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Annual Report and Accounts

for the year ended 31 December 2023

Verici Dx plc

Annual report and financial statements
for the year ended 31 December 2023

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Verici Dx plc

Company information
for the year ended 31 December 2023

Directors	Julian Baines, MBE *(Non-executive Chairman)* Sara Barrington *(Chief Executive Officer)* Sir Ian Carruthers, OBE *(Senior Independent Non-executive Director)* Dr Erik Lium *(Non-executive Director)* James McCullough *(Non-executive Director)* Dr Lorenzo Gallon *(Non-executive Director)*
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Registered Office	Avon House 19 Stanwell Road Penarth Cardiff, CF64 2EZ
Company Number	Registered in England and Wales Number 12567827
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Legal Adviser to the Company	Shoosmiths LLP No 1 Bow Churchyard London, EC4M 9DQ
Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
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Website	www.VericiDx.com

Verici Dx plc

Chair's statement
for the year ended 31 December 2023

2023 stands out as a pivotal chapter in Verici Dx's history, reflecting a period of excellent strategic progress and a transformative leap from a research-focused entity to a commercial-stage company with two clinically validated products and substantial opportunities for further value creation.

The year saw several significant achievements, foremost among them was securing a global licensing and commercialisation agreement with One Lambda Inc., (a Thermo Fisher Scientific company) ("Thermo Fisher") in November 2023. This followed the successful clinical validation of Clarava™, our pre-transplant prognosis test for the risk of early acute rejection ("EAR") in patients having received a kidney transplant from a deceased donor. This exclusive license grants Thermo Fisher the rights to transfer and further develop as appropriate the assay for pre-transplant risk assessment for validation as a Laboratory Developed Test ("LDT") in its CLIA laboratory in the U.S., as well as the sole right, but not obligation, to manufacture, distribute and sell the assay worldwide. The license agreement includes an upfront payment to the Company, along with a number of further payments conditional upon operational deliverables related to technology transfer and related publications. The initial upfront payment was received before year end. In addition, Verici Dx granted Thermo Fisher a non-exclusive license for access to a portion of the Company's urine samples, demonstrating the additional value in the Company's data and sample assets for research. Under the above arrangements, payment events for Verici Dx over the 12 months following entry into that agreement are expected to total approximately US$5 million with a further milestone-linked payment thereafter, in addition to ongoing royalties on tests sold.

Another highlight was announcing that, in December 2023, the data from the Company's successful international validation study for Tutivia™ was peer reviewed and published in *The American Journal of Transplantation*. This is the official journal of both the American Society of Transplantation and the American Society of Transplant Surgeons with a combined membership of approximately 6,000 transplant professionals. Tutivia™ is our post-transplant diagnostic test focused on acute cellular rejection ("ACR") including sub-clinical rejection, which was commercially launched in January 2023 and which we are continuing to roll out.

We were also pleased to note that the pricing for both Tutivia™ and Clarava™ was confirmed and finalised by the Centers for Medicare & Medicaid Services ("CMS") at the proposed rates of $2,650 per test, effective from 1 January 2024. Coverage is the final stage for Medicare reimbursement and the technical assessment file for coverage under the Local Coverage Determination ("LCD") was submitted Q1 2024. It is expected that a coverage determination will be obtained by the end of 2024.

Turning to our third product, Protega™, at the start of the year we completed enrolment for the longer duration clinical validation study. This is a liquid biopsy that aims to predict the risk of fibrosis and long-term graft failure. Together with Clarava™ and Tutivia™, this will allow Verici Dx to offer end-to-end testing for kidney transplant patients and their clinicians. Post year-end, the scheduled 12 months post operation visits for enrolled patients were completed and, as planned following our recent fundraise, the clinical trial protocol was extended to include a 24-month post-transplant visit for participants to further support the long-term outcomes data. This is expected to conclude the study visits for the clinical trial. Protega will be assessed on an interim basis with these results expected in the first half of 2025.

This progress across all three of our lead tests reflects the Company's strategic focus, clear product differentiation, and significant competitive advantages. The tests are based upon RNA signatures which return high performance in risk stratifying patients so that clinicians can proactively tailor care pathways. The highly inclusive clinical trial, which was designed to be as close to what would be found in clinical practice, also included longitudinal sample collection and transcriptional sequencing across blood, urine and tissue. This has yielded an unparalleled data and biorepository asset for research use, including collaborations. This value is already being recognised, as evidenced by the non-exclusive license fee paid by Thermo Fisher for access to the urine samples. The Company will continue to build its sample and data assets over time and expects further monetisation over time, alongside the potential to enhance its own products and their positioning from the insights obtained.

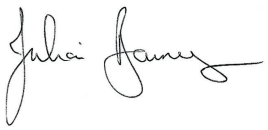
In addition, Verici Dx has also made strong operational progress, receiving further recognition for our clinical laboratory which has now achieved CLIA certification, allowing us to process tests from 51 states. This exemplifies the Company's commitment to a quality-focused approach to providing advanced kidney transplant diagnostics services to clinicians and patients in need. In addition, the laboratory gained accreditation from the internationally recognised College of American Pathology (CAP), further affirming our commitment to operating at the highest standards expected by healthcare providers, patients and regulatory bodies.

During 2023 we registered two significant new patents that extend our intellectual property portfolio and protect our proprietary methods of predicting and diagnosing sub-clinical and clinical acute kidney rejection.

Despite the challenging global financing environment, we have significantly strengthened our financial position through both the Thermo Fisher agreement in November 2023, as detailed above, and also the early 2024 equity fundraise which raised a total of £6.5m in gross proceeds (£6.0 m net) through the issue of 72,222,222 new ordinary shares. Verici Dx is grateful to its existing shareholders for their continued support and delighted to welcome those new to the register.

Together, these transactions, and our assumptions, extend our cash runway into 2026 and position us well as we continue to make progress during a busy 2024. Our strategic focus this year will be to advance multiple growth initiatives in parallel, with the potential to build greater value in the Company and we have made a strong start to the year in this regard.

On behalf of the Board, I would like to thank our dedicated colleagues who have contributed to the Company's success in the past year, the patients and their caregivers who have taken, and are taking, part in our clinical trials as we work towards our goal of improving patients' lives throughout the kidney transplant journey, and our investors and partners for their continued support throughout the year.



Julian Baines
Non-executive Chair

29 May 2024

Verici Dx plc

Chief Executive Officer's Report
for the year ended 31 December 2023

At Verici Dx, we are driven by an unrelenting focus on improving potential outcomes for all transplant patients, with an initial focus on kidney transplants. We aim to do this by providing early predictive tests to cover the full transplant lifecycle, from pre-transplant to late stage, thereby meeting a critical need by enabling clinicians to make more informed treatment decisions. To this end, 2023 has been a transformational year with the delivery of many significant strategic objectives. These achievements relate both to our products, where we benefit from our differentiated offering and clear competitive advantages which are covered in detail below, and to our laboratory and clinical operations where we see growing recognition for the strength and quality of our platform.

Excellent progress across our lead products

By meticulously adhering to our disciplined cost management strategy, we carefully selected our investments and allocated organisational resources throughout the year. This focused approach directly contributed to measurable advancements across our strategic plan which has continued to evolve with access to further funding in early 2024.

Our first product is the post-transplant test, Tutivia™, which was clinically validated in 2022 and commercially launched at the start of 2023. During the year, we continued to work with leading US transplant centres to support the adoption and integration of Tutivia™ into their clinical pathways to encourage consistent and recurring utilisation. Following some initial short-term delays by clinical centres as they analysed the potential impact on the overall market of announcements made by CMS, we saw an acceleration in the early adopter programme through the later part of 2023.

We were delighted to announce in December 2023 that the data from the Company's successful pivotal international validation study for Tutivia™ had been peer reviewed and published in *The American Journal of Transplantation, the* official journal of both the American Society of Transplantation and the American Society of Transplant Surgeons with a combined membership of approximately 6,000 transplant professionals. Publication in a leading scientific journal is a crucial step in the commercialisation of a new product as the peer-review process supports the verification of the reliability and credibility of the research, building trust and confidence within the scientific community. Publication is also a key element in the application by Verici Dx for Tutivia™ to obtain a local coverage determination ("LCD") for Medicare reimbursement, opening the test up for Medicare patients and increasing the likelihood of the test being adopted by centres. The Technical Assessment ("TA") File for this was submitted post year-end., an important step in the pathway for reimbursement coverage from Medicare. We expect a period of review and questions during the course of 2024 and expect to have a determination by the end of the year. Submitting the TA means that the Company will be able to apply for retrospective reimbursement on tests used after the submission was made, once the subsequent LCD is granted. The award of the LCD is also required before we can recognise revenues.

Turning to our pre-transplant test, Clarava™, we announced the successful results from our multi-centre clinical validation study in July 2023. The study, which included a broad and diverse group of patients preparing to receive a kidney transplant across 13 centres, demonstrated a statistically significant result, identifying patients that are at increased risk for a kidney rejection event in the critical first 60 to 90 days post-transplant after receiving a kidney from a deceased donor. This equates to around 65,000 eligible patients per year. Study data analysis of the clinical performance of Clarava™ determined that patients of high risk based on their test result were approximately six times more likely to have a rejection than those of low risk. As noted in the Chair's Statement, this in turn led to the signing of a global licensing and commercialisation agreement with Thermo Fisher to further develop an assay for pre-transplant prognostic testing for risk of early kidney rejection which was announced on 15 November 2023.

It is worth noting that the Centers for Medicare & Medicaid Services ("CMS") finalised the Clinical Laboratory Fee Schedule ("CLFS") payment rate of $2,650 for both Clarava™ and Tutvivia™, with the rate taking effect for three years from 1 January 2024. Having a national payment rate established by CMS represents another step toward securing reimbursement for testing by Medicare.

Moving on to Protega™, this is the third blood-test product to emerge from our platform of personalised, predictive RNA signature tests and completes our proposed blood-based portfolio for end-to-end kidney transplant testing, from pre-transplant to long-term damage. Enrolment into the longer duration validation study was finalised in the first quarter of 2023. We expect that the final validation point will be completed after follow-up at the 24-month point for the last patient tested, which is expected to be in Q1 2025. The Company expects to be able to review interim data before this point and we will provide further updates as appropriate.

Clear product differentiation and competitive advantages

Our portfolio of innovative kidney transplant tests use advanced next-generation sequencing to define a personalised risk profile for each patient using RNA signatures. This allows for the early prognosis of transplant rejection, enabling a meaningful risk stratification for care pathways. A high-risk patient identified by Tutivia is six times more likely to be having a rejection that a low-risk patient. In Clarava this increased to seven times. This is a significant advantage over currently available tests, which detect evidence of damage already occurred and may be confounded by other conditions.

Our tests enable doctors to have accurate, data-driven clinical information, to assist their care decision-making for patients including choices made about immunosuppressive therapy protocols and may also inform other aspects of the post-transplant care pathway over time. This has not only near-term scope to reduce the unnecessary and serious consequences from over- or under-dosing for immunosuppression in conjunction with kidney transplant, but also to improve the longevity of transplanted kidneys and, by reducing the risk and rate of transplant failure, much broader potential to deliver huge health economic benefits by improving transplant outcomes.

Tutivia™ has a number of important differentiators from current biomarker tests. One is the ability to risk stratify patients as early as the first week post-transplant for all types of patients and all types of rejection. The validation trial demonstrated that about 25% of patients were high risk and with an odds (or hazard) ratio of 5.74 which indicated that these high-risk patients were about 6 times more likely than the low-risk patients to be having, or at imminent risk of having, an acute rejection. This therefore enables clinicians to act proactively, rather than reactively, to rejection events. Tutivia™ also demonstrated that it was not confounded by other events such as the BK virus, which requires a different treatment care pathway to that of rejection.

Another differentiating feature is that other currently available single blood tests which look for signs of transplant damage typically have a high Negative Predictive Value ("NPV") but are non-specific. This means that if the blood test returns a negative result, clinicians can be confident that there is no current rejection occurring but remain uncertain whether a positive result is from a rejection or an infection, or physical trauma. Consequently, these tests function primarily as a 'rule out' tool, but this is limiting for clinicians, who may need to know with some degree of confidence whether their patient requires further interventions.

Crucially, in contrast to other tests, our validation study was a blinded 'all-comers' patient population across 13 international transplant centres. This means that we were able to test the power of Tutivia™ within a clinically realistic context that included all types of rejection and all types of patients. We believe that Tutivia™ is the only product currently on the market to have been validated so comprehensively. This broad testing population compared with more targeted sub-populations will lead to a more muted performance overall but still managed to return the highest performance amongst its comparators for positive predictive value ("PPV") but not at the statistical price of NPV, as the overall performance was well balanced with a NPV of 79%.

Turning to our pre-transplant test, Clarava™, we announced the successful results from our multi-centre clinical validation study in July 2023. The study, which included a broad and diverse group of patients preparing to receive a kidney transplant across 13 centres, demonstrated a statistically significant result, identifying patients that are at increased risk for a kidney rejection event in the critical first 60 to 90 days post-transplant after receiving a kidney from a deceased donor. Importantly for a risk assessment tool, the study data analysis of the clinical performance of Clarava™ determined that patients of high risk based on their test result were approximately seven times more likely to have a rejection than those of low risk. This is based upon the patient's likely immune response to a transplanted

kidney from a deceased donor without knowing the condition of the organ or its compatibility with the patient, and so is unique information for the clinician.

