4 April 2023

Proteome Sciences plc
("Proteome Sciences" the "Company" or the "Group")
Final results for the year ended 31 December 2022

The Company is pleased to announce its audited results for the year ended 31 December 2022.

Highlights:

- Total revenues of £7.78m (2021: £5.13m)
- Proteomic (biomarker) services revenues of £2.75m (2021: £1.90m)
- TMT® sales, royalties and milestones of £5.03m (2021: £3.23m)
- Total costs of £6.05m (2021: £4.72m)
- EBITDA of £2.13m (2021: £0.63m)
- Adjusted EBITDA* of £2.43m (2021: £1.35m)
- Profit after tax of £1.33m (2021: £0.07m)
- Cash reserves at 31 December 2022 of £3.99m (2021: £2.39m)

Post year-end:

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

We are pleased to report the financial results of another successful year. We have continued to show strong growth of our revenues, both in service sales and the TMT® business despite the backdrop of negative external factors, mainly the Russia-Ukraine war and its global impact on supply chains, energy prices, inflation rates and economic recessions. Total revenues increased by 52% to £7.78m with services showing 45% revenue increase to £2.75m and TMT®/TMTpro™ reagents by 56% to £5.03m. The milestone we earned based on cumulative sales at Thermo Scientific contributed to this positive development. EBITDA of £2.13m increased by £1.50m or 239% on prior year mainly due to increased revenues and including the sales milestone payment of £0.87m received from Thermo Scientific.

We have continued to strategically invest in our workforce and instruments by hiring 6 employees and adding various instruments to support the promotion of new services including the CellenONE® single cell proteomics (SCP) platform and made investments into new reagents as future value drivers of our tag business. We are looking forward to the SCP product launch later in the year and remain confident of being one of the first contract research organisations (CROs) providing a high-performance SCP service. The new tag development programmes already meet high interest in the market.

** 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 AGM of the Company will take place at 12 noon on Wednesday 17 May 2023 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.

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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.

Chief Executive Officer's Statement

Group revenues for the full year increased by 52% to £7.78m (2021: £5.13m), services revenue increased 45% to £2.75m (2021: £1.90m) and sales, royalties and milestones attributable to TMT®/TMTpro™ reagents increased by 56% to £5.03m (2021: £3.23m). In December 2022, the Group received a cumulative sales milestone payment of £0.87m under the exclusive licence and distribution agreement with Thermo Scientific. Excluding the milestone payment received, TMT®/TMTpro™ sales and royalties were £4.16m (2021: £3.23m) and showed underlying growth of c29% in 2022.

In addition to the large carry over of orders from 2021 as reported in last year's statement, we continued to generate further orders for contract services in 2022, including a major contract win from a leading US academic group in the neurodegenerative area. The contract value is in excess of £0.5m and we finalised the work and recognised the revenues in 2022.

All this has been achieved against a backdrop of negative external factors. Whilst the COVID-19 pandemic has mainly influenced our operations in the past three years from the macro-economic perspective the main influencing factor is the Russia-Ukraine war and its global impact on supply chains, energy prices, inflation rates and economic recessions. As much as the pandemic developed into an endemic situation, in most parts of Germany quarantine regulations for those infected have been in place throughout the year. This has led to a high number of absence days in our Frankfurt laboratory in 2022. Despite this we have continued to show strong growth of our revenues, both in service sales and the TMT® business.

We have continued to strategically invest in our workforce and instruments by hiring six employees and adding various instruments to support the promotion of new services including the Meso Scale Discovery (MSD) multiplex ELISA system, the CellenONE® single cell proteomics platform and investment into new reagents, all of which led to an increase of costs. We have awarded options which resulted in a share based payment charge of £0.30m (2021: £0.57m). Consequently, total costs rose to £6.05m (2021: £4.72m) and this has resulted in an operating profit of £1.73m (2021: £0.41m) and a profit after tax of £1.33m (2021: £0.07m). Cash reserves at the year-end increased to £3.99m (2021: £2.39m). In addition, Adjusted EBITDA (a non-GAAP Group specific measure which is considered to be a key performance indicator of the Group's financial performance) increased as set out below:

