



20 February 2023

LungLife AI, Inc.
(the “Company” or “LungLife”)

Preliminary audited results for year ended 31 December 2022

LungLife to report financial results for full-year 2022

LungLife AI (AIM: LLAI), a developer of clinical diagnostic solutions for lung cancer, announces its audited preliminary results for the year ended 31 December 2022.

Summary and Highlights for the year:

- Cash as of 31 December 2022 of \$8.01m (2021: \$14.62m)
- Loss before tax of \$7.60m (2021: \$7.43m)
- Adjusted EBITDA¹ loss of \$6.84m (2021: \$5.40m)
- Enrolled first participant into multi-centre clinical validation study in February 2022, and on track to complete study enrolment in the next 2-3 months. Total of 14 sites enrolled in the study, including seven from Veterans Affairs Hospitals²
- Centers for Medicare & Medicaid Services (“CMS”) granted a national price of \$2,030 per test for the LungLB[®], November 2022
- LungLB[®] test approved and Clinical Laboratory Evaluation Programme (“CLEP”) permit awarded by the New York State Department of Health, allowing the Company to perform clinical utility studies and offer LungLB[®] commercially in New York state, September 2022
- Selected to participate in the US National Cancer Institute’s Early Detection Research Network (“EDRN”) as part of Boston University-University of California Los Angeles Lung Cancer Biomarker Development Laboratory
- CPT[®] Proprietary Laboratory Analyses (PLA code), a key component towards reimbursement in the US market, awarded and became effective on 1 April 2022
- Appointment of Dr Drew Moghanaki, an internationally recognised lung cancer specialist, to the Company’s Scientific Advisory Board, March 2022

¹ Earnings before interest, tax, depreciation and amortisation, adjusted to exclude exceptional items, share based payments and other operating income

² Federal government charged with providing life-long healthcare services to eligible veterans

Commenting, Paul Pagano, Chief Executive Officer of LungLife, said: *“2022 was a significant year for LungLife and I’m proud of the team for the accomplishments made in fulfilment of our milestones. We initiated our multi-centre validation study in February, expanded the number of participating sites throughout the year and is on track to complete participant enrolment in the next 2-3 months. We ended the year with CMS confirming a price of \$2,030 for LungLB[®] under crosswalk - avoiding a year long process of gapfill price determination and accelerating progress on reimbursement.*

“We also received two independent reviews of LungLB[®] with the New York CLEP permit and selection to participate in the US National Cancer Institute’s Early Detection Research Network. These have provided external evaluation of our technology’s analytical and clinical data and are important steps in increasing awareness of LungLB[®] and moving towards the Company’s commercialisation plan.

“We remain focused on completing our clinical validation study, commencing our clinical utility study later this year and expanding patient access to LungLB[®] through implementation of our commercial reimbursement plan. We are very excited by the opportunities ahead and the potential for LungLB[®] to transform the early detection of lung cancer”.

For further information please contact:

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About LungLife

LungLife AI is a developer of clinical diagnostic solutions designed to make a significant impact in the early detection of lung cancer, the deadliest cancer globally. Using a minimally invasive blood draw, the Company's LungLB[®] test is designed to deliver additional information to clinicians who are evaluating indeterminate lung nodules. For more information visit www.lunglifeai.com

Our Purpose is to be a driving force in the early detection to lung cancer. And our Vision is to invert the 20:80 ratio such that in years to come at least 80% of lung cancer is detected early.

Chairman's Statement

I am delighted to report on the Company's results for the year ended 31 December 2022. We have continued to deliver on the Company's objectives and remain committed to creating shareholder value as we proceed with the aim of being a driving force in the early detection of lung cancer through the completion of our LungLB[®] test multi-centre clinical validation study.

LungLB[®] test

According to the World Health Organization, over 2.2 million new cases of lung cancer were diagnosed in 2020 and approximately 1.8 million deaths from lung cancer were recorded in 2020 globally. Nearly 80% of all lung cancers in the United States are diagnosed in later stages when survival rates are low because the options for curative treatment are then limited. This is in part due to the lack of effective early detection solutions and the fact that lung cancer largely develops asymptotically.

LungLB[®] is a blood-based test that uses circulating tumour cells ("CTC") to stratify indeterminant lung nodules as either cancerous or benign following their identification by CT scan. Biopsy is currently part of the standard care pathway for lung nodules and the LungLB[®] test is designed to support the physician's decision to biopsy only when necessary, or to monitor non-invasively using additional imaging. There are estimated to be over 1.5 million indeterminant lung nodules identified each year in the United States¹ and LungLife's estimated one week turnaround from receipt of the blood sample to results can save a significant amount of stressful waiting time for the participant as well as unnecessary costly and often dangerous procedures.

¹ Gould MK *et al.* Am J Respir Crit Care Med. 2015 PMID: 26214244.

Progress

Our focus this year has been on our clinical validation study and charting a course to subsequent commercialisation. We enrolled our first participant in February 2022 in our multi-centre clinical validation study. Currently we have activated 14 sites in our clinical validation study, which include seven from the Veterans Affairs hospitals. Our study currently requires us to enrol 425 participants.

As we collect more data on enrolment trends from various sites, we become more able to precisely estimate timing of completion, which we forecast to be completed in the next 2-3 months. Hand-in-hand with enrolment, the Clinical Research Organization (CRO) monitors the usable sample rate (unusable samples may result from a failed biopsy, or insufficient blood draw, for example) and distribution of the study arms (cancer vs benign nodules) to ensure we are still in-line with our initial projections; so that we can make adjustments to final enrolment numbers, should it be necessary, which is standard practise for clinical studies.

While COVID, nursing and research strikes impacted sites at times from reaching their full enrolment rates, our actions, including activating additional sites across the country, have helped keep us broadly on track with our initial estimates. Within approximately three months following the enrolment of the last participant we anticipate the data will be available for analysis and subsequent study readout. These timelines are well-accounted for within our current cash runway, which we continue to expect will take us through to mid-2024.

