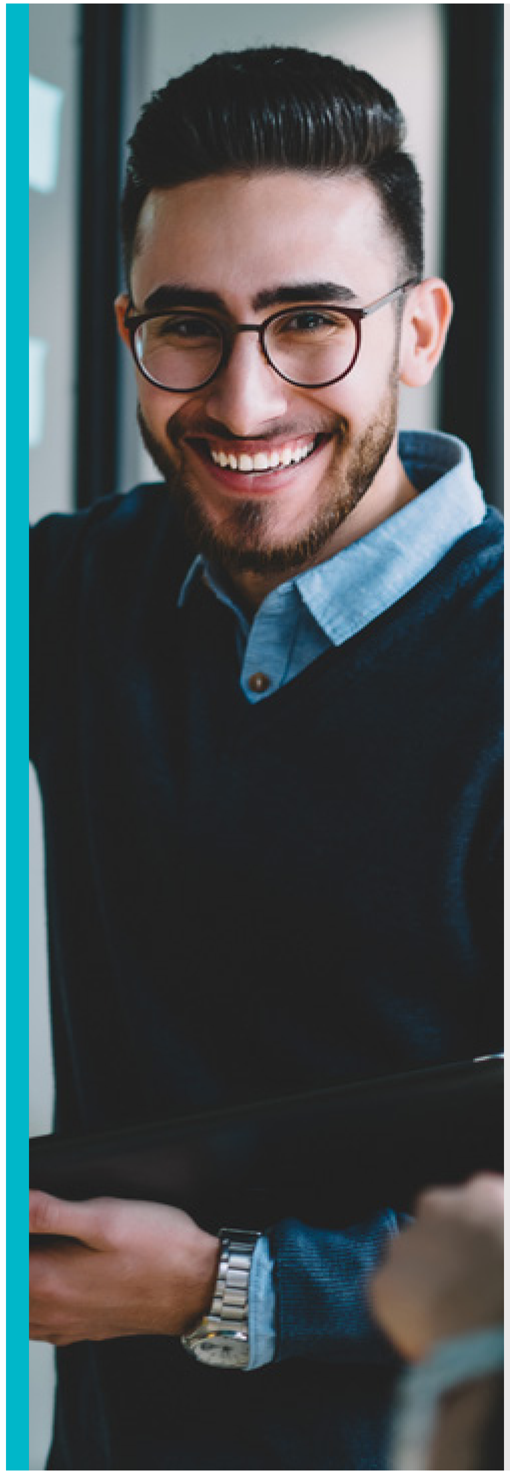
During 2022, IXICO formed an ESG taskforce and worked with external consultants to identify the ESG topics material to the business. We identified three key areas which form the basis of our ESG framework and within these three key areas, we further identified nine material topics. The focus on these topics has enabled us to consider our current approaches and how we can develop these to achieve sustainable business growth.

During 2023 we will develop our ESG approach further, including adding defined metrics to each of the identified material topics which we believe to be aspirational but achievable markers of the success of our strategy.

Environment.

The Group already has a low environmental impact due to its operational environment. However, we are committed to continue taking business decisions in which we operate to minimise the impact our operations have on the environment and the Group's carbon footprint.

Commitment	2022 progress	2023 priorities
Impact on the environment		
To reduce the Group's carbon footprint through seeking ways to reduce reliance on carbon emissions where economically viable and more broadly limit the environmental impact of Group employees and business operations.	– Reduced travel requirements through successful introduction of hybrid working model. – Continued investment in our next generation TrialTracker platform which delivers energy efficiencies and a lower carbon output. – Completed a consultation on further collaboration tool use within the Group with the aim of increasing working efficiency.	– Consider ways in which IXICO can reduce its carbon footprint including the development of metrics. – Formalise the set-up of the ESG Taskforce group to ensure regular monitoring of and staff engagement with IXICO's ESG journey. Implement increased collaboration tools available for employees. – Implement carbon offsetting strategies to reduce climate impact whilst engendering engagement of employees in these efforts.



People and society.

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

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

Commitment	2022 progress	2023 priorities
Diversity, equity and inclusion		
To always promote and support diversity and inclusion within the workforce.	– Provided access to an Employee Assistance Programme. – Supported employees working remotely for periods of time each year enabling them to visit family or friends overseas whilst continuing to work.	– Develop D&I strategy aligned with IXICO values and a growing workforce. – Apply to sponsor overseas employee visa requirements to attract specific skills into the Group.
Talent retention and development		
To develop appropriate tools, resources and policies to attract and retain talent.	– Introduced policies to allow flexible work locations and hybrid working model. – Provided training to line managers to assist in development of them and their direct reports. – Professional qualification assistance programme in place as well as opportunities for secondment and internal promotion.	– Refresh and enhance HR policies. – Implement additional personal and professional development modules with our on-line training provider. – Further development of 4As values framework to support employees with the achievement of personal and company objective.
Engagement		
To implement appropriate channels of engagement for two-way communication.	– Monthly all staff meetings, the monthly employee newsletter, all staff engagement surveys and social/fundraising events promote cross Group communication, collaboration and the IXICO culture.	– Further employee surveys and an ongoing programme of cross organisation communication via all staff meetings, newsletters and events.
Societal benefit and impact		
To promote the purpose of the Group in supporting the development of drugs to address the high unmet medical need of neurological disease.	– Launch of new and improved analysis pipelines supporting the measurement of neurological disease biomarkers. – Initiation of HD-IH consortium to develop further biomarker measures in HD. – Patient advocate presentation to all employees providing different perspective on the impact of the Group's services.	– Continued development of new and improved analysis pipelines. – Engagement activities that focus on our purpose as a Group seeking solutions to neurological diseases with unmet medical needs.

Responsible business.

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

As a Group quoted on AIM, we strive to comply with the QCA governance code (see pages 61–63). The primary commitment is to have transparent and effective governance processes to provide reassurance to all its stakeholders.

Commitment	2022 progress	2023 priorities
Stakeholder engagement		
To engage with all stakeholders, and adapt the Group's strategies towards delivering common themes and priorities.	– Delivery of online presentations and attendance at multiple industry conferences. – Engaged with a patient advocate to deliver engaging all staff meetings. – Investor presentations covering strategy, financial and operational status and governance priorities including risks and opportunities.	– Launch of a stakeholder engagement initiative to validate ESG framework.
Data governance		
To capture, process, store, analyse and report data in a controlled, secure resilient manner and in compliance with data protection regulations and stakeholder expectations.	– Integration of data protection principles within processing activities and business practices. – Investments in IT infrastructure to further secure, catalogue and back-up data. – Annual staff training programme and policies focussed on data governance.	– Continued programme of infrastructure investments.
Innovation		
To provide neurological disease biomarker analysis that supports the development of new medicines designed to address the high unmet medical need within neurological disease.	– Launch of IXIQ.Ai, an AI based platform for brain segmentation resulting in an even higher chance of identifying a treatment effect in a clinical trial. – Development of our next generation data capture and analysis platform to support the deployment of our analysis pipelines at scale.	– Continued programme of analysis pipelines.
Zero tolerance to misconduct and fraud		
To establish policies and procedures to reduce fraud and encourage an open environment for whistleblowing.	– Policies are in place which underpin IXICO's values. – Anti-fraud/bribery training provided to all employees.	– Launch of an IXICO Code of Conduct for staff and suppliers – Update of general HR policies to support high standards of behaviour expected of our culture.

Develop employees. Deliver on strategy.

At IXICO, we recognise that people are key to supporting our purpose of advancing human health.

We aim to attract, appoint and retain talented individuals, evidenced by our highly academic and educated workforce. This shines through even more in our Clinical Operations and R&D departments, where 46% are qualified at Master's level and 41% hold a relevant PhD title.

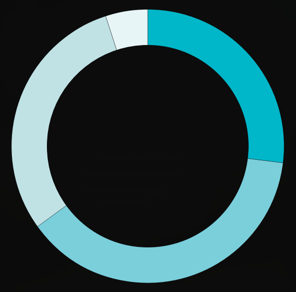
The scientific nature of the roles at IXICO enables us to recruit skilled talent with the relevant academic qualifications, and we support employees with internal training enabling them to develop in their roles. As a result, 33% of our employee population have started their first professional role at IXICO outside of academia with 67% joining to further develop their professional career.

To support the great talent and wealth of expertise within the Group, we consciously look to develop our employees with key people initiatives focussing on Learning & Development, Performance Management and Reward and Recognition. We want to give our employees the opportunity to achieve their goals and ambitions, broaden their experience, and support them in developing both personally and professionally. These initiatives are supported by our annual performance management process and are proven to work, evidenced by 10% of recruiting roles being appointed through internal candidates, and 11% of employees being promoted in FY22.

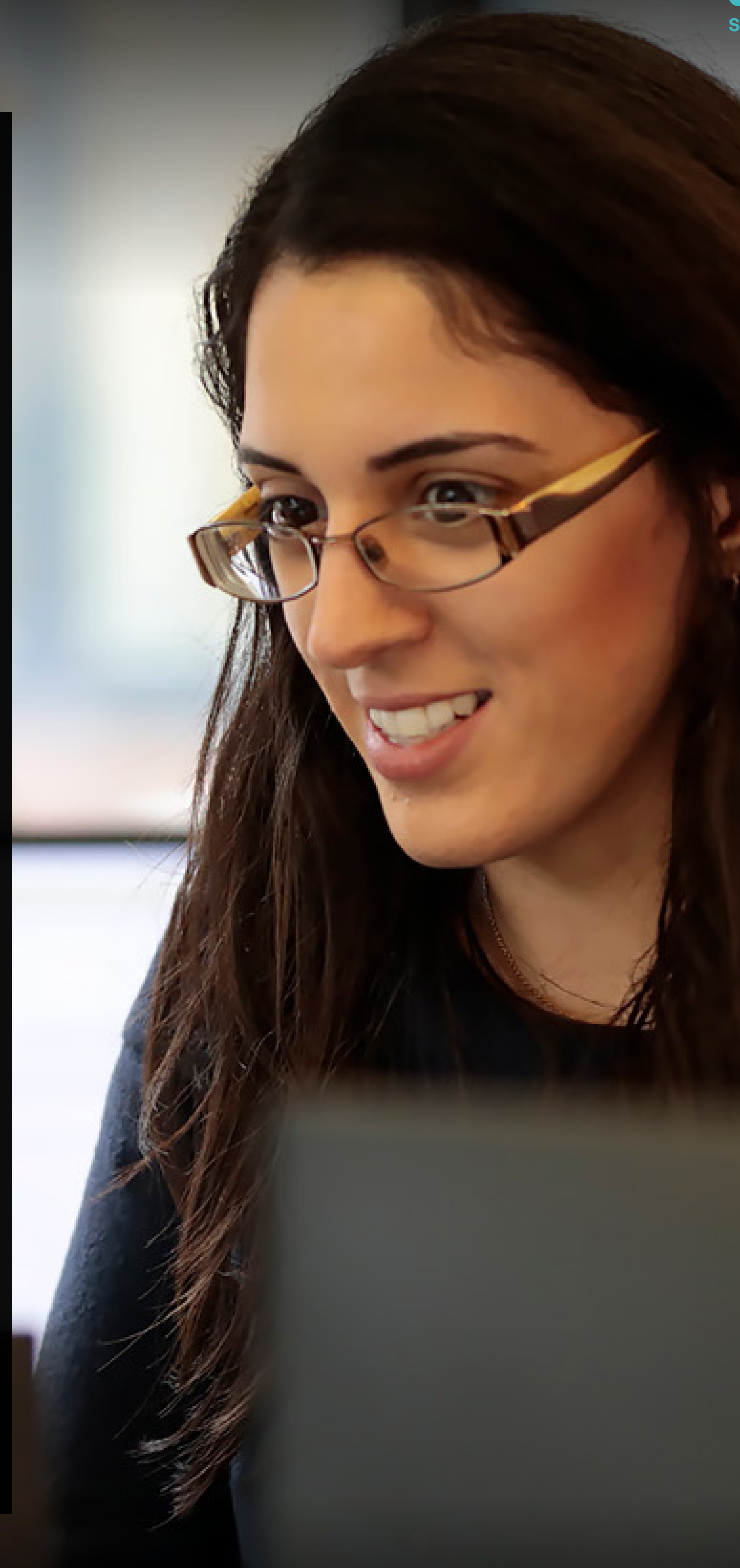
In FY23, we look to further develop our learning and development framework by implementing multi-faceted training focussing on key areas such as wellbeing, legal and compliance.

We will also support employees by enhancing their softer skills to ensure that as a company, we are presenting our expertise and abilities externally appropriately, and using our internal resources in the right manner. Our commitment to supporting and developing our people remains strong and will be at the forefront of our HR strategy in the new financial year.

Educational backgrounds of IXICO employees



PhD	27%
Master's	38%
Bachelor's	30%
Other	5%



FY22 initiatives

We're proud to have supported the following development initiatives:

Managing at IXICO

We delivered a tailored line management training initiative, selecting our key line managers and subject matter experts to develop their own capabilities as leaders to enable them to manage, coach, and develop their teams based on business strategy and individual strengths. To support this initiative, we enhanced our HR policies and procedures outlining the best people practices and legislation supported with internal training.

Professional Qualifications

Through IXICO's professional qualification assistance policy, we have financially supported our dedicated project management team to undertake the APM qualification. This enabled them to strengthen their knowledge of how all elements of project management interact and how a project fits into a strategic and commercial environment. Our Technology and Software Development team also benefited from development opportunities by undertaking advanced Microsoft Azure qualifications to ensure their technical expertise and skills are aligned with state-of-the-art technologies in cloud computing.

