1 April 2021

Proteome Sciences plc
("Proteome Sciences" or the "Company")
Final results for the year ended 31 December 2020

The Company is pleased to announce its audited results for the year ended 31 December 2020.

Highlights:

- Total revenues of £4.75m (2019: £4.66m)
- Proteomic (biomarker) services revenues of £1.44m (2019: £0.93m)
- TMT® sales and royalties of £3.27m (2019: £3.70m)
- Total costs of £4.20m (2019: £4.36m)
- Profit after tax of £0.29m (2019: £0.15m)
- Cash reserves at 31 December 2020 of £2.21m (2019: £0.80m)

Post year-end:

- The Company signed the Second Amendment to the Loan Agreement with Vulpes Investment Management on the 29 March 2021.

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

"We experienced another profitable year despite the particularly difficult trading background in 2020 due to the COVID-19 pandemic. Whilst most of our major markets employed some form of temporary lock down, pharmaceutical research activity was maintained at near-normal levels and our clients were able to produce the samples required for proteomic analysis with minimal delays. In particular, proteomic services showed an impressive sales growth of 55% to £1.44m as the benefits of expanding both our markets and salesforce started to be realised.

Perhaps the biggest direct impact of COVID-19 restrictions has been on our sales and marketing activities where the normal mix of on-site meetings and trade shows was severely affected. We have developed an effective virtual marketing activity and we expect this to be a significant feature for at least the first half of 2021.

We have started an internal analysis on growing our business further in addition to our current activities. We believe that with our specialist expertise the market for our niche services has the potential to grow substantially as proteomics plays an increasingly vital role in drug discovery, development and in the response to current and future medical challenges. We will evaluate the full potential of collaborations in the market as well as adding new products and services to our existing portfolio. The dynamics of such activities will very much depend on the markets returning to a more normal pattern and responding accordingly. Strategically we will evaluate both organic and external opportunities."

Report and Accounts and Notice of Annual General Meeting:

Copies of the Annual Report and Accounts together with notice of the Annual General Meeting ("AGM") will be posted to shareholders in early April and made available on the Company's website by then (www.proteomics.com).

The Annual General Meeting (AGM) of the Company will take place at 11.00 am on Wednesday 5 May 2021 at Nicholson House, Thames Street, Weybridge, Surrey KT13 8JG. The UK Government's restrictions currently in force in relation to COVID-19 prohibits holding public gatherings. To comply with the restrictions physical attendance at the Company's AGM will not be permitted. The AGM will be held with a quorum of members only at the physical location. Shareholders should submit their vote ahead of the meeting or appoint the Chairman as proxy. Shareholders will be able to submit questions to the Board ahead of the AGM via executive.pa@proteomics.com and answers to these will be made available on the Company's website. Formal notice of the AGM will be sent to shareholders which will contain further information and the resolutions which will be proposed at this meeting.

For further information please contact:

Proteome Sciences plc

Dr Mariola Soehngen, Chief Executive Officer — Tel: +44 (0)20 7043 2116
Dr Ian Pike, Chief Scientific Officer
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 challenging year for all industries with the COVID-19 pandemic affecting the way we do business with our clients and the way we had to adapt how we operate our laboratories. We are particularly proud with how we responded as an organisation to not only survive these challenges but also to continue to grow service revenues and maintain post-tax profitability. Despite the particularly difficult trading background in 2020, Group revenues for the full year increased by 2% to £4.75m (2019: £4.66m). Services increased 55% to £1.44m (2019: £0.93m) as the benefits of expanding our salesforce started to be realised. Sales and royalties attributable to TMT® and TMTpro™ reagents were £3.27m (2019: £3.70m). However, when we exclude the £0.75m milestone recognized in 2019 from the £3.70m TMT® sales in 2019 and put the total in relation to our 2020 TMT® sales of £3.27m, the result is an underlying growth of 11% year on year. Total costs were £4.20m (2019: £4.36m) and resulted in an 83% improvement in operating profits to £0.55m (2019: £0.30m) and a profit after tax of £0.29m (2019: £0.15m). Cash reserves at the year-end increased to £2.21m (2019: £0.80m) that included some pre-payment for 2021 service products and early receipt of Q1 TMT® and TMTpro™ stock orders. At the year-end we were in the strong position to be carrying forward a services order book of £0.80m into 2021 (carry forward order book 2020 £0.70m).

