

Nuformix plc  
**Annual Report and Accounts**  
For the year ended 31<sup>st</sup> March 2020



# Contents

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Company Information	2
Overview	3
Executive Chairman's Statement	4
Strategic Report	9
Board of Directors	14
Corporate Governance Report	15
Remuneration Report	21
Remuneration Policy	25
Directors' Report	27
Statement of Directors' Responsibilities	28
Independent Auditor's Report	30
Consolidated Income Statement and Statement of Comprehensive Income	36
Consolidated Statement of Financial Position	37
Consolidated Statement of Changes in Equity	38
Consolidated Statement of Cash Flows	39
Notes to the Consolidated Financial Statements	40
Company Statement of Financial Position	61
Company Statement of Changes in Equity	62
Company Statement of Cash Flows	63
Notes to the Company Financial Statements	64
Notice of Annual General Meeting	67

## Company Information

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<b>Directors</b>	Dr D J Tapolczay ( <i>Resigned 5 February 2020</i> ) Dr J M Holland Dr D J Gooding ( <i>Resigned 22 June 2020</i> ) Prof. F J Lidgey ( <i>Resigned 31 January 2020</i> ) Mr K D Sideman-Wolter ( <i>Resigned 9 September 2019</i> ) Dr C P Blackwell Dr K D Keegan ( <i>Appointed 17 February 2020</i> )
<b>Company Secretary</b>	SGH Company Secretaries Limited ( <i>Resigned 11 October 2019</i> ) Mr R Jones ( <i>Appointed 11 October 2019</i> )
<b>Registered Office</b>	6th Floor 60 Gracechurch Street London EC3V 0HR
<b>Auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU
<b>Company Website</b>	<a href="http://www.nuformix.com">www.nuformix.com</a>

## Overview

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Nuformix plc (“the Company”) and its subsidiary (together, “the Group”) is a pharmaceutical development company focused on unlocking the therapeutic potential and value of known drugs to develop new novel medicines to provide enhanced benefit. Our model of repurposing drugs utilises many technologies but is focussed on our acknowledged expertise in the use of cocrystal technology through which the Group has developed and patented novel forms of small molecules. Our platform is not therapy-specific but instead has broad application across a wide range of indications. Using our technology, we are developing proprietary medicines for our own development pipeline and in partnership with pharmaceutical and biotech companies.

## Executive Chairman's Statement

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### Dear Shareholder

The last year has been one of challenge, change, progress and opportunity for Nuformix. Changes to our Board and executive management team and a subsequent review of the Group and strategy in the few weeks since Dan Gooding stood down, require us to be candid about the outlook and future direction of the Group, the likely speed of progress and the financial needs of the Group to allow it to progress further. A desire to strengthen our position in negotiations in Asia for NXP002 and to pursue promising opportunities, prompted the £1.25 million placing completed in December 2019. Opportunities to generate further value from our development portfolio and in-house capabilities have increased but the current environment has slowed the pace of all aspects of deal negotiations.

We acknowledge that progress on business development deals has been slower than previously expected. In part, this is a result of the huge impact that the COVID-19 pandemic has had on business and societies across the world. We must also acknowledge that as a small emerging company, we are not in control of the pace of negotiations. This is not always a negative, as during this time, the interest in our assets and their potential in the treatment of COVID-19, as well as the resultant fibrosis, has increased. These business discussions are confidential and further announcements will be made as and when appropriate.

### Strategy

The opportunities for our business are still there. Our confidence remains in our people, technology and products. Our business model is one with very low operating costs, but we must now look to diversify the means by which revenues are derived, as we have already started to do. Our strategy will therefore take three approaches, each underpinning a balance of risk and reward and timing of returns and revenue generation. We will:

1. Undertake technology licensing agreements centred on our IP and provide fee-for-service work to third parties producing their proprietary products, providing Nuformix with short-term revenue streams
2. Apply Nuformix's IP to produce our own proprietary product opportunities for short-term development and out-licensing, providing potentially larger, medium-term revenue streams
3. Evaluate co-development opportunities, with third parties, of generic products where Nuformix's IP provides renewed patent protection, allowing access to more rapid development to market and risk-share appropriate for Nuformix

The following Operational Review illustrates our focus towards the treatment of patients with fibrosis. There has been an increasing need for effective products in this area for many years; with the advent of COVID-19, we only see this need increasing, and on a global basis. For our other strategic opportunities, we must be therapy-agnostic and move to where the patient need, commercial market and our scientific expertise provide compelling opportunities for generating shareholder value.

### Operational highlights

During the year, we prioritised development of our anti-fibrotic candidate, NXP002, and are developing an inhaled formulation. Our preparations for first clinical exposure are underway. We are looking at all options for deriving value from this product globally.

Having demonstrated the successful application of our proprietary cocrystal technology in humans using NXP001, we believe this product could also be of interest to third parties. Whilst it is too early to characterise this, we will be extending our business development efforts in this area over the coming 12 months. This will be greatly assisted by our network of key opinion leaders and scientific advisors.

## Executive Chairman's Statement

continued

The Group also commenced pre-clinical pilot studies to investigate the potential for NXP004 with the highly acclaimed Newcastle Fibrosis Research Group. Significant progress was being made until the inevitable operational challenges of the COVID-19 outbreak contrived to slow that progress. Evaluation of this important data on an exciting candidate that could be applicable to several disease indications is now expected to complete later this year. Again, we are looking at all options for deriving value from this product.

We have also announced two new revenue generating collaboration agreements, with Ebers Tech Inc. (Ebers) and VistaGen Therapeutics Inc. (VistaGen; post-period, May 2020).

### Operational Review

#### NXP002 – Inhaled therapy for Fibrotic Diseases

Nuformix's NXP002 programme remains the Group's priority and entails the development of an inhaled therapy, initially for the treatment of Idiopathic Pulmonary Fibrosis (IPF).

Our focus is now on the development of a formulation and delivery process that exploits the optimal means to treat fibrosis of the lungs, through nebulisation of the drug to facilitate inhalation by the patient. We are considering a number of inhalation devices that would enable rapid and deep penetration of the drug into the lungs with a view to evaluating them further.

We have also started to review and assess some emerging academic data that suggest coronaviruses can trigger hyper-inflammation through activation of the biological target known as the NLRP3 inflammasome, making this a potential novel drug target to treat COVID-19. The mechanism of NXP002 can interact directly with NLRP3, blocking the assembly of the inflammasome. Whilst this still requires clinical validation, we intend to explore the commercial potential of this attribute of our drug.

The Group previously announced that negotiations for out-licensing commercial rights for Asia markets were underway. Discussions have continued but the pace of negotiations has been limited as a result of the COVID-19 pandemic situation, closures to key sites in Asia and access to key personnel. When normal trading conditions return, with direct access to key personnel, we hope to continue these and other efforts to derive value from this product for all key world markets. The value of NXP-002 is not just confined to Asia and we intend to assess interest in regions outside Asia with additional parties.

#### NXP001 – Oncology supportive care

Following successful completion of initial Phase I studies, our evaluation of the balance of investment and return directs us towards looking for regional or global licencing opportunities for NXP001. We will devote business development effort to this end and update the market as and when we are able to report progress.

The positive pre-clinical and clinical data generated for NXP001 completed Nuformix's activities within the programme in accordance with its agreement with Newsummit Biopharma "NSB". In February, the Group confirmed that issues between Newsummit Biopharma and its parent company, Zhejiang Yatai Pharmaceutical, (Yatai), impacted milestone payments due to Nuformix, totalling £2.5m. Nuformix remains in dispute with NSB regarding payment. We will continue to pursue the monies owed, whilst focusing on the development of the business as a whole.

## Executive Chairman's Statement

continued

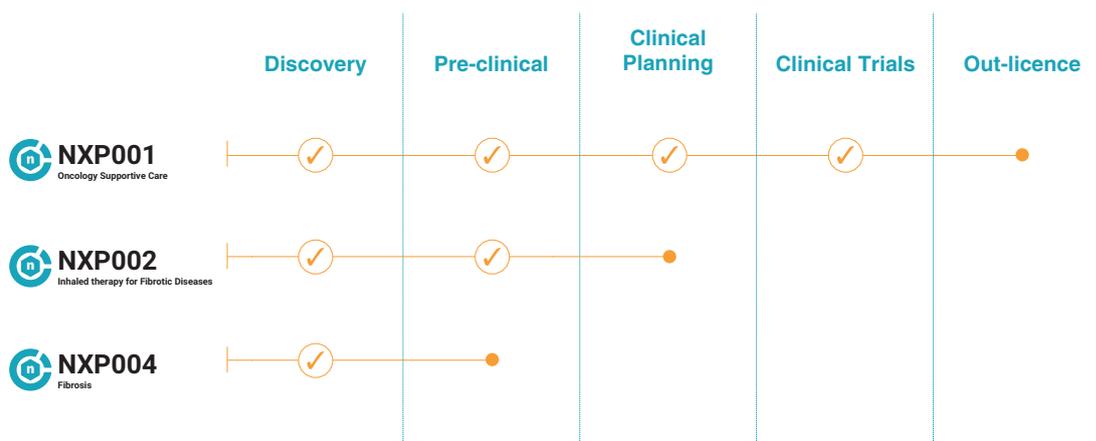
### NXP004 – Fibrosis

Nuformix commenced pre-clinical pilot studies to investigate the potential for NXP004 as a treatment for multiple forms of fibrosis in various human tissues with its research partner, Newcastle Fibrosis Research Group (NFRG). As a response to COVID-19, staff and equipment at the NFRG have been commandeered on Government orders to support national testing efforts at Milton Keynes. Completion of the pilot study has therefore been delayed.

Whilst this is disappointing for the Group, it is in the national interest. Furthermore, initial data, whilst early stage, is very encouraging. The full pilot study is expected to complete by the end of 2020.

It is worth noting that whilst the marketed form of this drug is very successful in its current indication, its formulation and side-effects have posed a significant challenge to extending the use of the drug into new indications that could also benefit from its mechanism of action. Our instinct was to use cocrystal technology to overcome some of the formulation issues and open up potential new therapeutic applications. Evaluation of the pre-clinical data alongside exploring new formulation options with our cocrystal forms will enable us to begin to explore additional business development options.

The outline product development pipeline for our current portfolio of clinical and pre-clinical programmes is as follows:



### Collaborative pipeline programmes

The Company continues to operate a commercial model that seeks to create both value and revenue from a combination of IP out-licensing and collaborative development agreements.

In April 2019, the Group announced a new development and licensing agreement with Ebers, enabling Ebers to use Nuformix's technology platforms in the development of Ebers' cannabinoid therapies. Post-period, we were pleased to confirm that, as a result of on-going development activities, a further patent filing had been made in relation to novel cannabinoid cocrystals that triggered an undisclosed milestone payment.

## Executive Chairman's Statement

continued

Post-period in May 2020, the Group announced a new collaboration with VistaGen Therapeutics Inc. (VistaGen), a clinical-stage biopharmaceutical company developing new generation medicines for anxiety, depression and other central nervous system "CNS" diseases and disorders with high unmet need. VistaGen will apply Nuformix's proprietary technology platform to develop patentable new crystalline forms of their AV-101 programme. If successful, Nuformix and VistaGen will consider opportunities to extend the collaboration to other CNS therapeutic candidates with a view to unlocking additional therapeutic and commercial opportunities. We hope to be in a position to announce the outcome over the next quarter.

### COVID-19 response and impact

Nuformix's priority has remained the health and safety of employees on site, which has remained open, conducting research on in-house and collaborative projects. The Group has followed Government advice whilst allowing the team to work flexibly, without disruption to internal research.

Proactive measures have been taken to preserve cash during this period. This included placing uncommitted external research activities on hold and reducing administrative and operating expenditure where possible to further reduce the Group's cash-burn.

### Board changes

During the year, several changes have occurred on the Board.

In September 2019, Kirk Siderman-Wolter resigned his position from the Board, having been appointed in 2017.

In January 2020, Professor John Lidgley resigned from the Board, having made significant contributions to the business.

In February 2020, we announced that Dr Dave Tapolczay, Founder and Chairman, had resigned his position, having helped establish the Group and served to progress its development for over a decade.

Post-period, in June 2020, Dr Dan Gooding resigned as Chief Executive Officer having served in that role since 2017.

We also announced that Dr Karl Keegan had joined to further strengthen the Board as a Non-Executive Director. Karl has over 25 years' experience working in senior positions in the life sciences industry and has extensive experience in strategy, finance, corporate development and capital markets within life sciences. Karl brings a wealth of experience that is highly relevant to Nuformix at this moment as we enter new stages in the development of the Group and our assets.

From a personal perspective, having moved within the space of twelve months from a Non-executive Director to Interim Chairman and now Executive Chairman, whilst unintended, it is a great honour to serve the Group and its shareholders. Once we have navigated the above challenges, it is my intention to search for a new Chief Executive Officer to lead the Group through its next phase of development but until such time, I will be working full time in my capacity as Executive Chairman and fully committed to the success of the Group. I am currently very ably assisted by Karl Keegan and the continued support of Co-Founder and Chief Scientific Officer, Jo Holland. Together, we will not only strive to drive the value of Nuformix, but also to ensure its guidance and governance is enhanced through an appropriate Board structure and experienced executive management.

