The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse (amendment) (EU Exit) Regulations 2019/310 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

5 September 2024

Fusion Antibodies plc
(“**Fusion**” or the **“Company**”)

Final results

Fusion Antibodies plc (AIM: FAB), specialists in pre-clinical antibody discovery, engineering and supply for both therapeutic drug and diagnostic applications, announces its final results for the year ended 31 March 2024.

Commercial and operational highlights

- Audited revenues for FY24 of £1.14m (FY23: £2.90m)
- Fundraise announced in February 2024, raising £1.37m (before expenses) for general working capital and investment into commercial activities
- Significant increase in sales pipeline opportunities during the second half of FY24, with an orderbook at 31 March 2024 of £0.75m, representing 65 per cent. of total FY24 audited revenues
- Cash position as at 31 March 2024 of £1.2m (31 March 2023: £0.2m)

Post period end highlights

- Increased activity in the second half of FY24, including:
    - the entry into a collaboration agreement with the National Cancer Institute for the use of OptiMAL®;
    - a first purchase order received under a master services agreement (“MSA”) with a leading diagnostics company; and
    - a follow-on project received with a US based biotechnology client.

Adrian Kinkaid, CEO of Fusion Antibodies commented: *“We have had a largely challenging FY24, with the industry experiencing significant headwinds especially in the venture capital funded biotech sector. A number of clients had consequently delayed initiating their projects with us as a result of this. Having said that, we are starting to see an improvement and we did complete a successful fundraise for further investment into the business in February this year.*

“Since the year end, we have increased commercial activity and had more success, with a number of new agreements signed. The OptiMAL® programme is continuing to go well, and we are seeing more traction in the field as the year progresses.

"We remain positive about the future of the Company and are, as always, thankful to our dedicated shareholders for their constant support. As we continue to meet our objectives on our strategy toward breakeven and profitability, we have no plans to raise cash through an equity placement."

Investor briefing

Fusion will host an online live presentation open to all investors on Thursday, 12 September 2024 at 3pm BST, delivered by Dr Adrian Kinkaid, CEO and Stephen Smyth, CFO. The Company is committed to providing an opportunity for all existing and potential investors to hear directly from management on its results whilst additionally providing an update on the business and current trading.

The presentation will be hosted through the digital platform Investor Meet Company.

Investors can sign up to Investor Meet Company for free and add to meet Fusion Antibodies plc via the following link: https://www.investormeetcompany.com/fusion-antibodies-plc/register-investor

For those investors who have already registered and added to meet the Company, they will automatically be invited. Questions can be submitted pre-event via your IMC dashboard or in real time during the presentation, via the "Ask a Question" function. Whilst the Company may not be in a position to answer every question it receives, it will address the most prominent within the confines of information already disclosed to the market through regulatory notifications. A recording of the presentation, a PDF of the slides used, and responses to the Q&A session will be available on the Investor Meet Company platform afterwards.

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About Fusion Antibodies plc

Fusion is a Belfast based contract research organisation ("CRO") providing a range of antibody engineering services for the development of antibodies for both therapeutic drug and diagnostic applications.

The Company's ordinary shares were admitted to trading on AIM on 18 December 2017. Fusion provides a broad range of services in antibody generation, development, production, characterisation and optimisation.

These services include antigen expression, antibody production, purification and sequencing, antibody humanisation using Fusion's proprietary CDRx ™ platform and the production of antibody generating stable cell lines to provide material for use in clinical trials. Since 2012, the Company has successfully sequenced and expressed over 250 antibodies and successfully completed over 200 humanisation projects and has an international, blue-chip client base, which has included eight of the top 10 global pharmaceutical companies by revenue.

The Company was established in 2001 as a spin out from Queen's University Belfast. The Company's mission is to enable pharmaceutical and diagnostic companies to develop innovative products in a timely and cost-effective manner for the benefit of the global healthcare industry. Fusion Antibodies provides a broad range of services in antibody generation, development, production, characterisation and optimisation.

Fusion Antibodies growth strategy is based on combining the latest technological advances with cutting edge science to deliver new platforms that will enable Pharma and Biotech companies get to the clinic faster, with the optimal drug candidate and ultimately speed up the drug development process.

The global monoclonal antibody therapeutics market was valued at $186 billion in 2021 and is forecast to surpass $445 billion in 2028, an increase at a CAGR of 13.2 per cent. for the period 2022 to 2028. Approximately 150 monoclonal antibody therapies are approved and marketed globally as of June 2022 with the top four antibody drugs each having sales of more than $3 bn in 2021.

Chairman's Statement

The financial year ended 31 March 2024 ("FY24") started the way the previous financial year had ended, in that the markets in which we operate remained muted, and it was commercially challenging for the Company. However, this challenge was met head on by the board of directors of the Company (the "Board" or the "Directors"), and in particular, through determination and a belief that Fusion has world class skills and expertise to create value for our shareholders, the turnaround process began. In FY24, costs were cut, headcount reduced, Board salaries deferred and a new strategy was developed. With venture capital and other investments for our customers' early-stage human therapeutic pipelines still slow, creative solutions and antibody related new market opportunities were explored. Fusion responded both by introducing our existing services into new markets as well as introducing new services into our current markets.

New markets

Antibodies play an important part in most of our lives at some point. Obviously internally your immune system is there to combat disease and keep you healthy. But antibodies are used in many different healthcare related applications, and Fusion's skills and expertise are applicable to all of them.

Human antibody therapeutics was our sole focus and will still be the main source of revenue in the near term but expanding into the smaller but growing veterinary medicine (VetMed) therapeutics market is an exciting new opportunity. The 30-year gap between the development of antibodies for humans and those for animals is partly because while some other human medications can be easily adopted to use in animals, antibody therapy is species specific. However, the genetic differences between species is now better understood and, in the same way as we gained a leading position in humanisation, Fusion has the capability for producing dog and cat specific antibodies, through processes known as caninisation and felinisation. There is a growing need for these therapies in veterinary medicine. For example, in the USA alone there are 6 million cases of cancer[1] diagnosed each year in dogs, with a similar number in cats, and one in four American dogs is diagnosed with some form of arthritis[1]. In addition, allergies, dermatological conditions, renal diseases, cardiac diseases, and cancer are five key disease categories for research into new animal specific antibody therapies[2].

