14 April 2020

Proteome Sciences plc
("Proteome Sciences" or the "Company")
Final results for the year ended 31 December 2019

The Company is pleased to announce its audited results for the year ended 31 December 2019.

Highlights:

- Total revenues of £4.7m (FY18: £3.05m)
- Proteomic (biomarker) services revenues of £0.93m (FY18: £0.75m)
- TMT® sales and royalties of £3.7m (FY18: £2.20m)
- Total costs of £4.36m (FY18: £4.42m)
- Profit after tax of £0.15m (FY18: loss of £1.31m)
- Cash reserves at 31 December 2019 of £0.80m
- Launch of TMTpro™ 16plex reagents
- Sustained growth of services business with highest level of quotes and projects delivered

Post year-end:

- Q1 revenues broadly unaffected by COVID-19 pandemic
- We continue to monitor the potential effects of social distancing on our business

Dr. Ian Pike, Interim Chief Executive Officer of Proteome Sciences plc, commented:
"In 2019 we moved into profit as a result of strong growth in both TMT® and biomarker services. TMT® performance was particularly impressive with a 34% growth in underlying revenues and accelerated attainment of a second sales milestone of £0.75m. The launch of 16plex TMTpro™ in the summer was well received and is expected to contribute significantly in 2020. Our strategy of more direct customer engagement in the US market resulted in significant increases in quotes issued and orders received, particularly in the fourth quarter. With high levels of work carried over from 2019 we have made a good start to 2020, though significant uncertainty may result because of the impact of the coronavirus pandemic. Currently there are no issues with supply chains, or our staffing levels and the majority of samples required for ongoing projects have already been received in Frankfurt. More stringent measures around home isolation in the US could however impact production and delivery of samples and critical reagents for future studies, but we do not expect this to have a material effect on full year revenues. We remain focused on all aspects of the business with a positive outlook and look forward to providing further updates during the year."

Report and Accounts and Notice of AGM:
Copies of the Annual Report and Accounts together with notice of the Annual General Meeting ("AGM") will be posted to shareholders by 17 April 2020 and made available on the Company's website by then (www.proteomics.com). In light of the ongoing uncertainty around social distancing measures, the date and venue of the AGM will be notified to Shareholders in due course.

For further information please contact:

Proteome Sciences plc

Dr Ian Pike, Interim Chief Executive Officer Tel: +44 (0)20 7043 2116
Richard Dennis, Chief Commercial Officer

Allenby Capital Limited (Nominated Adviser & Broker)

John Depasquale / Jeremy Porter Tel: +44 (0) 20 3328 5656

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

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

The Company has its headquarters in London, UK, with laboratory facilities in Frankfurt, Germany.

Chief Executive Officer's Statement

This has been a year of significant development for the company with strong growth from licensing and service revenues including receipt of a significant milestone payment related to isobaric tandem mass tag (TMT®) sales that has resulted in a profit for the year (2018: (£1.31m)). Whilst this is encouraging, the underlying performance without one-off milestone payments would have produced a loss after tax of £0.60m. Revenues for the full year increased by 53% to £4.7m (2018: £3.05m). Year on year sales and royalties attributable to TMT® reagents grew 68% to £3.7m (2018: £2.20m). Proteomics services increased 24% to £0.93m (2018: £0.75m) reflecting the growing impact of our sales efforts in North America. Total costs of £4.36m were 1.4% lower (2018: £4.42m) reflecting the final stages of reorganisation. Cash reserves at the year-end were down marginally at £0.80m (2018: £0.96m) though no further draw-down from the Vulpes loan was taken and the cash position has been strengthened by receipt in March 2020 of £0.75m in respect of the TMT® sales milestone. Most significantly, the value of work carried forward into 2020 is roughly four-fold greater than in the prior year with £0.70m in signed orders on the books. As a result of these positive events I am pleased to report that we achieved a profit after tax of £0.15m compared with a loss of £1.31m in the preceding year.

Services

This has been the busiest year for our proteomics services business with orders for projects received from 40 clients. This reflects our transition to become a full-service contract research organisation specialising in mass spectrometry proteomics which was completed at the end of 2018. We carried forward approximately £150,000 of orders from 2018 giving a solid start to the year, but this was followed by a slow second quarter as the signing of orders and delivery of samples was delayed by our clients. Nevertheless, we increased H1 revenues by 30% to £0.35m.

Consistent with previous years, the second half of the year saw much stronger performance with over 60% of full year revenue recognised in this period with the fourth quarter being particularly strong with £0.40m of recognised revenue and £0.80m of new orders signed. In total for 2019 we took orders worth £1.54m, nearly doubling the previous year (£0.87m). As a result, we started 2020 with a very strong order book in excess of £0.70m with samples already received for over half of this. Following the growth in 2018, these results show a continuing trend towards higher values and repeat business as our clients in the pharmaceutical and biotechnology sectors adopt proteomics across their drug development programmes at all stages.

