31 March 2022

Proteome Sciences plc
("Proteome Sciences" or the "Company")
Final results for the year ended 31 December 2021

The Company is pleased to announce its audited results for the year ended 31 December 2021.

Highlights:

- Total revenues of £5.13m (2020: £4.75m)
- Proteomic (biomarker) services revenues of £1.90m (2020: £1.44m)
- TMT® sales and royalties of £3.23m (2020: £3.27m)
- Total costs of £4.72m (2020: £4.20m)
- Adjusted EBITDA* of £1.35m (2020: £0.72m)
- Profit after tax of £0.07m (2020: £0.29m)
- Cash reserves at 31 December 2020 of £2.39m (2020: £2.21m)

Post year-end:

Dr. Mariola Soehngen, Chief Executive Officer of Proteome Sciences plc, commented:
We are pleased to report that our business continued to grow despite another year under Covid-19 pandemic conditions. In particular our service business performed well again and we recorded a small profit and an adjusted EBITDA* of £1.36m (2020: £0.73m). We were able to gain a record number of contracts including a substantial order in excess of £1M, which gives us confidence that our performance and the quality of our proteomics services is being recognized in the market. Also our TMT revenues remained strong underlining the USP we have in the proteomics field with these reagents.

2021 was also used to evaluate our strategic options and which has led us to focus in the short term on growing our business further by adding high profile, high value services like Single Cell Proteomics (SCP) to provide the basis for further internationalization of the business in the medium term. We are advanced in setting up SCP which meets a high need in the market especially in oncology but also other disease areas like central nervous disorders.
Furthermore, we have made strategic investments in new equipment and additional staff that have increased our capacity and revenue generating potential. Based on these investments and with the strategic approach we have a solid basis for the current and future years to grow the company.

** - Adjusted EBITDA is a non-GAAP company specific measure which is considered to be a key performance indicator of the Group's financial performance. Adjusted EBITDA is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, non-recurring costs, and employee share-based payment.*

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 12 noon on Monday 16 May 2021 at Allenby Capital, 5 St Helen's Place, London, EC3A 6AB. 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

Despite a generally improving situation for most of the year, the COVID-19 pandemic continued to impact international business including ours. Participation in conferences, visiting clients and interacting within our organisation remained largely virtual with some face-to-face conferences possible in the second part of the year. Whilst recent events in Ukraine are of great concern, they do not currently affect our business and we do not expect any impact to our customers' ability to provide samples for analysis. Supply chain problems however cannot be ruled out (consumables and instruments). Against these difficulties we have been able to continue to gain further strong growth in our services business and TMT® revenues remained solid. A record number of contracts were closed during 2021 including a substantial contract with a major pharmaceutical company with a value in excess of £1m, with the majority of this revenue expected to be generated in 2022. Group revenues for the full year increased by 8% to £5.13m (2020: £4.75m). Services increased 32% to £1.90m (2020: £1.44m). Sales and royalties attributable to TMT® and TMTpro™ reagents were £3.23m (2020: £3.27m).

Having made good progress and turning profitable last year, we embarked on a wider strategic analysis, invested in new staff, and instruments to add capacity to our key workflows and awarded options which resulted in a share based payment charge of £0.57m (2020: Nil). Consequently, total costs rose to £4.72m (2020: £4.20m) and this has resulted in an operating profit of £0.41m (2020: £0.55m) and a profit after tax of £0.07m (2020: £0.29m). Cash reserves at the year-end increased to £2.39m (2020: £2.21m). In addition, Adjusted EBITDA (a non-GAAP company specific measure which is considered to be a key performance indicator of the Group's financial performance) increased as set out below:

	2021	2020
	£'000	£'000
Revenue	5,124	4,712
Gross profit	2,960	2,584
Administrative expenses	(2,334)	(1,868)
EBITDA	626	716
Other non-cash items and non-recurring costs	729	8
Adjusted EBITDA	1,355	725

Adjusted EBITDA increased 87% on prior year due to increased sales and tight operational cost control.

