ANNUAL REPORT & ACCOUNTS

For the year ended 31 March 2025

Registration number: NI039740

fusion**antibodies**

fusionantibodies.com

HEADLINES

- Audited revenues for FY2025 of £1.97m (FY2024: £1.14m)
- Increased activity in the second half of FY2025 including the continuation of the collaboration agreement with the National Cancer Institute for the use of OptiMAL®
- Placing announced in March 2025, raising £1.17m (before expenses) for general working capital and investment into commercial activities
- Significant increase in sales pipeline opportunities during H2 FY2025
- Cash position as at 31 March 2025 of £0.4m (31 March 2024: £1.2m)

CONTENTS

STRATEGIC REPORT

FUSION AT A GLANCE

Fusion Antibodies plc ("Fusion Antibodies", "Fusion" or the "Company") is a Northern Ireland based Contract Research Organisation (CRO) providing antibody identification, engineering and expression services for the discovery and development of antibodies for human and veterinary therapeutics as well as for diagnostics. Our extensive experience working with antibodies and our established philosophy to "begin with the end in mind" makes Fusion Antibodies a first-choice partner for the discovery and development of antibodies for whatever the application. Fusion acts as an extension of clients' teams, offering support throughout the full antibody development process or at specific stages as needed. The Company's three core service areas which are detailed later in this report include:

- **Discovery:** the identification, screening and sequencing of novel antibodies for therapeutic and diagnostic applications, using both proprietary discovery engines and traditional recombinant antibody discovery technologies;
- **Engineering:** optimising the performance of antibodies, either generated by us or originating from our client, by altering the antibody at a molecular level. This might include switching species to enable use as a therapeutic in humans or animals (i.e. humanisation or caninisation etc) or improving the performance and manufacturability of antibodies through our CDRx™ and RAMP™ platforms; and
- **Supply:** production and purification of high quality and high purity antibodies for characterisation and further development as well as the generation and supply of high expressing cGMP ready manufacturing cell lines used to produce clinical grade antibodies.

Our mission is to enable better antibodies to enter the clinic more rapidly. In this way we assist biopharmaceutical, veterinary and diagnostic companies to discover and maximise the performance of their antibodies so that highly optimized antibodies are progressed more rapidly for the benefit of the global healthcare industry. Our Integrated Therapeutic Antibody Service (ITAS) integrates our current Discovery, Engineering and Supply services into one proposition which aims to enhance the client journey with the development of high performing antibodies to their targets. We continue to develop new improved services and technologies to ensure we are at the cutting edge of the market as the partner of choice.

THE BUSINESS:

- We are an established contract research organisation (CRO), providing a multi-service offering from antibody discovery and development to clinical supply;
- Our customers are pharmaceutical, biotech, veterinary, diagnostic, and life science research companies seeking to develop antibody based therapeutic drugs and diagnostics;
- We continue to invest in technological advances to ensure our offering to customers is at the industry's leading edge: exemplified by the current R&D investment in the OptiMAL® Library and our expansion into artificial intelligence driven services through AI/ML-Ab™; and
- Our clients have progressed many projects into clinical trials confirming the value of our work.

fusion**antibodies**

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

The financial year ended 31 March 2025 ("FY2025") has overall been positive for the Company. While it has not necessarily been a smooth journey, we ended the financial year in line with market expectations in respect of revenue for FY2025, saw positive growth in one of our new markets, that of diagnostics, and saw exciting data from our US-based collaborators in relation to the OptiMAL® library. On the back of these developments we have also been well supported by our shareholders, notably having successfully raised approximately £1.17 million in March 2025.

While the board of directors of Fusion (the "Board" or the "Directors") are encouraged by the progress that we have made in FY2025, we are aware that we are living through ever-evolving economic circumstances. From the global market perspective, FY2025 started on a positive note and a slow recovery appeared to be the direction of travel, with the confidence of venture capital (VC) and other investors seeming to be improving. Against this backdrop, we were hopeful that investment into our customers' early-stage therapeutic pipelines would start to grow. As we entered calendar year 2025, the global economic conditions became more uncertain and while we have not seen any clear indication that things are slowing down, we are very aware that this may change in the future. However, while this uncertainty may slow down the organic expansion of many of our therapeutic clients or prospective clients, we believe that they will continue to have a choice of either pausing certain development programs or to take the more flexible approach and outsource their development work to companies such as ourselves, thereby giving them greater control of their fixed cost base. Consequently, we view the threat of financial instability as a potential opportunity for Fusion.

With the biotechnology drug development sector's funding environment being uncertain, our diversification strategy is providing us with more growth opportunities as well as a buffer against the ups and downs of the investment community. Last year we explained that the Diagnostic sector uses antibodies for the majority of their tests and that they have a need to discover new versions, to improve the effectiveness of the antibodies that they already have and to develop stable versions for manufacturing, albeit in smaller quantities. What this means for Fusion is that many of our genetic engineering skills are as relevant to this market as to therapeutic market and as outlined later in the annual report, has started to show some positive results. The same applies to the veterinary market, and although we are finding some new prospects, it is a smaller and less established market and, therefore, will take us longer to make any significant gains. Furthermore, we believe that the increasing adoption of artificial intelligence and machine learning (AI and ML) approaches will play a key role in discovery and one that Fusion should be a part of. Our US collaboration gives us early exposure to *in-silico* antibody designs as we prepare for greater market acceptance in the *in-silico* approach to antibody design.

Alongside economic risks we must also remember that we are working with Companies that are at the forefront of scientific endeavour and that by the very nature of the work there is always the prospect of scientific failures being the root cause of a program being paused or cancelled. As reported in the year-end trading statement on 6 May 2025, this scientific attrition can slow or delay pipeline projects and impact revenue forecasts. However, our diverse client base and market reach helps mitigate these risks.

BUSINESS PERFORMANCE

The Company and all of its staff have risen to the challenge, and while the financial year ended 31 March 2024 ("FY2024") was very focussed on cost cutting with the business in survival mode, the results for FY2025 are the beginning of Fusion's turnaround phase, with the new commercial strategy delivering revenues of approximately £1.97m, representing a 73% increase on the previous financial year (FY2024: £1.14m). The diversification strategy has delivered significant growth from the Diagnostics sector, which represents 33% of our revenue for FY2025, and we have seen first signs of real interest from the Veterinary market, a promising sign that there is potential for further growth in this sector. While FY2025's financial results are encouraging, we remain mindful of the ongoing economic challenges and the risks tied to our main business in therapeutic antibody development. For details on the Company's Key Performance Indicators, please refer to page 34 of this report.

We have always been very proud of our scientific expertise, and this was truly exemplified by the award of the Future Medicines Institute (FMI) grant announced by the Company in December 2024. This approval recognises that we have a strong scientific reputation, technical ability and that we can play a significant part in The Northern Ireland Precision Biomarkers and Therapeutics consortium's goals, which includes Fusion. The FMI project has been designed to support platform development in diagnostics and therapeutics and so maps very closely to the ambitions of the Company. It has the benefit of bringing in approximately £1m of direct non-dilutive funding to the Company, access to relevant expertise and use of to up to £5m of new capital equipment within Queen's University Belfast (QUB) and the consortium, something that would normally be out of reach for us.

One of our most exciting scientific development projects is the OptiMAL® library, which is being developed to allow the direct and fast discovery of complete human antibodies against a target of choice using a cell-based screening process. This is expected to remove the need for animals and humanisation of a non-human antibody, speed up the discovery phase plus the unique choice of library has the potential to develop antibodies that are already human in structure, stable and suitable for their purpose. The OptiMAL® library has attracted the interest of our now collaborator, the National Cancer Institute (NCI), who recently provided us with the first independently derived positive cells from the OptiMAL® platform against a cancer related target of their choice. The Company confirmed their results and took it one step further by using the DNA sequences obtained from the positive cells to synthesise the antibodies through an independent transient gene expression process. These antibodies were subsequently shown to bind to the protein antigen, completing the process. Although further validation work is required, this represents a significant step in the independent validation of the OptiMAL® platform.

Building on the work being carried out on our OptiMAL® library, our 'Opti' technology for library design is well suited for phage display screening platforms. While phage libraries only produce antibody fragments, which have to be further developed to generate full antibodies, it is a well-established format within the market and often the preferred choice for some customers. The first OptiPhage™ library contract was for non-human antibodies for a leading antibody research Company, with the client having an option to license the library on an exclusive basis. It is anticipated that the Project will provide the client with an alternative pathway to produce high quality antibodies, reducing its need to run animal-based antibody generation. Fusion remains free to develop further OptiPhage™ libraries for its own use or for other clients as it adds this service to its increasingly comprehensive range of offerings.

NEW FUNDING

Having last year reduced the cost base of the Company to a minimum operational level, R&D resources were stretched for the work on OptiMAL® and the anticipated further positive cells from NCI would further compound this. To build on the positive

data coming from the NCI laboratories and to ensure effective and efficient internal R&D work on the OptiMAL® development, together with enhancing the commercial activities, the Board decided that it would be to the benefit of the shareholders to raise some further funds. The equity fundraise, announced on 18 March 2025, raised approximately £1.17m (before expenses) by way of a placing (the "Placing") of a total of 17,365,228 new ordinary shares of 4 pence each in the Company ("Ordinary Shares") at a price of 6.75 pence per new Ordinary Share for this additional R&D work, some general working capital and to invest into commercial activities, especially to support OptiMAL® should the validation prove successful. The Placing was very well supported by existing institutional investors and VCT funds and the issue price of the Placing was not discounted with the price equal to the closing mid-market price of an Ordinary Share on 17 March 2025.

We very much appreciate the confidence that our shareholders have in the Company, and it is always our objective to keep all shareholders up to date with any significant progress. This year, to help facilitate this, we introduced the new interactive Investor Hub which brings all the Company's existing content into a single integrated platform and will enable investors and stakeholders to be better informed and engaged in the Company's business. It is worth noting at this point that the Company is committed to continuing to keep shareholders up to date via announcements made of any significant news or of a regulatory nature through the regulatory news service (RNS) in line with its obligations under the AIM Rules for Companies and the UK Market Abuse Regulation (UK MAR).

BOARD AND EMPLOYEES

There have been no changes to the Board this year and the effort, dedication and hard work they have put in during the year is much appreciated. For FY2025 the NEDs continued to demonstrate their commitment and belief in the Company and helped to minimise the outgoing costs for the second year by taking their remuneration as part salary and part new Ordinary Shares. This structure will cease to continue going forward and they will be paid their full remuneration entirely in cash for the financial year ending 31 March 2026 ("FY2026").

A big thank you also goes to all the staff who have diligently and creatively worked to deliver services to our clients, often under significant pressure, and achieved the revenue targets for the year. Their efforts have been instrumental in this year's turnaround and recovery. Despite the significantly reduced headcount, they have demonstrated flexibility and undergone extensive cross-training to ensure that the Company can continue to offer its full range of services.

Finally, it is worth mentioning and thanking our auditors, Kreston Reeves LLP, who quickly grasped our business needs last year and have proven to be an excellent fit. They replaced PwC last year, as we determined a smaller, more cost-effective firm was better suited to our limited resources and future direction. After an extensive search, Kreston Reeves LLP was chosen for their size, commitment and relevant experience in Life Sciences. We would like to thank PwC for all they did for us over their 17-year tenure.

CORPORATE GOVERNANCE

The long-term success of the business and delivery on strategy depends on good corporate governance. The Company complies with the Quoted Companies Alliance Corporate Governance Code as explained more fully in the Governance Report.

POST YEAR END AND OUTLOOK

On 7 April 2025, at the Company's general meeting, all resolutions in connection with the issue of the 8,416,020 second tranche placing shares were approved. As a result, the 8,416,020 second tranche placing shares were issued and admitted to trading on AIM on 9 April 2025, completing the approximately £1.17m raise (before expenses). This cash boost at the start of FY2026, along with the first FMI grant payments, positions the Company well for the current financial year.

On 24 April 2025, the Company announced the approval of an Innovate UK Launchpad grant led by the Company in collaboration with Queen's University Belfast ("QUB") to develop a humanised antibody targeting and activating the DR5 protein on cancer cells for the treatment of cancers. The total funding being made available under the Grant is over £808k, with up to £545k expected to be provided to Fusion over a period of approximately 18 months. The antibody asset generated under the Grant project will be jointly owned by Fusion and QUB although

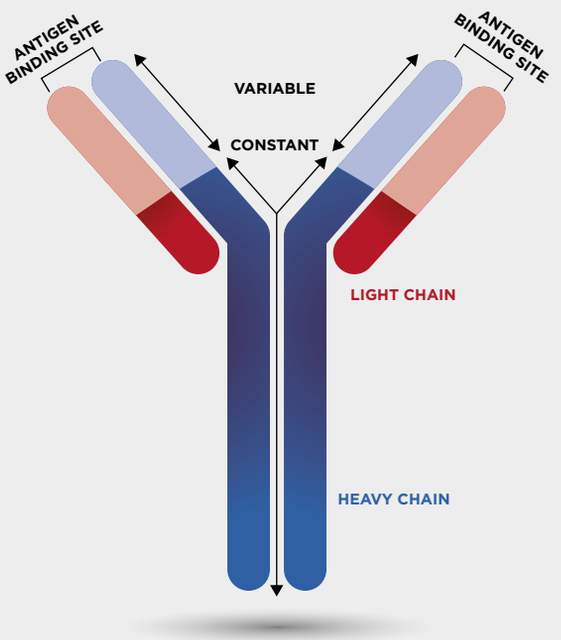
the ownership ratios are still to be determined. This antibody asset goes alongside our grant-based collaboration with Finn Therapeutics, who are developing the antibody against RAMP which is protected by a Fusion patent. Any additional grants that become available will be identified and applied for within the next 12 months.

We were excited to announce on 5 August 2025 that the United States Patent and Trademark Office has granted the Company's U.S. OptiMAL® patent application. The application entitled "Antibody Library and Method", concerns the library of antibodies that is currently screened within the OptiMAL® platform, as well as the method for the design of additional libraries. This is key to Fusion's offering to provide "Opti" designed libraries for a range of applications including Antibody Discovery, Affinity Maturation, and Sequence Optimisation.

While the Board is mindful of the potential global economic challenges, with our core new technologies strengthening and a solid sales pipeline we remain confident that Fusion can continue its growth and build on last year's performance.

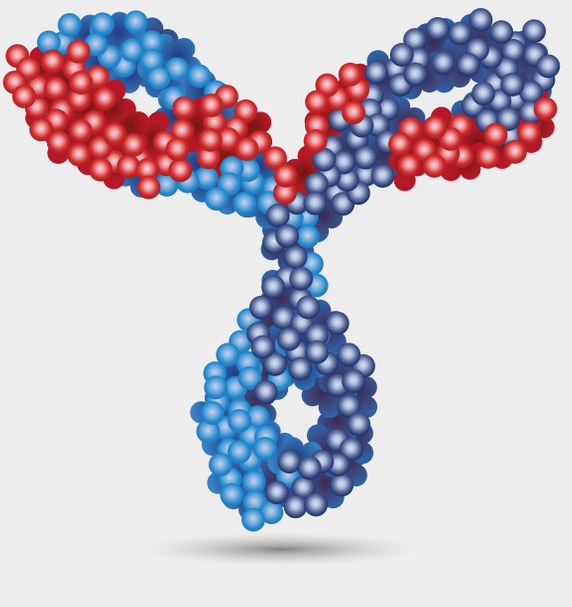
Simon Douglas
Chairman

03 September 2025



Antibodies are immune related proteins called immunoglobulins.

Each antibody consists of 4 polypeptides, two heavy chain and two light chains joined to form a 'Y' shaped molecule. The antigen binding site is the region that binds to the target of interest and can either neutralise its actions or flag it to be destroyed by other components of the immune system.



A 3D model of an antibody showing some of the protein structure.

Parts of the protein structure derived from the original host, usually mice, are replaced with structures found in humans through our humanisation service.

STRATEGIC REPORT
COMPANY OVERVIEW

Fusion Antibodies is an established Contract Research Organisation (CRO), providing a multi-service offering, from antibody discovery and development to clinical supply, for clients such as pharmaceutical, biotech and diagnostic companies developing antibody based therapeutic drugs and diagnostics.