A significant development was the application of our proprietary TMTcalibrator™ biomarker discovery workflow in clinical studies. As an example, our proteomics analysis of cerebrospinal fluid (CSF) samples from patients enrolled in Cognition Therapeutics Phase 1 trial of novel compound Elayta™, identified multiple potential biomarkers supporting the positive effect of treatment. Based on this study, we have now extended our relationship with Cognition Therapeutics and are currently analysing both CSF and plasma samples from an ongoing Phase 2 trial of Elayta™.

We also completed our first clinical-grade targeted assay study under the certified Good Clinical Laboratory Practice (GCLP) protocol. Our client required high-sensitivity detection of an undisclosed biomarker which was not quantifiable using standard immunoassay methods. We were able to develop a test with a low pg/ml limit of quantification that was free of any matrix interference and subsequently used this to analyse an initial cohort of samples from patients enrolled in a Phase 1 trial.

We received considerable interest in the Super Depletion method for the unbiased analysis of plasma samples at high sensitivity. During the year we have extended our offering to include different

species commonly used in pre-clinical drug development studies and combined it with higher-plexing TMTpro™ and TMTcalibrator™ workflows for several new and existing customers. We expect this trend of renewed engagement in blood biomarker research to continue and we are ideally placed to exploit our status as exclusive providers of Super Depletion combined with TMTcalibrator™ and TMTpro™.

In August we expanded our sales team by recruiting a European Sales Manager reflecting our confidence in the growth potential for proteomics services in Europe and with the goal of diversifying our client base to achieve a greater balance between the US and EU sales. At the same time, we terminated the partnership with our European agents Cenibra.

This year we have continued to expand our marketing activities in line with growing revenues. Our strategy is to combine a mix of direct business development visits to the main pharmaceutical and biotech hubs in the US and Europe alongside attending trade shows where we typically have a booth in the exhibition hall. We undertook 4 quarterly trips to the US visiting each coast on a six-month schedule, all of which resulted directly in orders for biomarker services. Over the year we also attended 21 trade shows and I was invited to speak and chair sessions at three of these. Through these activities we detected a marked improvement in the level of interest in performing proteomics studies across all stages in drug development, both from our traditional client base of the small to medium sized biotechnology companies and most notably within larger pharmaceutical companies, with all of them looking to fulfil their requirements mainly through outsourcing.

Licences

This year was significant for the launch of the 16plex TMTpro™ reagents in the summer. The positive growth in sales seen in the first half of this year was bolstered by initial orders for TMTpro™ stocks which continued through the second six months. The strong market response to TMTpro™ has been supported by several studies showing the new tags perform as well as the original TMT® reagents, and the addition of 5 extra channels means there are fewer missing data points, allowing more expansive studies to be designed. Proteome Sciences was the first to publish data on the new tags and we are aware of several other publications currently under review for publication, all of which are likely to drive further demand.

We also introduced TMTpro™ into our proteomics services and have received a strong response from our clients. We are the only service provider currently able to offer TMTpro™ and we are working with our exclusive licensee Thermo Scientific to ensure all Contract Research Organisations and commercial service providers offering TMT®-based services are aware of the appropriate licensing options, that currently do not include TMTpro™.

The combined TMT® and TMTpro™ sales and royalties were well ahead of our internal forecasts, delivering 34% annual growth in the underlying business. Importantly, we have not seen any decrease in the level of TMT® reagent ordering from our licensee Thermo Scientific, suggesting that the launch of TMTpro™ has not materially affected the existing tag market. In addition to the underlying growth of the core TMT® and TMTpro™ sales and royalties, we also accrued the second sales-related milestone of £0.75m in December which was received in cash in March 2020. This has only taken 25 months from the first sales milestone that was attained in November 2017, demonstrating the rapid acceleration in the use of isobaric tagging across a wide range of proteomics applications.

There has been further progress from both licensees of our stroke blood biomarkers. Randox Laboratories has continued to recruit patients into its clinical validation study required for CE (Conformité Européene) marked approval of its stroke biochip array and Evidence Analyzer system. Whilst clinical validation studies have been ongoing, Randox have also validated the Stroke Biochip

for use on the Evidence MultiSTAT device which is designed for point-of-care testing and this has featured in their marketing activities at several trade shows, including the prestigious American Association of Clinical Chemistry in August. As well as supporting an early stroke diagnosis, Randox now state that the test can also differentiate between ischemic and haemorrhagic stroke and provide a stronger indication for use of thrombolysis when used in combination with brain imaging (which is standard of care).