Continued delivery of significant operational milestones

During the period, we successfully progressed our laboratory registration status under the CLIA Certificate of Compliance by the Centers for Medicare & Medicaid ("CMS") and are pleased to confirm that Verici Dx is now fully accredited in 51 states. This enables us to test samples from patients based in any of these states. We are currently working on reaching accreditation in the last remaining state of New York and hope to receive this later in 2024.

We were pleased to receive confirmation that the Medicare price recommendation of $2,650 was finalised for both Clarava™ and Tutivia™. This rate was established through the "gapfill" process for both Tutivia™ (CPT 0320U) and Clarava™ (CPT 0319U) and became effective as of 1 January 2024. Gapfill pricing is a method used by CMS to establish a payment rate for clinical diagnostic laboratory tests when no comparable test is priced on the CLFS and involves setting the payment rate for the test at the median of rates established by local Medicare contractors. Coverage determination for Tutivia will be applied for through a technical assessment application under the Local Coverage Determination ("LCD") in the Palmetto region of MolDx. Following submission of this application in Q1 2024, the review process is now well underway, and a determination is expected later in 2024. The Company is able to make retrospective claims for any tests used following formal acceptance of the application, once the LCD is granted.

In addition, registration for Medicaid has been approved in 15 states, as well as with BlueCross Blue Shield of Tennessee, the largest health benefit plan company in the state, with a further 12 states pending. Together, Medicaid and Medicare patients account for 65% of all transplant recipients across the US.

The Company's intellectual property was further secured by the issuance of two key US patents during the year. These support and protect the Company's core technologies in RNA signature biomarker tests used for assessment of the prognostic risk pre-transplant (Clarava™) and post-transplant (Tutivia™) risk of acute kidney transplant rejection, providing protection in the US until 2039 and 2036 respectively. The patents underpinning Tutivia have also been previously granted in Europe, China and Australia. The protection of the Company's intellectual property is fundamental to our strategy of amassing full transcriptomic data from the biological systems and interactions associated with transplant rejection and, over the longer term, informing transplant analysis in other organs and in the broader field of immune-mediated diseases.

In November 2023, we achieved ISO 27001 certification for our Information Security Management System ("ISMS"). This demonstrates the robustness of our systems and processes in maintaining the highest level of data protection for our patients, clients, partners, and stakeholders.

Completion of partnerships and agreements

In November 2023, the Company announced an agreement for an exclusive license granting Thermo Fisher the rights to transfer an assay for pre-transplant risk assessment for further development as a Laboratory Developed Test ("LDT") in its CLIA laboratory in the U.S., as well as the sole right, but not obligation, to manufacture, distribute and sell the assay worldwide. The license agreement included an upfront payment to the Company, along with a number of further payments conditional upon operational deliverables related to technology transfer and related publications. This initial upfront payment was received before year end. In addition, Verici Dx has granted Thermo Fisher a non-exclusive license for access to a portion of the Company's urine samples, demonstrating the additional value in the Company's data and sample assets for research. Under the above arrangements, payment events for Verici Dx over the 12 months following entry into the license agreement are expected to total approximately US$5 million with a further milestone-linked payment thereafter, in addition to ongoing royalties on tests sold. A total of $2.8 million of the c.$5 million has been received to the date of this report.

In January 2024, the Company announced a collaboration with The Westmead Institute for Medical Research based in Sydney, Australia, on a newly awarded, 4-year federal research grant. This forms part of the Australian Government's Medical Research Future Fund (MRFF) "Genomics Health Futures Mission". The collaboration between Verici Dx and The Westmead Institute for Medical Research aims to improve the understanding of factors contributing to graft loss in organ transplants, focusing on genetic differences between donor and recipient beyond the well-known HLA[1] mismatches. By incorporating a broader range of genetic data through multiple cohorts with varying ethnic backgrounds, the goal is to enhance the prediction and management of risks associated with organ transplants, ultimately leading to better outcomes for patients. Verici Dx will use its CAP-accredited/CLIA-certified laboratory to perform sequencing from blood samples across 3 sites, as well as apply its existing biomarker tests to the samples to assess their use in this diverse population.

Management and staff

As of 31 December 2023, the Company had 14 Full Time Equivalents ("FTE") employees. At the time of this report, we have increased our headcount to 19 FTE as we augment our commercial and bioinformatics team. We are privileged to have such a rich, diverse talent pool and the continued engagement and commitment of our people is critically important.

Financials

Statement of Comprehensive Income

The Company recorded its first revenues in the year, arising from the license agreement with Thermo Fisher, representing the transfer of the urine samples. We also invoiced, and received payment by year-end, on a further $1,500,000 in the year under this agreement, which is recorded as deferred income on the balance sheet in accordance with IFRS revenue recognition requirements.

The adjusted EBITDA loss, being the loss for the year, before the deduction of interest, taxation, amortisation and depreciation, and excluding the share-based payments charge, was US$7,585,000 (2022 - US$10,497,000). The reduction reflects the significant fall in research and development expenditure to US$2,429,000 (2022 – US$4,832,000) as enrolment into our clinical trials concluded, notwithstanding the increase in staff costs to US$3,813,000 (2022 – US$2,889,000) as the full year impact of the 6 new hires in 2022 is included. All research and development costs arise from third parties, this does not include any allocation of internal costs. We started the year with 15 full time employees, two left the business in the year and a further hire joined in January 2023 meaning we ended the year with 14 full time employees, both numbers excluding our non-executive directors. As noted above, this number has since increased to 19 as of the date of this report.

Statement of Financial Position and Cash Flows

Cash balance at year end was US$2,645,000 (2022 – US$9,805,000). Cash outflow from operations was US$7,160,000 (2022 – US$10,068,000) reflecting the lower loss for the year, with cash outflow on additions to tangible and intangible assets of US$231,000 (2022 – US$1,308,000). The biggest constituent of spend on capital expenditure in 2022 was the construction of our CLIA laboratory in Tennessee.

Within current and non-current liabilities, we entered a financing transaction in December 2022 to secure favourable terms on a new sequencer. At 31 December 2023 the liability was US$161,000 (2022 – US$239,000). We also entered into a five-year lease on our new CLIA laboratory in Tennessee in September 2022, resulting in the recognition of a right of use asset and corresponding liability. At 31 December 2023, the liability was US$379,000 (2022 – US$461,000). The largest balance within our accruals continues to be our accruals for costs incurred at the clinical trial sites not yet invoiced being US$772,000 (2022 – US$912,000). The deferred revenue of US$1,500,000 (2022 – US$Nil) represents an amount invoiced, and received, in 2023 but to be recognised in income once the conditions for recognition as revenue are satisfied.

As of 31 December 2023, the Company had a cash balance of $2,645,000 (2022 - $9,805,000).

At the time of the equity fundraise, we set out a number of strategic priorities centred around the following key areas:

- Stepwise additions to headcount and marketing budgets to accelerate product awareness and adoption for the core unlicensed portfolio, in particular with regard to Tutivia opportunities and the first Protega product validation;
- Further development of both the urine samples and the Living Donor version of Clarava, utilising our own existing samples together with additional external samples;
- Driving further value gains from the current and expanded research asset (samples and data)

We have made a strong start on the highest priority initiatives and will provide further updates on these as appropriate.

Outlook

The steps we have taken to bolster our financial position mean we are now very well positioned to progress our strategic ambitions. The focus this year will be to advance multiple growth and value creation initiatives over the short, medium and longer term, whilst maintaining our strong financial discipline.

Over the remainder of 2024 and beyond, we will look to accelerate the Tutivia™ commercial rollout with more leading US transplant centres and expect to expand the revenue base. With additional sales personnel now in place, the support of further analysis from our recently recruited in-house bioinformaticians and further advocacy with key opinion leaders, we are primed to promote commercial progress in the second half of the year. We are continuing the longer duration Protega™ study and are also maintaining our support to Thermo Fisher in their commercialisaton of Clarava™, with updates to be provided at the appropriate times. As previously stated, VericiDx is also looking at other licensing and collaborative opportunities.

We also have range of other opportunities to expand the product range, monetise our data assets, and potentially expand into new areas going forward. As previously indicated, there are additional research and product development opportunities from the clinical trial samples and data for example we will be assessing the role of urine based testing. We can review the performance of tests being used in conjunction such as Clarava Deceased Donor and Tutivia or the interactions with Protega or the urine tests. We are also looking to develop a living donor recipient version of Clarava once we have identified enough patient samples to power the validation study analysis.

We are also developing a health economics model to aid our commercialisation efforts, which we expect to submit for publication by the end of the year.

On behalf of the Board, I would like to thank our shareholders for their support in this transformational year. We look forward to delivering further progress over the course of 2024 as we pursue our strategy of transforming kidney transplant outcomes.

Sara Barrington
Chief Executive Officer

29 May 2024

Verici Dx plc

Board of Directors
for the year ended 31 December 2023

The Directors of the Company during the period were:

Julian Baines, MBE – *Non-executive Chair*

Julian is the Company's Non-executive Chair and member of the remuneration committee.

Julian is Executive Chair of EKF Diagnostics Holdings plc. During his tenure at EKF, he has successfully completed multiple fundraisings and the acquisition and subsequent integration of eight businesses in seven countries, building revenue from zero to over £40,000,000. Prior to joining EKF, Julian was group chief executive officer of BBI Holdings plc, where he undertook a management buyout in 2000, its AIM flotation in 2004 and was responsible for selling the business to Alere, Inc. (now part of Abbott Laboratories) in 2008 for c. £85,000,000.

In 2016, Julian was awarded an MBE for services to the life sciences industry. Julian was appointed a Non-Executive Director of the Company on 22 April 2020.

Sir Ian Carruthers, OBE – *Senior Independent Non-Executive Director and chair of the audit committee and nomination committee.*

Sir Ian Carruthers holds a number of chair and non-executive board and advisory roles in the public and private sectors. He was previously Chief Executive of NHS South of England, comprising three health bodies: South West, South Central and South East and his career in the National Health Service spans over 40 years. He was awarded the OBE for services to health in 1997 and a Knighthood in 2003 for services to the NHS. In 2006 he took over as Interim Chief Executive of NHS England, amongst the largest organisations in the world with over 1.3 million employees and a budget in excess of £100 billion. He has been the lead author on several papers on reviewing and improving the NHS and is seen as an international expert on healthcare systems and service delivery.

He is currently Chancellor of the University of the West of England, and was formerly Chair of Healthcare UK, Chair of the Innovation Health and Wealth Implementation Board, Co-Chair of the Prime Minister's Challenge on Dementia and Non-Executive Director of Bioquell plc.

Sir Ian Carruthers was appointed as a Non-executive Director of the Company on 19 August 2020.

James McCullough – *Non-executive Director and member of the remuneration committee and the nomination committee*

James is the CEO of Renalytix plc.

James has experience building emerging technology companies in both the public and private sectors with specific expertise in the life-sciences industry. His skills include equity and debt capital formation, strategic development and partnerships, executive team structuring, regulatory issues and marketing. The Renalytix IPO was completed in November 2018, raising over £22 milllion for the company. Following successful progress in validatory development, regulatory discussions, reimbursement, pricing and insurance coverage determinations, a follow-on fundraise was arranged in July 2019 at over double the IPO price, enabling expansion of the team and acceleration of key workstreams. In July 2020, Renalytix successfully dual-listed on Nasdaq with a market capitalisation of £378.1 million after raising a further $85 million (approximately £68 million).

James McCullough – *Non-executive Director and member of the remuneration committee and the nomination committee (continued)*

Prior to his role at Renalytix, James was Chief Executive Officer of Exosome Diagnostics, a venture backed personalised medicine company developing non-invasive liquid biopsy diagnostics in cancer. Exosome Diagnostics was acquired by Bio-Techne Corporation (NASDAQ: TECH) in 2018.

James received his B.A. from Boston University and an M.B.A. from Columbia Business School. James is currently Chairman of BalletNext, a performing arts company in New York City. He currently holds Series 79 and Series 63 securities licenses from the Financial Industry Regulatory Authority in the US.

James was appointed a Non-executive Director of the Company on 22 April 2020.

Sara Barrington – *Chief Executive Officer*

Sara is an Executive Director.

Sara has leadership experience both financially and operationally with a focus upon developing and commercialising life science products. She was the CEO of LungLife AI a diagnostic company for early-stage lung cancer. Prior to that she was with Bruin Biometrics, a LA-based medical device company as EVP Business Operations and previously CFO. In her role at Exosome Diagnostics, a venture-backed personalised medicine company the focus was upon the development of non-invasive liquid biopsy diagnostics in cancer. The company was successfully sold to Bio-Techne Corporation in 2018. She was previously CFO at AusAm Biotechnologies developing diagnostics in kidney disease. Sara is also CCO of Kantaro Biosciences, a joint venture between Renalytix and Mount Sinai for the commercialisation of COVID-19 antibody testing. Prior to working in the US, she worked for British Telecom in London in business development and strategy.

Sara is qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales. She has also qualified with Chartered Institute of Marketing.

Sara was appointed a Director of the Company on 19 August 2020.

Dr. Erik Lium – *Non-executive Director and chair of the remuneration committee.*

Dr Lium in his capacity as Non-Executive Director will represent Mount Sinai on the Board as part of the ongoing relationship between the Company and Mount Sinai.