The Power of Antibodies

Antibodies are proteins the immune system produces to target and neutralise pathogens like bacteria and viruses. They have evolved to bind specifically to structures on foreign cells or proteins as part of the host organism's natural defence. This makes them the ideal tool to use when high affinity and specificity of binding is required for scientific and medicinal applications such as in diagnostics or therapeutics. Monoclonal antibodies are identical antibodies created in the lab using cultured cells; they are engineered for high specificity and uniformity and can be selected to bind specific targets. This specificity can be used in therapeutic applications by targeting specific proteins (antigens). In treating cancer the antibody may, through a variety of mechanisms, lead to cell death of the targeted cells resulting in a reduction or total elimination of cancerous cells. The specificity of antibodies also enables accurate detection of pathogens and proteins in diagnostics, widely used in labs and point-of-care tests like lateral flow assays. It is now possible to combine elements of antibodies to make novel antibody-based structures. Engineering antibodies in this way can create bispecific antibodies with the ability to specifically bind two different targets. This might enable the molecule to bring both targets closer together to drive certain desirable biological processes. It is possible to take this further to create tri-specific structures or combine with other molecules, such as growth factors or cytokines to further modify diseased cells and tissues. Fusion Antibodies has the capability to provide such complex antibody engineering expertise to our clients.

Fusion Antibodies partners with clients involved in all stages of antibody development for both therapeutic and diagnostic applications. From early discovery stage for a novel antibody through to the generation of stable cell lines ultimately used in scaled manufacturing processes. Our clients range from global billion-dollar companies, through to smaller start-up entities as well as research institutes and university-based research teams. This diverse client base is seeking high quality antibodies for:

- Human therapeutics
- Veterinary medicine therapeutics
- Diagnostics: humans and veterinary medicine in both lab-based and point of care
- Research antibodies to support fundamental research
- Total antibody therapeutic Market size was $253 billion in 2024 with a projected value of $498 billion in 2029[1]
- From 2020 to 2024 there have been 63 antibody therapeutics granted approval in either the USA or the EU, of which 30 were for cancer[2]
- There are now 9 antibodies each with sales of more than $5bn in 2023[3]

(Source: [1]Markets and Market: May 2024, [2]The Antibody Society 2025, [3]PharmaShots 2024)

Current services

The discovery of antibodies is a long and expensive process. As a result, many developers choose to outsource all or parts of these operations. Fusion Antibodies has developed a suite of service platforms that address the need to produce high quality monoclonal antibodies from the initial discovery phase through to the production of stable, high yielding stable cell lines producing antibodies for further development.

Our three key service areas offered are:

Antibody discovery

The creation and screening of novel antibodies for therapeutic and diagnostic applications. A first step and key to success in this area is to understand the applications for which the antibody is going to be used. This approach is often put quite simply as to "begin with the end in mind" and is central to our ethos. Once the application is understood we can select the most suitable 'discovery engine'. There are now five primary discovery engines available to our clients.

Next, we design and create a suitable target (antigen) to identify and bind to new antibodies. Fusion uses a combination of extensive in-silico modelling and scientific expertise to design effective antigens.

Novel antibodies can then be produced that bind specifically to the antigen of interest. The Company is highly experienced in the traditional hybridoma and B-cell based methods of antibody generation. More recently the company has developed and launched two new discovery platform technologies: OptiPhage™ and AI/ML-Ab™ and is in the final stages of developing a third, OptiMAL®. Fusion's expertise and experience in antibody discovery ensures that we can partner with our clients through their early discovery journey offering the best discovery approach to meet their needs.

OptiPhage™: For the discovery of new antibodies Fusion have developed a unique phage library which is a well-established format within the market and often the preferred choice for some customers reducing the need to run animal-based protocols. It is a library of genetically engineered bacteriophages (type of bacteria cell), created by introducing a diverse set of DNA sequences into the Phage so that each cell can display a different fragment of an antibody which can be screened against the target. Phages that bind to the target are selected, sequenced and then through a series of further steps a full human antibody can be assembled. The 'Opti' library of gene sequences has been derived from our OptiMAL® project and is unique to Fusion.

AI/ML-Ab™: (AI/ML: artificial intelligence and machine learning)

AI/ML-Ab™ combines the latest AI enabled technology for *in silico* design of antibody sequences with Fusion's established core expertise in antibody expression and evaluation. AI/ML-Ab™ can also employ Fusion's proprietary Mammalian Display platform to enable screening of libraries derived from AI/ML design outputs. It combines both the *in-silico* AI/ML design of antibodies and their production and evaluation in vitro. By combining the two approaches, clients will be able to screen thousands or even millions of sequences rather than the tens or hundreds to which such projects tend to be restricted. This enables Fusion to offer a much wider evaluation of AI/ML driven *de novo* designs of antibodies and so significantly enhance the chances of a successful project whichever algorithm is being deployed.

The availability of these diverse and complementary proprietary "Discovery Engines", which can be deployed individually or in concert, enables the Company to provide a de-risked approach to antibody discovery further benefiting our clients and strengthening Fusion's position as the partner of choice. Working with clients at the early-stage discovery stage positions the Company well to offer downstream antibody engineering and expression services as customers advance in their development programs.

Strategic Report: Company Overview continued

Antibody engineering

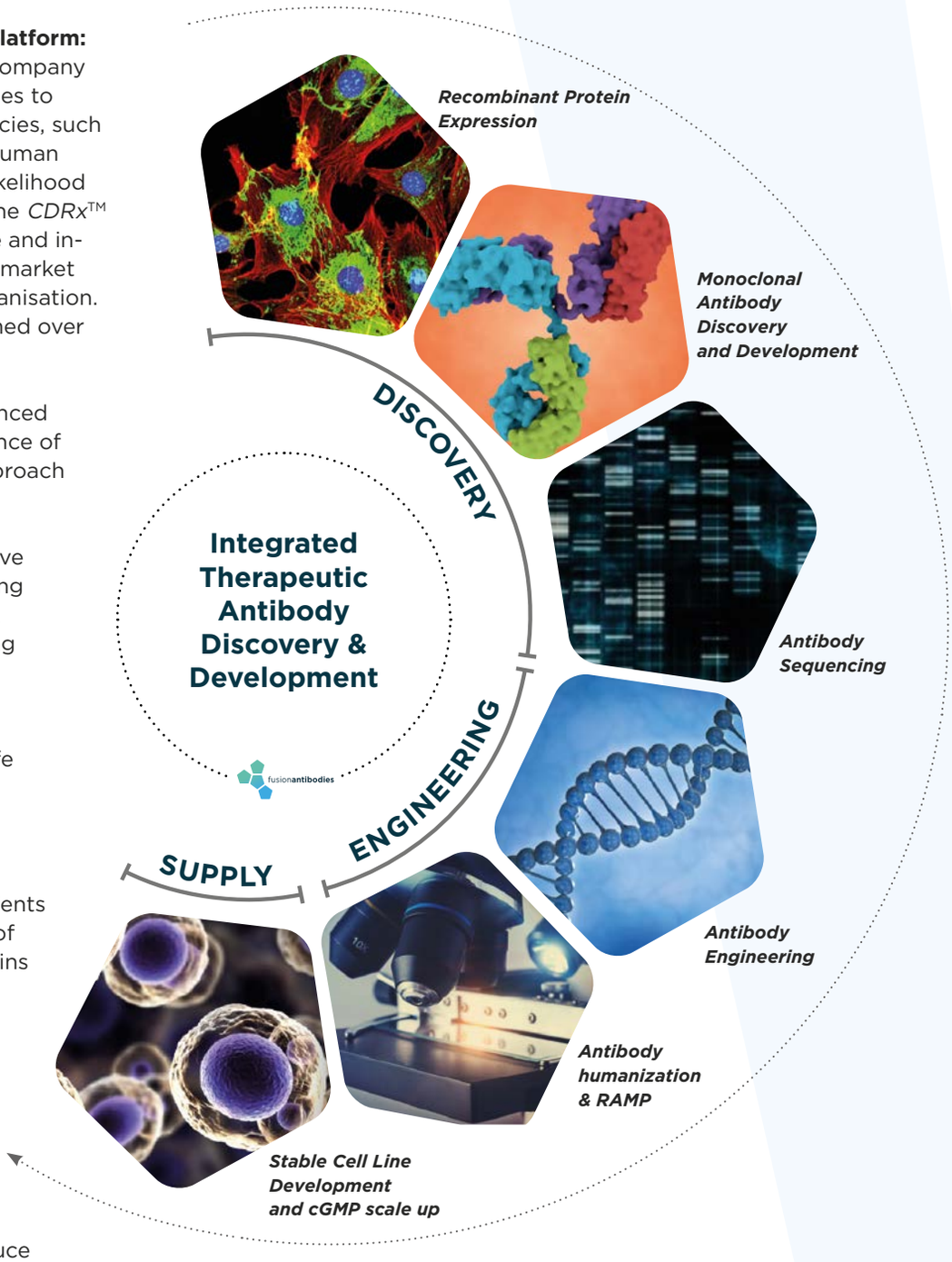
CDRx™ Antibody Humanisation Platform: For therapeutic applications the Company uses genetic engineering techniques to convert antibodies from other species, such as mice, rabbits and chickens, to human antibodies thereby reducing the likelihood of rejection by the host/patient. The *CDRx*™ platform utilises bespoke software and in-depth knowhow which provides a market leading solution for antibody humanisation. The Company has already performed over 280 antibody such humanisations.

RAMP™: This is a technically advanced platform to improve the performance of antibodies Our rational design approach allows for the optimisation of the antibody by altering part of the structure of the antibody to improve the strength of the antibody binding to the target (affinity), its stability, yield in manufacture and enhancing its specificity. In some cases, the altered structure has enabled our customers to file for new patents effectively extending the patent life of their antibody asset.

Antibody Supply

Transient gene expression: Our clients initially require smaller quantities of research grade recombinant proteins and antibodies for early testing and analysis, and we do this by transient gene expression (TGE).

TGE is the temporary expression of genes in a cell, where the introduced genetic material (DNA or RNA) is not integrated into the cell's genome but the cell can still produce antibodies for a limited time period, typically a few days. We have an optimised process which delivers reliable proteins with optimal yields in a very good timescale.



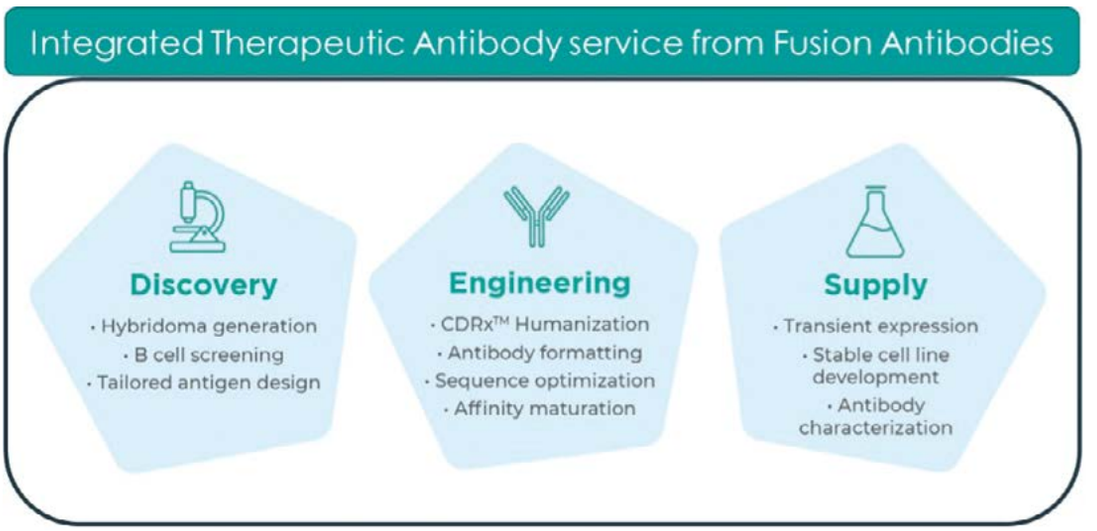
Stable cell line development: The long-term manufacture of an antibody requires the development of a stable cell line. A stable cell line is an "everlasting" cell line used to express large amounts of the given antibody required for clinical use. The Company offers a range of parental cell lines which have successfully been used to gain regulatory approval. This offers our customers the option to seamlessly transfer cell lines to a cGMP or equivalent facility and allows Fusion to support our customers throughout the entire course of their antibody development process.

Business model

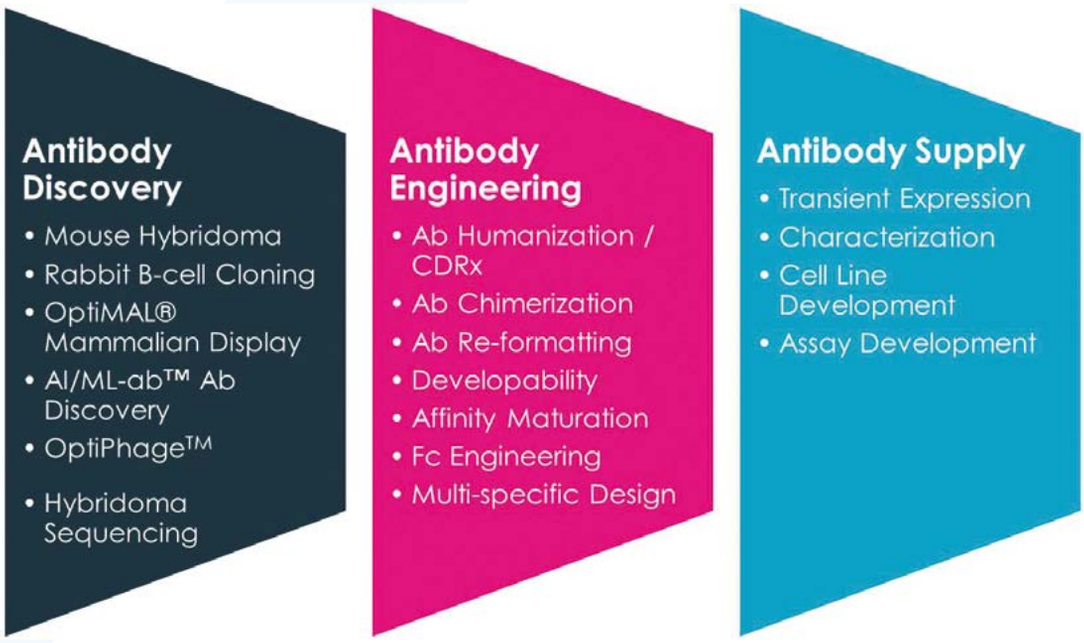
We serve clients across therapeutics, diagnostics, and research reagents, focusing mainly on high-value antibody projects. The majority of these are therefore therapeutics given the typically higher valuations. The Integrated Therapeutic Antibody Services (ITAS) provides end-to-end support from target discovery to stable cell line production for both therapeutic and diagnostic antibody needs. Engagement starts with our business development team, followed by ongoing scientist-to-scientist collaboration throughout each project. Our approach throughout the selling and project delivery phases is to work closely alongside the customer team to help them to achieve their desired outcomes.

Understanding our customers' requirements is a key first step and extensive scientist-to-scientist conversations are held to arrive at a tailored approach with Fusion's experience contributing to the final project specification. Our range of services offered gives the flexibility desired by our customers to accelerate their antibody discovery and development programmes. The development of the project specification can last for several months as together with the customer we bring their project to the point where Fusion becomes involved.

A project is typically divided into a number of development stages, with each stage potentially dependent on the outcomes of the previous one. Separate purchase orders may be issued for each phase to reflect findings from earlier stages. In more complex projects the subsequent steps may require internal review by the customer y which can lead to a decision to continue, to proceed on an amended programme of work or occasionally discontinue the project. It is the nature of the industry that some customer projects are cancelled or postponed and that this can happen at any point although such terminations are rare.



Strategic Report: Company Overview continued



Research-based businesses face unavoidable commercial uncertainty when forecasting project start dates and customer commitments to later stages. While the Company has significant experience in project scheduling, purchasing, resource allocation, and revenue forecasting, some unpredictability in activity and revenue remains inevitable.

It is also worth noting that several clients have commented positively on Fusion's ability to accurately forecast phase outcomes and the impact on timelines and costs. This is considered a strength of the business and is very helpful to our clients' planning and can contribute to the winning of contracts.