The global monoclonal antibodies in veterinary health market size was estimated at USD 700m million in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 17.1% from 2023 to 2030[3]. Amongst other developments, in 2016, the USDA[3] approved a monoclonal antibody to treat allergic dermatitis and atopic dermatitis in dogs and, in January 2022, the FDA granted its first approval for an antibody for animals to control pain associated with osteoarthritis in cats[2].

We believe that this new market represents a strong opportunity in a strongly growing sector where most of our current services, such as OptiPhage™, Rational Affinity Maturation Platform ("RAMP"), affinity maturation, transient expression and cell line development ("CLD") are applicable.

[1] Antibody Therapeutics - PetMedix
[2] Monoclonal antibodies show promise as new therapy for veterinary patients | American Veterinary Medical Association (avma.org)
[3] The U.S. Department of Agriculture (USDA) approves antibodies that target the immune system, while the FDA approves antibodies that have other targets in VetMed
[4] Monoclonal Antibodies In Veterinary Health Market Report, 2030 (grandviewresearch.com)

At some point in our lives, most of us will have a blood or urine sample that is sent off to a laboratory to be tested and the test will involve antibodies in one form or another. Over the counter pregnancy tests are antibody based and we are now all familiar with the lateral flow tests for Covid-19, with the red coloured lines that appear being antibody driven. With the diagnostic market becoming more competitive, the quality, specificity and reliability of the antibody is key to the success of that test. Diagnostic companies from small to large are starting to look at ways of improving their tests through the manipulation of their antibodies to which the skills that Fusion have developed throughout the years are applicable. In addition to improving the antibody, diagnostic companies are also looking to improve continuity of supply as many of the tests will be based on polyclonal antibodies (antibodies taken directly from blood as opposed to a cell culture) which have a finite supply. While not simple, the possibility to convert these polyclonal antibodies to a secure cell structure-based supply exists, presenting Fusion with a further market opportunity. Additionally, many antibodies used in diagnostics and therapeutics start their life in pure research laboratories and companies that supply these products globally represent a further adjacent market for Fusion to sell into.

The Board of Fusion believe that this diversification strategy into the adjacent markets of VetMed, diagnostics, and research, together with the recovering economic climate, provides us with confidence for growth in the current year and the prospects for the business in the future.

Business performance

The poor global market conditions seen at the end of the financial year ended 31 March 2023 ("FY23") continued into FY24. FY24 showed a significant downturn in revenue from the previous year at £1.14m (FY23: £2.9m). The headwinds of inflation, higher interest rates, weak global growth and continued global political instability have kept the global markets relatively quiet throughout 2023 resulting in weak market investment conditions for new drug discovery and development programs, particularly in SME's and small earlier stage companies, which represented our primary customer type during the first half of the financial year and directly impacted the Company's revenues for the year. Most notably was a significant downturn in venture capital ("VC") investment into biotechnology companies, including therapeutic antibody development programmes. As an example, in the USA VC Life Healthcare and Life Sciences secured US$15.2 billion in fund closures in 2023, down 52% from a high of US$28.9 billion in 2021[5].

Recognising the economic challenges at the beginning of the financial year, the Company took decisive action to re-structure the business and significantly cut the cost base and implemented circa. £1.6m in restructuring savings, including a significant reduction in headcount. Although business conditions are improving, the Board will continue to closely monitor the Company's cost base and seek to identify additional cost savings over time. Alongside the restructuring, a new commercial strategy was implemented, targeting the adjacent antibody-based Diagnostic, Veterinary Medicine and Research Antibody markets, with this diversification opening up more sales opportunities as well as making the sales pipeline more resilient with less exposure to individual sectors.

Whilst controlling costs tightly, we still believe that to maintain our scientific cutting edge and to compete in the global marketplace, we need to stay at the front of technology. We continue to invest in R&D, and particularly the OptiMAL® library project, with investment in R&D of £0.3m for FY24 (FY23: £0.8m). The downturn in revenues, together with the restructuring savings, generated a loss for FY24 of £2.3m (FY23: loss £2.9m). It is worth noting that whilst the Company continues to retain an interest of longer-term future success milestone or royalty payments in many of our client projects, there were no such payments in FY24.

The Board would like to thank our shareholders for their continued support and confidence in the Company and in the growth opportunity in front of us. In particular in supporting us through two rounds of funding in FY24, the first of which was to supply working capital to allow us to re-structure the Company and develop a new more diversified strategy. During H1 FY24, the pipeline grew significantly as we entered into the adjacent markets of Diagnostics, VetMed and research antibodies with the second round supporting the further implementation of the strategy and in particular the expansion of the commercial team.

[5] Pitchbook's Healthcare Fund Performance Update, as reported by Tracy Alper from Marks Sattin.

Specifically, in June 2023 the Company successfully completed a £1.67m (before expenses) fundraise through the placing of new ordinary shares of 4p each in the capital of the Company ("Ordinary Share") at a price of

5 pence per new Ordinary Share (the "Issue Price"), to provide additional working capital. £1.56 million was raised through a placing, £0.14m through a subscription by certain of the directors of the Company and their closely associated persons (as defined in UK MAR) and £0.11m through a Retail Offer on the REX Platform, which resulted in the issue of a total of 33,438,768 new Ordinary Shares. The Issue Price represented a discount of approximately 84 per cent. to the closing mid-market price of an Ordinary Share on 18 May 2023.