Dr Lium is President of Mount Sinai Innovation Partners (MSIP) and Executive Vice President and Chief Commercial Innovation Officer, Mount Sinai Health System. He is also Non-Executive Director of Renalytix. Dr Lium represents Mount Sinai on several private company boards and previously served as a member of the investment review committee for the Accelerate NY Seed Fund. Dr Lium also serves as chairman of the board of managers of Kantaro.

Prior to joining Mount Sinai, Dr. Lium served as the Assistant Vice Chancellor of Innovation, Technology & Alliances at the University of California, San Francisco (UCSF), and the UCSF Principal Investigator for the Bay area National Science Foundation I-Corps node and Assistant Vice Chancellor of. Dr. Lium served as President of LabVelocity Inc. prior to its acquisition in 2004. He pursued post-doctoral research at UCSF in the laboratory of J. Michael Bishop, MD, and earned a PhD with honours from the Integrated Program in Cellular, Molecular and Biophysical Studies at Columbia University in the laboratory of Dr. Saul J. Silverstein. Dr. Lium holds a BS in Biology from Gonzaga University.

Dr Lium was appointed a Non-Executive Director of the Company on the 19 August 2020.

Dr. Lorenzo Gallon – *Non-executive Director and member of the audit committee*

Dr Gallon is Professor of Medicine and Surgery, Director, Abdominal Organ Transplant Program at the University of Illinois, Chicago. He is an alumnus of the University of Padua Medical School, Italy and Harvard Medical School.

An expert in nephrology and hypertension as well as organ transplantation, Dr. Gallon's primary research interests include:

- The role of immunosuppressive medications in modulating the immune system,
- Genomics of chronic renal allograft rejection,
- Prednisone-free and calcineurin inhibitors-free immunosuppressive protocols,
- New immunosuppressive strategies,
- Focal segmental glomerulosclerosis (FSGS), and
- Aging and impact of physical exercise after kidney transplantation.

With 20 years' experience in the life sciences industry, focusing largely on nephrology and organ transplantation, Dr. Gallon is excellently placed to provide insight and guidance in the development of Verici's two lead products, Clarava™ and Tutivia™. He was a collaborator and co-author with Verici's previous SAB Chair, Dr. Barbara Murphy, in the GoCar study which was foundational in the development of Verici's products. He has also been a member of the Editorial Board at the journal *Nephron* since 2019.

Our Strategy and Business Model

Verici Dx is a commercial stage diagnostics company, transforming the outcomes of kidney transplants through a complementary suite of proprietary, leading-edge tests. These form a kidney transplant platform for personalised patient and organ response risk to assist clinicians in medical management for improved patient outcomes. The underlying technology is based upon artificial intelligence assisted transcriptomic analysis to provide RNA signatures focused upon the immune response and other biological pathway signals critical for transplant prognosis of risk of injury, rejection and graft failure throughout the transplant journey from pre-transplant stage right through to late stage.

Key pillars underpinning our business model

Our business model is driven by six key pillars that collectively underscore our commitment to innovation, growth, and responsible financial stewardship.

- *Large and growing market potential*: We operate within a large and expanding total addressable market, which demonstrates both the need for our innovative solutions and the significant potential growth opportunities that lie ahead.

- *Product leadership and innovation*: Our lead products are designed to directly address critical but currently unmet needs within the kidney transplant sector. They stand out for their clear product differentiation and competitive advantages.

- *Technological advancement and flexibility*: The underlying technology behind our offerings is not just a cornerstone of our current capabilities but also serves as a versatile platform with potential applications across various other indications. This provides additional optionality for our longer-term strategy.

- *Strategic collaborations and commercial opportunities*: We are continuously exploring and capitalising on opportunities for value-enhancing partnerships and collaborations, driving both our growth potential and our reputation within the kidney transplant sector.

- *Financial discipline and sustainability*: A cornerstone of our strategy is the prudent management of the balance sheet and cash flow, ensuring we maintain a robust financial foundation. This disciplined approach has allowed us to extend our cash runway, positioning us to pursue our strategic objectives with confidence and stability.

- *Strong leadership*: Our leadership team combines significant industry expertise with a proven commercial track record and is backed by a strong Scientific Advisory Board of key opinion leaders in the fields of clinical transplant and transplant immunology.

Significant market opportunity

Globally there are approximately 100,000 kidney transplants currently performed each year (2022 102,090 https://www.statista.com/.), of which about 28,000 are performed in the US, and about 25,000 in Europe.

Looking specifically at the position in the US, our primary market, the comparatively low number of procedures compared to the numbers of individuals on the waiting list (estimated at 90,000) was recognised as an issue with patients waiting for a transplant for on average 3 to 5 years, and even longer in some geographical locations. It also formed part of the policy in the 2019 US Executive Order, *Advancing American Kidney Health,* whereby transplant organisations were required to improve efficiencies in the transplant network and expand support for living donors with the further goal of doubling the number of available transplants by 2030.

A critical and currently unmet need for personalised diagnostics

End stage kidney disease ("**ESKD**") is the final permanent stage of chronic kidney disease, where a patient's kidneys are unable to function on their own and they need either dialysis or a kidney transplant in order to survive. Per the National Institute of Health, it is estimated there are 786,000 ESKD patients in the US 71% currently on dialysis and 29% with a kidney transplant. In 2022 there were over 26,000 kidney transplants completed in the US. It is estimated that 37 to 50 per cent. of transplant recipients have evidence of a rejection event, these can be sub-divided into:

- Clinical Acute Rejection ("**cAR**"), which occur in approximately 10 per cent. to 15 per cent. of kidney transplant recipients in the first year post-transplant. This is usually indicated by a rise in serum creatinine over baseline and determined by a for-cause biopsy. It is usually alleviated with a change in immunosuppressive therapy.
- Subclinical Acute Rejection ("**subAR**") occurring in 27 to 40 per cent. of patients with stable serum creatine in the first year post- transplant. It can be referred to as silent rejection because it often goes undetected. The only way to identify subAR is through a surveillance biopsy. However only 17 per cent. of transplant centres in the U.S. employ a surveillance biopsy program.

It is now well established that the recipient's immune response directed toward the transplanted kidney drives acute rejection, leading to chronic injury and failure of the transplant, thus necessitating lifelong immunosuppression drug therapy.

One of the major issues with current immunosuppressive protocols is that they are not tailored to the individual patient's needs. In clinical practice, immunosuppressive therapy is often decided based on broad clinical criteria including anti-HLA antibodies, race, prior transplantations and recipient age. However, these indicators perform poorly in predicting individual risk for development of acute rejection. As a result, most patients receive a standardised immunosuppressive protocol resulting in a significant proportion of individuals being exposed to either insufficient or excessive immunosuppression, leading to acute rejection and/or complications associated with over-immunosuppression. These complications include infections, malignancy, diabetes, hypertension and heart disease. The number of patients receiving higher doses of immunosuppression around the time of a transplant continues to increase in an attempt to minimise rejection and protect the transplanted kidney.

Current standard of care

There is no current pre-transplant mechanism to determine the optimal approach to immunosuppressive therapy for a given patient beyond the presence of recipient antibodies directed toward the donor tissue, which can be found in only approximately 10 per cent. of patients.

Early identification of individuals at high risk of acute rejection could allow targeted therapies aimed at improving long-term outcomes. Evidence exists that the phenotype and function of the immune system in patients before kidney transplantation affects the risk for subsequent acute rejection after transplantation, but no biomarker has been identified to quantify or otherwise assess this risk.

Following transplant, clinicians use a standardised approach to managing immunosuppression, slowly reducing drug levels to a maintenance level over the first three to six months. There are currently no biomarkers available to indicate if a patient is under or over immunosuppressed. Manifestation of clinical injury via measurement of serum creatinine is the standard of care as well as tests that use dd cfDNA to rule out that a patient is experiencing rejection, by measuring evidence of the effects of damage to the kidney *after* it has happened.

Furthermore, there is no clinically available mechanism to identify a patient that is at risk of developing graft injury, either inflammation or fibrosis or both, and therefore at risk of long-term graft failure.

Verici's solution

Our goal is to meet clinician needs by facilitating a shift towards more precise and timely predictive tests, acknowledging that the current "one-size-fits-all" model falls short.

To this end, the Company is developing a unique suite of tests to understand how a patient is likely and may be responding to organ transplant. There are many biological systems that are important in assessing rejection. One is the recipient's immune system which poses a threat to the grafted organ. Patients' immune and other biological systems such as cell repair and metabolism vary in their response to the presence of the transplanted organ. The Company's products and solutions are underpinned by extensive scientific research into how the recipient's biological systems are likely to respond to the transplanted organ and how that response further influences acute rejection, chronic injury and, ultimately, failure of the transplant. These RNA signatures may also assist clinicians in their assessment of the optimal strategy for immunosuppressive and other therapies to enable successful graft acceptance at the lowest compatible level of treatment-induced side effects.

The research underpinning our technology is driven by a deep understanding of cell-mediated immunity and is facilitated by access to expertly curated, collaborative studies in highly informative cohorts in organ transplant. The Company has an exclusive worldwide patent and a non-exclusive technical information licence with Mount Sinai derived from the work of the late Professor Barbara Murphy and her collaborators in transplant immunology, focusing on the use of high throughput genomic technologies to better understand molecular biomarkers of immune system mechanisms that lead to graft injury and loss. The Company's current and planned clinical development programmes are not only directed by an extensive Science Advisory Board of key opinion leaders in the fields of clinical transplant and transplant immunology, but also has been conducted at key transplant centres in the US, Europe and Australia for the multi-centre validation trial for the three products.

Verici Dx's complete suite of products will offer end-to-end testing for kidney transplant patients and their clinicians, enabling the Company to improve outcomes for patients and also establish a strong competitive advantage.

These products are planned to be offered as laboratory developed tests ("**LDT**") in the US, taking advantage of the lighter regulatory burden of authorisation under the CLIA regime, which is administered by CMS, in partnership with state health departments. Post year end, the FDA issued a final ruling that will introduce FDA oversight for LDT but the rule making assures that tests already on market, including Tutivia, will fall under enforcement exemption. The Company has assessed that it will have minimal impact on the current regulatory management of existing products. In Europe, the Company will be seeking CE marking and a UKCA (UK Conformity Assessed) mark as well at the appropriate time. In addition to obtaining CE and UKCA markings, the products (medical devices) will be registered with MHRA (as required by MHRA since 1 January 2021).

Group and Company History

The Company was incorporated in England and Wales on 22 April 2020 as a wholly owned subsidiary of Renalytix AI plc ("Renalytix").

On 4 May 2020 the Company purchased the assets attached to the Fractal DX portfolio of patents previously licensed to Renalytix by Mount Sinai, for a consideration of $2,000,000. The consideration was satisfied by the issuance of a non-interest-bearing Convertible Loan Notes ("CLNs") from the Company to Renalytix. The CLN instrument provided for a total of up to $3,000,000 of borrowing to be made available to the Company.

On 17 January 2020, ResolveDx Inc was incorporated in the state of Delaware, USA as a wholly owned subsidiary of Renalytix. On 14 August 2020, ownership of ResolveDx Inc was transferred to the Company and, on 21 August 2020 ResolveDx Inc changed its name to Verici Dx Inc.

Risks and uncertainties

Set out below are the risks which the Directors believe could materially affect the Group's ability to achieve its financial and operating objectives and control or mitigating activities adopted to manage them. The risks are not listed in order of significance.

a) The Company does not yet have all collaborations in place with institutions that it needs for its utility studies and there is no guarantee that the Company will be able to demonstrate clinical utility of Protega™

Following the validation study for its Protega™ products, the Company intends to run clinical utility studies to support applications for reimbursement from private payors, which is necessary for successful large scale commercialisation and to provide further evidence to support marketing claims.

If such reimbursement is not achieved, it will make commercialisation of the Protega™ tests significantly more challenging and would impact the Company's ability to generate revenue.

b) The Company has not received the approval of the coverage under the Local Coverage Determination from the Palmetto region of MolDx for Tutivia™ and may not qualify or there may be delay in approval.

The Company submitted its a Technical Assessment file application in Q2 2024 applying for approval for Tutivia™ to be covered for reimbursement by CMS for Medicare claims under the Local Coverage Determination. If approval is not given or there are delays the Company will need to seek reimbursement under the appeals process or other pathways such as Individual Claims Review. This will take longer than the standard payment period offered under the Local Coverage Determination and may lead to less than 100% of each claim being obtained.

c) The Company is dependent on other third parties who provide certain resources and services to the Company as the Company has limited resources in the short-term

The Company relies in part on external resources to conduct the research, development, supply of supplies and clinical testing of its Clarava™ and Tutivia™ products, including in relation to the Company's laboratory and data management systems which rely on software developed by external manufacturers. The future development of the Clarava™ and Tutivia™ products and other products will partly depend upon the performance of these third parties.

Risks and uncertainties *(continued)*

The Company cannot guarantee that the relevant third parties will be able to carry out their obligations under the relevant arrangements.

(d) The Company is reliant upon the expertise and continued service of a small number of key individuals of its management, board of directors and scientific advisors

The Company relies on the expertise and experience of a small number of key individuals. The retention of their services cannot be guaranteed. Accordingly, the departure of these key individuals could have a negative impact on the Company's operations, financial conditions, its ability to execute the Company's business strategy and future prospects.

Going forwards, the Company will rely, in part, on the recruitment of appropriately qualified personnel, including personnel with a high level of scientific and technical expertise in the industry. The Company may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its growth rate which could affects its ability to develop products as planned.