## Executive Chairman's Statement

continued

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### **Scientific advice**

In September 2019, we welcomed Dr Muhunthan Thillai as a Scientific Advisor. Dr Thillai is the Lead Clinician for the Cambridge Interstitial Lung Disease Unit, where he is also currently appointed as a Consultant. Dr Thillai began his training in London and Oxford where he gained Membership of the Royal College of Physicians. He was awarded a personal Research Training Fellowship from the Wellcome Trust. This allowed him to undertake three years of scientific research into sarcoidosis, in which Dr Thillai specialises, in addition to IPF. Dr Thillai has, and will continue to provide, invaluable experience in the design and execution of future Nuformix clinical studies in IPF and our NXP002 programme.

### **Outlook**

The Board has completed a business review, mapping out a sensible course through the months ahead and focussing investment on the programmes we believe will deliver short-term returns.

We have focussed expenditure on activities that deliver immediate benefit and maintain cashflow. Our efforts will focus on negotiating licensing agreements for our lead programmes and supporting new initiatives with the potential to add further value.

The Board believes the Group has sufficient cash when combined with expected income to deliver on its objectives and following the Board's recent review of the Group's cash flow needs and opportunities.

Whilst we are optimistic, we remain conservative and focused on delivery for both our in-house and collaborative development programmes and with a determination to create and deliver shareholder value.



**Dr Chris Blackwell**  
*Executive Chairman*

21 July 2020

# Strategic Report

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## Review of the business

A comprehensive review of the year is given in the Executive Chairman's Statement on pages 4 to 8.

## Risks and uncertainties

The Group's risk management policy is regularly reviewed and updated in line with the changing needs of the business. Risk is inherent in all business. Set out below are certain risk factors which could have an impact on the Company's long-term performance and mitigating factors adopted to alleviate these risks. This does not purport to be an exhaustive list of the risks affecting the Company.

The primary risks identified by the Board are:

### Strategic risks

- Funding the business
  - Potential impact and mitigation:
 

The biotechnology and pharmaceutical industries are very competitive, with many major players having substantial R&D departments with greater resources and financial support. The Company aims to execute commercial deals generating enough revenue to sustain the business. Without this, reliance falls on investors or potential M&A opportunities. Failure to generate additional funding from these sources, if required, would compromise the Company's ability to achieve its strategic objectives as set out in the outlook on page 8.
- Feasibility of drug candidates
  - Potential impact and mitigation:
 

Drug candidates can fail due to a lack of efficacy or potency, unacceptable toxicology results, insurmountable challenges in medicinal chemistry, or other technical issues unforeseen at the time of candidate selection. This is the main reason that the conventional pharmaceutical R&D model takes many years and billions of dollars from discovery to approved medicine. It is possible that the drug candidates selected by Nuformix are found to be non-viable for development although Nuformix's model of working only on known drugs allows us to mitigate this risk to a certain extent.
- Failure to protect our IP
  - Potential impact and mitigation:
 

If our IP rights are not adequately secured or defended against infringement, or conversely become subject to infringement claims by others, commercial exploitation could be completely inhibited. The Company constantly monitors its patents and is prepared to defend them rigorously.
- Unrealistic goals and timeframes
  - The Company's executive management has a duty to the Board and the Company's shareholders to maintain a realistic view of the chances of success of products, deals and partnerships. Should this not be managed accurately and appropriately, the Company and its Board and staff risk financial, business and reputational damage, whilst its shareholders become exposed to investment risk and uncertainty over the Company's viability and status. The Board continually reviews executive management's expectations and communications in the public domain to reduce the risk of misalignment.

## Strategic Report

continued

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- Reliance on partners
- Potential impact and mitigation:

To progress the development of a drug candidate requires resources, financially or otherwise, that are not necessarily available to Nuformix. The drug candidates Nuformix wishes to develop may be of interest to third parties capable of providing these resources, so a partnership may provide mutual benefits and mitigate risks for Nuformix. However, the specific strategic focus of a partner may not align totally with Nuformix's objectives. Maintaining a balance in a partnership is therefore a risk, such as timing, cost sharing, development decisions.

### **Operational risks**

- Management and employees
- Potential impact and mitigation:

With a semi-virtual company model with relatively few employees, the Company's ability to manage day to day tasks, its relationships with its customers and suppliers, and the need to liaise with collaborative partners, could be undermined by failure to retain or recruit key management and employees. The Company endeavours to offer attractive remuneration and a positive working environment for executive staff. Main Board Directors are incentivised as detailed in the Directors' Remuneration Report.
- Business development risks in terms of timing and success of deal flow
- Potential impact and mitigation:

Opportunities to generate further value from our development portfolio and in-house capabilities have increased but the current environment has slowed the pace of all aspects of deal negotiations. However, Nuformix seeks to establish a broad range of assets, opportunities and revenue sources to help mitigate such risks.
- Adapting to the external environment – COVID19
- Potential impact and mitigation:

The ability of the Company to quickly adapt to external events such as the outbreak of COVID19 may impact the delivery of our strategy. The pandemic could cause further impact to external research and laboratory work. Our primary focus remains the safety of our employees and the health and safety of employees on site conducting research on in-house and working on collaborative projects. The Company follows Government advice whilst allowing the team to work flexibly, without disruption to internal research. The risks are also mitigated by the Company's semi-virtual business model, allowing the Executive management and Board to work remotely and effectively.

### **UK's departure from European Union ("Brexit")**

The impact of the UK's departure from the European Union is not yet clear but it may significantly affect the fiscal, monetary and regulatory landscape in the UK, and could have a material impact on the UK's economy and the future growth of its industries, including the pharmaceutical and biotechnology industries. Depending on the free trade agreement terms negotiated between EU Member States and the UK following Brexit, the UK could lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Although it is not possible at this point in time to predict fully the effects of the free trade agreement with the European Union, it could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, it may impact the Group's ability to comply with the extensive government regulation to which it is subject and impact the regulatory approval processes for its product candidates. This is an area the Executive Management monitors closely.

# Strategic Report

continued

## Financial risk management

- Failure to achieve strategic plans or meet targets or expectations
- Potential impact and mitigation:
 

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Further detail on the Group's risk management policies and procedures are set out in note 24 of the financial statements.

## Financial Highlights

- Net assets at year-end of £4,742,520 (2019: £3,815,330) which includes £543,772 cash at bank (2019: £4,261). The Group has seen a reduction in the net book value of its patents as the continued investment into its intellectual property portfolio of £32,470 was lower than amortisation of £44,961.
- The Group delivered a loss on ordinary activities (after tax credit) of £756,376 (2019: loss of £1,661,227) and a loss per share was 0.16p (2019: 0.36p). The reported loss is driven primarily by product development costs related to clinical studies. The improvement in the loss during the year is largely driven by lower share-based payment charges of £106,361 (2019: £975,926).
- Total revenue of £535,000 (2019: £610,000).

## Future outlook

The Executive Chairman's Statement on pages 4 to 8 gives information on the outlook of the Group.

## Performance

The following are the key performance indicators ("KPIs") considered by the Board in assessing the Group's performance against its objectives. These KPIs are:

### Financial KPIs

The Group is currently at a stage where the Board considers availability of cash to be the primary KPI. At 31 March 2020 cash balances totalled £543,772 (2019: £4,261). The Board will consider introducing additional KPIs to monitor the Group's development as they become relevant in the future.

### *Meeting financial targets:*

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Further detail on the Group's risk management policies and procedures are set out in note 24 of the financial statements.

### Non-Financial KPIs

- *Progress of Lead Programmes:*

Applying Nuformix's IP to produce its own proprietary product opportunities for short-term development and out-licensing provide potentially larger, medium term revenue streams.

## Strategic Report

continued

NXP002: During the year the Company prioritised the development of its anti-fibrotic candidate, NXP002 and developing an inhaled formulation. Preparations for first clinical exposure are underway and with appropriate financing, we believe this candidate can be moved through preclinical studies and into the clinic. We are looking at all options for deriving value from this product that includes the ability to secure a development partner.

NXP001: Following successful completion of initial Phase I studies of this oncology supportive care candidate, the Company's evaluation of the balance of investment and return directs it towards looking for regional or global licencing opportunities.

NXP004: Nuformix commenced pre-clinical pilot studies to investigate the potential for NXP004 as a treatment for multiple forms of fibrosis in various human tissues with its research partner, Newcastle Fibrosis Research Group (NFRG). Evaluation of the pre-clinical data alongside exploring new formulation options with our cocrystal forms will enable us to begin to explore business development options.

- *Number of collaborative technology licensing agreements:*

Undertaking technology licensing agreements centred on our IP and providing fee-for-service work to third parties producing their proprietary products, provides Nuformix with short-term revenue streams.

During the year we announced a new development and licensing agreement with Ebers Tech Inc. enabling Ebers to use Nuformix's technology platforms in the development of Ebers' cannabinoid therapies and triggering milestone payments.

- *Co-development with third parties:*

Evaluation of co-development opportunities, with third parties, of generic products where Nuformix's IP provides renewed patent protection, allowing access to more rapid development to market and risk-share appropriate for Nuformix.

### **Review of strategy and business model**

As noted in the Executive Chairman's Statement, changes to our Board and executive management team and a subsequent review of the Group and strategy in the few weeks since Dan Gooding stood down, require us to be candid about the outlook and future direction of the Group, the likely speed of progress and the financial needs of the Group to allow it to progress further.

As a small, emerging company, we are not in control of the pace of negotiations. However, the interest in our pipeline and its potential to treat COVID-19 as well as the resultant fibrosis has increased.

The opportunities for our business are still there. Our confidence remains in our people, technology and products. Our business model remains with very low operating costs, but we must now look to diversify the means by which revenues are derived, as we have already started to do. Our strategy will therefore take three approaches, each underpinning a balance of risk and reward and timing of returns and revenue generation. We will:

1. Undertake technology licensing agreements centred on our IP and provide fee-for-service work to third parties producing their proprietary products, providing Nuformix with short-term revenue streams
2. Apply Nuformix's IP to produce our own proprietary product opportunities for short-term development and out-licensing, providing potentially larger, medium-term revenue streams
3. Evaluate co-development opportunities, with third parties, of generic products where Nuformix's IP provides renewed patent protection, allowing access to more rapid development to market and risk-share appropriate for Nuformix

# Strategic Report

continued

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## Section 172

The Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making decisions. The Board ensures that its decisions offer the best chance to promote the success of the Group as a whole and consider the likely and long-term consequences for all stakeholders, particularly (though not exclusively) to:

- How the views and interests of all stakeholders were represented in the boardroom during the year. Open and honest discussion at Board level between management and the Directors considers the impact on the Group's stakeholders when reviewing items flowing to the Board as part of its activities, whether this is reviewing strategy, budget or a business development opportunity
- Given the size and stage of development of the Group, the Board has not formally adopted a mechanism to obtain stakeholder feedback. However, the Group's Senior Independent Director can be contacted at [info@nuformix.com](mailto:info@nuformix.com) should any stakeholders wish to contact the Group
- The Group's strategy and business model in the Strategic Report, on pages 9 to 13
- How the Group manages risks, on pages 9 to 11
- Corporate governance, on pages 15 to 20, including how governance supported the delivery of our strategic objectives in this period

## Employment without discrimination

The Group is committed to recruitment of employees based on aptitude and ability. We hire and promote our people regardless of gender, orientation, origin, creed, disability or any other inappropriate discrimination. At the current time there are three directors, one female and two male. The one employee is male.

## Environmental and social

In our day to day business, we commit to comply with applicable environmental laws. The direct impact of our operations is low. We also aim to undertake good housekeeping practices such as reducing energy consumption, using sustainable resources and recycling waste.

The Strategic Report was approved by the Board on 21 July 2020 and signed on its behalf by:



**Chris Blackwell**  
*Executive Chairman*

21 July 2020

## Board of Directors

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### **Dr Chris Blackwell, Executive Chairman**

Chris Blackwell became Executive Chairman in June 2020 having previously been interim Chairman since February 2020 and a Non-Executive Director of Nuformix plc since May 2018. Chris was formerly CEO of Vectura Group Plc from February 2004 to June 2015. Having completed his PhD studies at the University of Bath, sponsored by ICI Pharmaceuticals (now Astra Zeneca), Chris began his pharmaceutical career with GSK as a Clinical Pharmacologist, moving to Hoffman La-Roche as UK Director of Global Project Management and then Scotia Pharmaceuticals, before joining Vectura. As CEO over the space of 11 years, Chris built a team that refocused Vectura's research-led model into a billion-dollar market capitalised commercially-driven company.

Committees: Chris is currently Chairman of the Nomination Committee and a member of the Remuneration and Audit Committees, whilst the Board considers the appointment of an additional Non-Executive Director.

### **Dr Joanne Holland, Chief Scientific Officer**

Jo received a PhD in Chemistry from the University of Leeds sponsored by Pfizer. She joined the process R&D group at Millennium Pharmaceuticals before moving to a combined research and commercial role at Stylacats Limited. Following this Jo worked for Medeor Pharma Limited and Medeor Limited undertaking commercial and scientific research on new business and investment opportunities. Jo was a cofounder of Nuformix, and is responsible for R&D, intellectual property and regulatory issues.

Committees: Jo is a member of the Nomination Committee.

### **Dr Karl Keegan, Non-Executive Director**

Karl has over 25 years of experience working in senior roles in the life sciences industry. Karl spent 12 years as a highly regarded sell-side life sciences research analyst, researching and helping finance companies across the UK, Europe, USA and Canada. Since then, primarily in CFO roles, he has focused on corporate development, and has a successful track record of devising and implementing M&A and finance projects, delivering value across all aspects of business strategy, highlights include the sale of Minster Pharmaceuticals plc to Proximagen plc, multiple financings to support a new strategy for Pharming Group NV and leadership of M&A deals at Vectura Group plc.