We received two important, independent evaluations of our test this year.

In September the New York State Department of Health ("NYSDOH") awarded LungLife a Clinical Laboratory Evaluation Program ("CLEP") permit following their on-site audit, during which there were no deficiencies found.

The CLEP permit allows LungLife to perform clinical utility studies and offer the LungLB[®] test commercially in New York state, in addition to 46 other states permitted by the Company's existing Clinical Laboratory Improvement Amendments ("CLIA") certification.

This is an important step in LungLife's commercialisation plan, given its relationship with the Icahn School of Medicine at Mount Sinai in New York, a key site in the ongoing pivotal validation trial, and from which the Company is now able to accept study participants in future utility studies. Securing a CLEP permit is a requirement to consider participants from New York state in the utility studies planned for 2023, from which the Company expects first nominal revenues.

The audit was performed to ensure that the premises, laboratory practice, equipment, personnel, and record-keeping methods meet state requirements. Issuance of the CLEP permit follows a rigorous, independent scientific review of both analytical and clinical data for LungLB[®], as well as evaluation of adherence to the Company's quality management system.

In October we announced we will be one of two industry partners to participate in the Boston University ("BU") - University of California Los Angeles ("UCLA") Lung Cancer Biomarker Development Laboratory of the US National Cancer Institute's Early Detection Research Network ("EDRN").

The EDRN is a division of the US National Cancer Institute, the federal government's principal agency for cancer research and training. The EDRN's mission is to discover, develop, and validate new biomarkers and medical imaging technologies to detect early-stage cancers, and to translate them into clinical tests. It is comprised of over 300 investigators from academic institutions and industry partners working collaboratively to bring new diagnostic biomarkers to clinical use.

LungLife's clinical laboratory will operate as a Biomarker Reference Laboratory, processing blood samples from the participating academic centres at UCLA and BU where the LungLB[®] test will be combined with imaging to assist their early detection research, as well as validate combined test performance in patients with indeterminate lung nodules. It is expected the blood samples will be collected over a number of years with progress and results presented to EDRN members at annual meetings, representing the first independent study of LungLB[®]. These activities are independent of LungLife's ongoing pivotal validation study and do not impact on the progress of this study.

The work of the EDRN closely aligns with LungLife's mission to increase the early detection of lung cancer and will provide further clinical evidence for the LungLB[®] technology as well as widen awareness of our technology with leading US investigators. It also affords LungLife the potential to offer novel cell-based diagnostic biomarkers discovered at UCLA and BU to physicians from its clinical laboratory, thereby potentially expanding its lung cancer testing capabilities.

We were pleased to conclude the year with the announcement in November that the Centers for Medicare & Medicaid Services ("CMS") has granted a price at \$2,030 per test for the LungLB[®] early lung cancer detection diagnostic. This final CMS payment determination is listed in the Calendar Year 2023 Clinical Laboratory Fee Schedule (CLFS) and will apply to all eligible Medicare patients tested by LungLB[®].

Medicare, a national health insurance program in the US, covers 63.9 million people and indeterminate lung nodules are often found in patients of an age typically covered by Medicare. Securing a favourable crosswalk* decision means Medicare beneficiaries now have a national price for the LungLB[®] test effective since 1 January 2023. This represents completion of a key Company milestone as it supports the plan to seek comprehensive reimbursement for the test.

* Crosswalk applies if the new test is comparable to an existing test (that may use a similar technology but for a different indication, for example), in which case it is assigned the market-based payment rate of that comparable existing test.

People

The team currently comprises of 14 full time and 2 part time employees, having hired our Director of Quality Assurance in the year.

In March we announced the appointment of Dr Drew Moghanaki, MD, MPH, an internationally recognised lung cancer specialist, to our Scientific Advisory Board. Dr Moghanaki is Professor and Chief of Thoracic Oncology at the UCLA Department of Radiation Oncology. He has brought extensive leadership to our Scientific Advisory Board as the Director of the VA Partnership to increase Access to Lung Cancer Screening programme (VA-PALS), and the co-chair of the VA Lung Cancer Surgery or Stereotactic Radiotherapy (VALOR) Phase III study, investigating treatment options for Stage I lung cancer.

On behalf of the Board, I would like to thank our employees, clinical partners, study participants, professional advisors, suppliers and shareholders for their support, and we look forward to providing further updates on progress throughout the current year.

Outlook

Our focus is the conclusion of our clinical validation study and, while optional, subsequent submission to FDA, and planning for the clinical utility study as part of our commercialisation pathway. We were delighted to have received confirmation of our price; our focus is now on securing coverage.

The next two years are incredibly exciting for LungLife and we look forward to updating shareholders on our progress during that time.

Roy Davis
Chairman

20 February 2023

Financial Review

The financial performance of the Company in the year to 31 December 2022 reflects the first full year of activity post our IPO in July 2021.

Statement of Comprehensive Income

The Company generated revenues of US\$24,000 in the year (2021 - US\$195,000) comprising wholly of royalty income from its sub licensee in China. In 2021 royalty income accounted for US\$88,000 with the balance of US\$107,000 being consumable sales of fluorescent in situ hybridisation (FISH) probes. The royalty income is calculated at 6% of underlying net sales, and the Company pays a 3% royalty on this income to MD Anderson Cancer Center.

The largest cost incurred in the year was employee expenses of US\$3,264,000 (2021 - \$1,760,000) followed by research and development costs US\$1,981,000 (2021 - US\$1,343,00), being those external costs incurred on our clinical validation trial and in the continued development of our LungLB[®] test and AI algorithm. In the year we increased headcount by one additional full-time member of the team, one intern and hired a new member of the team as replacement for a leaver. At the end of December 2022, and at the date of this report, we have 14 full time and 2 part time employees.

