Sensyne Health

The clinical AI company

Annual Report 2021

Sensyne Health plc is a clinical AI company working in partnership with health systems to improve patient care and accelerate the discovery and development of new medicines.

1 Strategic report

1 Highlights
2 At a glance
8 Our strategy
10 Business model
12 Our markets
14 Chairman's statement
16 Chief Executive Officer's statement
20 Financial review
23 Key performance indicators
24 Case study – MagnifEye
26 Case study – Patient stratification
28 Section 172 statement
32 Risk management
36 Environmental, social and governance

2 Corporate governance

38 Board of Directors
40 Chairman's introduction
41 Our governance framework
42 Corporate governance report
46 Audit and Risk Committee report
48 Nomination Committee report
49 Remuneration Committee report
52 Directors' remuneration policy
54 Annual report on remuneration
57 Directors' report
59 Statement of Directors' responsibilities in respect of the financial statements

3 Financial statements

60 Independent auditors' report
69 Consolidated statement of comprehensive income
70 Consolidated statement of financial position
71 Company statement of financial position
72 Consolidated statement of cash flows
73 Consolidated statement of changes in equity
74 Company statement of changes in equity
75 Notes to the consolidated and Company financial statements
109 Glossary
110 Advisers and Company information

Visit our corporate website:
www.sensynehealth.com/investors

Highlights

Financial

Cash at year end
As at 30 April 2021

£23.6m

(2020: £31.7m)

Revenue

£9.1m

(2020: £2.1m)

Total R&D expenditure

£15.1m

(2020: £11.4m)

Adjusted EBITDA[1]

£19.9m

(2020: £16.0m)

Operating loss

£27.9m

(2020: £22.4m)

Operational (including post period events)

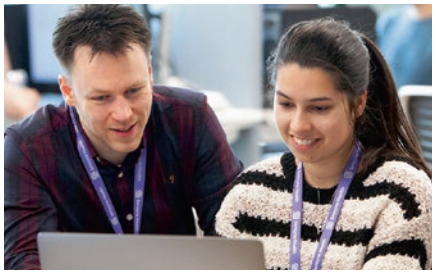
- Database of de-identified anonymised patient records increased from 2.8 million to 8.9 million during the period and 22.5 million as at September 2021
- On track to achieve goal of 100 million patient records in Sensyne databases by December 2024
- Healthcare system strategic research agreements rose from 3 to 11 in the period and 15 as at 30 September 2021, including three agreements in the US
- Entered into a strategic collaboration with Phesi, Inc., a US-based specialist clinical trials data company that provides access to approximately 42 million clinical trial patient records
- Launched SENSIGHT™ platform to support rapid interrogation of the real-world patient database and industrialisation of our offering to life science companies and healthcare systems
- Launched MagnifEye™, a new software application using deep machine learning AI to automate the accurate reading of lateral flow diagnostic tests and signed exclusive licensing deal with Excalibur Healthcare Services for the use of MagnifEye with lateral flow diagnostic tests
- Collaboration agreement with Alexion to study the prevalence and outcomes of patients in certain disease areas
- Research collaboration with Bristol Myers Squibb to apply machine learning for rare blood disease research
- Agreement with University of Oxford to conduct a multi-omics drug discovery research project in asthma

1 Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, impairment of intangible assets, impairment of investment accounted for using equity method, share-based payments and exceptional items. This is a non-GAAP alternative performance measure that management and analysts use to assess the business performance before one-off and non-cash items. A reconciliation of adjusted EBITDA loss to operating loss is presented on the face of the Consolidated statement of comprehensive income.

Read more **Financial review pages 20 to 22**

Read more **Chief Executive Officer's statement pages 16 to 19**

Improving patient care and accelerating medical research



Who we are

Founded in 2018, and based in the UK and US, we employ approximately 140 people with expertise in medical and data science including AI and machine learning. We work with healthcare systems and some of the world's leading life science companies to create a trusted data community, deriving insights from the analysis of large, complex healthcare data sets.

What we do

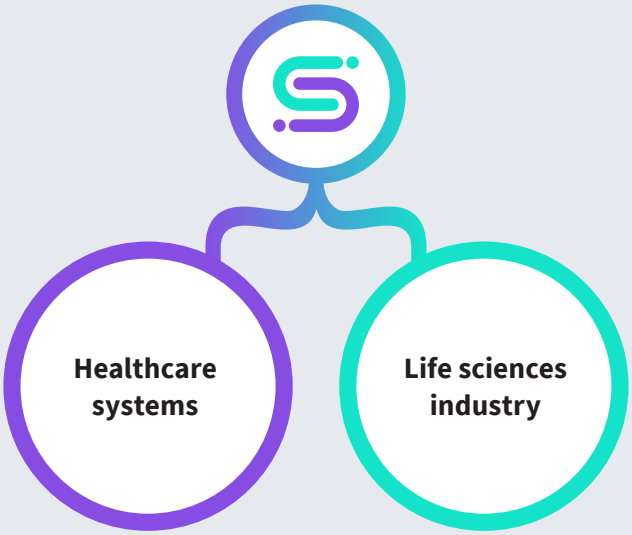
Through our unique transparent and ethical partnership model we have created a deep longitudinal, disease agnostic structured global real-world dataset covering 22.5 million lives comprising clinical research, clinical trial and de-identified and anonymised real-world data. We analyse this data and draw insight from it to help healthcare systems and life science companies improve patient care and accelerate medical research across multiple therapeutic areas including respiratory, cardiovascular, neurodegeneration, immunology and cancer.