In addition, if the Company fails to succeed in pre-clinical or clinical studies, it may make it more challenging to recruit and retain appropriately qualified personnel. The Company's inability to recruit key personnel or the loss of the services of key personnel or consultants may impede the progress of the Company's research and development objectives as well as the commercialisation of its lead and other products.

(e) The Company may need to raise additional funding to take advantage of future opportunities

The Company may need to raise additional funding to take advantage of future opportunities. No assurance can be given that any such additional funding will be available or, if available, that it will be on terms that are favourable to the Company or shareholders. If the Company is unable to obtain additional funding as required, it may be required to reduce the scope of its operations or anticipated expansion.

(f) The Company's strategy involves generating additional commercially valuable IP that can be protected

The Company intends to build further its intellectual property portfolio. No assurance can be given that any future patent applications will result in granted patents, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the patents and other proprietary rights held by the Company.

Risks and uncertainties *(continued)*

(g) Positive results from pilot trials and early clinical studies are not necessarily predictive of the results of later clinical studies. If the Company [or its partners] cannot replicate the positive results from earlier tests or studies in its later-stage clinical studies, it may be unable to successfully develop, obtain regulatory approval for, and commercialise its products

Positive results from early-stage clinical studies may not necessarily be predictive of the results from later-stage clinical studies. Many companies in the pharmaceutical biotechnology and medical device industries have suffered significant setbacks in later-stage clinical trials after achieving positive results in early-stage development, and the Company cannot be certain that it will not face similar setbacks. These setbacks have been caused, among other things, by pre-clinical findings made while clinical trials were underway. Moreover, pre-clinical and clinical data is often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in pre-clinical studies and clinical trials nonetheless failed to obtain regulatory approval.

(h) The Company is subject to research and product development risk

The Company may not be able to develop new products or to identify specific market needs that can be addressed by tests or solutions developed by the Company. Product development will be a key ongoing activity in the Company and/or [in collaboration with / for] its partners. However, there can be no guarantee that further products will be developed, successfully launched, or accepted by the market. All new product development has an inherent level of risk and can be a lengthy process and suffer unforeseen delays, cost overruns and setbacks, such as difficultly recruiting patients into further studies. The nature of the diagnostics industry may mean new products may become obsolete as a result of competition or regulatory changes which could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, research and development may subject to various requirements, such as research subject protection for individuals participating in clinical evaluations of new products, institutional review board oversight, regulatory authorisations, and design control requirements. Failure to comply with requirements could result in penalties, delay, or prevent commercialisation of products.

(i) The Company is subject to risks associated with medical and technological change and obsolescence

Demand for the Company's products could be adversely impacted by the development of alternative technology and alternative medicines with similar applications. There can be no assurance that the technology and products currently being developed by the Company will not be rendered obsolete. As a result, there is the possibility that new technology or products may be superior to, or render obsolete, the technology and products that the Company is currently developing. Any failure of the Company to ensure that its products remain up to date with the latest advances may have a material adverse impact on the Company's competitiveness and financial performance. The Company's success will depend, in part, on its ability to develop and adapt to these technological changes and industry trends.

(j) The Company's failure to maintain compliance of its clinical laboratory operations with applicable laws could result in substantial civil or criminal penalties

The operation of a clinical laboratory by the Company will be in a highly regulated environment which, among other things, will require maintaining compliance with CLIA certification and state clinical laboratory licensing requirements. Failure to maintain compliance with these requirements may result in a range of enforcement actions, including certificate or licence suspension, limitation, or revocation, directed plan of action, onsite monitoring, civil monetary penalties and criminal sanctions. Such failure may also result in significant adverse publicity. Any of these consequences could limit or entirely prevent continued operation of the Company and therefore impact its financial performance.

Risks and uncertainties *(continued)*

(k) The Company is subject to various health regulatory laws pertaining to fraud and abuse and related matters, and any failure to comply with such laws could result in substantial civil or criminal penalties

The Company's employees, independent contractors, consultants, and collaborators may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for the Company and harm the Company's operations and reputation.

The Company is exposed to the risk that the Company's employees, independent contractors, consultants, and collaborators may engage in fraud or other misconduct to comply with manufacturing standards the Company has established, to comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable non-US regulatory authorities, to report financial information or data accurately or to disclose unauthorised activities to the Company. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to the Company's reputation. It is not always possible to identify and deter misconduct, and the precautions the Company will take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws, standards or regulations. If any such actions are instituted against the Company, or the Company's key employees, independent contractors, consultants, or collaborators, and the Company is not successful in defending itself or asserting the Company's rights, those actions could have a significant impact on the Company's business and results of operations, including the imposition of significant criminal, civil and administrative sanctions including monetary penalties, damages, fines, disgorgement, individual imprisonment, additional reporting requirements and oversight if the Company becomes subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, reputational harm, and the Company may be required to curtail or restructure the Company's operations.

(l) The Company's failure to prevent a data breach would result in serious reputational damage to the Company and may result in civil or criminal lawsuits and associated penalties

The Company takes its responsibility to maintain patient confidentiality and protect patient data extremely seriously. By its nature, the de-identified data that is being processed is highly sensitive and includes genetic and demographic information, the processing of which is subject to the most onerous obligations of applicable data protection legislation. If, due to a technical oversight, human error or malicious action by an employee or third party, the privacy, security or integrity of the data were compromised, the Company may be obliged to report such breach once it became aware of under applicable laws and regulations such as Health Insurance Portability and Accountability Act 1996 ("HIPAA"), EU General Data Protection Regulation (EU) 2016/679 ("GDPR"), Data Protection Act 2018 ("DPA") or other US state or EU member state specific laws as well as the data privacy laws of other countries such as Japan, Singapore, Hong Kong and China.

Depending on the nature and extent of the breach, the Company may become subject to a regulatory investigation, which would divert time and financial resources from the day-to-day operation of the business and may result in civil or criminal lawsuits and financial fines and penalties as well as adverse publicity. If third parties and/or customers of the Company become aware of such breaches, they may opt to cancel existing contracts or not enter new contracts with the Company, reducing revenue. The Company may also be required to personally inform the patients whose data was released or accessed as a result of a data breach, which may increase the severity of the reputational damage and may lead to patients revoking their consent for the data to be used by the Company. In addition, patients may have the right to bring claims for compensation for such breaches which might be brought by way of class or representative actions and claim significant sums as damages. To mitigate the risk of a data breach or related issue, the Company will employ technical security measures to protect data and work closely with its data providers to ensure that each party understands its obligations to protect personal data.

Section 172 Statement

The Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Section 172(1)(a) to (f) requires each Director to act in the way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole, with regard to the following matters:

(a) the likely consequences of any decision in the long term

(b) the interests of the Company's employees

(c) the need to foster the Company's business relationships with suppliers, customers and others.

(d) the impact of the Company's operations on the community and the environment

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

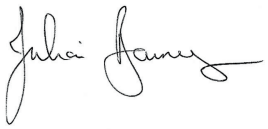
(f) the need to act fairly between members of the Company.

This section serves as our section 172 statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement. The table below acts as our s172(1) statement by setting out the key stakeholder groups, their interests and how the Company has engaged with them over the reporting period.

Stakeholder	Their interests	How we engage	2023 highlights
Our employees	• Training, development and career prospects • Health and Safety • Working conditions • Diversity and Inclusion • Human Rights and modern slavery • Fair pay, employee benefits	• Weekly updates call with the entire team reviewing each week's activities. • Bimonthly meetings with the entire team to review progress against milestones. • Periodic updates on Company progress and overall strategy • Quarterly development plan meetings	• Adopted Monday.com as company-wide project management software. • Development of summary dashboard of metrics for communication and accountability
Our suppliers	• Terms and conditions of contracts • Working conditions • Human rights and modern slavery • Diversity and inclusion • Information on the future direction of the business	• Prompt payment • Early communication with management team in situations requiring resolution. • Sub-contractor assessment approval chain • Supplier contracts	• Supplier audits conducted in accordance with our QMS process
Our Investors	• Capital growth and dividends. • Comprehensive review of financial performance of the business • Business sustainability • High standard of governance • Success of the business • Ethical behaviour • Director experience • Awareness of long-term strategy and direction • Improving market perception of the business	• Annual Report • Company website • Shareholder circulars • AGM • Stock exchange announcements • Investor presentations and webcasts • One-to-one and group meetings and roadshows	• Conducting both in person and virtual meetings through the year offers our investors both flexibility and ease of access.

Stakeholder	Their interests	How we engage	2023 highlights
Regulatory bodies	• Compliance with regulations • Workers' pay and conditions • Gender Pay • Health and Safety • Brand reputation • Waste and environment • Insurance	• Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk, health and safety review	Initial informational meeting with MolDx as an introduction to the Company and its technology/products
Community and Environment	• Sustainability • Human rights • Energy usage • Recycling • Waste Management • Community outreach and CSR	• Philanthropy • Volunteering • Corporate social responsibility • Workplace recycling policies and processes	• Sponsored endowed lectureship for AST. • Attended ATC and AST conferences with exhibit space at AST

This report was approved by the Board of Directors on 29 May 2024 and signed on its behalf by:



Julian Baines
Non-executive Chair

The Directors present their report on the affairs of Verici Dx plc (the "Company") and its subsidiary, referred to as the Group, together with the audited Financial Statements and Independent Auditors' Report for the year ended 31 December 2023.

Principal activities

The main activity of the Group is the development of a prognostic and diagnostic tests for kidney transplant patients.

Results and dividends

During the year ended 31 December 2023 the Group recorded a loss after tax of US$8,734,000 (2022 - US$11,407,000) and a net cash outflow from operating activities of US$7,160,000(2022 - US$10,068,000).

The Directors do not recommend the payment of a dividend.

Going concern

At 31 December 2023 the Group had available cash resources of US$2,645,000 (2022 – US$9,805,000). After the year end on 20 February the Company issued 72,222,222 ordinary shares for 9p per share raising gross proceeds of US$8,196,000 (GBP6,500,000).

In considering the appropriateness of this basis of preparation, the Directors have reviewed the Company and Group working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Based on this analysis the Directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. Thus, the adoption of the going concern basis of accounting in preparing this financial information is considered appropriate.

Political donations

The Group made no political donations in the period.

Future developments

The Group's future developments are outlined in the Strategic Report on pages 12 to 21.

Financial risk management

Financial risk management policies and objectives for capital management are outlined in the principal risks and uncertainties section of the Strategic Report on pages 12 to 21 and in note 5 to the financial statements.

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the period and remain in force at the date of this report.

Events after the reporting period

Details of significant events since the reporting period are contained in note 23 of the financial statements.

Directors

The Directors of the company throughout the year and to the date of this report were:

Julian Baines MBE
Sir Ian Carruthers OBE
James McCullough
Sara Barrington
Dr Erik Lium
Dr Lorenzo Gallon

Directors' shareholdings

The holdings in the share capital of the Company of those Directors serving at 31 December 2023, all of which are beneficial, were as follows. Subsequent to the year-end Julian Baines subscribed for a further 277,777 ordinary shares being a total of 1,629,490 ordinary shares held at the time of approving these financial statements.

	On 31 December 2023 and 2022 Ordinary Shares of £0.001 each
Julian Baines	1,351,713
Sir Ian Carruthers	100,000
James McCullough	2,870,110
Sara Barrington	-
Dr Erik Lium	-
Dr Lorenzo Gallon	-

Substantial shareholdings

The following interests in 3% or more of the issued Ordinary Share capital, after taking account of the issue of new shares post year end pursuant to the fundraising, were evident from the share register analysis or had been subsequently notified to the Company prior to the date of this document:

Shareholder	Number of shares	Percentage of issued share capital
Harwood Capital	37,646,569	15.52%
Octopus Investments	21,645,096	8.92%
Unicorn Asset Management Limited	20,350,771	8.39%
Icahn School of Medicine at Mount Sinai	19,501,330	8.04%
Amati Global Partners	15,111,111	6.23%
Hargreaves Lansdown Asset Management	13,570,330	5.60%
Renalytix plc	9,831,681	4.05%
Interactive Investor	8,743,223	3.60%
Rathbone Investment Management	7,750,748	3.20%
Canaccord Genuity Wealth Management	7,727,379	3.19%

Corporate Social Responsibility

The Board recognises its employment, environmental and health and safety responsibilities. It devotes appropriate resources towards monitoring and improving compliance with existing standards. The Executive Directors are responsible for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment. The Group is committed to identifying and minimising any effect on the environment caused by its operations and the Board recognises that the Group has a duty to be a good corporate citizen and to respect and comply with the laws, regulations, and where appropriate the customs and culture of the territories in which it operates.

Employees

The Group is committed to achieving equal opportunities and to complying with relevant anti-discrimination legislation. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability. Employees are encouraged to train and develop their careers.

The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well-being. Communication with employees is affected through the Board, the Group's management briefing's structure, formal and informal meetings and through the Group's information systems.