	2022	2021
	£'000	£'000
Revenue	7,780	5,124
Gross profit	4,767	2,960
Administrative expenses *	(3,039)	(2,548)
EBITDA	2,125	626
Other non-cash items and non-recurring costs	303	729
Adjusted EBITDA	2,428	1,355

Adjusted EBITDA increased 79% on prior year mainly due to increased revenues and including the sales milestone payment of £0.87m received from Thermo Scientific.
*Includes depreciation of £0.4m (2021: £0.2m)

Services

Our services business continued to show strong performance over the year. As mentioned above, the COVID-19 pandemic has had a lower impact on face-to-face client meetings as scientific based conferences and exhibitions return to the pre-COVID-19 format of on-site attendance. Once the US opened up to allow foreign travellers to cross their border in Q1 2022, we re-started our program of client visits. The majority of our customer base in US biopharma were back at work and allowing sales visits to their facilities.

As reported in 2021, we continue to experience delays in the availability of samples for analysis primarily due to the pandemic affecting on-going clinical trials. Cold chain shipping availability was also a source of some sample delay as capacity was prioritised for COVID-19 related samples and vaccines. This had a real impact by delaying the arrival of samples from the large trial we received in 2021. We can only start the analysis of these samples once the whole cohort has been collected and delivered to our Frankfurt facility. This prevents analytical bias in the data generation if the analysis is performed in multiple batches.

Consequently delays in recruitment are directly translated into delays in our project initiation and downstream revenue recognition. Despite this the last of the samples were in house by year end 2022 and we expect to complete this work by mid 2023.

With the revamp of the www.proteomics.com website in spring 2022 and in-person attendance of scientific and trade conferences and exhibitions, we have continued to promote our services to new and existing accounts. We succeeded in developing new accounts and winning repeat business from our existing current customers. Just under one quarter of these orders were from new clients.

Our results underline the increasing use of outsourced proteomics in pharmaceutical and biotechnology research, and we expect this to continue in 2023 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. In 2023 we expect to enhance our activities with the launch of our new Single Cell Proteomics application area. These additions should lead to the analysis of larger volume pre-clinical and clinical samples in the future and we expect further larger scale clinical trial related orders to be placed.

Licences

Tandem Mass Tags®

The exclusive agreement for sales and distribution of Tandem Mass Tag® and TMTpro™ reagents with Thermo Scientific continues to be the Company's most significant licensing activity. After a strong performance in 2021 as global research activity started to return to normal levels, we saw further growth in 2022 with total revenues (excluding the milestone payment) increasing 29% to £4.16m (2021: £3.23m), product sales growing 26% and royalty receipts by 33%. As expected, the shift to TMTpro™ accelerated, with sales of the newer product now accounting for 68% (2021: 50%) of the total by value. At the end of the year we also received a further milestone payment of £0.87m (2021: £Nil) following the attainment of the latest cumulative sales milestone.

Whilst the earliest of the TMT® patents covering the original technology expired in the US in 2022. TMT® and TMTpro™ tags are covered by later generation patents running through until the mid-2030s. We do not expect the expiration of these earlier cases to affect TMT revenues.

Stroke Biomarkers

Our licensees Randox and Galaxy CCRO Inc. continue to pursue trials of their respective stroke diagnostic products and remain committed to launching them as *in vitro* diagnostic devices in due course. Randox's ongoing clinical trial has begun recruiting again after a long delay due to COVID-19 but they do not have a forecast of when the product may be approved for clinical use. Galaxy CCRO are developing a lateral flow device for assessing the time of stroke onset based on kinetic measurement of blood levels of glutathione-s-transferase pi (GSTP). They plan to perform an initial clinical validation study initiating in Q2 2023 prior to expanding this to meet the requirements for CE marking in Europe.

Research

With the majority of resources dedicated to providing contract services, we did not have capacity to undertake much internal research during the year. Nevertheless, several initiatives have been started that will continue into 2023. In particular, we are investing in a number of process improvements that will increase capacity in sample preparation. We are using our network of international key opinion leaders to support these efforts and expect to see a substantial improvement in throughput as we move into the second half of 2023.