How we do it

We operate a unique business model – a for-profit public company making a positive social impact that has a 'triple win' – for patients, for healthcare systems and for life science research. This model shares the financial returns we make with our healthcare system partners and ensures those healthcare organisations, and indirectly their patients, benefit from the use of their data for medical research in a secure and fair way.

Our business model

Read more **Business model on pages 10 and 11**



Therapeutic and diagnostic clinical AI product licensing

- Remote patient monitoring
- Diagnostics
- Real-time decision making

Clinical development and drug discovery R&D analytics

- SENSIGHT platform
- Pharmaceutical research professional services
- Bespoke pharmaceutical research projects and strategic partnerships

Our mission

To improve health and create wealth for all through the ethical application of clinical artificial intelligence and the creation of a trusted data community between patients, clinicians, healthcare providers and life science companies that is transparent, fair and effective.

Our vision

To become the world leader in the ethical use of healthcare data analytics.

Our purpose

To improve patient care and accelerate medical research with the ambition of making preventive healthcare and personalised medicine a reality.

Our strategy

Become the leader in the ethical use of big data and AI to improve patient care and to discover and develop new medicines

Read more **Strategy pages 8 and 9**

Data

Build a best-in-class deep longitudinal, disease agnostic structured global dataset covering 100 million lives comprising clinical research, clinical trial and de-identified and anonymised real-world data.

Technology

Commercialise SENSIGHT – an industry first, real-world deep and longitudinal data analytics platform.

Deliver software applications that improve patient care.

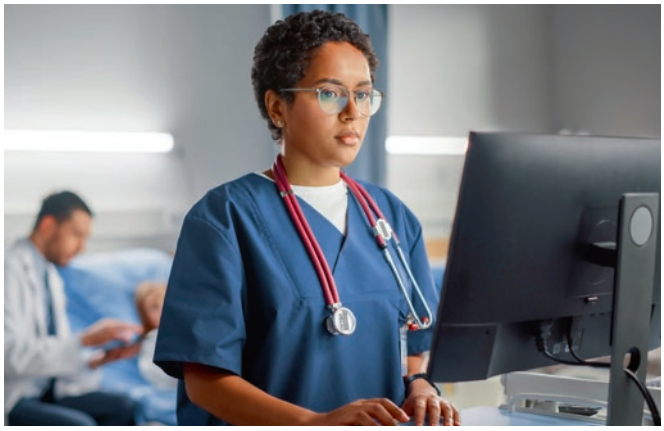
Discovery

Build Sensyne's drug discovery capability focused on the application of AI.

Corporate

To be the leader in the ethical use of big data and AI to improve patient care and to discover and develop new medicines.

Impact and benefit



Increase in patient data

Data
Access to de-identified and anonymised patient data for scientific research rose during the financial year from 2.8 million records to 8.9 million and stands at 22.5 million as at 30 September 2021.

Completed projects
Completed research projects in cardiovascular disease, stroke and a number of rare diseases aimed at disease prevention, disease progression analysis and the development of new treatments.

New insights
Machine learning approaches using real-world evidence are generating new insights to improve patient outcomes and accelerating the speed and development of new medicines.

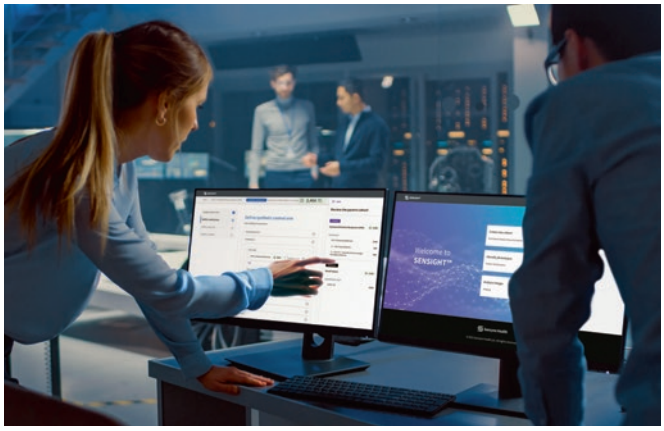
Helped 28,573 pregnancies

GDm-Health™
GDm-Health, the prescribed digital therapeutic for the remote management of diabetes in pregnancy, is currently used by over 50 NHS Trusts and has helped care for 28,573 pregnancies since its launch in 2018.