Internal Development

Our employees have the opportunity to learn about different areas of the Group and enhance their knowledge through regular all staff meetings, cross-functional training sessions and external site visits. There are also secondment opportunities between teams, through which seconded employees can broaden their operational knowledge and gain new experiences in a different field, with both teams benefitting from sharing best practice and knowledge.

Strategically reinvesting profits to deliver on our purpose.

Sustained profitability and a strengthened balance sheet aimed at delivering future growth.

See Grant's full bio on page 52

In 2022, the Group has delivered a year of continued strong EBITDA profitability despite a reduction in revenues following the cessation of its three largest client trials between March 2021 and January 2022.

Further, whilst revenues are expected to contract in 2023, the underlying strength of the Group's order book has developed across the second half of 2022, both in terms of total value and the diversification of clients and projects. The Group continues to generate operating cash inflows, supporting its programme of investment which is designed to capture increased market share, in a growing market, across the medium and longer-term.

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	2022	2021 restated	Movement
Revenue	£8.6m	£9.2m	£0.6m ↓
Gross profit	£5.2m	£6.0m	£0.8m ↓
Gross margin	60.7%	65.6%	490bps ↓
EBITDA profit	£1.5m	£1.7m	£0.2m ↓
Operating profit	£0.9m	£1.1m	£0.2m ↓
Profit per share	2.14p	3.17p	1.03p ↓
Order book	£16.0m	£18.8m	£2.8m ↓
Net assets	£12.5m	£11.5m	£1.0m ↑
Cash	£5.8m	£6.7m	£0.9m ↓
Non-current asset investments	£2.3m	£2.6m	£0.3m ↓

Revenue

Revenue for the year of £8.6 million (2021: £9.2 million) represents a year-on-year contraction of 6%.

This contraction was caused by three large client trial cessations arising across 2021 and early 2022, each materially impacting future revenues. Replacing the revenues lost from these trials takes time, both in contracting and initiating new trials and reflecting that those new trials will tend to be lower value, earlier phase trials compared to the large, failed trials (which were predominantly late stage). Positively, the Group signed £12.6 million of new client contracts during the year, reflecting its continued traction in expanding its position within the market.

The Group will therefore see a reduction in revenues in 2023 but expects this to be a short-term contraction whilst new trials are contracted and initiated.

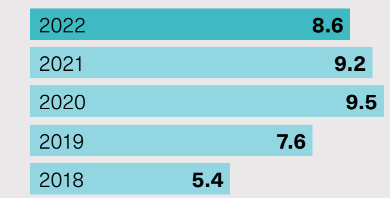
Gross profit

The Group reports gross profit of £5.2 million for the year (2021: £6.0 million). This equates to a gross margin of 61% (2021: 66%). Whilst gross margin remains strong, it has reduced on the prior year reflecting both the reduction in revenues and a revenue mix increasingly reflective of earlier phase trials, which tend to be lower margin.

Looking forward, as early phase trials continue to increase as a proportion of revenues delivered, we expect that gross margins will contract. Beyond 2023, as the Group wins additional trials, the operational leverage opportunity within the Group's cost structure supports long-term gross margin levels as we scale.

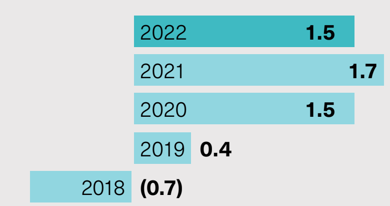
Key Performance Indicators

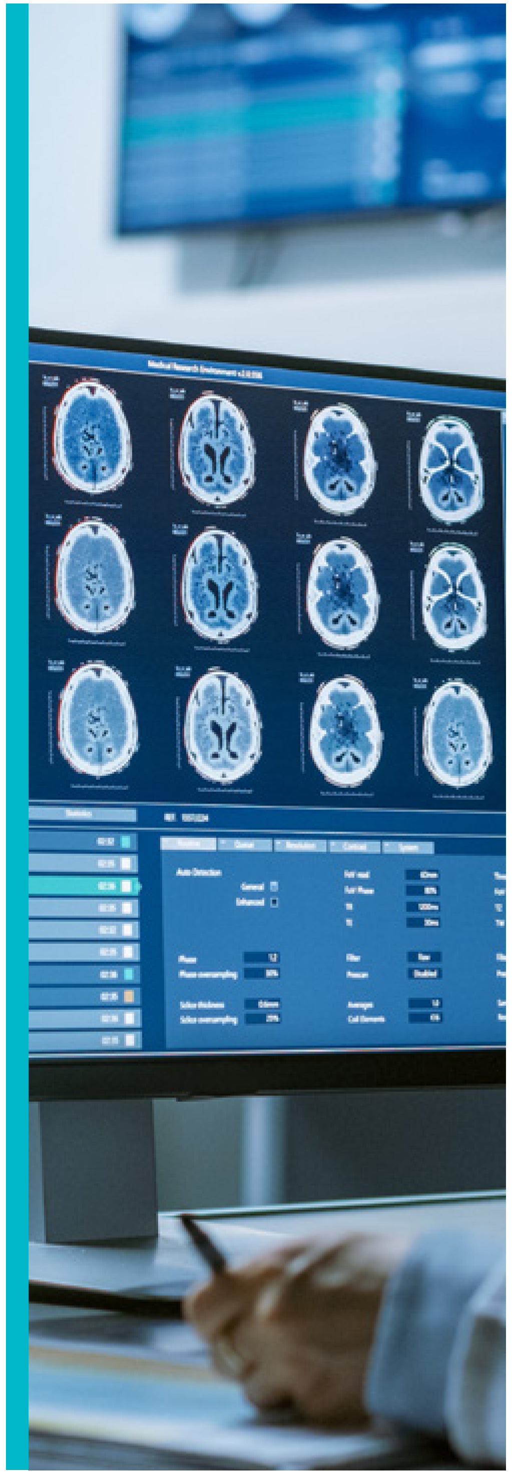
Revenue (£m)



Gross margin (%)

EBITDA Restated (£m)





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

The Group delivered an EBITDA profit of £1.5 million in the year (2021: £1.7 million). EBITDA is considered a key alternative performance measure as it presents the underlying operating performance of the Group. This was achieved despite the year-on-year revenue contraction and reflects:

- careful management of expenditure, including no performance bonus payments in the year;
- the impact of capitalising costs in the Group's next generation TrialTracker 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
- a small number of one-time benefits that have supported profitability in the year including foreign currency exchange gains and a write back of long term incentive charges reflecting that some share options awarded to the management team are no longer expected to achieve their performance conditions.

Looking forward, we expect to see a return to EBITDA losses in 2023 to reflect the reorientation of the order book to earlier phase trials, the loss of the one-time beneficial impacts seen in 2022 and a carefully managed continuation of investments as we focus on the growing medium and long-term opportunity available to the Group. EBITDA is reconciled by the following adjustments:

	2022 £000	2021 Restated £000
Profit attributable to equity holders for the period	1,032	1,512
Depreciation of fixed assets	451	464
Amortisation of fixed assets	188	144
Disposals of fixed assets	–	(53)
Interest on lease liabilities	23	22
Taxation	(147)	(414)
EBITDA	1,547	1,678

Operating profit

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

- research and development expenses of £1.2 million (2021: £1.2 million) included the research into new algorithms to support image analysis in new and existing therapeutic indications. In addition, the Group capitalised £0.9 million of internal development employee costs primarily in respect of its next generation TrialTracker platform (2021: £1.0 million);
- sales and marketing expenses of £1.2 million (2021: £1.2 million) reflecting increased travel and conference expenditure supporting client relationship development post COVID-19 offset by savings resulting from employee turnover; and
- general and administrative expenses of £2.6 million (2021: £2.9 million) reflecting careful cost management within the business as well as a couple of one-time impacts that reduced expenditure as referred to in the EBITDA section above.

Operating profit of £0.9 million (2021: £1.1 million) equated to an operating profit margin of 11% (2021: 12%).

Order book

The Group continues to benefit from a healthy order book. On 30 September 2022 this totalled £16.0 million (2021: £18.8 million), which takes account of £8.6 million of revenues delivered during the financial year, £12.6 million of new and expanded multi-year contracts secured during the year and £6.8 million of trial descopes due to client trial failures including a minor foreign exchange movement in the year.

New contracts won were across 16 different clients, three of whom are new to IXICO.

Cash

The Group reported operating cash inflows of £0.9 million before tax receipts in the year (2021: £0.3 million) reflecting the Group's sustained profitability and a reduced impact of the timing of working capital cash movements compared to the prior year.

The Group had a closing cash balance at 30 September 2022 of £5.8 million (2021: £6.7 million) with the reduction in cash reflecting £2.2 million of focussed investment in technology assets designed to support future scalability and £0.1 million of lease payments on the Group offices. These investments were partially offset by £1.4 million of operating cash and taxation inflows. 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.

Non-current asset investments

The Group capitalised £2.3 million of non-current assets in the year to 30 September 2022 (2021: £2.6 million). This increase in non-current assets was primarily driven by the investment of £2.0 million in its next generation TrialTracker platform (2021: £1.8 million).

The next generation TrialTracker platform will further enhance the Group's capabilities to remotely collect, and centrally analyse, brain images in support of clinical trials. The platform has been developed on Microsoft Azure's cloud infrastructure supporting further improvements in system resilience, security, scalability, and efficiency. The platform development is now largely complete and is being tested ahead of launch in 2023.

Net assets

The Group's net asset position increased by £1.0 million to £12.5 million across the year (2021: £11.5 million). This is reflective of the Group's continued profitability, as well as the Group's commitment to build its technology assets to meet long-term future growth aspirations and market demands.

Profit per share

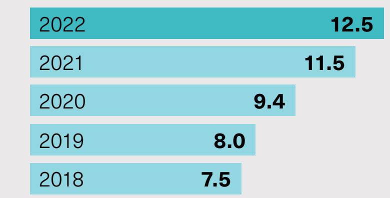
The Group reports a profit per share of 2.14p (2021: 3.17p).

The Group is delivering against its 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.

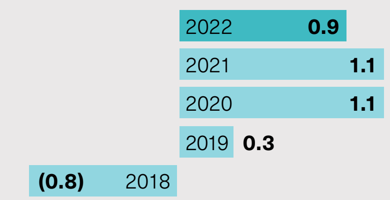
Grant Nash
Chief Financial Officer
6 December 2022

Key Performance Indicators

Net assets Restated (£m)



Operating profit Restated (£m)



Risk management process.

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.

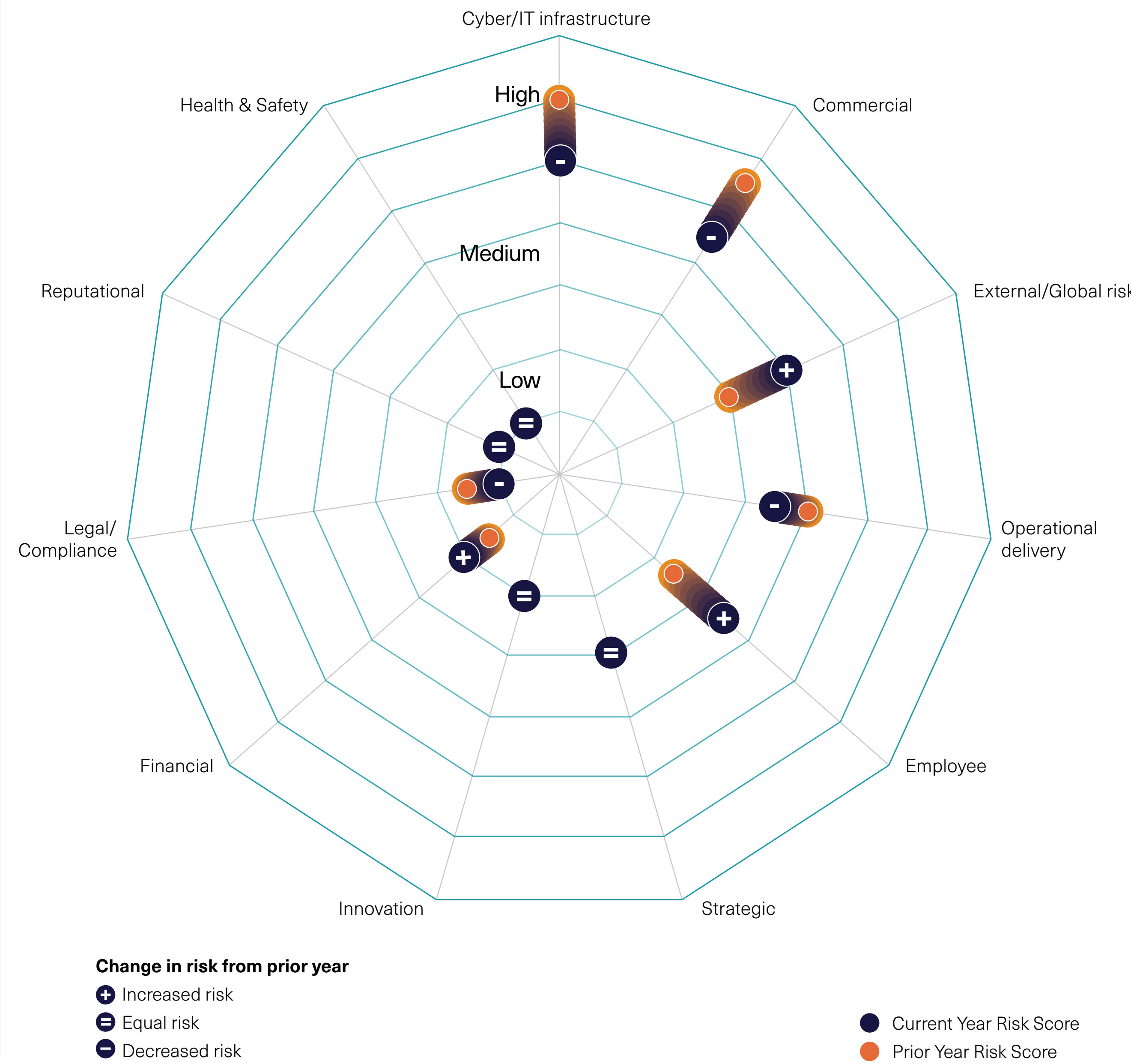
The Group has designed its internal controls with the aim of providing a proportionate level of assurance for the organisation, taking account of its size, stage of development and risk exposure. Whilst the Board is confident that the control framework is fit for purpose, it continues to seek ways to 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 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 every six months. The matrix sets out the 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.