We started to develop capacity for Single Cell Proteomics (SCP) in the second half of the year. SCP represents a major technical challenge but offers a substantial market value as drug developers and clinical scientists look to the role of cell heterogeneity in determining treatment responses. We evaluated the CellenONE® SCP platform in January and following some supply chain issues finally installed our own machine in August. We recruited a dedicated SCP scientist in September and we are now making progress in establishing a robust sample preparation pipeline. With the delays in procurement experienced in 2022 we now expect the process design and optimization to be completed in the first half of 2023 as we move towards a product launch later in the year. Whilst this is slightly later than we had anticipated, we remain confident of being one of the first contract research organisations (CROs) providing a high-performance SCP service.

To further support our research efforts, we have applied for several grants including a follow-on EU Doctoral Network grant around novel molecular imprinted polymers (MIPs), as well as an application relating to amyotrophic lateral sclerosis (ALS) biomarker and drug target discovery. We expect to receive results of the first rounds of review in Q2 2023. If successful, the grants will allow us to add research staff and perform targeted research projects that could lead to new products and services in the future.

Operating Environment

We were adversely 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. In spite of this we successfully attracted a lot of market interest and activity exemplifying the rising importance of proteomics in drug development and medical decision making. This translated into a constant flow of other contracts in addition to the two major contract wins 2021 and 2022.

The implementation of the results of our strategic review in 2021 have led to organic development internally expanding areas of our technical expertise by adding the high need, high value services that we identified including Single Cell Proteomics (see Services and Research Section above) to our services capabilities and expanding our capacity to meet the continued growth in demand for high level proteomics services. As anticipated our new reagents programmes have progressed well and

we have attracted considerable interest in the market. These developments will allow us to increase and extend the growth and internationalisation of our business.

Volatility in foreign exchanges during the year affected non-sterling denominated revenues, the overall effect on operating profit was positive at £0.24m.

At the end of another year of solid growth across our business and the substantial strategic investments that have been made for the future, we would like to thank all our teams for their contribution, passion and hard work to make all this happen. Our services business and our TMT®/TMTpro™ reagents are well set for further growth.

We successfully managed ongoing relationships in 2022 and also continued to attract new customers both from the US and Europe undertaking pilot studies with good potential for expansion via repeat orders in the coming year. As mentioned above, close to one quarter of the service orders won were from new clients.

We started the year with record value of orders that were carried over into 2022. Strategic investment was made in new equipment and additional staff that have increased our capacity and revenue generating potential. This investment has already proved successful with a record revenue in Service and TMT®/TMTpro™ tags being achieved, and this has provided the foundation for increased revenue growth in 2023.

Outlook

We are continuing to work on the substantial commercial opportunity from SCP where automated sample preparation combined with TMTpro™ can deliver high throughput analysis. Technically this is challenging, but we expect to launch this service later in 2023. 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 stock on hand to meet this growing demand.

The Board is confident that the progress over the recent years has created an excellent platform for the further development of the Group. The strong order book, new projects (SCP and new reagents), high customer interest and our cash position in 2023 provide a strong starting point. Proteome Sciences is well set to achieve a step-change in growth and gives the Board increased confidence that the business can grow revenue and EBITDA (both adjusted for the milestone received in 2022) in 2023.

We would like to thank our shareholders and team for their continuing support, and we look forward to communicating further progress during 2023.

Dr. Mariola Söhngen
Chief Executive Officer
3 April 2023

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, new reagents 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 2022

Growing Our Services Business
In early 2022 we invested in a Meso Scale Discovery multiplex ELISA platform. This platform enables Proteome Sciences to offer an additional service to our clients to detect and quantify proteins in samples from normal healthy subjects that would be generally undetectable by mass spectrometry. These proteins, usually cytokines and chemokines, are generally of interest in a study in a variety of diseases. The service was first used in connection with the large contract from a European pharma client that we won in 2021. We expect to offer these additional services to other clients in the future.

In connection with the large European based pharma client mentioned above much of this contract had been completed and invoiced by the year end. This project enabled our services group to operate at a sample volume greater than we have seen before. Over 3,000 samples were received, processed and reported throughout 2022. As scientific studies move into larger sample cohorts, this experience places us in a stronger position moving forward, both in the logistics of handling and storing these samples through to the practicalities of processing the samples through analysis and reporting. In relation to the sample processing, we will be looking at improving internal workflows connected with these large scale samples in 2023, thereby making us even more efficient in the future.