AI technology
Pioneering proprietary AI technology to identify digital solutions for automated image evaluation for disease detection and diagnosis in areas such as cancer, respiratory and COVID-19.

SYNE-COV™
SYNE-COV, the COVID-19 risk prediction algorithm, achieved UKCA mark status in April 2021.

SYNE-OPS-1™
SYNE-OPS-1, the operational algorithm for real-time hospital management of patients, was used by Chelsea and Westminster to help manage COVID-19 related demand on ICU resources.



Data analysis made simple

SENSIGHT

SENSIGHT, a real-world data, cloud-based analytics platform to support life science research that aims to increase the speed, accuracy and efficiency of drug discovery and development was launched in September 2021.

13.8% equity ownership

Strategic Research Agreements

Healthcare partners have entered into agreements to hold an aggregate 13.8% equity ownership in Sensyne as part of the Group's Strategic Research Agreements which share financial returns with healthcare systems.

10 new agreements

Research agreements

Healthcare system research agreements increased from 3 to 11 in the period and 15 as at 30 September 2021.

Improved test reading accuracy and consistency

MagnifEye

MagnifEye, the AI technology for reading COVID-19 lateral flow diagnostic tests, is being used by the UK's Department of Health and Social Care as part of the UK government's asymptomatic testing programme – helping the nation recover from the pandemic.

99% specificity

NHS Digital study

In an NHS Digital study MagnifEye correctly classified lateral flow device results better than their human reads, with high sensitivity (97.9%) and specificity (>99.9%), and when used in a self-test setting sensitivity and specificity both exceeded 99%.

Our values

We are passionate about health. We care deeply about patients. We know that the ethical use of advanced AI and big data has enormous potential to prevent illness, treat disease and save lives.

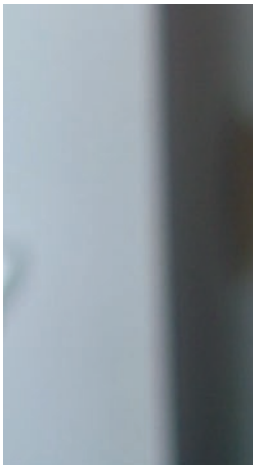
We push the boundaries of medical, data and engineering science and we fuse this knowledge to discover new insights, build new tools and create new IP that accelerates the discovery and development of new medicines and new medical devices and improves patient care.

We know patient data is precious and personal. We keep it safe. We never share data. We never sell data. Data never leaves Sensyne.

We work in a transparent and ethical framework governed by a business and quality management system that underpins what we do, how we work, and how we treat each other and our stakeholders. We work to high professional standards. We respect the importance and responsibility we have for the work that we do. We hold ourselves accountable. We create an environment at Sensyne that is inclusive, collaborative and professional and that enables us to do our best work.

We are fearsome competitors. We have the will to compete and to win. We deliver on our promises, and we win on behalf of our customers, their patients and our investors. We pursue growth and scale to maximise the global impact that our work has in improving health and creating wealth.

We are pioneering a new business model, built on the power of community, that delivers a double bottom line to improve public health, create wealth and deliver social impact. We are ethical innovators, pursuing new solutions to solve difficult health problems at scale. We are willing to challenge the status quo to improve health and social care systems worldwide, sharing the fruits of our work with the societies in which we work.



A well defined strategy with a clear focus on growth

1

Data

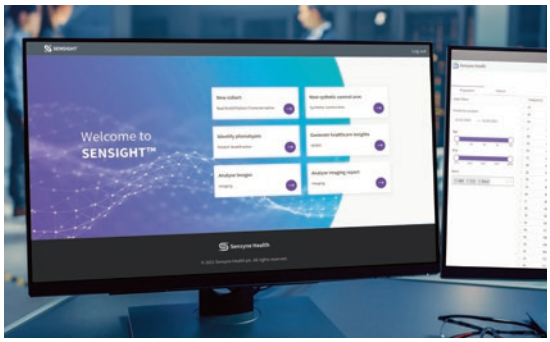
Build a best-in-class international database of ethically sourced de-identified and anonymised patient data.

- Grow a geographically diverse longitudinal real world data set of 100 million patients by December 2024 in partnership with healthcare systems across the UK, the US, Europe, Africa, the Middle East and Asia representative of the patient populations in the key markets of interest to the life sciences industry.
- Broaden, deepen and diversify the data to include clinical research, clinical trial, phenotypic, imaging and genomic data.
- Develop therapeutically focused data sets and research activities in the areas of respiratory, cardiovascular, neurodegeneration, immunology, rare diseases and cancer.

2

Technology

Further develop and deliver SENSIGHT, a world leading health data platform with industrial scale and depth.



- Scale – grow number of professional subscribers, generating recurring "Software as a Service" revenues, and expand into Europe and rest of the world.
- Depth – grow size of real-world patient data sets and specific therapeutically focused patient cohorts particularly in cancer, cardiovascular and rare diseases.