Other operating income of US\$102,000 (2021 – US\$206,000) relates to claims made under the US Government Employee Retention Credits scheme, designed as COVID related support for businesses, whilst in 2021 other operating income related to payment received under the US Government Paycheck Protection Program, akin to the UK furlough scheme. Finance income of US\$88,000 (2021 – US\$12,000) was generated from funds held on deposit, and we incurred finance expense of US\$52,000 (2021 – US\$417,000). Finance expense in the year related to that arising on lease liabilities for certain tangible assets and the leasehold premises occupied by the Company, whereas last year \$309,000 related to interest charged on the Convertible Loan Notes, which formed part of the balance on the Notes subsequently converted into new common shares at the time of the IPO.

Total loss for the year was US\$7,606,000, the loss of 2021 was US\$7,444,000 but included exceptional costs of the IPO of US\$1,101,000, so a true comparable loss of US\$6,343,000. EBITDA loss for 2022 excluding share-based payments was \$6,841,000 and a comparable EBITDA for 2021, excluding the exceptional costs, of US\$5,396,000.

Statement of Financial Position

Cash and cash equivalents at the end of the year was US\$3,088,000 (2021 – US\$9,217,000). In addition, the Company holds money on short term deposit, on which notice is 95 days with the balance at year end US\$4,922,000 (2021 – US\$5,411,000). We continue to hold the cost of acquiring the option under the License Agreement with the Icahn School of Medicine of Mount Sinai (“Mount Sinai”) at its original purchase cost, without amortisation. The option fee gives the Company access in the future to the de-identified participant records held by Mount Sinai to assist in the development of future products. As this asset is therefore not currently being utilised no amortisation has been charged to date.

Statement of Cash Flows

The net outflow from operating activities was US\$5,845,000 (2021 - US\$7,540,000), with minimal outflows for investing and financing activities such that net cash outflow for the year was US\$6,129,000 (2021 – inflow of \$9,089,000). The prior year benefited from the gross proceeds from the AIM admission of \$23,444,000.

David Anderson
Chief Financial Officer

20 February 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Revenue	4	24	195
Cost of sales		(-)	(96)
		<hr/>	<hr/>
Gross margin		24	99
Administrative expenses	6	(6,865)	(5,495)
Share-based payments	6	(614)	(409)
Depreciation	6	(285)	(323)
Exceptional expense – costs of listing		-	(1,101)
		<hr/>	<hr/>
Loss from operations		(7,740)	(7,229)
Other operating income	6	102	206
Finance income	9	88	12
Finance expense	9	(52)	(417)
		<hr/>	<hr/>
Loss before tax		(7,602)	(7,428)
Tax expense	10	(4)	(16)
		<hr/>	<hr/>
Loss from continuing operations		(7,606)	(7,444)
Other comprehensive income		-	-
		<hr/>	<hr/>
Loss and total comprehensive income attributable to the owners of the Company		(7,606)	(7,444)
		<hr/>	<hr/>
Earnings per share attributable to the ordinary equity holders of the parent	11		
Loss per share			
Basic and diluted (US\$ cents)		(\$0.298)	(\$0.469)
		<hr/> <hr/>	<hr/> <hr/>

The results reflected above relate to continuing operations

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Assets			
Current assets			
Trade and other receivables	14	613	741
Short term deposits	5	4,922	5,411
Cash and cash equivalents	5	3,088	9,217
		<hr/>	<hr/>
		8,623	15,369
		<hr/>	<hr/>
Non-current assets			
Property, plant and equipment	12	566	766
Intangible assets	13	5,818	5,818
Other receivables	14	13	13
		<hr/>	<hr/>
		6,397	6,597
		<hr/>	<hr/>
Total assets		15,020	21,966
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables	15	1,055	804
Lease liabilities	16	255	207
Discontinued operations		174	174
		<hr/>	<hr/>
		1,484	1,185
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities	16	346	601
Provisions	17	50	50
		<hr/>	<hr/>
Total liabilities		1,880	1,836
		<hr/>	<hr/>
NET ASSETS		13,140	20,130
		<hr/>	<hr/>
Issued capital and reserves attributable to owners of the parent			
Share capital	19	3	3
Share premium reserve	20	91,266	91,264
Share based payment reserve		1,574	960
Accumulated losses		(79,703)	(72,097)
		<hr/>	<hr/>
TOTAL EQUITY		13,140	20,130
		<hr/>	<hr/>

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Other equity US\$'000	Accumulated losses US\$'000	Total attributable to equity holders of parent US\$'000	Total equity US\$'000
1 January 2021	9	52,194	551	843	(64,903)	(11,306)	(11,306)
Comprehensive income for the year							
Loss	-	-	-	-	(7,444)	(7,444)	(7,444)
Other comprehensive Income	-	-	-	-	-	-	-
Total comprehensive Income for the year	-	-	-	-	(7,444)	(7,444)	(7,444)
Contributions by and distributions to owners							
Issue of Convertible Loan Notes	-	-	-	99	-	99	99
Reverse split	(8)	8	-	-	-	-	-
Issue of common shares on conversion of preference shares and Convertible Loan Notes	1	12,601	-	-	-	12,602	12,602
Issue of share capital	1	27,461	-	-	-	27,462	27,462
Transfer of balance following conversion of Convertible Loan Notes	-	-	-	(942)	250	(692)	(692)
Share issue costs	-	(1,000)	-	-	-	(1,000)	(1,000)
Share-based payment	-	-	409	-	-	409	409
Total contributions by and distributions to owners	(6)	39,070	409	(843)	250	38,880	38,880
31 December 2021	3	91,264	960	-	(72,097)	20,130	20,130