Risk Radar

Across pages 48 to 51 the Board has highlighted principal risks and uncertainties which could have a material impact on the Group. The risk radar below, reflects each of these risks as they align within 11 broad risk categories. The risk radar is designed to illustrate, in a visual manner, the Board's current view of the associated level of each risk (scored high, medium or low) and how each risk score has changed over the last year (increased, decreased or stayed the same). In practice any particular risk may sit across more than one of the 11 risk categories, so the radar is provided for illustrative purposes only with the detail of each risk covered on the following pages.



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 the Board considered emerging risks when identifying the most material risks. It 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. The risk scores shown are the unmitigated risk scores and are managed by the mitigations described.

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

Principal Risks	Context	Mitigation	Movement vs prior year
Failure to exploit commercial opportunities **Risk score** Medium **Link to risk area** Commercial	The Board sets strategic initiatives that it expects will deliver increased market penetration and new market opportunities for the Group. The nature of any strategic initiative is that it includes a degree of judgement risk. Further, the Group may not execute on its strategic plans as effectively or efficiently as possible, or its strategic plans may not be the most optimal, thereby failing to maximise the commercial opportunity available to the Group. In the year, there was a focus on strategy for the period 2022-2027 with the focus on achieving greater rates of growth and scale for the Group. During 2022, there were contracts won with new and existing clients which further diversify the Group's opportunity for future growth.	– 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. – The Group has updated its strategy during the year for the five-year period 2022-2027.	=
Macro-economic and political climate **Risk score** Medium **Link to risk area** External/Global risks Cyber/IT infrastructure Financial	The COVID-19 pandemic may cause further global disruption. Outbreaks may negatively impact the health and wellbeing of employees creating operational challenges. Outbreaks may also mean clinical trial participants are unable to attend imaging centres thereby limiting the services delivered by the Group. The political situation in Ukraine and Russia has potential consequences for cyber-attack and continuity of utilities provision. The economic climate globally, but in particular in the UK and Europe, is causing uncertainty on pricing. This is in part caused by the ongoing conflict in eastern Europe, which is causing high rates of inflation which may impact the Group's profit margins. To tackle this, the Bank of England have increased the base rate at a rate and level not seen for more than a decade.	– The Group supports its clients remotely, meaning its services are broadly unaffected by lockdowns. In addition, it has implemented a hybrid working model enabling remote working. – Business continuity plans exist to manage any future lockdowns; the Group prioritises employee welfare, including supporting working from home during times of pandemic risk. – Strong balance sheet and cash position (no debt) to support management of any financial impact on the Group. – The Group inserts clauses in its client contracts which allow for inflationary increases in the Group's pricing across multi-year projects. – Cyber-attack is considered as a separate risk factor; the Group has continued its investments in IT infrastructure resilience and security over the past year. – The Group uses highly resilient data centres for the majority of its production infrastructure which would support uninterrupted service provision even in the event of periods of power outage.	+

Risk change:

+ Risk increasing − Risk decreasing = No change

Operational risks

Principal Risks	Context	Mitigation	Movement vs prior year
Commercial risk **Risk score** High **Link to risk area** Commercial	Failure to understand market trends or build client relationships may result in lost client opportunities and reduced financial returns. A significant turnover of employees within the commercial function may impact short term commercial momentum.	– Commercial team undertake market analysis and account planning to ensure the Group's offering aligns with client priorities. – Innovations in the Group's analysis pipeline further distinguish it from its competitors. – Developments of the Group's commercial strategy have increased visibility of new opportunities. – The Group is investing in marketing and product management resources to further accelerate commercial traction.	+
Threat of cyber attacks **Risk score** High **Link to risk area** Cyber/IT infrastructure	Any successful cyber-attack may create operational, financial and/or reputational risk for the Group. This risk became more prevalent during COVID-19 and remains a high-level risk owing to geopolitical issues including the conflict in Europe. In 2022, there was an increase in likelihood due to global events and a general proliferation in cyber-attacks across all sectors. This was offset by continued improvements in IT infrastructure security and back-ups.	– Investment in IT infrastructure, including use of cloud services, implementation of new and upgraded systems and equipment. – Ongoing review of potential vulnerabilities and formulation and implementation of action plans and patch management systems. – Cyber security training for all employees. – Deployment of latest technology updates in a timely manner. – Independent penetration tests undertaken to assess system security.	=
Employee retention **Risk score** Medium **Link to risk area** Employee Operational delivery	A failure to attract and retain talent within the business may result in a shortage or loss of key skills. Wider market conditions saw employee retention challenges across the industry, and the Group experienced these at the start of the year. Subsequent actions have reduced employee turnover back to pre-pandemic levels.	– Strong focus on the purpose and values of the Group. – Competitive salaries and benefits for employees. – Further enhancing training opportunities combined with professional qualification assistance. – Secondment opportunities. – Hybrid working model to support flexibility. – Conducting employee surveys to determine engagement levels. – Succession planning for identified key roles. – Initiatives to enhance employee engagement are in place, such as monthly 'townhall' meetings which include invitations to external expert speakers.	+
IT infrastructure **Risk score** Medium **Link to risk area** Cyber/IT infrastructure	The Group deploys its services via its technology infrastructure. Any failure in this infrastructure would risk impacting the Group's financial and/or operational performance. In the year, development of IXICO's next generation data capture and analysis system further increases the resilience of Group technology. Further general infrastructure improvements and a programme of system upgrades continued.	– Next generation data capture and analysis cloud-based platform developed and now in testing. – Investments in infrastructure to update it and improve security and resilience. – Full back up within and between data centres mitigates risks of data loss. – Ongoing programme of investments planned to further upgrade IT infrastructure.	−

Principal risks and uncertainties continued

Financial risks

Principal Risks	Context	Mitigation	Movement vs prior year
Termination of client clinical trials **Risk score** Medium **Link to risk area** Commercial Financial	The Group's client clinical trial contracts bear a risk of early termination. These normally result from a client's interim data review demonstrating no material benefit of the trial drug, or a serious adverse event caused by the client's trial drug. This risk was evidenced by the early termination of three significant clinical trials across 2021 and 2022. The increased diversification of the Group's order book mean the loss of any single trial will have a lower impact that was the case previously.	– A successful focus on diversification by the commercial team in developing the Group's client and project pipelines resulting in an increase in the number of trials being supported by the Group across all phases of clinical development. – The Group's strategy to continuously build client diversification, resulting from enhanced market penetration, as its scales to deliver more client projects across all phases of the development pipeline. – Commercial contracts can include up-front non-refundable payments, close-out cost recovery and termination notice clauses.	−
Cash reserves **Risk score** Low **Link to risk area** Financial	The Group addresses a market that is susceptible to trial failures which can impact on financial position. If the Group undertakes significant financial investment commitments on the back of its order book it is exposed to the risk of increased financial impact of any trial failure. The Group continues to pursue its strategy for investing for scale. This is despite expecting a temporary return to loss making due to recent client trial failures.	– The Group undertakes detailed budgets and forecasts, as well as sensitivity analysis, to ensure prudent investment decision making. – The Group seeks to negotiate up-front payments with clients where it can, improving its cash flows and reducing risk in the event of trial failure. – The Group is agile allowing it to react rapidly to any unexpected changes in circumstances.	+
Liquidity, credit and currency **Risk score** Low **Link to risk area** Financial	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. In 2022, a notable increase in client contracts denominated in US Dollars has increased the Group's currency exposure.	– Standard controls are applied around these risks – The Group has a strong cash position and a client portfolio which includes large, well-funded organisations. – Most contracts are denominated in GBP and currency levels are forecast and reviewed monthly with currency hedges utilised where appropriate.	+

Risk change:

+ Risk increasing − Risk decreasing = No change

Legal, compliance/regulatory risk

Principal Risks	Context	Mitigation	Movement vs prior year
Data protection **Risk score** Low **Link to risk area** Legal/Compliance Reputational	The Group captures personal data from clinical trial subjects thereby exposing it to data security risks. The Group continues to implement further IT infrastructure enhancements and augmented data management policies and training.	– Data captured from client sites is pseudonymised on receipt into the Group's TrialTracker platform. – Security measures ensure a strong defensive layer is deployed to maintain the integrity and security of sensitive or critical information. – Data protection legislation requirements (such as GDPR) are integrated within the Group's processing activities and practices. – All employees undergo GDPR training and annual refresher training.	−

The Strategic Report was approved by the Board on 6 December 2022 and signed by order of the Board by:

Giulio Cerroni
Chief Executive Officer

6 December 2022

Board of Directors

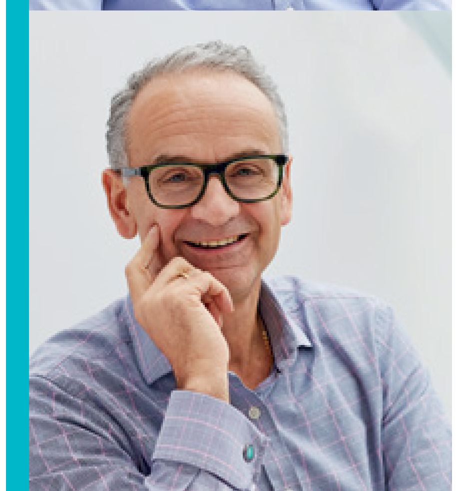
Charles Spicer
Non-Executive Chair

–

Appointment to Board:
October 2013

Skills and experience
Charles is an experienced director of public and private companies, primarily in the MedTech sector. In addition to his other appointments below, Charles is Chair of the UK Department of Health's Product Development Awards Selection Panel B for Invention for Innovation (i4i).

External appointments
- Creo Medical Group plc, Non-Executive Chair
- Korn Wall Limited, Non-Executive Chair
- M J Hudson Group plc, Non-Executive Director



Giulio Cerroni
Chief Executive Officer

–

Appointment to Board:
February 2017

Skills and experience
Giulio has over 35 years of experience in the life sciences sector and a track record of growing business operations in Europe, the US and Asia. Prior to IXICO, Giulio held global leadership roles at Thermo Fisher Scientific, Inc. and LGC Limited, where he transformed the scale of LGC's Genomics division, completing three acquisitions in under 18 months. Giulio was a member of the executive leadership team responsible for the successful sale of LGC Limited to global investment firm, KKR & Co. Inc.

External appointments
- None

Grant Nash
Chief Financial Officer & Company Secretary

S

Appointment to Board:
August 2019

Skills and experience
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. Previous to this he was SVP Finance at Evotec, an early stage drug discovery CRO. Grant is a member of the Share Transaction Committee and also acts as Secretary to the Board and its subcommittees.

External appointments
- None

Mark Warne
Non-Executive Director & Senior Independent Director

A R S

Appointment to Board:
September 2016

Skills and experience
Mark is widely recognised in the UK and international life sciences sector, having spent almost ten years at IP Group Plc, a leading intellectual property commercialisation company, where he led the Healthcare team.

External appointments
- Deep Matter Group plc, Chief Executive Officer
- Angelini Ventures, Advisor

Kate Rogers
Non-Executive Director

A R

Appointment to Board:
January 2022

Skills and experience
Kate is qualified as a chartered accountant and holds a Bachelor of Science degree in Engineering from Oxford University. Kate is the CEO of the Follicular Lymphoma Foundation which she joined in 2022 following a 20-year career with Glaxo SmithKline. At GSK Kate led the transformation of GSK's global finance organisation, having previously worked as CFO for Laboratoire Glaxo SmithKline SaS (GSK France) and other senior finance roles within GSK.

External appointments
- Follicular Lymphoma Foundation, Chief Executive Officer

Board and sub-committee meetings in FY22

2021

Month	Meetings
October	A B R
November	A B R
December	B R

2022

Month	Meetings
January	B
February	–
March	B
April	B R
May	A B
June	B R S
July	–
August	B R
September	A R

Committee membership B Board A Audit Committee R Remuneration Committee S Share Transaction Committee – None ● Chair

Meet Kate Rogers.

Introducing our new Non-Executive Director.

Q What attracted you to join IXICO's Board and what are you most excited about?

A I was very excited by IXICO's compelling purpose and vision for patients, alongside its deep track record and excellence in technological capability. I was impressed by the organisation's contribution and impact in challenging disease areas – conditions which have a high level of unmet need. I am excited to play a part in making a real difference to these patients.