Provide software applications that improve patient care

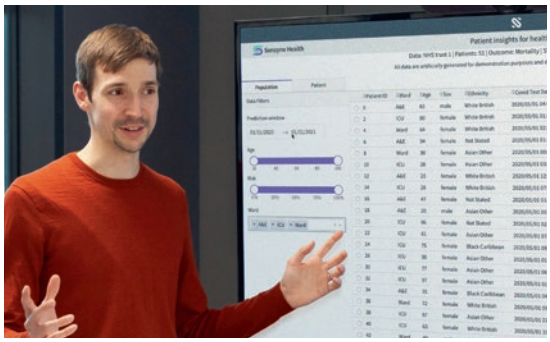
- Deliver to healthcare systems.
- Deliver to life science companies, insurers and payors on a subscription model basis.
- Specialist data generated by software applications will further enrich the real-world data Sensyne uses for clinical analysis and medical research.

"The life science industry is at an important crossroads, having seen the potential of technology to speed up drug development. The therapeutics of the future will be more accurate and treat more diseases thanks to AI."

3

Discovery

Build Sensyne's drug discovery capability focused on the application of AI.



- Develop in-house drug discovery capability in different therapeutic areas that may include cancer, respiratory, immunological and rare disease using systems biology applied to SENSIGHT data to discover new drug targets.
- Seek to create a proprietary pipeline of potential new drugs complementary to Sensyne's digital therapeutics and digital diagnostics capability.

4

Corporate

Become the leader in the ethical use of big data and AI to improve patient care and to discover and develop new medicines.

- Clear path to commercialisation by the continued development of a compelling business model serving the life sciences industry that translates the data and analysis capabilities of Sensyne into recurring revenues.
- Develop in global markets.
- Explore strategic acquisitions to scale the business.
- Maintain and develop Sensyne's gold standard information security and governance framework.
- Retain a firm commitment to operating Sensyne in an ethical and sustainable way.
- Recruit and retain highly skilled people with deep sector experience and expertise and develop their talents to the full in a strong culture of collaboration.

The unique Sensyne partnership business model builds trust, creates scale and network effects

How we create value

Sensyne is a commercial company partnering with healthcare systems to improve patient care by generating insights from the analysis of large, complex de-identified and anonymised patient data in an ethical way, providing an attractive return to its shareholders while making a positive social impact and maintaining public trust.

Sensyne's 'docking station' business model is central to its strategy of connecting the life sciences industry with healthcare systems and clinicians with patients. Specifically it is the insights from the analysis of ethically sourced de-identified and anonymised patient data that we commercialise, not the data itself.

Data

Underpinning Sensyne's life sciences and healthcare offering of undertaking medical research using clinical AI to improve pharmaceutical research, development and patient care is the creation of a rapidly growing deep longitudinal, disease agnostic structured global dataset comprising clinical research, clinical trial and de-identified and anonymised real-world data and supporting data platforms capable of delivering data analytics with depth at scale. Access to de-identified and anonymised patient data is derived from Sensyne's unique Strategic Research Agreement model. Access to clinical research and clinical trial data is derived from Sensyne's exclusive partnership with Phesi.

The data is analysed by Sensyne's world-class multidisciplinary team that has expertise in pharmaceutical development, clinical practice, data science, software engineering and AI.

The analysis enables Sensyne to identify previously unseen actionable insights, drive discovery research, uncover new treatments, improve the design and delivery of clinical trials, help clinicians monitor and manage patient care and support healthcare system operational efficiency.