With a new commercial strategy in place, and a strengthened pipeline, the Company successfully raised an additional £1,375,000 (before expenses) in March 2024 through a placing of 34,375,000 new Ordinary shares at a price of 4 pence. In this regard, I would like to thank our shareholders, both new and old, who supported this round, in what was a challenging economic environment. 2024 has so far been one of the quietest years for investment on AIM since 2002 and yet the issue price of the second placing was at only a small discount (~ 5.88%) to the closing mid-market price of an Ordinary Share in the Company on 13 February 2024.

Allenby Capital Limited ("Allenby Capital") acted as broker in connection with the placing, with Shard Capital Partners LLP acting as sub-placing agent to Allenby Capital and following the placing the Company appointed Shard as joint broker to Fusion. We look forward to continuing to work with both brokers as we continue our recovery journey.

New Services

The antibody drug discovery industry and indeed other markets are gradually moving away from the use of antibodies, something that as a Company we recognise and support. Whilst animals can still be used on occasions, our R&D and new service offerings are very much aligned to the 'Three Rs' principle: Replacement, Reduction and Refinement*. This is the one of the competitive edges that we offer utilising our core discovery engines, *OptiMAL®*, OptiPhage™, and AI/ML-Ab™. The first two are cell-based systems, while the latter is a method of designing panels of antibodies in-silico, using software algorithms. These discovery engines all work as the beginning of a customer's journey with Fusion, with the potential to move onto the rest of our services all the way through to CLD, where the final antibody of choice is ready to be transferred externally into the production stage.

*** Three Rs principle**

- **Replacement** refers to methods which avoid or replace the use of animals
- **Reduction** refers to any strategy that will result in fewer animals being used
- **Refinement** refers to the modification of husbandry or procedures to enhance the welfare of an animal used in science

OptiMAL® is our cell-based mammalian display technology screening library in development for the direct identification of intact fully human antibodies against biomarkers and other targets of interest. It will be very much positioned as a discovery engine for human therapeutic antibodies and when fully optimised should reduce the time required to identify a target specific antibody or panel of antibodies and simplify the process of reaching that goal. The Company signed a collaboration agreement with the National Cancer Institute ("NCI") for access to OptiMAL® over a two-year period in the discovery of novel antibodies against targets selected by NCI, which is the first time the library has been in external hands for independent validation.

Whereas OptiMAL® expresses whole antibodies, our new OptiPhage™ library is a phage display based version where smaller antibody fragments, the antibody's specific binding components, are expressed and can be screened, at which point the DNA sequences of these fragments can be used to produce a full antibody for downstream development and further optimisation. It may also be the platform of choice for those wanting antibody fragments as their end-product. As a new service available since March 2024, we believe that the ability to provide OptiPhage™ at a lower price point allows the Company to protect the premium pricing of the OptiMAL® programme and to open it up to other markets who may have greater budgetary constraints.

Our novel DNA library of antibody sequences from OptiMAL® can be used as the input design, as can other inputs for non-human applications.

In conjunction with our partners, the AI/ML-Ab™ platforms provide a method of designing panels of antibodies *in-silico*, with the AI/ML-Ab™ algorithms typically producing small libraries of sequences which are an excellent match with our Mammalian Display platform, which can transform these designs into real protein molecules for screening and final selection. While customer uptake to date has been slow, we believe that this remains an important part of our broad mix of discovery services that we offer which gives the client the choice to select which one suits them the best from their timescales, development plans and budgets.

Board and Employees

August 2023 saw the appointment of Stephen Smyth as our interim Chief Financial Officer (CFO) and Company Secretary. Stephen has over 25 years' experience working in audit & accounting, finance, and operations management within both the public accounting and commercial sectors and we are delighted that he could join us. In addition, we have outsourced some other financial management accounting activities enabling the Company to streamline its financial position, following which the Company intends to identify a more permanent solution.

Prior to this we announced that Mr James Fair, our former CFO, was stepping down from the Board and that we would like to thank Mr James Fair for his significant contribution to the Company over the past 14 years and wish him well in his future endeavours. We are also grateful to Ms Frances Johnston who temporarily stepped in as the Company Secretary until Stephen Smyth's appointment.

One further change to the Board during the financial year was in relation to Sonya Ferguson, who stepped down in September 2023 as a Non-executive Director to move into another business opportunity. Sonya was with the Company for seven years and was the Chair of the Company's Remuneration Committee. On behalf of the Board, I would like to thank her for all that she had done for the Company, for her valuable insights and contributions and her balanced views. We wish her well in her new venture.

During the first half of FY24, the Executive team had to make some decisive and tough decisions as part of the restructuring process, something for which the Board is very grateful. In this respect, a big thank you to all the staff who stuck with us through the turbulent times and worked in the difficult transitionary environment with professionalism and integrity and their strength and belief in the Company has allowed us to ride the storm and to turn the Company around. With a significantly reduced headcount, staff have received extensive cross training to ensure that the Company can still offer its full range of services. A true team effort.

As part of their commitment and belief in the Company, in order to minimise the outgoing costs until the Company had secured the funds from the second fundraise in March 2024, the executive directors, Adrian Kinkaid and Richard Buick, deferred 20% of their salary and then only took half as salary with the remainder in new Ordinary Shares at the issue price of 4 pence. Likewise, the Company's non-executive directors deferred their fees for 10 months and were subsequently remunerated part in salary and part in new Ordinary Shares, a structure that will continue until the end of FY25.

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

As reported, the full year results for FY24 are lower than anticipated, but the restructuring, fundraising and market diversification strategy has given the Company a new foundation on which to grow. Trading has improved throughout the year with February and March 2024 being the Company's highest earning months of FY24. There has been a significant increase in sales pipeline opportunities, which are now around three times greater than they were at the beginning of the financial year, and include new Diagnostic, VetMed and Research potential customers. In addition to the increased sale pipeline our R&D OptiMAL® library project hit a major milestone in H2 FY24 and signed a collaboration agreement with the NCI for the use of OptiMAL® in the discovery of novel antibodies against targets selected by NCI post year.