Payment for current services is predominantly by way of "fee-for-service" revenue model, with an upfront payment often invoiced to cover set up costs. If a significant contribution to the client's intellectual property is made, or in other appropriate circumstances, the Company will also seek to obtain a commercial interest in the client project in addition to the revenue component. This may take the form of a milestone-based success payment, or it may be by way of a royalty on future income streams.

The Company has an interest in many such client projects which it understands its clients to be actively developing. It is expected that payments would be a number of years after the service is performed and the client has further developed their drug and would depend on its success. Given the uncertainties and the commercial sensitivities for our clients, the Company may not be fully aware of a project's status at any given point in time, and therefore does not intend to regularly update the market on any estimate of the potential value of future revenues or include such a value in its Statement of Financial Position.

As the newer Discovery Engines such as OptiMAL® and OptiPhage™ contain proprietary elements it puts the Company in a stronger position to negotiate milestone and royalty-based payments.

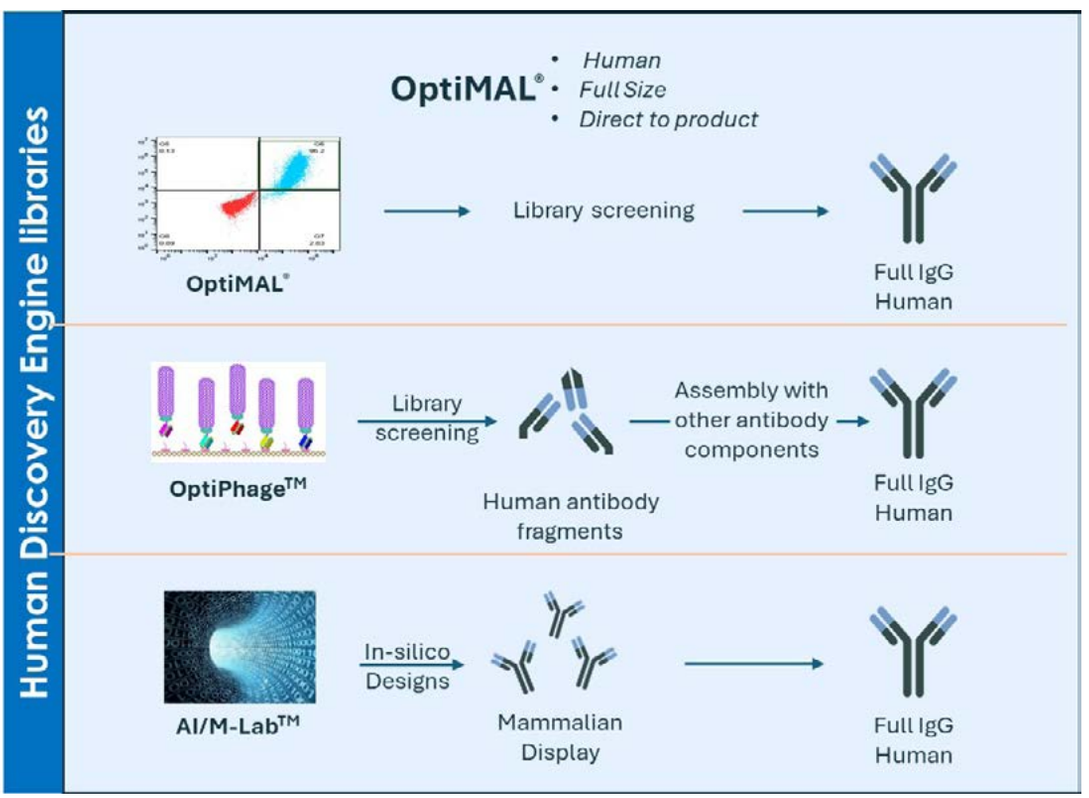
New services

The Company continues to innovate and develop new services. With the trend in antibody drug development industry moving away from the use of animals, a significant project now nearing completion is the development of the cell-based OptiMAL® platform. OptiMAL® will allow the direct selection of fully human antibodies against biomarkers and other targets of interest. There will be no need to humanise non-human antibodies from mice or chickens nor build full antibodies from fragments derived from phage libraries. It will add a significant and complementary strength to our overall service offering. OptiMAL® will derisk the antibody discovery phase and reduce the number of development steps in the generation of a new human antibody. New targets will be screened against a library of cells expressing whole human IgG antibodies removing the need for animal hosts.

The advantage of the patented library design is that it is based on natural sequences meaning that antibodies should be optimised for mammalian expression, resulting in improved chance of being stable, should have no or little immunogenic effects and could produce good yields from the outset.

Summary of Fusion's competitive advantages

- Meeting customers need from beginning to the end of the antibody development cycle
- A choice of discovery options to suit the customers' requirements: Hybridomas (animal), OptiPhage™ (in-vitro cells) and AI/ML-Lab™ (in-silico design)
- A 'one stop' solution for clients to partner for their whole drug development journey
- Proprietary humanisation CDRx™ platform
- Proprietary RAMP™ platform for engineering antibody developability
- Technical expertise and scientific knowhow with *In silico* computational analysis of antibodies
- High quality client base and strong reputation
- Continuous improvement in services with OptiMAL® under late-stage development



Stakeholder engagement (inclusive of s172 disclosure)

At Fusion we value the views of not only our shareholders but also our wider stakeholder group. We aim to provide clear and understandable information about the Company and our activities and to welcome and consider the views of stakeholders. Under section 172 of the Companies Act 2006 the Directors have a duty to act in good faith in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the Company's employees, the need to foster relationships with other key stakeholders, the impact on the community and the environment, maintaining a reputation for high standards of business conduct, and the need to act fairly as members of the Company.

At the current stage of the Company's development there is a need to deliver continued growth year on year and be able to respond swiftly to short-term risks, challenges and opportunities. The longer-term consequences of our decisions are equally important, and these decisions are made within the Company's strategy for delivering revenue growth and providing innovative solutions to our customer base.

Our stakeholder engagement in the year ended 31 March 2025 was as follows:

STAKEHOLDER	WHO ENGAGED	HOW WE ENGAGED	OUTCOMES
Shareholders/ investors/ analysts	**Board/CEO/ CFO/CSO**	Our annual general meeting and the distribution of the Annual Report and interim report remain the primary method of engagement with our private shareholders. For any material news we issue an RNS, while non-regulatory news can be communicated through a Reach announcement.	The annual report provides a format to explain the Company's business strategy and results. Formal and informal feedback from investors is welcomed and used by the Board to inform future decisions.
Shareholders/ investors/ analysts	**Chairman/CEO/ CFO**	We use video-based presentations, such as Investor Meet the Company (IMC), our Investor Hub and others, to engage with a wider section of our shareholder base. Meetings in person, or on Microsoft Teams / Zoom are also utilised. The Investor Hub portal allows questions from shareholders to be posted, and responses provided where appropriate.	These presentations allow us to outline the vision and longer-term progress against our objectives on a broader basis that individual specific RNS's may not cover. They also provide a means to add colour, granularity and details to the headline statements. The Investor Meets Company platform enables private investors and potential investors to receive the same briefing as institutional investors and to have their questions answered directly by Directors of the Company.
Employees	**CEO/CFO/CSO**	Our employees form a key stakeholder group with whom we engage on a daily basis. Company-wide email communication and periodic CEO presentations to all staff enable two-way communications across all levels of staff. Video conferencing was used to ensure the participation of those working from home. Where appropriate, staff are invited to present at Board meetings.	Enabled us to update all employees on developments and initiatives, R&D strategy and the Company's financial performance, and to receive feedback and suggestions for improvements. Board presentations ensured that as a small company the Board are kept closely informed of key progress and challenges and can react quickly.

Strategic Report: Company Overview continued

STAKEHOLDER	WHO ENGAGED	HOW WE ENGAGED	OUTCOMES
Employees	**All line managers**	A system of regular 1-1 meetings or video calls, usually weekly, between all line managers and their direct reports is in place.	Important to ensure that good inter departmental communication is maintained and that client projects run smoothly. This is very important in a busy working environment.
Employees	**Available to all employees**	To support employees with increased levels of stress an Employee Assistance Programme from an external provider was made available to all employees. Support material was supplied and counselling and support can be accessed from this service.	Employees can benefit from the counselling service for support during the year and have access to a 24-hour support helpline.
Customers	**CEO/CSO/ Business Development team**	Customers and potential customers engage initially on a scientist-to-scientist basis as they seek solutions for their development programmes. Site visits and calls combine for customer engagement and the building of relationships.	Our approach is to work as scientific partners to aid our customers in their development programmes. Feedback is used to improve our practices, be they communication (oral and written), technical or commercial to enhance customer satisfaction.
Suppliers	**Operations Manager/ Facilities Manager/CEO**	Suppliers and supply chains continue to require attention. The Operations Manager oversees individual supplier engagement, approving new scientific suppliers, negotiating terms and meeting supplier representatives. The Facilities Manager oversees approval of non-scientific facilities related suppliers. The CEO is ultimately responsible for the purchasing and payment interactions with suppliers.	The primary outcome has been to identify potential risks to the supply chain and mitigate these by reducing reliance on single suppliers and by holding larger stocks of key consumables and items with supply risks. Good supplier relations and payment practices ensure the stability of the supply chain and improve value for money. The use of local firms to support the facility function enable more rapid responses whilst also contributing to the community and enhancing sustainability.

STAKEHOLDER	WHO ENGAGED	HOW WE ENGAGED	OUTCOMES
Community	**CEO/CSO/ Operations Manager**	The Company aims to support the local community through its interaction with and support for the academic and scientific community in the two universities in Northern Ireland as well as focus groups such as HIRANI. The Company has collaborative grants in place plus joint PhD students and Knowledge Transfer Partnerships with Queen's University Belfast (QUB). The CSO is an Honorary Senior Lecturer at QUB.	The academic and scientific community in Northern Ireland is a source of business, ideas and scientific staff for the Company. Engagement activities enable the Company to keep a high profile in that community to mutual benefit.


fusionantibodies

STRATEGIC REPORT

CEO'S REPORT AND OPERATIONS REVIEW

Fusion emerges from a difficult and challenging FY24 as a much improved, more capable and more efficient business with great prospects for growth in revenues and value creation courtesy of our proprietary technologies.

The overall market in which we operate stabilised and started to recover during FY2025. Fusion's revenues recovered rather more effectively than the overall market with Fusion reporting revenues of approximately £1.97m for FY2025, representing a 73% increase from the previous financial year. This achievement was due to the dedication and ability of our team combined with several successful initiatives including additional efforts in the diagnostics sector and the research antibodies field, more so than the overall market changes alone. We specialise in antibodies and, as antibodies have a diverse and varied application, there is demand for our services in each of those sectors. The recovery is ongoing, and the outlook appears positive although we, like many in our sector, remain somewhat cautious reflecting the disruption in geopolitical and economic circles, which could have an impact on our client base despite its enhanced diversity.

On the R&D front, FY2025 has been an excellent year. We received a significant boost from the award of the Future Medicines Initiative (FMI) grant to the consortium led by Queen's University Belfast. This recognised the highly applicable and innovative nature of our proprietary technologies and Fusion's ability to convert cutting edge innovations into class leading services and products. The FMI grant also provides us with approximately £1m of direct non-dilutive funding and access to up to £5m of capital equipment at no cost to Fusion. Additionally, being a founding member of the FMI gives us access to a superb array of talent and expertise, some of which will be used to develop a phage display panning laboratory which we can use to screen the OptiPhage™ library as and when required. This negates the need to undertake building work at our own facility, which would have been needed to modify air handling systems to secure effective separation of air flows between bacterial and mammalian cell laboratories. We had previously estimated such work would have required a budget of around £300,000, but due to the FMI grant this is no longer needed.

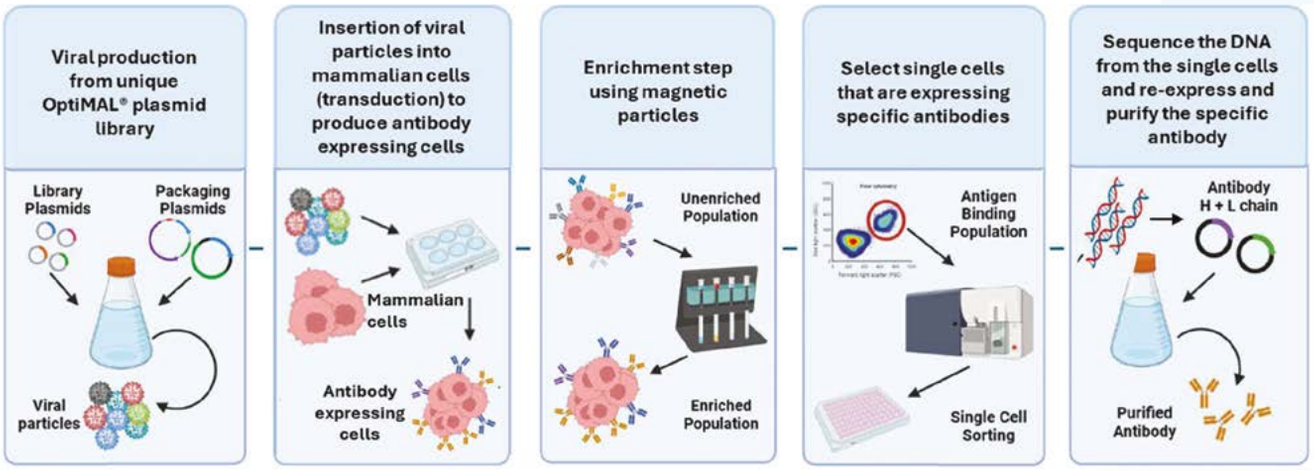
Perhaps the icing on the FMI cake is the PhD studentships which comes fully funded as part of the FMI programme. The FMI grant provides for a total of 20 PhD studentships across the consortium. These are expected to be run in two or three cohorts each starting around a year apart. We are currently seeking applications for two of these PhD studentships in the first cohort for two projects designed and nominated by Fusion creating important opportunities for our development, again at no direct cost to the Company.

The Board believes that if it was not for the FMI grant, the Company would have required to have spent at least £6 million in capital to receive the same benefits of the FMI grant.

As significant as the FMI grant is for the business, progress made this year with our flagship OptiMAL® platform has far more potential. Due to the rescaling of the business in the previous financial year, our internal R&D resources had been significantly reduced. It was therefore hugely advantageous to have the collaboration agreement with the National Cancer Institute USA (NCI), announced toward the end of November 2023, to pursue the validation of the platform at minimal cost to the Company. The Director of the Antibody Engineering program at the NCI is Dr. Mitchell Ho: our principal point of

contact. Mitchell is a highly respected world leader in both mammalian display and antibody generation. The work undertaken through the collaboration has demonstrated the utility of the OptiMAL® platform and that it can be used to identify cell-bound antibodies for a range of targets. Many of these antibodies have been isolated and verified by Fusion and the NCI is now seeking to demonstrate their functional utility. We look forward to further updates from the NCI and once this work is complete, patent applications filed, peer reviewed publications submitted and to their independent statements which we are confident will formally validate OptiMAL®.

The OptiMAL® Human Antibody Discovery Process



In the meantime, the Company is pressing ahead with the commercialisation plans for OptiMAL® which is scheduled for launch at a significant conference for the industry: the Antibody Engineering and Therapeutics conference in San Diego in December 2025. We have secured booth space and a presentation within the conference's scientific programme. Prior to this taking place we are continuing to diligently gather as much scientific data as possible to highlight the advantages of the platform in the discovery of antibodies for our clients.

It is also worth highlighting the importance of the ability to transfer the OptiMAL® technology to other laboratories, which was also demonstrated as part of the validation project with the NCI. The capability to transfer the technology means that we can seek to exploit a much wider market than would be possible if all screens were to be run within the Fusion laboratories, which itself would require significant scaling of resources in terms of personnel, capital equipment and consumables. Moving to a technology licensing model will allow us to bypass the restrictions on capacity due to internal resources.

Market outlook: growth prospects by sector

We were very pleased to announce, on 27th August 2025, that we had secured three follow-on contracts from an existing client providing combined anticipated further revenues of nearly $460,000. These are significant amounts and bear testimony to our commitment to our clients, building long term relationships with them, and the high-quality standards to which we hold ourselves. It is also worth noting that this win was achieved while the market is very competitive.