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022 *(continued)*

	Share capital US\$'000	Share premium US\$'000	Share-based payment reserve US\$'000	Other equity US\$'000	Accumulate d losses US\$'000	Total attributable to equity holders of parent US\$'000	Total equity US\$'000
1 January 2022	3	91,264	960	-	(72,097)	20,130	20,130
Comprehensive income for the year							
Loss	-	-	-	-	(7,606)	(7,606)	(7,606)
Other comprehensive Income	-	-	-	-			
Total comprehensive Income for the year	-	-	-	-	(7,606)	(7,606)	(7,606)
Contributions by and distributions to owners							
Exercise of share options	-	2	-	-	-	2	2
Share-based payments	-	-	614	-	-	614	614
Total contributions by and distributions to owners	-	2	614	-		616	616
31 December 2022	3	91,266	1,574	-	(79,703)	13,140	13,140

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Note	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Cash flows from operating activities			
Loss for the year		(7,606)	(7,444)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		285	323
Forgiveness of Paycheck Protection Program Loan			(206)
Gain on sale of tangible assets		(43)	(36)
Foreign exchange loss on short term deposit		562	-
Finance income		(88)	(12)
Finance expense		52	417
Taxation		4	16
Share-based payments expense		614	409
		<hr/>	<hr/>
		(6,220)	(6,533)
(Increase) / decrease in trade and other receivables		128	(569)
(Decrease) / increase in trade and other payables		251	(422)
Income taxes paid		(4)	(16)
		<hr/>	<hr/>
Net cash outflow from operating activities		(5,845)	(7,540)
Cash flows from investing activities			
Purchases of tangible assets		(85)	(47)
Proceeds from sale of tangible assets		43	36
Short term deposits		(73)	(5,411)
Landlord improvement contribution		-	15
Purchase of intangibles		-	(1,800)
		<hr/>	<hr/>
Net cash used in investing activities		(115)	(7,207)
Cash flows from financing activities			
Issue of Convertible Notes		-	1,612
Issue of Common Stock		2	23,444
Expenses of issue of Common Stock		-	(1,000)
Interest received		88	10
Interest paid		(52)	(107)
Repayment of lease liabilities		(207)	(123)
		<hr/>	<hr/>
Net cash (used in) / from financing activities		(169)	23,836
Net (decrease) / increase in cash and cash equivalents		(6,129)	9,089
Cash and cash equivalents at beginning of year		9,217	128
		<hr/>	<hr/>
Cash and cash equivalents at end of year	5	3,088	9,217
		<hr/>	<hr/>

Notes forming part of the financial statements For the year ended 31 December 2022

1 General Information

LungLife AI, Inc, (the “**Company**”) is a company based in Thousand Oaks, California which is developing a diagnostic test for the early detection of lung cancer. The Company was incorporated under the laws of the state of Delaware, USA, on 30 December 2009.

The Company’s costs associated with developing and commercialising its test include costs associated with the development of intellectual property optimising the technology, and obtaining regulatory approval. To complete clinical trials the Company will continue to require additional operating funds. The Company has raised funds through offerings of debt, common stock and Series A Preferred Shares.

There are no restrictions on the Company’s ability to access or use its assets and settle its liabilities.

2 Basis of preparation

Information in this preliminary announcement does not constitute statutory accounts of the company. The financial information presented in this preliminary announcement is based on, and is consistent with, that in the company’s audited financial statements for the year ended 31 December 2022, which will be delivered to shareholders for approval at the Company’s Annual General Meeting. The independent auditors have reported on those financial statements and their report is unqualified and unmodified.

The financial statements have been prepared in accordance with UK adopted International Accounting Standards (“**UK IFRS**”).

These financial statements are prepared in accordance with UK IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value. The historical financial information is presented in United States Dollars (“**US\$**”) except where otherwise indicated.

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

(a) Going concern

These financial statements have been prepared on the going concern basis.

The directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of approval of the financial statements. As of 31 December 2022 the Company had total available cash resources of US\$8,010,000, split between cash and cash equivalents of US\$3,088,000 and monies of short term deposit (with notice of 95 days) of US\$4,922,000. The Company will be concluding its clinical trial in early 2023 and together with other operational impacts our expenditure levels are expected to be reduced. For that reason, they continue to adopt the going concern basis in preparing the Company’s financial statements.

(b) New standards, amendments and interpretations

New standards are not expected to impact the Company as they are either not relevant to the Company’s activities or require accounting which is consistent with the Company’s current accounting policies.

The Directors have considered those standards and interpretations which have not been applied in these financial statements but which are relevant to the Company’s operations that are in issue but not yet effective and do not consider that they will have a material effect on the future results of the Company.

(c) Revenue recognition

Sale of goods

Revenue comprises the fair value of the sale of FISH probes used to identify the properties of blood samples under the terms of a sub license agreement with a third party, net of applicable sales taxes. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have

passed to the buyer and the amount of revenue can be measured reliably. Revenue on goods delivered is recognised when the customer accepts delivery and on services when those services have been rendered.

Royalty income

Under the terms of a patent and technology sub license agreement the company is entitled to receive royalty income at 6% of the quarterly net sales invoiced by the sub licensee in the relevant quarter. Income is recognised in the period in which the underlying net sales are generated.

Cash is received from revenues recognised according to terms of trade within the relevant contractual relationship, usually in accordance with agreed events such as placing of order, fulfilment of order and delivery.

(d) **Intangible assets**

Research expenditure is recognised as an expense when incurred. Development expenditure is recognised as an expense except those costs incurred on development projects are capitalised as long term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised only if it meets the criteria for capitalisation under IAS 38. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as an asset in future years. Capitalised development expenditure is amortised on a straight-line basis over the estimated useful life of the asset when the asset is available for use.

(e) **Property, plant and equipment**

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

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.

(e) **Property, plant and equipment** *(continued)*

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- computer and IT equipment – 33 per cent. straight line
- leasehold improvements – shorter of lease term and useful life
- plant and machinery – 20 per cent. straight line
- laboratory equipment – 20 per cent. straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income" in the statement of income.