Services

Our services business has shown strong performance over the year. We were fortunate that work on projects spanned the introduction of COVID-19 travel restrictions and allowed us time to adapt working practices and re-design the sales process to a fully virtual model. Due to the lack of high-level biological containment facilities, we were unable to handle any COVID-19 infected samples and have not worked directly on any studies relating to the pandemic. However, we did not have any evidence that biopharmaceutical companies have de-prioritised their ongoing research projects in other therapeutic areas and do not expect any restrictions on outsourcing budgets for proteomics studies going forward.

The strength of H1 performance was maintained during the second half of the year and whilst the disparity in revenues was less marked, Q4 remained the strongest in terms of both revenues received and new orders taken. In total, we took orders worth £1.57m a 2% increase over the previous year (2019: £1.54m). Our results underline the increasing use of outsourced proteomics in pharmaceutical and biotechnology research and we expect this to continue well into the 2020's as pharmaceutical and biotechnology companies look to add more functional value to their genomic data.

During the year we continued to expand our activities in the analysis of research samples to discover new pharmacodynamic biomarkers, signing up new clients and applying our TMTcalibrator™ and Super Depletion methods, both of which are part of our analytical methods, in novel therapeutic areas. We also performed several targeted assay development programs across a range of matrices and therapeutic areas. These should lead to the analysis of larger volume clinical scale samples in the future.

Following the expansion of the sales team in August 2019, we have benefited from a much stronger engagement across Europe with several significant new clients in the biopharmaceutical industry. Our sales growth in Europe was mirrored by further increases from North America with a more even balance between the two regions in full year revenues. We were particularly encouraged to receive multiple repeat orders from several clients as we establish ourselves as the preferred partner for mass spectrometry-based proteomic services.

Our strong sales performance came against the backdrop of COVID-19 travel restrictions and cancellation of essentially all scientific conferences and trade shows as attended events. We were able to rapidly evolve our sales and marketing tools and we maintained virtual exhibition booths at a number of the major on-line business-to-business conferences relevant to our industry sector. We were also fortunate to have completed an extended business development project in the United States in February, and this resulted in a number of orders received during the year.

With the increased focus on remote sales and marketing activities we continue to book space at virtual based conference and trade shows where we feel this format was effective, in the first half of 2021. Others will hopefully occur in physical/attended form in the second half of 2021.

Licences

Revenues received from our intellectual property licensing continue to represent the majority of our income, mainly through sales of TMT® and TMTpro™ reagents. This remained the case in 2020, though the closure of many academic research laboratories for part of the year inevitably impacted the use of these reagents. Overall, this resulted in a 12% reduction in our total revenues to £3.27m (2019 £3.70m). However, when we exclude the £0.75m milestone recognized in 2019 from the £3.70m TMT® sales in 2019 and put the total in relation to our 2020 TMT® sales of £3.27m, the result is an underlying growth of 11% year on year. Taken as a whole, there was a small contraction in TMT®/TMTpro™ use in 2020 but we expect this to rebound quickly as COVID-19 vaccination programs allow more normal levels of activity in both academic and commercial research laboratories.

Now that TMTpro™ has been in the market for over a year we are beginning to see an impact on the existing tag market as TMT® sales are starting to decline. This is consistent with market demands for higher plexing rates enabling higher-throughput experiments and more reproducible data. Under normal circumstances we would have expected the combined revenues to have maintained relatively strong growth with TMTpro™ becoming the dominant product by the end of 2021. However, this has been affected by COVID-19, but we still expect total revenue growth and the TMTpro™ percentages to increase throughout this year.