Karl is the Senior Independent Director.

Committees: Karl is currently Chairman of the Audit and Remuneration Committees whilst the Board considers the appointment of an additional Non-Executive Director.

External appointments: Karl is CEO of HOX Therapeutics Ltd and a Non-Executive Director of Novai Ltd.

## Corporate Governance Report

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As a member of the London Stock Exchange standard list, the Board of Nuformix plc is not required to comply with the revised UK Corporate Governance Code published by the Financial Reporting Council in July 2018 ('the Code'). However, the Board is committed to maintaining high standards of corporate governance and business ethics. Copies of the Code are available from the Financial Reporting Council's website at [www.frc.org.uk](http://www.frc.org.uk).

This report sets out how the Company has applied the principles in the Code and the extent to which it has complied with the detailed provisions of the Code. The Board considers that the Group has complied with all of the provisions of the Code throughout the year ended 31 March 2020, except as follows:

- The Executive Chairman, Chris Blackwell, is deemed independent notwithstanding his interim executive role
- The Board intends to search for a new CEO to lead the Group through the next phase of development
- Following director departures during the year membership of each board committee has fallen below the required number. This is for a temporary period only pending new appointments as provided for in the relevant committee terms of reference
- The Group currently has two employees and no consultants or agency workers, therefore the Board has chosen not to implement a policy on Diversity and Inclusion. However, as the Group continues to grow, the Nominations Committee will continually review this aspect of the Code.

### Board of Directors

The Board is responsible to the Group's shareholders for the performance, overall strategic direction, values and governance of the Group. It provides the leadership necessary to enable the Group's business objectives to be met within the framework of the internal controls detailed in the report.

### Composition

The Board currently comprises two Non-Executive Directors, Chris Blackwell and Karl Keegan, and one Executive Director, Jo Holland. Following recent changes, the Board's intention is to search for a new CEO to lead the Group through the next phase of development. In the interim period, Chris Blackwell will be working full-time as Executive Chairman and is fully committed to the success of the Group together with Karl Keegan and Co-Founder and Chief Scientific Officer, Jo Holland. Their aim is to increase the value of Nuformix and ensure its guidance and governance is enhanced through an appropriate Board structure and experienced executive management. The Board will also seek to appoint a further Non-Executive Director in the near-term, to enhance its corporate governance. Further information on appointments will be provided to the market in due course.

Brief biographies of the Directors appear on page 14.

Chris Blackwell is the Executive Chairman and is responsible for the effective running of the Board, including setting the Board's agenda and ensuring that all matters relating to performance and strategy are fully addressed. The role description of the Executive Chairman is documented and has been approved by the Board.

### Non-executive Directors

Each Non-Executive Director is appointed for an initial term of one year. Subject to agreement, satisfactory performance and re-election by shareholders, their appointments may be renewed for further terms of one year.

## Corporate Governance Report

continued

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### **Director independence and commitment**

In the opinion of the Board, Chris Blackwell and Karl Keegan are considered to be independent in character and judgement and there are no relationships or circumstances that are likely to affect (or could appear to affect) their judgement notwithstanding Chris Blackwell's interim executive role.

### **Directors' conflicts of interests**

The Company's Articles of Association allow the Directors to authorise conflicts of interest and a register has been set up to record all actual and potential conflict situations which have been declared. All declared conflicts have been approved by the Board. The Group has instituted procedures to ensure that Directors' outside interests do not give rise to conflicts with its operations and strategy.

Where there is any conflict of interests, the relevant director does not participate in Board discussions or decisions on such matters and minutes relating to such matters are not circulated to those individuals.

The Board is of the view that the Chairman and each of the non-executive Directors who held office during the 2020 year committed sufficient time to fulfil their duties as members of the Board.

### **Senior Independent Director**

The Board considers Karl Keegan to be the Senior Independent Director with effect from 17 February 2020.

### **Director re-election**

In order to comply with the UK Corporate Governance Code, all Directors will offer themselves for re-election by shareholders at each AGM.

### **Board support**

There are agreed procedures for the Directors to take independent professional advice, if necessary, at the Group's expense. All Directors have access to the advice and services of the Company Secretary. In addition, newly appointed Directors are provided with comprehensive information about the Group as part of their induction process.

While no formal structured continuing professional development programme has been established for the non-executive Directors, every effort is made to ensure that they are fully briefed before Board meetings on the Group's business. In addition, they receive updates from time to time from the executive Directors on specific topics affecting the Group and from the Company Secretary on recent developments in corporate governance and compliance. The Group also arranges Director training, from time to time, on Corporate Governance topics and general Director's responsibilities. Each of the Non-Executive Directors independently ensures that they update their skills and knowledge sufficiently to enable them to fulfil their duties appropriately.

The Board has adopted a schedule of matters reserved to it for approval. These include the approval of changes to the issued share capital, any material changes in the nature or scope of the business of the Group, any borrowing or raising of money by the Group which would result in the aggregate borrowing of the Group exceeding £100,000 and any lending or giving security on behalf of any shareholder or associate of any shareholder of the Group. The Board delegates specific responsibilities to its Committees, which operate within written terms of reference approved by the Board. These Committees report regularly to the Board.

# Corporate Governance Report

continued

## Board effectiveness

The Board recently commenced an evaluation of its own performance and of the remuneration and audit committees. With assistance from the Company Secretary, a report will be published to the Board and following careful discussion adopted recommendations will be taken forward for implementation.

## Board meetings

Five scheduled Board meetings were held during the 2020 financial year. The Board currently has four scheduled meetings for the coming financial year. At each scheduled meeting, the Board considers a report from the CEO on current operational, risk, strategic and health and safety matters, as well as a financial and human resources report. Papers for each scheduled Board meeting are usually provided during the week before the meeting.

## Attendance at Board meetings

The following were Directors of Nuformix plc during the year. The list includes the attendance at the scheduled meetings during the year.

	<i>Board</i>	<i>Audit</i>	<i>Nomination</i>	<i>Remuneration</i>
<b>Meetings held</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
David Tapolczay*	4	3	2	1
Dan Gooding	5	–	3	–
Kirk Siderman-Wolter*	1	2	–	1
Joanne Holland	3	–	–	–
Francis John Lidgley*	4	–	–	–
Chris Blackwell	5	3	2	1
Karl Keegan**	1	–	–	–

Certain directors either resigned (\*) or were appointed (\*\*) during the financial year and therefore were not eligible to attend all meetings.

## Board committees

The Board has Audit, Remuneration and Nomination committees. During 2020, the Disclosure Committee was reconstituted as a sub-committee of the Audit Committee.

Each Board committee has established terms of reference detailing its responsibilities and powers. These are available in the Investors section at [www.nuformix.com](http://www.nuformix.com).

## Audit Committee

In its obligation to establish formal and transparent arrangements for considering risk management and internal controls in addition to maintaining an appropriate relationship with the Group's auditors, the Board has established an Audit Committee. This currently comprises Karl Keegan as Chairman and Chris Blackwell as a member. The appointment to the Board of an additional Non-Executive Director with appropriate skills is expected to replace Chris Blackwell in this role. Both current members of the Committee have been deemed to possess competence relevant to the sector in which the Group operates and Karl Keegan has recent and relevant financial experience.

## Corporate Governance Report

continued

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The Chairman of the Committee may invite non-members to attend Committee meetings and these typically include a representative of the Group's external auditor and the CEO. Details of Audit Committee meeting attendance and number of meetings held can be found on page 17. The Committee Chairman also provides a report to the full Board at each scheduled Board meeting following any Audit Committee meeting.

The terms of reference for the Committee take into account the requirements of the Code and are available at [www.nuformix.com](http://www.nuformix.com). The current composition of the Committee meets the requirement set out for smaller companies. A key role of the Committee is to assist the Board with the discharge of its responsibilities in relation to the Group's financial statements in the areas set out below.

### *Corporate reporting*

The Committee monitors the integrity of the financial statements of the Group and formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained therein. It reviews the draft annual financial statements and half year results statements prior to discussion and approval by the Board. It also reviews the external auditor's detailed reports on these statements.

The Committee then reports to the Board on matters which it believes the Board should consider in ensuring the publication of the financial reports provide a fair, balanced and understandable assessment of the Group's position. The Committee also considers the findings reported to it by the external auditor's process.

The Group has control mechanisms in place for the engagement of the external auditor in the supply of non-audit services. These controls ensure that the objectivity and independence of the external auditor is monitored and maintained in projects of a non-audit nature. These controls are reviewed annually to consider their continued appropriateness and effectiveness. It is, however, acknowledged that, due to their detailed understanding of the Group's business, it may sometimes be necessary or desirable to involve the external auditor in non-audit related work to the extent permitted.

### *Internal control and risk management*

Risk management and internal controls is a standing agenda item for each Audit Committee Meeting. The Committee reviews the effectiveness of the internal controls throughout the year and will take any necessary actions should any significant failings or weaknesses be identified. Details of the principal risks and uncertainties potentially facing the Group can be found in the Strategic Report on pages 9 to 13.

Given the size and current stage of development of the Group, the Board acknowledges that it is ultimately responsible for ensuring Nuformix's systems of internal controls and risk management remain effective. The Board continues to assess:

- Risks
- Financial performance
- Governance
- Performance of the External Auditor

### **Remuneration Committee**

The Board has established a Remuneration Committee in order to set formal and transparent procedures and policies for development of Directors' remuneration packages. The Remuneration Committee currently comprises of Karl Keegan as Chairman and Chris Blackwell as a member.

# Corporate Governance Report

continued

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The terms of reference for the Committee consider the requirements of the Code and are available at [www.nuformix.com](http://www.nuformix.com).

The Group's Remuneration Report can be found on pages 21 to 24.

## **Nomination Committee**

The Group's Nomination Committee comprises Chris Blackwell as Chairman with Karl Keegan and Jo Holland as members. The Committee is responsible for assisting the Board in determining the composition and make-up of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need arises. The selection process is, in the Board's view, both rigorous and transparent in order to ensure that appointments are made on merit and against objective criteria set by the Committee. In reviewing potential candidates, the Committee considers the benefits of diversity on the Board, while ensuring that appointments are made based on merit and relevant experience.

The Committee, in consideration of skills and succession planning, looks at the balance, structure and composition of the Board and takes into account the future challenges and opportunities facing the Group.

The Nomination Committee meets as required, but at least once each year.

The terms of reference for the Committee are available at [www.nuformix.com](http://www.nuformix.com).

## **Disclosure Sub-committee**

During 2020, the Board saw the need to reconstitute the Disclosure Committee as a sub-committee of the Audit Committee.

The Disclosure Sub-committee has responsibilities that include the maintenance of procedures, systems and controls for inside information, ensuring that all regulatory announcements, shareholder circulars and other regulatory documents are properly scrutinised to ensure compliance with applicable requirements and monitor compliance with the Group's Disclosure Procedures. The terms of reference for the sub-committee consider the requirements of the UK Listing Rules (LRs) and the Disclosure Guidance and Transparency Rules (DTRs) and are available at [www.nuformix.com](http://www.nuformix.com). The role of the Sub-committee is to assist the Board with the discharge of its responsibilities in relation to the Group's financial statements.

The sub-committee meets as required, but at least once each year.

## **Shareholder Communications**

The Board communicates with shareholders via RNS announcements, other appropriate communications platforms and where possible responding to email enquiries from shareholders. Additionally, the Board uses the AGM as an occasion to communicate with all shareholders who are provided with the opportunity to ask questions. At the AGM, the level of proxy votes lodged on each resolution is made available, both at the meeting and subsequently on the Group's website. Each substantially separate issue is presented as a separate resolution. The Committee Chairmen are available to answer questions from shareholders. The website also contains general information on the Group's business, its technology, strategy, business model and R&D activities.

## Corporate Governance Report

continued

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### **Financial Reporting**

The Directors have acknowledged, in the Statement of Directors' Responsibilities set out on page 28, their responsibility for preparing the financial statements of the Group. The external auditor has included, in the Independent Auditor's Report set out on pages 30 to 35, a statement about its reporting responsibilities.

The Directors are also responsible for the publication of a half year report for the Group, which provides a balanced and fair assessment of the Group's financial position for the first six months of each accounting year.



**Dr Chris Blackwell**  
*Executive Chairman*

21 July 2020

## Remuneration Report

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### **Introduction from the Chairman**

I am pleased to present our report on Directors' remuneration for 2020, which includes amounts actually paid to Directors in 2020, on which shareholders will be asked to vote in an advisory manner at the Annual General Meeting in September 2020. It includes information subject to audit. The members of the Remuneration Committee are Chris Blackwell and the Committee chairman, Karl Keegan. The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Group and the expected contribution of the Board in continuing to achieve the commercial and corporate development objectives as per the Strategic Report. The current Remuneration Policy was approved by shareholders at the Annual General Meeting held in September 2019. The Group is permitted only to make a payment to a Director if that payment is in line with the policy.

The policy has been established following receipt of advice from suitably qualified and experienced professionals and can be found on pages 25 to 26.