Services

Our services business continued to show strong performance over the year. The COVID-19 pandemic continued to impact on face-to-face client meetings even though the majority of our clients were back to full time working in their facilities. We also experienced some delays in the availability of samples for analysis primarily due to the pandemic affecting the conduct of on-going clinical trials. Cold chain shipping availability was also a source of some sample delay as capacity was prioritised for COVID related samples and vaccines. Direct marketing in respect to scientific and trade conferences and exhibitions that we use to promote our services to new accounts continued to be in virtual format but nevertheless, we succeeded to develop both new accounts and to win repeat business from our current and new customers. The strength of our H1 performance continued during the second half of the year, with record sales invoiced and orders received. In total, we took orders worth £3.75m a 139% increase over the previous year (2020: £1.57m). A particular highlight was the in excess of £1m order received from a major pharmaceutical partner for the analysis of samples from their pending phase 3 clinical trial.

Our results underline the increasing use of outsourced proteomics in pharmaceutical and biotechnology research, and we expect this to continue well into 2022 as companies look to add more functional value to their genomic data and the general awareness that the proteome is the more important factor to consider in drug development. Last year we expanded our activities in the analysis of clinical research samples to discover new pharmacodynamic biomarkers, signing up new clients and applying our TMTcalibrator™ combined with abundant protein depletion to address novel therapeutic areas. We also performed several targeted assay

development programs across a range of matrices. These should lead to the analysis of larger volume clinical trial samples in the future and we expect further larger scale clinical trial related orders to be placed.

Our sales in Europe have continued to grow and order values are now on a par with what we receive from North America. 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.

Licences

Revenues from sales of TMT® and TMTpro™ reagents were our source of licensing income in 2021 as no further payments relating to biomarker licenses were received.

Tandem Mass Tags®

The overall sales pattern for TMT® reagents remained steady with similar revenue of £3.23m compared to 2020 (2020: £3.27m) in spite of the ongoing challenges associated with COVID. On a constant currency basis this represents growth of 4.2%. Sales of the 11plex TMT® reagents continued to be robust and still account for around 50% of total value, down from 57% in 2020 as the demand for the newer generation TMTpro™ tags with higher plexing rates overtook sales of 11plex TMT® reagents. In the second half of this year we saw TMTpro™ 18plex tags overtaking standard TMT® accounting for 59% of all sales and we have adapted our manufacturing and stock levels accordingly. In March this year the first TMT® patent expired in all territories except the USA where it remains in force until late 2022. We have seen no evidence of commercial development of competing tags because the cost and lead time of manufacturing and distribution of complex reagents remain a significant barrier to entry. We have a total of 8 other TMT®-related patent families stretching out to the mid-2030s which prevent the manufacture of generic TMT® and TMTpro™ reagents by third parties. We expect sales of all TMT® products to show good growth in 2022 and we continue to work closely with our licensee Thermo Scientific to further develop and expand the market for TMT® products.

Stroke Biomarkers

Inevitably the ongoing COVID-19 pandemic is affecting the ability of our licensees Randox Laboratories (UK) and Galaxy CCRO (USA) to further the development and clinical testing of their stroke diagnostic tests. Randox remain fully committed to completing their first clinical trial to support Conformité Européene (CE) marking and this remains open to new patients, but a firm completion date is not yet available. Galaxy have made good progress in developing new anti- Glutathione-s-Transferase Pi (GSTP) antibodies and this has greatly improved performance of the lateral flow test. In parallel, they have commissioned Proteome Sciences to develop a 'gold standard' mass spectrometry assay to quantify GSTP in clinical samples and this work is nearing completion.

Research

The continued strong growth in biomarker services has restricted the time available to perform basic research and development activities though we have retained active links with several academic groups following completion of the BioCapture and PROMETOV grants this year. We have also not yet completed an assessment of a claim under the UK R&D Tax Credit scheme as we clarify the impact of group profitability on eligibility for the small- and large-entity components of such a claim. Nevertheless, we are focusing development into new higher value workflow services that provide excellent opportunities for future growth.