Progress on development of tests for stroke by our licensees Randox Laboratories (UK) and Galaxy CCRO (USA) have been severely affected by the COVID-19 pandemic, restricting patient enrolment in the Randox clinical study and hindering product development of the Galaxy CCRO Lateral Flow Device as companies focus on developing COVID-19 tests. Whilst some progress was made in the fourth quarter, the ongoing second wave of cases in the Northern hemisphere will inevitably lead to further delays with CE marking.

Research

We have focused our activities mainly in the provision of commercial services with little spare capacity for undertaking novel research. We have however, continued to evaluate the tryptophan metabolite assay within the multinational research project PROMETOV supported by the EU ERA-NET TRANSCAN-2 programme. The results of this study are encouraging, and a manuscript is in preparation. In parallel, a long-running analysis of the assay in analysis of glioblastoma patients performed in collaboration with several academic research groups has now completed and a manuscript submitted for publication.

The proteomic data we generated showing drug-related changes in cerebrospinal fluid tau phosphorylation for our client Cognition Therapeutics has also been included in a recently published manuscript describing the development and clinical testing of Elayta™. Citation: “Izzo NJ, Yuede CM, LaBarbera KM, et al. Preclinical and clinical biomarker studies of CT1812: A novel approach to Alzheimer’s disease modification. Alzheimer’s Dement. 2021;1-18.

Operating Environment

The dominant feature for all businesses has been the impact of COVID-19 on their operations. For much of the pharmaceutical industry, this has represented a major opportunity to focus resources on the discovery of new therapies and in some cases the repurposing of existing drugs that impact on different aspects of the disease. However, in terms of proteomics, much of the early work on COVID-19 was conducted in academic laboratories. Whilst we were unable to participate in this research directly due to lack of the highest level of biological containment required, we were pleased to see the prominent use of TMT® and TMTpro™ reagents to unravel the virus-host interactions to identify new drug and vaccine targets and as such we have benefited from the COVID-19 dynamics indirectly.

Whilst most of our major markets employed some form of temporary lock down, pharmaceutical research activity was maintained at near-normal levels and our clients were able to produce the samples required for proteomic analysis with minimal delays. As we started the year with a strong order book and samples already at our laboratory facility in Frankfurt, the overall impact on operations was minimal. The quality of our services was also unaffected by COVID-19 restrictions and our dedicated staff ensured we did not lose any production capacity during the year. Our clients also continued to provide very positive feedback and we received multiple repeat orders reflecting our growing role as preferred suppliers.

Perhaps the biggest direct impact of COVID-19 restrictions has been on our sales and marketing activities where the normal mix of on-site meetings and trade shows was severely affected. Having completed extensive business development activities in January and February 2020, all subsequent activities were performed virtually. Based on our experience during the year, we have identified several trade shows and conferences where the virtual format is effective and virtual booths led to strong customer interest. In addition, we have developed an effective virtual marketing activity through directed e-marketing and we expect this to be a significant feature for at least the first half of 2021.

Ian Pike was interim CEO until mid September 2020 when Mariola Söhngen joined as the new CEO we both started a review of the business to explore further operational efficiency and identify complementary products and services that can add further value to our customers. This review is still ongoing. Overall, the strong level of interest in our services and number of project proposals written has shown that the demand for outsourced proteomics services remains high.

Following the conclusion of UK's trade deal with the European Union on 30 December 2020 we do not expect a major impact on our business operations as we do not transfer products physically across the UK border. Similarly, the process of sample shipment for our clients outside the UK will remain unaffected.

In common with previous years, we applied for the R&D tax credit and payment of our 2019 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 as we move towards sustainable profitability, we may become ineligible to receive payments under this scheme in future.

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 mostly neutral.

In this most challenging year, we are extremely grateful to the dedication and hard work of all staff who have remained focused on delivering the highest volume and value of customer projects in our history. We have managed to sustain the positive progress of 2019 with strong growth in our service

revenue streams. Bolstered by the continued strong revenues from TMT®/TMTpro™ the business is well set for further growth.