**Karl Keegan**

*Chairman of the Remuneration Committee*

21 July 2020

## Remuneration Report

continued

### Remuneration for the year ended 31 March 2020

The remuneration tables below (which have been subject to audit) set out amounts paid to each Director during the financial years ended 31 March 2020 and 31 March 2019:

	<b>2020</b>			
	<i>Annual salary/ fees £'000</i>	<i>Bonuses £'000</i>	<i>Pension contributions £'000</i>	<i>Total £'000</i>
Dan Gooding	120	–	1	121
Jo Holland	110	–	1	111
<b>TOTAL</b>	<b>230</b>	<b>–</b>	<b>2</b>	<b>232</b>
David Tapolczay	30	–	–	30
John Lidgley	20	–	–	20
Kirk Siderman-Wolter	16	–	–	16
Chris Blackwell	45	–	–	45
Karl Keegan	6	–	–	6
<b>TOTAL</b>	<b>117</b>	<b>–</b>	<b>–</b>	<b>117</b>

	<b>2019</b>			
	<i>Annual salary/ fees £'000</i>	<i>Bonuses £'000</i>	<i>Pension contributions £'000</i>	<i>Total £'000</i>
Dan Gooding	120	5	1	126
Jo Holland	110	5	1	116
<b>TOTAL</b>	<b>230</b>	<b>10</b>	<b>2</b>	<b>242</b>
David Tapolczay	35	–	–	35
John Lidgley	28	–	–	28
Kirk Siderman-Wolter	34	–	–	34
Chris Blackwell	35	–	–	35
<b>TOTAL</b>	<b>132</b>	<b>–</b>	<b>–</b>	<b>132</b>

### Remuneration of Dan Gooding (CEO) since listing:

<i>Year</i>	<i>Dan Gooding figure of total remuneration £'000</i>	<i>Annual bonus £'000</i>	<i>Share based payment charge £'000</i>
2020	121	0	0
2019	126	5	323
2018	111	0	272

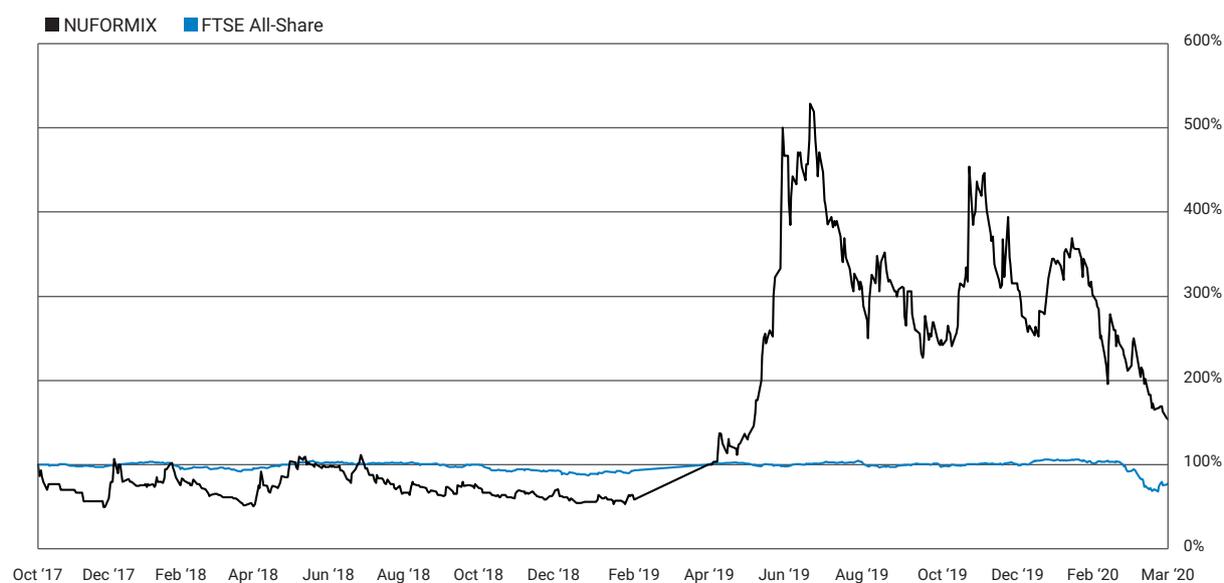
## Remuneration Report

continued

### Performance graph

The Committee considers the FTSE All-Share Index a relevant index for Total Shareholder Return and comparison disclosure as it represents a broad equity market index of which the Company is a member.

The performance graph below shows the Company's Total Shareholder Return performance for the years since Nuformix listing in 2017 compared with that of the FTSE All-Share Index.



### Directors' letters of appointment

The following table provides details of the non-executive Directors' letters of appointment:

<i>Name</i>	<i>Date of Appointment</i>	<i>Date of expiry of current term</i>
C Blackwell	10 May 2018	No fixed expiry date
K Keegan	17 February 2020	No fixed expiry date

The Non-Executive Directors' letters of appointment provide for termination by either party by giving the other not less than three months' notice in writing and the Executive Directors' letters of appointment provide for termination by either party by giving the other not less than six months' notice in writing.

## Remuneration Report

continued

### Directors' interests in shares

The beneficial interests of the Directors in the ordinary shares of the Company are set out below:

	As at 31 March 2020 Number of ordinary shares	As at 31 March 2019 Number of ordinary shares
J Holland*	37,500,000	37,500,000
D Gooding*	37,500,000	37,500,000
C Blackwell*	–	–
K Keegan*	–	–

\* Share options disclosed in directors' report.

Except as stated above, the Company is not aware of any other interests of any Director in the ordinary share capital of the Company. There are no requirements or guidelines concerning share ownership by Directors.

This report has been approved by the Board.



**Karl Keegan**

*Chairman of the Remuneration Committee*

21 July 2020

## Remuneration Policy

The Remuneration Policy (the "Policy") was approved by shareholders at the 2018 Annual General Meeting of the Company. The effective date of this Policy is the date on which it was approved by shareholders.

The Remuneration Policy is designed to reflect remuneration trends and employment conditions across the Group, to support the Group's business strategy and to help the Group promote and attain its objective of long-term success.

The Remuneration Committee intends the Remuneration Policy to apply for a further two years and will undertake an annual review of the policy to ensure the content continues to reflect the Group's business strategy.

Below is a table summarising the main aspects of the Remuneration Framework.

Fixed Element and Purpose	Operation	Maximum Potential Salary/Opportunity	Performance Metrics
<p><b>Base Salary</b></p> <p>To provide a basic salary commensurate with role and experience which is comparable with that for similar pharma/biotech, companies of a similar size in the Cambridge Region (we use Radford's recent Cambridge Survey as a comparator). The quantum of salary is also traded off against the Group's financial resources and its ability to pay salary for a sustainable period.</p>	<p>Salary is paid monthly.</p> <p>Salaries are reviewed annually by the Group's Remuneration Committee.</p> <p>Factors affecting salary pay are:</p> <ul style="list-style-type: none"> <li>any relevant deductions (the Group offers a cycle scheme vouchers); and</li> <li>attainment of any bonus-related pay within a specified period in which the salary is paid.</li> </ul>	<p>There is no maximum salary opportunity.</p> <p>Salaries are paid based upon business performance and individual contributions towards this within the financial year.</p> <p>Salaries will be paid in accordance with the 2017 Radford Report which provides a benchmark for pay for numerous technical and management roles within the pharma/biotech and related companies in the Cambridge area.</p>	Not applicable.
<p><b>Pensions</b></p> <p>Our purpose at present is to comply with current legislation.</p> <p>In the future we are looking to provide a pension contribution commensurate with role and experience which is comparable with that for similar pharma/biotech, companies of a similar size in the Cambridge Region (we use Radford's recent Cambridge Survey as a comparator) when cash resources within the business allow it.</p>	<p>Employees are automatically signed up to the Group's pension plan.</p> <p>The contributions to a defined contribution plan are in accordance with automatic enrolment scheme minimum sums effective from 6 April 2019.</p> <p>Executives cannot receive a cash equivalent or salary supplement.</p> <p>Contributions are subject to legislative change however employees are not restricted in their contributions.</p>	<p>At present, the maximum employer contributions required by law are 2% (from 6th April 2018 – 5th April 2019). However, this will be increasing to 3% from 6th April 2019 where the employee will be subject to contributing a minimum of 5%.</p> <p>There are no maximum employee contributions.</p> <p>There are no cash allowances.</p> <p>These rules apply to all employees.</p>	Not applicable.
<p><b>Other Benefits (in cash or kind)</b></p> <p>The Group aims to provide a broader benefits package to employees.</p>	<p>Cycle scheme vouchers are available to employees.</p>	<p>Benefits are limited to maximum tax-free allowances.</p>	Not applicable.

## Remuneration Policy

continued

Variable Element and Purpose	Operation	Maximum Potential Salary/Opportunity	Performance Metrics
<p><b>Bonuses</b></p> <p>The Group aims to provide an appropriate incentivised programme relating to individual performance.</p>	<p>The discretionary annual bonus scheme is designed to reward contributions made to the Group that exceed the expectations of the work levels expected and relate to commercial events, specifically income from intellectual property out-licensing, collaborative development programmes or fundraising.</p> <p>Executive management is currently eligible to receive bonus payments in relation to commercial transactions relating to the licensing of the Group's patents (1% of License Fees received from the out-licensing of Nuformix patents for a period of three years from commencement).</p> <p>The Committee determines the annual targets and key performance indicators ("KPIs") and assesses the performance against these targets and KPIs.</p>	There is no maximum.	<p>Bonuses are paid in the event of securing License fees from the out-licensing of Nuformix patents.</p> <p>Future metrics to be agreed as the Group continues to execute its Corporate Development strategy.</p>
<p><b>Long Term Incentive Schemes ("LTIS")</b></p> <p>Bonus payments effectively provide this for three years, as do the option agreements, which provide this for five years.</p>	The Committee determines awards under LTIS annually.	There is no maximum.	Bonuses are paid in the event of securing License Fees from the out-licensing of Nuformix patents.
<p><b>Profit sharing and Specific Incentive Remuneration Schemes/Arrangements</b></p> <p>There are no current plans for profit sharing.</p>			
<p><b>Share Option Schemes and Share Option Plans</b></p> <p>Provide employees with tax efficient means to benefit as they contribute to the growth of the Group.</p>	Specific bonus schemes awarded as disclosed.	No maximum.	Employees must stay with the business and be good leavers.

### Safeguards (i.e. clawback)

The Committee has implemented a safeguard to ensure the business and remuneration targets are met in a sustainable way and performance reflects genuine achievement against those targets and therefore represents the delivery of value for shareholders. For each performance measure, the impact of any acquisition, divestment, out-licensing event or collaboration will be quantified and adjusted for after the event. Any major adjustment in the calculation of performance measures will be disclosed to shareholders on vesting. The Chairman of the Audit Committee and other members, who are also members of the Remuneration Committee, provide input on the Audit & Committee's review of the Group's performance and oversight of any risk factors relevant to remuneration decisions.

## Directors' Report

continued

The directors present their report and the financial statements for the year ended 31 March 2020.

### Results and Dividends

The loss for the year, after tax, amounted to £756,376 (2019 Loss: £1,661,227). The directors do not recommend payment of a dividend (2019: £nil).

### Substantial shareholdings

As at 16 July 2020 the Company is aware of the following notifiable interests in its voting rights:

	<i>Number of ordinary shares</i>	<i>Percentage of voting rights</i>
Hargreaves Lansdown (Nominees) Limited	120,122,084	24.51%
Interactive Investor Services Nominees Limited	55,543,056	11.33%
Vidacos Nominees Limited	51,252,063	10.46%
JIM Nominees Limited	50,977,205	10.40%
HSDL Nominees Limited	37,756,993	7.70%
Dr D J Gooding	37,500,000	7.65%
Dr J M Holland	37,500,000	7.65%
Barclays Direct Investing Nominees Limited	27,406,547	5.59%

### Directors' of the Company

The Directors, who held office during the year, were as follows:

Prof F J Lidgley (*resigned 31 January 2020*)  
 Dr D J Tapolczay (*resigned 5 February 2020*)  
 Dr J M Holland  
 Dr D J Gooding (*resigned 22 June 2020*)  
 Mr K D Sideman-Wolter (*resigned 9 September 2019*)  
 Dr C P Blackwell  
 Dr K D Keegan (*appointed 17 February 2020*)

### Directors' interests in shares

The interests in the equity of the Company held by Directors, who were directors at the year end, are set out below:

	<i>As at 31 March 2020 Number of ordinary shares</i>	<i>As at 31 March 2020 Number of share options and warrants</i>	<i>As at 31 March 2019 Number of ordinary shares</i>	<i>As at 31 March 2019 Number of share options and warrants</i>
J Holland	37,500,000	36,860,000	37,500,000	36,860,000
D Gooding	37,500,000	36,860,000	37,500,000	36,860,000
C Blackwell	–	3,000,000	–	–
K Keegan	–	3,000,000	–	–

## Directors' Report

continued

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### **Directors' and officers' liability insurance**

The Group has, as permitted by s234 and 235 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary, indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

### **Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable International Financial Reporting Standards (IFRSs), as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

In the case of each person who was a director at the time of this report was approved:

- So far as that Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and,
- That Director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

## Directors' Report

continued

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### **Auditors**

A resolution to reappoint Haysmacintyre LLP as auditors will be presented to the members at the Annual General Meeting in accordance with Section 485(2) of the Companies Act 2006.