Even in the most competitive of times, our clients such as pharmaceutical and biotech companies constantly develop their pipelines while committing significant proportions of their available resource in this respect. This may become exaggerated as various pharmaceutical companies around the globe face a number of their lead products coming off patent in the period to 2030 and will want to fill this gap in their product line up with new patented products. It is anticipated that the closing of this gap will require the acquisition of products from

biotechnology companies who in turn will wish to replenish their own discovery pipelines, deploying the revenues from the sale of their more developed assets. Consequently, it is reasonable to align with reports stating that the market for antibody discovery, including services such as those offered by Fusion, will grow significantly in the coming years. Many market reports testify to this outlook. Two examples of these market reports include reports from Precedence Research and The Business Research Company. These estimate the market in the current year, 2025, to be worth $9.06Bn with a CAGR of 8.3%, and $9.87Bn with a CAGR of 10.3% respectively. Whilst it is wise to treat such forward looking projections as no more than estimates, the trends are reassuring.

Furthermore, these reports and others, delve into market segments such as phage display, hybridomas and humanisation, as well as the putative underlying causes for growth. Growth drivers are predominantly reported as being new technology, such as AI/ML and new discovery technology, and the increase in precision medicines with more patient stratification being better met through more specifically targeted antibody drugs. The split in the Antibody Discovery market between phage display and the use of hybridomas is significant. Phage display enables the use of partial human sequences, but only for fragments of antibodies which then require reconstructing into the final product and not all fragments are compatible with other fragments found through this method. The challenges associated with this complex process are likely a significant contributor to the apparently lower historical returns from Phage Display versus the hybridoma approach which has arguably yielded more drug registrations.

Hybridomas are, however, restricted by the immune responses of the hosts, typically mice or rabbits, for those now approved as therapeutics. The use of animals is something that the pharmaceutical companies try to avoid as much as possible. Furthermore, the innate function of the immune system to avoid auto-immune disease means that output is focussed on the differences between the human antigen and the host equivalent protein. Whilst this is eminently sensible from an evolutionary perspective it is not advantageous to our industry. We consequently see antibody development teams turning to more and more evolutionarily distinct host species, such as chickens and sharks, in order to improve the scope for more diverse immune responses. However, this also makes the humanisation process concomitantly more challenging. In this context, it is my belief that the industry would significantly benefit from a system capable of delivering fully intact human antibodies without the compromises and complications of the existing approaches. This is what we have set out to provide in developing OptiMAL® as the technological solution to the industry wide problem.

OptiMAL® and Mammalian Display: the right products at the right time.

I believe that the time is right for just such a disruptive antibody discovery platform which could allow human sequences to be used, without the auto-immune filter of a host animal or the restriction in fragment size. Such a platform would instead deliver full antibody sequences, ideally expressed by mammalian cells. This is what OptiMAL® offers the market.

Where more is known about the target antigen, there is scope for a more focused approach utilising artificial intelligence (AI) and/or machine learning (ML). These novel design methods are intended to generate full length antibody sequences which need to be synthesised in the real world for testing. This can be achieved through our AI/ML-Ab™ platform utilising the same mammalian display technology developed for OptiMAL®.

It is fair to say that our AI/ML-Ab™ has not yet delivered its full potential. This will take time. It is widely recognised that while there has been considerable excitement about the potential capability of AI, like many new technologies, the uptake and confidence in the approach is building cautiously. Antibody design, especially *de novo* design, is no exception. Nevertheless, many antibody experts believe that AI/ML will be a key part of the mix of approaches for antibody discovery and development going forward. It is important therefore that Fusion remains active in the field. Our collaboration with a leading US-based AI/ML business announced in 2023 is still in place and will use our proprietary Mammalian Display platform to enable screening of designs derived from AI/ML. Our AI based research project with Oxford University is similarly progressing well with *in silico* designs being successfully expressed in our laboratories in Belfast and generating data which will be used to improve

the novel algorithms and their outputs so adding value to our services in the future.

Developing a Fusion asset

On 24th April 2025 we announced the approval of a grant to support the development of an antibody against DR5 (death receptor 5) as a potential therapeutic and or diagnostic antibody for certain types of cancer. The award of the grant followed on from the successful identification of a lead antibody with some exceptional biological properties. The grant funding will allow the Company to progress this interesting lead molecule by humanising it and, accessing expertise at Queen's University Belfast, demonstrate its potential efficacy *in vivo*. The ambition is to have a clinic ready asset available for partnering from late FY2027.

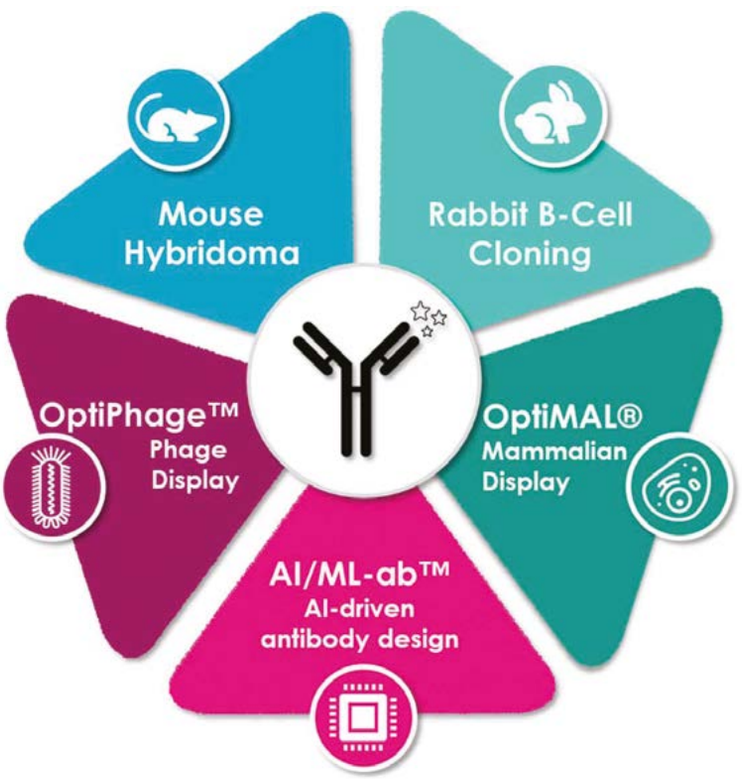
Conclusion

In conclusion, I firmly believe that Fusion has the proven capabilities, track record and an improving business performance to provide the Company with a stable foundation from which to launch groundbreaking disruptive technologies. In my opinion, the most significant of these is OptiMAL® complemented by the underlying mammalian display and the Opti-library, which is also applicable to phage display. The range of services we offer our clients is increasingly comprehensive and highly complementary to diverse antibody development strategies positioning us well to continue to gain traction with a broad client base across Therapeutics, Diagnostics and Research antibody sectors. The year ahead is an exciting one for the business. We will continue to support our existing client bases, appeal to wider markets through technological differentiation which provides significant benefits to our existing and new clients. We will also use the OptiMAL® technologies, and such assets as may be available, to position the Company for a transition from a service provider with repeat business to a technology licensor with recurring revenues.

Adrian Kinkaid
Chief Executive Officer

03 September 2025

The antibody "Discovery Engines" available to Fusion and its clients



STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

Risk is an inherent feature of the Company's business. The Board meets regularly to review operations and to assess and monitor the business risks faced by the Company. Set out below are some key risks, together with associated mitigating factors. This list does not purport to be exhaustive.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

1 Risk that services will not achieve commercial success

The Company currently offers a range of services, namely: antibody sequencing, antibody humanisation/caninisation, stable cell line development, antibody engineering, affinity maturation, transient protein expression and stable cell line development. It is also developing new services such as the OptiMAL® Library, the AI/ML-Ab™ platform for in silico antibody design and OptiPhage™. The commercial success of each of these services is in part based on factors outside the Company's control, including market demand and new competition for those services. There can be no absolute assurance that market demand for any of these areas will continue to exist and/or increase, or that the Company's services will be favourably received by the market, will be profitable or will produce a reasonable return. Drug development, by its nature is a risky and expensive business, albeit with the potential of a high return, and our clients' access to capital can be eroded through macroeconomic events such as war and political risk, inflation, and interest rates, that are out of both our and their control, resulting in a loss of sales for the Company. There is therefore no guarantee that any of the Company's services will be commercially successful in the future or that it will continue to be competitive in the markets in which it operates. If the service is not commercially successful it could result in a financial loss to the Company.

2 Dependence on agreements with third parties

The Company enters into agreements, including partnerships and collaborations, with third parties to deliver both its current and new services including the supply of materials and equipment. Such partnerships also include those related to marketing, sales and distribution in order to market and sell products and services on a global basis. There are no guarantees that the Company will be able to find suitable, commercially viable relationships nor that any parties with whom it enters into commercial arrangements will meet their obligations. This could impact upon the Company's revenue and profitability and potentially leave the Company with a financial loss, unable to proceed with development or sale of the products or services and/or needing to enter into litigation with the partner which could have both negative finance and reputational consequences.

3 The Company relies on certain key personnel

The Company's senior management and key personnel are experienced in different fields of research, development, production, marketing and corporate management in the antibodies industry. As such, the Company's success is in part attributable to the expertise and experience of its senior management and key technical and commercial personnel, who carry out key functions in the operations of the Company.

The Company's scientific capability, financial condition, operational and commercial expertise and prospects may be detrimentally affected if the Company loses the services of any of its senior management and/or key personnel, whether through illness or death, or them moving employment. No assurance can be given that the Company will be able to retain and incentivise all the staff and key personnel that it needs in order to achieve its business objectives.

As stated above, the Company's success is in part attributable to the retention of the scientific and commercial expertise and experience of its senior management and key personnel. However, it may need to attract and recruit additional personnel, either in addition to existing personnel or to replace departing personnel, across all areas of its business and there is no guarantee that it can attract such new staff on commercially acceptable terms. This could in turn adversely affect its business, financial condition, results and/or future operations.

4 Potential product liability litigation, regulatory intervention, adverse PR and business interruption

If the Company produces any products or services which are defective, or which are alleged to be defective, it may face a liability claim in respect of those products or services. Any serious quality or safety incident may result in adverse reporting in the media, which in turn may damage the Company's public relations and could potentially interrupt its business. This in turn could affect the Company's financial condition, operational results and prospects, including damage to the Company's reputation and/or its brands.

Third parties may assert their own intellectual property infringement claims against the Company's use of technology or products and require the Company to cease the infringing activity and/or require the Company to enter into licensing and royalty arrangements. The third party could take legal action against the Company; if the Company is required to defend itself against charges of patent infringement or to protect its own proprietary rights against third parties, substantial costs and significant management time and effort could be incurred regardless of whether the Company is successful. Such proceedings are typically protracted and there is no certainty of success. If there is an adverse outcome, this could subject the Company to significant liabilities to third parties and force it to curtail or even cease altogether the development of products or the provision or particular services (if provision of those services is reliant on a particular method which is the subject of the proceedings), or the sale or licensing of products. In addition, the Company may be required to develop alternative, non-infringing solutions which may require significant time and substantial, unanticipated resources. It is therefore possible that such claims could have a material adverse effect on the Company's business, financial condition or results.

5 Risks associated with reliance on IT systems, key equipment and laboratory space

The Company is reliant upon the use of certain IT systems, equipment and laboratory space which is critical to its ability to carry out its core business. There is a risk that key IT systems, equipment, and/or the laboratory space itself may become unavailable due to an unforeseen event such as cyber attack, fire, flood, etc... In this event, the Company's ability to deliver its services may be detrimentally affected, which could in turn have an impact upon its ability to deliver projects on time and which could consequently adversely affect its business, financial condition results, and/or future prospects. There is a risk that the Company's operations may be affected by a fire or flood at its premises.

GENERAL RISKS RELATING TO THE BIOTECHNOLOGY AND PHARMACEUTICAL INDUSTRIES

1 **There may be a general reduction in the demand for antibody services in the pharmaceutical and biotechnology industries**

As a CRO, the Company's revenue is primarily generated through contracts with pharmaceutical and biotechnology companies and is dependent upon there being a demand in these industries for its antibody services. There is a risk that there may be a reduction in the demand in the pharmaceutical, biotechnology and diagnostic industries for antibody services, either through a reduction in capital for new product development due to external macro-economic factors or even if expenditure on antibody discovery and development is maintained or increased companies may meet their requirements for antibody services internally rather than outsourcing these to CROs such as the Company.

2 **The Company is subject to regulations governing the pharmaceutical and biotechnology industries**

The regulations governing the biotechnology and pharmaceutical industries in the countries in which the Company operates may be subject to change without prior notice or consultation. Any such changes or amendments may significantly impact the business of the Company. For example, it has become more complex and costly to both import and export goods globally, which can cause delays or even loss of perishable goods. There may also be other increased costs to the Company of complying with any changes in the global regulatory requirements which could have an impact on the financial prospects of the Company.

The strategic report on pages 4 to 27 was approved by the Board on 03 September 2025 and signed on its behalf by:

Simon Douglas
Director


fusionantibodies

CORPORATE GOVERNANCE
BOARD OF DIRECTORS

Simon Douglas PhD[1]
Non-executive Chairman

Simon, 66, was appointed Non-executive Chairman in September 2011 having previously been CEO. He has over 40 years' experience in the biotech industry, including working for Amersham International (now GE), ICI and Zeneca (now Astra Zeneca), in a variety of commercial and technical positions, and with Tepnel Life Sciences plc (now Hologic Inc), a London Stock Exchange listed diagnostic company where he was Chief Executive. He has been the CEO/Executive Chairman on three other venture capital backed Life Science companies and headed up the trade sale of two of these and was previously the Chairman of Cambridge Nutritional Sciences plc, an AIM listed Healthcare company. He is currently the Chairman of Abselion Ltd, a venture capital backed company, and of EMQN Ltd . two. Simon is not considered to be independent as he formerly held the position of CEO.

Adrian Kinkaid PhD
CEO

Adrian, 58, was appointed director and Chief Executive Officer in August 2022. Adrian has over twenty-eight years' experience working in the bioscience sector. He holds a PhD in Biochemistry from University of Southampton and has expertise in development and commercialisation of all the main classes of affinity reagents. Adrian's previous experience has included senior management positions in drug discovery, reagent technology and diagnostics. He is passionate about harnessing biotechnology to create better drugs and diagnostics in order to improve health and wellbeing on a global scale.

Corporate Governance: Board of Directors continued

Richard Buick PhD
CSO

Richard, 48, was appointed director and Chief Technical Officer in August 2011 and Chief Scientific Officer in 2021. Richard has worked in the Company since 2002 and been responsible for overseeing contract research services. He previously had four years' experience discovering novel antibodies from synthetic libraries for diagnostic purposes. Richard has been appointed as a legal expert witness in a number of drug patent dispute cases and in 2018 he was made Honorary Senior Lecturer in Queen's University, Belfast. Richard is the Chairman of the Company's Scientific Advisory Panel.

Stephen Smyth
Interim CFO and Company Secretary

Stephen, 50, has over 25 years' experience working in audit & accounting, finance, and operations management within both the public accounting and commercial sectors. Stephen's previous roles include acting as Chief Financial Officer at Sera Global LP, as well as holding senior finance functions at Cormark Securities Inc and at PricewaterhouseCoopers (PwC) LLP. Stephen is a chartered accountant and is currently a partner at AAB, a Chartered Accountancy practice with offices throughout the UK and Ireland, including Belfast. At AAB, he provides virtual finance function solutions to clients ranging from start-ups to private equity backed multinationals. He was appointed in September 2023.

Matthew Baker PhD[2]
Non-executive Director

Matthew, 53, joined the Company as a non-executive director in 2022 and has more than 20 years' experience developing biologics in biotech and pharma companies and is a research expert in lymphocyte immunology. During his career Matthew has founded and led a number of biotech companies to exits, including acquisition of Antitope (CEO/CSO) and the IPO of Abzena (CSO). Matthew has held a number of biotech Non-Executive Director positions including Oxgene which was acquired by Wuxi Apptech in 2021. His most recent role was as CEO of NeoPhore, a private company focused on the discovery and development of novel small molecule therapies to treat cancer through stimulation of the immune system. Matthew brings detailed immunology and virus-based mammalian display knowledge as well as industry and market insight. Matthew is also a member of the Company's Scientific Advisory Panel.