Commercialisation

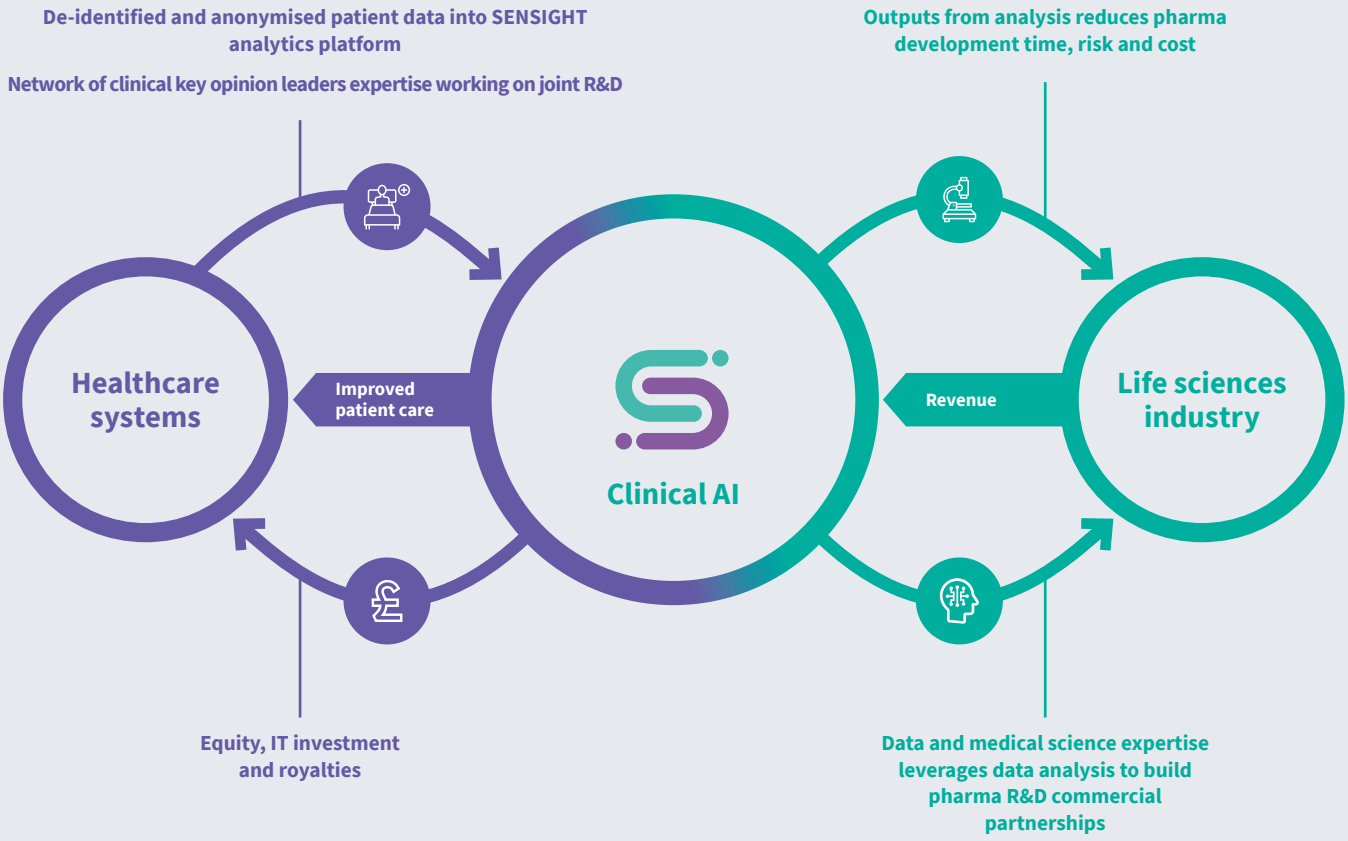
Sensyne's commercial model is based on:

Life science research and development

- SENSIGHT subscriber revenues.
- Pharmaceutical research professional services.
- Bespoke pharmaceutical research strategic partnerships.

Therapeutic and diagnostic clinical AI product licensing

- Remote patient monitoring revenues (for example GDm-Health).
- Diagnostic platform revenues (for example MagnifEye).
- Real-time decision making algorithm revenues.



Therapeutic focus

- Respiratory
- Cardiovascular
- Neurodegenerative
- Immunological
- Cancer
- Rare diseases

Sensyne applies clinical artificial intelligence in two large market sectors

Life sciences

Developing machine learning technologies applied to ethically sourced patient data received from partnerships with health systems and clinical trial data, through Sensyne's partnership with Phesi, to support life science research and development.

To do this Sensyne works in trusted partnerships with healthcare systems to build datasets of de-identified and anonymised patient data that can be used by Sensyne to conduct medical research on behalf of pharmaceutical companies. Sensyne then works on behalf of life science companies to analyse the patient data and clinical trial data and then share and use the insights, not the data itself, to develop targeted drugs with a higher chance of success.

SENSIGHT

In order to accelerate and scale Sensyne's life science activity the Company has developed SENSIGHT – an industry-first real-world deep and longitudinal data analytics research platform. SENSIGHT enables professional subscribers to access data insights at scale rapidly and cost effectively without compromising data privacy or security.

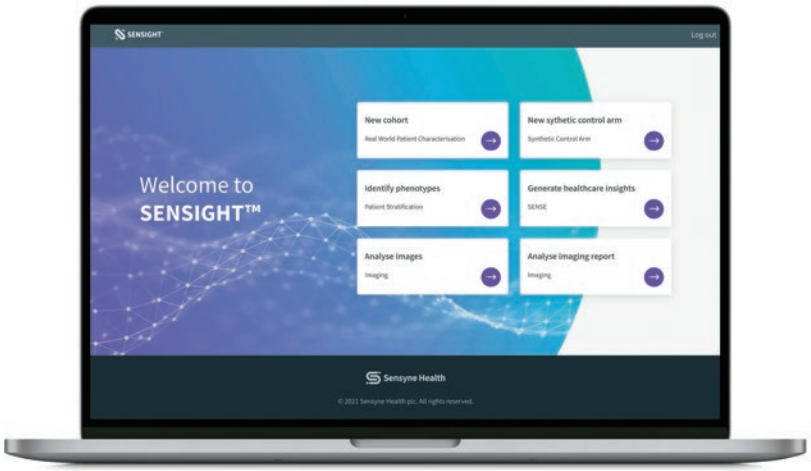
SENSIGHT analyses and processes real-world patient data much more rapidly and cost effectively using Sensyne's unique de-identified and anonymised patient data set. SENSIGHT is expected to significantly increase the speed at which data can be interrogated to generate outputs.