On behalf of the board,



**Dr Chris Blackwell**  
*Executive Chairman*

21 July 2020

## Independent Auditor's Report

to the Members of Nuformix plc

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### Opinion

We have audited the financial statements of Nuformix plc (the 'Parent Company') and its subsidiary (collectively 'the Group') for the year ended 31 March 2020 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Cash Flow Statement and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis of opinion

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

### Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 of the financial statements concerning the Group's ability to continue as a going concern. The disclosures indicate that there are inherent material uncertainties relating to when milestones in research will be achieved and the likely outcome of trials which will give a right to revenue and cash receipts, the successful signing of out-licensing agreements and the timing of ensuing cash receipts and finally the possibility of a successful fundraise via the placing of equity shares. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company or Group was unable to continue as a going concern.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report

to the Members of Nuformix plc – continued

Risk	Our response	Our response
<p><b>Going Concern</b></p> <p>Ongoing losses may indicate that the accounts should not be prepared on a going concern basis (see note 2 for further detail).</p>	<p>Review of monthly cash flow forecasts and budgets prepared by the directors up to November 2021 to assess the reasonableness of their assessment of the parent company and Group's going concern status.</p> <p>Discussion with Directors on future plans.</p> <p>Scrutinizing the sensitivities forecasted and challenging the assumptions underpinning the cash flow forecasts.</p> <p>Checking the accuracy and mathematical integrity of the cash flow forecasts prepared by management.</p>	<p>We have observed that a material uncertainty relating to going concern is present (see previous section).</p>
<p><b>Carrying value of intangible assets</b></p> <p>Losses may indicate that the intangible assets, including goodwill on consolidation, are impaired (note 14 shows that £4.2m was held on the balance sheet at year end).</p>	<p>Review of Directors' impairment assessment of intangibles, including goodwill on consolidation. Critically challenging the Directors' forecasts and projections used in the impairment review.</p> <p>Obtaining evidence of the commercial and technical feasibility of the capitalised patents.</p>	<p>No impairment was deemed appropriate.</p>
<p><b>Valuation of options and warrants</b></p> <p>Valuation of share options is a complex and subjective area (see note 19).</p>	<p>Valuation models assessed and reperformed where possible.</p> <p>Competence and independence of management's expert valuer appraised.</p> <p>Assumptions inherent to valuation models assessed as to whether they are reasonable.</p> <p>Review of option and warrant agreements to ensure that terms have been appropriately reflected within the calculations and assumptions.</p>	<p>No material misstatements were identified.</p>

### Our application of materiality

We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality both in planning our audit and in evaluating the results of our work.

We determined materiality for the Group to be £45,000, which is approximately 5% of loss before tax. Overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 75% of materiality, namely £33,750.

## Independent Auditor's Report

to the Members of Nuformix plc – continued

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We have agreed to report to the Audit Committee all audit differences in excess of £2,250, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### **An overview of the scope of our audit**

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement.

The Group includes the listed parent company, Nuformix PLC, and its trading subsidiary, Nuformix Technologies Limited. The Group's accounting function is outsourced to a third party accountancy firm. We included the outsourcer in our planning discussions with management and established a dedicated portal where the outsourcer could share the accounting records and supporting documentation with us. We discussed with management events that had taken place during the year in order to obtain an understanding of any changes in the Group's environment that might impact on our audit. Our tests included, but were not limited to, discussions with the outsourcer as well as the Group management.

Both companies were audited by the same audit engagement team and, accordingly, all revenue, total assets and loss before tax of the Group were subject to audit by Haysmacintyre LLP. The main trading entity is the focus of our audit, as this comprises all the Group revenue, but, at the parent company level, we also tested the consolidation process and challenged the directors' view on the carrying value of the investment in subsidiary and the group intangible assets. We also carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement.

We did not identify any key audit matters relating to irregularities, including fraud. We also introduced variability into our audit tests and assessed the risk of management override on internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Based on our understanding of the Group our audit was focused on the key risks as described above.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Independent Auditor's Report

to the Members of Nuformix plc – continued

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In our opinion, based on the work undertaken during the audit:

- Information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

Considering our knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

## Independent Auditor's Report

to the Members of Nuformix plc – continued

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### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

#### *Identifying and assessing potential risks related to irregularities*

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: impairment of goodwill and intangibles, revenue recognition, and valuation of share options. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and Listing Rules, UK Bribery Act as well as pensions legislation and tax legislation.

## Independent Auditor's Report

to the Members of Nuformix plc – continued

### *Audit response to risks identified*

As a result of performing the above, we identified the following key audit matters: impairment of goodwill and intangibles and valuation of share options as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

### **Other matters we are required to address**

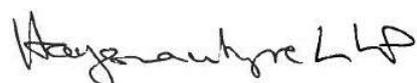
We were appointed by the Directors to audit the financial statements for the period ending 31 March 2016. Our total uninterrupted period of engagement is five years, covering the period ending 31 March 2016 and the years ended 31 March 2017, 2018, 2019 and 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



### **Ian Daniels**

*(Senior statutory auditor)*

For and on behalf of Haysmacintyre LLP, Statutory Auditors  
10 Queen Street Place, London EC4R 1AG

Date: 21 July 2020

## Consolidated Income Statement and Statement of Comprehensive Income

for the year-ended 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Revenue	4	535,000	610,000
Cost of sales		<u>(333,595)</u>	<u>(537,527)</u>
Gross profit		201,405	72,473
Administrative expenses		(1,119,580)	(1,887,609)
Other operating income	5	<u>4,130</u>	<u>4,624</u>
Operating loss	6	(914,045)	(1,810,512)
Finance costs	7	<u>(15,837)</u>	<u>(32,210)</u>
Loss before tax		(929,882)	(1,842,722)
Income tax receipt	11	<u>173,506</u>	<u>181,495</u>
Loss for the year and total comprehensive income for the year		<u><u>(756,376)</u></u>	<u><u>(1,661,227)</u></u>
Loss per share – basic and diluted	12	(0.16)p	(0.36)p

The above results were derived from continuing operations.

These financial statements were approved by the board on 21 July 2020 and were signed on its behalf by:



**Dr Chris Blackwell**  
Executive Chairman

The accompanying notes to the financial statements on pages 40 to 60 form an integral part of the financial statements.

# Consolidated Statement of Financial Position

as at 31 March 2020

Registration number: 09632100

	Note	31 March 2020 £	31 March 2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	82,912	27,520
Intangible assets	14	4,247,862	4,260,353
		<u>4,330,774</u>	<u>4,287,873</u>
<b>Current assets</b>			
Trade and other receivables	16	79,496	162,865
Income tax asset		172,391	179,850
Cash and cash equivalents	17	543,772	4,261
		<u>795,659</u>	<u>346,976</u>
<b>Total assets</b>		<u>5,126,433</u>	<u>4,634,849</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	490,145	460,750
Share premium		4,480,400	2,932,590
Merger relief reserve		10,950,000	10,950,000
Reverse acquisition reserve		(8,005,195)	(8,005,195)
Share option reserve		1,814,613	1,708,252
Retained earnings		(4,987,443)	(4,231,067)
Total equity		<u>4,742,520</u>	<u>3,815,330</u>
<b>Non-current liabilities</b>			
Loans and borrowings	20	<u>37,257</u>	<u>–</u>
<b>Current liabilities</b>			
Trade and other payables	23	308,525	804,408
Loans and borrowings	20	<u>38,131</u>	<u>15,111</u>
		<u>346,656</u>	<u>819,519</u>
<b>Total equity and liabilities</b>		<u>5,126,433</u>	<u>4,634,849</u>

These financial statements were approved by the board on 21 July 2020 and signed on its behalf by:



**Dr Chris Blackwell**  
Executive Chairman

The accompanying notes to the financial statements on pages 40 to 60 form an integral part of the financial statements.

## Consolidated Statement of Changes in Equity

for the year-ended 31 March 2020

	Share capital £	Share premium £	Merger relief reserve £	Reverse acquisition reserve £	Share option reserve £	Retained earnings £	Total £
<b>At 1 April 2019</b>	460,750	2,932,590	10,950,000	(8,005,195)	1,708,252	(4,231,067)	3,815,330
Loss for the year and total comprehensive loss	-	-	-	-	-	(756,376)	(756,376)
Issue of share capital	29,395	1,612,810	-	-	-	-	1,642,205
Share issue costs	-	(65,000)	-	-	-	-	(65,000)
Share and warrant based payment	-	-	-	-	106,361	-	106,361
<b>At 31 March 2020</b>	490,145	4,480,400	10,950,000	(8,005,195)	1,814,613	(4,987,443)	4,742,520
	Share capital £	Share premium £	Merger relief reserve £	Reverse acquisition reserve £	Share option reserve £	Retained earnings £	Total £
<b>At 1 April 2018</b>	460,750	2,932,590	10,950,000	(8,005,195)	724,837	(2,569,840)	4,493,142
Loss for the year and total comprehensive loss	-	-	-	-	-	(1,661,227)	(1,661,227)
Share and warrant based payment	-	-	-	-	975,926	-	975,926
Equity element of convertible loan note	-	-	-	-	7,489	-	7,489
<b>At 31 March 2019</b>	460,750	2,932,590	10,950,000	(8,005,195)	1,708,252	(4,231,067)	3,815,330

The accompanying notes to the financial statements on pages 40 to 60 form an integral part of the financial statements.

## Consolidated Statement of Cash Flows

for the year-ended 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
<b>Cash flows from operating activities</b>			
Loss for the year		(756,376)	(1,661,227)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	81,685	52,815
Loss on disposal of plant, property and equipment	6	31	
Finance costs	7	15,837	32,208
Income tax expense	11	(173,506)	(181,495)
Share and warrant based payment	3, 6	106,361	975, 926
Equity element of convertible loan note		–	7,489
		<u>(725,968)</u>	<u>(774,284)</u>
Working capital adjustments			
Decrease in trade and other receivables	16	83,369	17,457
Increase/(decrease) in trade and other payables	23	(256,178)	260,604
Cash consumed by operations		<u>(898,777)</u>	<u>(496,223)</u>
Income taxes received	11	180,965	196,881
Net cash outflow from operating activities		<u>(717,812)</u>	<u>(299,342)</u>
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment	13	(10,733)	(1,277)
Disposals of property plant and equipment	13	–	149
Acquisition of intangible assets	14	(32,470)	(26,148)
Net cash flows from investing activities		<u>(43,203)</u>	<u>(27,276)</u>
<b>Cash flows from financing activities</b>			
Issue of shares (net of costs)		1,337,500	–
Interest paid	7	(9,785)	(3,483)
Increase in other directors' loans	20	505	–
Reduction in other loans	20	(3,162)	–
Cash payment for reduction of lease liability		(23,994)	–
Foreign exchange losses	7	(538)	(3,805)
Net cash in/(out)flows from financing activities		<u>1,300,526</u>	<u>(7,288)</u>
Net increase/(decrease) in cash and cash equivalents		539,511	(333,906)
Cash and cash equivalents at 1 April		<u>4,261</u>	<u>338,167</u>
Cash and cash equivalents at 31 March		<u>543,772</u>	<u>4,261</u>

The accompanying notes to the financial statements on pages 40 to 60 form an integral part of the financial statements.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020

### 1 General information

Nuformix plc (“the Company”) and its subsidiary (together, “the Group”) operate in the field of complex scientific research, specifically drug development through the use of cocrystallisation.

The Company is a public limited company which is listed on the Standard Market of the London Stock Exchange, domiciled in the United Kingdom (“the UK”) and incorporated in England and Wales.

The address of its registered office is 6th Floor, 60 Gracechurch Street, London, EC3V 0HR and the company’s principal place of operation is 153 Cambridge Science Park, Cambridge, CB4 0GN.

### 2 Accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) and on the historical cost basis. The financial statements are presented in Pounds Sterling which is the Group’s functional and presentational currency.

#### Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the European Union (“adopted IFRSs”).

#### Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2019, other than IFRS16 Leases, have had a material effect on the financial statements.

#### Adoption of new standards and amendments to existing standards

Standards, interpretations and amendments to standards with mandatory application for periods beginning on or after 1 April 2019.

IFRS 16: “Leases”. The company has elected to apply the standard using the modified retrospective approach from 1 April 2019, utilising certain of the practical expedients provided within the Standard, and the cumulative effect of initial application will be recognised in retained earnings at 1 April 2019. Comparative figures for the year ended 31 March 2019 are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee’s accounting policies under IAS 17 Leases. This is disclosed in Note 15.

The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities recognised at 1 April 2019:

	2019 £
Operating lease commitments disclosed as at 31 March 2019	38,542
Add: additional lease commitment through non-exercise of break clause	59,458
Discount using the lessee’s incremental borrowing rate at date of initial application	(11,180)
Lease liability recognised at 1 April 2019	86,820
Of which are:	
Current lease liabilities	21,829
Non-current lease liabilities	64,991

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 2 Accounting policies continued

The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. Its application had no impact on the Company's tax position.

At the date of the authorisation of these financial statements the following Standards and Interpretations affecting the Group, which have not been applied in these financial statements, were in issue, but not yet effective or endorsed. The Group does not plan to adopt these standards early:

Effective 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform

Not yet endorsed:

- Definition of a Business (Amendments to IFRS 3)
- IFRS 17 Insurance Contracts
- IAS1 amendments regarding classification of liabilities

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

### Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The critical accounting estimates are considered to relate to the following:

#### *Intangible assets*

The Group recognises intangible assets in respect of goodwill arising on consolidation. This recognition requires the use of estimates, judgements and assumptions in determining whether the goodwill is impaired at each year end.