Colin Walsh[1,2]
Non-executive Director

Colin, 69, is chief executive and founder of Crescent Capital NI Limited and has been an active venture capital investor in the high-tech sector for the past 28 years. He joined the Company as a non-executive director in 2007 as a representative of Crescent Capital. Crescent Capital is the fund manager of Crescent Capital III LP which is a shareholder in the Company. Due to Crescent Capital's shareholding in the Company, Colin is not considered to be independent under the QCA Guidelines due to his length of tenure.

[1] member of the Remuneration Committee | [2] member of the Audit Committee

CORPORATE GOVERNANCE
CORPORATE GOVERNANCE STATEMENT

Compliance Statement

The Board seeks to follow best practice in corporate governance appropriate to the Company's size and in accordance with the regulatory framework that applies to AIM companies. The Company has adopted the Quoted Companies Alliance's Corporate Governance Code 2018 ("QCA Code") and has set out on its website how, with regard to the size and the nature of the Company's business, it applies the principles and disclosures as set out in the QCA Code. A new version of the QCA Code was published in November 2023 (the "2023 QCA Code"). The 2023 QCA Code applies to financial years beginning on or after 1 April 2024, meaning that the Company's first required year of compliance is the financial year commencing 1 April 2024. Notwithstanding this, in keeping with the QCA Code's flexible ethos, a transition period of 12 months is in place from the commencement of the most recent financial year on or after 1 April 2024 providing additional flexibility to adjust to the new QCA Code and build the necessary capacity and capabilities to be able to apply its principles. Accordingly, the Company intends to apply the 2023 QCA Code for the financial year commencing 1 April 2025.

Given its size and the nature of its current operations, the Company has not adopted the full UK Corporate Governance Code. There have been no key governance related matters, or changes in governance arrangements during the year. The main features of the Company's corporate governance arrangements are:

- The Board is collectively responsible for defining and implementing a strategy to deliver long-term value to shareholders, but which operates within a framework of good corporate governance and in line with the Board's assessment of risk;
- The Chairman retains responsibility for, and takes the lead on, all matters of corporate governance;
- The Non-Executive Directors have the responsibility to be independent in judgement and thought and for challenging the Chief Executive Officer (CEO) and Chief Scientific Officer (CSO) where necessary. The Non-Executive Directors also provide a sounding board for the Chair from time to time.
- The Board meets regularly for formal Board meetings. It met nine times in FY2025 to discuss the routine business and a further once on other governance business. It will consider strategy, performance and approve financial statements, dividends and significant changes in accounting practices and key commercial matters.
- The Company has an audit committee and remuneration committee, further details of which are provided below; and
- The Company does not have a nomination committee, as the Board does not consider it appropriate to establish one at this stage of the Company's development. The Board as a whole takes decisions regarding the appointment of new directors and this will follow a thorough assessment of a potential candidate's skill and suitability for the role.

The Company is managed by the Board and they have the necessary skills and experience to effectively operate and control the business. There are currently six directors at the date of this report, three non-executive directors and three executive directors being: Simon Douglas (Chair), Adrian Kinkaid (CEO), Richard Buick (CSO), Stephen Smyth (Interim CFO / Company Secretary), Matthew Baker

(NED), and Colin Walsh (NED). The Board consider that given the current size and financial position of the Company the arrangement of an interim CFO is a suitable solution and enables the Board to maintain financial and corporate control of the Company. The Company Secretary advises the Board, through the Chairman, on legal, governance and procedural matters.

Board members are expected to attend relevant continuing professional development to ensure their technical skills are kept up to date as well as attending relevant industry and regulatory conferences and briefings.

The Board considers Matthew Baker to be independent in character and judgement. The Board is cognisant of the importance of independence of non-executive members of the Board. However, while we continue to recognise that both Simon Douglas and Colin Walsh are not considered to be independent directors under the UK Corporate Governance Code, due to length of tenure with the Company, we believe that they both meet the QCA's less prescriptive assessment of independence, bring independent judgement to bear in their respective roles and are able to resist inappropriate demands from executive directors and senior management. Furthermore, while the Company continues to control costs until a stronger financial position is reached both Simon Douglas and Colin Walsh have taken reduced fees (a reduction of 37.5% and 100% respectively) with the remainder paid in new Ordinary Shares. Matthew Baker has also taken a fees reduction of 25% with the remainder being paid in new Ordinary shares. With this in mind, the recruitment of additional non-executive directors at this time would be difficult. The new Ordinary Shares received by the non-executive directors are not considered to form a material portion of their overall wealth and are therefore not considered to impact their independence.

Fusion remains committed and fully supportive of the provisions of the Quoted Companies Alliance Corporate and Governance Code (the "QCA Code"). To date we have complied with most of the guidelines but are aware that the Company does not meet the gender balance guideline and will endeavour to resolve that as and when any new Director is appointed. Following on from last year all of the Directors of Fusion will be nominated, for annual re-election at our next annual general meeting which will enable the shareholders to decide on the election of the Company's Board.

The Board recognises the importance of consulting with shareholders and obtaining their support in relation to performance-related remuneration. The Company's transparent approach is already demonstrated through the Company publicly disclosing its remuneration policy and associated reports to all shareholders in the Company's annual financial report. To comply further we will provide shareholders with an annual say-on-pay vote through the addition of a relevant resolution at our next AGM.

As the business develops, the composition of the Board will remain under review to ensure that it remains appropriate for the managerial requirements of the Company. The mix of skills required on the Board is aligned to the needs of the Company and delivery of current strategy.

Board committees

The Company has an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. The composition of these committees may change over time as the composition of the Board changes. The reports of the Audit Committee and Remuneration Committee are included within the Governance report and Directors' Report rather than as separate sections of the Annual Report.

Audit Committee

The audit committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Company, and the involvement of the Company's auditors in that process. It focuses, in particular, on compliance with the accounting policies and ensuring that an effective system of external audit and financial control is maintained, including considering the scope of the annual audit and the extent of non-audit work undertaken by external auditors and advising on the appointment of external auditors. Given the size and nature of the Company the audit committee has recommended, and the Board accepts, that an internal audit function is not appropriate for the Company.

The audit committee meets at the appropriate times in the financial reporting and audit cycle. The audit committee comprises two members, Colin Walsh (Chair) and Matthew Baker, who are both non-executive directors. The CEO and CFO are invited to attend as appropriate, and the auditors have the opportunity for direct access to the committee without executive directors present.

Since the last Annual Report, the audit committee has met once with both members in attendance, together with the auditor, the CFO and the CEO. The committee reviewed and approved the proposed audit plan for the year ending 31 March 2025.

Internal controls and financial risk management

The directors are responsible for the Company's system of internal controls, the setting of appropriate policies on these controls and regular assurance that the system is functioning effectively and that it is effective in managing business risk. Risk management is embedded as part of the Board culture and is on the agenda of every meeting to ensure that it is at the centre of arriving at, and monitoring strategy. Principal risks and uncertainties are discussed in the Strategic Report and financial risk management policies are detailed in note 20 of the Notes to the Financial Statements.

Remuneration Committee

The remuneration committee has responsibility for the determination of remuneration packages for each of the executive directors, including pension rights and any compensation payments, recommending and monitoring the level and structure of remuneration of senior management, and the implementation of the employer share option scheme, or other performance related schemes. The objective is to retain and motivate the executive management of the Company without paying more than necessary and to ensure that members of the Executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company. No Director or manager shall be involved in any decisions as to their own remuneration. The remuneration committee meets at least twice a year. The report of the remuneration committee is included in the Directors' Report below.

The remuneration committee comprises two members who are non-executive directors: Simon Douglas (Chair), and Colin Walsh. It is noted that the QCA Remuneration Committee Guide (2025) indicates that the committee should comprise at least a majority of independent NEDs but as a small Company with only three NED's currently the choice is limited, and it is felt that these two candidates are the best qualified for their respective roles and that it is a safe and pragmatic structure for the time being. As previously stated, we recognise that on the face of it both Simon Douglas and Colin Walsh are not considered to be independent directors under the QCA Code, due to length of tenure, but believe that they bring independent judgement to bear in their respective roles and most importantly are able to resist inappropriate demands from executive directors and senior management.

Meetings and attendance

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Meetings held during the year			
Attendance:			
Simon Douglas (NED)	9/9	-	3/3
Adrian Kinkaid (Director)	9/9	-	-
Richard Buick (Director)	9/9	-	-
Stephen Smyth (Director)	8/9	-	-
Matthew Baker (NED)	7/9	1/1	-
Colin Walsh (NED)	7/9	1/1	3/3

It is the intention of the Board that alternate meetings will be conducted in person and the remainder by video call. The Board met for routine Board meetings 9 times in the year (2024: 7 times).

Non-executive directors are expected to spend a minimum of one day a month on Company activities in addition to preparation for and attendance at Board and sub-committee meetings. The Chairman will routinely spend an additional day per month, however, this year he worked more closely with the Executive Directors in particular during the fund-raising period.

Communication with shareholders

Good and effective communication with shareholders is a high priority for the Board. Communication with investors and analysts is an essential part of the operation of the Company. The Company is committed to providing up to date corporate information to existing and potential shareholders and maintains a website (www.fusionantibodies.com) which contains an Investor Relations section. Existing and potential investors can use the website to access Company information and reports and to contact the Company. Further details of communication with shareholders are given above under Stakeholder Engagement.

The corporate governance report on pages 32 to 35 was approved by the Board on 03 September 2025 and signed on its behalf by:

Simon Douglas
Chairman

fusion**antibodies**

CORPORATE GOVERNANCE
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The directors present their annual report and the audited financial statements of the Company for the financial year ended 31 March 2025.

The Company is a public company limited by shares incorporated and domiciled in the United Kingdom and registered in Northern Ireland. The Company's shares are listed on AIM, a market operated by London Stock Exchange.

Principal activities

The principal activity of the Company is the provision of services for the research, development and manufacture of recombinant proteins and antibodies for the use in human therapeutics, veterinary therapeutics, diagnostics and life science research.

Review of the business and future developments

A review of the business and its outlook, including commentary on the key performance indicators, and the principal risks and uncertainties facing the Company is included in the statements within the Strategic Report and included in this report by cross reference.

Directors

Biographical information on each of the directors at the date of signing this report is set out on pages 24 and 25 and these are the directors who served during the year.

The Company intends to apply the updated 2023 QCA code where possible and therefore in accordance with the new code all directors will be seeking reappointment as a director of the Company at the 2025 Annual General Meeting. Furthermore, the annual remuneration report, including any significant changes to our existing option scheme will be put to an advisory shareholder vote.

Policy on executive directors and senior management remuneration

When determining the Board policy for remuneration, the Committee considers all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of this policy is to help attract, retain and motivate the executive and senior management of the Company without paying more than necessary. The remuneration policy bears in mind the Company's appetite for risk and is aligned to the Company's long term strategic goals. A significant proportion of remuneration is structured to link rewards to corporate and individual performance and be designed to promote the long-term success of the Company.

Directors' remuneration

The remuneration committee comprises Simon Douglas and Colin Walsh. The committee is responsible for reviewing the Company's remuneration policy, the emoluments of the executive and non-executive directors, and the Company's pension arrangements and for making recommendations thereon to the Board. The committee also makes recommendations to the Board in respect of awards of options under the EMI and Unapproved Employee Share Option Scheme under which employees, and directors may be granted options to acquire Ordinary Shares. It also reviews the terms of service contracts with the executive directors and non-executive directors and any compensation arrangements resulting from the termination by the Company of such contracts. It does not however have any authority for setting their own fees and remuneration.

The committee reviews and makes a recommendation to the Board of the annual corporate objectives to be delivered by the Executive team, which are set against the backdrop of the overall strategy. An analysis of how executive directors performed against these pre-determined performance targets is carried out by the remuneration committee and recommendations of any increases in remuneration or otherwise made to the Board for discussion and approval in this current year are very much focused on financial targets, with the other main metric being the successful progress of the OptiMAL® project.

The committee recommends to the Board annual corporate objectives for the Executive team based on the overall strategy. The remuneration committee assesses executive directors' performance against set targets and advises the Board on any changes in remuneration based on performance. In general, these objectives can include both financial and non-financial metrics although for FY2025, objectives mainly focus on financial targets and the progress of the development of the OptiMAL® platform. As part of the cost savings implemented in 2023, the Executive Directors Adrian Kinkaid and Richard Buick both agreed to a change in their remuneration structure, deferring 20% of their salaries and taking shares in part in lieu of cash remuneration. This continued until March 31st 2024 at which point the remuneration committee recommended, and the Board accepted, that following the fundraise as the Company had a more stable cash position their full remuneration packages would be re-established in FY2025.

Additionally, they were awarded a salary increase of 4% in line with the rest of the staff against an average RPI for FY2024 of 3.3%. The slightly higher reward was adjudged to be at an affordable level and set against the previous year when the RPI was at over 10%.

With cost control still being a priority the Company's non-executive directors received no increase in their fees in FY2025 which have remained flat since the Company's IPO in December 2017. They agreed to continue to forgo some of their fees for the full year until March 31st 2025 with the remainder of their fees being paid in new Ordinary Shares. The new Ordinary Shares received by the non-executive directors are not considered to form a material portion of their overall wealth and are therefore not considered to impact their independence.

The Board recommended and implemented the allotment of new Ordinary Shares at a level no less than 25% agreed individually with each NED, dependant of their personal circumstances, with the remainder of their fees being paid in cash. Shares were allotted in two tranches, for 6 months up until the 30th September 2024 at a deemed issue price of 4.15p per Ordinary Share, being the closing mid-market price of an Ordinary Share on the date of grant and for 6 months up until the 31st March 2025 at a deemed issue price of 6.1p per Ordinary Share, being the closing mid-market price of an Ordinary Share on the date of grant as follows:

	6 Months to 30th September 2024 (issue price 4.15p)		6 months to 31st March 2025 (issue price 6.1p)			
Director	**Amount of salary/fees received in Director Shares**	**No. of Director Shares**	**Amount of salary/fees received in Director shares**	**No. of Director Shares**	**Total holding of Ordinary Shares post issue as at 12 May 2025**	**Percentage of share capital**
Simon Douglas[1]	£7,500	180,722	£3,750	61,475	1,061,062[1]	0.93%
Colin Walsh[2]	£13,500	325,301	£13,500	221,311	3,109,112[2]	2.74%
Matthew Baker	£3,375	81,325	£3,375	55,327	292,902	0.26%

1 Excludes Ordinary Shares held by relatives of Simon Douglas.

2 Includes 600,000 Ordinary Shares held by Walsh Strategic Management Limited, a company controlled by Colin Walsh and 1,400,000 Ordinary Shares held by Hamniv (GP) Limited, a subsidiary of Crescent Capital NI Limited ("Crescent Capital"). Colin Walsh is the Chief Executive and founder of Crescent Capital.

Bonus payments

All executive directors are eligible for a discretionary annual bonus. Annual bonuses are paid on the achievement of pre-set strategic objectives. These objectives relate to Company strategy and may be achievements other than financial performance targets. The Committee, in conjunction with the Board, reviews and sets these objectives at the start of each financial year.

For the year ended 31 March 2025 the committee recommended, and the Board accepted, a bonus award for Adrian Kinkaid (CEO) and Richard Buick (CTO) each of 20% of their gross salary, against their maximum contractual bonus of 45% and 40% respectively. This was made in recognition of their performance over the year, and in particular meeting market expectation forecasts for revenue and bringing the OptMAL® library development to the next stage with the successful collaboration with NCI. The committee recognised that the Company's is still controlling costs tightly and cognisant of the cash position and therefore have split the bonus awards into two components: 40% cash under PAYE and the remainder in new Ordinary shares which will be issued in the next available open period and at a price being the mid-price the day before the issue. The total cash element is ~£26,756.

Long term incentives

The Company has a share-based reward scheme in place for Directors and staff but there were no further grants of options under the scheme for FY2025. The remuneration committee recommended, and the Board agreed, that as there is a limited pool of options they should not be issued routinely every year. In FY2024, Directors and staff were granted options at an exercise price of 4.25p, being the mid-market price of an Ordinary Share on 13 February 2024 (the day before the grant). These options are subject to a three-year vesting period with equal annual portions, each dependent on performance criteria. The year 1, 2 and 3 share price performance targets have been met (see table below). To date there have been no options exercised.