Through the SENSIGHT platform subscribers can conduct research for clinical research and development projects in the areas of:

- real-world data analytics;
- optimisation of clinical trial design and execution including patient enrolment, patient stratification and site selection;
- testing and validating drugs in development including running synthetic control arms;
- supporting drug launch and reimbursement strategies; and
- target identification to support drug discovery.

SENSIGHT seeks to dramatically reduce the timescales to generate data insights allowing Sensyne to respond to the needs of pharmaceutical and biotechnology clients much more quickly. It is anticipated the platform will help support all stages of pharmaceutical research and development from drug discovery through to clinical trials, post-market approval and drug launch.

The development of SENSIGHT began towards the end of the period under review and accelerated during the current financial year ahead of its launch in September 2021.

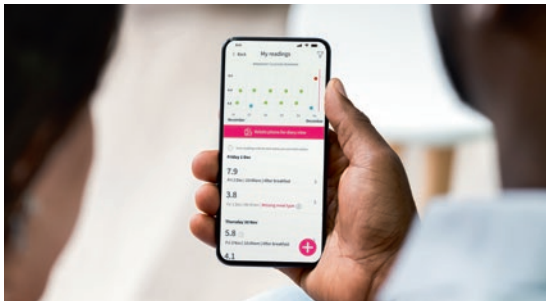


Healthcare

Patient self-care and monitoring and real-time decision making support for healthcare systems through a portfolio of AI-enabled software applications and technologies.

Sensyne works with healthcare systems in four ways:

- **Decision making support** – help healthcare professionals make AI-driven near real-time clinical and operational decisions to drive personalised care and improve efficiency delivered through SENSE ™, a clinical and operational algorithm engine which generates AI algorithms (called SYNEs) for near real-time decision support across multiple medical conditions.



- **Remote patient monitoring** – remote patient monitoring applications that connect patients with their clinicians to enhance care, enable individuals to take greater control over their health conditions and manage population health.
- **Imaging diagnostics** – health status monitoring and diagnostics software applications using the proprietary MagnifEye system, available as both a smartphone app and a web application, that uses a cloud-based deep learning algorithm to automate the reading and analysis of different diagnostic tests.
- **Research partnerships** – trusted partnerships with health systems to analyse datasets of anonymised patient data that enable the clinically led development of new digital healthcare products and services.

Our AI-enabled apps

Imaging diagnostics

MagnifEye
Fast and accurate AI-based interpretation of lateral flow tests

Decision making support

SENSE
Clinical AI algorithm engine

SYNE-COV
COVID-19 patient outcome algorithm

SYNE-OPS
Real-time operational patient management algorithm

Remote patient monitoring

GDm-Health
Monitoring and management of diabetes in pregnancy

BPm-Health™
Self-monitoring of blood pressure during pregnancy

CVm-Health™
COVID-19 self-monitoring

SEND™
System for vital sign observations

DBm-Health
System for recording data for patients with or at risk of diabetes

The medicine of the future is based on the data now

Highlights of the year

- Successful and effective implementation of board effectiveness review.
- Added strength and depth to executive leadership team and Board.
- Continued initiatives to safeguard health and wellbeing of staff.
- Introduction of Business Advisory Board and NHS Partnership Board.
- Plans to supplement organic growth with M&A and access deeper pools of capital.

This Annual Report covers a difficult year. We entered the 2021 financial year in the sensitive business of healthcare data with a pioneering and ethical business model hampered by a diminished Board, an overhang on the shares remaining from the collapse of the Woodford fund, well-publicised issues of corporate governance and an incomplete Senior Management Team, whilst dealing with the consequences of the COVID-19 pandemic. A year later we have addressed these issues and emerged much stronger and more optimistic than many companies faced with the challenges of the pandemic alone.

The Board has overseen the successful and effective implementation of recommendations from a board effectiveness review conducted by A&O Consulting, a restructuring of the business and the appointments of a new General Counsel, Chief Financial Officer, Chief People Officer, Chief Scientific Officer and North American President. Simultaneously, we have recruited four new Independent Non-Executive Directors to our Board with relevant depth and breadth of experience in healthcare, regulation and managing or advising technically focused and fast-growing organisations.

The Board has also introduced processes to safeguard the health and wellbeing of Sensyne's committed staff. We have introduced an occupational health capability and trained almost 10% of our colleagues in mental health first aid. The pandemic accelerated a remote working policy that has ensured business continuity and seamless communication with our clients. The success of this has encouraged us to make this the default operating model for the organisation.

The Board's Committees have worked effectively throughout the year. The Audit and Risk Committee has worked with management to ensure a smooth handover to a new external auditor and has been pleased to see continued developments in risk management through a new Risk Management and Compliance Board.