Outlook

2020 was a very demanding year for our industry. The dynamics of the pandemic are still unclear and will depend on the speed of the vaccination programs internationally as well as the already seen and further expected virus mutations remaining responsive to the currently available vaccinations. We continue to monitor market developments globally and specifically in the UK and Germany with the health and safety of our staff being our highest priority.

In the current year we expect further growth, from both TMTpro™ and the service business, assuming that the general economic situation will return to more normality in the second half of 2021 and that we will see a relevant percentage of repeat customer business in services with the strong new relationships established in 2020. Retaining satisfied clients is one part of the equation, the other identifying new clients. This will heavily depend on the responsiveness of the market regarding virtual trade shows and conferences which will remain the main format of meeting clients in 2021. For the development of our TMT®/TMTpro™ business the speed of both commercial and research laboratories returning to more normal activity status during the year will be important for full year revenue growth. We will track all these developments and dynamics intensively and adjust our market outreach as much as possible.

We have started an internal analysis on growing our business further in addition to our current activities. As much as the Contract Research Organisation (CRO) proteomic outsource market is highly fragmented and dominated by a small number of key providers, we believe that with our specialist expertise the market for our niche services has the potential to grow substantially as proteomics plays an increasingly vital role in drug discovery, development and in the response to current and future medical challenges. We will evaluate the full potential of collaborations in the market as well as adding new products and services to our existing portfolio. The dynamics of such activities will very much depend on the markets returning to a more normal pattern and responding accordingly. Strategically we will evaluate both organic and external opportunities.

The Board is confident that the progress made in the last 2 years is a good basis for the further development of our company. The strong order book for 2021 and our cash position are a good starting point to the coming year.

We would like to thank our shareholders and employees for their continuing support and we look forward to communicating further progress during 2021. This statement is signed by both the interim CEO and the CEO as both were responsible for part of 2020.

Dr. Ian Pike
Interim CEO Chief Scientific Officer
31 March 2021

Dr. Mariola Söhngen
Chief Executive Officer
31 March 2021

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 mass spectrometry-based proteomics, and this is becoming more widely implemented in drug development projects as the pharmaceutical industry seeks to expand biological knowledge beyond genomics. These services are fully aligned with the drug development process, can be used in support of clinical trials and *in vitro* diagnostics, and include proprietary bioinformatics capabilities.

Progress during 2020

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 has been further expedited by the ongoing COVID-19 pandemic and we see that many of the academic core labs that have provided such services in the past are currently closed creating a number of new opportunities for us. To ensure we can offer our clients the best service, we continue to invest significantly in direct sales activities with intensive virtual meetings e-marketing, participation in virtual conferences and trade shows to attract clients to our offerings.

The competitive landscape for proteomics services has remained stable through this year, though we have seen some significant funding around companies providing new products for mass spectrometry-based proteomics including an initial public offering from Seer, Inc. and a private Series B round from Newomics, Inc. towards the end of the year, suggesting US investor interest in the sector is growing. We have also seen developments from established companies such as SomaLogic, O-Link and Quanterix relating to aptamer and antibody products, further reflecting the growing recognition of the importance of protein biomarkers in precision healthcare. Our services sit between these two ends of the proteomics spectrum and we are exploring ways to leverage our experience and reputation in the service sector to build synergies with these emerging technologies.

Proteomics is gaining more traction in biopharmaceutical research

As many biopharmaceutical companies are now progressing genomics-based drugs through to clinical trials, they are recognizing the need to provide protein biomarker readouts to support clinical assessment. It has been a particular feature in the last 2 years that we are performing more biomarker discovery projects in Phase 2 and 3 clinical trial cohorts than from pre-clinical development. The unique combination of TMTcalibrator™ and protein depletion strategies have been fundamental in our success for delivering pivotal biomarker candidates from these studies and we

are taking several of these targets forward into more targeted assay development using mass spectrometry methods.