Q What are your first impressions of the Board, Senior Leadership Team, and wider employee group?

A Everyone at IXICO, from the Board to the wider organisation, has been very welcoming. I've had the opportunity to meet many members of the team already. Discussions at the Board and leadership level are open, constructive, and straightforward, with an excellent level of active listening as well as speaking.

I felt immediately able to bring my own perspective, view, and experience into our discussions. People I have met in the wider organisation are smart, curious and truly passionate about what they do.

Q How will your skills and experience help you in your role as a NED?

A I have held several senior finance roles during a more than 20-year career with GSK plc. As CFO for Laboratoire Glaxo SmithKline SaS (GSK France) I chaired the Country Finance Board and provided strategic and finance leadership on the Country Board. I also led several complex transformations for GSK, including transforming GSK's global finance operations, and co-leading a restructuring of the French organisation.

I have extensive commercial finance experience, including long range strategic planning and business development experience, with strong stakeholder influencing capabilities and experience shaping collaborations and alliances. These experiences will each be valuable in supporting IXICO in its drive to deliver value for investors, bring insights from the industry, and ensure effective financial governance.

Q What will you be focussing on in your first year?

A I am building my knowledge of the business, and IXICO's technology, and I am looking forward to supporting progress of our strategy and performance. Alongside this, I will be chairing the Audit Committee, bringing a new pair of eyes and enquiring mind, so we remain vigilant and fresh in our audit and financial governance.

Board activities

The Board and its sub-committees

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

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

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

Board and sub-committee responsibilities

Meeting	Attendance	Responsibilities
Board meetings	98%	The Board is responsible to shareholders for the proper management of the Group. It comprises the Non-Executive Chair, two Executive Directors and two Non-Executive Directors, one of which acts as Senior Independent Director. The Board is chaired by Charles Spicer. Kate Rogers and Mark Warne are considered to be independent of the Executive Directors and free from any relationship which could materially affect the exercise of their independent judgement. Non-Executive Directors receive a fee for their services. The Board has agreed terms that are reserved for its consideration including the Group's strategy, budgets, financial reporting, and internal controls, together with the monitoring of the progress to achieve its goals.
Remuneration Committee	100%	The terms of reference of the Remuneration Committee include the following responsibilities: – determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and other such members of the executive management as it is designated to consider; – approve the design of, and determine targets for, any performance-related pay schemes and approve the total annual payments made under such schemes; – approve all long-term incentive scheme structures and option schemes; – approve all option grants for ratification by the Board; and – within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, bonuses, incentive payments and share options. Remuneration Committee meetings are held at least twice per financial year.
Audit Committee	100%	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. Audit Committee meetings are held at least twice per financial year. The Group auditor only provides audit services to the Group.
Share Transaction Committee	100%	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.

Directors' Report

The Board of Directors of IXICO plc (registered in England and Wales: 03131723) presents its report together with the audited consolidated Group and Company financial statements for the year ended 30 September 2022.

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 £1.0 million for the year (2021: £1.5 million restated).

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 50 of the Strategic Report.

Political donations

The Group made no political donations during the period (2021: £nil).

Charitable donations

The Group made no charitable donations during the period (2021: £3,500).

Directors

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

Director	Capacity	Appointed date	Resignation date
Giulio Cerroni	Chief Executive Officer	6 February 2017	
Grant Nash	Chief Financial Officer Company Secretary	21 August 2019 31 May 2019	
Charles Spicer	Non-Executive Chair	14 October 2013	
John Bradshaw	Non-Executive Director	14 October 2013	30 April 2022
Mark Warne	Non-Executive and Senior Independent Director	16 September 2016	
Kate Rogers	Non-Executive Director	21 January 2022	

Biographical details of IXICO plc's Directors are shown on pages 52–53.

Directors' remuneration and share options

Details of the Directors' remuneration and share options are set out in the Directors' Remuneration Report on page 59–60.

Re-election of Directors

At the 2022 AGM, in accordance with the Company's Articles of Association, Charles Spicer was reappointed as a Non-Executive Director, and Grant Nash was reappointed as a Director. At the 2023 AGM, Kate Rogers, who joined the Board during the year, will stand for election as a Non-Executive Director and Giulio Cerroni will, being eligible to do so, offer himself for re-election.

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 5 December 2022, 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 2022**	Ordinary shares of 1 pence 2021
Giulio Cerroni	**491,333**	491,333
Grant Nash	**–**	–
Charles Spicer	**333,196**	333,196
John Bradshaw	**35,500**	35,500
Mark Warne	**19,650**	19,650
Kate Rogers	**–**	–

The Directors' interests are beneficially held by each Director unless otherwise stated. Apart from these interests and share options (as disclosed on pages 59–60), 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

Whilst COVID-19, and the associated uncertainties are now receding, the conflict in eastern Europe, accompanied by rising inflation, interest rates and a broad degree of macro-economic and political disruption continue to create challenges for the global economy.

The Group is not immune to these challenges but benefits from serving a sector that is less exposed to economic slowdowns as compared to others. The Group itself is well capitalised and debt-free, meaning it is able to benefit from rising interest rates on its cash reserves without any exposure to increased costs of debt.

Whilst the Group has suffered material client contract cessations during the year, these are not atypical for the neurological market the Group serves, in which it is notoriously challenging to achieve a market approved drug. The Group has a strong balance sheet for its size, with a large cash balance and has secured £12.6 million of new contracts in the year providing it with good visibility of future revenues across a diversified portfolio of clients and projects.

In assessing going concern, management has prepared detailed sensitised forecasts which consider different scenarios throughout the course of the next 12 months. These include the risk to current projects and expected future sales pipelines. The Directors have considered these forecasts, alongside the Group's strong balance sheet and cash balance as well as the ability for the Group to mitigate costs if necessary. After due consideration of these forecasts, the Directors concluded with confidence that the Group has adequate financial resources to continue in operation for the foreseeable future.

Structure of the Company's capital

The Company's share capital comprises a single class of ordinary shares of 1 pence per share, each carrying 1 voting right and all ranking equally with each other. At 30 September 2022, 48,151,373 (2021: 48,151,373) 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 20 January 2022, shareholders authorised the Directors to allot relevant securities up to an aggregate nominal value of £160,505 (representing 33.33% of the issued share capital) and to allot for cash equity securities having a nominal value not exceeding in aggregate £48,151 (representing 10.0% of the issued share capital).

These authorities expire at the close of business on 19 January 2023, or if earlier, the conclusion of the next AGM. At the 2023 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 5 December 2022, 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	1,930,766	4.01

AGM

The notice convening and giving details of the 2023 AGM will be posted to shareholders on or before 17 December 2022. The 2023 AGM of the Company will be held at the offices of CCT Venues Smithfield, 2 East Poultry Avenue, London, EC1A 9PT on Friday 27 January 2023.

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.

No post balance sheet events have been noted.

Disclosure of information to auditors

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information (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 Chair
6 December 2022

Directors' Remuneration Report

for the year ended 30 September 2022

Remuneration policy for Executive Directors

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

Base salary

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

Pension contribution

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

Performance-related bonus

The Group operates a discretionary bonus scheme that takes account of the underlying financial performance of the Group, meeting KPIs and achieving strategic objectives. All performance targets are set by the Remuneration Committee. The award of bonus payments to employees, including Executive Directors, are subject to the Remuneration Committee's review and approval. For the year to 30 September 2022, the Remuneration Committee determined that bonus related KPIs and strategic objectives were not met, resulting in no bonus entitlements being achieved. A one-off payment was paid to all staff in September 2022 to help with the climbing cost of living. All full-time employees received payments of the same value.

Bonus payments are not pensionable.

IXICO EMI Share Option Plan 2014

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

Share dilution limits

The aggregate number of new ordinary shares which may be issued on the realisation of the EMI Share Option Plan 2014 in any 10-year period may not exceed 15% of the number of ordinary shares in issue. 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 2022, 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 5,880,361 or 12.2% 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

Directors' Remuneration Report continued

Non-Executive Directors

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

Current contracts together with notice periods are as follows:

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

Directors' remuneration

	Year ended 30 September 2022			Year ended 30 September 2021		
	Salary and fees £	**Bonus £**	**Pension contributions £**	Salary and fees £	Bonus £	Pension contributions £
Executive						
Giulio Cerroni	**316,000**	**1,500**	**–**	313,417	101,860	–
Grant Nash	**186,000**	**1,500**	**14,880**	186,000	18,135	14,880
	502,000	**3,000**	**14,880**	499,417	119,955	14,880
Non-Executive						
Charles Spicer	**51,125**	**–**	**–**	47,215	–	–
John Bradshaw	**13,988**	**–**	**–**	23,891	–	–
Mark Warne	**28,495**	**–**	**–**	23,891	–	–
Kate Rogers	**20,923**	**–**	**–**	–	–	–
	114,531	**–**	**–**	94,997	–	–
Aggregate emoluments	**616,531**	**3,000**	**14,880**	594,414	119,955	14,880

No Directors waived emoluments in the year ended 30 September 2022 (2021: £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 2021	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**At 30 September 2022**	Exercise price	Date of grant	Vesting date
Giulio Cerroni	584,525	–	–	–	584,525	£0.010	4-Jun-18	3-Jun-21
	584,525	–	–	–	584,525	£0.010	4-Jun-18	3-Jun-22
	245,000	–	–	–	245,000	£0.010	5-Dec-19	4-Dec-22
	245,000	–	–	–	245,000	£0.010	5-Dec-19	4-Dec-23
	1,659,050	**–**	**–**	**–**	**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	**2,259,050**	**–**	**–**	**–**	**2,259,050**			

During the year ended 30 September 2022, the Company's share price ranged from £0.31 to £0.85. Share options granted on 5 December 2019 were modified during the year, the details of which are outlined in note 22.

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 strives towards compliance with, the Quoted Companies Alliance ('QCA') Corporate Governance Code ('Code'). It has published a statement on the Group website that sets out, in broad terms, how the Group complies with the Code at the date of this report.

The Board provides annual updates about compliance with the Code. The Board is responsible for ensuring that IXICO is managed for the long-term benefit of all shareholders, through effective and efficient decision-making. Corporate governance is an important part of the Board's role by providing oversight and guidance to help manage risk and build long-term value.

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

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

Focus area	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. During 2022 the Group has refreshed its strategy focussing on the next phase of its growth across the period 2022 to 2027. This follows the successful delivery of the strategic targets set in 2017 and delivered over the last five years. These plans were presented in summary form to the Group's shareholders at its interim results presentations in May-22 and are focussed on achieving scale, which the Group sees as critical to it achieving its long-term goals and purpose.	Our five-point growth plan for the period 2022 to 2027 is detailed on pages 20–21.
	2: Seek to understand and meet shareholder needs and expectations	The Board is committed to encouraging open communication between itself and shareholders. The CEO and CFO arrange to meet with major shareholders at least twice a year to update them on strategy, progress against this strategy and obtain feedback. The Chair also makes himself available for discussions with major shareholders as and when appropriate. Further, should the Board consider any significant divergence from strategy it will seek feedback from major shareholders as part of its deliberations. The Board uses publications on its website and its Annual Report to keep all shareholders informed of its progress. It uses the AGM to invite feedback from any shareholder. The CEO and CFO are responsible for investor relations and any feedback received from shareholders is communicated to the wider Board.	Shareholder expectations are discussed further in stakeholder engagement on pages 30–33.
	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 shareholders, clients, suppliers, employees and the participants of the clinical trials it serves. The Group's purpose is to generate societal benefits via supporting the development of drugs which deliver improved health outcomes for those impacted by neurological diseases. To bring life to this purpose, the Board engenders a culture which translates this purpose into an ethos and culture by which the Group operates. This is emphasised in our ESG section (pages 34–41) where the Group discusses our investment in our employees and how this contributes to long term success. In working closely with its stakeholders, the Board has implemented approaches that align the considerations of each stakeholder group with the Group's purpose and 'way of working'.	Our stakeholders are described in our business model on pages 18–19 and in our stakeholder engagement on pages 30–33.
	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 pages 46–51.

Corporate Governance Report continued

Focus area	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 Chair, 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 Chair has regular one-to-one meetings with the Chief Executive Officer. The Board has access to independent external advisers to support it in its decisions, where additional skills or expertise is deemed necessary. The Board has procedures in place to deal with a situation in which a Director has, or may have, a conflict of interest. The Board is aware of other commitments and interests as they are disclosed by each Board member. The Board meets formally (either face-to-face or via video conference) not fewer than four times per year in addition to the annual strategy day. The Board is also supported by three subcommittees: the Audit Committee, the Remuneration Committee and the Share Transaction Committee. The Board and its subcommittees all operate against terms of reference which are summarised on the Company website (https://ixico.com/investors/governance/).	More information on Board membership is provided on pages 52–55.
	6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board has an appropriate balance of skills and experience and is mindful of the need to continuously review the needs of the business to ensure that this remains true, so that the Board can drive performance as well as comply with regulations. The Group's Articles of Association require that all Directors must stand for re-election every three years and that any new Directors appointed during the year must stand for election at the AGM following their appointment.	Further details of the Board's skills and experience can be found on pages 52–53.
	7: Evaluate all elements of Board performance based on clear and relevant objectives, seeking continuous improvement	The Board undertakes self-reviews from time to time in order to assess its performance. The Chair provides leadership to the Board and assesses the individual Directors to ensure that their contribution is relevant and effective and that they are committed members of the Board.	
	8: Promote a corporate culture that is based on ethical values and behaviours	The Group operates in a highly regulated environment in accordance with an Integrated Management System which is subject to third-party audit. The Group is focussed on a therapeutic area which has a high unmet medical need, and our employees are motivated to support our clients in their quest to develop and provide safe, effective treatments for people living with neurological diseases. The Group employs a diverse workforce and embraces a culture where employees are treated equitably within an environment of mutual respect and understanding. The Group adopts a zero-tolerance position to fraud, bribery, modern slavery and other unethical behaviours and is committed to meeting high standards in this regard throughout its operational practices and wider stakeholder engagements. The Company's corporate responsibility approach is to ensure that as a company we focus on the environmental, social and governance ('ESG') consequences of all our activities and to strive to be an organisation that individuals wish to interact with, whether employees, clients or suppliers. The Company is committed to integrating ESG within its business model.	The Group's values are described on page 2.