Expanding beyond the core proteome
The shift from genomic-led drug development to a protein-centric strategy is increasing the demand for a wide range of services and driving development of new technologies. With this increased activity comes a greater appreciation of the complex relationship between protein expression, post-translational modification and biological function. Whilst this is something we were promoting a decade ago, the wider acceptance within the pharmaceutical industry is creating significant new opportunities for Proteome Sciences. Last year we introduced a new version of SysQuant® for the analysis of protein ubiquitylation. This has been quite successful in bringing us to the attention of companies using new classes of drugs to hijack the ubiquitylation machinery in cells to cause targeted degradation of a single protein. Alongside our SysQuant® phosphoproteomics service, we

now offer our customers a range of tools to move beyond the core proteome and explore the role that different post-translational modifications play in disease and response to drug treatment. We are continuing to expand the numbers of post-translational modifications we can characterise using iterative computational search strategies, and further extending utility through development of targeted assays for specific proteoforms created in a disease or treatment response context that can be used to support drug development and clinical trials.

In expanding the mapping of post-translational modifications and different proteoforms, the power of sample multiplexing becomes increasingly important as it provides more intense spectra and higher localisation scores than are often seen with label-free methods. This is particularly important when looking beyond the core proteome in peripheral fluids such as plasma and cerebrospinal fluid, which can be further enhanced using tissue triggers in our TMTcalibrator™ workflow.

Single Cell Proteomics (SCP)
SCP represents a major technical challenge but offers a substantial market value as drug developers and clinical scientists look to the role of cell heterogeneity in determining treatment responses. It has widely been suspected that the different cell populations within diseased tissues affects how individuals respond to treatment, and this is increasingly the case with highly targeted medicines. Building on the success of other single cell omics, the field of SCP has evolved rapidly within the academic sector, but challenges around reproducibility and throughput limitations are restricting wider adoption. During the last year we have continued to explore ways to develop a robust SCP service but delays in product availability and recruiting have restricted progress against our planned timeline.

Using very small amounts of bulk digested cell lines, we have optimised the mass spectrometry workflow for SCP samples. However, there remains a challenge in delivering robust and reproducible sample preparation and we evaluated the commercially available CellenONE® SCP platform in January. Results were promising and following some supply chain issues we finally installed our own machine in August. We also recruited a dedicated SCP scientist who started work in September and we are now making progress in establishing a robust sample preparation pipeline. With the delays in procurement experienced in 2022 we now expect the process design and optimization to be completed in the first half of 2023 as we move towards a product launch later in the year. Whilst this is somewhat later than we had anticipated, we remain confident of being one of the first CROs providing a high-performance SCP service.

We are also working on alternative strategies and reagents for SCP that may deliver further benefits in throughput and data quality. Early results are encouraging and we expect to establish collaborations with key opinion leaders in the field to drive the project forward.

Status of the Tandem Mass Tag® Product Portfolio
The signs of revival in research activity seen in 2021 were continued in 2022 and this is reflected in strong growth from the TMT portfolio. Total revenues from TMT® product sales and royalties (excluding the milestone payment) increased 29% to £4.16m (2021: £3.23m), product sales growing 26% and royalty receipts by 33%. As expected, the shift to TMTpro™ was further accelerated, with sales of the newer product now accounting for 68% of the total by value (2021: 50%). We also received a milestone payment of £0.87m (2021: £Nil) following the attainment of the latest cumulative sales milestone. We stand to receive further milestone payments in the future but do not expect this in the short term.

The continued growth in TMT® sales comes against the backdrop of alternative methods for mass spectrometry proteomics, particularly data-independent acquisition (DIA) gaining popularity. It is encouraging that the value of the 18plex TMTpro™ reagents in increasing sample throughput and overall data quality is increasingly seen by researchers and we still anticipate strong growth in the

number of TMT® users and value of sales. Importantly, there are preliminary data from academic users that a subset of the TMTpro™ reagents can be used in DIA applications, where tagging was not previously possible. This opens up a further opportunity to drive adoption of TMTpro™ in groups that were previously using label-free methods. As the uptake of TMTpro™ continues to drive sales, we are continuing to review the TMT portfolio and specifically looking at the market interest in further increases to plexing rates.