Directors Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards ("UK IFRS") and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

Directors Responsibilities *(continued)*

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Verici Dx plc website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

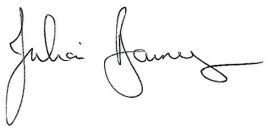
Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Group and the Group's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Crowe U.K. LLP has expressed its willingness to continue in office and a resolution to reappoint the firm as Auditor and authorising the Directors to set their remuneration will be proposed at the forthcoming Annual General Meeting

This report was approved by the Board of Directors on 29 May 2024 and signed on its behalf by:



Julian Baines
Non-executive Chair

Compliance

The Company recognises the value of good corporate governance in every part of its business. The Board has adopted the corporate governance principles of the 2018 Quoted Companies Governance Code. Details of the Code can be obtained from the Quoted Companies Alliance's website (www.theqca.com).

The following statement describes how the Group seeks to address the principles underlying the Code. More details of how the Company complies with the Code are set out in our website: QCA code compliance.

Board composition and responsibility

The Board currently comprises one Executive Director and five Non-executive Directors. Julian Baines has been appointed as Non-executive Chair.

It is the Board's opinion that Julian Baines, Sir Ian Carruthers and Dr Lorenzo Gallon are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement.

All Directors are subject to election by Shareholders at the first Annual General Meeting after their appointment and are subject to re-election at least every three years. Non-executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006. The Board does not automatically re-nominate Non-executive Directors for election by Shareholders. The terms of appointment of the Non-executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. The implementation of Board decisions and day to day operations of the Group are delegated to Management.

There is a division of responsibilities between the Non-Executive Chair, who is responsible for the overall strategy of the Group and running the Board, and the CEO, who is responsible for implementing the strategy and day to day running of the Group.

Board meetings

Three Board meetings were held during the period. The Directors' attendance record during their period of office was as follows:

	Board (9 meetings held)	**Audit Committee (2 meetings held)**	**Remuneration Committee (1 meeting held)**
Julian Baines	7/7	N/A	1/1
Sara Barrington	7/7	N/A	N/A
Sir Ian Carruthers	7/7	2/2	N/A
James McCullough	6/7	N/A	1/1
Dr Erik Lium	5/7	N/A	1/1
Dr Lorenzo Gallon	6/7	2/2	N/A

During the year, the Board has not performed an evaluation of their performance and that of the Chair, as well as the effectiveness of the Board committees.

Audit Committee

The Audit Committee comprises Sir Ian Carruthers, who acts as chair, and Dr Lorenzo Gallon. The Audit Committee will, among other things, determine and examine matters relating to the financial affairs of the Company including the terms of the engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review the reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Company.

The committee has met twice during the year ended 31 December 2023. There have been no significant matters communicated to the Committee by the auditors and no interaction with the Financial Reporting Council. The report of the Audit Committee is set out on pages 32 to 33.

Remuneration Committee

The Remuneration Committee comprises Dr Erik Lium, who acts as chair, and Julian Baines and James McCullough. The Remuneration Committee review and makes recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also make recommendations to the Board concerning the allocation of share options to employees under the intended share option schemes.

The Committee has met once during the year ended 31 December 2023. The report of the Remuneration Committee is set out on pages 29 to 31.

Nomination Committee

The Nomination Committee comprises Sir Ian Carruthers, who acts as chair, and James McCullough. The Nomination Committee will review and recommend nominees as new Directors to the Board. The Committee has not met during year ended 31 December 2023.

Internal control

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business, has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

Internal financial reporting

The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board and revised forecasts are prepared on a regular basis.

Relations with shareholders

The Company will report to Shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 clear days before the meeting. Each substantially separate issue is the subject of a separate resolution, and all Shareholders have the opportunity to put questions to the Board at the Annual General Meeting.

The Chair(s) of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting. The Chairman and the Non-executive Directors intend to maintain a good and continuing understanding of the objectives and views of the Shareholders.

Shareholders may contact the Company as follows:

Tel: +44 (0)20 7933 8780

Email: investors@vericidx.com

Corporate social responsibility

The Board recognises that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, that it contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Corporate Governance Report was approved by the Board on 29 May 2024 and signed on its behalf by:

David Anderson
Company Secretary

Statement of compliance

This report does not constitute a Directors' Remuneration Report in accordance with the Directors' Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed. This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain the Executive Director to ensure the continued development of the Group and to reward them for enhancing value to shareholders. The main elements of the remuneration package for the Executive Director are basic salary, performance-related bonuses, benefits and share based incentives.

Directors' remuneration - Audited

The remuneration of the Directors for the year ended 31 December 2023 is shown below:

	Base Salary and fees US$	Pension US$	Benefits US$	Bonus[1] US$	**Year to 31 December 2022 US$**
Executive Director					
Sara Barrington	341,250	16,500	26,445	152,375	**536,570**
	341,250	16,500	26,445	152,375	**536,570**
Non-executive Directors					
Julian Baines	37,315	-	-	-	**37,315**
Sir Ian Carruthers	31,096	-	-	-	**31,096**
Dr Erik Lium	31,096	-	-	-	**31,096**
James McCullough	31,096	-	-	-	**31,096**
Dr Lorenzo Gallon	31,096	-	-	-	**31,096**
	161,699	-	-	-	**161,699**
Total fees and emoluments	502,949	16,500	26,445	152,375	**698,269**

Dr Erik Lium is not entitled to receive remuneration as he sits on the Board as a representative of the Icahn School of Medicine at Mount Sinai and his fees are paid to Mount Sinai.

Note[1] – Of this total bonus, $50,000 was awarded in respect of 2022.

The remuneration of the Directors for the period ended 31 December 2022 is shown below:

	Base Salary and fees US$	Pension US$	Benefits US$	Bonus US$	**Year to 31 December 2021 US$**
Executive Director					
Sara Barrington	331,771	5,251	18,783	-	**355,805**
	331,771	5,251	18,783	-	**355,805**
Non-Executive Directors					
Julian Baines	37,119	-	-	-	**37,119**
Sir Ian Carruthers	30,932	-	-	-	**30,932**
Dr Erik Lium	30,932	-	-	-	**30,932**
James McCullough	30,932	-	-	-	**30,932**
Dr Lorenzo Gallon	30,932	-	-	-	**30,932**
	160,847	-	-	-	**160,847**
Total fees and emoluments	492,618	5,251	18,783	-	**516,652**

Dr Erik Lium is not entitled to receive remuneration as he sits on the Board as a representative of the Icahn School of Medicine at Mount Sinai and his fees are paid to Mount Sinai.

Share option plan

On 28 October 2020 share options were granted to a number of directors and other parties under the Company's unapproved share-option scheme. The options held by Directors as of 31 December 2023 were as follows:

Option holder	Option price per ordinary share	Number of Ordinary Shares under option	Exercise period
Icahn School of Medicine at Mount Sinai	£0.20	708,739	28 October 2020 – 27 October 2030
Sara Barrington	£0.20	5,669,913	28 October 2020 – 27 October 2030

Directors' interests in the share capital of the Company are disclosed in the Directors' Report on pages 22 to 25.

Approved by the Board on 29 May 2024 and signed on its behalf by:

Dr Erik Lium
Chair of Remuneration Committee

The Audit Committee reports to the Board on matters concerning the Group's internal financial controls, financial reporting and risk management systems, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Composition of the Audit Committee

The Audit Committee is appointed by the Board compromised Sir Ian Carruthers (Committee Chair) and Dr Lorenzo Gallon. Sir Ian Carruthers has experience of chairing and holding non-executive position with number of Boards. Whilst no non-executive member of the Board held an accounting qualification during the 2023 financial year, Sir Ian Carruthers and Dr Lorenzo Gallon were both deemed competent by virtue of their experience and relevant experience to the sector in which the Company operates.

Role of the Audit Committee

The Audit Committee operates within defined terms of reference and its main functions are:

- to monitor the internal financial control and risk management systems on which the Group is reliant;
- to consider whether there is a need for the Group to have its own internal audit function;
- to monitor the integrity of the Group's financial statements and formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matter;
- to meet the independent Auditor of the Group to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- to make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification

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External audit

The Group's external auditor is Crowe U.K. LLP.

The effectiveness and independence of the external audit and auditor is reviewed annually by reference to the auditor's attendance at Committee meetings, their audit plan, audit fieldwork, post-audit management letter and the judgment of the Committee having discussed the matter with the finance director.

The external auditor also provides certain non-audit services including annual tax compliance. The Board has reviewed its safeguards and policies in place for non-audit services and is satisfied that these are sufficiently robust to ensure that Crowe U.K. LLP maintain their audit objectivity and independence. Crowe U.K. LLP report to the Board annually on their independence from the company. Non-audit services are provided only if such services do not conflict with their statutory responsibilities and ethical guidance.

Taking all of the above into consideration, the Committee concluded the auditors were both effective and independent during the year.

Review of financial statements and risks identified financial statements issued by the Company need to be fair, balanced, and understandable. The Audit Committee reviews the Annual Report as a whole and makes recommendations to the Board. The Audit Committee has advised the Board that, in its opinion, the Annual Report and Financial Statements are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Company's unaudited interim results are also reviewed by the Audit Committee prior to their publication.

Key risk areas, and audit and accounting matters considered by the Committee

Generally, there is a close relationship between the company's income statement and its cash flows, with few significant judgmental items or longer-term unsettled items remaining on the balance sheet.

The main accounting and audit risks identified during the year, including as also described in the audit findings report, were:

- funding and going concern risk assessments.
- revenue recognition.
- capitalisation of intangible costs and impairment review.

No significant adjustments or matters of concern were identified by the external audit.

Internal control and consideration of the need for the internal audit

The Board believes that due to the size of the business there is currently no requirement for an internal audit function. This matter is reviewed annually.

The finance function for the Group is managed by the Chief Financial Officer with use of outsourcing facilities. Reliance with regard to internal control effectiveness is placed on the close involvement of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary in the day-to-day management and control of the business, with the Audit Committee retaining oversight of financial information provided to the Board and the Group's accounting and internal control policies and procedures. Recommendations for amendments or improvements are made as needed.

During the year there were no significant matters raised by the external auditors, nor any significant matters of concern identified with regard to internal control elsewhere that required action by the Committee.

Therefore, it is judged that the current size, financial position, complexity and risk profile of the Group does not justify the cost of an internal audit function. This will be kept under annual review.

Sir Ian Carruthers
Chair of the Audit Committee

29 May 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VERICI DX, PLC.

Opinion

We have audited the financial statements of Verici Dx plc (the "parent company") and its subsidiary (the "group") for the year ended 31 December 2023 which comprise the Statement of Consolidated Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)").

Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Obtaining the going concern assessment year used by the Directors covering a period of at least 12 months from the date of the approval of the financial statements.
- Assessing the appropriateness of the approach, assumptions and arithmetic accuracy of the model used by management when performing their going concern assessment.
- Challenging the directors on the underlying data and key assumptions used to make their assessment.
- Reviewing and challenging the results of management's stress testing by performing reverse stress testing to assess the reasonableness of headroom available until at least 12 months after approval of the financial statements.
- confirming the existence of cash balances which we relied on; and
- reviewing the appropriateness of the disclosures in the financial statements.

Further details of the Directors' assessment of going concern are provided in Note 2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

- US$400,000 (2022: US$480,000) is the group level of materiality determined for the financial statements as a whole. This was determined based on approximately 5% of the two-year average consolidated losses at the planning stage and we did not consider it necessary to revise it. As the Group is constituted with a view to making profits, we determined that a results-based metric was the most appropriate to use for determining materiality.
- US$280,000 (2022: US$336,000) is the group level of performance materiality. Performance materiality is used to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.
- US$20,000 (2022: US$24,000) is the group level of triviality agreed with the Audit Committee. Errors above this threshold are reported to the Audit Committee, errors below this threshold would also be reported to the Audit Committee if, in our opinion as auditor, disclosure was required on qualitative grounds.

The parent company materiality was assessed as $160,000 (2022: US$350,000) based on approximately 1% of total assets at the planning stage. Performance materiality was set at $112,000 (2022: US$245,000). Parent company triviality was $8,000 (2022: US$17,500).

Overview of the scope of our audit

The Company's operations are based in the USA. In view of the early stage of development of the Company's business activities the audit team performed a full scope audit on the Company from the UK as a single component.

Key audit matters

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

We identified going concern as the only key audit matter. This is dealt with in "Conclusions relating to going concern" above.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other information

The Directors are responsible for the other information contained within the annual report. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation. Technical, clinical or regulatory laws and regulations which are inherent risks in drug development are mitigated and managed by the Board and management in conjunction with expert regulatory consultants in order to monitor the latest regulations and planned changes to the regulatory environment.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

Stephen Bullock
(Senior Statutory Auditor)
for and on behalf of Crowe U.K. LLP Statutory Auditor, London

30 May 2024

Verici Dx plc

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Revenue	4	**1,013**	-
Administrative expenses	6	**(8,598)**	(10,497)
Depreciation and amortisation		**(829)**	(640)
Exceptional expense – share based payments	21	**(453)**	(318)
Loss from operations		**(8,867)**	(11,455)
Finance income	10	**162**	53
Finance expense	10	**(29)**	(5)
Loss before tax		**(8,734)**	(11,407)
Tax expense	11	**-**	-
Loss from continuing operations		**(8,734)**	(11,407)
Other comprehensive income:			
Exchange gains / (losses) arising on translation of foreign operations		**330**	(2,016)
Total comprehensive loss		**(8,406)**	(13,423)
Earnings per share attributable to the ordinary equity holders of the parent	12		
Loss per share			
Basic and diluted (US$)		**($0.051)**	($0.069)

The results reflected above relate to continuing operations.