Director options

The Company has options outstanding over a total of 3,360,700 Ordinary Shares, representing approximately 3.20% of the Company's issued share capital.

A total of 2,330,000 Options awarded to directors of the Company are as follows:

	At 1 April 2024	Granted in year	Exercised in Year	Lapsed in year	**At 31 March 2025**	Exercise period	Exercise price per share
Richard Buick							
2017 EMI and Unapproved	280,000	-	-	-	**280,000**	2024-2034	£0.0425
Employee share Option Scheme	400,000	-	-	-	**400,000**	2024-2034	£0.0425[1]
	680,000		-	-	**680,000**		
Adrian Kinkaid							
2017 EMI and Unapproved	300,000	-	-	-	**300,000**	2024-2034	£0.0425
Employee share Option Scheme	600,000	-	-	-	**600,000**	2024-2034	£0.0425[1]
	900,000	-	-	-	**900,000**		

	At 1 April 2024	Granted in year	Exercised in Year	Lapsed in year	**At 31 March 2025**	Exercise period	Exercise price per share
Simon Douglas							
2017 EMI and Unapproved Employee Share Option Scheme	250,000	-	-	-	**250,000**	2024-2034	£0.0425
Colin Walsh							
2017 EMI and Unapproved Employee Share Option Scheme	250,000	-	-	-	**250,000**	2024-2034	£0.0425
Matt Baker							
2017 EMI and Unapproved Employee Share Option Scheme	250,000	-	-	-	**250,000**	2024-2034	£0.0425
	750,000	-	-	-	**750,000**		

1 Subject to performance related conditions.

- Year 1: the closing mid-market price of an Ordinary Share must have been equal to or above 5p for a period of 20 consecutive business days prior to the date of exercise. This share price condition has been met although no options have been exercised.
- Year 2: the closing mid-market price of an Ordinary Share must have been equal to or above 6.375p, being a 50% premium to the Exercise Price, for a period of 20 consecutive business days prior to the date of exercise. This share price condition has been met.
- Year 3: the closing mid-market price of an Ordinary Share must have been equal to or above 8.50p, being a 100% premium to the Exercise Price, for a period of 20 consecutive business days prior to the date of exercise. This share price condition has been met.

Directors' remuneration

The remuneration of directors for the year ended 31 March 2025 was as follows:

		Salary & fees £'000	**Benefits £'000**	**Bonus £'000**	**Company pension contributions £'000**	**Total £'000**
Executive directors						
Adrian Kinkaid[1]	**2025**	**196**	**-**	**11**	**12**	**219**
	2024	169	-	-	10	179
Richard Buick	**2025**	**132**	**-**	**16**	**8**	**156**
	2024	115	-	-	7	122
Non – executive directors						
Simon Douglas	**2025**	**19**	**-**	**-**	**-**	**19**
	2024	18	-	-	-	18
Matthew Baker[3]	**2025**	**20**	**-**	**-**	**-**	**20**
	2024	21	-	-	-	21
Colin Walsh	**2025**	**-**	**-**	**-**	**-**	**-**
	2024	-	-	-	-	**-**
Total	**2025**	**367**	**-**	**27**	**20**	**387**
	2024	349	-	-	18	367

2 Matthew Baker's remuneration includes fees for membership of the Scientific Advisory Panel

Directors and their interests

	At 1 April 2024 number	% issued share capital	**Shareholding at 31 March 2025 number**	**% issued share capital**
Adrian Kinkaid	546,272	0.90%	750,000	0.71%
Richard Buick	905,175	1.48%	1,000,000	0.95%
Simon Douglas	668,865	1.10%	999,587	0.95%
Matthew Baker	156,250	0.26%	237,575	0.23%
Colin Walsh[1]	2,562,500	2.69%	2,887,801	2.75%

1 Includes 600,000 Ordinary Shares held by Walsh Strategic Management Limited, a company controlled by Colin Walsh and 1,400,000 Ordinary Shares held by Hamniv (GP) Limited, a subsidiary of Crescent Capital NI Limited ("Crescent Capital"). Colin Walsh is the Chief Executive and founder of Crescent Capital.

Results and dividends

The loss before tax for the year was £1,777k (2024: loss £2,289k) and Loss Before Interest Taxation Depreciation and Amortisation (EBITDA) was £1,674k (2024: £2,068k loss).

After an income tax credit of £64k (2024: £63k) the loss for the financial year of £1,713k (2024: loss £2,226k) has been transferred to reserves. The results for the year are set out the statement of comprehensive income and Note 26.

No dividends were paid (2024: £nil). The directors do not recommend payment of a final dividend (2024: £nil).

Key Performance Indicators

The directors are of the opinion that the main KPIs to understand the performance of the Company are revenues, EBITDA, and net assets. Taken together, these data points provide the Directors with guidance on the stable performance of operations and the Company as a whole. The Board will continue to review this position and will continue to look to introduce and modify KPI indicators where appropriate to do so.

KPI	**FY2025**	**FY2024**
Revenue change year on year	73%	(61)%
EBITDA	(£1.7m)	(£2.1m)
Net cash used in operations	(£1.4m)	(£1.8m)
Year-end cash balance	£0.4m	£1.2m

Principal shareholders

At the close of business on 1 September 2025 (being the latest practical date prior to the signing of this report) the Company had received notification of the following substantial interests representing over 3% of the issued share capital:

	Number of Ordinary 4p shares	Percentage held
Hargreaves Lansdown (Nominees) Limited 15942 Acct	9,114,193	8.02%
Interactive Investor Services Nominees Limited SMKTISAS Acct	8,745,610	7.69%
CGWL Nominees Limited GC1 Acct	8,066,263	7.10%
The Bank of New York (Nominees) Limited	6,397,290	5.63%
Hargreaves Lansdown (Nominees) Limited HLNOM Acct	6,366,407	5.60%
Rathbone Nominees Limited	6,166,837	5.43%
Barclays Direct Investing Nominees Limited CLIENT1 Acct	5,756,618	5.06%
Interactive Investor Services Nominees Limited SMKTNOMS Acct	4,878,526	4.29%
BNY (OCS) Nominees Limited	4,686,463	4.12%

Pension

The Company operates a defined contribution pension scheme.

Research and development

During the year ended 31 March 2025 the Company has invested £191k (2024: £254k) in research and development. This is incurred in the development of existing and new antibody engineering services and is expensed until the development project meets the criteria in IAS 38.

Financial risk management

The Company's approach to risk management is described in Principal risks and uncertainties within the Strategic Report and is included in this report by cross reference. Financial risks are disclosed in note 20 to the financial statements.

Going concern

The Company has returned a loss of £1.7m for the year ended 31 March 2025 (Year ended 31 March 2024: Loss of £2.2m) and at the year-end had net current assets of £0.6m (31 March 2024: £1.7m) including £0.4m of cash and cash equivalents (31 March 2024: £1.2m). During the financial year the Company has raised proceeds of approximately £0.6m from the issue of new Ordinary Shares. The Company continues to expend cash in a planned manner to both grow the trading aspects of the business and to develop new services through research and development projects. Revenues for the financial year were approximately £1.97m, in line with market expectations and 73% higher than revenues for the prior financial year. Uncertainty in levels of investment in the sector has diminished but persists. The impact of this has been somewhat reduced through the Company's targeting of wider market sectors.

The financial statements have been prepared on the going concern basis, which assumes that the company will continue to be able to meet its liabilities as they fall due for at least twelve months from the date of signing these financial statements. The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence at least for 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. To support the going concern basis of preparation, cash flow forecasts have been prepared which incorporate a number of assumptions upon which sensitivities have been performed to reflect severe but plausible downside scenarios. These assumptions include the rate at which revenue growth can be achieved.

The directors note that there is inherent uncertainty in any cash flow forecast, however this is further exacerbated given the nature of the company's trade and the industry in which it operates. Due to the risk that revenues and the related conversion of revenue to cash inflows may not be achieved as forecast over the going concern period, the Directors believe that there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Payments to suppliers

The Company seeks to abide by the payment terms agreed with suppliers when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Directors' indemnity

Every director and other officer of the Company is entitled to be indemnified out of the assets of the Company against all losses or liabilities properly incurred by him or her in or about the discharge of the duties of his or her office. This qualifying third-party indemnity was in force throughout the financial year and also at the date of approval of the financial statements. The Company has insurance cover in place to mitigate such costs.

Political donations

There were no political donations made by the Company during the year (2024: none).

Corporate governance

The Corporate Governance Report on pages 26 to 29 forms part of the Directors' Report and is included in this report by cross reference.

Post balance sheet events

On 7 April 2025, at the Company's general meeting, all resolutions in connection with the issue of the 8,416,020 second tranche placing shares were approved. As a result, the 8,416,020 second tranche placing shares were issued and admitted to trading on AIM on 9 April 2025, completing the approximately £1.17m raise (before expenses).

On 24 April 2025, the Company announced the approval of an Innovate UK Launchpad grant led by the Company in collaboration with Queen's University Belfast ("QUB") to develop a humanised antibody targeting and activating the DR5 protein on cancer cells for the treatment of cancers. The total funding being made available under the Grant is over £808k, with up to £545k expected to be provided to Fusion over a period of approximately 18 months. The antibody asset generated under the Grant project will be jointly owned by Fusion and QUB although the ownership ratios are still to be determined. This antibody asset goes alongside the Company's grant-based collaboration with Finn Therapeutics, who are developing the antibody against RAMP which is protected by a Fusion patent. Any additional grants that become available will be identified and applied for within the next 12 months.

The Company announced on 5 August 2025 that the United States Patent and Trademark Office has granted the Company's U.S. OptiMAL® patent application. The application entitled "Antibody Library and Method", concerns the library of antibodies that is currently screened within the OptiMAL® platform, as well as the method for the design of additional libraries.

Annual general meeting

The resolutions to be proposed at the Annual general meeting together with the explanatory notes, will appear in the Notice of the Annual general meeting which will be circulated with the annual report when sent to all shareholders.

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual report and accounts and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Each of the directors confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the Annual report and accounts includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 company's auditors are aware of that information.

Independent Auditors

Kreston Reeves LLP continue in office as auditors for the year ended 31 March 2025. A resolution to reappoint Kreston Reeves LLP will be proposed at the next annual general meeting.

By order of the Board

Stephen Smyth
Company Secretary

03 September 2025

Company registration number NI039740


fusionantibodies

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF FUSION ANTIBODIES PLC

FOR THE YEAR ENDED 31 MARCH 2025

Opinion

We have audited the financial statements of Fusion Antibodies PLC (the 'company') for the year ended 31 March 2025 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2025, and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed 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.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF FUSION ANTIBODIES PLC CONTINUED

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion. Based on our professional judgement, we determined materiality and performance materiality for the financial statements of the company as follows:

	Company Financial Statements
Materiality	£39,000
Basis for determining materiality	~2% of revenue
Rationale for benchmark applied	Revenue is the key metric that both the shareholders and stakeholders focus most heavily on and this is evident by the focus on turnover by the board within the financial statememts. During the year, we concluded the risk level of the audit to be medium. Due to the level of activity, nature of the business and limited number of errors identified in the prior year, we have concluded that a medium risk level to be appropriate for the audit and a 2% benchmark to be used.
Performance materiality	£27,300
Basis for determining performance materiality	70% of materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the company's overall control environment and the company being listed on the AIM market, our judgement was that performance materiality was 70% of our planning materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.
Triviality threshold	£2,000
Basis for determining triviality threshold	5% of materiality

We reported all audit differences found in excess of our reporting threshold to the directors, the management board and the audit committee.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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, including 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 including going concern 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. This is not a complete list of all risks identified by our audit. The use of the Going Concern basis of accounting was assessed as a key audit matter and has been covered in the subsequent 'Material uncertainty relating to going concern' section of this report.

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF FUSION ANTIBODIES PLC CONTINUED

Revenue recognition including accrued and deferred income:	
Significance and nature of key risk	**How our audit addressed the key risk**
The company recognises revenue over time, based on the stage which a particular project is in terms of completion. Each project consists of a number of different stages with associated, distinct performance obligations. Assessment of the stage of completion is through the review of project tracker which are updated by the project scientists. There is therefore the risk of revenue recognition policies not being accurately complied with.	We undertook walkthrough testing to confirm our understanding of the revenue stream and respective recognition policies, with further specific testing on those contracts that were open around the year end. We identified several customer contracts and reviewed the substance of each contract, in particular the identification of performance obligations and the allocation of the transaction price against each obligation. Performance obligations were verified to supporting evidence from management which confirmed the transfer of knowledge and / or products between the two parties, thus demonstrating that key deliverables were being met as part of each performance obligation's requirements. The accuracy of revenue disclosures in the accounts was confirmed to be consistent with the revenue cycle observed and audited. The completeness of these disclosures was confirmed by reference to the full disclosure requirements as detailed in IFRS 15.
Key observations communicated to the Audit Committee We have no concerns over the material accuracy of revenue recognised in the financial statements.	

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 disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. To support the going concern basis of preparation, the directors have prepared budget forecasts and provided information to support the pipeline of business for at least 12 months after the signing of these financial statements. However, there is a risk that revenues and the related conversion of revenue to cash inflows may not be achieved as forecast over the going concern period and consequently, the company may not be able to pay its debts as they fall due, continue to fund the development of products and raise external finance. These conditions along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting including the following:

- Gained an understanding of the systems and controls around managements' going concern assessment, including for the preparation and review process for forecasts and budgets.
- Analysed the financial strength of the business at the year end date and considered key trends in balance sheet strength and business performance over the last three years.
- Based on our above assessment we performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts.
- We considered post year end performance of the business, comparing this to budget.
- We performed lookback procedures to compare the accuracy of management's assessment at the prior period balance sheet date to assess management's budgeting ability.
- We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF FUSION ANTIBODIES PLC CONTINUED

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the 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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 43), 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 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 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 on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF FUSION ANTIBODIES PLC CONTINUED

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements to convey a more favourable outlook to potential future investors. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDERS OF FUSION ANTIBODIES PLC CONTINUED

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Anne Dwyer BSc(Hons) FCA (Senior Statutory Auditor)

For and on behalf of Kreston Reeves LLP
Chartered Accountants Statutory Auditor
London
Date 03 September 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	**2025 £'000**	2024 £'000
Revenue	4	**1,965**	1,136
Cost of sales		**(1,535)**	(1,181)
Gross profit		**430**	(45)
Other operating income		**-**	5
Administrative expenses		**(2,209)**	(2,247)
Operating loss	5	**(1,779)**	(2,288)
Finance income	8	**5**	3
Finance expense	8	**(3)**	(5)
Loss before tax		**(1,777)**	(2,289)
Income tax credit	10	**64**	63
Loss for the financial year		**(1,713)**	(2,226)
Total comprehensive expense for the year		**(1,713)**	(2,226)
		Pence	Pence
Loss per share			
Basic	11	**(1.8)**	(3.9)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 56 to 75 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Notes	**2025 £'000**	2024 £'000
Assets			
Non-current assets			
Intangible assets	12	**-**	-
Property, plant and equipment	13	**63**	158
		63	158
Current assets			
Inventories	15	**269**	460
Trade and other receivables	16	**632**	557
Current tax receivable		**-**	46
Cash and cash equivalents		**359**	1,199
		1,260	2,262
Total assets		**1,323**	2,420
Liabilities			
Current liabilities			
Trade and other payables	17	**603**	564
Borrowings	18	**20**	20
		623	584
Net current assets		**637**	1,678
Non-current liabilities			
Borrowings	18	**-**	23
Provisions for other liabilities and charges	19	**31**	20
		31	43
Total liabilities		**654**	627
Net assets		**669**	1,793
Equity			
Called up share capital	21	**4,197**	3.815
Share premium reserve	27	**7,939**	7,743
Accumulated losses		**(11,467)**	(9,765)
Total equity		**669**	1,793

The accompanying notes on pages 56 to 75 form an integral part of these financial statements.