It is also clear that the need to understand how diseases and drug treatments affect the fate of proteins both individually and at a systems level is becoming a central aspect of much new drug development. Preliminary analysis of these processes has revealed new classes of small molecules and biotherapeutics targeting the machinery of protein stability and degradation. Our novel workflows are well suited to supporting such programs and we are currently working with several customers on early pre-clinical projects in this area.

We have also seen a growing need for integration of protein expression data with other 'omics, most specifically transcriptomics. We have reorganized our computational proteomics and bioinformatics groups into a single unit and recruited an additional data scientist to increase our capacities in this rapidly evolving area. In addition, we are maintaining links with significant groups both in academia and industry who are at the forefront of designing integrative tools and require access to our very high-quality data. We expect to see significant progress in this area during the coming year.

Current research activities
We have focused our activities mainly in the provision of commercial services with little spare capacity for undertaking novel research. We have however, continued to evaluate the tryptophan metabolite assay within the multinational research project PROMETOV supported by the EU ERA-NET TRANSCAN-2 programme. The results of this study are encouraging, and a manuscript is in preparation. In parallel, a long-running analysis of the assay in analysis of glioblastoma patients performed in collaboration with several academic research groups has now completed and a manuscript submitted for publication.

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Status of the Tandem Mass Tag® Product Portfolio
Revenues received from our intellectual property licensing continue to represent the majority of our income, mainly through sales of TMT® and TMTpro™ reagents. This remained the case in 2020, though the closure of many academic research laboratories for part of the year inevitably impacted the use of these reagents.The sales of these, excluding the £0.75m from TMT® sales in 2019 of £3.70m the underlying growth equated to 11% on sales and running royalties There was a change in pattern of usage in use of TMT®/TMTpro™ in 2020 as customers moved increasingly to the recently introduced TMTpro™ but overall we expect the combined use of TMT®/TMTpro™ reagents to rebound as soon as COVID-19 vaccination programs allow more normal levels of activity in academic and commercial research laboratories with TMTpro™ becoming the dominant product by the end of 2021. This is consistent with market demands for higher plexing rates enabling higher-throughput experiments and more reproducible data.

We made progress in the licensing of third-party Contract Research Organisations using TMT®/TMTpro™ and expect this activity to increase in the coming year as we work with our licensee Thermo Scientific to increase the level of engagement of their technology licensing group.

Progress on development of tests for stroke by our licensees Randox Laboratories (UK) and Galaxy CCRO (USA) have been severely affected by the COVID-19 pandemic, restricting patient enrolment in the Randox clinical study and hindering product development of the Galaxy CCRO Lateral Flow Device as companies focus on developing COVID-19 tests. Whilst some progress was made in the

fourth quarter, the ongoing second wave of cases in the Northern hemisphere will inevitably lead to further delays with CE marking.

Patent Applications and Proprietary Rights
Patents and intellectual property rights underpin several key aspects of our business and we received allowance of seven patents during the year, including cases covering the TMTpro™ reagents and TMTcalibrator™ in the United States and several new biomarker panels in a range of different territories. The costs of prosecution and maintenance of our portfolio remains closely controlled and was in line with expectations.

Strategic evaluation
We have started an internal analysis on how to grow our business further and in addition to our current activities. As much as the proteomics market is characterized by a relatively small number of comprehensive service providers, and as such competitors, we believe that the market for our services has the potential to grow substantially as proteomics plays an increasingly vital role in drug discovery, development and in the response to current and future medical challenges. We will evaluate the full potential of collaborations in the market as well as adding new products/services to our existing portfolio. The dynamics of such activities will very much depend on the markets returning to normal and further players in the market being responsive again. Strategically we will evaluate both organic and external opportunities.