Focus area	Governance principle	Group approach	Further reading
Maintain a strong and dynamic management framework that places value on developing the Group in an ethical manner (continued)	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 pages 46–51.
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 2–51. Stakeholder engagement on pages 30–33. Directors' Report pages 56–58. Financial Review pages 42–45.

Statement of Directors' Responsibilities

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

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

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

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

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

By order of the Board of Directors

Charles Spicer
Non-Executive Chair
6 December 2022

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 2022 which, comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

In 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 the ongoing impacts of the pandemic as well as the current political and economic climate in Europe. 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.

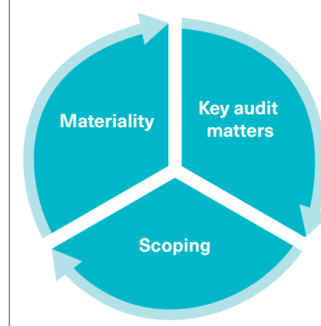
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months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

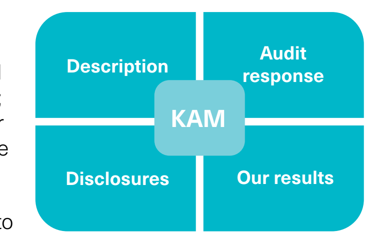
Grant Thornton



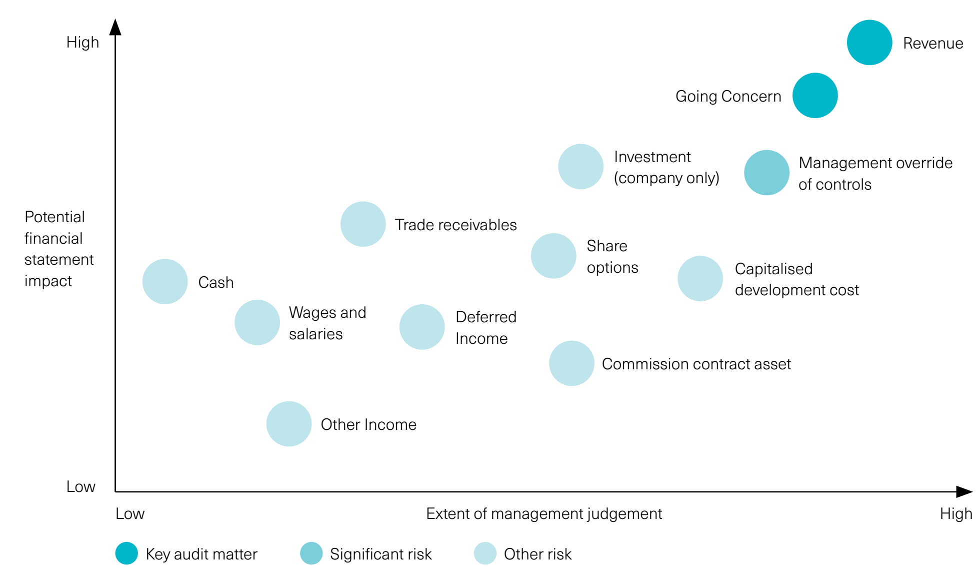
Overview of our audit approach
Overall materiality: – Group: £173,000, which represents 2% of the group's revenue – Parent company: £164,000, which represents 2% of the parent company's total assets, capped at an amount less than group materiality.
Key audit matters were identified as: – Revenue recognition (same as previous year) – Going concern (same as previous year) Our auditor's report for the year ended 30 September 2021 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 the financial statements of 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.



Independent Auditor's Report continued

to the Members of IXICO plc

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.
 	
Group revenue of £8,643k (2021: £9,190k) has been recognised for the year ended 30 September 2022, arising through the group's 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 tasks and performance obligations within each contract in line with IFRS 15 requires the use of management judgement. There is a risk that revenue is not recognised appropriately in line with each separate performance obligation identified within the contract.
	In responding to the key audit matter, we performed the following audit procedures:
	– Performing a walkthrough test of the processes and controls relevant to revenue recognition to confirm whether they are consistently applied;
	– 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 to corroborate the amounts of revenue recognised to date;
	– 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 significant 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; and
	– Corroborating a sample of accrued and deferred income balances to supporting project planning sheets and the recalculated revenue for the year, determined by considering the revenue recognised and invoicing for the year to date.

Relevant disclosures in the Annual Report and Accounts 2022 – Financial statements: Note 4.1 Significant accounting policies, Note 5 Significant management judgements and estimation uncertainty, Note 6 Revenue and Note 7 Segmental information.	**Our results** Our audit testing did not identify any material deficiencies in relation to the recorded revenue that required us to expand the nature or scope of our planned procedures.

Key Audit Matter – Group	How our scope addressed the matter – Group
Going concern We identified going concern as one of the most significant assessed risks of material misstatement due to error. As stated in the 'Conclusions relating to going concern' section of our report, macro-economic uncertainties currently faced by the UK have ongoing impacts on businesses, and at the date of this report its effects continue to result in uncertainty. The impact of cost increases combined with the risk of further cancelled contracts could adversely impact the future trading performance of the group and the parent company and as such increases the extent of judgement and estimation uncertainty associated with the forecasts prepared, as well as management's decision to adopt the going concern basis of accounting in the preparation of the financial statements.	**In responding to the key audit matter, we performed the following audit procedures:** – Obtaining management's base case scenario for the period to 31 December 2023, together with supporting evidence for all key trading, working capital and cash flow assumptions. We assessed how these cash flow forecasts were compiled and assessed their appropriateness by applying relevant sensitivities to the underlying assumptions and challenging the nature of those assumptions; – Obtaining management's downside scenarios, including a Reverse Stress Test, which reflect management's assessment of uncertainties. We evaluated the assumptions regarding the forecast period and reduced trading levels under each of these scenarios including the impact of early termination of clinical trials, failure to convert expected bookings to contracted bookings and the impact of macro-economic uncertainties on the cost base of the group; – Determining whether the assumptions are consistent with our understanding of the business obtained during the course of the audit and the changing external macro-economic circumstances; – Assessing the accuracy of management's past forecasting by comparing management's forecasts for 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 disclosure within the Annual Report and Accounts.
Relevant disclosures in the Annual Report and Accounts 2022 – Financial statements: Note 1d Going concern	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report. We did not identify any material uncertainties related to going concern.

Independent Auditor's Report continued

to the Members of IXICO plc

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.

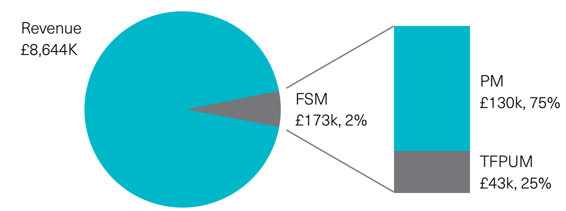
Materiality was determined as follows:

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	£173,000, which is 2% of the group's total revenue.	£164,000, which is 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 also consistently used revenue to determine materiality due to the year-on-year volatility in profit or loss before tax, meaning it is not a stable and appropriate benchmark. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2021 owing to the decrease in revenue in the current year.	This benchmark is considered the most appropriate because the company's principal activity is that of a holding company for the group and this judgement is consistent with the prior year. Materiality for the current year is lower than the level that we determined for the year ended 30 September 2021 owing to the reduction in group materiality.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£130,000, which is 75% of financial statement materiality.	£123,000 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 the prior year – whether there were any significant control deficiencies identified in prior years – whether there were any changes in senior management of the group during the period – whether there were any significant changes in business objectives/strategy	In determining performance materiality, we made the following significant judgements: – whether there were any significant adjustments made to the group financial statements in the prior year – whether there were any significant control deficiencies identified in prior years – whether there were any changes in senior management of the group during the period – whether there were any significant changes in business objectives/strategy
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: – Related party transactions – Directors remuneration	We determined a lower level of specific materiality for the following areas: – Related party transactions – Directors remuneration

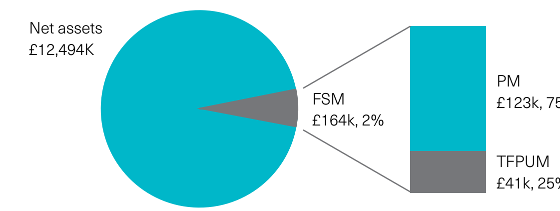
Materiality measure	Group	Parent Company
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£9,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,200 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, profit before taxation and total assets. If any of these individual metrics were >15% of the group total amounts, then the related component was classified as 'individually financially significant to the group' and an audit of the financial information of the component using component materiality (full-scope audit) was performed.
- Other than IXICO Technologies Limited, the only other component of the group (IXICO Technologies Inc) was selected as 'neither significant nor material' and was subject to analytical procedures.

Independent Auditor's Report continued

to the Members of IXICO plc

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 2021, being wholly substantive in nature.

Audit approach	No. of components	% coverage Total assets	% coverage Revenue	% coverage 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 & Accounts 2022, 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 statement of directors' responsibilities, 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 (UK-adopted international accounting standards and the Companies Act 2006).
- We understood how the company and the group is complying with those legal and regulatory frameworks by making inquires of management, those responsible for legal and compliance procedures and management. We corroborated our inquiries through our review of board minutes and walkthrough tests performed with management.
- In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosure and business risks that may result in risks of material misstatement.
- We assessed the susceptibility of the company's and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the group engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgements made by management in its significant accounting estimates such as inputs to the valuation of share options at grant date, the useful economic lives of depreciable assets and the average contract length applied in the accounting treatment of commission assets;
  - Identifying and testing journal entries, in particular any journal entries posted with large values, those posted at the year end or those posted by certain users during the year;
  - Performing unusual account reviews of significant balances and groups of transactions such as revenue and capitalised development to identify any unusual transactions outside of expectations;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - Holding discussions with those outside the finance team including human resources, key management including the Chief Executive Officer and operations personnel.

Independent Auditor's Report continued

to the Members of IXICO plc

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

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 2022

Consolidated Statement of Comprehensive Income

for the years ended 30 September 2022 and restated for 30 September 2021

	Notes	30-Sep-22 £000	30-Sep-21 Restated[1] £000
Revenue	6	**8,643**	9,190
Cost of sales		**(3,400)**	(3,166)
Gross profit		**5,243**	6,024
Other income	8	**689**	448
Operating expenses			
Research and development expenses		**(1,217)**	(1,240)
Sales and marketing expenses		**(1,226)**	(1,209)
General and administrative expenses		**(2,581)**	(2,905)
Total operating expenses	11	**(5,024)**	(5,354)
Operating profit		**908**	1,118
Finance income		**10**	1
Finance expense		**(33)**	(22)
Profit on ordinary activities before taxation		**885**	1,097
Taxation	12	**147**	415
Profit attributable to equity holders for the period		**1,032**	1,512
Other comprehensive expense:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange translation differences		**14**	9
Movement in fair value of cash flow hedges	23	**(214)**	–
Cash flow hedges recycled to revenue	23	**103**	–
Total other comprehensive expense		**(97)**	9
Total comprehensive income attributable to equity holders for the period		**935**	1,521
Profit per share (pence)			
Basic profit per share	13	**2.14**	3.17
Diluted profit per share	13	**2.03**	3.00

1 See note 3

Consolidated Statement of Financial Position

as at 30 September 2022 and restated for 30 September 2021 and 30 September 2020

	Notes	30-Sep-22 £000	30-Sep-21 Restated[1] £000	30-Sep-20 Restated[1] £000
Assets				
Non-current assets				
Property, plant and equipment	14	**817**	1,081	1,014
Intangible assets	15	**4,587**	2,710	796
Total non-current assets		**5,404**	3,791	1,810
Current assets				
Trade and other receivables	17	**3,029**	3,305	2,212
Current tax receivables	12	**453**	480	259
Cash and cash equivalents		**5,769**	6,684	7,945
Total current assets		**9,251**	10,469	10,416
Total assets		**14,655**	14,260	12,226
Liabilities and equity				
Non-current liabilities				
Trade and other payables	18	**33**	114	167
Provisions		**–**	–	90
Lease liabilities	19	**394**	519	45
Total non-current liabilities		**427**	633	302
Current liabilities				
Trade and other payables	18	**1,502**	2,070	2,216
Derivative financial liabilities	23	**111**	–	–
Provisions		**–**	–	100
Lease liabilities	19	**122**	78	168
Total current liabilities		**1,735**	2,148	2,484
Total liabilities		**2,162**	2,781	2,786
Equity				
Ordinary shares	21	**482**	482	471
Share premium	21	**84,802**	84,802	84,499
Merger relief reserve	21	**1,480**	1,480	1,480
Reverse acquisition reserve	21	**(75,308)**	(75,308)	(75,308)
Cash flow hedge reserve	21, 23	**(111)**	–	–
Foreign exchange translation reserve	21	**(74)**	(88)	(97)
Capital redemption reserve	21	**7,456**	7,456	7,456
Accumulated losses	21	**(6,234)**	(7,345)	(9,061)
Total equity		**12,493**	11,479	9,440
Total liabilities and equity		**14,655**	14,260	12,226

1 See note 3

The financial statements on pages 73-106 were approved by the Board of Directors and authorised for issue on 6 December 2022 and were signed on its behalf by:

Grant Nash
Chief Financial Officer

6 December 2022

IXICO plc, Registered number: 03131723

Company Statement of Financial Position

as at 30 September 2022 and 30 September 2021

	30-Sep-22 12 months £000	30-Sep-21 12 months £000
Assets		
Non-current assets		
Investments in Group undertakings	**5,805**	5,748
Total non-current assets	**5,805**	5,748
Current assets		
Trade and other receivables	**3,088**	3,549
Cash and cash equivalents	**1,590**	1,845
Total current assets	**4,678**	5,394
Total assets	**10,483**	11,142
Liabilities and equity		
Current liabilities		
Trade and other payables	**83**	80
Total current liabilities	**83**	80
Equity		
Ordinary shares	**482**	482
Share premium	**84,802**	84,802
Merger relief reserve	**1,480**	1,480
Capital redemption reserve	**7,456**	7,456
Accumulated losses	**(83,820)**	(83,158)
Total equity	**10,400**	11,062
Total liabilities and equity	**10,483**	11,142

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 £741,000 (2021: £966,000).