There was an increased commercial activity and momentum in the fourth quarter of FY24 and into the beginning of FY25, including:

- receipt of a first purchase order under a master services agreement ("MSA") with a leading diagnostics company in FY24 - with further orders having been received in FY25 under the MSA from the customer;
- securing an estimated $650,000 follow-on project under a collaborative research and development agreement with a US based biotechnology company that Fusion started working with in 2021; and
- A commercial contract to develop a bespoke OptiPhage™ library for a non-human antibody species with a leading global provider of antibodies for use in research and diagnostics.

In July 2024, we announced that our unaudited revenues for the first quarter ("Q1") of FY25 was c. £522k (Q1 FY24: £241k and FY24: £1.14m) with a strong sales pipeline. The order book includes a number of multi-stage projects for its clients and, subject to these projects progressing in line with expectations, revenue is expected to be recognised for all projects in the current order book in the current financial year.

The Company continues to carefully control its cash and, as set out at the time of the fundraise in February 2024. Based on updated internal estimates the Company now has a cash runway into the second half of FY26. The Company continues to seek to achieve cash neutrality during that timeframe.

The Board of Fusion believe that this momentum and developments provide strong evidence that the Company's diversification strategy, together with the recovering economic climate, provide confidence for growth in FY25.

Simon Douglas
Chairman
4 September 2024

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.

During FY24, the Company was presented with several commercial and financial challenges which we met robustly and with determination. Most notable was a continued downturn in the global market. Through 2023, many of our clients experienced challenges in securing investment to support their research and development activities. This was especially so for the smaller biotechnology companies reliant on venture capital funding for novel therapeutic discovery projects. This represented a significant proportion of our pre-existing client base and, with their delayed plans for early-stage development projects had significant knock-on effects on revenues for the Company. Remedial action was speedily taken and effectively realised. A defined programme of cost saving measures was put in place at the start of FY24 which included significant restructuring, reducing various costs including a 38% reduction in headcount. At the same time, plans to extend and diversify the client base were implemented to address the adjacent and substantial Diagnostic, Veterinary Medicine and Research Antibody markets. The positioning of the Company's offerings were adjusted to improve efficiency and have more impact with this diversification making the sales pipeline more resilient with less exposure to individual sectors and increasing the overall addressable market size.

In particular, we increased our efforts in targeting the diagnostics industry, which has been enjoying an unprecedented level of awareness especially through the Covid-19 related antibody enabled lateral flow devices and related cash inflows. In the latter part of the year this resulted in several contract wins for Fusion with both small and large diagnostics organizations, the latter exemplified by the Master Service Agreement announced on 14th February 2024. The process of discovering and developing antibodies for diagnostics applications is very similar to that for therapeutics and fits well with our preferred business model whereby we can take responsibility for the process from as early as antigen design for the nominated target through to supply of antibodies. As previously stated for therapeutics, this fully integrated approach allows us to derive more revenue per project by assuming more responsibility for more of the research programme. It also positions the business to better exploit our emerging platforms for antibody discovery, our "Discovery Engines", which we continue to develop making best use of the different component technologies from the OptiMAL® research project.

Similarly for the Veterinary Medicine market, which has an estimated global value of $46.5bn and a forecasted compound annual growth rate of 8.3% from 2024 to 2030 [Veterinary Medicine Market Size, Share, Growth Report 2030 (grandviewresearch.com)], the Company identified several potential partners and projects. The requirement for making antibodies suitable for use in companion animals such as dogs and cats known as caninisation and felinisation respectively is very similar in nature to the humanisation processes for which Fusion is an established world leader. The Company is therefore continuing to exploit this growth market and increasing its sales and marketing efforts in the area building awareness with this specialist client base.

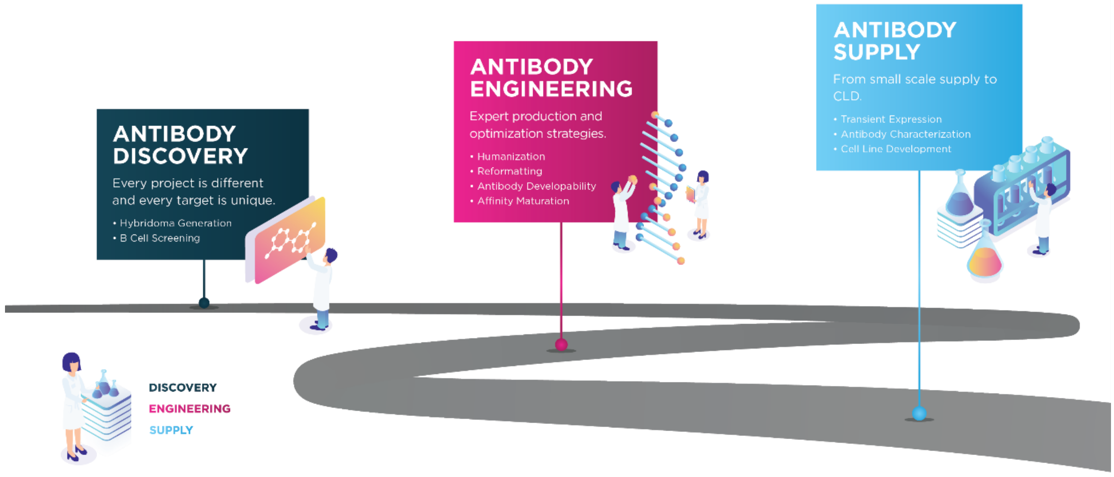
The initial objective for the research project was to create OptiMAL®, a groundbreaking and industry leading platform for the discovery of human antibodies through a highly diverse library of DNA sequences expressed as fully intact antibodies, or IgG molecules, expressed on the surface of mammalian cells. This has now been largely achieved and whilst in beta-testing stage we were delighted to announce in November 2023, a 2-year agreement with the NCI, part of the National Institutes of Health in the USA, to validate OptiMAL® screening against a small number of targets in the NCI's own laboratories. This will validate not only the technology but also the ability to transfer it to other organizations and so lay the path for potential licensing agreements with, for example, big pharma and major biotechnology companies. Furthermore, the significant prestige and kudos associated with NCI make them an ideal partner for this process and an organization with which we seek to strengthen our connections.