As reported previously, the earliest of the TMT® patents covering the original technology, expired in the US in mid-2022. TMT® and TMTpro™ tags are covered by later generation patents running through until the mid-2030s. These cases also cover potential next-generation tag designs that can deliver sets of isobaric tags in excess of 30 plex.

Stroke biomarkers
Our licensees Randox and Galaxy CCRO Inc. continue to pursue trials of their respective stroke diagnostic products that incorporate several biomarkers licensed from Proteome Sciences. In the case of Randox, their ongoing clinical trial has begun recruiting again after a long delay due to COVID-19. Recent changes in the European regulations concerning *in vitro* diagnostics will have some impact on approval times, but until the trial has completed recruitment we will not have a forecast of when the product may be approved for clinical use.

Galaxy CCRO Inc. are developing a lateral flow device for measuring GSTP, a biomarker linked to time of stroke onset. They plan to perform an initial clinical validation study prior to expanding this to meet the requirements for CE marking in Europe. As part of the development work, Proteome Sciences developed a high-performance mass spectrometry assay for GSTP and this was used to confirm excellent linearity of signal of the lateral flow device relative to absolute GSTP concentration in a small group of stroke patients. This work was recently showcased on Galaxy's booth at the 2023 International Stroke Conference in Dallas, US.

Patent Applications and Proprietary Rights
During the year we received allowance of 23 individual patents relating to six different inventions. Five of these relate to different aspects of TMT® and TMTpro™ reagents and methods of their use. The remainder were from the clusterin and tryptophan biomarker families. The final national member of the TMT1 patent family expired in the United States but we do not expect this to affect our ongoing TMT revenues. Whilst the cost of patent prosecution and maintenance saw a moderate increase during the year, we expect this to remain relatively constant in 2023.

Strategic evaluation
The implementation of the results of our strategic review in 2021 has led to internal expansion in areas of our technical expertise adding high need, high value services that we identified (like SCP see Research Section above) to our portfolio and expanding our capacity to meet the continued growth in demand for high level proteomics services. As anticipated our new reagents programmes have progressed well and have attracted considerable interest from the market. These will increase and extend the growth and internationalisation of 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 2022 were £2.14m (2021: £0.79m). The costs in 2022 were higher when compared to 2021 due to the investment in our strategic process, building internal capacity and investment in new instrumentation. We achieved strong growth in biomarker services revenues and TMT® revenues as compared to 2021. Cash at 31 December 2022 was £3.99m (31 December 2021: £2.39m).

- Contract revenues from our proteomics (biomarker) services should increase both in absolute terms and as a proportion of total Group revenues; in 2022 we increased service revenues by 45% to £2.75m (2021: £1.90m). As a proportion of total Group revenue (excluding the milestone revenue) service revenues in 2022 was 40% compared to 37% in 2021.

Financial Performance

For the twelve-month period ended 31 December 2022 revenue increased 52% to £7.78m (2021: £5.13m)

- Licences, sales and services revenue (adjusted for the milestone) increased 35% to £6.91m (2021: £5.12m). 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 increased by 29% to £4.16m (2021 £3.23m)
- Adjusted EBITDA increased to £2.43m (2021: £1.35m)
- The profit after tax was £1.33m (2021: £0.07m)

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 2022, and such amounts are only recognised when reasonably assured.

Costs and Available Cash

- The Group maintained a positive cash balance in 2022 and continues to seek improved cash flows from commercial income streams. Even though operating costs have increased year on year, the Group generated a positive cash flow in the year. Administrative expenses in 2022 were £3.04m (2021: £2.55m)
- Staff costs for the year were £3.12m (2021: £2.99m) of which £0.30m was a share based payment charge (2021: £0.57m)
- Property costs without charges on rent of £0.16m were lower than previous years
- Other administrative costs which relate to the UK only remained stable at £0.11m (2021: £0.14m). Finance costs relate to interest due on loans from two major investors in the Company and lease interest. Costs of £0.47m were higher than the prior year (2021: £0.29m)
- Trade and other payables were £0.82m (2021: £0.60m)
- Trade and other receivables were £1.44m (2021: £0.60m)
- Profit after tax for 2022 was £1.33m (2021: £0.07m)
- Adjusted EBITDA for the year was £2.43m (2021: £1.35m)
- Adjusted EBITDA conversion to operating cash inflows before working capital movements was 94% (2021: 86%)
- The net cash inflow from operating activities was £2.14m (2021: £0.79m)
- Cash at the year-end was £3.99m (2021: £2.39m)

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 2022 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 (Unique Selling Point) as we are the owner of TMT® which gives us a number of advantages (including cost control) vis à 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 2022.