#### *Share options*

The Group fair values equity-settled share-based payment transactions using the Black-Scholes model and Monte Carlo simulations where applicable. The use of the models involve judgements and estimates including an assessment of whether the shares will vest. Should actual future outcomes differ from these assessments the amounts recognised on a straight-line basis would vary from those currently recognised.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

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### 2 Accounting policies continued

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

#### Going concern

The financial statements have been prepared on the going concern basis of preparation which, *inter alia*, is based on the Directors' reasonable expectation that the Group has adequate resources to continue to operate as a going concern for at least twelve months from the date of their approval. In forming this assessment, the Directors have prepared cashflow forecasts covering the period ending 30 November 2021 that take into account the likely run rate on overheads and research expenditure and the prudent expectations of income from out-licensing rights to its lead programmes.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 2 Accounting policies continued

Whilst there can be no guarantee of the successful outcome of on-going out-licensing negotiations or the successful outcome of future trials, in compiling the cashflow forecasts the Directors have made estimates of the likely outcome of such negotiations and trials, including when income might be generated from other means, including raising funds through issues of equity, and have considered alternative strategies should projected income be delayed or fails to materialise.

Whilst the Directors anticipate revenue generating out-licensing contracts will be signed, they recognise that there are inherent material uncertainties as to when out-licensing transactions will be completed and the timing of ensuing cash receipts, when research milestones will be achieved and the likely outcome of trials which will give a right to revenue and cash receipts and finally the possibility of a successful fundraise via the placing of equity shares. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company or Group was unable to continue as a going concern.

The Directors have considered alternative strategies, which include cost control measures, postponing uncommitted research expenditure, securing alternative licensing arrangements from those currently planned and utilising the Group's established network of licensed brokers for fundraising.

After careful consideration, the Directors consider that they have reasonable grounds to believe that the Group can be regarded as a going concern and for this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

### Exceptional items

Exceptional items are defined as items which are non-recurring in nature and material.

### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and,
- specific criteria have been met for each of the Group activities, such as the demonstration of milestone achievements in research or acceptance by both parties.

### Segmental information

There is one continuing class of business, being the research and experimental development of biotechnology.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 2 Accounting policies continued

#### Taxation

The tax income represents the sum of tax credits currently receivable and deferred tax. Tax currently receivable is based on taxable profit for the year. Taxable profit differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax asset is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Group controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statements, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

#### Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	20% straight line
Computer equipment	33.33% straight line
Lab equipment	25% straight line

#### Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting year date.

# Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

## 2 Accounting policies continued

Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The Group currently has only one CGU.

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

### Amortisation

Amortisation is provided on intangible assets to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Patents	10% straight line

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

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### 2 Accounting policies continued

#### Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the year of the relevant borrowing.

Interest expense is recognised based on the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### Leases – After adoption of IFRS 16

IFRS 16 Leases was issued in January 2016 and is effective for an entity's financial statements for annual reporting periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

- The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.
- The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

IFRS 16's transition provisions permit lessees to use either a full retrospective or a modified retrospective approach for leases existing at the date of initial application of the standard, with options to use certain transition reliefs.

The company has elected to apply the standard using the modified retrospective approach from 1 April 2019, utilising certain of the practical expedients provided within the Standard. The company recognised right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments. Comparative figures for the year ended 31 March 2019, are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee's accounting policies under IAS 17 Leases.

The company has elected to apply the following practical expedients allowed for entities adopting IFRS 16 using the modified retrospective approach:

- Reassessment of contract – The company has made use of the possibility not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 April 2019.
- Discount rate – Instead of requiring a lessee to determine the incremental borrowing rate for every single lease, IFRS 16 allows a lessee to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 2 Accounting policies continued

- Initial direct costs – As a practical expedient, IFRS 16 allows a lessee to exclude initial direct costs from the measurement of the right of use (ROU) asset on transition.
- Use of hindsight for lease term – A lessee is required to determine the lease term at the date of initial application, which includes purchase and renewal options reasonably expected to be exercised and excludes termination options reasonably expected to be exercised. To alleviate the burden of reconstructing a lessee's initial assessment of the lease term and subsequent changes thereafter, IFRS 16 allows a lessee to use hindsight to determine which renewal and termination options to include or exclude.
- Onerous lease determination – Similar to other non-financial assets, ROU assets are subject to impairment testing under IAS 36 Impairment of Assets and a lessee is required to perform an impairment review for each of its ROU assets at date of initial application. IFRS 16 allows a lessee to use its onerous contract assessment under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before transition instead of performing an impairment review under IAS 36. The ROU asset is then reduced by any existing provision for related onerous leases – there were no onerous contracts within the Group at 1 April 2019.
- Short-term leases – For leases with a remaining term of less than one year at the date of initial application, the lessee may choose to apply the short-term lease exemption in IFRS 16 and expense lease payments rather than recognize an ROU asset and a lease liability. When using the short-term lease exemption, a lessee is required to disclose the amount of lease payments expensed as a result of using this expedient.

### Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the amount paid for equity shares over the nominal value.
- "Reverse acquisition reserve" arises due to the elimination of the Company's investment in Nuformix Technologies Limited.
- "Merger relief reserve" represents the share premium arising on issue of shares in respect of the reverse acquisition takeover.
- "Share option reserve" represents the fair value of options issued.
- "Retained earnings" represents retained earnings/losses.

### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

For defined contribution plans contributions are paid into publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

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### **2 Accounting policies continued**

#### **Financial assets and liabilities**

The Group's financial assets comprise intangible and tangible fixed assets, trade and other receivables and cash and cash equivalents.

The Group's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments.

#### **Share based payments**

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

#### **Convertible loan note**

The fair value of the liability portion of a convertible loan note is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

#### **Investment in subsidiaries**

Investments in subsidiaries are carried in the Company's balance sheet at cost less accumulated impairment losses. On disposal of investments in subsidiaries the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 3 Exceptional items

The analysis of the Group's exceptional items for the year is as follows.

	2020 £	2019 £
Share option charge	–	828,427
Warrant charge	–	147,499
	<u>–</u>	<u>975,926</u>

Share option and warrant charges in the year ended 31 March 2019 were deemed exceptional as they related to the successful completion of the reverse acquisition. In the current financial year, the charges are deemed to be recurring in nature and have been classified as administrative expenses.

### 4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
Rendering of services	<u>535,000</u>	<u>610,000</u>

### 5 Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2020 £	2019 £
Miscellaneous other operating income	<u>4,130</u>	<u>4,624</u>

### 6 Operating loss

Arrived at after charging

	2020 £	2019 £
Depreciation expense (including lease depreciation)	36,724	11,100
Amortisation expense	44,961	41,715
Loss on disposal of tangible fixed assets	31	151
Research and development expenditure	524,979	1,449,210
Share option charge	41,521	–
Warrant charge	64,840	–
Operating lease expense – property	<u>–</u>	<u>29,400</u>

Details of the share-based payments can be found in note 19.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 7 Finance income and costs

	2020 £	2019 £
<b>Finance costs</b>		
Interest expense on other financing liabilities	(9,785)	(28,405)
Interest on lease liabilities	(5,514)	–
Foreign exchange losses	(538)	(3,805)
Total finance costs	<u>(15,837)</u>	<u>(32,210)</u>

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £	2019 £
Wages and salaries	421,077	314,000
Social security costs	41,787	35,682
Pension costs, defined contribution scheme	4,306	2,703
	<u>467,170</u>	<u>352,385</u>

The average number of persons employed by the Group (including directors) during the year and analysed by category was as follows:

	2020 No.	2019 No.
Research and development	<u>3</u>	<u>3</u>

The Company has one employee (2019: one), other than the executive directors, who are employed by Nuformix Technologies Limited. The non-executive directors are engaged under service, not employment, contracts.

### 9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	<u>347,077</u>	<u>373,114</u>

During the year, the number of Directors who were receiving pension benefits was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Details of the total remuneration paid for the services of the directors are set out on pages 21 to 24 in the remuneration report.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 9 Directors' remuneration continued

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	<u>120,000</u>	<u>125,000</u>

### 10 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements – Group	38,000	29,450
Audit of the financial statements – Company	10,000	10,000
Audit related assurance service	10,000	5,250

### 11 Income tax

Tax (credited) in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	<u>(173,506)</u>	<u>(181,495)</u>

The tax on loss before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(929,882)</u>	<u>(1,842,722)</u>
Corporation tax at standard rate	(176,678)	(350,117)
Excess of capital allowances over depreciation	111	1,725
Expenses not deductible	24,280	189,661
Tax losses for which no deferred tax asset was recognised	53,380	76,298
Adjustment in respect of research development tax credit	<u>(74,599)</u>	<u>(99,062)</u>
Total tax credit	<u>(173,506)</u>	<u>(181,495)</u>

No deferred tax asset has been recognised as the Directors cannot be certain that future profits will be sufficient for this asset to be realised. As at 31 March 2020 the Group has tax losses carried forward of approximately £3,350,000 (2019: £3,070,000).

The UK rate of corporation tax is 19%. The Finance (No 2) Act 2017 provided that this rate should be reduced to 17% with effect from 1 April 2020, but this was subsequently changed in the 2020 Budget, meaning that the rate of UK corporation tax will remain at 19%.

As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances at 31 March 2020 have been calculated at 19% which is the rate at which the relevant balance is expected to be recovered or settled.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 12 Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the period. Diluted loss per share is calculated based on the weighted average number of shares outstanding and the number of shares issuable as a result of the conversion of dilutive financial instruments.

	2020 £	2019 £
Loss after tax	(756,376)	(1,661,227)
Weighted average number of shares – basic and diluted	477,064,822	460,750,000
Basic and diluted loss per share	(0.16)p	(0.36)p

### 13 Property, plant and equipment

	<i>Land and buildings</i> £	<i>Computer equipment</i> £	<i>Lab equipment</i> £	<i>Total</i> £
<b>Cost or valuation</b>				
At 1 April 2019	32,204	17,487	9,732	59,423
Adoption of IFRS 16	81,414	–	–	81,414
Additions	–	3,381	7,352	10,733
Disposals	–	(3,235)	–	(3,235)
At 31 March 2020	<u>113,618</u>	<u>17,633</u>	<u>17,084</u>	<u>148,335</u>
<b>Depreciation</b>				
At 1 April 2019	11,807	12,017	8,079	31,903
Charge for the year	31,143	3,938	1,643	36,724
Eliminated on disposal	–	(3,204)	–	(3,204)
At 31 March 2020	<u>42,950</u>	<u>12,751</u>	<u>9,722</u>	<u>65,423</u>
<b>Carrying amount</b>				
At 31 March 2020	<u><u>70,668</u></u>	<u><u>4,882</u></u>	<u><u>7,362</u></u>	<u><u>82,912</u></u>
At 31 March 2019	<u><u>20,396</u></u>	<u><u>5,471</u></u>	<u><u>1,653</u></u>	<u><u>27,520</u></u>

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 14 Intangible assets

	<i>Goodwill</i> £	<i>Patents</i> £	<i>Total</i> £
<b>Cost</b>			
At 1 April 2019	4,023,484	417,141	4,440,625
Additions	–	32,470	32,470
At 31 March 2020	<u>4,023,484</u>	<u>449,611</u>	<u>4,473,095</u>
<b>Amortisation</b>			
At 1 April 2019	–	180,272	180,272
Amortisation charge	–	44,961	44,961
At 31 March 2020	<u>–</u>	<u>225,233</u>	<u>225,233</u>
<b>Net book value</b>			
At 31 March 2020	<u>4,023,484</u>	<u>224,378</u>	<u>4,247,862</u>
At 31 March 2019	<u>4,023,484</u>	<u>236,869</u>	<u>4,260,353</u>

For impairment testing purposes, management considers the operations of the Group to represent a single cash generating unit (CGU) focused on research and development of drugs through the use of cocrystallisation. Consequently, the goodwill is effectively allocated and considered for impairment against the business as a whole, being the single CGU.

The fair value of the CGU as at 31 March 2020 is considered to be the market value of Nuformix plc. The share price of Nuformix plc as at 31 March 2020 was 3.70p per share and there were 490,145,081 shares giving a fair value of £18,135,368 substantially in excess of the Group's net assets, including goodwill, of £4,808,843.

As such, the Directors do not consider there to be any indication that the goodwill is impaired.

### 15 Leases

The Group has elected to apply IFRS 16 using the modified retrospective approach from 1 April 2019, utilising certain of the practical expedients provided within the Standard.

In application of IFRS 16 as from 1 April 2019, the group has recognised on the statement of financial position some "right-of-use" assets and lease liabilities.

An operating lease exists at 153 Cambridge Science Park which has a mixed use for office and laboratory purposes. This commenced in July 2017 and will run until July 2022. There is a rent review clause in July 2020. The annual charge for the site is £27,930 per annum.

The liabilities recognized in accordance with IFRS 16 at 31 March 2020 amount to £62,934, of which £25,677 is due within one year and £37,257 is due after more than one year. To determine the amount of these liabilities, future lease payments were discounted at the incremental borrowing rate of the company which was 7.5%.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 15 Leases continued

The table below presents by nature the “right-of-use” assets included in the fixed assets of the company in 2020:

	<i>Buildings</i> £
Cost or valuation	
At 1 April 2019	–
Adoption of IFRS 16	81,414
Disposals	–
At 31 March 2020	<u>81,414</u>
Depreciation	
At 1 April 2019	–
Charge for the year	24,702
Eliminated on disposal	–
At 31 March 2020	<u>24,702</u>
At 31 March 2020	<u><u>56,712</u></u>
At 31 March 2019	<u><u>–</u></u>

### 16 Trade and other receivables

	<i>31 March</i> 2020 £	<i>31 March</i> 2019 £
Trade receivables	2,690	887
Accrued income	–	10,934
Prepayments	44,692	15,052
Other receivables	<u>32,114</u>	<u>135,992</u>
	<u><u>79,496</u></u>	<u><u>162,865</u></u>

The fair value of trade and other receivables is considered by the Directors not to be materially different to the carrying amounts. No trade receivables are overdue or impaired.