This year we also signed a further non-exclusive licence to the Company's stroke biomarker IP with Galaxy CCRO Inc. ("Galaxy"), a recently formed US clinical contract research organisation. Galaxy are initially developing a lateral flow device for measurement of GSTP in patients suspected of having stroke. It is intended that the device can be utilised both in the emergency response setting by ambulance crews and paramedics as well as by nursing staff within a hospital emergency department or specialised stroke unit. Galaxy have made good progress in developing a prototype device and expect to initiate clinical validation studies in Europe and the US in 2020. Under the terms of the licence the Company will benefit from subsequent development milestones and a running royalty on any product sales and we look forward to updating shareholders at a later date.

Research

The restructuring of our business completed in 2018 has focused exclusively on expanding the proteomics services revenue and supporting the launch of TMTpro™. As an inevitable consequence of these activities, there has been little scope for new research projects which has delayed the launch of the two targeted mass spectrometry assays for clusterin and tryptophan metabolites. However, we have initiated a new research trial to evaluate the clusterin assay in both plasma and cerebrospinal fluid of 30 Alzheimer's disease patients, 20 individuals with mild cognitive impairment and 30 cognitively normal controls. We expect this study to complete in the first quarter of 2020. Similarly, for the tryptophan metabolite assay, we have performed further analyses within a multinational research project PROMETOV supported by the EU ERA-NET TRANSCAN-2 programme. We are now reviewing data within the consortium and expect to be able to update shareholders on the outcomes later this year.

We published the first scientific paper on TMTpro™ reagents in November (Thompson et al. 2019. Anal. Chem. 2019, 91, 24, 15941-15950) showing their equivalent performance to TMT® and providing details on their optimized methods of use.

Operating Environment

The slowing of pharmaceutical industry spending on proteomics and other outsourced activities seen in the mid-part of 2018 showed signs of reversing in the last quarter as we have previously reported. This allowed us to start 2019 with a modest order book and we have seen the growth in outsourcing continue to improve through the current year. This reflects a very apparent re-engagement of pharmaceutical and biotechnology companies in the creation of multi-omic strategies to better inform drug development decision making, and the need to backfill studies with high quality proteomic data. It has been particularly pleasing that several of the new clients we have worked with this year mentioned our quality and reputation as a major reason for working with us.

We remain confident that the implementation of the UK's decision to leave the European Union on 31 January 2020 will have no short-term impact on our business as all operational activities are performed in our German subsidiary Proteome Sciences R&D GmbH & Co KG. We also expect that the impact for our clients' research budgets and external activities will be unaffected, supported by the early evidence of our order book value of £0.70m carried into 2020.

We completed the final stage of company re-organisation and cost reduction at the start of the year with the benefit being a further 1.4% reduction in operating costs compared to 2018. We have now

attained high levels of efficiency across the different parts of the business and were able to deliver strong growth in proteomic service revenues for the full year.

A significant factor in our growing service revenues has been an increased presence in our core markets, particularly in the US. This followed an evolution of our strategy to build on the positive effects achieved through working with a contract sales organisation, to taking a more direct approach to business development activities through site visits and attending trade shows with an exhibition booth. Based on this success, we have now recruited a sales manager for Europe and are replicating the model that has been successful in the US. Although only in post since August, they have already had a positive impact.

In common with previous years we applied for the R&D tax credit and payment of our 2018 claim was received in a timely manner. As expected, our move to more contract research projects led to a reduction in the size of the R&D tax credit and we expect future claims to be of similar value.

Volatility in foreign exchanges during the year affected non-sterling denominated revenues as well as costs associated with the Frankfurt laboratory, but the overall effect on operating profit was neutral.

I am grateful to the dedication and hard work of all staff and to our growing client base for their continued business. Finally, on behalf of all shareholders, I would like to thank Jeremy Haigh who left the Company at the end of the year, for his considerable efforts in leading the business through this process of change. We are currently in the process of appointing a full-time replacement CEO. It has been a year of positive progress as we have seen the refocusing of our business start to deliver the expected benefits to both our cost base and revenue streams. Bolstered by outstanding revenues from TMT® we have achieved our first operational profit and the business is in a strong position to take advantage of the significant opportunities in the next decade.

Outlook

The last ten years will rightly be seen as the decade of genomics, as next generation sequencing allowed population-level studies to identify hundreds of new associations with disease, and virtually every drug development program incorporated the analysis of nucleic acids to deliver personalised medicine. However, it also saw major progress in proteomics with rapid gains in speed and sensitivity of mass spectrometers, the dominance of our isobaric tagging technologies, TMT® and the recently introduced TMTpro™, new workflows including TMTcalibrator™ and plasma Super Depletion for biomarker discovery, and the wider acceptance of targeted MS methods for clinical use. We are perhaps then justified in predicting the coming decade as being that of proteomics where we will leverage the optimised business strategy we have developed in the last 3 years.