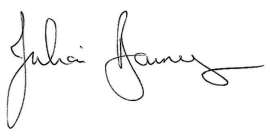
The notes on pages 47 to 71 form part of these financial statements.

Verici Dx plc

Consolidated statement of financial position
as at 31 December 2023

	Note	2023 US$'000	2022 US$'000
Assets			
Current assets			
Trade and other receivables	16	**1,344**	520
Cash and cash equivalents		**2,645**	9,805
		3,989	10,325
Non-current assets			
Property, plant and equipment	13	**1,363**	2,010
Intangible assets	14	**2,091**	1,970
		3,454	3,980
Total assets		**7,443**	14,305
Liabilities			
Current liabilities			
Trade and other payables	17	**(3,345)**	(2,096)
Lease liabilities	18	**(163)**	(156)
Non-current liabilities	18	**(377)**	(544)
NET ASSETS		**3,558**	11,509
Issued capital and reserves attributable to owners of the parent			
Share capital	19	**219**	219
Share premium reserve	20	**32,946**	32,946
Share-based payments reserve	20	**4,306**	3,853
Foreign exchange reserve		**(707)**	(1,037)
Retained earnings		**(33,206)**	(24,472)
TOTAL EQUITY		**3,558**	11,509

The financial statements on pages 38 to 71 were approved and authorised for issue by the Board of Directors on 29 May 2024 and were signed on its behalf by:



Julian Baines - Director **Sara Barrington - Director**

Company Number 12567827

The notes on pages 47 to 71 form part of these financial statements.

Verici Dx plc

Company statement of financial position
as at 31 December 2023

	Note	2023 US$'000	2022 US$'000
Assets			
Current assets			
Trade and other receivables	16	**4,424**	18,200
Cash and cash equivalents		**787**	9,345
		5,211	27,545
Non-current assets			
Property, plant and equipment	13	**-**	56
Intangible assets	14	**1,277**	1,315
Investment in subsidiary undertaking	15	**-**	-
		1,277	1,371
Total assets		**6,488**	28,916
Liabilities			
Current liabilities			
Trade and other payables	17	**(270)**	(105)
NET ASSETS		**6,218**	28,811
Issued capital and reserves attributable to owners of the parent			
Share capital	19	**219**	219
Share premium reserve	20	**32,946**	32,946
Share-based payments reserve	20	**307**	297
Foreign exchange reserve		**(681)**	(2,194)
Retained earnings		**(26,573)**	(2,457)
TOTAL EQUITY		**6,218**	28,811

The Company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to present the Company profit or loss statement. The loss of the Company for the year ended 31 December 2023 was US$24,116,000. The financial statements on pages 38 to 71 were approved and authorised for issue by the Board of Directors 29 May 2024 and were signed on its behalf by:

Julian Baines - Director **Sara Barrington - Director**

Company Number 12567827

The notes on pages 47 to 71 form part of these financial statements.

Verici Dx plc

Consolidated statement of cash flows
for the year ended 31 December 2023

	Note	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Cash flows from operating activities			
Loss before tax		**(8,734)**	(11,407)
Adjustments for:			
Depreciation of property, plant and equipment		**673**	497
Amortisation of intangible fixed assets		**156**	143
Finance income		**(162)**	(53)
Finance expense		**29**	5
Share-based payment expense		**453**	318
		(7,585)	(10,497)
(Increase) / decrease in trade and other receivables		**(824)**	136
Increase in trade and other payables		**1,249**	293
Income taxes paid		**-**	-
Net cash outflow from operating activities		**(7,160)**	(10,068)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(23)**	(1,040)
Purchase of intangibles		**(208)**	(268)
Net cash used in investing activities		**(231)**	(1,308)
Cash flows from financing activities			
Issue of ordinary shares		**-**	13,070
Expenses of share issue		**-**	(441)
Interest received		**162**	53
Interest paid		**(29)**	(5)
Repayment of lease liabilities		**(160)**	(3)
Net cash (outflow) / inflow from financing activities		**(27)**	12,674
Net (decrease) / increase in cash and cash equivalents		**(7,418)**	1,298
Cash and cash equivalents at beginning of year		**9,805**	10,340
Exchange gains / (losses) on cash and cash equivalents		**258**	(1,833)
Cash and cash equivalents at end of year	5	**2,645**	9,805

The notes on pages 47 to 71 form part of these financial statements.

Verici Dx plc

Company statement of cash flows
for the year ended 31 December 2023

	Note	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Cash flows from operating activities			
Loss for the period		**(24,116)**	(809)
Adjustments for:			
Depreciation of property, plant and equipment		**59**	172
Amortisation of intangible fixed assets		**107**	104
Finance expense		**-**	-
Provision against receivable from subsidiary undertaking		**23,342**	-
Share-based payment expense		**10**	50
		(598)	(483)
Decrease / (increase) in trade and other receivables		**3**	(1,005)
Increase / (decrease) in trade and other payables		**165**	(76)
Income taxes paid		**-**	-
Net cash outflow from operating activities		**(430)**	(1,564)
Cash flows from investing activities			
Advances to wholly owned subsidiary undertaking		**(8,386)**	(9,896)
Purchase of intangibles		**-**	(15)
Net cash used in investing activities		**(8,386)**	(9,911)
Cash flows from financing activities			
Issue of ordinary shares		**-**	13,070
Expenses of share issue		**-**	(441)
Net (outflow) / inflow from financing activities		**-**	12,629
Net (decrease) / increase in cash and cash equivalents		**(8,816)**	1,154
Cash and cash equivalents at beginning of year		**9,345**	10,024
Exchange gains / (losses) on cash and cash equivalents		**258**	(1,833)
Cash and cash equivalents at end of year	5	**787**	9,345

The notes on pages 47 to 71 form part of these financial statements.

Verici Dx plc

Consolidated statement of changes in equity
for the year ended 31 December 2023

	Share capital US$	Share premium US$	Share-based payment reserve US$	Foreign exchange reserve US$	Retained earnings US$	Total attributable to equity holders of parent US$	Total equity US$
1 January 2022	**182**	**20,354**	**3,535**	**979**	**(13,065)**	**11,985**	**11,985**
Comprehensive income for the period							
Loss	-	-	-	-	(11,407)	(11,407)	(11,407)
Other comprehensive Income	-	-	-	(2,016)	-	(2,016)	(2,016)
Total comprehensive Income for the year	**-**	**-**	**-**	**(2,016)**	**(11,407)**	**(13,423)**	**(13,423)**
Contributions by and distributions to owners							
Issue of share capital	37	13,033	-	-	-	13,070	13,070
Costs of share issue	-	(441)	-	-	-	(441)	(441)
Share-based payment	-	-	318	-	-	318	318
Total contributions by and distributions to owners	37	12,592	318	-	-	12,947	12,947
31 December 2022	**219**	**32,946**	**3,853**	**(1,037)**	**(24,472)**	**11,509**	**11,509**

Verici Dx plc

Consolidated statement of changes in equity
for the year ended 31 December 2023 *(continued)*

	Share capital US$	Share premium US$	Share-based payment reserve US$	Foreign exchange reserve US$	Retained earnings US$	Total attributable to equity holders of parent US$	Total equity US$
1 January 2023	**219**	**32,946**	**3,853**	**(1,037)**	**(24,472)**	**11,509**	**11,509**
Comprehensive income for the year							
Loss	-	-	-	-	(8,734)	(8,734)	(8,734)
Other comprehensive Income	-	-	-	330	-	330	330
Total comprehensive Income for the year	**-**	**-**	**-**	330	(8,734)	(8,406)	(8,406)
Contributions by and distributions to owners							
Share-based payment	-	-	453	-	-	453	453
Total contributions by and distributions to owners	-	-	453	-	-	453	453
31 December 2023	**219**	**32,946**	**4,306**	**(707)**	**(33,206)**	**3,558**	**3,558**

Verici Dx plc

Company statement of changes in equity
for the year ended 31 December 2023

	Share capital US$	Share premium US$	Share-based payment reserve US$	Foreign exchange reserve US$	Retained earnings US$	Total attributable to equity holders of parent US$	Total equity US$
1 January 2022	**182**	**20,354**	**247**	**868**	**(1,648)**	**20,003**	**20,003**
Comprehensive income for the year							
Loss	-	-	-	-	(809)	(809)	(809)
Other comprehensive Income	-	-	-	(3,062)	-	(3,062)	(3,062)
Total comprehensive Income for the year	-	-	-	(3,062)	(809)	(3,871)	(3,871)
Contributions by and distributions to owners							
Issue of share capital	37	13,033	-	-	-	13,033	13,033
Costs of share issue	-	(441)	-	-	-	(441)	(441)
Share-based payment	-	-	50	-	-	50	50
Total contributions by and distributions to owners	37	12,592	50	-	-	12,679	12,679
31 December 2022	**219**	**32,946**	**297**	**(2,194)**	**(2,457)**	**28,811**	**28,811**

Verici Dx plc

Company statement of changes in equity
for the year ended 31 December 2023 *(continued)*

	Share capital US$	Share premium US$	Share-based payment reserve US$	Foreign exchange reserve US$	Retained earnings US$	Total attributable to equity holders of parent US$	Total equity US$
1 January 2023	**219**	**32,946**	**297**	**(2,194)**	**(2,457)**	**28,811**	**28,811**
Comprehensive income for the year							
Loss	**-**	**-**	**-**	-	(24,116)	(24,116)	(24,116)
Other comprehensive Income	**-**	**-**	**-**	1,513	-	1,513	1,513
Total comprehensive Income for the year	**-**	**-**	**-**	1,513	(24,116)	(22,603)	(22,603)
Contributions by and distributions to owners							
Share-based payment	-	-	10	-	-	10	10
Total contributions by and distributions to owners	-	-	10	-	-	10	10
31 December 2023	**219**	**32,946**	**307**	**(681)**	**(26,573)**	**29,560**	**6,218**

1 General information

The principal activity of Verici Dx plc (the "Company") is the development of prognostic and diagnostic tests for kidney transplant patients.

The Company is a public limited company incorporated in England and Wales and domiciled in the UK. The address of the registered office is Avon House, 19 Stanwell Road, Penarth, Cardiff CF64 2EZ and the company number is 12567827.

The Company was incorporated as Verici Dx Limited on 22 April 2020 as a private company and on 9 September 2020 the Company was re-registered as a public company and changed its name to Verici Dx plc.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the historical financial information of the Company, which have been applied consistently to the period presented, are set out below:

Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ("UK IFRS"). The financial statements of the Company for the year ended 31 December 2023 are prepared in accordance with applicable law and UK Accounting Practice. Including FRS 101 "Reduced Disclosure Framework" although no disclosure exemptions have been taken.

The functional currency and the presentational currency of the Company is United States dollars ("USD" or "US$") as this is the currency of the primary economic environment that the Company operates in.

New standards are not expected to impact the Company or Group as they are either not relevant to the Company's or Group's activities or require accounting which is consistent with the Company's and Group'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 or Group'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 or Group.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Measurement convention

The financial information has been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the financial information in compliance with IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 3.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

2 Summary of significant accounting policies *(continued)*

Basis of consolidation *(continued)*

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

As at 31 December 2023, the Group had $2.6m of cash and cash equivalents. At this stage of its development, the Group incurs operating cash outflows and is reliant on existing cash resources and estimated cash inflows from the commencement of the commercialisation of the Group's technology by the Group and its license partners.

In November 2023, the Group announced the grant of an exclusive license to Thermo Fisher of the rights to develop an assay for pre-transplant risk assessment for further development as a laboratory developed test in its CLIA laboratory in the U.S., as well as the sole right, but not obligation, to manufacture, distribute and sell the assay worldwide. The license agreement included an upfront payment to the Group, along with a number of further payments conditional upon operational deliverables related to technology transfer and related publications.

In February 2024, the Group completed an equity placing and retail offer which provided an additional $7.6m after expenses.

The Directors have prepared cash flow forecasts for the Group for a period of at least 12 months from the date of approval of these financial statements. Those forecasts include estimates of cash receipts from commercial revenues at levels in line with market expectations. The Directors have also prepared a number of reasonably possible sensitivity scenarios including reduced levels of cash receipts from revenues. Having considered the cash flow forecasts and sensitivity scenarios above and taken into account the information and estimates available at the date of approving these financial statements, the Directors consider it is appropriate to adopt the going concern basis in preparing the financial statements for the Group.

2 Summary of significant accounting policies *(continued)*

Revenue

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Testing revenues

Diagnostic test revenues are recognised in the amount expected to be received in exchange for diagnostic tests when the diagnostic tests are delivered. The Company conducts diagnostic tests and delivers the completed test results to the prescribing physician or patient, as applicable.

The fees for diagnostic tests are billed either to a third party such as Medicare, medical facilities, commercial insurance payers, or to the patient.

The Company estimates the transaction price, which is the amount of consideration it expects to be entitled to receive in exchange for providing services based on its historical collection experience, and the probability of being paid at the time of delivering the test result.

Other revenues

Where a right of use license is entered into revenue is recognised when the license is granted, unless there are conditions attached. Where conditions are attached the revenue will only be recognised when all the performance obligations have been satisfied.

Where a sales-based license is entered into which is conditional on future performance criteria, revenue is recognised once the performance obligation to which some or all of the sales-based has been allocated has been satisfied.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Foreign currency translation

a) Function and presentational currency

Items included in the financial statements of the Group 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.