Two further discovery platforms: Optiphage™ and AI/ML-Ab™ have also been launched off the back of the OptiMAL® research programme. Optiphage™ utilises a library based on the same principles as OptiMAL®, but in a more industry standard phage-display format, whilst the Mammalian Display element of OptiMAL® can be combined with algorithms for the *de novo* design of novel antibodies from various artificial intelligence (AI) and Machine Learning (ML) technologies which continue to generate interest and excitement in the field. We were very pleased to launch AI/ML-Ab™ in August 2023 with an almost immediate contract win. Optiphage™ also attracted significant client attention even before launching in April 2024. This was achieved through a contract with an early adopter seeking a non-animal-based solution to generating non-human antibodies primarily for research and diagnostic applications as announced on 15th April 2024. The availability of these diverse and complementary proprietary "Discovery Engines", which can be deployed individually or in concert, also enables us to provide a de-risked approach to antibody discovery further benefiting our clients and strengthening Fusion's position as the partner of choice.

Discovery Engine	Library size	Antibody or Fragment	Primary Advantages	Status
OptiMAL®	10^8 current 10^9 planned	Full IgG	Mammalian Full Size Direct to product	Beta-testing
AI/ML-Ab™	10^4 to 10^6	Full IgG	Enables AI/ML Mammalian Full Size	Available
OptiPhage®	10^9	Fragments	Low risk/Market norm	In development
Hybridoma	Non-library	Full IgG	Mammalian Full Size	Available
B-Cell Cloning	Non-library	Full IgG	Mammalian	Available

A summary of the antibody "Discovery Engines" available to Fusion and its clients.

At Fusion, our aim is to develop a range of services that gives our clients choice and a range of solutions best suited to the biological needs of their targets and applications. We understand that 'one size' does not fit all and have therefore broadened our service menu to give the customer the best chance of meeting their technical objectives with the least risk. We will continue to develop further solutions to enhance the competitive advantages for Fusion and for our clients.



The Company secured additional investment in June 2023, raising just under £1.7 million (before expenses) and a further £1.37 million in March 2024 primarily to fund additional commercial activities addressing the additional market sectors of diagnostics and veterinary medicine. Thanks to the continued support of our shareholders, we can move forward with establishing our presence in these adjacent markets and maintaining investment into our new discovery services.

Business Review

The Company's revenue in FY24 fell by 61% vs FY23 to £1.14m due to the macroeconomic headwinds. By 30 June 2024, orders had been received amounting to some £0.75m forming the basis for revenue recognisable in FY25 on which we are pleased to have continued to build upon. This is a significant improvement on the position of the prior year and provides positive indications that the business is recovering.

The Directors believe that the addressable market for the Company's existing 'Fee for Service' revenue model is sufficiently large to enable the business to achievable profitability, but that is not the limit to the potential value creation the Company represents. We seek to enter into collaborative agreements which enable Fusion to share in the downstream value of the deliverables of our services and share in their commercial success through milestone payments and royalties. This strategy will further enable the Company to unlock the intrinsic value that our proprietary service platforms provide to our clients and generate additional shareholder value. AI/ML-Ab™, Optiphage™ and OptiMAL® represent key proprietary differentiators and drivers of growth for the business which will enable the Company to access a sizeable addressable market generating significant shareholder value. Furthermore, they underpin our ability to secure value generating milestone and royalty agreements.

The Company ended the year with £1.2m of cash and cash equivalents, having used £2m of cash in operations during the year, invested £0.1m in property, plant and equipment and £0.1m servicing asset-based borrowings. As previously mentioned, in June 2023 and in March 2024 the Company issued equity for combined net proceeds of £2.7m which places Fusion in a good position to continue its sales and marketing activities and progress the development of new discovery platforms and services. Despite FY24 having been a commercially challenging year, the Company took the hard decisions, made the right choices and has survived. As a result, the Company has emerged stronger, more capable and more efficient with better developed proprietary technologies and improved traction in a broader marketplace. We also have some further exciting and enviable technologies in development and are now in a phase of growth from a stronger more stable foundation with three new Discovery Engines: OptiMAL®, Optiphage™ and AI/Ml-Ab™ to power our transition toward breakeven and profitability.

During FY24, Fusion was presented with several commercial challenges. Most notably, a significant downturn in venture capital investment into biotechnology companies, including therapeutic antibody development programmes, impacted Fusion's primary customer type going into the financial year. This directly impacted the Company's revenues for the financial year.

The Company took steps to meet the challenges presented by the increasing headwinds in the first half of FY24 ("H1") through a significant restructuring exercise, reducing various costs including a 38% reduction in headcount. Furthermore, a new commercial strategy was implemented, additionally targeting the adjacent Diagnostic, Veterinary Medicine and Research Antibody markets. This diversification has made the sales pipeline more resilient with less exposure to individual sectors.

During H2 FY24, the adverse investment conditions, although improving, continued to impede certain clients placing orders, with some pipeline projects yet to convert and some being received later than anticipated. In several cases this was due to limited availability of client provided materials. This resulted in revenue for H2 FY24 being lower than was anticipated at the time of announcement of the H1 FY24 interim results.

Despite the effects of the headwinds described above, Fusion's client conversion rate nevertheless improved throughout FY24, with February and March of 2024 being the Company's highest earning months of FY24. This contributed to revenues in the fourth quarter of FY24 being approximately 47% higher than the first quarter of FY24.

This increase in activity towards the end of the financial year has resulted in a marked increase in the Company's sales opportunity pipeline. The Company's order book as at 31 March 2024 was approximately £0.75m, representing approximately 65% of the total FY24 audited revenues.

This increase in activity and the order book provides a foundation for revenue growth in the current financial year ("FY25").