Critical to our success will be the continued delivery of novel biomarker discovery and development strategies and expansion into additional areas of protein characterisation. Our introduction of plasma Super Depletion in 2018 has been well received by our pharmaceutical industry clients. We are already seeing strong growth for this workflow combined with the higher plexing rates of TMTpro™ and the sensitivity gains offered by TMTcalibrator™, both of which are unique to Proteome Sciences. Following the successful accreditation of our Frankfurt facility under GCLP, we have moved our technologies nearer to the clinic and created a significant opportunity in performing the proteomic analysis of therapeutic proteins with one client already engaged and further expansion expected in 2020.

The very positive response to the launch of 16plex TMTpro™ suggests that there is strong demand for higher plexing rates, and this had very little effect on sales of the original TMT® reagents. We are confident that the overall value of TMT® and TMTpro™ will continue to grow strongly as exciting new

TMT®-based workflows such as SCoPE-MS (single-cell proteomics) and CETSA (drug target profiling) become widely adopted.

This year we have opportunities to consolidate our position as preferred supplier to a number of recently acquired clients and build strong new partnerships, as the pharmaceutical industry continues to accelerate its integration of proteomics services through outsourcing. The strength of our order book and increased capacity in sales means we are well placed to maintain our competitive position as a global leader in providing proteomic services.

Whilst ongoing events relating to the COVID-19 pandemic have the potential to disrupt our business, we are currently operating as usual, processing samples from the orders carried forward at the end of 2019. We have also received new orders and our clients have confirmed that they do not expect any delays to provision of samples for these studies. We continue to monitor developments globally and specifically in Germany with the health and safety of our staff being our highest priority.

The Board is confident of building on the great progress made in 2019 as we start with a strong order book and cash position following receipt of the TMT® sales milestone and, subject to unforeseen events relating to COVID-19, we expect to sustain and further improve our financial performance in 2020.

I would like to thank our shareholders and employees for their continuing support and patience and I look forward to communicating further progress during 2020.

Dr. Ian Pike
Interim Chief Executive Officer
9 April 2020

Strategic Report

Review of the Business

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

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

Progress during 2019

Growing Our Services Business

The use of outsourcing to specialist service laboratories within the biopharmaceutical sector continues to grow in value, particularly in the area of proteomics. This now extends to the whole procurement process itself, with most major pharmaceutical companies using third-party outsourcing agencies to handle contracts and payments. This is simplifying the process of engaging with new clients and reducing the time to complete contracts but can increase the burden on providing competitive tenders. To ensure we can offer our clients the best service, we continue to invest significantly in direct sales activities with over a dozen business development trips involving face-to-face meetings conducted in the US and Europe in 2019. In addition, we had a presence at 21 trade shows covering a wide range of disease areas and core drug-development topics. We have also moved away from using contract sales agents as we now have a sufficiently active opportunities list to support a second sales manager, who was recruited to cover the European market in August.

The growing requirement for outsourced proteomics services is reflected by a growth in the number of non-specialist companies offering MS capabilities to this market, though very few of these are licensed to use TMT® in contract research and currently there are no others licensed to use TMTpro™. This has not impacted our client base significantly, and we continue to attract business from clients who have worked with other proteomics service providers in the past. One of the major drivers is the increasing recognition of the quality of our service from the initial sales approach, through study design to delivery of the final report.

Industry Trends Increase the Need for Proteomics

Pharmaceutical drug development has a tendency to follow trends, as one Company reporting progress in a particular area triggers others to enter the same research space. Recent trends include the rapid expansion of activities in immuno-oncology, fibrotic disorders and inflammatory diseases. In all three of these areas there is a growing need for deeper analysis of protein expression as the diseases are predominantly characterised by extensive post-translational modifications affecting how cells and proteins interact with each other. We have been successful in aligning our core

technologies to serve the needs of pharmaceutical companies working in this space, to better understand how their experimental medicines are working and how diseases may adapt to escape the drug effects.

Another major growth opportunity is the analysis of protein degradation. Abnormal expression and clearance of proteins within cells can have many negative consequences leading to disease. Understanding how individual proteins or complexes involved in a specific cellular function are being processed may open new opportunities for therapeutic intervention. Answering these questions has so far relied on limited approaches that cannot provide the necessary holistic view. We have leveraged our proprietary technologies to design a single workflow to monitor both degradation of selected proteins and changes in the wider biology of treated cells using a combination of unbiased peptidomics, proteomics and phosphoproteomics combined with TMTpro™.

Light on the Horizon for Alzheimer's

The high-profile failure of a raft of clinical trials of drugs targeting beta-amyloid in Alzheimer's disease led to a significant withdrawal from the space by most large pharmaceutical companies. At the same time it increased focus on companies using alternative therapeutic strategies targeting tau, different brain receptors and inflammatory processes. It also raised significant questions about the best biomarkers to use to monitor treatment and assess outcomes.