2 Summary of significant accounting policies *(continued)*

Foreign currency translation (*continued*)

b) 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.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents are recognised at fair value at the acquisition date. Patents have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The Company amortises intangible assets with a limited useful life on a straight-line basis. The following rates are applied:

Licence and patents - the shorter of the remaining life of the license and 15 years

Tangible assets

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses. Costs comprise purchase costs together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Plant and machinery – 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Low value equipment including computers is expensed as incurred.

Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 Summary of significant accounting policies *(continued)*

Impairment of tangible and intangible assets *(continued)*

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

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 theydepend 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).

Subsequent to initial measurement lease liabilities increase as a result of interest chargedat 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 shorterthan the lease term.

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.

2 Summary of significant accounting policies *(continued)*

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

a) Financial assets

Financial assets are classified, at initial recognition, at amortised cost or carrying value. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date.

As at the reporting date, the Company did not have any financial assets subsequently measured at fair value.

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.

b) *Financial liabilities*

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. They are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

c) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and deposits with a maturity of less than three months at balance sheet date.

Financing expenses

Financing expenses comprise interest payable. Foreign exchange gains and losses arising on foreign currency transactions are reported within administrative expenses in the statement of comprehensive income.

Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Exceptional items

Items considered of such significance to enable the reader to better understand the results for the year are presented separately as exceptional items on the face of the statement of comprehensive income.

2 Summary of significant accounting policies *(continued)*

Research and development costs

Development costs and expenditure on pure and applied research and the clinical trials are charged to the Income Statement in the year in which they are incurred. Expenditure incurred on the development of internally generated products will be capitalised based on the recognition criteria set aside in IAS 38 “Intangible Assets”.

Operating segments

The directors are of the opinion that the business of the Group comprises a single activity, that of the development of prognostic and diagnostic tests for kidney transplant patients. Consequently, all activities relate to this segment. All the non-current assets of the Company are located in, or primarily relate to, the USA.

3 Judgements and key sources of estimation uncertainty

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 intangible assets, the Directors take into consideration various factors 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.

Carrying value of amounts owed by subsidiary undertaking
The operations of the wholly owned subsidiary, Verici Dx Inc, are funded by the parent company, Verici Dx Plc. As such a receivable balance arises reflecting the funds advanced. The recoverability of this balance is dependent upon the economic viability and expected performance of the Group’s developed products.

Going concern
The preparation of cash flow forecasts for the Group requires estimates to be made of the quantum and timing of cash receipts from future commercial revenues and the timing of future expenditure, all of which are subject to uncertainty.

4 Revenues

Revenues arose from the USA

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
License revenue	**1,013**	-
Total	**1,013**	-

5 Financial instruments - Risk Management

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

- Credit risk
- Foreign exchange risk
- Liquidity risk and
- Capital disclosures

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group'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 Group, from which financial instrument risk arises, are as follows:

5 Financial instruments - Risk Management (*continued*)

(i) Principal financial instruments *(continued)*

- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

Financial asset

	Group Amortised cost 2023 US$'000	**Company Amortised cost 2023 US$'000**	**Group Amortised Cost 2022 US$'000**	**Company Amortised cost 2022 US$'000**
Cash and cash equivalents	**2,645**	**787**	9,805	9,345
Trade and other receivables	**1,100**	**14**	177	18
Amounts due from subsidiary	**-**	**4,349**	-	18,122
Total financial assets	**3,745**	**5,150**	9,982	27,485

Financial liabilities

	Group Amortised cost 2023 US$'000	**Company Amortised Cost 2023 US$'000**	**Group Amortised Cost 2022 US$'000**	**Company Amortised Cost 2022 US$'000**
Trade and other payables	**3,345**	**270**	2,096	105
Leases	**540**	**-**	700	-
Total financial liabilities	**3,885**	**270**	2,796	105

(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.

5 Financial instruments - Risk Management *(continued)*

(iv) Financial instruments measured at fair value

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group'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 Group'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 Group'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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is accounts receivables and cash at bank. The Company only deposits cash with major banks with high quality credit standing for amounts in excess of US$500,000.

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:

	Group 2023 Rating	**Group 2023 Cash at bank US$'000**	**Company 2023 Rating**	**Company 2023 Cash at bank US$'000**
Bank A	A+	**787**	A+	**787**
Bank B		**1,776**		**-**
Bank C	A+	**82**		**-**
		2,645		**787**

	Group 2022 Rating	**Group 2022 Cash at bank US$'000**	**Company 2022 Rating**	**Company 2022 Cash at bank US$'000**
Bank A	A+	9,345	A+	9,345
Bank B		260		-
Bank C	A+	200		-
		9,805		9,345

5 Financial instruments - Risk Management *(continued)*

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency. In the period before commercial revenues US dollars are transferred from the Company to its US subsidiary to enable it to meet its local obligations. Currently the Group'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 being transferred from the Company to its US subsidiary using spot rates.

As at 31 December 2023 assets held in Sterling amounted to US$113,000 (2022 - US$270,000) and liabilities held in Sterling amounted to US$271,000 (2022 - US$105,000).

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 an increase in post-tax loss for the period and decrease of net assets of US$8,000 (2022 – decrease and increase US$8,000). A 5% weakening in the exchange rate would, on the same basis, have decreased post-tax loss and increased net assets by US$8,000 (2022 – increased and decreased US$8,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed by the production of rolling cash flow projections. The Group'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:

Group **At 31 December 2023**	**Up to 3 months US$'000**	**Between 3 and 12 months US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**
Trade and other payables	**523**	**-**	**-**	**-**
Leases	**37**	**126**	**180**	**197**
Total	**560**	**126**	**180**	**197**

Company **At 31 December 2023**	**Up to 3 months US$'000**	**Between 3 and 12 Months US$'000**
Trade and other payables	**133**	**-**
Total	**133**	**-**

5 Financial instruments - Risk Management *(continued)*

Group At 31 December 2022	Up to 3 months US$'000	Between 3 and 12 months US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000
Trade and other payables	**960**	**-**	**-**	**-**
Leases	**45**	**111**	**167**	**377**
Total	**1,005**	**111**	**167**	**377**

Company At 31 December 2022	Up to 3 Months US$'000	Between 3 and 12 Months US$'000
Trade and other payables	**19**	**-**
Total	**19**	**-**

Capital Disclosures

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

The Group'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 2023 US$'000	Year to 31 December 2022 US$'000
Employee benefit expenses (see note 8)	**3,813**	2,889
Depreciation of property, plant and equipment	**673**	497
Amortisation of intangible assets	**156**	143
Research and development costs	**2,429**	4,832
Licenses	**50**	550
Professional costs	**948**	1,325
Share-based payment expense for non-employees	**248**	129
Foreign exchange loss / (gain)	**272**	36
Other costs	**1,291**	964
Costs of share issue	**-**	90
Total	**9,880**	**11,455**

7 Auditors' remuneration

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

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	**55**	48
Total	**55**	48

8 Employee benefit expenses

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**3,036**	2,279
Benefits	**256**	191
Share-based payment expense (note 21)	**205**	189
Social security contributions and similar taxes	**198**	146
Pension contributions	**118**	84
	3,813	2,889

Key management personnel compensation

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

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Salary	**655**	493
Share based payment expense	**9**	7
	664	500

The average number of employees (including Directors) in the Group in the year was 19 (2022 – 16).

9 Segment information

The Group has one division being the development of prognostic and diagnostic tests for kidney transplant patients.

10 Finance income and expense

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Finance income		
Bank interest	**162**	53
Total finance income	**162**	53
Finance expense		
Interest on lease liabilities	**29**	5
Total finance expense	**29**	5

11 Tax expense

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Current tax expense		
Current tax on loss for the year	**-**	-
Total current tax	**-**	-
Deferred tax asset		
On losses generated in the year	**-**	-
	-	-

11 Tax expense *(continued)*

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	Year to 31 December 2023 US$'000	Year to 31 December 2022 US$'000
Loss for the period	**(8,734)**	(11,407)
Tax using the Company's domestic tax rate of 19%	**(1,660)**	(2,167)
Expenses not deductible for tax purposes	**15**	79
Accelerated capital allowances	**188**	(251)
Unrecognised deferred tax assets	**2,132**	3,240
Different tax rates applied in overseas jurisdictions	**(675)**	(901)
Total tax expense	**-**	-

The unrecognised deferred tax relates to two elements: the unrecognised deferred tax arising on share-based payments of US$124,000 (2022 - US$85,000) and unrecognised deferred tax on taxable losses of US$2,008,000 (2022 - US$3,155,000). Total taxable losses carried forward comprise of Federal US losses of $11,074,000 (2022 - US$6,334,000) which do not expire but can only offset against 80% of taxable profits from the same trade. In addition, US tax losses of $15,427,000 (2022 - US$13,316,000) are carried forward as research and development taxable asset to be used against future profits from the same trade. Tax losses in the UK at US$2,106,000 (2022 - US$1,449,000). No deferred tax asset is recognised for these losses due to early stage in the development of the Group's activities.

12 Earnings per share

Numerator	Year to 31 December 2023 Total US$	Year to 31 December 2022 Total US$
Loss for the period used in basic EPS	**(8,734,093)**	(11,407,527)
Denominator		
Weighted average number of ordinary shares used in basic EPS	**170,319,245**	164,667,754
Resulting loss per share	**(US$0.051)**	(US$0.069)

The Company has one category of dilutive potential ordinary share, being share options (see note 21). The potential shares were not dilutive in the period as the Group made a loss per share in line with IAS 33.

13 Tangible assets

Group	Leasehold property US$'000	Plant & machinery US$'000	Total US$'000
Cost or valuation			
At 1 January 2022	-	1,206	1,206
Additions	1,288	455	1,743
Foreign exchange movements	-	(59)	(59)
At 31 December 2022	1,288	1,602	2,890
Additions	-	23	23
Foreign exchange movements	-	27	27
At 31 December 2023	**1,288**	**1,652**	**2,940**
Accumulated depreciation and impairment			
At 1 January 2022	-	(420)	(420)
Depreciation	(76)	(421)	(497)
Foreign exchange movements	-	37	37
At 31 December 2022	(76)	(804)	(880)
Depreciation	(240)	(433)	(673)
Foreign exchange movements	-	(24)	(24)
At 31 December 2023	**(316)**	**(1,261)**	**(1,577)**
Net book value			
At 31 December 2023	**972**	**391**	**1,363**
At 31 December 2022	1,212	798	2,010

Included in leasehold property at 31 December 2023 are right of use assets with a cost of US$465,000 (2022 - US$465,000) and accumulated depreciation of US$111,000 (2022 - US$28,000) relating to the lease of the Company's laboratory in Tennessee. Included within plant and machinery is an asset financed under a leasing contract with a cost of US$238,000 (2022 - US$238,000). The liability is secured against the asset.

13 Tangible assets *(continued)*

Company	Plant & machinery US$'000	Total US$'000
Cost or valuation		
At 1 January 2022	562	562
Foreign exchange movements	(59)	(59)
At 31 December 2022	503	503
Foreign exchange movements	27	27
At 31 December 2023	**530**	**530**
Accumulated depreciation and impairment		
At 1 January 2022	(312)	(312)
Depreciation	(172)	(172)
Foreign exchange movements	37	37
At 31 December 2022	(447)	(447)
Depreciation	(59)	(59)
Foreign exchange movements	(24)	(24)
At 31 December 2023	**(530)**	**(530)**
Net book value		
At 31 December 2023	**-**	**-**
At 31 December 2022	56	56

14 Intangible assets

Group	License and patents US$'000	Total US$'000
Cost		
At 1 January 2022	2,210	2,219
Additions	268	268
Foreign exchange movements	(185)	(185)
At 31 December 2022	2,302	2,302
Additions	208	208
Foreign exchange movements	84	84
At 31 December 2023	**2,594**	**2,594**
Accumulated amortisation and impairment		
At 1 January 2022	(212)	(212)
Amortisation charge	(143)	(143)
Foreign exchange movements	23	23
At 31 December 2022	(332)	(332)
Amortisation charge	(156)	(156)
Foreign exchange movements	(15)	(15)
At 31 December 2023	**(503)**	**(503)**
Net book value		
At 31 December 2023	**2,091**	**2,091**
At 31 December 2022	1,970	1,970

14 Intangible assets *(continued)*

Company	License and patents US$'000	Total US$'000
Cost		
At 1 January 2022	1,758	1,758
Additions	15	15
Foreign currency movements	(185)	(185)
At 31 December 2022	1,588	1,588
Additions	-	-
Foreign currency movements	84	84
At 31 December 2023	**1,672**	**1,672**
Accumulated amortisation and impairment		
At 1 January 2022	(192)	(192)
Amortisation charge	(104)	(104)
Foreign exchange movements	23	23
At 31 December 2022	(273)	(273)
Amortisation charge	(107)	(107)
Foreign exchange movements	(15)	(15)
At 31 December 2023	**(395)**	**(395)**
Net book value		
At 31 December 2023	**1,277**	**1,277**
At 31 December 2022	1,315	1,315

The licence was acquired from Renalytix AI Plc on 4 May 2020 pursuant to a purchase of business assets. This license in turn was granted to Renaltix AI Plc by the Icahn School of Medicine at Mount Sinai for rights to intellectual property and data to support the FractalDx families of diagnostic assays. In addition, amounts are spent on the prosecution and protection of patent applications.