(f) **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment annually in the case of not being available for use, and 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are considered at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the

impairment at each reporting date.

2 Basis of preparation *(continued)*

(g) Financial assets

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method.

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the term's receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

2 Basis of preparation (continued)

(i) Financial liabilities

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Other equity" within shareholders' equity, net of income tax effects.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are de-recognised from the statement of financial position when the obligation specified in the contract is discharged, is cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other operating income or finance costs.

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

(k) 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, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

(l) Share capital

Ordinary shares are classified as equity. There are various classes of ordinary shares in issue, as detailed in note 19. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

2 Basis of preparation (continued)

(m) Net finance costs

Finance costs

Finance costs comprise interest payable on borrowings, direct issue costs and dividends on preference shares, and are expensed in the period in which they are incurred.

Finance income

Finance income comprises interest receivable on funds invested, and foreign exchange gains.

Interest income is recognised in the income statement as it accrues using the effective interest method.

(n) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 19).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

2 Basis of preparation *(continued)*

(n) Leases *(continued)*

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised) it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

(o) Income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

The following temporary differences are not recognised if they arise from (a) the initial recognition of goodwill; and (b) for the initial recognition of other assets or liabilities in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) Foreign currency translation

i) Function and presentational currency

Items included in the financial statements of the Company are measured using USD, the currency of the primary economic environment in which the entity operates ('the functional currency'), which is also the Company's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies to USD, are recognised in the income statement.

3 Critical accounting judgements and estimates

The preparation of the Company's historical financial information under UK IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial information.

Carrying value of intangible assets, property, plant and equipment

In determining whether there are indicators of impairment of the Company's assets, the directors make a number of estimates in relation to assets including the economic viability and expected future financial performance of the asset and when it relates to the intangible assets arising on a business combination, the expected future performance of the business acquired.

Classification of the Mount Sinai License as an intangible asset

As set out in note 13, on 18 June 2021, the Company entered into the Mount Sinai License Agreement, pursuant to which Mount Sinai granted an option to the Company to obtain a licence, on a non-exclusive basis, to use certain information held by Mount Sinai. After considering the criteria in IAS38 the directors have judged that the recognition criteria therein have been met and classified the Mount Sinai license as an intangible asset.

4 Segment analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

The chief operating decision maker has determined that the Company has one operating segment, the development and commercialisation of its lung cancer early detection test. Revenues are reviewed based on the products and services provided.

The Company operates in the United States of America. Revenue by origin of geographical segment is as follows:

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Revenue		
People's Republic of China	24	195
	-----	-----
	24	195
	=====	=====

4 Segment analysis (continued)

	2022 US\$'000	2021 US\$'000
Non-current assets		
United States of America	6,397	6,597
	<hr/>	<hr/>
	6,397	6,597
	<hr/>	<hr/>
	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Product and service revenue		
Royalty income	24	88
Consumable items	-	107
	<hr/>	<hr/>
	24	195
	<hr/>	<hr/>

5 Financial instruments - Risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk and
- Liquidity risk

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 the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Short term cash deposits
- Trade and other payables

5 Financial instruments - Risk management (continued)

(ii) Financial instruments by category

Financial asset

	Amortised cost 2022 US\$'000	Amortised cost 2021 US\$'000
Cash and cash equivalents*	3,088	9,217
Short term cash deposits*	4,922	5,411
Trade and other receivables	607	741
	<hr/>	<hr/>
Total financial assets	8,617	15,369
	<hr/> <hr/>	<hr/> <hr/>

* Comparative amounts at 31 December 2021 have been re-presented to reflect the reclassification of fixed term deposits of \$5,411,000 with a maturity date of greater than three months at inception. There were no fixed term deposits at 31 December 2020.

Financial liabilities

	Amortised cost 2022 US\$'000	Amortised cost 2021 US\$'000
Trade and other payables	1,055	804
	<hr/>	<hr/>
Total financial liabilities	1,055	804
	<hr/> <hr/>	<hr/> <hr/>

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, and trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

See note 16 for information on lease liabilities.

5 Financial instruments - Risk management (continued)

(iv) Financial instruments

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

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. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Due to the current low level of revenue, the Company's exposure to credit risk is on cash at bank. The Company only deposits cash with major banks with high quality credit standing.

Cash in bank and short-term deposits

The credit quality of cash has been assessed by reference to external credit rating, based on Standard and Poor's long-term / senior issuer rating:

Cash in bank	2022	2022	2021	2021
	Rating	Cash at bank US\$'000	Rating	Cash at bank US\$'000
Bank A	A+	981	A+	8,140
Bank B	BBB+	2,002	BBB+	1,015
Bank C	A+	105	A+	62
		<hr/>		<hr/>
		3,088		9,217
		<hr/> <hr/>		<hr/> <hr/>

Short term deposits	2022	2022	2021	2021
	Rating	US\$'000	Rating	US\$'000
Bank B	BBB+	4,922	BBB+	5,411
		<hr/>		<hr/>
		4,922		5,411
		<hr/> <hr/>		<hr/> <hr/>

5 Financial instruments - Risk management (continued)

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company's policy is, where possible, to settle liabilities denominated in its functional currency. Currently the Company's liabilities are either US dollar or UK sterling. No forward contracts or other financial instruments are entered into to hedge foreign exchange movements, with funds raised in the UK being transferred to fund US operations using spot rates.

As at 31 December 2022 assets held in Sterling amounted to US\$5,275,000 (2021 – US\$6,488,000) and liabilities held in Sterling amounted to US\$65,000 (2021 – US\$66,000).