Board Changes

After Dr Jeremy Haigh, Chief Executive Officer, had resigned in late 2019 Dr. Ian Pike, Chief Scientific Officer, assumed the duties of the CEO in an Interim role. He retained this role until Dr Mariola Söhngen joined the Board mid September 2020 as Chief Executive Officer.

Financial Review

Results and Dividends

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 from operating activities for 2020 were £1.59m (2019: £0.02m). The cost-containment measures put in place in the previous 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 £2.21m (2019: £0.80m).

(iii) Contract revenues from our proteomics (biomarker) services should increase both in absolute terms and as a proportion of total Group revenues; in 2020 we increased service income by 55% to £1.44m (2019: £0.93m). As a proportion of total group revenue service income in 2020 was 30% compared to 24% in 2019. We expect growth in revenue from Biomarker Services to continue in the coming year, along with the percentage contribution to total revenues.

Financial Performance

For the twelve-month period ended 31 December 2020 revenue increased 2% to £4.75m (2019: £4.66m).

- Licences, sales and services revenue increased 2% to £4.71m (2019: £4.63m). This is comprised of two revenue streams: TMT®-related revenue and Proteomic (Biomarker) Services. Sales and royalties for

TMT® tags increased by 11% to £3.27m (2019 £3.70m) (excluding the exceptional TMT® sales milestone payment of £0.75m recognized in 2019).
- Grant income was £0.04m (2019: £0.02m).

- The profit after tax was £0.29m (2019: £0.15m).

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 2020, and such amounts are only recognised when reasonably assured. We received a cash payment of £0.14m in the year in relation to the R&D tax credit for 2019.

Costs and Available Cash

- The Group maintained a positive cash balance in 2020 and continues to seek improved cash flows from commercial income streams. Our operating costs have remained stable which enabled positive cash flows throughout the year. Administrative expenses in 2020 were £2.04m (2019: £2.65m).
- Staff costs for the year were £2.15m (2019: £2.11m).
- Property costs without charges on rent of £0.20m were in line with previous years.
- Other administrative costs decreased to £0.14m (2019: £0.26m) mainly due to lower travel expenses due to COVID-19 restrictions.
- Finance costs relate to interest due on loans from two major investors in the Company and lease interest. Costs of £0.30m were lower than the prior year (2019: £0.34m).
- Profit after tax for 2020 was £0.29m (2019: £0.15m). The net cash inflow from operating activities was £1.59m (2019: £0.02m). Cash at the year-end was £2.21m (2019: £0.80m).

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 2020 was encouraging as both interest and orders increased quarter on quarter. 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 by increasing the depth of unbiased discovery experiments and broadening capabilities for targeted assay development, 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, their retention cannot be guaranteed as evidenced by two resignations during 2020.

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 2020 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. In our strategic evaluations regarding shaping the company´s future we will need to consider financing such activities

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. With the vaccination campaigns having started in late 2020, it is still unclear when an effective immunity of the population will be reached which is very much dependent on the manufacturing capacities of the vaccine producing companies. In addition, it cannot be guaranteed that current vaccines will be efficacious against new variants or how quickly new vaccines could be generated. It is, therefore, reasonable to assume that 2021 (or at least the majority of the year) will be very much affected by the pandemic and hence businesses (including ours) will continue to be impacted.

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

Recent 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 as follows:

- COVID-19.

The Board took several decisions during the year in respect of the Group's response to COVID-19. The Board's aim was to ensure the safety of all its employees whilst continuing to deliver a high level of service to its customers.

The Board considered the health, safety and wellbeing of the employees to be of paramount concern especially those that were required to remain on-site to support customer projects. The Board approved the implementation of strict measures for those who continued to work on-site. Homeworking arrangements were made for those employees that were able to do so.

The Board regularly reviewed the Group's ability to continue to deliver services to its customers. The Board were satisfied that the plans in place would enable the Group to meet the demands of customers.

- Annual General Meeting

Whilst the Board encourages engagement with the Group's shareholders the difficult decision was taken that in the best interests of shareholders and employees that the Annual General Meeting would take place as a closed meeting enabling the business of the meeting to be concluded in a safe and timely manner.