### 17 Cash and cash equivalents

	<i>31 March</i> 2020 £	<i>31 March</i> 2019 £
Cash at bank	<u><u>543,772</u></u>	<u><u>4,261</u></u>

The Directors consider that the carrying value of cash and cash equivalents represents their fair value.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 18 Share capital

Allotted, called up and fully paid shares

	31 March 2020		31 March 2019	
	No.	£	No.	£
Ordinary shares of £0.001 each	<u>490,145,081</u>	<u>490,145</u>	<u>460,750,000</u>	<u>460,750</u>

No share transactions took place during the year ended 31 March 2019.

	No.
As at 1 April 2018 and 1 April 2019	460,750,000
Loan conversion and warrants exercised	10,216,510
Placement of new shares on the stock market	<u>19,178,571</u>
As at 31 March 2020	<u>490,145,081</u>

On 30 September 2019, the company completed a capital increase when a convertible loan from Mr A Miller was converted into 8,716,510 shares of £0.001 each at a price of £0.275 per share, with a share premium of £230,988. This constituted a material non-cash transaction.

On 15 October 2019, the company completed a capital increase when warrants were exercised for 250,000 shares of £0.001 each at an exercise price of £0.039 by Whitman Howard, with a share premium of £9,750.

On 23 December 2019, the company completed a capital increase through the issue of 19,178,571 shares of £0.001 each in a share placement at a price of £0.07 per share, with a share premium of £1,323,321.

On 7 January 2020, the company completed a capital increase through the exercise by Shakespeare Martineau of warrants for 1,250,000 shares of £0.001 each at an exercise price of £0.04 per share, with a share premium of £48,750.

### 19 Share options and warrants

The Group operates share-based payment arrangements to remunerate Directors and key employees in the form of a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value is determined at the grant date of the equity-settled share-based payments and is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The following share-based payments were made in the year to 31 March 2020:

On 10 May 2019, Dr Chris Blackwell was granted warrants to subscribe for 3,000,000 new Ordinary shares of £0.001 at an exercise price of 4p each and exercisable at any time within two years under the terms of his appointment as Director of the Group. The fair value of the warrants was determined using the Black-Scholes option pricing model at 1.085p per warrant.

On 16 May 2019, warrants to subscribe for 8,716,510 new Ordinary shares of £0.001 were issued at 2.75p each exercisable at any time within five years under the terms of a Convertible Loan Agreement dated 18 April 2017 (as amended). 134,694 of these warrants were awarded during this period and the fair value of the warrants was determined using the Black-Scholes option pricing model and was an average of 4.515p per warrant.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 19 Share options and warrants continued

On 3 September 2019, the Group agreed to grant Dr Muhunthan Thillai options to subscribe for up to 6,000,000 new ordinary shares of £0.001 at an exercise price of 50% of the 30 day average share price prior to the date of grant, conditional upon the achievement of various clinical development milestones. The Directors' assessment of the accounting value of the likelihood of achievement attributable to the period from 3 September 2019 to 31 March 2020 is £41,521.

On 17 February 2020, Karl Keegan was granted warrants to subscribe for 3,000,000 new Ordinary shares of £0.001 at an exercise price of 4p each. The warrants vest on the first anniversary of the grant date and are exercisable at any time within two years from the vesting date. The fair value of the warrants was determined using the Black-Scholes option pricing model at 3.996p per warrant.

The fair value of the options and warrants issued in 2020 were determined using the Black-Scholes option pricing model and Monte Carlo simulations, where appropriate, and had a weighted average of 2.51p per option (2019: 1.86p).

The significant inputs into the model in respect of the options and warrants granted in the years ended 31 March 2019 and 31 March 2020 were as follows:

	2019 <i>Convertible loan note</i>	2020 <i>Existing director warrants</i>
Grant date share price	2.55p	3.55-6.75p
Exercise price	2.75p	4.00-6.75p
No. of share options	8,581,818	6,000,000
Risk free rate	0.5%	0.44-1.00%
Expected volatility	95%	50-95%
Expected option life	5 years	3 years

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 19 Share options and warrants continued

The following table sets out details of the granted warrants and options movements:

Warrant/ option holder	Number of warrants/ options at 1 April 2018	Issued in year	Expired in year	Number of warrants/ options at 31 March 2019	Issued in year	Expired in year	Lapsed in year	Number of warrants/ options at 31 March 2020	Exercise price	Expiry date
<i>Directors during the year</i>										
David Tapolczay	18,430,000	-	-	18,430,000	-	-	(18,430,000)	-	4p	16/10/22
Joanne Holland	36,860,000	-	-	36,860,000	-	-	-	36,860,000	4-10p	16/10/22
Daniel Gooding	36,860,000	-	-	36,860,000	-	-	-	36,860,000	4-10p	16/10/22
Pascal Hughes	5,000,000	-	(5,000,000)	-	-	-	-	-	-	-
Pascal Hughes	1,625,000	-	-	1,625,000	-	-	-	1,625,000	4p	16/10/20
Anthony Reeves	1,000,000	-	(1,000,000)	-	-	-	-	-	-	-
Chris Blackwell	-	-	-	-	3,000,000	-	-	3,000,000	4p	10/5/21
Karl Keegan	-	-	-	-	3,000,000	-	-	3,000,000	6.75p	10/5/21
<i>Success warrants</i>										
Whitman Howard	250,000	-	-	250,000	-	(250,000)	-	-	-	-
Shakespeare	-	-	-	-	-	-	-	-	-	-
Martineau	1,250,000	-	-	1,250,000	-	(1,250,000)	-	-	-	-
<i>Other warrants</i>	44,000,000	-	(44,000,000)	-	-	-	-	-	-	-
<i>Convertible loan note warrants</i>										
Issued April 2017	5,450,000	-	(5,450,000)	-	-	-	-	-	-	-
Issued August 2018	-	8,581,818	-	8,581,818	-	(8,581,818)	-	-	-	-
Issued May 2019	-	-	-	-	134,692	(134,692)	-	-	-	-
	<u>150,725,000</u>	<u>8,581,818</u>	<u>(55,450,000)</u>	<u>103,856,818</u>	<u>6,134,692</u>	<u>(10,216,510)</u>	<u>(18,430,000)</u>	<u>81,345,000</u>		

### 20 Loans and borrowings

	31 March 2020 £	31 March 2019 £
<b>Current loans and borrowings</b>		
Lease liabilities	25,677	-
Directors' loan	8,890	8,385
Other borrowings	3,564	6,726
	<u>38,131</u>	<u>15,111</u>
<b>Non-current loans and borrowings</b>		
Lease liabilities	<u>37,257</u>	-

The fair value of other borrowings is considered by the Directors not to be materially different to the carrying amounts. Non-current lease liabilities are all due within 5 years.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 21 Obligations under leases and hire purchase contracts

#### Operating leases

The Group signed a lease for rental of business premises for 5 years from 17 July 2017. There is a break clause in the lease allowing notice to be given at the 3 year mark. The total future value of minimum lease payments is as follows:

	31 March 2020 £	31 March 2019 £
Within 1 year	–	29,400
In two to five years	–	9,142

Following the adoption of IFRS 16, the amount of non-cancellable operating lease payments recognised as an expense during the year was £nil (2019: £27,930).

### 22 Pension and other schemes

#### Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £4,306 (2019: £2,703).

Contributions totalling £2,928 (2019: £1,156) were payable to the scheme at the end of the year and are included in creditors.

### 23 Trade and other payables

	31 March 2020 £	31 March 2019 £
Trade payables	131,011	322,126
Accrued expenses	134,721	90,033
Social security and other taxes	28,527	145,736
Outstanding defined contribution pension costs	2,928	1,156
Other payables	11,338	245,357
	<u>308,525</u>	<u>804,408</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to the carrying amounts. All payables are due within one year.

Included within other payables is £nil (2019: £239,705) in respect of convertible loan notes which give rise to a material non-cash movement in the year ended 31 March 2020 due to the issue of equity in full settlement of the loan notes.

### 24 Financial instruments

#### Credit risk

The main credit risk relates to liquid funds held at banks. The credit risk in respect of these bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

### 24 Financial instruments continued

#### Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 23.

#### Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

### 25 Related party transactions

All transactions with related parties are conducted on an arm's length basis.

The remuneration of the key management personnel of the Group, who are defined as the directors, is set out in the directors' remuneration report.

#### Transactions with directors

During the year the Group made the following related party transactions:

##### ***Dr D Gooding (Director)***

Included in creditors due in less than one year is an interest free loan from Dr D Gooding. At the balance sheet date, the amount owed to Dr D Gooding was £95 (2019: £4,435).

##### ***Dr J Holland (Director)***

Included in creditors due in less than one year is an interest free loan from Dr J Holland. At the balance sheet date, the amount owed to Dr J Holland was £nil (2019: £3,950).

##### ***Dr C P Blackwell (Director)***

Included in creditors due in less than one year is an interest free loan from Dr C P Blackwell. At the balance sheet date, the amount owed to Dr C P Blackwell was £4,146 (2019: £nil).

##### ***Dr K Keegan (Director)***

Included in creditors due in less than one year is an interest free loan from Dr K Keegan. At the balance sheet date, the amount owed to Dr K Keegan was £4,648 (2019: £nil).

## Notes to the Consolidated Financial Statements

for the year-ended 31 March 2020 – continued

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### **26 Ultimate controlling party**

The Directors do not consider there to be a single ultimate controlling party.

### **27 Post balance sheet events**

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. While the outbreak began before the year end, its severity and the economic impact has increased significantly since the balance sheet date. Measures taken by various governments to contain the virus have affected economic activity.

The directors will continue to monitor the effects of COVID-19 and take steps to mitigate them where possible. These steps include health and safety measures for our employees such as social distancing at work for operational staff and home working for those able to do so and ensuring controls are maintained while new work practices are followed. The directors will continue to follow the various national advice and also ensure continuity of operations in the safest way possible.

The impact of COVID-19 on the business is considered to be a non-adjusting event after the period end under IAS 10. At this stage we are not aware of any adverse impact on the carrying value of the Group's assets, including goodwill, or liabilities as a result of the outbreak.

However, given the ongoing uncertainty around the scope, duration and impact of the pandemic, we are not able to forecast the consequences of the pandemic. There may be a potential future impact on the carrying value of goodwill and acquisition related intangibles which cannot be foreseen at this time.

# Company Statement of Financial Position

as at 31 March 2020

Registration number: 09632100

	Note	31 March 2020 £	31 March 2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	31	11,250,000	11,250,000
		<u>11,250,000</u>	<u>11,250,000</u>
<b>Current assets</b>			
Trade and other receivables	32	1,770,066	1,127,454
Cash and cash equivalents	33	507,417	2,245
		<u>2,277,483</u>	<u>1,129,699</u>
Total assets		<u><u>13,527,483</u></u>	<u><u>12,379,699</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	490,145	460,750
Share premium		4,480,400	2,932,590
Merger relief reserve		10,950,000	10,950,000
Share option reserve		1,814,613	1,708,252
Retained earnings		(4,380,472)	(4,015,779)
Total equity		<u><u>13,354,686</u></u>	<u><u>12,035,813</u></u>
<b>Current liabilities</b>			
Trade and other payables	34	172,797	343,886
		<u>172,797</u>	<u>343,886</u>
Total equity and liabilities		<u><u>13,527,483</u></u>	<u><u>12,379,699</u></u>

The loss attributable to the Company in the year was £364,693 (2019: loss £1,392,674).

These financial statements were approved by the board on 21 July 2020 and were signed on its behalf by:



**Dr Chris Blackwell**  
Executive Chairman

The accompanying notes to the financial statements on pages 64 to 65 form an integral part of the financial statements.

## Company Statement of Changes in Equity

for the year-ended 31 March 2020

	Share capital £	Share premium £	Merger relief reserve £	Share option reserve £	Retained earnings £	Total £
At 1 April 2019	460,750	2,932,590	10,950,000	1,708,252	(4,015,779)	12,035,813
Loss for the year and total comprehensive income	-	-	-	-	(364,693)	(364,693)
Share issued and warrant exercised	29,395	1,612,810	-	-	-	1,642,205
Share and warrant based payment	-	-	-	106,361	-	106,361
Share issue costs	-	(65,000)	-	-	-	(65,000)
At 31 March 2020	490,145	4,480,400	10,950,000	1,814,613	(4,380,472)	13,354,686
	Share capital £	Share premium £	Merger relief reserve £	Share option reserve £	Retained earnings £	Total £
At 1 April 2018	460,750	2,932,590	10,950,000	724,837	(2,623,105)	12,445,072
Loss for the year and total comprehensive income	-	-	-	-	(1,392,674)	(1,392,674)
Share and warrant based payment	-	-	-	975,926	-	975,926
Equity element of convertible loan note	-	-	-	7,489	-	7,489
At 31 March 2019	460,750	2,932,590	10,950,000	1,708,252	(4,015,779)	12,035,813

The accompanying notes to the financial statements on pages 64 to 65 form an integral part of the financial statements.