The Remuneration Committee, consisting only of Independent Non-Executive Directors, has developed a remuneration policy in line with the Company's strategic objectives, specifically seeking to attract, retain and appropriately motivate the highest quality executives while ensuring that remuneration packages and potential incentive outcomes are appropriate and proportionate for the size and complexity of our business, are market competitive and are aligned across the whole workforce.

Sensyne has long had a Scientific Advisory Board, but this year we have introduced a Business Advisory Board and an NHS Partnership Board. The latter is constituted of board-level executives from our partner NHS Trusts to ensure that Sensyne continues to deliver value for the NHS. Through our Chief Medical Officer we are establishing a similar group of NHS Medical Directors and a Patient Advisory Group. These partnerships are essential for ensuring trust between Sensyne, the NHS and patients.

As a consequence of these and other initiatives we have seen a period of financial growth and the successful delivery of key commercial and operational milestones powered by very significant growth in our diverse patient dataset.

We are a British company listed on the AIM segment of the London Stock Exchange, committed to the values of the NHS and determined to facilitate the development of new interventions and treatments to improve outcomes for patients. Since our flotation on AIM, we have witnessed huge growth in the global digital healthcare industry which is drawing high levels of attention and capital. It is clear that if we are to become a global leader in clinical AI we must supplement our organic growth and achieve greater scale through M&A and accessing deeper pools of healthcare and growth-oriented capital.

The Board believes that with our unparalleled patient data set and the recently launched SENSIGHT platform, Sensyne is now poised to become a global leader in one of the fastest growing segments in healthcare technology.

I very much look forward to supporting Sensyne's dedicated team in building a trusted, connected data community for improving patient outcomes, healthcare delivery and life sciences research with scale and impact, while remaining committed to our ethical principles.

Sir Bruce Keogh
Independent Non-Executive Chairman

"Sensyne Health is pleased to welcome new shareholders who recognise the potential of our technology and the realisation of our ambitious goal of becoming the biggest provider of real-world patient data."

Sir Bruce Keogh KBE, MD, DSc, FRCS, FRCP
Independent Non-Executive Chairman

Delivering results, driving growth

Highlights of the year

- Trusted model has enabled the expansion of commercial and data partnerships.
- Well on track to achieve goal of 100m ethically sourced patient records by the end of 2024.
- Collaboration with Phesi Inc. is expected to create significant value and business benefit.
- Significant period of innovation launching SENSIGHT and MagnifEye.
- Expansion of model into US is witnessing strong momentum.

Despite some significant headwinds and an increasingly competitive market environment, Sensyne delivered strong growth over the past year. Our business model for the application of ethical AI to the analysis of de-identified and anonymised patient data resonated with healthcare systems and the life sciences industry in both the UK and US, growing our patient dataset and revenues significantly. The capital raised early in 2021 enabled us to secure a strategic collaboration with Phesi, Inc., ("Phesi") to extend our data coverage to include clinical trials data and to develop and launch the SENSIGHT analytics platform. The Company is well positioned to achieve its ambition over the next three years of being the leader in the ethical application of AI to patient data and deliver on its mission to improve patient care and accelerate the development of new medicines.

Patient data strategy

We grew our database of de-identified and anonymised electronic patient records from 2.8 million at the beginning of the year to 22.5 million as of September 2021, and we are on track to achieve our recently set goal of having 100 million patient records in our databases by December 2024.

We were delighted to sign a data access agreement in NHS Scotland with the NHS Greater Glasgow and Clyde board in addition to signing five new Strategic Research Agreements (SRAs) across NHS England in the period, with Milton Keynes University Hospital and the Somerset, Hampshire, Royal Wolverhampton, and Royal Devon and Exeter NHS Trusts joining our network of NHS Trust relationships. Since the financial year end, we also signed an SRA with Great Ormond Street Hospital for Children NHS Foundation Trust bringing our total to 9.1 million patient records in the UK database. Our work over the past year to apply the Sensyne model in the US has also been successful as, since May 2021, we signed our first three SRAs with St. Luke's University Health Network, the Colorado Center for Personalized Medicine and with Sentara Healthcare in Virginia and North Carolina, together providing access to 13.4 million patient records in the US.

The combined dataset comprising high quality, deep, longitudinal sets of structured de-identified and anonymised data covering 22.5 million patient records is a highly attractive research asset for healthcare and life science organisations seeking to use real-world data to improve care and to develop new products.

Life Sciences activities

Sensyne continued to build its portfolio of commercial agreements with pharmaceutical companies during the year. Firstly, the Company signed an agreement with Alexion to study the prevalence of certain undisclosed diseases in patient populations and the outcomes of patients treated for those conditions. Secondly, we signed an agreement with Bristol Myers Squibb to apply our proprietary machine learning technology to conduct research into certain rare blood diseases. The two new agreements bring the total of pharmaceutical collaborations to four, including Bayer and Roche, providing further validation of our partnership business model whereby Sensyne acts as the "docking station" for the analysis of de-identified and anonymised patient data on behalf of its commercial pharmaceutical partners under strict information governance controls.