The Group has tested the carrying value for impairment at 31 December 2023. The recoverable amount was assessed in the basis of value in use. The assessed value exceeded the carrying value and no impairment loss was recognised. The key assumptions in the calculation to assess value in use are future revenues and costs and the ability to generate future cash flows. Recent working capital projections approved by the Board were used as well as forecasts for a further four years, followed by an extrapolation of expected cash flows and the calculation of a terminal value.

15 Subsidiary

The principal subsidiary of Verici Dx plc, which has been included in these consolidated financial statements at a cost of US$10, is as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2022 and 2023
Verici Dx Inc	United States of America	100%

16 Trade and other receivables

	Group 2023 US$'000	Company 2023 US$'000	Group 2022 US$'000	Company 2022 US$'000
Accounts receivable	**1,013**	**-**	-	-
Prepayments	**244**	**61**	343	60
Other debtors	**87**	**14**	177	18
Amount due from wholly owned subsidiary undertaking	**-**	**4,349**	-	18,122
	1,344	**4,424**	520	18,200

17 Trade and other payables

	Group 2023 US$'000	Company 2023 US$'000	Group 2022 US$'000	Company 2022 US$'000
Trade payables	**475**	**85**	960	19
Other payables	**48**	**48**		
Deferred income	**1,500**	**-**	-	-
Accruals	**1,322**	**137**	1,136	86
Total trade and other payables	**3,345**	**270**	2,096	105

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

The only movements within financial liabilities relate to payments for payable and leases within the Financial Instruments note.

18 Lease liabilities

Group	Land and buildings US$'000	Plant and machinery US$'000	Total US$'000
At 1 January 2022	465	238	703
Interest expense	4	1	5
Repayments	(8)	-	(8)
At 31 December 2022	**461**	**239**	**700**
Repayments	(96)	(93)	(189)
Interest expense	14	15	29
At 31 December 2023	**379**	**161**	**540**

The Company acquired an asset under capital lease financing arrangements.

The Company operates from one office which is rented under a lease agreement ending on 1 November 2027 under which rent is payable monthly.

	2023 US$'000	2022 US$'000
Maturity of lease liabilities		
Within 3 months	**37**	45
Between 3 – 12 months	**126**	111
Between 1 – 2 years	**180**	167
Between 2 – 5 years	**197**	377
	540	**700**

19 Share capital

	Issued and fully paid	
	2023 Number	**2023 US$**
Ordinary shares of £1 each		
On incorporation	1	1
Ordinary shares of £0.001 each		
Sub-division of existing shares into 1,000 ordinary shares	1,000	1
Issue of new shares	59,415,135	74,864
Issue of shares on conversion of Convertible Loan Notes	9,831,681	12,771
Placing and offer of shares on admission to AIM	72,500,000	93,978
At 31 December 2021	141,747,816	181,614
Issue of new shares on 11 March 2022	28,571,429	37,342
At 31 December 2022 and 2023	**170,319,245**	**218,956**

On 7 July 2020 the entire issued share capital of the Company was sub divided to create 1,000 ordinary shares of £0.001 each and 59,415,135 ordinary shares of £0.001 each were allotted pursuant to a dividend in specie by the then parent company, Renalytix AI Plc. Those 59,416,135 shares were then immediately reclassified as 59,416,134 A shares and one Golden Share and all A shares and the Golden Share converted into ordinary shares at the time of the Company's admission to AIM on 3 November 2020.

On 28 October 2020 pursuant to the conversion of the Convertible Loan Notes is issue at that time of $2,500,000, a further 9,831,681 new ordinary shares were issued.

On 3 November 2020 pursuant to the Company's shares being admitted to AIM, a market operated by the London Stock Exchange, 72,500,000 new ordinary shares were issued at an issue price of £0.20 per share raising gross proceeds of US$18,795,500 (£14,500,000).

On 11 March 2022 the Company issued 28,571,429 ordinary shares of £0.001 at an issue price of £0.35 per share raising gross proceeds of US$13,070,000 ((£10,000,000). See note 23 for additions post year end.

20 Reserves

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

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of parent company operations into US dollars.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

21 Share-based payment

On 28 October 2020, the Board adopted the Share Option Plan to incentivise certain of the Group's employees and Directors. The Share Option Plan provides for the grant of both EMI Options and non-tax favoured options. Options granted under the Share Option Plan are subject to exercise conditions as summarised below.

The Share Option Plan 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 Share Option Plan and the Non-Employee Sub-Plan who are US residents and US taxpayers.

With the exception of options over 10,631,086 shares, which vested immediately on grant in 2020, the options vest equally over twelve quarters from the grant date. If options remain unexercised after the date one day before the tenth anniversary of grant such options expire. The Options are subject to exercise conditions such that they shall, subject to certain exceptions, vest in equal quarterly instalments over the three years immediately following the date of grant, which vesting shall accelerate in full in the event of a change of control of the Company.

	Weighted average exercise price (p)	**Number**
Exercisable at 31 December 2021	**26.03**	**4,933,696**
Cancelled in the year		**(120,000)**
Granted in the year		**1,564,370**
Exercisable at 31 December 2022	**23.86**	**6,378,066**
Granted in the year	20.0	**450,000**
Exercisable at 31 December 2023	**14.34**	**6,828,066**

The exercise price of options outstanding at 31 December 2023 ranged between 10p and 35p and their weighted average contractual life was 7.08 years.

The weighted average fair value of each option granted during the year was 3.75p. The weighted average fair value of the options outstanding at 31 December 2023 was 18.02p.

The fair value of each share option granted has been estimated using a Black-Scholes model and has an assessment of 3.75p. The inputs into the model are a share prices of 11p and exercise price of 20p and expected volatility of 62.14%, no expected dividend yield, contractual life of 10 years and a risk-free interest rate of 3.09%. As of 31 December 2023, none of the granted stock options have been exercised.

21 Share-based payment (*continued*)

In addition, a reduction in the strike price to 10p was performed to 10,251,130 options leading to an increase in the fair value of such instruments. The modification in the strike price had an effective date of 28 August 2023 and the weighted average incremental fair value was 2.49p as a result.

The incremental fair value granted was measured as the difference between the fair value of the modified options and that of the original options, both computed at the modification's date, i.e., the fair values were measured right before and after the modification.

The weighted average fair value before the modification is 1.06p and right after the modification is 3.55p. The option pricing model used for the estimations is the Black-Scholes model and the inputs to the model for both valuations are a share price of 10.25p; a weighted average volatility of 80.15%; a weighted average life of 1.07 years; and a weighted average risk-free rate of 5.41%. The exercise prices used right before the modification are 10p, 20p, 40p, 45.5p, 48.5p, 50p, and 69.5p, while the strike price used after the modification is 10p.

The expected volatility is estimated based on the Company's and a peer group's annualized standard deviation of the continuously compounded rates of daily return on share price history equal to the expected lifetime of the options. The average volatility from the peers and Verici is used.

As of 31 December 2023, none of the modified stock options have been exercised.

The Group recognised total expenses of US$453,000 (2022 – US$318,000) within administrative expenses relating to equity-settled share-based payment transactions during the period.

22 Related party transactions

In the year to 31 December 2023 an amount of US$21,000 (2022 – US$51,000) was invoiced by Renalytix Plc as full reimbursement for expenses incurred on behalf of the Company as a cost sharing arrangement for a quality management software product. As of 31 December 2023, the amount owed to Renalytix Plc was US$Nil (2022 – US$22,000).

In the year to 31 December 2023 an amount of US$50,000 (2022 – US$750,000) was invoiced by Icahn School of Medicine at Mount Sinai for milestone fees due under the license agreement described in the Admission Document. As of 31 December 2023, the amount owed to Icahn School at Medicine at Mount Sinai was US$Nil (2022 – US$Nil).

In the year to 31 December 2023 an amount of US$Nil (2022 – US$17,000) was invoiced by EKF Diagnostic Holdings Plc for services rendered in the year. As of 31 December 2023, the amount owed to EKF Diagnostic Holdings Plc was US$Nil (2022 – US$Nil).

23 Events after the reporting date

On 20 February 2024 the Company issued 72,222,222 ordinary shares at 9p per share raising total gross proceeds of US$8,196,000 (GBP6,500,000).

Verici Dx plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM"**) of Verici Dx plc ("**Company"**) will be held at Shoosmiths LLP, No 1 Bow Churchyard, London EC4M 9DQ on 25 June 2024 at 11.30 a.m.

Introduction

The Company has decided to hold this year's AGM as a physical meeting of the shareholders of the Company.

Shareholders wishing to vote on any of the matters of business are strongly advised to appoint the chairman of the AGM as their proxy. Shareholders must appoint a proxy through completion of a form of proxy. Shareholders can appoint a proxy by logging on to www.signalshares.com and following the instructions, lodging a proxy appointment by using the CREST Proxy Voting Service or requesting a hard copy proxy form by contacting our registrars, Link Group, on 0371 664 0300 from the UK (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate) and returning it to the address shown on the form.

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io.

AGM

The AGM is being held to consider the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 as a special resolution (together the "**Resolutions**" and each a "**Resolution**"):

Ordinary Resolutions

1. To receive and adopt the statement of accounts for the year ended 31 December 2023 together with the reports of the Directors of the Company ("**Directors**") and the auditors thereon.

2 To re-elect Julian Baines, who retires by rotation, as a Director.

3 To re-elect Sara Barrington, who retires by rotation, as a Director.

4 To re-elect Dr Erik Lium, who retires by rotation, as a Director.

5 To re-elect James McCullough, who retires by rotation, as a Director.

6 To re-elect Sir Ian Carruthers, who retires by rotation, as a Director.

7 To re-appoint Messrs Crowe U.K. LLP as auditors to act as such until the conclusion of the next general meeting of the Company at which the requirements of section 437 of the Companies Act 2006 ("**2006 Act**") are complied with and to authorise the Directors of the Company to fix their remuneration.

8. That, in substitution for any such existing authority, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) in the capital of the Company:

   (i) up to a maximum nominal amount of £17,500 (in pursuance of the exercise of outstanding share options and other potential shares granted by the Company but for no other purpose); and

   (ii) up to an aggregate nominal amount of £48,508.29 (in addition to the authority conferred in sub-paragraph (i) above) representing approximately 20% of the Company's issued share capital,

   such authorities (unless previously renewed, revoked or varied) to expire at the conclusion of the next annual general meeting of the Company to be held in 2025, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities (as defined in section 560 of the 2006 Act) to be allotted after such expiry and the Directors may allot such equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

9. That, subject to the passing of Resolution 8 above, the Directors be given the general power to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by Resolution 8 above as if section 561(1) of the 2006 Act did not apply to any such allotments provided that this power shall be limited to:

   (i) the allotment of equity securities on the exercise of the share options granted by the Company and other potential shares granted by the Company up to a maximum nominal amount of £17,500;

   (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) for cash in connection with any rights issue or pre-emptive offer in favour of holders of equity securities generally; and

   (iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of equity securities for cash up to an aggregate nominal amount of £48,508.29 representing approximately 20% of the Company's issued share capital,

   provided that such power (unless previously renewed, revoked or varied) shall expire at the conclusion of the annual general meeting of the Company to be held in 2025, save that the Company may, before such power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

BY ORDER OF THE BOARD David Anderson Company Secretary	Registered Office: Avon House 19 Stanwell Road Penarth CF64 2EZ 29 May 2024

Additional Notes:

1. Every eligible shareholder is entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered on the Company's register of members at close of business on 21 June 2024, or, if this general meeting is adjourned, members on the Company's register of members not later than 48 hours before the fixed time for the adjourned meeting, shall be entitled to attend and vote at the AGM.
3. If you are a shareholder of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolutions. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
6. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact the registrars, Link Group at shareholderenquiries@linkgroup.co.uk or on Tel: 0371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. When two or more valid but differing appointments of proxy are received for the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.
7. You will not receive a hard copy form of proxy with this document. Instead, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account or register if you have not previously done so. To register you will need your investor code, this is detailed on your share certificate or available from our registrar, Link Group. Votes submitted electronically must be submitted by no later than 11.30 a.m. on 21 June 2024.
8. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

Apple App Store	GooglePlay

9. You may request a hard copy form of proxy directly from the registrars, Link Group at shareholderenquiries@linkgroup.co.uk or on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
10. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ("**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 a.m. on 21 June 2024, or, in the event of an adjournment of the AGM, 48 hours before the adjourned AGM. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.30 a.m. on 21 June 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
15. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group at the address noted in note 6 above.

16. In order to revoke a proxy instruction, you will need to inform the Company by contacting Link Group on 0371 664 0300. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Link Group no later than 11.30 a.m. on 21 June 2024. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

17. Appointment of a proxy does not preclude you from attending the general meeting and voting in person. If you have appointed a proxy and attend the general meeting in person, your proxy appointment will automatically be terminated.

18. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion withhold from voting.

19. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.

20. Voting on the Resolutions will be conducted by way of a poll vote.

21. As at the close of business on the day immediately before the date of this notice of the AGM, the Company's issued share capital comprised 242,541,467 ordinary shares of nominal value £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business, on the day immediately before the date of this notice of the AGM is 242,541,467.

22. Under Section 527 of the 2006 Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the 2006 Act (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.

23. Any shareholder attending the AGM has the right to ask questions.

24. You may not use any electronic address (within the meaning of Section 333(4) of the 2006 Act) provided in either this notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

25. A copy of this notice, and other information required by Section 311A of the 2006 Act, can be found on the Company's website at www.vericidx.com.

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