In 2019 we started working with Pittsburgh-based Cognition Therapeutics who are developing Elayta™, a small molecule inhibitor of beta-amyloid interaction with synaptic receptors that modifies downstream signalling and provides neuroprotective effects. In a first study we applied TMTcalibrator™ to quantify changes in the levels of specific proteins and protein phosphorylations in cerebrospinal fluid (CSF) from 24 individuals enrolled in a phase 1b/2a clinical trial. We demonstrated drug-mediated reductions in phosphorylation at the majority of sites on tau protein, a key hallmark of Alzheimer's disease and an important biomarker of disease diagnosis and progression. This was the opposite of what we have previously reported in untreated Alzheimer's disease patients where CSF levels of tau phosphorylation are generally increased compared to controls, suggesting a positive effect of Elayta™. We are currently working with Cognition Therapeutics to analyse both CSF and plasma samples from a second Elayta™ trial.

We have also initiated proteomics studies for biomarker discovery and/or targeted assay development for two other companies developing alternative therapeutic approaches for Alzheimer's disease, as well as with an academic group exploring the mechanism of a reported protective gene mutation.

Reinvigorating the Tandem Mass Tag® Product Portfolio

We delivered the first supplies of 16pex TMTpro™ tags to our exclusive licensing partner Thermo Scientific in the early summer. Following a soft launch at the American Society for Mass Spectrometry meeting in June, the tags were officially launched at the Human Proteome Organisation annual conference in September. With TMTpro™ we have introduced a completely new structure that builds in improvements in synthesis evolved from the original TMT® tags allowing a full set of tags to be manufactured in around 70% of the time.

Prior to launch, we tested the relative performance of TMTpro™ against the original tags to demonstrate equivalence. In common with other beta testers including Thermo Scientific, we found that the total number of peptides and proteins quantified was essentially the same whilst users could analyse 45% more samples per experiment. The initial market response has been very positive as users see the value in running larger biomarker discovery studies with fewer individual experiments, increasing both the number of quantified features and reducing the amounts of missing data.

The impact of TMTpro™ on sales of original TMT® is difficult to predict, though it has clearly driven the larger part of increased revenues this year. Early indications are that many of the major users will switch to the higher-plex tags for all new projects and use original TMT® for completing legacy research and we therefore expect sales of the original TMT® tags to remain relatively flat in 2020.

Patent Applications and Proprietary Rights
The review of patents undertaken last year has produced a substantial saving in external patent costs and we continue to evaluate the portfolio for its economic potential. Three patents were granted in 2019 relating to TMT®, TMTpro™ and our proprietary clusterin glycoform biomarkers in Alzheimer's disease.

Board Changes

On 31 October 2019 the Company announced that Dr Jeremy Haigh, Chief Executive Officer, had resigned and would leave the organisation and cease to be a Director on 31 December 2019. Dr. Ian Pike, Chief Scientific Officer, has assumed the duties of the CEO in an Interim role. The Board has engaged search consultants and is making good progress on recruiting a new CEO.

Financial Review

Results and Dividends
The profit after tax for the year was £0.15m (2018: (£1.31m)). The directors do not recommend the payment of a dividend (2018: Nil). The Group results are stated in the Consolidated Income Statement and reviewed in the Chief Executive Officer's Statement.

Key Performance Indicators (KPI's)

(i) The directors consider that revenue and profit before/after tax are important in measuring Group performance. The profile of the Group has changed as a result of ongoing licensing agreements and with the adoption/conclusion of other commercial agreements and service contracts. The performance of the Group is set out in the Chief Executive Officer's Statement.

(ii) The directors believe that the Group's rate of cash expenditure and its effect on Group cash resources are important. Net cash inflows/(outflows) from operating activities for FY2019 were £0.02m (2018: (£0.50m)). The cost-containment measures put in place in the previous two years were consolidated, and we achieved strong growth in both TMT® and Biomarker Services revenues. Consequently, we did not require further draw down from the arranged loan from Vulpes. Cash at 31 December (£ 0.80m) was supplemented by the £0.75m sales milestone and stronger than expected Q4 royalties for TMT® that were received in March 2020.

(iii) We have now completed our transition to a service-based business, contract revenues from our proteomics (biomarker) services should increase both in absolute terms and as a proportion of total Group revenues; in 2019 we increased service income by 24% to £0.93m relative to 2018, though the share of total revenue fell slightly due to strong TMT® sales. We expect growth in revenue from Biomarker Services to continue in the coming year, along with the percentage contribution to total revenues.

We also look to increase the amount of repeat business, as this is an important measure of customer satisfaction. This year we increased the number and value of projects from existing customers, who now account for 75% of sales value. These same customers are also looking to place further orders in 2020.