The financial statements on pages 52 to 75 were approved by the Board on 03 September 2025 and signed on its behalf:

Simon Douglas
Director

Adrian Kinkaid
Director

Registered in Northern Ireland, number NI039740

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Called up share capital £'000	Share premium reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 April 2023		1,040	7,647	(7,564)	1,123
Loss and total comprehensive expense for the year		-	-	(2,226)	(2,226)
Issue of share capital	21	2,775	96	-	2,871
Share options – value of employee services		-	-	25	25
Total transactions with owners, recognised directly in equity		2,775	96	25	2,896
At 31 March 2024	21	3,815	7,743	(9,765)	1,793
At 1 April 2024		**3,815**	**7,743**	**(9,765)**	**1,793**
Loss and total comprehensive expense for the year		**-**	**-**	**(1,713)**	**(1,713)**
Issue of share capital	**21**	**358**	**196**	**-**	**554**
Share options – value of employee services		**-**	**-**	**(10)**	**(10)**
Share based payment expense		**24**	**-**	**21**	**45**
Total transactions with owners, recognised directly in equity		**382**	**196**	**11**	**589**
At 31 March 2025	21	**4,197**	**7,939**	**(11,467)**	**669**

The accompanying notes on pages 56 to 75 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	**2025 £'000**	2024 £'000
Cash flows from operating activities			
Loss for the year		**(1,713)**	(2,226)
Adjustments for:			
Share based payment expense		**35**	86
Depreciation		**105**	220
Finance income		**(5)**	(3)
Finance costs		**3**	5
Income tax credit		**(64)**	(63)
Decrease/(Increase) in inventories		**191**	79
Decrease/(Increase) in trade and other receivables		**(75)**	133
Increase/(Decrease) in trade and other payables		**49**	(280)
Cash used in operations		**(1,474)**	(2,049)
Income tax received		**110**	280
Net cash used in operating activities		**(1,364)**	(1,769)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(10)**	(2)
Finance income – interest received	8	**5**	3
Net cash used in investing activities		**(5)**	1
Cash flows from financing activities			
Proceeds from new issue of share capital net of transaction costs		**555**	2,808
Repayment of borrowings	18	**(23)**	(33)
Finance costs – interest paid	8	**(3)**	(5)
Net cash generated/(used in) from financing activities		**529**	2,770
Net (decrease)/increase in cash and cash equivalents		**(840)**	1,002
Cash and cash equivalents at the beginning of the year		**1,199**	195
Effects of exchange rate changes on cash and cash equivalents		**-**	2
Cash and cash equivalents at the end of the year		**359**	1,199

The accompanying notes on pages 56 to 75 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1 General information

Fusion Antibodies plc is a company incorporated and domiciled in the United Kingdom and is registered in Northern Ireland having its registered office and principal place of business at 1 Springbank Road, Springbank Industrial Estate, Dunmurry, Belfast, BT17 0QL

The principal activity of the Company is the research, development and manufacture of recombinant proteins and antibodies, particularly in the areas of cancer and infectious diseases.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements of Fusion Antibodies plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

The Company has returned a loss of £1.7m for the year ended 31 March 2025 (Year ended 31 March 2024: Loss of £2.2m) and at the year-end had net current assets of £0.6m (31 March 2024: £1.7m) including £0.4m of cash and cash equivalents (31 March 2024: £1.2m). During the financial year the Company has raised net proceeds of approximately £0.6m from the issue of new Ordinary Shares. The Company continues to expend cash in a planned manner to both grow the trading aspects of the business and to develop new services through research and development projects. Revenues for the financial year were approximately £1.97m, in line with market expectations and 73% higher than revenues for the prior financial year. Uncertainty in levels of investment in the sector has diminished but persists. The impact of this has been somewhat reduced through the Company's targeting of wider market sectors.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for at least twelve months from the date of signing these financial statements. The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence at least for 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. To support the going concern basis of preparation, cash flow forecasts have been prepared which incorporate a number of assumptions upon which sensitivities have been performed to reflect severe but plausible downside scenarios. These assumptions include the rate at which revenue growth can be achieved.

The directors note that there is inherent uncertainty in any cash flow forecast, however this is further exacerbated given the nature of the company's trade and the industry in which it operates. Due to the risk that revenues and the related conversion of revenue to cash inflows may not be achieved as forecast over the going concern period, the Directors believe that

2 Significant accounting policies continued

there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value added tax and where a contractual right to receive payment exists.

The Company's performance obligations are deemed to be the provision of specific services or materials to the customer. Performance obligations are identified on the basis of distinct activities or stages within a given contract that the customer can benefit from, independent of other stages in the contract. The transaction price is allocated to the various performance obligations, based on the relative fair value of those obligations.

Revenue is recognised over time where performance obligations are satisfied progressively, using the output method to measure progress towards completion. Revenue is recognised based on outputs of performance obligations. Where a contract includes a payment contingent upon the customer subsequently achieving a pre-defined milestone with their development programme, revenue in the amount of the total success payment due is recognised when the pre-defined condition(s) have been met. Progress is monitored regularly, and revenue is recognized in proportion to the work completed as of the reporting date. Any expected losses on projects are recognised immediately when identified.

Contract assets arise on contracts with customers for which performance obligations have been satisfied (or partially satisfied on an over time basis) but for which the related amounts have not yet been invoiced or received.

Contract liabilities arise in respect of amounts invoiced during the year for which the relevant performance obligations have not been met by the year-end. The Company's contracts with customers are typically less than one year in duration and any contract liabilities would be expected to be recognised as revenue in the following year.

Grant income

Revenue grants received by the Company are recognised in a manner consistent with the grant conditions. Once conditions have been met, grant income is recognised in the Statement of Comprehensive Income as other operating income.

Research and development

Research expenditure is written off as incurred. Development expenditure is recognised in the Statement of Comprehensive Income as an expense until it can be demonstrated that the following conditions for capitalisation apply:

- it is technically feasible to complete the scientific product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

2 Significant accounting policies continued

Intangible assets

Software

Software developed for use in the business is initially recognised at historical costs, net of amortisation and provision for impairment. Subsequent development costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Software is amortised over its expected useful economic life, which is currently estimated to be 4 years. Amortisation expense is included within administrative expenses in the Statement of Comprehensive Income.

Property, plant and equipment

Property, plant and equipment are initially recognised at historical cost, net of depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Subsequently, property plant and equipment are measured at cost or valuation net of depreciation and any impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Software acquired with hardware is considered to be integral to the operation of that hardware and is capitalised with that equipment. Software acquired separately from hardware is recognised as an intangible asset and amortised over its estimated useful life.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected economic useful life as follows:

Right of use assets	The remaining length of the lease
Leasehold improvements	The lesser of the asset life or the remainder of the lease
Plant and machinery	4 years
Fixtures, fittings & equipment	4 years

Leases

Leases in which a significant portion of the risks and rewards of ownership remain with the lessor are deemed to give the Company the right-of-use and accordingly are recognised as property, plant and equipment in the statement of financial position. Depreciation is calculated on the same basis as a similar asset purchased outright and is charged to profit or loss over the term of the lease. A corresponding liability is recognised as borrowings in the statement of financial position and lease payments deducted from the liability. The difference between remaining lease payments and the liability is treated as a finance cost and taken to profit or loss in the appropriate accounting period.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2 Significant accounting policies continued

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. Value in use is based on estimated future cash flows from each cash-generating unit or individual asset, discounted at a suitable rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Company's latest approved budgets, adjusted as necessary to exclude any restructuring to which the Company is not yet committed. Discount rates are determined individually for each cash-generating unit or individual asset and reflect their respective risk profiles as assessed by the directors. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. Cash generating units and individual assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment charges are included in administrative expenses in the Statement of Comprehensive Income. An impairment charge that has been recognised is reversed if the recoverable amount of the cash-generating unit or individual asset exceeds the carrying amount.

Current tax and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the UK, where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Share based employee compensation

The Company operates equity-settled share-based compensation plans for remuneration of its directors and employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability and remaining an employee of the Company over a specified time period).

Share based compensation is recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

2 Significant accounting policies continued

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at amortised costs; and
- Those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit and loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies its financial assets when and only when its business model for managing those assets changes.

Recognition and measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of financial assets depends on the Company's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Company only has financial assets classified at amortised cost. Cash and cash equivalents represent monies held in bank current accounts and bank deposits. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line in the profit and loss account.

Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the Company applies the three stage model to determine expected credit losses.

Inventories

Inventories comprise consumables. Consumables inventory is stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Cost represents the amounts payable on the acquisition of materials. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

Financial liabilities

Financial liabilities comprise Trade and other payables and borrowings due within one year and after one year, which are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. The Company does not use derivative financial instruments or hedge account for any transactions. Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. Provisions for dilapidation charges that will crystallise at the end of the period of occupancy are provided for in full.

2 Significant accounting policies continued

Employee benefits – Defined contribution plan

The Company operates a defined contribution pension scheme which is open to all employees and directors. The assets of the schemes are held by investment managers separately from those of the Company. The contributions payable to these schemes are recorded in the Statement of Comprehensive Income in the accounting year to which they relate.

Foreign currency translation

The Company's functional currency is the pound sterling. Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Exchange differences arising on the settlement or on translating monetary items at rates different from those at which they were initially recorded are recognised in administrative expenses in the Statement of Comprehensive Income in the year in which they arise.

Equity

Equity comprises the following:

Called up share capital

Share capital represents the nominal value of equity shares.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received of equity shares, net of expenses of the share issue.

Accumulated losses

Accumulated losses represent retained profits and losses.

Adoption of new and revised standards and changes in accounting policies

In the current year the following new and revised Standards and Interpretations have been adopted by the company. The adoption has had no impact on the current period however may have an effect on future periods.

IAS 1 (Amendment)	Classification of liabilities as current or non-current – deferral of effective date	1 January 2024
IAS 1 (Amendment)	Non-current liabilities with covenants	1 January 2024
IFRS 16 (Amendment)	Liability in a Sale and Leaseback	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Statement of Cashflows and Supplier finance agreements	1 January 2024
IFRS S1	General requirements for disclosure of sustainability-related financial information	1 January 2024
IFRS S2	Climate-related disclosures	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

2 Significant accounting policies continued

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been in issue but are not yet effective. The Directors do not expect that the adoption of the other Standards listed below will have a material impact on the financial statements of the Company aside from additional disclosures:

IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	New standard on presentation and disclosure of the statement of profit or loss	1 January 2027

3 Critical accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimates. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policy and/or the notes to the financial statements and the key areas are summarised below:

Critical judgements in applying accounting policies

- ***Revenue recognition.*** The Company typically enters into a contract comprising one or more stages for each customer project. In the application of IFRS 15 "Revenue from Contracts with Customers" and the accounting policy set out in Note 2 to these financial statements, significant judgement is required to identify the individual performance obligations contained within each contract, particularly when a set-up charge is made relating to the initial collaboration with the customer to formulate a programme of development work, or when the pattern of sales invoices does not align with those stages explicit in the contract.

  Customer contracts may contain a non-refundable set up charge of up to 30% of contract value which becomes payable upon commencement of the project. This represents the value of the transfer of knowledge involved in design, planning and preparation for the work to be done, and for the time and consumables committed to commence work on the project. As this work is distinct and of benefit to the customer independent of later stages within the contract, it is therefore judged to be a separate performance obligation within the meaning of IFRS 15 and is recognised as revenue in line with the accounting policy. The remaining performance obligations are based on the stages with defined deliverables which are explicitly outlined in the customer contracts.

  During the process of delivering the contract, where delivery is part way through a stage at the reporting date, an estimate is made of the amount of revenue to recognise for that stage to reflect the work performed up to that date. This amount is estimated on a percentage completion basis.

3 Critical accounting estimates and judgements continued

Critical accounting estimates and assumptions
IAS 12 requires that a deferred tax asset relating to unused tax losses is carried forward to the extent that future taxable profits will be available. The company is in an investment phase, expecting to have increased expenditure on R&D and business development over the next two years which will increase the tax losses. After the investment period the Board expects the Company to generate healthy profits but it is difficult at this stage to reliably estimate the period over which profits may arise in the future. The Board has therefore determined to not recognise the asset at the reporting date. This approach does not affect the future availability of the tax losses for offset against future profits.

- ***Share Options.*** The Company offers share options to employees in recognition of their service. These share options are valued using the Black Scholes model and accounted for under IFRS 2. Key estimates and judgements in the valuation model are the probability of exercise, as well as the volatility of the share price. For valuation, the Company has assumed that all outstanding options will vest and become exercisable. The Company has estimated volatility of the share price to be 24% which is based on historical movement in the Company's share price.

- ***Dilapidations.*** The company leases space under an operating lease. A condition of the lease is to maintain the rented space and return the space in a suitable condition at the end of the lease period. The company maintain a dilapidation provision to account for any wear and tear during the lease period and to return the property to its original condition. At the time of leasing, the Company estimated future cost not to exceed £20k. This amount is reviewed annually. An £11k upward adjustment was considered necessary for the year ended 31 March 2025.

4 Revenue

All of the activities of the Company fall within one business segment, that of research, development and manufacture of recombinant proteins and antibodies.

	2025	2024
Geographic analysis	**£'000**	£'000
UK	**569**	195
Rest of Europe	**101**	95
North America and Rest of World	**1,295**	846
	1,965	1,136

In the year there were two customers (2024: two) to whom sales exceeded 10% of revenues, those customers together accounted for £909k or 47% of revenues (2024: £485k or 43% of revenues).

At the end of the year the Company held accrued and deferred income balances relating to revenue contracts of £178k and £38k respectively (2024: £77k and £101k).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

5 Operating loss is stated after charging/(crediting):

	2025 £'000	2024 £'000
Employee benefit costs		
-wages and salaries	**1,032**	1,191
-social security costs	**108**	122
-other pension costs	**44**	61
-share based payments	**35**	86
	1,219	1,460
Depreciation of property, plant and equipment (owned)	**102**	217
Depreciation of property, plant and equipment (leased)	**3**	2
Other operating expenses		
Rates, utilities and property maintenance	**180**	155
IT costs	**62**	52
Fees payable to the Company's auditors		
- for the audit of the financial statements	**47**	45
Raw materials and consumables used	**617**	296
Decrease/(increase) in inventories	**191**	81
Patent costs	**51**	31
Marketing costs	**149**	123
Loss/(gain) on foreign exchange	**53**	15
Other expenses	**1,070**	951
Total cost of sales and administrative expenses	**3,744**	3,429

Included in the costs above is expenditure on research and development totalling £191k (2024: £254k). Accountancy fees of £155k (2024: £173k) were paid in the year and are included in other expenses above, none of which were paid to the Company's auditor Kreston Reeves LLP.

6 Average staff numbers

	2025 Monthly Avg Number	2024 Monthly Avg Number
Employed in UK (including executive directors)	**21**	27
Non-executive directors	**3**	4
	24	31

7 Remuneration of directors and key senior management

Directors

	2025 £'000	2024 £'000
Emoluments	**394**	349
Pension contributions	**20**	18
	414	367

7 Remuneration of directors and key senior management continued

Highest paid director
The highest paid director received the following emoluments:

	2025	2024
	£'000	£'000
Emoluments	**207**	169
Pension contributions	**12**	10
	219	179

The highest paid director did not exercise any share options in the year (2024: £nil). Retirement benefit contributions are being accrued for two directors (2024: three directors) in accordance with the terms of their service contracts. These contributions are made to defined contribution pension schemes and are recognised as an expense in the period in which they are incurred.

Key senior management personnel
Key senior management is considered to comprise the directors of the Company with total remuneration for the year of £414k (2024: £367k). Share-based payments of £35k were attributable to key senior management in the year. (2024: £24k).

8 Finance income and expense

	2025	2024
Income	**£'000**	£'000
Bank interest receivable	**5**	3

	2025	2024
Expense	**£'000**	£'000
Interest expense on other borrowings	**3**	5

9 Share based payments

At the reporting date the Company had three share-based reward schemes: two schemes under which options were previously granted and are now closed to future grants and a third scheme in place in which grants were made in the current year:

- A United Kingdom tax authority approved scheme for executive directors and senior staff;
- An unapproved scheme for awards to those, such as non-executive directors, not qualifying for the approved scheme; and
- A United Kingdom tax authority approved scheme for executive directors and senior staff which incorporates unapproved options for grants to be made following listing of the Company shares, "2017 EMI and Unapproved Employee Share Option Scheme".