Single Cell Proteomic Analyses

We have performed an initial assessment of the ability to deliver single cell proteomics analysis at commercial scale and are encouraged by the early results. We will be actively pushing this forward in the first half of 2022 and hope to be able to launch a new workflow in H2 2022. As the process of single cell preparation becomes standardised on automated platforms, the potential to analyse several hundred cells per week is becoming practical and is of great interest to the pharmaceutical industry as they look to better understand heterogeneity of disease process and response to treatment. This is mostly happening in the area of cancer drug development, but we have also received interest from groups in other therapeutic areas.

SysQuant analysis of ubiquitin modified proteins

We have also successfully introduced a second SysQuant® workflow for analysis of proteins modified with ubiquitin which signals them for degradation. Recently, many pharmaceutical companies have developed methods to selectively target proteins by recruiting this ubiquitination machinery, and monitoring effects

through mass spectrometry is a significant new market for us. We have already delivered several projects in this area following our initial development activities and see this as a major growth opportunity.

Fluid biomarker Discovery
Our expertise in fluid biomarker discovery using TMTcalibrator™ has been recognised by many of our clients who are using this to support their drug development programs in pre-clinical research and clinical trials, particularly in the neurology field and we are actively pursuing new grant-funded research with academic partners. We were also able to present the results of a TMTcalibrator™ project performed for INmuneBIO to identify response biomarkers in a Phase 1 trial of XPro1595, a novel sTNF agonist. Our CSO Dr. Ian Pike presented the results at the recent Clinical Trials on Alzheimer's Disease (CTAD) meeting held virtually in November 2021. The proteomics data generated, allowed a number of protein and phospho-peptide biomarkers to be identified that supported the proposed therapeutic effect of XPro1595, including re-activation of myelination, regulation of neuroinflammation and reduction of tau phosphorylation. Further aspects of the research were presented at the AD/PD congress being held in Barcelona in March 2022.

Operating Environment
The COVID-19 vaccination programs have led to very different vaccination levels internationally. Even in our main markets (US, EU, UK) this did not lead to an alleviation of various restrictions in travel, customer contacts, home working regulations etc. We were also strongly affected by the delayed arrival of samples from our clients whether directly pandemic related or not. We started the year with a strong order book which partly helped to compensate for such delays.

We continued to perform the majority of our sales and marketing activities in a virtual manner as the normal mix of on-site meetings and trade shows was severely affected. 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 remain part of the mix of activities for at least the first half of 2022.

Overall, the strong level of interest in our services and number of project proposals written reflects the continued high demand for outsourced proteomics services as shown in the further growth of revenues achieved in 2021. We performed a very thorough review of strategic options accessible to us based on the analysis of growth areas where the company has deep expertise already or where such areas are a logical expansion of our current business. We have reached out to the international markets (primarily the USA) to evaluate our options. Based on the outcome of this review we have devised a plan to, in the short term, develop Proteome Sciences organically by adding the high need, high value services that we identified (like single cell proteomics see Research Section above) to our portfolio and expanding our capacity to meet the continued growth in demand for high level proteomics services. Building from this new base the company will be in a stronger position in the medium term to establish further internationalisation of the business.

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

In this again 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 2020 with good growth in our service revenue. Bolstered by the continued growth of revenues from TMT®/TMTpro™ the business is well set for further growth.

Outlook
As we start the transition towards a sustained relaxation of COVID-related restrictions, we expect the pace of business to accelerate throughout 2022. We successfully managed ongoing relationships in 2021 and also attracted a solid group of new customers undertaking pilot studies with good potential for expansion in the coming year. The high demand for services in the fourth quarter, combined with the record value of orders carried into 2022 required us to make strategic investments in new equipment and additional staff that have increased our capacity and revenue generating potential.