The Company achieved a number of exciting developments in H2 FY24, including:

- signing a collaboration agreement with the NCI for the use of OptiMAL® in the discovery of novel antibodies against targets selected by NCI post year end;
- securing an estimated $650,000 follow-on project under a collaborative research and development agreement with a US based biotechnology company that Fusion started working with in 2021;
- receipt of a first purchase order under a new MSA with a leading diagnostics company - with further orders having been received under the MSA by the customer subsequently; and
- securing its first OptiPhage™ contract whereby Fusion will design a phage display library using the diversity principles behind the OptiMAL® library.

The Board believes that these developments provide strong evidence that the Company's diversification strategy, together with the recovering economic climate, provide confidence for growth in FY25.

The Company's cash balance as at 31 March 2024 was £1.2m, positioning the Company well for the current economic environment.

The 2023 calendar year was very challenging for our clients and therefore also for us. We responded by taking difficult but necessary action whilst also extending our traction with adjacent markets (notably diagnostics, research antibodies and veterinary medicine). As a result, we have secured some excellent new clients, including global leaders in their respective fields, who are now engaging with the Company for multiple projects, several of which are being run in parallel. Achieving this diversification in client base, combined with a recovery in our core human therapeutic sector, provides a very welcomed improvement in market conditions going forward. We remain optimistic for our prospects and look forward to updating the market further. We continue to be thankful to our shareholders for all their support.

Outlook

The economic environment in which the Company is now operating has significantly improved in recent months with revenues now increasing and prospects being converted into orders at a significantly improved rate. We continue to attract clients from around the world including securing initial and follow on work from a new client, the life sciences division of a well-known Japanese conglomerate amongst others. The Company also continues to further exploit its technologies to create additional value: our Mammalian Display platform, which was designed initially for antibodies, has recently been trialled with other proteins. One client found a 10-30 fold increase in yield over there current established production method.

Having made a specific effort to complement the core therapeutics market by targeting adjacent sectors, the push for more diagnostics business is proving fruitful with revenues from this sector currently accounting for around 20% of current year to date earned income.

It remains our goal to reach cash flow breakeven by the second half of calendar year 2025, and as we continue to meet our objectives on that path, we have no plans to raise cash through an equity placement.

Adrian Kinkaid
Chief Executive Officer
4 September 2024

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	4	**1,136**	2,901
Cost of sales		**(1,181)**	(2,327)
Gross profit		**(45)**	574
Other operating income		**5**	11
Administrative expenses		**(2,247)**	(3,443)
Operating loss	5	**(2,288)**	(2,858)
Finance income	8	**3**	3
Finance expense	8	**(5)**	(4)
Loss before tax		**(2,289)**	(2,859)
Income tax credit	10	**63**	263
Loss for the financial year		**(2,226)**	(2,596)
Total comprehensive expense for the year		**(2,226)**	(2,596)
		Pence	Pence
Loss per share			
Basic	11	**(3.9)**	(10.0)

Statement of Financial Position

As at 31 March 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets	12	-	-
Property, plant and equipment	13	158	375
		158	375
Current assets			
Inventories	15	460	539
Trade and other receivables	16	557	690
Current tax receivable		46	263
Cash and cash equivalents		1,199	195
		2,262	1,687
Total assets		2,420	2,062
Liabilities			
Current liabilities			
Trade and other payables	17	564	844
Borrowings	18	20	35
		584	879
Net current assets		1,678	808
Non-current liabilities			
Borrowings	18	23	40
Provisions for other liabilities and charges	19	20	20
		43	60
Total liabilities		627	939
Net assets		1,793	1,123
Equity			
Called up share capital	21	3,815	1,040
Share premium reserve		7,743	7,647
Accumulated losses		(9,765)	(7,564)
Total equity		1,793	1,123

Simon Douglas
Director

Adrian Kinkaid
Director

Statement of Changes in Equity

For the year ended 31 March 2024

	Notes	Called up share capital £'000	Share premium reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 April 2022		1,040	7,647	(5,003)	3,684
Loss and total comprehensive expense for the year		-	-	(2,596)	(2,596)
Share options – value of employee services		-	-	35	35
Total transactions with owners, recognised directly in equity		-	-	35	35
At 31 March 2023	**21**	1,040	7,647	(7,564)	1,123
At 1 April 2023		**1,040**	**7,647**	**(7,564)**	**1,123**
Loss and total comprehensive expense for the year		**-**	**-**	**(2,226)**	**(2,228)**
Issue of share capital		**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**

Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Loss for the year		**(2,226)**	(2,596)
Adjustments for:			
Share based payment expense		**86**	35
Depreciation		**220**	372
Finance income		**(3)**	(3)
Finance costs		**5**	4
Income tax credit		**(63)**	(263)
Decrease/(Increase) in inventories		**79**	46
Decrease/(increase) in trade and other receivables		**133**	819
(Decrease)/increase in trade and other payables		**(280)**	(299)
Cash used in operations		**(2,049)**	(1,885)
Income tax received		**280**	131
Net cash used in operating activities		**(1,769)**	(1,754)
Cash flows from investing activities			
Purchase of property, plant and equipment	**13**	**(2)**	(114)
Finance income – interest received	**8**	**3**	3
Net cash used in investing activities		**1**	(111)
Cash flows from financing activities			
Proceeds from new issue of share capital net of transaction costs		**2,808**	-
Proceeds from new borrowings	**18**	**-**	69
Repayment of borrowings	**18**	**(33)**	(62)
Finance costs – interest paid	**8**	**(5)**	(4)
Net cash generated/(used in) from financing activities		**2,770**	3
Net decrease in cash and cash equivalents		**1,002**	(1,862)
Cash and cash equivalents at the beginning of the year		**195**	2,049
Effects of exchange rate changes on cash and cash equivalents		**2**	8
Cash and cash equivalents at the end of the year		**1,199**	195

Notes to the Financial Statements

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 £2.2m for the year ended 31 March 2024 (Year ended 31 March 2023: Loss of £2.6m) and at the year-end had net current assets of £1.7m (31 March 2023: £0.8m) including £1.2m of cash and cash equivalents (31 March 2023: £0.2m). During the year the Company has raised net proceeds of £2.8m from the issue of ordinary shares and has undergone a restructuring process to reduce annual costs. 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 year were £1.14m, significantly below market expectations and 60% lower than revenues for the prior year. Uncertainty in levels of investment in the sector has diminished but still 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 reporting date. 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.