- Loan Agreement - First Amendment

The Board made the decision to agree an amendment to the Loan Agreement with Vulpes Investment Management to extend the term to 1 May 2021. The Board considered that by doing so it would promote the success of the Company for the benefit of the members as a whole.

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

V Birse
Company Secretary

31 March 2021

Consolidated income statement

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019
Revenue			
Licences, sales and services		4,712	4,634
Grant services		41	22
Revenue- total		4,753	4,656
Cost of sales		(2,168)	(1,702)
Gross profit		2,585	2,954
Administrative expenses		(2,036)	(2,655)
Operating profit		549	299
Finance costs		(304)	(335)
Profit before taxation		245	(36)
Tax		50	185
Profit for the year		295	149
Profit/Loss per share			
Basic and diluted	3	0.10p	0.05p

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Profit for the year	295	149
Other comprehensive income for the year		
Exchange differences on translation of foreign operations	18	(70)
Re-measurement of Defined Benefit Pension Scheme	(27)	-
Total comprehensive income / (expense) for the year	286	79

Consolidated balance sheet

As at 31 December 2020

	2020 £'000	2019 £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	58	75
Right-of-use asset	484	581
	4,760	4,874
Current assets		
Inventories	878	871
Trade and other receivables	788	486
Contract assets	457	1,331
Cash and cash equivalents	2,210	799
	4,333	3,487
Total assets	9,093	8,361
Current liabilities		
Trade and other payables	(768)	(738)
Contract liabilities	(153)	(26)
Borrowings	(10,547)	(10,262)
Lease liabilities	(491)	(584)
	(11,959)	(11,610)
Net current liabilities	(7,626)	(8,123)
Non-current liabilities		
Pension provisions	(492)	(403)
Total liabilities	(12,451)	(12,013)
Net liabilities	(3,358)	(3,652)
Equity		
Share capital	2,952	2,952
Share premium	51,466	51,466
Share-based payment reserve	3,623	3,615
Merger reserve	10,755	10,755
Translation reserve and other reserve	(91)	(109)
Retained loss	(72,063)	(72,331)
Total equity (deficit)	(3,358)	(3,652)

Consolidated statement of changes in equity

For the year ended 31 December 2020

	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 2019	2,952	51,466	3,532	(43)	10,755	(72,480)	(3,818)	(3,818)
Profit for the year	-	-	-	-	-	149	149	149
Exchange differences on translation of foreign operations	-	-	-	(66)	-	-	(66)	(66)
Profit and total comprehensive expense 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 statement of changes in equity

For the year ended 31 December 2020

	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 2020	2,952	51,466	3,615	(109)	10,755	(72,331)	(3,652)	(3,652)
Profit for the year	-	-	-	-	-	295	295	295
Exchange differences on translation of foreign operations	-	-	-	18	-	-	18	18
Re-measurement of Defined Benefit Pension Schemes	--	-	-	-	-	(27)	(27)	(27)
Profit and total comprehensive income for the year	-	-	-	18	-	268	286	286
Credit to equity for share-based payment	-	-	8	-	-	-	8	8
At 31 December 2020	2,952	51,466	3,623	(91)	10,755	(72,063)	(3,358)	(3,358)

Consolidated cash flow statement

For the year ended 31 December 2020

	Group Year ended 31 December 2020 £'000	Group Year ended 31 December 2019 £'000
Operating loss	245	(36)
Adjustments for:		
Net finance costs	304	335
Depreciation of property, plant and equipment	165	89
Share-based payment expense	8	83
Operating cash flows before movements in Working capital	722	471
(Decrease)/Increase in inventories	(6)	276
Increase/ (Decrease) in receivables	571	(1,169)
Increase in payables	158	197
Increase in provisions	88	60
Cash generated from (used in) operations	(1,533)	(165)
Tax	50	185
Net cash outflow from operating activities	1,583	20
Cash flows from investing activities		
Purchases of property, plant and equipment	(13)	(58)
Repayments from/(Loans advanced to subsidiary undertakings)	-	-
Net cash outflow from investing activities	(13)	(58)
Financing activities		
Lease payments	(146)	(58)
Net cash (outflow) from financing activities	(146)	(58)
Net increase in cash and cash equivalents	1,424	(96)
Cash and cash equivalents at beginning of year	799	958
Effect of foreign exchange rate changes	(13)	(63)
Cash and cash equivalents at end of year	2,210	799