(iv) We believe it is essential that we respond to our customer needs in a timely manner, looking to minimise the lead time from first contact to placing of orders. Whilst we have previously

focused primarily on time to deliver requested quotes, we now consider the rate of conversion from quote to order as a more relevant metric of the strength of our product offering and sales process. In 2019 we provided over 50 detailed statements of work with 55% of these being converted into orders.

Financial Performance

For the twelve-month period ended 31 December 2019 revenue increased 53% to £4.66m (2018: £3.05m).

- Licences, sales and services revenue increased 57% to £4.63m (2018: £2.96m). This is comprised of two revenue streams: TMT®-related revenue and Proteomic (Biomarker) Services. Although core sales and royalties for TMT® tags increased by 68% to £3.70m, this includes a significant sales milestone reached in late 2019 from our exclusive distribution partner Thermo Scientific without which growth of core TMT® related revenue would have been 34% (2018: £2.20m)
- Grant income was £0.02m (2018: £0.09m).

The profit after tax was £0.15m (2018: (£1.31m).

Taxation

Owing to the changing nature of our services business, with a stronger focus on commercial activities, we have not fully assessed our available R&D tax credit for 2019, and such amounts are only recognised when reasonably assured.

Costs and Available Cash

- The Group maintained a positive cash balance in 2019 and continues to seek improved cash flows from commercial income streams. Our operating costs have been significantly reduced which enabled positive cash flows throughout the year. We consider that in order to maintain a positive cash balance costs will need to be kept in line with 2019.
- Administrative expenses in 2019 were £2.65m (2018: £3.24m). This is a decrease of 18%, representing full year cost savings following continued cost containment during the year.
- Staff costs for the year were £2.11m (2018: £2.25m).
- Property costs of £0.30m were in line with previous years.
- Other overheads decreased by £0.23m as a result of cost containment initiatives driven by a review of patent obligations.
- Finance costs arose as a result of interest due on loans from two major investors in the Company and inclusion of IFRS16 related interest of £0.01m. Costs of £0.34m are marginally higher than the prior year.
- Profit after tax for 2019 was £0.15m (2018: loss of £1.31m). The net cash inflow from operating activities was £0.02m (2018: (£0.50m)). Cash at the year-end was £ 0.80m (2018: £0.96m).

Principal Risks and Uncertainties

Commercialisation Activities

It is uncertain whether our range of contract proteomic services will generate sufficient revenues for the Group ultimately to be successful in an increasingly competitive commercial market which generally favours companies with a broader technology platform than our own. Progress in 2019 was encouraging as both interest and orders increased quarter on quarter during the year with 14 contracts worth over £0.7m carried into 2020. This reflects the growing recognition that proteomics requires a high level of expertise only generally available in specialised service providers.

Management of Risk: The Group has sought to manage this risk by broadening its proteomic services offering (e.g. Super Depletion), investing in our own sales by employing a dedicated Sales Manager in Europe, dedicating more staff time to direct business development activities in our principal commercial territories and adopting conventional service-based metrics directed at speed, cost and quality.

Dependence on Key Personnel

The Group depends on its ability to retain a limited number of highly qualified scientific, commercial and managerial personnel, the competition for whom is strong. While the Group has entered into conventional employment arrangements with key personnel, aimed at securing their services for minimum terms, their retention cannot be guaranteed as evidenced by two resignations during 2019.

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

Cash Limitations
Despite remaining cash positive, making a small profit and seeing steady growth in our proteomics services revenues in 2019 we are still reliant on TMT® sales and royalties for the majority of our revenues and working capital to invest in growing the business remains limited.

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

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

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

Licensing Arrangements

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

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

Patent Applications and Proprietary Rights

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

Management of Risk: The Group retains limited but experienced patent capability in house, supplemented by external advice, which has established controls to avoid the release of patentable material before it has filed patent applications. Maintenance of the existing patent portfolio is subject to rigorous biannual review ensuring that its ongoing cost is proportional to its perceived value.

Coronavirus (COVID-19) Pandemic

The rapid emergence of the coronavirus pandemic has caused significant disruption to many manufacturing and retail businesses where the implementation of social distancing measures is not practical or deemed ineffective. In many countries pharmaceutical research and development has been protected from more general restrictions on worker travel and we expect this to remain to be the case throughout the pandemic. However, there is a risk that we will be forced to suspend operations in our laboratory in Frankfurt, or that our clients cannot source and ship samples for analysis, leading to delay in completion of projects. We have also seen a number of international and national trade shows and exhibitions be postponed or move to a virtual format. As these events are one of the methods used to establish business to business introductions there is the potential that there may be an impact to our business development activities.

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Management of Risk: We have implemented social distancing and enhanced cleaning measures for our laboratories and implemented home working for all UK staff and those capable of doing so in Frankfurt. We have also cancelled all site visits other than essential maintenance. Our sales staff are also working from home and using our prospect database to engage new business. We will continue to monitor the ability to deliver client work and ensure we are able to utilise any central or regional Government funding available to support businesses during the pandemic.