Options awarded during the year under the 2017 EMI and Unapproved Employee Share Option Scheme have no performance conditions other than the continued employment within the Company. Options vest one, two and three years from the date of grant, which may accelerate for a change of control. Options lapse if not exercised within ten years of grant, or if the individual leaves the Company, except under certain circumstances such as leaving by reason of redundancy.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

9 Share based payments continued

The total share-based remuneration recognised in the Statement of Comprehensive Income was £35k (2024: £24k). The most recent options granted in the year were valued using the Black-Scholes method. The share price on grant used the share price of open market value, expected volatility of 24.0% and a compound risk free rate assumed of 3.97% based on historical experience.

	2025 Weighted average exercise price £	**2025 Number**	2024 Weighted average exercise price £	2024 Number
Outstanding at beginning of the year	**0.047**	**3,799,450**	0.481	2,317,883
Granted during the year	**-**	**-**	0.043	3,760,700
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**-**	**-**	0.466	(1,548,433)
Surrendered during the year	**0.0423**	**(435,000)**	0.515	(730,700)
Outstanding at the end of the year	**0.0425**	**3,364,450**	0.047	3,799,450

The options outstanding at the end of each year were as follows:

Expiry	**Nominal share value**	**Exercise price £**	**2025 Number**	2024 Number
May 2027	£0.04	0.040	**3,750**	3,750
December 2028	£0.04	0.545	**-**	-
September 2032	£0.04	0.520	**-**	-
September 2032	£0.04	0.475	**-**	35,000
February 2034	£0.04	0.0425	**3,360,700**	3,760,700
Total			**3,364,450**	3,799,450

Of the total number of shares outstanding, 3,750 were exercisable at the reporting date at a weighted average price of £0.04p/share (2024: 3,750 at a weighted average price of £0.04p/share)

10 Income tax (credit)

	2025 £'000	2024 £'000
Current tax – UK corporation tax	**(64)**	(63)
Income tax credit	**(64)**	(63)

10 Income tax (credit) continued

The difference between loss before tax multiplied by the standard rate of 25% (2024: 25%) and the income tax credit is explained in the reconciliation below:

	2025	2024
	£'000	£'000
Factors affecting the tax credit for the year		
Loss before tax	**(1,777)**	(2,289)
Loss before tax multiplied by standard rate of UK corporation tax of 25% (2024: 25%)	**(444)**	(572)
Deferred tax not recognised on current year losses	**444**	572
RDEC/R&D tax credit	**-**	(46)
RDEC/R&D tax credit - adjustment relating to prior year	**(64)**	(17)
Total income tax credit	**(64)**	(63)

Impact of future tax changes are not expected to materially impact the position of the Company, and no corporate tax liability is expected in the subsequent period.

11 Loss per share

	2025	2024
	£'000	£'000
Loss for the financial year	**(1,713)**	(2,226)
Loss per share	**pence**	pence
Basic	**(1.8)**	(3.9)

	Number	Number
Issued ordinary shares at the end of the year	**104,902,120**	95,365,564
Weighted average number of shares in issue during the year	**95,879,480**	55,556,020

Basic earnings per share is calculated by dividing the basic earnings for the year by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated by dividing the basic earnings for the year by the diluted weighted average number of shares in issue inclusive of share options outstanding at year end. As the Company is loss making for current and prior year, diluted earnings per share is not presented.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

12 Intangible assets

	2024/2025 Software £'000	2023/2024 Software £'000
Cost		
At 1 April	**8**	8
At 31 March	**8**	8
Accumulated amortisation		
At 1 April	**8**	8
Amortisation charged in the year	**-**	-
At 31 March	**8**	8
Net book value		
At 31 March	**-**	-
At 31 March	**-**	-

Amortisation is included in administrative expenses on the statement of comprehensive income.

13 Property, plant and equipment

	Right of use assets £'000	**Leasehold improvements £'000**	**Plant & machinery £'000**	**Fixtures, fittings & equipment £'000**	**Total £'000**
Cost					
At 1 April 2024	**14**	**844**	**2,398**	**277**	**3,533**
Additions	**-**	**-**	**-**	**10**	**10**
Disposals	**-**	**-**	**(5)**	**-**	**(5)**
At 31 March 2025	**14**	**844**	**2,393**	**287**	**3,538**
Accumulated depreciation					
At 1 April 2024	**11**	**844**	**2,271**	**249**	**3,375**
Depreciation charged in the year	**3**	**-**	**81**	**21**	**105**
Disposals	**-**	**-**	**(5)**	**-**	**(5)**
At 31 March 2025	**14**	**844**	**2,347**	**270**	**3,475**
Net book value					
At 31 March 2025	**-**	**-**	**46**	**17**	**63**
At 31 March 2024	3	-	127	28	158

13 Property, plant and equipment continued

	Right of use assets £'000	Leasehold improvements £'000	Plant & machinery £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost					
At 1 April 2023	**14**	**844**	**2,396**	**277**	**3,531**
Additions	**-**	**-**	**2**	**-**	**2**
Disposals	**-**	**-**	**-**	**-**	**-**
At 31 March 2024	**14**	**844**	**2,398**	**277**	**3,533**
Accumulated depreciation					
At 1 April 2023	**9**	**812**	**2,112**	**223**	**3,156**
Depreciation charged in the year	**2**	**32**	**159**	**26**	**219**
Disposals	**-**	**-**	**-**	**-**	**-**
At 31 March 2024	**11**	**844**	**2,271**	**249**	**3,375**
Net book value					
At 31 March 2024	**3**	**-**	**127**	**28**	**158**
At 31 March 2023	**5**	**32**	**284**	**54**	**375**

Plant & machinery with a net book value of £32k is held under hire purchase agreements or finance leases (2024: £49k).

The carrying value of right of use assets at the reporting date comprises fixtures, fittings and equipment of nil (2024: £3k).

The depreciation expense is included in administrative expenses in the statement of comprehensive income in each of the financial years shown.

14 Investment in subsidiary

The Company had the following investment in a subsidiary:

	2025 £	2024 £
Fusion Contract Services Limited	**-**	1
100% subsidiary		
Dormant company		
1 Springbank Road, Belfast, BT17 0QL		

The Company's wholly owned dormant subsidiary, Fusion Contract Services Limited, was formally dissolved on 8th October 2024. The investment in the subsidiary, which was held at cost of £1, has been derecognised.

Given the subsidiary was dormant and had no assets or liabilities at the date of strike-off, no gain or loss has been recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

15 Inventories

	2025 £'000	2024 £'000
Raw materials and consumables	**269**	460

The cost of inventories recognised as an expense for the year was £619k (2024: £400k).

16 Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	**420**	584
Loss allowance	**(88)**	(147)
Trade receivables – net	**332**	437
Other receivables	**69**	8
Prepayments and accrued income	**231**	112
	632	557

The fair value of trade and other receivables approximates to their carrying value.

At the reporting date trade receivables loss allowance/impairment as follows:

	2025 £'000	2024 £'000
Individually impaired	**45**	102
Expected credit loss allowance	**43**	45
	88	147

The carrying amount of trade and other receivables are denominated in the following currencies:

	2025 £'000	2024 £'000
UK pound	**158**	282
Euros	**34**	30
US dollar	**192**	272
	384	584

The expected credit loss allowance has been calculated as follows:

31 March 2025	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	1.9%	2.1%	2.7%	4.9%	26.6%	
Gross carrying amount (£'000)	108	101	33	-	142	384
Loss allowance (£'000)	2	2	1	-	38	43

31 March 2024	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	1.9%	2.1%	2.7%	4.9%	26.6%	
Gross carrying amount (£'000)	280	97	74	-	133	584
Loss allowance (£'000)	5	2	2	-	36	45

16 Trade and other receivables continued

Movements on trade receivables loss allowance is as follows:

	£'000	£'000
At 1 April 2024/2023	**45**	29
Movement in loss allowance	**(2)**	16
At 31 March 2025/2024	**43**	45

The creation and release of the loss allowance for trade receivables has been included in administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income. Other receivables are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to trade receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

17 Trade and other payables

	2025 £'000	2024 £'000
Trade payables	**372**	283
Social security and other taxes	**35**	43
Other payables	**18**	11
Accruals and deferred income	**178**	208
	603	546

The fair value of trade and other payables approximates to their carrying value.

The Company hold an operating lease with Invest Northern Ireland (note 23). At the reporting date a balance of £nil (2024: £11k) was due to Invest Northern Ireland.

18 Borrowings

	Lease liabilities £'000	**Hire Purchase Contracts £'000**	**Total £'000**
At 1 April 2024	**3**	**40**	**43**
Additions	**-**	**-**	**-**
Interest charged in year	**-**	**3**	**3**
Repayments	**(3)**	**(23)**	**(26)**
At 31 March 2025	**-**	**20**	**20**
Amounts due in less than 1 year	**-**	**20**	**20**
Amounts due after more than 1 year	**-**	**-**	**-**
	-	**20**	**20**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

18 Borrowings continued

	Lease liabilities £'000	Hire Purchase Contracts £'000	Total £'000
At 1 April 2023	6	69	75
Additions	-	-	-
Interest charged in year	-	5	5
Repayments	(3)	(34)	(37)
At 31 March 2024	3	40	43
Amounts due in less than 1 year	3	20	23
Amounts due after more than 1 year	-	20	20
	3	40	43

All borrowings are denominated in UK pounds. Using a discount rate of 8.5% per annum the fair value of borrowings at the reporting date is £20k (2024: £40k discounted at 8.5%).

Borrowings are secured by a fixed and floating charge over the whole undertaking of the Company, its property, assets and rights in favour of Northern Bank Ltd trading as Danske Bank.

19 Provisions for other liabilities and charges

	2025 £'000	2024 £'000
Due after more than 1 year	**31**	20

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The Company's premises are held under a lease which is renewed annually. The costs of dilapidations would be incurred on vacating the premises.

20 Financial instruments

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and methods used to measure them. There have been no substantive changes in the Company's exposure to financial instrument risks and the methods used to measure them from previous years unless otherwise stated in this note.

The principal financial instruments used by the Company, from which the financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables. The fair values of all the Company's financial instruments are the same as their carrying values.

Financial instruments by category

Financial instruments categories are as follows:

Financial assets at amortised cost	**As at March 2025 £ '000**	As at March 2024 £ '000
Trade receivables	**332**	437
Other receivables	**68**	32
Accrued income	**178**	77
Cash and cash equivalents	**359**	1,199
Total	**937**	1,745

20 Financial instruments continued

Financial Liabilities at amortised cost	**As at March 2025 £ '000**	As at March 2024 £ '000
Trade payables	**372**	284
Other payables	**91**	180
Accruals	**140**	125
Borrowings	**20**	43
Total	**623**	607

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to provide working capital.

Consistent with others in the industry at this stage of development, the Company has relied on issuing new shares and cash generated from operations.

General objectives, policies and processes – risk management

The Company is exposed through its operations to the following financial instrument risks: credit risk; liquidity risk and foreign currency risk. The policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk arises from the Company's trade and other receivables, and from cash at bank. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument.

The Company is mainly exposed to credit risk from credit sales. It is Company policy to assess the credit risk of new customers before entering contracts. Also, for certain new customers the Company will seek payment at each stage of a project to reduce the amount of the receivable the Company has outstanding for that customer.

At the year end the Company's bank balances were all held with Northern Bank Ltd trading as Danske Bank (Moody's rating P-1).

Liquidity risk

Liquidity risk arises from the Company's management of working capital, and is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

At each Board meeting, and at the reporting date, the cash flow projections are considered by the Board to confirm that the Company has sufficient funds and available funding facilities to meet its obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

20 Financial instruments continued

The table below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts presented are the undiscounted cash flows:

31 March 2025	Less than 6 months £000	6 to 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000
Trade and other payables	**463**	**-**	**-**	**-**
Accruals	**140**	**-**	**-**	**-**
Borrowings	**11**	**9**	**-**	**-**
	614	**9**	**-**	**-**

31 March 2024				
Trade and other payables	463	-	-	-
Accruals	125	-	-	-
Borrowings	-	30	13	-
	588	30	13	-

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company seeks to transact the majority of its business in its reporting currency (£Sterling). However, many customers and suppliers are outside the UK and a proportion of these transact with the Company in US Dollars and Euros. For that reason, the Company operates current bank accounts in US Dollars and Euros as well as in its reporting currency. To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasions when funds will need to be translated into different currencies so that exchange rate risk is minimised.

If the exchange rate between Sterling and the Dollar or Euro had been 10% higher/lower at the reporting date the effect on profit and equity would have been approximately £12,000 (2024: £34,000) higher/lower and £1,000 higher/lower (2024: £4,000) respectively.

21 Called up share capital

	2025 £'000	2024 £'000
Allotted, called up and fully paid		
- 104,902,120 (2024: 95,365,564) Ordinary shares of £0.04	**4,197**	3,815

No dividends were paid (2024: £nil). The directors do not recommend payment of a final dividend (2024: £nil).

During the year, the Company issued 9,536,556 additional Ordinary shares with a nominal value of £0.04 per share, resulting in an increase in the total number of shares in issue. The excess proceeds received from shares issued at a price above nominal value was recognised in the share premium, net of directly attributable transaction costs. See note 27 for further details.

Capital commitments

At 31 March 2025 the Company had contracted for but not incurred capital expenditure of £nil (2024: £nil).

22 Retirement benefits obligations

The Company operates a defined contribution scheme, the assets of which are managed separately from the Company. During the year the Company charged £44,000 to the Statement of Profit or Loss and Other Comprehensive Income (2024: £61,000) in respect of Company contributions to the scheme. At the reporting date there was £18,000 (2024: £11,000) payable to the scheme and included in other payables.

23 Transactions with related parties

Invest Northern Ireland ("Invest NI") is a shareholder in the Company. The Company received invoices for rent and estate services amounting to £83,000 (2024: £79,000). A balance of £nil (2024: £11,000) was due and payable to Invest NI at the reporting date.

Walsh Strategic Management Limited("Walsh") is a company wholly owned by Colin Walsh, a director of the Company. The Company received strategic management consultancy services from Walsh amounting to £nil (2024: £27,000). A balance of £nil (2024: £27,000) was accrued at year end and payable to Walsh as at the reporting date.

24 Ultimate controlling party

There is no ultimate controlling party.

25 Post balance sheet events

On 7 April 2025, at the Company's general meeting, all resolutions in connection with the issue of the 8,416,020 second tranche placing shares were approved. As a result, the 8,416,020 second tranche placing shares were issued and admitted to trading on AIM on 9 April 2025, completing the approximately £1.17m raise (before expenses).

On 24 April 2025, the Company announced the approval of an Innovate UK Launchpad grant led by the Company in collaboration with Queen's University Belfast ("QUB") to develop a humanised antibody targeting and activating the DR5 protein on cancer cells for the treatment of cancers. The total funding being made available under the Grant is over £808k, with up to £545k expected to be provided to Fusion over a period of approximately 18 months. The antibody asset generated under the Grant project will be jointly owned by Fusion and QUB although the ownership ratios are still to be determined. This antibody asset goes alongside the Company's grant-based collaboration with Finn Therapeutics, who are developing the antibody against RAMP which is protected by a Fusion patent. Any additional grants that become available will be identified and applied for within the next 12 months.

The Company announced on 5 August 2025 that the United States Patent and Trademark Office has granted the Company's U.S. OptiMAL® patent application. The application entitled "Antibody Library and Method", concerns the library of antibodies that is currently screened within the OptiMAL® platform, as well as the method for the design of additional libraries.

26 Reconciliation of loss to EBITDA

	2025	2024
	£'000	£'000
Loss before tax	**(1,777)**	(2,289)
Finance income	**(5)**	(3)
Finance expense	**3**	5
Depreciation and amortisation	**105**	219
EBITDA	**(1,674)**	(2,068)

27 Reserves

Share Premium Reserve

The share premium reserve represents the excess of proceeds received over the nominal value of shares issued. During the year, the reserve increased by £197k following the issuance of 8,949,208 Ordinary shares at a premium of £0.0675 per share. The increase is stated net of directly attributable transaction costs of £49k.

COMPANY INFORMATION

Directors
Dr Simon Douglas (Non-Executive Chairman)
Dr Adrian Kinkaid (Chief Executive Officer)
Dr Richard Buick (Chief Scientific Officer)
Dr Matthew Baker (Non-Executive Director)
Mr Colin Walsh MBE (Non-Executive Director)
Mr Stephen Smyth (interim CFO)

Company secretary
Mr Stephen Smyth (interim)

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