We have also seen the value of repeat projects increasing, and we received a significant order worth over £1m for analysis of clinical trials samples that will be performed over the coming 12 months. We are also working on a substantial commercial opportunity from single cell proteomics where automated sample preparation

combined with TMTpro™ can deliver high throughput analysis. We are also seeing that the return to on-site working in academia and the pharmaceutical industry is driving sales of TMTpro™ reagents and we have ensured we have sufficient stocks on hand to meet this growing demand.

The Board is confident that the progress over the last three years has created an excellent platform for the further development of the company. The strong order book and cash position in early 2022 provide a strong starting point. Proteome Sciences is well set following the strategic investments we are and have been making to achieve a step-change in growth and revenue and gives the Board increased confidence that the business can grow the profit in 2022.

We would like to thank our shareholders and employees for their continuing support and we look forward to communicating further progress during 2022.

Dr. Mariola Söhngen
Chief Executive Officer
31 March 2022

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 major provider of contract research services for the identification, validation and application of protein biomarkers. Our clients are predominantly pharmaceutical and 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 2021

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. 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 grown considerably through this year, and there has been significant funding invested in companies providing new products for proteomic analysis. Initial public offerings have triggered interest in financial markets. This reflects the growing recognition of the importance of protein biomarkers in precision healthcare. Our services are well positioned in the proteomics spectrum and we are exploring ways to leverage our experience and reputation in the service sector to build synergies with emerging technologies and maximising value for existing shareholders.

Despite the significant restrictions on travel throughout the year, we have further improved our methods of virtual engagement and secured the highest level of orders with a record £2.5m of value carried over into 2022.

Proteomics is becoming the defining technology for enabling drug development

In 2020 we saw a sizeable shift of focus from genomics towards proteomics in the activities of pharmaceutical research and development groups. In part this reflects the mature nature of genomics research and the dawning realization that the lack of predictability from gene sequencing studies requires a more granular approach. In accordance with this realization, the demand for both total protein expression and more importantly for deep quantification of specific post-translational modifications has grown substantially through the last year.

Virtually all processes within cells that keep us healthy, and which are disrupted in disease are the result of a complex set of protein functions and interactions. Proteins provide the scaffold to allow cells to form specific shapes, and to change their morphology when needed, e.g., extended neurons, or for immune cells to squeeze between tissue layers to get to the site of disease. Other proteins convert sugar and other nutrients to provide energy, whilst others regulate how fast or slow processes run and guide the maintenance and replication of DNA to ensure accurate copies of cells are formed on division. How these proteins interact is affected by the addition and removal of modifying chemicals such as phosphates, nitrates, small organic groups and occasionally other proteins. Drug developers now realize that understanding each target in this context of

complex post-translational modifications (PTMs) is essential to improve productivity and maximal responses to treatment.

Fluid biomarker discovery
We were already well established in the deep profiling of changes in protein phosphorylation in cells and tissues and have previously extended this to analysis of cerebrospinal fluid in neurodegenerative disease. This year, we have demonstrated the utility of TMTcalibrator™ phosphoproteomic analysis in blood plasma and serum, making this a key technology for the discovery of biomarkers in other diseases including cancer, inflammatory and metabolic disorders. We have also expanded our capability to monitor other PTMs relevant to fibrotic disorders and have delivered several biomarker studies in this emerging therapeutic area.

SysQuant for the detection of ubiquitylated proteins
This year we launched new services for analysis of ubiquitylation, a PTM that signals proteins for degradation. This is particularly useful for assessing the performance of a new class of drugs called proteolysis-targeting chimera (PROTAC, or molecular glues) that enhance ubiquitylation of specific target proteins that are causing disease. Once ubiquitylated, these proteins are destroyed and their disease-causing activity is reduced and in some cases fully removed.

Whilst there are other options for monitoring PTMs than our mass spectrometry methods, most suffer from a lack of specificity and/or sensitivity. Only mass spectrometry is able to perform a proteome-wide assessment of these complex protein modifiers at a scale and specificity required for drug development applications and we will continue to invest in adding additional capacity and workflows to our service business to meet this growing demand.