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 net profit and seeing strong growth in our proteomics services revenues in 2022 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 four 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. The final TMT1 patent expired in the US in September. This was the last case with broad claims to the field of isobaric tagging, but the patents covering the TMT® and TMTpro™ products themselves, along with several proprietary methods such as TMTcalibrator™ and MS3 quantification remain in force. Whilst the expiration of the earliest TMT patent results in a reduced royalty rate under the exclusive licence and distribution agreement with Thermo Scientific, we do not expect this to impact our total revenue growth in 2023 and beyond. We continually monitor the implications of patent expiry and have not seen any generic isobaric tags enter the markets so far.

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
As much as the pandemic has developed into an endemic situation, in most parts of Germany quarantine regulations for those infected were still in place during 2022. This has led to a high number of absence days in our Frankfurt Laboratory in 2022. 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 two 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 (AGM)

The Board encourages engagement with the Group's shareholders took the decision to hold the AGM as both an in person meeting as well as to arrange access via an online portal which allowed shareholders to attend the meeting virtually so as to make the meeting as accessible as possible.

- Board visit to German subsidiary

The Board considers the interests and wellbeing of all its employees to be important to the ongoing success of the organisation. The Board took the decision that it would make a two day visit to the Frankfurt site of the organisation in 2022, during which the directors were able to spend time observing operational activities and to meet with employees.

By Order of the Board
Coveham House
Downside Bridge Road
Cobham
Surrey KT11 3EP

V Birse
Company Secretary
3 April 2023

Consolidated income statement

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue			
Licences, sales and services		7,780	5,124
Grant services		-	5
Revenue - total		7,780	5,129
Cost of sales		(3,013)	(2,169)
Gross profit		4,767	2,960
Administrative expenses		(3,039)	(2,548)
Operating profit		1,728	412
Finance costs		(473)	(294)
Profit before taxation		1,255	118
Tax credit/(charge)		70	(46)
Profit for the year		1,325	72
Profit per share			
Basic	3	0.45p	0.02p
Diluted		0.43p	0.02p

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit for the year	1,325	72
Other comprehensive income for the year		
Items that will or may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	158	(37)
Re-measurement of Defined Benefit Pension Scheme	145	(22)
Profit and total comprehensive income for the year	1,628	13
Owners of parent	1,628	13

Consolidated balance sheet

As at 31 December 2022

	2022 £'000	2021 £'000
Non-current assets		
Goodwill	4,218	4,218
Property, plant and equipment	444	219
Right-of-use asset	873	1,050
	5,535	5,487
Current assets		
Inventories	901	1,088
Trade and other receivables	1,443	604
Contract assets	560	479
Cash and cash equivalents	3,994	2,387
	6,898	4,558
Total assets	12,433	10,045
Current liabilities		
Trade and other payables	(823)	(599)
Contract liabilities	(104)	(35)
Borrowings	(11,262)	(10,825)
Lease liabilities	(300)	(260)
	(12,489)	(11,719)
Net current liabilities	(5,591)	(7,161)
Non-current liabilities		
Lease liabilities	(353)	(602)
Pension provisions	(434)	(499)
Total non-current liabilities	(787)	(1,101)
Total liabilities	(13,276)	(12,820)
Net liabilities	(843)	(2,775)
Equity		
Share capital	2,952	2,952
Share premium	51,466	51,466
Share-based payment reserve	4,495	4,193
Merger reserve	10,755	10,755
Translation reserve and other reserve	31	(128)
Retained loss	(70,542)	(72,013)
Total equity (deficit)	(843)	(2,775)