Revenue recognition
Revenue comprises the fair value of the 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 for its revenue streams 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, and then revenue is recognised as follows:

- Revenue is recognised over the period that services are provided using the percentage of completion method, based on the input method using costs incurred to date relative to the expected total costs for each performance obligation; and
- 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.

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.

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.

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.

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.

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.

IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
IAS 8 (Amendment)	Definition of accounting estimates	1 January 2023
IAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

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 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
IAS 21	Clarification of currency exchanges	1 January 2025

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.

Critical accounting estimates and assumptions

Deferred Taxation. The Company has accumulated tax losses of £14,359k (2023: £13,000k). In principle these losses would support a deferred tax asset of approximately £3,590k (2023: £2,500k). 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. No adjustment was considered necessary for the year ended 31 March 2024.

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.

Geographic analysis	**2024** **£'000**	2023 £'000
UK	**195**	621
Rest of Europe	**95**	409
North America and Rest of World	**846**	1,871
	1,136	2,901

In the year there were two customers (2023: three) to whom sales exceeded 10% of revenues, those customers together accounted for £485k or 43% of revenues (2023: £1,040k or 36% of revenues).

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

	2024 **£'000**	2023 £'000
Employee benefit costs		
-wages and salaries	**1,191**	2,201
-social security costs	**122**	247
-other pension costs	**61**	110
-share based payments	**86**	35
	1,460	2,595
Depreciation of property, plant and equipment (owned)	**217**	347
Depreciation of property, plant and equipment (leased)	**2**	25
Other operating expenses		
Rates, utilities and property maintenance	**155**	168
IT costs	**52**	30
Fees payable to the Company's auditors		
- for the audit of the financial statements	**45**	73
Raw materials and consumables used	**296**	1,129
Decrease/(increase) in inventories	**81**	47
Patent costs	**31**	30
Marketing costs	**123**	223
Loss/(gain) on foreign exchange	**15**	(36)
Other expenses	**951**	1,139

Total cost of sales and administrative expenses	**3,429**	5,770

Included in the costs above is expenditure on research and development totalling £254k (2023: £806k). Non-audit fees of £173k (2023: £9k) 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

	2024	2023
	Monthly Avg Number	Monthly Avg Number
Employed in UK (including executive directors)	**27**	50
Non-executive directors	**4**	4
	31	54

7 Remuneration of directors and key senior management

Directors

	2024	2023
	£'000	£'000
Emoluments	**349**	470
Pension contributions	**18**	21
	367	491

Highest paid director

The highest paid director received the following emoluments:

	2024	2023
	£'000	£'000
Emoluments	**169**	120
Pension contributions	**10**	7
	179	127

The highest paid director did not exercise any share options in the year. (2023: £nil).

Key senior management personnel

Key senior management is considered to comprise the directors of the Company with total remuneration for the year of £367k (2023: £491k). Share based payments for the year attributable to key senior management totalled £24k (2023: £10k).

8 Finance income and expense

	2024	2023
Income	**£'000**	£'000
Bank interest receivable	**3**	3

	2024	2023
Expense	**£'000**	£'000
Interest expense on other borrowings	**5**	4

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.

The total share-based remuneration recognised in the Statement of Comprehensive Income was £86k (2023: £35k). 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 3.47% based on historical experience.

	2024 Weighted average exercise price £	**2024 Number**	2023 Weighted average exercise price £	2023 Number
Outstanding at beginning of the year	**0.481**	**2,317,883**	0.478	787,083
Granted during the year	**0.043**	**3,760,700**	0.483	1,745,800
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**0.466**	**(1,548,433)**	0.486	(215,000)
Surrendered during the year	**0.515**	**(730,700)**	-	-
Outstanding at the end of the year	**0.047**	**3,799,450**	0.481	2,317,883

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

Expiry	**Nominal share value**	**Exercise price £**	**2024 Number**	2023 Number
May 2027	**£0.04**	**0.040**	**3,750**	103,750
December 2028	**£0.04**	**0.545**	**-**	648,333
September 2032	**£0.04**	**0.520**	**-**	300,000
September 2032	**£0.04**	**0.475**	**35,000**	1,265,800

February 2034	**£0.04**	**0.0425**	**3,760,700**	-
Total			**3,799,450**	2,317,883

Of the total number of shares outstanding, 3,750 were exercisable at the reporting date at a weighted average price of £0.04p/share (2023: 752,083 at a weighted average price of £0.48p/share).

10 Income tax (credit)

	2024	2023
	£'000	£'000
Current tax – UK corporation tax	**(63)**	(263)
Income tax credit	**(63)**	(263)

The difference between loss before tax multiplied by the standard rate of 25% (2023: 19%) and the income tax credit is explained in the reconciliation below:

	2024	2023
	£'000	£'000
Factors affecting the tax credit for the year		
Loss before tax	**(2,290)**	(2,859)
Loss before tax multiplied by standard rate of UK corporation tax of 25% (2023: 19%)	**(573)**	(545)
Deferred tax not recognised on current year losses	**573**	545
RDEC/R&D tax credit	**(46)**	(263)
RDEC/R&D tax credit – adjustment relating to prior year	**(17)**	-
Total income tax credit	**(63)**	(263)

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

	2024	2023
	£'000	£'000
Loss for the financial year	**(2,190)**	(2,596)

Loss per share	**pence**	pence
Basic	**(3.9)**	(10.0)

	Number	Number
Issued ordinary shares at the end of the year	**95,365,564**	26,014,946
Weighted average number of shares in issue during the year	**55,556,020**	26,014,946

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.