Single Cell Proteomics
As with last year, we have prioritized commercial project delivery and the level of internal research has been relatively low. Nevertheless, we have initiated a project to evaluate the current feasibility of performing single cell proteomics at scale. This has the potential to deliver strong revenues and is an area of intense interest to both academic and commercial scientists with significant barriers to entry. Critical to the success of quantitative single cell proteomics is the use of TMTpro™ reagents as the benefits of mixing tiny amounts of protein from 16 individual cells allows greater sensitivity and more protein identifications. We have performed preliminary analysis of the technology for single cell preparation and obtained promising results with quantification of approximately 750 to 1,000 proteins. We have now installed a new mass spectrometer (Thermo Exploris 480) which we expect to improve performance, as well as increasing throughput and overall capacity.

Status of the Tandem Mass Tag® Product Portfolio
Sales of TMT® and TMTpro™ reagents stood up well to the ongoing challenges for researchers operating under COVID restrictions during the year. Total revenues were £3.23m (2020 £3.27m) (4.2% increase on constant currency basis). It has also to be taken into account that some 2021 TMT® and TMTpro™ orders were placed in late 2020 which artificially reduces the revenues in 2021. Whilst there was a continued market demand for increased plexing rates enabling higher-throughput experiments and more reproducible data, sales of the 11plex TMT® reagents remained strong in the first half of the year before dropping in the second period that reflected the launch of the final pair of TMTpro™ tags (completing the 18plex set), and we expect to see a continued upward shift in use of the higher plexing tags now available.

In March 2022 we saw the first of the TMT® patent families expiring in all territories except the United States, where it remains in force until the second half of 2022. We are not aware of any competing products having been launched in the last 9 months and will retain a watching brief with our licensee Thermo Scientific. Other patents in the TMT® portfolio that cover several alternate tag designs as well as our TMT® and TMTpro™ products remain in full effect with the TMTpro™ patents extending out to the mid-2030s.

We continue to monitor the commercial use of TMT® and TMTpro™ by third-party Contract Research Organisations and work closely with our colleagues at Thermo Scientific to maximise the licensing of these entities, which brings us additional revenues through their activities.

Stroke biomarkers

Unfortunately, the rate of patient recruitment in the clinical trial of Randox's stroke diagnostic test continues to be extremely affected by COVID. Randox is also deeply involved in COVID test manufacture and provision of testing services and this will inevitably be impacting on resources available for stroke test development. However, they remain committed to concluding the trial and we expect more news in the first half of 2022. Similarly, Galaxy CCRO (USA) has experienced delays in initiating a trial of its GSTP Lateral Flow Device. They are working with their first trial site to resolve these issues and in the meantime have been able to improve the sensitivity and linearity of the test having developed new proprietary antibodies which will be used in all new product development. In addition to this activity, Galaxy has contracted Proteome Sciences to develop a target mass spectrometry assay for GSTP to serve as a gold-standard method for accurate quantification of trial samples, an important benchmark for clinical trial interpretation. This work is proceeding well and a final test format is expected to be available in H1 2022.

Patent Applications and Proprietary Rights

Patents and intellectual property rights underpin several key aspects of our business and we received allowance of 10 patents during the year, including cases covering several biomarker panels relating to Alzheimer's disease, the tryptophan
metabolite assay and our TMTcalibrator™ workflow. The costs of prosecution and maintenance of our portfolio remains closely controlled and was in line with expectations.

Strategic evaluation

We performed a very thorough review of strategic options accessible to us based on the analysis of growth areas where the company has deep expertise already or where such areas are a logical expansion of our current business. We have reached out to the international markets to evaluate our options. Based on the outcome of the review, we have concluded that initially the best way to develop Proteome Sciences is to build organically by adding high need services (like single cell proteomics) to our portfolio and expanding capacity to meet the continued growth in demand and this process has already begun. In the mid-term we plan to evaluate further options to internationalise our business.

Financial Review

Results and Dividends

Key Performance Indicators (KPI's)

- The directors consider that revenue, Adjusted EBITDA, and profit before/after tax are important in measuring Group performance. The performance of the Group is set out in the Chief Executive Officer's Statement.