The financial statements on pages 73-106 were approved by the Board of Directors and authorised for issue on 6 December 2022 and were signed on its behalf by:

Grant Nash
Chief Financial Officer

6 December 2022

IXICO plc, Registered number: 03131723

Consolidated Statement of Changes in Equity

for the years ended 30 September 2022 and 30 September 2021

	Ordinary shares £000	Share premium £000	Merger relief reserve £000	Reverse acquisition reserve £000	Foreign exchange translation reserve £000	Cash flow hedge reserve £000	Capital redemption reserve £000	Accumulated losses Restated £000	Total £000
Balance at 30 September 2020	471	84,499	1,480	(75,308)	(97)	–	7,456	(9,382)	9,119
Prior period adjustment (note 3)	–	–	–	–	–	–	–	321	321
Restated balance at 30 September 2020	471	84,499	1,480	(75,308)	(97)	–	7,456	(9,061)	9,440
Total comprehensive income/(expense)									
Profit for the period	–	–	–	–	–	–	–	1,512	1,512
Other comprehensive expense:									
Foreign exchange translation	–	–	–	–	9	–	–	–	9
Total comprehensive income	–	–	–	–	9	–	–	1,512	1,521
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
Restated balance at 30 September 2021	**482**	**84,802**	**1,480**	**(75,308)**	**(88)**	**–**	**7,456**	**(7,345)**	**11,479**
Total comprehensive income									
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,032**	**1,032**
Other comprehensive expense:									
Foreign exchange translation	**–**	**–**	**–**	**–**	**14**	**–**	**–**	**–**	**14**
Movement in fair value of cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(214)**	**–**	**–**	**(214)**
Cash flow hedges recycled to revenue	**–**	**–**	**–**	**–**	**–**	**103**	**–**	**–**	**103**
Total comprehensive income	**–**	**–**	**–**	**–**	**14**	**(111)**	**–**	**1,032**	**935**
Transactions with owners									
Charge in respect of share options	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**79**	**79**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**79**	**79**
Balance at 30 September 2022	**482**	**84,802**	**1,480**	**(75,308)**	**(74)**	**(111)**	**7,456**	**(6,234)**	**12,493**

Company Statement of Changes in Equity

for the years ended 30 September 2022 and 30 September 2021

	Ordinary shares £000	Share premium £000	Merger relief reserve £000	Capital redemption reserve £000	Accumulated losses £000	Total £000
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**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(741)**	**(741)**
Transactions with owners						
Charge in respect of share options	**–**	**–**	**–**	**–**	**79**	**79**
Total transactions with owners	**–**	**–**	**–**	**–**	**(662)**	**(662)**
Balance at 30 September 2022	**482**	**84,802**	**1,480**	**7,456**	**(83,820)**	**10,400**

Consolidated and Company Statements of Cash Flows

for the years ended 30 September 2022 and 30 September 2021

	Group		Company	
	30-Sep-22 £000	30-Sep-21 Restated[1] £000	**30-Sep-22 £000**	30-Sep-21 £000
Cash flows from operating activities				
Profit/(loss) for the period	**1,032**	1,512	**(741)**	(966)
Finance income	**(10)**	(1)	**(4)**	–
Finance expense	**33**	22	**–**	29
Taxation	**(147)**	(415)	**–**	–
Depreciation of fixed assets	**451**	464	**–**	–
Amortisation of intangibles	**188**	145	**–**	–
Research and development expenditure credit	**(316)**	(160)	**–**	–
Impairment of intangible assets	**41**	–	**–**	–
Dilapidation provision release	**–**	(53)	**–**	–
Share option charge	**79**	204	**22**	78
	1,351	1,718	**(723)**	(859)
Changes in working capital				
Decrease/(increase) in trade and other receivables	**280**	(1,093)	**462**	706
(Decrease)/increase in trade and other payables	**(696)**	(366)	**3**	(21)
Cash (used in)/generated from operations	**935**	259	**(258)**	(174)
Taxation received	**499**	354	**–**	–
Taxation paid	**(10)**	–	**–**	–
Net cash (used in)/generated from operating activities	**1,424**	613	**(258)**	(174)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(187)**	(170)	**–**	–
Purchase of intangible assets including staff costs capitalised	**(2,058)**	(1,984)	**–**	–
Finance income	**6**	1	**3**	–
Net cash (used in)/generated from investing activities	**(2,239)**	(2,153)	**3**	–
Cash flows from financing activities				
Issue of shares	**–**	314	**–**	314
Repayment of lease liabilities	**(114)**	(44)	**–**	–
Net cash (used in)/generated from financing activities	**(114)**	270	**–**	314
Movements in cash and cash equivalents in the period	**(929)**	(1,270)	**(255)**	140
Cash and cash equivalents at start of period	**6,684**	7,945	**1,845**	1,705
Effect of exchange rate fluctuations on cash held	**14**	9	**–**	–
Cash and cash equivalents at end of period	**5,769**	6,684	**1,590**	1,845

1 See note 3

Notes to the financial statements

for the years ended 30 September 2022 and 30 September 2021

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 16, 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 16. 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

Whilst COVID-19, and the associated uncertainties are now receding, the conflict in eastern Europe, accompanied by rising inflation, interest rates and a broad degree of macro-economic and political disruption continue to create challenges for the global economy.

The Group is not immune to these challenges but benefits from serving a sector that is less exposed to economic slowdowns as compared to others. The Group itself is well capitalised and debt-free, meaning it is able to benefit from rising interest rates on its cash reserves without any exposure to increased costs of debt.

Whilst the Group has suffered material client contract cessations during the year, these are not atypical for the neurological market the Group serves, in which it is notoriously challenging to achieve a market approved drug. The Group has a strong balance sheet for its size, with a large cash balance and has secured £12.6 million of new contracts in the year providing it with good visibility of future revenues across a diversified portfolio of clients and projects.

In assessing going concern, management has prepared detailed sensitised forecasts which consider different scenarios throughout the course of the next 12 months. These include the risk to current projects and expected future sales pipelines, assessed through a Reverse Stress Test. 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.

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

2. New and amended accounting standards and interpretations

a. Adoption of new accounting standards for the year ended 30 September 2022

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:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

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

b. Accounting developments affecting financial statements in subsequent periods

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

- Classification of liabilities as current or non-current (Amendments to IAS 1)

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. Prior period adjustment

Under IFRS 15, an entity should recognise as an asset the incremental costs of obtaining a contract with a client if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a client that it would not have incurred if the contract had not been obtained. The asset is then amortised on a systematic basis over the contract period.

Following an internal review of the Group's accounting policies, including IFRS 15, it was identified that some elements of its sales commission payments constitute incremental costs of obtaining client contracts. This portion of sales commission costs were being recognised in full when the corresponding client contract was signed. This treatment is incorrect. The correct treatment was for these costs to have been capitalised and amortised on a systematic basis to reflect the period of the client contract. This error impacted the financial years 2017 through 2021.

The impact of this error led to an overstatement of total comprehensive income in 2021 by £63,000 due to no recognition of amortisation of commission contracts from financial years 2017 through to 2021, instead the commission was recognised at the time the corresponding contract was signed. Due to the Group surrendering taxable losses under the R&D tax credit schemes the restatement did not materially affect the Group's tax position. The 2021 liability position was also identified as overstated by £191,000 due to a recognition of a commission accrual, representing commission that was likely to be earned through the life of the contract. As this element of the commission payment requires the respective employee to remain in service for a specific period, this element of commission should have been accrued over time as this service was provided. Finally, the 2021 asset position was understated by £130,000 as no commission asset was recognised. The full extent of the 2021 restatement is therefore to increase net assets by £258,000 as can be seen below:

Consolidated statement of financial position	2020 as originally presented £000	Change in commission accounting £000	2020 Restated £000	2021 as originally presented £000	Change in commission accounting £000	2021 Restated £000
Trade and other receivables	2,082	130	2,212	3,194	111	3,305
Trade and other payables	2,407	(191)	2,216	2,217	(147)	2,070
Accumulated losses	(9,382)	321	(9,061)	(7,603)	258	(7,345)

Consolidated statement of comprehensive income	2021 as originally presented £000	Change in commission accounting £000	2021 Restated £000
Sales and marketing expenses	(1,146)	(63)	(1,209)
Total operating expenses	**(5,291)**	**(63)**	**(5,354)**
Operating profit	**1,181**	**(63)**	**1,118**
Profit on ordinary activities before taxation	**1,160**	**(63)**	**1,097**
Profit attributable to equity holders for the period	**1,575**	**(63)**	**1,512**
Total comprehensive income attributable to equity holders for the period	**1,584**	**(63)**	**1,521**

Consolidated and Company Statements of Cash Flows	2021 as originally presented £000	Change in commission accounting £000	2021 Restated £000
Profit/(loss) for the period	1,575	(63)	1,512
Changes in working capital			
(Increase)/decrease in trade and other receivables	(1,112)	19	(1,093)
Increase/(decrease) in trade and other payables	(410)	44	(366)
Cash (used in)/generated from operations	259	–	259
Net cash (used in)/generated from operating activities	613	–	613

	2021 as originally presented	Change in commission accounting	2021 Restated
Basic earnings per share	3.30p	(0.13p)	3.17p
Diluted earnings per share	3.12p	(0.12p)	3.00p

4. Significant accounting policies

4.1 Revenue

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

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

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

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

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

4. Significant accounting policies continued

4.1 Revenue continued

The Group has identified performance obligations within each of the revenue streams as set out below. The transaction price associated to each performance obligation is allocated based on their relative stand-alone selling price. Revenue is recognised once the performance obligation is met for each distinct service. Deferred income and advanced payments are recognised where consideration is received before all performance considerations have been completed. They are then released in line with contractual terms which dictate which performance obligations they relate to. The Group invoices in the month performance obligations are completed and hence do not recognise any contract assets relating to revenue.

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 and site set up Training materials and delivery Scientific reports	This service type includes the initial project set up documentation, such as scientific protocols and operational guides, and close out activities such as scientific reports. Where a tangible product is created, the performance obligation is met once the item is transferred to the client. In respect of training, materials are prepared in advance and provided to clients as tools for site training. Site training is provided either through live online training or through a self-paced training module. The performance obligation is met once each individual site has completed the training.	Revenue for this service is recognised at a point in time once the Group has delivered the relevant material on behalf of the client. For training materials and delivery, revenue is recognised at the point in time when a site has completed its training.
Project management Site management	Each contract requires various project management activities. These services are provided throughout the duration of a contract. Site management services are provided throughout the duration of a site being operational and would typically be shorter than the project management cycle. For both activities, the costs and time spent delivering these services are generally spread evenly over the project lifetime. As such the performance obligation is met when the specific service is provided each month.	The services provided for project and site management represents a provision of ongoing services. As the fee is charged monthly to the client over the duration for which management services are provided, revenue for these items is recognised over a series of points in time across the contract.
TrialTracker configuration and access	The TrialTracker platform delivers a robust and comprehensive set of centralised imaging services designed to efficiently manage the complex imaging workflow, including image upload, quality control, reading and analysis. The platform also allows for reporting and data transfer. This involves the initial configuration and deployment of TrialTracker, and access granted to client trial sites for upload of clinical information. Due to the lack of interrelationship between the two distinct services provided, each are recognised independently. The performance obligations for each are: – The performance obligation for deployment is met over a period of time during the configuration and development of TrialTracker. – The performance obligation for ongoing access to TrialTracker for the upload of data by client trial sites is recognised over the duration of the project once TrialTracker is deployed.	The deployment of TrialTracker is recognised over time as the platform is configured for the customer. This is because an asset is being created that has no alternative use for the Group and there is an enforceable entitlement to receive payment for the work completed to date. The ongoing access fee is charged monthly to the client and so revenue is recognised over a series of points in time across the contract.
Data management and quality control	Ensuring data are managed appropriately and that the data are of a high quality is critical in the delivery of the Group's service. The data management and imaging teams work in collaboration to ensure ongoing integrity of data. The data will go through a series of quality control reviews prior to being used in the Group's performance of reading 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 a series of points in time across the contract.
Data reading and analysis	The Group provides data analysis services across a range of biomarkers, providing high-quality, clinically meaningful data. The performance obligation for these services is met once the analysis is completed.	Revenue from reading and analysis of clinical data is recognised at the point in time when the work is complete.
Licence revenue	Revenue relating to licencing is entirely attributable to TrialTracker. Each agreement will grant the user rights to access the software for their own use and receive associated technical support during the licence period. The granting of the licence and its associated support are distinct performance obligations and are met on a straight-line basis over the contract term.	Revenue for both the licencing and support are recognised on a straight-line basis over the duration of the contract and is therefore recognised over time. Licence revenue in the current year is not material.