## Company Statement of Cash Flows

for the year-ended 31 March 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Loss for the year		(364,693)	(1,392,674)
Adjustments to cash flows from non-cash items			
Finance costs		4,340	24,920
Share and warrant based payment		106,361	975,926
Equity element of convertible loan note		–	7,489
		<u>(253,992)</u>	<u>(384,339)</u>
Working capital adjustments			
Decrease/(increase) in trade and other receivables	32	106,024	(54,272)
Increase in trade and other payables	34	68,616	36,526
Net cash outflow from operating activities		<u>(79,352)</u>	<u>(402,085)</u>
<b>Cash flows from investing activities</b>			
Loan to subsidiary		(748,636)	–
Loan repayments from subsidiary		–	403,763
Net cash (used)/generated by investing activities		<u>(748,636)</u>	<u>403,763</u>
<b>Cash flows from financing activities</b>			
Issue of shares (net of costs)		1,337,500	–
Interest on convertible loan and exchange gains		(4,340)	–
Net cash flows from financing activities		<u>1,333,160</u>	<u>–</u>
Net increase in cash and cash equivalents		505,172	1,678
Cash and cash equivalents at 1 April		2,245	567
Cash and cash equivalents at 31 March		<u>507,417</u>	<u>2,245</u>

The accompanying notes to the financial statements on pages 64 to 65 form an integral part of the financial statements.

## Notes to the Company Financial Statements

for the year-ended 31 March 2020

### 28 Significant accounting policies

#### Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with IFRSs as adopted by the EU.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 2 to the Consolidated Financial Statements. In addition, Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

### 29 Loss attributable to shareholders

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The loss attributable to the Company in the year was £364,693 (2019: loss £1,392,674).

### 30 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £	2019 £
Wages and salaries	117,077	133,114
Social security costs	7,679	4,377
	<u>124,756</u>	<u>137,491</u>

The average number of persons employed by the Company (including directors) during the year was as follows:

	2020 No.	2019 No.
	<u>-</u>	<u>-</u>

The executive directors are employed by Nuformix Technologies Limited, a wholly owned subsidiary of the company.

### 31 Investment in Subsidiary

	£
As at 1 April 2019 and 31 March 2020	<u>11,250,000</u>

The Company has the following interests in subsidiaries:

Name	Country of Incorporation	Equity interest	
		2020	2019
Nuformix Technologies Limited	United Kingdom	100%	100%

## Notes to the Company Financial Statements

for the year-ended 31 March 2020 – continued

### 32 Trade and other receivables

	31 March 2020	31 March 2019
Amount owed by Group undertakings	1,734,241	985,605
Prepayments	26,433	5,857
Other receivables	9,392	135,992
	<u>1,770,066</u>	<u>1,127,454</u>

The fair value of trade and other receivables is considered by the Directors not to be materially different to the carrying amounts.

### 33 Cash and cash equivalents

	31 March 2020 £	31 March 2019 £
Cash at bank	<u>507,417</u>	<u>2,245</u>

The Directors consider that the carrying value of cash and cash equivalents represents their fair value.

### 34 Trade and other payables

	31 March 2020 £	31 March 2019 £
Trade payables	68,767	43,616
Accrued expenses	102,691	64,739
Other payables	1,339	235,531
	<u>172,797</u>	<u>343,886</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to the carrying amounts.

### 35 Financial instruments

#### Credit risk

The main credit risk relates to liquid funds held at banks. The credit risk in respect of these bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

#### Liquidity risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 34.

## Notes to the Company Financial Statements

for the year-ended 31 March 2020 – continued

### 35 Financial instruments continued

#### Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

### 36 Related parties

The Company's related parties are the directors and other Group companies.

The remuneration of the key management personnel of the Group, who are defined as the directors, is set out in the directors' remuneration report. Details of the fair value of transactions with key management and their close family members is included in note 25.

All amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received in respect of amounts outstanding. No provisions have been made for doubtful debts in respect of the amounts owed by the related parties.

At the balance sheet date, the amounts due from other Group companies were as follows:

	<i>31 March 2020</i>	<i>31 March 2019</i>
	£	£
Nuformix Technologies Limited	<u>1,734,241</u>	<u>985,605</u>

## Notice of Annual General Meeting

**IN LIGHT OF THE CORONAVIRUS (COVID-19) PANDEMIC AND THE SOCIAL DISTANCING MEASURES IN PLACE SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE AGM IN PERSON.**

**THE MEETING WILL PROCEED AS AN ELECTRONIC 'CLOSED MEETING' ATTENDED BY A SHAREHOLDING DIRECTOR AND ONE OTHER SHAREHOLDER WHO TOGETHER ARE ABLE TO FORM A QUORUM. DIRECTORS WHO ARE NOT SHAREHOLDERS ARE ELIGIBLE TO ATTEND.**

### Notice of Annual General Meeting

NOTICE IS GIVEN that the Annual General Meeting (the "AGM") of Nuformix plc (the "Company") will be held at 11.00am on Thursday 20 August 2020 to consider and if thought fit, pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 12 will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

1. To receive the Company's annual report and accounts for the year ended 31 March 2020.
2. To approve the remuneration report set out on pages 21 to 24 of the annual report for the year ended 31 March 2020.
3. To reappoint Joanne Holland as a director.
4. To reappoint Christopher Blackwell as a director.
5. To appoint Karl Keegan as a director.
6. To reappoint haysmacintyre LLP as auditor of the Company.
7. To authorise the Directors to determine the auditor's remuneration.
8. That, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') and in substitution for all existing authorities under that section, to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £163,381.69 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company or on 30 September 2021, whichever is earlier, and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

### SPECIAL RESOLUTIONS

9. That, subject to the passing of resolution 8 above, the Directors be authorised under section 570 of the Act to allot equity securities as defined in section 560(1) of the Act and/ or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, provided that this authority shall be limited to:
  - (a) the allotment of equity securities in connection with an offer of equity securities (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings and (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates,

## Notice of Annual General Meeting

continued

legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £24,507.25

and this authority shall expire, unless previously revoked, renewed or varied, at the conclusion of the next Annual General Meeting of the Company or at the close of business on 30 September 2021, whichever is earlier, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot securities under such offer or agreement as if this power had not expired.

- 10. That, subject to the passing of Resolution 8 and in addition to any authority granted under Resolution 9, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the Act) wholly for cash pursuant to the authority given by Resolution 8 or to sell equity securities held by the Company as treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- (i) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £24,507.25; and
- (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles on the disapplication of Pre-Emption Rights (the 'Statement of Principles') most recently published prior to the date of the Notice,

such authority to expire at the end of the annual general meeting of the Company in 2021 or at the close of business on 30 September 2021, whichever is the earlier, but, in each case, so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired, and the Directors may allot equity securities or sell treasury shares under any such offer or agreement as if the authority had not expired.

- 11. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.001 each in the capital of the Company, provided that:

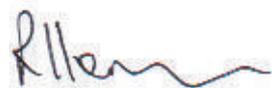
- a. the maximum number of shares which may be purchased is 73,521,762;
- b. the minimum price (exclusive of expenses) that may be paid for a share is £0.001
- c. the maximum price, exclusive of expenses, which may be paid for a share shall be an amount equal to 5% above the average market value for the Company's shares for the five business days immediately preceding the day on which the share is contracted to be purchased; and
- d. the authority conferred by this resolution shall, unless previously renewed, expire at the end of the next Annual General Meeting of the Company, or on 30 September 2021, whichever is earlier, save that the Company may, before such expiry, enter into a contract for the purchase of shares which would or might be completed wholly or partly after such expiry and the Company may purchase shares under any such contract as if this authority had not expired.

## Notice of Annual General Meeting

continued

12. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.

*By Order of the Board*



**Roger Jones**  
*Company Secretary*

28 July 2020

**Registered Office**

6th Floor, 60 Gracechurch Street  
London EC3V 0HR

### Notice of Meeting Notes:

The following notes explain your general rights as a shareholder and your right to vote at this Meeting or to appoint someone else to vote on your behalf.

- 1) To be entitled to vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 18 August 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to vote at the Meeting.
- 2) In the light of social distancing requirements, shareholders are encouraged to appoint the Chair of the Meeting as their proxy to exercise all or part of their rights to vote on their behalf at the Meeting. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
- 3) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
- 4) You can vote either:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - you may request a hard copy form of proxy directly from the registrars, Link Asset Services, on telephone number 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 11.00am on 18 August 2020.

- 5) If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
- 6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

## Notice of Annual General Meeting

continued

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- 7) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00am on 18 August 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 8) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 9) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
- 10) Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting.
- 11) The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
- 12) You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
- 13) A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.nuformix.com](http://www.nuformix.com).
- 14) At 28 July 2020, (being the latest practicable date prior to the publication of this notice) the issued share capital of the Company consisted of 490,145,083 Ordinary Shares of £0.001 each in the capital of the Company. Each share carries one vote. The Company held no shares in treasury, therefore the total voting rights in the Company as at 18 August 2020 were 490,145,083.

# Notice of Annual General Meeting

continued

## EXPLANATION OF BUSINESS

### **Resolution 1: To receive the annual report and accounts**

Company law requires the Directors to present the annual report and accounts of the Company to shareholders in respect of each financial year.

### **Resolution 2: To approve the remuneration report**

The remuneration report is set out on pages 21 to 24 of the annual financial report. It gives details of the Directors' remuneration for the year ended 31 March 2020. The vote is advisory and does not affect the actual remuneration paid to any individual Director.

### **Resolutions 3 to 5: To re-elect and elect Directors**

The Company's articles of association provide for each director to retire from office at the third annual general meeting after the annual general meeting at which he/she was previously appointed or reappointed. However, in line with the recommendations set out in the UK Corporate Governance Code, all Directors will be standing down and offering themselves for re-election by shareholders at this year's AGM. Karl Keegan was appointed to the board on 17 February 2020 and is seeking election by the shareholders for the first time. Directors' biographical details are given on page 14 of the annual financial report.

### **Resolution 6 and 7: To reappoint the auditor and authorise the Board to determine their remuneration**

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the members, to hold office until the conclusion of the next such meeting. Resolution 6 is for members to reappoint haysmacintyre LLP as auditors of the Company and resolution 7 proposes that shareholders authorise the Board to determine the remuneration of the auditors. In practice, the audit committee will consider the audit fees and recommend them to the Board.

### **Resolution 8: Directors' authority to allot shares**

At the 2019 Annual General Meeting, the Directors were given authority to allot shares in the Company and Resolution 8 seeks to renew that authority until the conclusion of the next AGM or 30 September 2021, whichever is earlier. The resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £163,381.69. This amount represents one-third of the issued ordinary share capital of the Company as at 28 July 2020, the latest practicable date prior to the publication of this document. The Directors have no present intention to allot new shares.

### **Resolutions 9 and 10: General authority to dis apply pre-emption rights and authority to allot equity securities for cash or to sell treasury shares other than on a pro rata basis to shareholders in connection with acquisitions and specified capital investments**

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings (known as pre-emption rights). Resolution 9(a) seeks shareholder approval to allot ordinary shares or other equity securities, or sell treasury shares, for cash on a pre-emptive basis but subject to such exclusions or arrangements as the Directors may deem appropriate to deal with certain situations. Resolutions 9(b) and 10 give the Directors the authority to allot a limited number of equity securities, or sell treasury shares, for cash without first offering them to existing shareholders in proportion to their existing holdings. The authority:

- a. pursuant to Resolution 9(b) is limited to the aggregate nominal amount of £24,507.25 which is equivalent to approximately 5% of the total issued ordinary share capital of the Company (exclusive of treasury shares) as at 28 July 2020 (being the latest practicable date prior to the publication of this Notice) without restriction as to the use of proceeds of those allotments; and

## Notice of Annual General Meeting

continued

- b. pursuant to Resolution 10 is limited to a further aggregate nominal amount of £24,507.25 which is equivalent to approximately 5% of the total issued ordinary share capital of the Company (exclusive of treasury shares) as at 28 July 2020 (being the latest practicable date prior to the publication of this Notice), to be used only in connection with an acquisition or specified capital investment (within the meaning of the Statement of Principles) which is announced contemporaneously with the allotment or sale, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue or sale.

In respect of the authority referred to Resolution 9(b), the Board also confirms its intention to follow the provisions of the Statement of Principles, including where the Statement of Principles provide that usage of such authority in excess of 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period should not take place without prior consultation with shareholders or in connection with an acquisition or specified capital investment as referred to above. The Board considers the authorities given by Resolutions 9 and 10 to be appropriate on occasions when, in order to act in the best interests of the Company, the Directors need the flexibility to finance business opportunities as they arise or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. These authorities in Resolutions 9 and 10 will automatically expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 September 2021, whichever is earlier.

### **Resolution 11: Authority to buy back shares**

Under company law, the Company requires authorisation from shareholders if it wishes to purchase its own shares. The resolution specifies the maximum number of shares that may be purchased (approximately 15 per cent of the Company's issued share capital) and the highest and lowest prices at which they may be bought.

If the Company buys back its own shares it may cancel them immediately or hold them in treasury. Treasury shares may be sold for cash or cancelled. The Directors believe that it is desirable for the Company to have this choice as it will give flexibility in the management of its capital base.

The Directors have no present intention of exercising this authority but will keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if in the opinion of the Directors this would be in the best interests of shareholders generally.

No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

### **Resolution 12: Approval for calling of general meetings (other than AGMs) on 14 days' notice**

Under company law, the Company is required to give 21 clear days' notice for a general meeting of the Company unless shareholders approve a shorter notice period, which cannot be less than 14 clear days (AGMs must continue to be held on at least 21 clear days' notice).

Resolution 12 proposes a special resolution, and seeks shareholder approval to enable the Company to call general meetings, other than AGMs, on at least 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The flexibility offered by this resolution will be used where, taking into account the circumstances, the Directors consider to be appropriate in relation to the business to be considered at the meeting in question and where it is thought to be to the advantage of shareholders as a whole. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.





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