- 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 2021 were £0.79m (2020: £1.59m). The costs in 2021 were higher when compared to 2020 due to the investment in our strategic process, building internal capacity, investment in new instrumentation and share option awards resulting in a share based payment charge. We achieved strong growth in biomarker services revenues with TMT® revenues remaining broadly in line with 2020. We did not require draw down from the arranged loan from Vulpes. Cash at 31 December is £2.39m (2020: £2.21m).

- Contract revenues from our proteomics (biomarker) services should increase both in absolute terms and as a proportion of total Group revenues; in 2021 we increased service income by 32% to £1.90m (2020: £1.44m). As a proportion of total group revenue service income in 2021 was 37% compared to 30% in 2020.

Financial Performance

For the twelve-month period ended 31 December 2021 revenue increased 8% to £5.13m (2020: £4.75m).

- Licences, sales and services revenue increased 9% to £5.12m (2020: £4.71m). This is comprised of two revenue streams: TMT®-related revenue and Proteomic (Biomarker) Services. Sterling values of our sales and royalties received for TMT® tags decreased by 1% to £3.23m (2020 £3.27m)
- Grant income was £0.01m (2020: £0.04m).
- Adjusted EBITDA increased to £1.35m (2020: £0.72m)
- The profit after tax was £0.07m (2020: £0.29m).

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 2021, and such amounts are only recognised when reasonably assured.

Costs and Available Cash

- The Group maintained a positive cash balance in 2021 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 2021 were £2.55m (2020: £2.04m).
- Staff costs for the year were £2.99m (2020: £2.15m) of which £0.57m was a share based payment charge (2020: £0.01m)
- Property costs without charges on rent of £0.17m were slightly below previous years
- Other administrative costs remained stable at £0.14m (2020: £0.14m) 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 £0.29m were lower than the prior year (2020: £0.30m).
- Loans from related parties were £10.83m (2020: £10.55m) which includes interest
- Trade and other payables were £0.60m (2020: £0.77m)
- Trade and other receivables were £0.60m (2020: £0.79m)
- Profit after tax for 2021 was £0.07m (2020: £0.29m). Adjusted EBITDA for the year was £1.35m (2020: £0.72m).
- Adjusted EBITDA conversion to operating cash inflows before working capital movements was 86% (2020: 100%)
- The net cash inflow from operating activities was £0.79m (2020: £1.59m).
- Cash at the year-end was £2.39m (2020: £2.21m).

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 2021 was encouraging as both interest and orders increased substantially when compared to the previous year. 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 coverage of unbiased discovery experiments and broadening capabilities for analysis of very small samples including single cells, investing in our own sales by 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.

Adding new services bears the risk that competitors are already more advanced and it will be difficult to find and retain new customers.

Management of risk: We believe the technology we are developing for single cell proteomics has a high demand in the market and hence we believe there is sufficient room for many players to satisfy the demand. Moreover, Proteome Sciences has a USP as we are the owner of TMT® which gives us a number of advantages (including cost control) vis a vis competitors.

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 and staff turnover is low, their retention cannot be guaranteed as evidenced by 1 resignation during 2021.

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.

Investment Limitations
Sales and royalties from TMT® have historically been key to revenue and working capital for the group to invest in the business. Over the last 3 years the development and compound growth in proteomics services revenues are starting to generate additional working capital for further investment through internationalisation and expansion of the business activities. Despite remaining cash positive, making a small profit and seeing strong growth in our proteomics services revenues in 2021 we are still currently 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 three 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 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. All patents have a limited period of validity and competing products may be sold by third parties on expiry in each territory. We have seen expiry of the first patents covering TMT® in most territories in the last year, although in the US the main patent is valid until mid-September 2022.

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 biannual review ensuring that its ongoing cost is proportional to its perceived value. We seek to prolong the value of our proprietary technologies by patenting improved chemical tags and superior biomarker panels when we are able to do so, and we monitor the impact of patent expiry by monitoring of market share of licensed products such as TMT® and TMTpro™.