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, or reduction, of 'distinct' services; and
- the price change reflects the services stand-alone selling prices ('SSP') under the circumstances of the modified contract.

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

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

4.2 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% 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.

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

4. Significant accounting policies continued

4.3 Research and development expenditure

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

The main criteria used to assess this, as required under IAS 38 – Intangible Assets, are:

- Demonstrating technical feasibility of completing the intangible asset;
- Intention to complete the asset;
- Ability to use or sell the asset in order to generate future economic benefit;
- Availability of adequate technical or other resources to complete development; and
- Ability to measure reliably the expenditure attributable to the asset.

It was determined that the Group continued to meet the above criteria in respect of specific developments to its TrialTracker platform and data analytics service offering. As a result, associated development costs are capitalised in the year and an intangible asset is recognised as set out in note 15.

4.4 Share-based payments

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

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

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22 of the consolidated financial statements.

In the year the Group modified the terms of two option awards. The Group accounts for the incremental fair value expense of these modifications on a straight-line basis over the remaining performance period in line with the accounting policy as described above.

4.5 Employee benefits

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

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

4.6 Leased assets

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

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

Initial recognition

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

Subsequent measurement

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

On the statement of financial position, right-of-use assets are included in property, plant and equipment and lease liabilities are shown separately. Please see note 19 for more information.

4.7 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.

4.8 Intangible assets

Acquired intangibles

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

Initial recognition

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

Subsequent measurement

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

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

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

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

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

4. Significant accounting policies continued

4.8 Intangible assets continued

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 4.3.

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

4.9 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.

4.10 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 16.

4.11 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 17 for further information on aging of trade receivables and an analysis of any expected credit losses.

The Group recognises commission payments as incremental costs from obtaining a contract. Those that are paid immediately are capitalised under IFRS 15 and amortised over three years (2021: three years), being the average length of contracts entered into by the Group. Those not paid immediately are accrued over a period of time as this element of the commission payment requires the respective employee to remain in service for a specific period.

4.12 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 4.2.

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements in accordance with IAS 12 – Income taxes. Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available in future years to utilise the temporary difference. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Group intends to settle these on a net basis.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. As such, the Group does not recognise any deferred tax assets, see note 20.

4.13 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.

4.14 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.

4.15 Trade and other payables

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

4.16 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.

4.17 Equity instruments

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

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

4. Significant accounting policies continued

4.18 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.

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

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

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

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

Significant management judgements

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

Determination of acting as agent or principal

The scope of a client project or its contract terms are reviewed to determine whether the Group is acting as principal or agent. This determination depends on the facts and circumstances of each individual project or contract and requires judgement, which are made in accordance with the applicable standards. The primary indicator used to determine whether the Group is acting as a principal is whether control of the good or service is gained prior to the good or service transferring to the client. If control is gained, revenue is recognised on a gross basis. If no control is achieved, then revenue is recognised on a net basis. During the prior 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 in the prior 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 4.3 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 2022, research and development expenses totalled £2,129,000 (2021: £2,270,000). Of this amount, £912,000 (2021: £1,030,000) was capitalised as an intangible asset relating to employee costs. The balance of expenditure being £1,217,000 (2021: £1,240,000) 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 Group are spread evenly over the life of the revenue stream. This was determined through an understanding of the work required to deliver the various revenue streams and the obligations within the contract needing to be met.

Share-based payments

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

Useful lives of depreciable assets

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

Commission assets

The Group capitalises incremental costs incurred through contracts in line with IFRS 15. These costs are spread over 3 years which is the average length of a contract, as opposed to using a tailored time period for each project. Management annually reviews this assessment to determine that there are no material variances.

6. Revenue

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

	2022 £000	2021 £000
Service revenue	**8,643**	9,190

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 2022, revenue includes £499,000 (2021: £438,000) 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 a single access fee, with this access fee being recognised over the duration of the project. This amount also includes performance obligations relating to advance payments that were not yet complete at the end of the prior year. Advance payments are charged to clients to de-risk start-up activities and are recognised at a point in time once an activities performance obligation is met, £575,000 of advanced payments were recognised as at 30 September 2022 (2021: £214,000).

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

7. Segmental information

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

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

During the year ended 30 September 2022, the Group had three clients (2021: two clients) that exceeded 10% of total revenue. In 2022 the individual percentage revenue associated with these clients was 38% (£3,320,000), 14% (£1,175,000) and 11% (£976,000). In 2021, the individual percentage revenue associated with the two largest clients was 55% (£5,012,000) and 14% (£1,248,000).

Geographical information

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

	2022 £000	2021 £000
Switzerland	**2,077**	3,247
United Kingdom	**2,057**	1,983
United States of America	**2,711**	1,860
Netherlands	**436**	1,248
Ireland	**724**	482
Other – Europe	**638**	370
Revenue	**8,643**	9,190

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

8. Other income

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

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

	2022 £000	2021 £000
Grant income	**373**	288
RDEC	**316**	160
Other income	**689**	448

9. Auditor's remuneration

	2022 £000	2021 £000
Audit services		
– Group and Parent Company	**38**	33
– Subsidiary companies	**26**	22
Total audit fees	**64**	55
Audit-related assurance services	**7**	6
Total auditor's remuneration	**71**	61

10. Employees and Directors

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

	2022 Number	2021 Number
Administration	**15**	16
Operations, research and development	**75**	77
Average total persons employed	**90**	93

The aggregate remuneration of employees in the Group was:

	2022 £000	2021 Restated £000
Wages and salaries	**5,851**	5,841
Social security costs	**610**	625
Other pension costs	**286**	269
Share-based payments charge	**79**	204
Total remuneration for employees	**6,826**	6,939
Employee costs capitalised	**(912)**	(1,030)
Net employee costs	**5,914**	5,909

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 2022 in respect of pension costs were £46,000 (2021: £42,000).

The remuneration of the Group's Directors is set out in the Directors' Remuneration Report on pages 59–60, 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.

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for the years ended 30 September 2022 and 30 September 2021

11. Operating profit
The Group's operating profit has been achieved after charging:

	2022 £000	2021 Restated £000
Research and development expenses	**1,176**	1,240
Sales and marketing expenses	**1,173**	1,146
Amortisation of commission assets (restated)	**53**	63
Operating lease charges: land, buildings and printers	**1**	2
Depreciation of tangible assets	**451**	464
Impairment in the year	**41**	–
Dilapidation provision release	**–**	(53)
Amortisation of intangible assets	**23**	26
Foreign exchange (gain)/loss	**(149)**	28
Administrative expenses	**2,255**	2,438
Total operating expenses	**5,024**	5,354

There is a further amortisation charge of £165,000 (2021: £118,000) recognised in cost of sales for those items directly related to project activities. The total amortisation charge for the year is £188,000 (2021: £144,000).

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

	2022 £000	2021 £000
Profit on ordinary activities before taxation	**885**	1,097
Profit before tax at the effective rate of corporation tax in the United Kingdom of 19% (2021: 19%)	**168**	208
Effects of:		
Expenses not deductible for tax purposes	**4**	4
Origination and reversal of temporary differences	**(332)**	(415)
Research and development uplifts net of losses surrendered for tax credits	**17**	(319)
Commission restatement	**–**	12
Prior period adjustment	**(4)**	95
Tax credit for the period	**(147)**	(415)

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

	2022 £000	2021 £000
Small or medium enterprise research and development credit	**(200)**	(350)
Deduction for corporation tax on RDEC	**57**	30
Prior period adjustment	**(4)**	(95)
Tax credit for the period	**(147)**	(415)

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:

	2022 £000	2021 £000
Current tax receivable at start of period	**480**	259
Current period credit	**472**	575
Corporation tax repayment	**(499)**	(354)
Current tax receivable at end of period	**453**	480

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:

	2022 £000	2021 £000
Tax credit for the year	**147**	415
RDEC gross of corporation tax deduction	**316**	160
Tax recoverable	**9**	–
Current period credit	**472**	575

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

	2022	2021 Restated
Earnings		
Earnings for the purposes of basic and diluted EPS, being net profit attributable to the owners of the Company (£000)	**1,032**	1,512
Number of shares		
Weighted average number of shares for the purposes of basic EPS	**48,151,373**	47,664,319
Effect of potentially dilutive ordinary shares:		
– Weighted average number of share options	**2,606,350**	2,749,423
Weighted average number of shares for the purposes of diluted EPS	**50,757,723**	50,413,742

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:

	2022	2021 Restated
Basic earnings per share	**2.14p**	3.17p
Diluted earnings per share	**2.03p**	3.00p

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for the years ended 30 September 2022 and 30 September 2021

14. Property, plant and equipment

Group

	Office building £000	Leasehold improvement £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost					
At 30 September 2020	462	146	5	831	1,444
Additions	405	39	–	124	568
Adjustment for dilapidation provision release	(90)	–	–	–	(90)
Disposals	–	–	–	–	–
At 30 September 2021	777	185	5	955	1,922
Additions	–	–	–	187	187
Disposals	–	–	–	(25)	(25)
At 30 September 2022	**777**	**185**	**5**	**1,117**	**2,084**
Accumulated depreciation					
At 30 September 2020	191	47	4	188	430
Charge for the period	139	51	1	273	464
Adjustment for dilapidation provision release	(53)	–	–	–	(53)
Disposals	–	–	–	–	–
At 30 September 2021	277	98	5	461	841
Charge for the period	102	59	–	290	451
Disposals	–	–	–	(25)	(25)
At 30 September 2022	**379**	**157**	**5**	**726**	**1,267**
Net book value					
At 30 September 2021	500	87	–	494	1,081
At 30 September 2022	**398**	**28**	**–**	**391**	**817**

The only right-of-use asset is held within the office building category. At 30 September 2022, the carrying amount of the right-of-use asset was £398,000 (2021: £500,000).

Company

At 30 September 2022 and 30 September 2021, the Company had no property, plant and equipment.

15. Intangible assets

Group

	Other acquired intangibles £000	Other Internally developed technology £000	Next generation TrialTracker platform £000	Total £000
Cost				
At 30 September 2020	257	352	318	927
Additions	60	179	1,819	2,058
Transfers	(107)	107	–	–
Impairment	–	–	–	–
At 30 September 2021	210	638	2,137	2,985
Additions	11	121	1,974	2,106
Impairment	–	(41)	–	(41)
Disposals	–	(8)	–	(8)
At 30 September 2022	**221**	**710**	**4,111**	**5,042**
Accumulated amortisation				
At 30 September 2020	65	66	–	131
Amortisation	39	105	–	144
Impairment	–	–	–	–
At 30 September 2021	104	171	–	275
Amortisation	37	151	–	188
Impairment	–	–	–	–
Disposals	–	(8)	–	(8)
At 30 September 2022	**141**	**314**	**–**	**455**
Net book value				
At 30 September 2021	106	467	2,137	2,710
At 30 September 2022	80	396	4,111	4,587

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 4 and 5.

Assets under construction

Assets that are still under construction undergo an annual impairment test which is carried out at the end of the reporting period. This impairment test considers the carrying amount of the asset and compares it with its recoverable amount, with an impairment being recognised if the recoverable amount is lower than the carrying amount. Management have determined the recoverable amount as being the value-in-use, which is calculated using management expectations of future revenues, discounted at an applicable rate. There was no indication of impairment at the year end. Whilst the asset remains under construction, amortisation is not charged.

Company

At 30 September 2022 and 30 September 2021, the Company had no intangible assets.

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for the years ended 30 September 2022 and 30 September 2021

16. Investments

The consolidated financial statements of the Group as at 30 September 2022 and at 30 September 2021 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:

	2022 £000	2021 £000
Investments in subsidiary undertakings		
At beginning of the period	**5,748**	5,623
Capital contribution	**57**	125
Total investments at end of the period	**5,805**	5,748

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.