Consolidated statement of changes in equity

For the year ended 31 December 2022

	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 2022	2,952	51,466	4,193	(128)	10,755	(72,013)	(2,775)	(2,775)
Profit for the year	-	-	-	-	-	1,325	1,325	1,325
Exchange differences on translation of foreign operations	-	-	-	158	-	-	158	158
Re-measurement of Defined Benefit Pension Schemes	-	-	-	-	-	145	145	145
Profit and total comprehensive expense for the year	-	-	-	158	-	1,470	1,628	1,628
Credit to equity for share-based payment	-	-	303	-	-	-	303	303
At 31 December 2022	2,952	51,466	4,495	31	10,755	(70,542)	(843)	(843)

Consolidated statement of changes in equity

For the year ended 31 December 2022

	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 2022

	Group Year ended 31 December 2022 £'000	Group Year ended 31 December 2021 £'000
Profit/(loss) after tax	1,325	72
Adjustments for:		
Finance costs	437	294
Depreciation of property, plant and equipment	106	213
Revaluation of lease	178	(28)
Tax charge/(credit)	(70)	46
Share-based payment expense	303	570
Operating cash flows before movements in Working capital	2,279	1,168
Decrease/(Increase) in inventories	187	(211)
(Increase)/Decrease in receivables	(920)	163
Increase/(Decrease) in payables	293	(287)
(Decrease)/Increase in provisions	80	7
Foreign exchange	151	-
Cash generated from operations	2,070	(840)
Tax received/(paid)	70	(46)
Net cash inflow from operating activities	2,140	793
Cash flows from investing activities		
Purchases of property, plant and equipment	(319)	(204)
Loans advanced to subsidiary undertakings)	-	-
Net cash (outflow)/inflow from investing activities	(319)	(204)
Financing activities		
Lease payments	(209)	(400)
Net cash outflow from financing activities	(209)	(400)
Net increase in cash and cash equivalents	1,612	189
Cash and cash equivalents at beginning of year	2,387	2,210
Effect of foreign exchange rate changes	(5)	(12)
Cash and cash equivalents at end of year	3,994	2,387

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 2022 or 2021 within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022, which were approved by the directors on 3 April 2023, 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 2022 and 2021 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 2021 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2022 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 Coveham House, Downside Bridge Road, Cobham, Surrey KT11 3EP 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 2021, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2022. 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. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in the consolidated cash flow statement.

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 challenges from the macro environment on international business, especially the Russia-Ukraine Conflict and the general inflationary pressure on costs, may have on the ability to achieve adequate level of sales.

Group revenues for the year ended 31 December 2022 increased by 52% to £7.78m (2021: £5.13m). Proteomics services increased 45% to £2.75m (2021: £1.90m). Sales and royalties attributable to

TMT® and TMTpro™ reagents were £4.16m (2021: £3.23m). Total costs were £6.05m (2021: £4.72m) and resulted in Operating Profits increasing by 322% to £1.73m (2021: £0.41m) and a profit after tax of £1.33m (2021: £0.07m). Adjusted EBITDA increased to £2.43m (2021: £1.35m). Cash reserves at the year-end increased to £3.99m (2021: £2.39m)

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 2022, including interest, was £10,459k (2021: £10,054k).

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 12 months from the date of approval of these financial statements or until at least 30 April 2024.

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 2021 (being £51,538) into new ordinary shares of the Company. The conversion price was 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 2022, including interest, was £802k (2021: £771k). 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 second 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 profits and numbers of shares.

	2022 £'000	**2021 £'000**
Profit for the financial year	1,325	72

	2022 Number of shares	**2021 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:	309,020,565	301,850,775

The weighted average number of ordinary shares outstanding was calculated applying the treasury stock method to an amount of 18.3m shares options which were in the money at the 31 December 2022. An average share price for 2022 of 4.10p per share added by the outstanding service amounts for these options and resulting in a number of shares of 13.838,509 added to the existing issued share stock for the purpose to calculate the diluted EPS. A number of 6.1m shares were not considered in the calculation of the weighted number of outstanding shares used for the diluted EPS calculation as these options were at the 31 December 2022 not dilutive.

4. Cautionary Statement on Forward-looking Statements

Proteome Sciences 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.