Coronavirus (COVID-19) Pandemic
The world in general is learning to live with COVID and high vaccination rates and availability of new drugs are dramatically reducing burdens on healthcare systems allowing society to re-open. We continue to support staff with the provision of a safe working environment through the use of safety measures according to national regulations and control of visitors. Whilst we still have contingency planning in case of further temporary restrictions, we are expecting all aspects of our business to continue getting back to pre-pandemic modalities.

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. Site visits were restricted to only essential visitors, distancing measures were in place and the compulsory wearing of personal protective equipment.

Section 172 statement

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, 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:

- Annual General Meeting

The Board encourages engagement with the Group's shareholders but as in 2020 the Board took the difficult decision that the Annual General Meeting would be held as a closed meeting to comply with the COVID-19 regulations and in the best interests of shareholders and employees.

- Vulpes Investment Management Loan Agreement Amendment to enable conversion into ordinary shares

The Board made the decision to agree to an amendment to the Loan Agreement with Vulpes Investment Management on the 18 June 2021 to enable conversion of the loan into ordinary shares. The Board considered that by doing so it would promote the success of the Company for the benefit of the members as a whole.

- Investment in new instruments

The Board made the decision during 2021 to invest in new instruments which included a new Mass Spectrometer. The Board considered that this was necessary to maintain the Group's competitive advantage would improve performance, by increasing throughput and overall capacity in the interests of its customers.

By Order of the Board
5 Dashwood Lang Road
Bourne Business Park
Addlestone, Surrey KT15 2HJ

V Birse
Company Secretary
31 March 2022

Consolidated income statement

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue			
Licences, sales and services		5,124	4,712
Grant services		5	41
Revenue- total		5,129	4,753
Cost of sales		(2,169)	(2,168)
Gross profit		2,960	2,585
Administrative expenses		(2,548)	(2,036)
Operating profit		412	549
Finance costs		(294)	(304)
Profit before taxation		118	245
Tax (charge)/credit		(46)	50
Profit for the year		72	295
Profit per share			
Basic	3	0.02p	0.10p
Diluted		0.02p	0.10p

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit for the year	72	295
Other comprehensive income for the year		
Items that will or may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(37)	18
Re-measurement of Defined Benefit Pension Scheme	(22)	(27)
Profit and total comprehensive income for the year	13	286
Owners of parent	13	286

Consolidated balance sheet

As at 31 December 2021

	2021 £'000	2020 £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	219	58
Right-of-use asset	1,050	484
	5,487	4,760
Current assets		
Inventories	1,088	878
Trade and other receivables	604	788
Contract assets	479	457
Cash and cash equivalents	2,387	2,210
	4,558	4,333
Total assets	10,045	9,093
Current liabilities		
Trade and other payables	(599)	(768)
Contract liabilities	(35)	(153)
Borrowings	(10,825)	(10,547)
Lease liabilities	(206)	(491)
	(11,719)	(11,959)
Net current liabilities	(7,161)	(7,626)
Non-current liabilities		
Lease liabilities	(602)	(359)
Pension provisions	(499)	(492)
Total non-current liabilities	(1,101)	(851)
Total liabilities	(12,820)	(12,451)
Net liabilities	(2,775)	(3,358)
Equity		
Share capital	2,952	2,952
Share premium	51,466	51,466
Share-based payment reserve	4,193	3,623
Merger reserve	10,755	10,755
Translation reserve and other reserve	(128)	(91)
Retained loss	(72,013)	(72,063)
Total equity (deficit)	(2,775)	(3,358)

Consolidated statement of changes in equity

For the year ended 31 December 2021

	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 expense for the year	-	-	-	18	-	268	268	268
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 statement of changes in equity