Section 172 statement

From 1 January 2019 legislation was introduced requiring companies to include a statement pursuant to section 172 of the Companies Act 2006.

The Board recognises the importance of the Group's wider stakeholders when performing their duties under Section 172(1) of the Companies Act and their duties to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

The Board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to regard the interests of the company's employees, its relationships with suppliers, customers, the communities and the environment in which it operates. It is the view of the Board that these requirements are addressed in the Corporate Governance Statement on page 13, which can also be found on the company's website www.proteomics.com.

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance.

The Board believes that three decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders.

- The decision to grant Galaxy CCRO a licence to the Company's stroke biomarker IP. The benefit of granting this licence is creating value from the patent portfolio that the Company has maintained. The Board considered the views of both the internal and external stakeholders in this matter before granting the licence and concluded that it was in the best interests of all stakeholders as the Company will benefit from royalties from any future product sales and development milestones.

- The decision to move away from using contract sales agents in EU and bringing those functions in house by appointing a European Sales Manager. The Board consulted with internal stakeholders on this matter and considered that it enabled the Group to provide a better service to its external stakeholders, primarily being its customers in that region.

- The decision to manufacture and launch TMTpro™ tags enabled us to meet market demands for higher plexing rates and maintain strong revenue growth. The Board engaged with the internal and external stakeholders to conclude that investment in the manufacture and launch of new products would be of benefit to all stakeholders and shareholders by meeting a clear market demand and extending the wider TMT® portfolio.

By Order of the Board
Hamilton House
Mabledon Place
London WC1H 9BB

V Birse
Company Secretary
9 April 2020

Consolidated income statement

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018
Revenue			
Licences, sales and services		4,634	2,958
Grant services		22	91
Revenue- total		4,656	3,049
Cost of sales		(1,702)	(1,180)
Gross profit		2,954	1,869
Administrative expenses		(2,655)	(3,239)
Operating profit/loss		299	(1,370)
Finance income		-	-
Finance costs		(335)	(289)
Profit/Loss before taxation		(36)	(1,659)
Tax		185	346
Profit/Loss for the year		149	(1,313)
Profit/Loss per share			
Basic and diluted	3	0.05p	(0.44p)

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit/Loss for the year	149	(1,313)
Other comprehensive income for the year		
Exchange differences on translation of foreign operations	(70)	24
Total comprehensive income / (expense) for the year	79	(1,289)

Consolidated balance sheet

As at 31 December 2019

	2019 £'000	2018 £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	75	56
Right-of-use asset	581	-
	4,874	4,274
Current assets		
Inventories	871	1,147
Trade and other receivables	486	320
Contract assets	1,331	328
Cash and cash equivalents	799	958
	3,487	2,753
Total assets	8,361	7,027
Current liabilities		
Trade and other payables	(738)	(541)
Contract liabilities	(26)	(25)
Borrowings	(10,262)	(9,936)
Lease liabilities	(584)	
	(11,610)	(10,502)
Net current liabilities	(8,123)	(7,749)
Non-current liabilities		
Provisions		
Pension provisions	(403)	(343)
	(403)	(343)
Total liabilities	(12,013)	(10,845)
Net liabilities	(3,652)	(3,818)
Equity		
Share capital	2,952	2,952
Share premium account	51,466	51,466
Share-based payment reserve	3,615	3,532
Merger reserve	10,755	10,755
Translation reserve	(109)	(43)
Retained loss	(72,331)	(72,480)
Total equity (deficit)	(3,652)	(3,818)

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Translation reserve £'000	Merger reserve £'000	Retained loss £'000	Equity attributable to owners of the parent £'000	Total (deficit) £'000
At 1 January 2018	2,952	51,466	3,503	(67)	10,755	(71,167)	(2,558)	(2,558)
Loss for the year	-	-	-	-	-	(1,313)	(1,313)	(1,313)
Exchange differences on translation of foreign operations	-	-	-	24	-	-	24	24
Total comprehensive expense for the year	-	-	-	24	-	(1,313)	(1,289)	(1,289)
Credit to equity for share-based payment	-	-	29	-	-	-	29	29
At 31 December 2018	2,952	51,466	3,532	(43)	10,755	(72,480)	(3,818)	(3,818)

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Share capital	Share premium account	Share based payment reserve	Translation reserve	Merger reserve	Retained loss	Equity attributable to owners of the parent	Total (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	2,952	51,466	3,532	(43)	10,755	(72,480)	(3,818)	(3,818)
Loss for the year	-	-	-	-	-	149	149	149
Exchange differences on translation of foreign operations	-	-	-	(66)	-	-	(66)	(66)
Total comprehensive income for the year	-	-	-	(66)	-	149	83	83
Credit to equity for share-based payment	-	-	83	-	-	-	83	83
At 31 December 2019	2,952	51,466	3,615	(109)	10,755	(72,331)	(3,652)	(3,652)