17. Trade and other receivables

	Group		Company	
	2022 £000	2021 Restated £000	2022 £000	2021 £000
Trade receivables	**2,247**	2,613	**–**	–
Less provision for bad and doubtful debts	**–**	–	**–**	–
Net carrying amount of trade receivables	**2,247**	2,613	**–**	–
Other taxation and social security	**30**	11	**2**	2
Prepayments and accrued income	**652**	552	**28**	19
Commission assets (restated)	**96**	111		
Other receivables	**4**	18	**1**	–
Amounts due from subsidiary undertakings	**–**	–	**3,057**	3,528
Trade and other receivables	**3,029**	3,305	**3,088**	3,549

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 (2021: 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 (2021: 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 (2021: 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	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts not past due	**2,189**	2,613	**–**	–
Past due:				
Less than 30 days	**58**	–	**–**	–
Total trade receivables	**2,247**	2,613	**–**	–

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

18. Trade and other payables

	Group		Company	
	2022 £000	2021 Restated £000	2022 £000	2021 £000
Current liabilities				
Trade payables	**254**	734	**–**	15
Other taxation and social security	**56**	42	**–**	–
Contract liabilities	**673**	475	**–**	–
Accrued expenses	**508**	806	**83**	65
Other payables	**11**	13	**–**	–
	1,502	2,070	**83**	80
Non-current liabilities				
Accrued expenses	**33**	114	**–**	–
Total trade and other payables	**1,535**	2,184	**83**	80

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 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**
Lease liability as at 1 October 2021	**597**
Cash-flow: Repayment of lease	(114)
Non-cash: Interest charge	33
Lease liability as at 30 September 2022	**516**

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for the years ended 30 September 2022 and 30 September 2021

19. Leases

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

	Group 2022 £000	Group 2021 £000
Current	**122**	78
Non-current	**394**	519
	516	597

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

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

The Group has identified one lease relating to the office building that meets the definition of a right-of-use asset. There is no option to purchase and payments are not linked to an index. The remaining lease term is 48 months (2021: 60 months). The lease has the ability to be extended at the end of this term and can be terminated on the break date being after 3.5 years from the date the lease was renegotiated.

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

Right-of-use asset and lease liability

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

	Asset £000	Depreciation £000	Carrying amount £000
Office building	500	(102)	398

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

	2022 £000	2021 £000
Statement of Comprehensive Income		
Depreciation charge in the year	**102**	139
Release of dilapidation provision	**–**	(53)
Interest expense on lease liability	**33**	22
Low value leases expensed in the year	**1**	2
Statement of Cash Flows		
Capital repayments on lease agreements	**114**	44

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 2022						
Lease payments	151	132	166	134	–	583
Finance charges	(29)	(20)	(14)	(4)	–	(67)
Net present values	**122**	**112**	**152**	**130**	**–**	**516**
30 September 2021						
Lease payments	111	155	132	166	133	697
Finance charges	(33)	(29)	(20)	(14)	(4)	(100)
Net present values	78	126	112	152	129	597

At 30 September 2022, the Group's commitment to short-term and low-value leases was £nil (2021: £nil).

20. Deferred tax

Deferred tax asset (unrecognised)

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Tax effect of temporary differences:				
Tax allowances in excess of depreciation	**1,316**	891	**(1)**	(1)
Accumulated losses	**(17,310)**	(17,098)	**(3,217)**	(3,038)
Losses on financial instruments debited to equity	**28**	–	**–**	–
Deductible temporary differences	**(14)**	(51)	**(5)**	(20)
Deferred tax asset (unrecognised)	**(15,980)**	(16,258)	**(3,223)**	(3,059)

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

The unrecognised deferred tax asset is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences will reverse. Based on tax rates and laws enacted or substantively enacted at the latest balance sheet date, the rate when the above temporary differences are expected to reverse is currently 25% (2021: 25%).

21. Issued capital and reserves

Ordinary shares and share premium

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

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

	Group and Company		
	Ordinary shares Number	Share capital £000	Share premium £000
Authorised, issued and fully paid			
At 30 September 2022 and 30 September 2021	48,151,373	482	84,802

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

21. Issued capital and reserves continued

Exercise of share options

During the year, no options were exercised.

Other reserves

Accumulated losses

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

Merger relief reserve

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

Reverse acquisition reserve

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

Capital redemption reserve

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

Foreign exchange translation reserve

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

Cash flow hedge reserve

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

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 7.2 years (2021: 7.7 years). The total charge for each period relating to employee share-based payment plans for continuing operations is disclosed in note 10 of the consolidated financial statements.

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

	2022		2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of the period	**3,815,931**	**£0.18**	4,438,512	£0.17
Granted	**900,000**	**£0.20**	475,000	£0.52
Exercised	**–**	**–**	(1,060,081)	£0.30
Lapsed	**(225,000)**	**£0.35**	(37,500)	£0.36
Outstanding at end of the period	**4,490,931**	**£0.18**	3,815,931	£0.18
Exercisable at end of the period	**1,719,680**	**£0.07**	998,766	£0.07

During the year to 30 September 2022, there were two issues of share options awarded (2021: one issue of share options). Details of these awards are provided opposite.

10 January 2022

Share options totalling 300,000 were granted on 10 January 2022 to employees of the Group with an exercise price of £0.01. In this grant there were two performance conditions attached. The options are subject to a performance condition linked to share price growth and a performance condition linked to service. Both conditions will be measured over a 3-year period.

14 September 2022

Share options totalling 600,000 were granted on 14 September 2022 to employees of the Group with an exercise price of £0.29. In this grant there were two conditions attached. The options are subject to a performance condition linked to revenue growth and a performance condition linked to service. Both conditions will be measured over a 3-year period.

The final valuation was based the Monte Carlo method followed by 'Hull White' trinomial lattice with the following inputs:

	10-Jan-22	14-Sep-22
Weighted average share price	£0.59	£0.35
Weighted average exercise price	£0.01	£0.26
Expected volatility	55.40%	39.30%
Expected life	10 years	10 years
Expected dividend yield	0%	0%
Risk-free interest rate	1.18%	2.16%

The expected volatility was calculated using the Exponentially Weighted Moving Average Mode model. The shares dated 14-Sep-22 changed marginally following valuation. The fair value has been slightly uplifted to reflect this.

Share option modifications

In the year the Group modified two pools of options, these related to options originally granted on 5 December 2019 and options granted on 5 July 2020 accompanied by the following conditions.

5 December 2019

On 5 December 2019, the Company issued options with an exercise price of £0.01. The share options granted were subject to share price and revenue growth performance metrics. The associated performance measurement date was to be made immediately prior to the third anniversary from the date of the award. Of the options that were deemed to vest based on achievement of the performance criteria, 50% were to be eligible to vest immediately on the third anniversary from the date of the award and 50% were to be eligible to vest on the first anniversary of this date. The performance conditions of this award were as follows:

- 0% of the share options would vest if the share price increased by less than 12.5%;
- 25% of the share options would vest if the share price increased by 12.5% from the date of issue of the grant;
- 25% – 100% of the share options would vest on a straight-line basis if the share price increased by up to 25% from the date of issue of the grant

The options would not vest unless compound annual revenue growth of the Company over the three-year period was 10% or greater.

5 July 2020

On 5 July 2020, the Company issued options with an exercise price of £0.70. The share options granted were subject to share price, and revenue growth performance metrics. The associated performance measurement date was immediately prior to the third anniversary from the date of the award. Of any options that were deemed to vest based on achievement of the performance criteria, 50% were to be eligible to vest immediately on the third anniversary from the date of the award and 50% were to be eligible to vest on the first anniversary of this date. The performance conditions of this award were as follows:

- 0% of the share options would vest if the share price increases by less than 12.5%;
- 25% of the share options would vest if the share price increases by 12.5% from the date of issue of the grant;
- 25% – 100% of the share options would vest on a straight-line basis if the share price increases by up to 25% from the date of issue of the grant

The options would not vest unless compound annual revenue growth of the Company over the three-year period was 10% or greater.

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22. Share-based payments continued

On 14 September 2022, both pools of share options granted to those still employed by the Group were modified. This altered the performance measurement date by inserting additional performance condition measurement dates at each anniversary of the award date. No new valuation was computed, those options which had met the performance criteria at prior evaluation dates were deemed to be valued at the current share price. The remaining options had no change as only the final and original performance evaluation date remained. The vesting dates remained unmodified.

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	
	2022 £000	2021 Restated £000	**2022 £000**	2021 £000
Financial assets held at amortised cost				
Trade and other receivables excluding prepayments	**2,943**	3,331	**3,060**	3,530
Cash and cash equivalents	**5,769**	6,684	**1,590**	1,845
	8,712	10,015	**4,650**	5,375
Financial liabilities held at amortised cost				
Trade and other payables excluding statutory liabilities	**1,535**	1,691	**83**	80
Lease liabilities	**516**	597	**–**	–
	2,051	2,288	**83**	80
Financial liabilities held at fair value				
Forward contracts held at fair value (Level 1)	**111**	–	**–**	–
	111	–	**–**	–

Fair value of financial assets and liabilities

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

Liquidity risk management

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

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

The financial liabilities of the Group and Company are all mostly due within 3 months (2021: 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 of future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's overseas operating activities, primarily denominated in US Dollars, Euros and Swiss Francs. There is also an investment by the Company in a foreign subsidiary. The Group's exposure to foreign currency changes for all other currencies is not material. The Group seeks to minimise the exposure to foreign currency risk by matching local currency income with local currency costs where possible. In the year, due to a change in US Dollar revenues and costs, the Group made the decision to begin hedging substantially all forecast USD inflows and to apply hedge accounting to minimise currency risk.

During the year, the Group made use of financial instruments to minimise foreign exchange gains or losses. The Group entered into forward contracts to sell US Dollars at quarterly intervals and applied hedge accounting to all of these contracts. Under hedge accounting, unrealised gains or losses are recognised in other comprehensive income and the cash flow hedge reserve, with the ineffective portion being recognised in the profit and loss as soon as they occur. The gains or losses arising on these are allocated to revenue on settlement. The item hedged was a portion of highly probable forecast US Dollar inflows. The hedged item is the receipt of US Dollars, and the hedging instrument is the sale of a portion of these. The Group has determined that a 1:1 ratio exists between the instrument and items as the underlying risks of both are the same – the exchange rate of USD:GBP. The Group uses the dollar offset method to monitor effectiveness, which compares the change in fair value of the underlying derivative and the change in fair value of future cash flows. As the instrument and items fair value are based on the underlying exchange rate, ineffectiveness has not arisen in the year. Ineffectiveness can arise due to the counterparties credit risk and inaccurate forecasting, which could leave the Group over hedged. However, the Group monitors this through its Treasury function.

At year end the Group had contracts to sell $1,000,000, these hedges are designated as effective under IFRS 9 and hence the fair value of these is recognised in other comprehensive income. These balances are removed from the Group's US Dollar exposure as there is deemed to be no foreign exchange exposure. At 30 September 2022 $1m is hedged to period of March 2023, at an average rate of 1.2797.

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

	Without hedge accounting £000	Hedging movements £000	**2022 £000**
Statement of Comprehensive Income			
Revenue	8,746	(103)	**8,643**
Profit for the year	1,136	(103)	**1,033**
Total other comprehensive expense	14	(111)	**(97)**
Total comprehensive income attributable to equity holders for the period	1,149	(214)	**935**
Statement of financial position			
Derivative financial liabilities	–	111	**111**
Cash flow hedge reserve	–	(111)	**(111)**
Accumulated losses	(6,131)	(103)	**(6,234)**

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

23. Financial risk management continued

Market risk continued

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	**2022 USD'000**	2021 USD'000	**2022 USD'000**	2021 USD'000
Balance at end of period				
Monetary assets	**704**	1,224	**–**	–
Monetary liabilities	**(135)**	(612)	**–**	–
Total exposure	**569**	612	**–**	–

	Group		Company	
Euro exposure	**2022 EUR'000**	2021 EUR'000	**2022 EUR'000**	2021 EUR'000
Balance at end of period				
Monetary assets	**480**	450	**–**	–
Monetary liabilities	**(15)**	(24)	**–**	–
Total exposure	**465**	426	**–**	–

	Group		Company	
Swiss Franc exposure	**2022 CHF'000**	2021 CHF'000	**2022 CHF'000**	2021 CHF'000
Balance at end of period				
Monetary assets	**113**	–	**–**	–
Monetary liabilities	**–**	–	**–**	–
Total exposure	**113**	–	**–**	–

Foreign currency sensitivity analysis

As at 30 September 2022, the sensitivity analysis assumes a +/-10% change of the USD/GBP, EUR/GBP and CHF/GBP exchange rates, which represents management's assessment of a reasonably possible change in foreign exchange rates (2021: 10%). The sensitivity analysis was applied on the fair value of financial assets and liabilities.

	2022		2021	
	10% weaker[1] £000	**10% stronger £000**	10% weaker £000	10% stronger £000
US Dollar	**(51)**	**51**	(61)	61
Euro	**(41)**	**41**	(43)	43
Swiss Franc	**(10)**	**10**	–	–
	(102)	**102**	(104)	104

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

Credit risk management

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

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for any expected credit losses, estimated by the Group's management based on prior experience and their assessment of the current economic environment, and any specific criteria identified in respect of individual trade receivables. An allowance for expected credit losses is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of future cash flows. There are no outstanding expected credit losses identified at 30 September 2022 (2021: 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 17.

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 2022 (2021: £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:

	2022 £000	2021 £000
Short-term employee benefits	**1,269**	1,317
Post-employment benefits	**33**	27
Other long-term benefits	**(115)**	46
Share-based payments	**77**	171
Total remuneration	**1,264**	1,561

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 £658,000 (2021: £1,028,000) and aggregate pension of £15,000 (2021: £15,000). Further detail of Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 59–60.

Notes to the financial statements continued

for the years ended 30 September 2022 and 30 September 2021

24. Related party transactions continued

Transactions with group companies

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

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

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

	2022 £000	2021 £000
Charges from subsidiaries:		
Management recharge from subsidiaries	**416**	611
Net interest charged	**(68)**	29
Charges to subsidiaries:		
Share option charge	**57**	125

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