For the year ended 31 December 2021

	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 2021	2,952	51,466	3,623	(91)	10,755	(72,063)	(3,358)	(3,358)
Profit for the year	-	-	-	-	-	72	72	72
Exchange differences on translation of foreign operations	-	-	-	(37)	-	-	(37)	(37)
Re-measurement of Defined Benefit Pension Schemes	--	-	-	-	-	(22)	(22)	(22)
Profit and total comprehensive income for the year	-	-	-	(37)	-	50	(13)	(13)
Credit to equity for share-based payment	-	-	570	-	-	-	570	570
At 31 December 2021	2,952	51,466	4,193	(128)	10,755	(72,013)	(2,775)	(2,775)

Consolidated cash flow statement

For the year ended 31 December 2021

	Group Year ended 31 December 2021 £'000	Group Year ended 31 December 2020 £'000
Profit/(loss) after tax	72	295
Adjustments for:		
Finance costs	294	304
Depreciation of property, plant and equipment	213	165
Revaluation of lease	(28)	-
Tax charge/(credit)	46	(50)
Share-based payment expense	570	8
Operating cash flows before movements in Working capital	1,168	722
Increase in inventories	(211)	(6)
Decrease in receivables	163	571
(Decrease)/Increase in payables	(288)	158
Increase in provisions	7	88
Cash generated from operations	(840)	(1,533)
Tax (paid)/received	(46)	50
Net cash inflow from operating activities	793	1,583
Cash flows from investing activities		
Purchases of property, plant and equipment	(204)	(13)
Loans advanced to subsidiary undertakings)	-	-
Net cash (outflow)/inflow from investing activities	(204)	(13)
Financing activities		
Lease payments	(400)	(146)
Net cash outflow from financing activities	(400)	(146)
Net increase in cash and cash equivalents	189	1,424
Cash and cash equivalents at beginning of year	2,210	799
Effect of foreign exchange rate changes	(12)	(13)
Cash and cash equivalents at end of year	2,387	2,210

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 2021 or 2020 within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021, which were approved by the directors on 31 March 2022, 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 2021 and 2020 were unqualified 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 2020 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2021 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 5 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ 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 UK adopted international accounting standards 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 2020, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2021. 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.

Despite the continuing effects of COVID-19, Group revenues for the year ended 31 December 2021 increased by 8% to £5.13m (2020: £4.75m). Proteomics services increased 32% to £1.90m (2020: £1.44m). Sales and royalties attributable to TMT® and TMTpro™ reagents were £3.23m (2020: £3.27m). Total costs were £4.72m (2020: £4.20m) and resulted in Operating Profits decreasing by 25% to £0.41m (2020: £0.55m) and a profit after tax of £0.07m (2020: £0.29m). Adjusted EBITDA increased to £1.35m (2020: £0.72m). Cash reserves at the year-end increased to £2.39m (2020: £2.21m).

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 amount owed as of 31 December

2021, including interest, was £10,054k (2020: £9,795k). 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 15 months from the date of approval of these financial statements or until at least 30 June 2023.

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). On the 17 June 2021 the Loan Agreement was amended to allow for conversion into ordinary shares such that until 30 April 2022, VIM may convert part (being not less than £50,000 or a multiple thereof) or all of the Drawn Loan and accrued interest to 31 December 2020 (being £51,538) into new ordinary shares of the Company. The conversion price is 7.16p per share, which is the average of the closing middle market price for the ordinary shares of the Company during the five consecutive trading days immediately prior to entering into the Loan Amendment. The amount owed as of 31 December 2021, including interest, was £771k (2020: £751k). The directors have received a legally binding written confirmation from VIM that they will not seek repayment for at least 15 months from the date of approval of these financial statements or until at least 30 June 2023. On 30 March 2022, the Company signed the Third Amendment to the VIM Loan Agreement which extended the term of the loan to 30 June 2023.

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.

	2021 £'000	**2020 £'000**
Profit for the financial year	72	295

	2021 Number of shares	**2020 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
Weighted average number of ordinary shares and outstanding options for the purposes of calculating diluted earnings per share:	301,850,775	295,182,056

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 not identical to those used for basic earnings per ordinary share. This is because the options are in the money from the vesting date of the 15 September 2021 onwards and are therefore dilutive as of 31 December 2021

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.