Consolidated cash flow statement

For the year ended 31 December 2019

	Group Year ended 31 December 2019 £'000	Group Year ended 31 December 2018 £'000
Operating loss	(36)	(1,659)
Adjustments for:		
Net finance costs	335	289
Depreciation of property, plant and equipment	89	229
Share-based payment expense	83	29
Operating cash flows before movements in Working capital	471	(1,112)
(Increase) / Decrease in inventories	276	(201)
(Increase) / Decrease in receivables	(1,169)	77
Increase / (Decrease) in payables	197	6
Increase / (Decrease) in provisions	60	(20)
Cash used in operations	(165)	(1,250)
Tax refunded	185	746
Net cash outflow from operating activities	20	(504)
Cash flows from investing activities		
Purchases of property, plant and equipment	(58)	(4)
Interest received	-	-
Net cash outflow from investing activities	(58)	(4)
Financing activities		
Lease payments	(58)	
Proceeds on issue of Borrowings	-	700
Repayment of HP creditors	-	(166)
Net cash (outflow)/inflow from financing activities	(58)	534
Net increase in cash and cash equivalents	(96)	26
Cash and cash equivalents at beginning of year	958	908
Effect of foreign exchange rate changes	(63)	24
Cash and cash equivalents at end of year	799	958

Notes to the Financial Information

1. Basis of Preparation

The financial information set out in this document does not constitute the Company's statutory accounts for the years ended 31 December 2018 or 2019. Statutory accounts for the years ended 31 December 2018 and 31 December 2019, which were approved by the directors on 9 April 2020, have been reported on by the Independent Auditors. The Independent Auditor's reports on the Annual Report and Financial Statements for years ended 31 December 2018 and 2019 were unqualified but did draw attention to a material uncertainty relating to going concern and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2018 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2019 will be delivered to the Registrar of Companies in due course and will be posted to shareholders shortly, and thereafter will be available from the Company's registered office at Hamilton House, Mabledon Place, London WC1H 9BB and from the Company's website http://www.proteomics.com/investors.

The financial information set out in these results has been prepared using the recognition and measurement principles of International Accounting Standards, and International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2018, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019. New standards impacting the Group that have be adopted in the annual financial statements for the year ended 31 December 2019 is IFRS 16 *Leases.* Other new standards, amendments and interpretations to existing standards, which have been adopted by the Group have not been listed, since they have no material impact on the financial statements.

2. Liquidity and Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Statement on page 4 and Strategic Report on page 6. .

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

In particular, the directors' have considered the potential impacts of COVID-19 may have on the ability to achieve adequate level of sales. The rapid emergence of the coronavirus pandemic has caused significant disruption to many manufacturing and retail businesses where the implementation of social distancing measures is not practical or deemed ineffective. In many countries pharmaceutical research and development has been protected from more general restrictions on worker travel and we expect this to remain to be the case throughout the pandemic. However, there is a risk that we will be forced to suspend operations in our laboratory in Frankfurt, or that our clients cannot source and ship samples for analysis, leading to delay in completion of projects. We have also seen a number of international and national trade shows and exhibitions be postponed or move to a virtual format.

As these events are one of the methods used to establish business to business introductions there is the potential that there may be an impact to our business development activities. If sales are not in line with cash flow forecasts then additional funding will be required. The directors have prepared cash-flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, which foresee that the Group will be able to operate within its existing facilities. However, the timeline required to close sales contracts and the order value of individual sales continues to vary considerably, which constrain the ability to accurately predict revenue performance. Furthermore, the Group's services are still in the development phase and as such, the directors consider that costs could exceed income in the short term.

The Group is also dependent on the unsecured loan facility provided by the Chairman of the Group, which under the terms of the facility, is repayable on demand.

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

The Group is also dependent on the loan facility provided by Vulpes Investment Management (VIM).

The directors have received confirmation from VIM that they will not seek repayment for at least 12 months from the date of approval of these financial statements.

However, there is a risk that the Group's working capital may prove insufficient to cover both operating activities and the repayment of its debt facilities. In such circumstances, the Group would be obliged to seek additional funding through a placement of shares or source other funding.

As such, the directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Company and Group's ability to continue as going concerns and therefore that they may be unable to realise assets and discharge liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the Company and the Group were unable to continue as a going concern.

3. Profit per Share from Continuing Operations

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

	2019 £'000	**2018 £'000**
Profit/Loss for the financial year	149	(1,313)

	2019 Number of shares	**2018 Number of shares**
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share:	295,182,056	295,182,056

In 2019 the profit attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because none of the issued share options are in the money and are therefore not dilutive.

4. Cautionary Statement on Forward-looking Statements

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