The effect of a 5% strengthening of the Sterling against US dollar at the reporting date on the Sterling denominated net assets carried at that date would, all other variables held constant, have resulted in a decrease in post-tax loss for the year and increase of net assets of US\$260,000 (2021 – US\$321,000). A 5% weakening in the exchange rate would, on the same basis, have increased post-tax loss and decreased net assets by US\$260,000 (2021 – US\$321,000).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed by the production of annual cash flow projections. The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital and generating revenue.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities which can all be met from the cash resources currently available:

	Up to 3 months US\$'000	Between 3 and 12 months US\$'000
At 31 December 2022		
Trade and other payables	371	-
Total	371	-
	Up to 3 months US\$'000	Between 3 and 12 months US\$'000
At 31 December 2021		
Trade and other payables	275	-
Total	275	-

5 Financial instruments - Risk management (continued)

Capital Disclosures

The Company monitors its capital which comprises all components of equity (i.e., share capital, share premium, and accumulated losses).

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern.

6 Expenses by nature

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Employee benefit expenses (see note 8)	3,264	1,760
Share-based payments charge – non-employee and directors	37	87
Depreciation of property, plant and equipment	285	323
Gain on disposal of equipment	(43)	(36)
Research and development expenditure	1,981	1,343
Professional costs	643	720
Legal settlement	-	687
Foreign exchange losses	659	97
Other costs	938	1,210

Other operating income is claims made for Employee Retention Credits. Other operating income for the prior year represented forgiveness of the Paycheck Protection Program Loan.

7 Auditors' remuneration

During the year the Company obtained the following services from the Company's auditor:

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Fees payable to the Company's auditor for the audit of the Company	48	48
Fees payable to the Company's auditor for other services:		
Services in connection with listing	-	108
Total	48	156

8 Employee benefit expenses

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	2,262	1,304
Benefits	164	75
Share-based payments expense	577	323
Social security contributions and similar taxes	177	53
Pension	84	5
	<hr/>	<hr/>
	3,264	1,760
	<hr/> <hr/>	<hr/> <hr/>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company.

	Year to 31 December 2022 US\$	Year to 31 December 2021 US\$
Salary	696	599
Share based payment expense	495	313
	<hr/>	<hr/>
	1,191	912
	<hr/> <hr/>	<hr/> <hr/>

The average number of employees (including Directors) in the Company in the year was 18 (2021 – 14).

9 Net finance costs

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Finance expense		
Interest expense on lease liabilities	52	108
Interest expense on liabilities measured at amortised cost	-	309
	<hr/>	<hr/>
Total finance expense	52	417
	<hr/> <hr/>	<hr/> <hr/>

9 Net finance costs *(continued)*

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Finance income		
Bank interest	88	12
	<hr/>	<hr/>
Total finance income	88	12
	<hr/> <hr/>	<hr/> <hr/>

10 Tax expense

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Current tax expense		
Current tax on loss for the year	-	-
Withholding tax on royalties	4	16
	<hr/>	<hr/>
Total current tax	4	16
Deferred tax asset		
On losses generated in the year	-	-
	<hr/>	<hr/>
	4	16
	<hr/> <hr/>	<hr/> <hr/>

10 Tax expense (continued)

There were no charges to current corporation taxation due to the losses incurred by the Company in the year. The reasons for the difference between the actual tax charge for the year and the US federal income tax rate of 21% and state of California income tax rate of 8.84% are as follows:

	Year to 31 December 2022 US\$'000	Year to 31 December 2021 US\$'000
Loss for the year	(7,606)	(7,428)
Tax using 29.84%	(2,270)	(2,217)
Expenses not deductible for tax purposes	34	689
Unrecognised deferred tax assets for losses carried forward	2,236	1,528
Total tax expense	-	-

The unrecognised deferred tax is based on Federal taxable losses carried forward of US\$53,485,000 (2021 – US\$49,393,000) and a Federal capital loss of US\$4,583,333 (2021 – US\$4,583,333). No deferred tax asset is recognised for these losses due to early stage in the development of the Company's activities. Of the total Federal losses carried forward US\$35,281,000 (2021 – US\$35,281,000) expire in 2030 and can only be used against trading profits from the same trade. Losses of US\$18,204,000 (2021 – US\$14,112,000) do not expire but can only offset against 80% of taxable profits from the same trade.

11 Loss per share

	Year to 31 December 2022 Total US\$	Year to 31 December 2021 Total US\$
<i>Numerator</i>		
Loss for the year used in basic EPS	(7,605,585)	(7,444,188)
<i>Denominator</i>		
Weighted average number of ordinary shares used in basic EPS	25,481,800	15,870,143
Resulting loss per share	(US\$0.298)	(US\$0.469)

The Company has one category of dilutive potential ordinary share, being share options (see note 21). The potential shares were not dilutive in the year as the Company made a loss per share in line with IAS 33. As described in note 19, between 2 July 2021 and 7 July 2021 the Company implemented a pre-Admission reorganisation of its capital which included the conversion of Series A and B Preferred Shares into Common Shares and a reverse share split by way of the issue of one new Common Share and Preferred Share for every 18 old Common Shares and Preferred Shares held.

As required by IAS33, the number of shares presented as the denominator in calculating loss per share has been adjusted from 1 January 2020, the beginning of the earliest period for which loss per share information is presented in order to maintain comparability.

12 Tangible assets

	Leasehold improvements US\$'000	Furniture and equipment US\$'000	Computers and IT equipment US\$'000	Plant & machinery US\$'000	Total US\$
<i>Cost or valuation</i>					
At 1 January 2021	982	56	50	1,051	2,139
Landlord contribution	(15)	-	-	-	(15)
Additions	349	-	35	258	642
At 31 December 2021	1,316	56	85	1,309	2,766
Additions	-	-	31	54	85
At 31 December 2022	1,316	56	116	1,363	2,851
<i>Accumulated depreciation and impairment</i>					
At 1 January 2021	712	56	50	859	1,677
Depreciation	233	-	3	87	323
At 31 December 2021	945	56	53	946	2,000
Depreciation	140	-	19	126	285
At 31 December 2022	1,085	56	72	1,072	2,285
<i>Net book value</i>					
At 31 December 2022	231	-	44	291	566
At 31 December 2021	371	-	32	363	766

Included in leasehold improvements at 31 December 2022 are right of use assets with a cost of \$1,282,052 (2021 - \$1,282,052) and accumulated depreciation of \$1,042,261 (2021 - \$911,119).