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 2019 or 2020. Statutory accounts for the years ended 31 December 2019 and 31 December 2020, which were approved by the directors on 31 March 2021, 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 2019 and 2020 were unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The report issued in relation to 31 December 2019 did draw attention to a material uncertainty relating to going concern.

Statutory accounts for the year ended 31 December 2019 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2020 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 Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) in conformity with the requirements of the Companies Act 2006. The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2019, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2020. Other new standards, amendments and interpretations to existing standards, which have been adopted by the Group have not been listed, since they have no material impact on the financial statements.

2. Liquidity and Going Concern

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

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 ongoing impacts of COVID-19 may have on the ability to achieve adequate level of sales. With the vaccination campaigns having started late 2020 internationally it is still unclear when an effective immunity of the population will be reached which is very much dependent on the manufacturing capacities of the vaccine producing companies. In addition it cannot be guaranteed that the virus mutations will remain sensitive to the vaccines and how quickly then new vaccines can be generated. It is a realistic assumption that 2021 (or at least the majority of the year) will be very much affected by the pandemic and hence businesses (including ours) will be

impacted heavily due to the fact that our customers might reduce their orders (TMT® sales and service business) as their own business might be negatively impacted by the pandemic. Hence these might make less use of our products and services. In addition we might not be able to attract additional clients or follow on orders for the same reasons.

From March 2020 most of our major markets employed some form of temporary lock down but pharmaceutical research activity was maintained at near-normal levels and our clients were able to produce the samples required for proteomic analysis with minimal delays. The Group was able to adapt working practices to a fully virtual model. The Group was able to rapidly evolve sales and marketing tools and maintain virtual exhibition booths at a number of the major on-line business-to-business conferences relevant to the Group's industry sector.

Despite the backdrop of COVID-19, Group revenues for the year ended 31 December 2020 increased by 2% to £4.75m (2019: £4.66m). Proteomics services increased 55% to £1.44m (2019: £0.93m) as the benefits of expanding the Group's salesforce started to be realised. Sales and royalties attributable to TMT® and TMTpro™ reagents were £3.27m (2019: £3.70m). However, when we exclude the £0.75m milestone recognized in 2019 from the £3.70m TMT sales in 2019 and put the total in relation to our 2020 TMT sales of £3.27m, the result is an underlying growth of 11% year on year. Total costs were at £4.20m (2019: £4.36m) and resulted in operating profits improving 83% to £0.55m (2019: £0.30m) and a profit after tax of £0.29m (2019: £0.15m). Cash reserves at the year-end increased to £2.21m (2019: £0.80m) bolstered by some pre-payment for 2021 service products and early receipt of Q1 TMT® and TMTpro™ stock orders.

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. Further details of this facility are set out in note 18(b) to the financial statements.

The directors have received a legally binding written confirmation from the Chairman that he has no intention of seeking its repayment, with the facility continuing to be made available to the Group, on the existing terms, for at least 13 months from the date of approval of these financial statements or until at least 31 May 2022.

On 29 March 2021, the loan facility with Vulpes Investment Management Private Limited ("VIM") (the "Loan") was amended such that the Loan and all accrued interest is now repayable on 1 May 2022 (previously 1 May 2021).

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

3. Profit per Share from Continuing Operations

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

	2020 £'000	2019 £'000
Profit/Loss for the financial year	295	149

	2020 Number of shares	2019 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 2020 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.