12 Intangible assets

	2024/2023 Software £'000	2023/2022 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 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

	Right of use assets £'000	Leasehold improvements £'000	Plant & machinery £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost					
At 1 April 2022	**240**	**814**	**2,356**	**301**	**3,711**
Additions	**-**	**30**	**72**	**12**	**114**
Disposals	**(226)**	**-**	**(32)**	**(36)**	**(294)**
At 31 March 2023	**14**	**844**	**2,396**	**277**	**3,531**
Accumulated depreciation					
At 1 April 2022	**210**	**752**	**1,891**	**225**	**3,078**
Depreciation charged in the year	**25**	**60**	**253**	**34**	**372**
Disposals	**(226)**	**-**	**(32)**	**(36)**	**(294)**
At 31 March 2023	**9**	**812**	**2,112**	**223**	**3,156**
Net book value					
At 31 March 2023	**5**	**32**	**284**	**54**	**375**
At 31 March 2022	30	62	465	76	633

Plant & machinery with a net book value of £49k is held under hire purchase agreements or finance leases (2023: £49k).

The carrying value of right of use assets at the reporting date comprises fixtures, fittings and equipment of £3k (2023: £5k).

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 has the following investment in a subsidiary:

	2024 £	2023 £
Fusion Contract Services Limited 100% subsidiary Dormant company 1 Springbank Road, Belfast, BT17 0QL	**1**	1

Under section 402, group financial statements are not prepared on the basis that the subsidiary company is dormant and not material to the financial statements for the purpose of giving a true and fair view.

15 Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	**460**	539

The cost of inventories recognised as an expense for the year was £400k (2023: £1,129k).

16 Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	**584**	511
Loss allowance	**(147)**	(151)
Trade receivables – net	**437**	360
Other receivables	**8**	72
Prepayments and accrued income	**112**	258
	557	690

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

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

	2024 £'000	2023 £'000
Individually impaired	**102**	122
Expected credit loss allowance	**45**	29
	147	151

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

	2024 £'000	2023 £'000
UK pound	**282**	273
Euros	**30**	-
US dollar	**272**	238
	584	511

The expected credit loss allowance has been calculated as follows:

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

31 March 2023	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)	113	87	68	43	78	389
Loss allowance (£'000)	2	2	2	2	21	29

Movements on trade receivables loss allowance is as follows:

	£'000	£'000
At 1 April 2023/2022	**29**	53
Movement in loss allowance	**16**	(24)
At 31 March 2024/2023	**45**	29

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

	2024	2023
	£'000	£'000
Trade payables	**283**	480
Social security and other taxes	**43**	136
Other payables	**11**	51
Accruals and deferred income	**208**	177
	546	844

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

The Company hold an operating lease with Invest Northern Ireland (note 24). At the reporting date a balance of £11k (2023: £45k) was due to Invest Northern Ireland.

18 Borrowings

	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**

	Lease liabilities £'000	Hire Purchase Contracts £'000	Total £'000
At 1 April 2022	27	42	69
Additions	-	69	69
Interest charged in year	3	1	4
Repayments	(24)	(43)	(67)
At 31 March 2023	6	69	75
Amounts due in less than 1 year	5	30	35
Amounts due after more than 1 year	1	39	40
	6	69	75

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 £40k (2023: £69k 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

	2024 £'000	2023 £'000
Due after more than 1 year	**20**	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 2024 £ '000**	As at March 2023 £ '000
Trade receivables	**437**	360
Other receivables	**32**	72
Accrued income	**77**	26
Cash and cash equivalents	**1,199**	195
Total	**1,745**	653

Financial Liabilities at amortised cost	**As at March 2024 £ '000**	As at March 2023 £ '000
Trade payables	**284**	480
Other payables	**180**	100
Accruals	**125**	127
Borrowings	**43**	75
Total	**607**	782

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.

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:

	Less than 6 months £000	6 to 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000
31 March 2024				
Trade and other payables	463	-	-	-
Accruals	125	-	-	-
Borrowings	-	30	13	-
	564	30	13	-
31 March 2023				
Trade and other payables	716	-	-	-
Accruals	127	-	-	-
Borrowings	-	35	40	-
	843	35	40	-

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 £34,000 (2023: £34,000) higher/lower and £4,000 higher/lower (2023: immaterial) respectively.

21 Called up share capital

	2024	2023
	£'000	£'000
Allotted, called up and fully paid		
- 95,365,564 (2023: 26,014,946) Ordinary shares of £0.04	**3,815**	1,040

The company is authorised to issue 104,902,120 shares

No dividends were paid (2023: £nil). The directors do not recommend payment of a final dividend (2023: £nil).

22 Capital commitments

At 31 March 2024 the Company had contracted for but not incurred capital expenditure of £nil (2023: £nil).

23 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 £61,000 to the Statement of Profit or Loss and Other Comprehensive Income (2023: £96,000) in respect of Company contributions to the scheme. At the reporting date there was £11,000 (2023: £19,000) payable to the scheme and included in other payables.

24 Transactions with related parties

The Company had the following transactions with related parties during the year:

Invest Northern Ireland ("Invest NI") is a shareholder in the Company. The Company received invoices for rent and estate services amounting to £79,000 (2023: £79,000). A balance of £11,000 (2023: £45,000) 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 £27,000 (2023: £27,000). A balance of £27,000 (2023: £nil) was accrued at year end and payable to Walsh as at the reporting date.

25 Ultimate controlling party

There is no ultimate controlling party.

26 Post balance sheet events

There have been no significant events affecting the company since the year end.

27 Reconciliation of loss to EBITDA

	2024	2023
	£'000	£'000
Loss before tax	**(2,289)**	(2,859)
Finance income	**(3)**	(3)
Finance expense	**5**	4
Depreciation and amortisation	**219**	372
EBITDA	**(2,068)**	(2,486)