13 Intangible assets

	License US\$'000	Total US\$'000
Cost		
At 31 December 2021 and 2022	5,818	5,818
Accumulated amortisation and impairment		
At 1 January 2021	-	-
Amortisation charge	-	-
At 31 December 2021	-	-
Amortisation charge		
At 31 December 2022	-	-
Net book value		
At 31 December 2022	5,818	5,818
At 31 December 2021	5,818	5,818

On 18 June 2021, the Company entered into the Mount Sinai Licence Agreement, pursuant to which the Icahn School of Medicine at Mount Sinai ("Mount Sinai") granted an option to the Company to obtain a licence, on a non-exclusive basis, to use certain information held by Mount Sinai. The Mount Sinai Licence Agreement automatically became effective on Admission. Exercise of the option contained in the Mount Sinai Licence Agreement is conditional on: (i) Admission; (ii) clearance by Mount Sinai's information security team; and (iii) IRB, data security and data use approvals. Mount Sinai is under an obligation to use commercially reasonable efforts to obtain such clearances and approvals (other than Admission). Pursuant to the Mount Sinai Licence Agreement, Mount Sinai has granted the Company an option to obtain a licence, on a non-exclusive basis, to use certain information held by Mount Sinai to be able to develop future products.

14 Trade and other receivables

	2022 US\$'000	2021 US\$'000
Amounts falling due within one year		
Prepayments and accrued income	463	692
Other debtors	150	49
	<hr/>	<hr/>
	613	741
	<hr/> <hr/>	<hr/> <hr/>
	2022 US\$'000	2021 US\$'000
Amounts falling due after one year		
Rent deposit	13	13
	<hr/>	<hr/>
	13	13
	<hr/> <hr/>	<hr/> <hr/>

15 Trade and other payables

	2022 US\$'000	2021 US\$'000
Trade payables	358	212
Accruals and other payables	684	571
	<hr/>	<hr/>
Total financial liabilities classified as financial liabilities measured at amortised cost	1,042	783
Other payables – tax and social security payments	13	21
	<hr/>	<hr/>
Total trade and other payables	1,055	804
	<hr/> <hr/>	<hr/> <hr/>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

16 Lease Liabilities

	Land and buildings US\$'000	Plant and machinery US\$'000	Total US\$'000
At 1 January 2021	571	360	931
Interest expense	89	18	107
Repayments	(156)	(74)	(230)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	504	304	808
	<hr/>	<hr/>	<hr/>
Additions	-	-	-
Repayments	(134)	(125)	(259)
Interest expense	37	15	52
	<hr/>	<hr/>	<hr/>
At 31 December 2022	407	194	601
	<hr/>	<hr/>	<hr/>
		2022	2021
		US\$'000	US\$'000
Maturity of lease liabilities			
Within 3 months		62	57
Between 3 – 12 months		193	150
Between 1 – 2 years		233	255
Between 2 – 5 years		113	346
		<hr/>	<hr/>
		601	808
		<hr/> <hr/>	<hr/> <hr/>

17 Provisions

	Dilapidations US\$'000	Total US\$'000
At 1 January 2021	50	50
Movement	-	-
At 31 December 2021	50	50
Movement	-	-
At 31 December 2022	50	50

Provision is made for the anticipated cost of returning the Company's premises to their prior state on termination of the lease.

18 Net cash /(debt) reconciliation

	2022 US\$'000	2021 US\$'000
Cash and cash equivalents	3,088	9,217
Lease liabilities	(601)	(808)
Net cash / (debt)	2,487	8,409

	Cash and cash equivalents US\$'000	Borrowings and loans US\$'000	Net Debt US\$'000
Net debt at 1 January 2021	128	(10,630)	(10,502)
Cash flows	9,089	-	9,089
<i>Other non-cash movements:</i>			
Conversion of Convertible Loan Notes	-	10,396	10,396
Forgiveness of Payroll Protection Program loan	-	206	206
Lease liabilities	-	(471)	(471)
Accretion of interest on convertible notes	-	(309)	(309)
Net debt at 31 December 2021	9,217	(808)	8,409
Cash flows	(6,129)	-	(6,129)
<i>Other non-cash movements:</i>			
Lease liabilities		207	207
Net debt at 31 December 2022	3,088	(601)	2,487

19 Share capital

	Issued and fully paid	
	Number	US\$
<i>Shares of US\$0.0001 par value each</i>		
At 1 January 2020		
Common shares	5,092,839	510
Preference shares, Series A and B	79,738,560	7,973
Issue of common shares in the year	1,820,407	182
	<hr/>	<hr/>
Total at 31 December 2020	86,651,806	8,665
Reverse stock split, at ratio of 1 new common share	(81,837,883)	(8,184)
Issue of common shares on conversion of the Convertible Loan Notes and Warrants	9,350,888	935
Issue of common shares for cash	9,659,091	966
Issue of common shares for non-cash consideration	1,656,888	166
	<hr/>	<hr/>
Total issued share capital at 31 December 2021	25,480,790	2,548
Exercise of 5,192 options in the year	5,192	5
	<hr/>	<hr/>
Total issued share capital at 31 December 2022	25,485,982	2,553
	<hr/> <hr/>	<hr/> <hr/>

Between 2 July 2021 and 7 July 2021 the Company implemented a pre-Admission reorganisation of its capital which included, inter alia, the following:

- A reverse share split by way of the issue of one new Common or Preferred Share for every 18 old Common or Preferred Shares held
- Conversion of Series A-1 and Series A-2 Convertible Notes and related Warrants into Common Shares
- Conversion of Series A Preferred Shares and Series B Preferred Shares into Common Shares

20 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<i>Share premium</i>	Amount subscribed for share capital in excess of nominal value.
<i>Share based payment reserve</i>	Amount charged to date in respect of share based payment expense
<i>Retained earnings</i>	All other net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

21 Share-based payment

Prior to Admission to AIM the Company operated two share option plans: the 2010 Stock Incentive Plan and approved by the Board on 1 January 2010 and the 2020 Stock Incentive Plan was approved on 14 May 2020:

- (a) options granted under the 2010 Stock Incentive Plan fall into two groups:
 - (i) options granted in or before 2016 over a total of 2,183,634 shares, with exercise prices ranging from \$0.10 to \$0.16 per share, these options are now fully vested; and
 - (ii) options granted in 2019 over a total of 6,951,463 shares, with an exercise price of \$0.025 per share: these options generally vest on a monthly basis over three or four years from the date of grant. However, those granted to current employees of the Company were amended so that they became exercisable in full on Admission.
- (b) Options were granted in 2020 and 2021 under the 2020 Stock Incentive Plan over a total of 5,364,385 shares with an exercise price of \$0.0044 per share. These options vest over four years from the date of grant on a monthly basis, but certain of these options accelerated immediately before Admission, and became fully exercisable at Admission.

On 14 May 2021 the Board approved the Company's 2021 Omnibus Long-Term Incentive Plan ("LTIP") and it was approved by shareholders on 27 May 2021 to become effective approximately three days prior to Admission. The LTIP provides for the grant of both EMI Options and non-tax favoured options. Options granted under the LTIP are subject to exercise conditions as summarised below.

The LTIP has a non-employee sub-plan for the grant of Options to the Company's advisors, consultants, non-executive directors, and entities providing, through an individual, such advisory, consultancy, or office holder services and a US sub-plan for the grant of Options to eligible participants in the LTIP and the Non-Employee Sub-Plan who are US residents and US taxpayers.

With the exception of options over 384,924 shares, which vested immediately on Admission, the options issued under the LTIP vest 25% on the first anniversary of the vesting commencement date and an additional one forty-eighth of the total number of options after each subsequent calendar month for employees. For consultants options issued under the LTIP vest 25% on the first anniversary of the vesting commencement date and an additional one sixteenth of the total number of options after each subsequent quarter. If options remain unexercised after the date one day before the tenth anniversary of grant such options expire. Vesting shall accelerate in full in the event of a change of control of the Company.

As described in note 19, between 2 July 2021 and 7 July 2021 the Company implemented a pre-Admission reorganisation of its capital which included a reverse share split by way of the issue of one new Common or Preferred Share for every 18 old Common or Preferred Shares held.

At the date of the reorganisation there were 14,499,482 pre-Admission options outstanding to 32 option holders comprising Directors, former Directors and employees with exercise prices between \$0.0044 and \$0.16 per share. Those options were varied to reflect the reverse share split so that they were replaced with 805,492 options with exercise prices of between \$0.0792 and \$2.88 per share. The directors consider that this was a mechanical variation modification of the awards and not a modification for the purposes of IFRS2. Comparative figures have been adjusted to restate numbers and values of share options issued as if the reverse share split had been in effect from 1 January 2020.

On Admission on 8 July 2021 the Board approved grants of 769,707 to Paul Pagano and 386,703 options to David Anderson and on 23 November 2021 and 27 December 2021 the Board approved further grants, of 112,500 and 5,000 options respectively, to employees and consultants.

21 Share-based payment (continued)

	Weighted average exercise price US\$	Number
Outstanding at 1 January 2020	-	12,230,198
Granted during the year	-	2,345,845
Cancelled	-	(25,000)
Exercised during the year	-	(51,561)
		<hr/>
Outstanding at 31 December 2020 and 1 January 2021	-	14,499,482
Reverse share split	-	(13,693,990)
		<hr/>
Revised balance outstanding at 31 December 2020	0.74	805,492
Granted during the year	2.19	1,260,035
Exercised or expired during the year	0.74	(13,913)
		<hr/>
Outstanding at 31 December 2021	1.74	2,065,527
		<hr/>
Granted during the year	2.37	75,000
Exercised during the period	0.45	(5,192)
Expired during the year	1.80	(18,356)
		<hr/>
Outstanding at 31 December 2022	1.76	2,116,979
		<hr/>
Exerciseable at 31 December 2022	1.62	1,506,180
		<hr/>

The exercise price of options outstanding at 31 December 2022 ranged between US\$0.08 and US\$2.70 and their weighted average contractual life was 5.03 years and weighted average expected life was 3.55 years. The fair value of each share option granted has been estimated using a Black-Scholes model. The weighted average inputs into the model for the 2022 grants are a share price of \$2.37, exercise price of \$2.37, expected volatility of 55.21%, expected dividend yield of 0%, expected life of 5.03 years and a risk-free interest rate of 1.26%. In the absence of historic volatility data available at the grant date the expected volatility of 55.21% was estimated based on comparable companies.

The Company recognised total expenses of US\$614,000 (2021: US\$409,000) within administrative expenses relating to equity-settled share-based payment transactions during the year.

22 Related party transactions

During the year an amount of US\$130,000 (2021 – US\$2,190,000) was invoiced by The Icahn School of Medicine at Mount Sinai for services rendered in the year. As of 31 December 2022 no amounts were owed to The Icahn School of Medicine at Mount Sinai (2021 – Nil).

During the year Paul Pagano and David Anderson, both directors of the Company, each purchased 5,000 shares in the Company using their own funds.

23 Events after the reporting date

There have been no events subsequent to the year-end that require disclosure in these financial statements.