In January 2021, we entered into an exclusive strategic collaboration with the US based private company Phesi, to provide a combined offering of clinical trial data and real-world data in synthetic clinical trial arms and clinical decision support tools. The transaction with Phesi provides Sensyne with the benefit of a different type of data set: anonymised global clinical trials data and clinical investigator site information. Phesi has curated a large and highly structured clinical trial database of approximately 13.5 million as at January 2021 that has since grown to approximately 42 million patient records more recently. In May 2021 the first commercial agreement as part of the strategic collaboration was signed with a leading pharmaceutical company with an additional agreement anticipated during the current financial year.

Sensyne's new strategic partnership with Microsoft in health cloud computing further enhanced our ability to develop tools for data analysis at scale and speed and with state-of-the-art data privacy and data security protections. During the year the Company developed SENSIGHT, our new data analytics software platform that we were excited to launch in September 2021. SENSIGHT provides a trusted research environment for pharmaceutical and life science companies to analyse de-identified and anonymised patient data to support all stages of research and development from drug discovery through to clinical trials and market launch. SENSIGHT was developed to speed up our ability to on-board patient data and to scale our revenues by complementing our existing commercial agreements with a Software-as-a-Service (SaaS) subscription offer that makes our platform and tools available to a much wider market.

Healthcare and impact of COVID-19

The COVID-19 pandemic has had a major impact on both the healthcare and life sciences sectors with the additional pressures caused by COVID-19 disrupting care in other areas and leading to delays and cancellation of many clinical development programmes and very rapid increases in demand in certain areas. This affected the development of our SENSE clinical algorithm platform. Our ability to engage collaboratively to build algorithms and new software products for the new healthcare customers was hampered and our partners were consequently restricted in making commercial progress, particularly in the US. Following the period end, our Chief Operating Officer, Michael Macdonnell, left the business.

Against this challenging operating environment for the Company, our team responded well. Our data and medical scientists contributed to the fight against COVID-19 by developing software tools to help mitigate the impact of the pandemic. Working closely with clinicians from the University of Oxford, we provided software for remote symptom data collection and analytics for a Phase 2 clinical trial in care homes of the anti-TNF drug adalimumab, to prevent respiratory failure due to COVID-19.

We developed and launched MagnifEye, a new software application which uses AI to automate the accurate reading of lateral flow diagnostic tests, with a first application to COVID-19 antigen testing. MagnifEye was exclusively licensed to Excalibur Healthcare Services in February for use with lateral flow diagnostic tests. The UK Department of Health and Social Care (DHSC) also signed an agreement with Sensyne to pilot the MagnifEye technology for use with COVID-19 lateral flow diagnostic tests as part of its national testing programme. MagnifEye was granted Authorisation of Special Use by the UK's Medicines and Healthcare products Regulatory Agency (MHRA) for use with certain COVID-19 lateral flow diagnostic tests.

The Company worked in partnership with the Chelsea and Westminster Hospital NHS Foundation Trust to develop and deploy SYNE-COV, a clinical algorithm to provide real-time clinical decision and operational support in the management of patients with COVID-19 infection. It is the first algorithm generated from our SENSE platform to exemplify the potential of this clinical algorithm engine. The Company also received regulatory approval for use in the UK for the SYNE-COV machine learning algorithm for COVID-19 risk prediction. While the development of the SENSE platform was affected by the pandemic, post the period under review Sensyne entered into a collaboration with Sentara Healthcare to develop new clinical algorithms for chronic kidney disease and congestive heart failure.

In December 2020, we launched in the US our GDm-Health product for the management of diabetes in pregnancy and launched in the UK our DBm-Health™ product for people with or at risk of diabetes to enable them and their physicians to monitor and record their blood glucose levels. With the uptake of GDm-Health in the US having been slower than expected due to the impact of the pandemic on US healthcare systems and the competitive market environment, we are exploring other partnership opportunities to support use of the software solution in the US market.

Chief Executive Officer's statement – continued

"Our business model for the application of ethical AI to the analysis of de-identified patient data resonated with healthcare systems and the life sciences industry in both the UK and US, growing our patient dataset and revenues significantly."

Rt. Hon. Lord Drayson PhD FIET FREng FMedSci
Chief Executive Officer

Current trading and outlook

Sensyne has a unique opportunity to capitalise on the value of deep, longitudinal patient data to generate valuable insights for the life sciences and healthcare sectors, and, most importantly, support better care for patients.

During the first part of the current financial year, the Company has strengthened its business development activities and has created a commercial pipeline of depth that is anticipated to generate commercial agreements over the remainder of the current financial year and beyond. The pipeline contains an increasingly diverse range of pharmaceutical, biotechnology and contract research organisations around the world seeking to access the Company's AI and ML capabilities. The recent launch of the SENSIGHT platform is expected to have a significant impact on the efficiency of our business development activities.

Trading during the first half of the current financial year has, however, been slower than expected for two main reasons. Firstly, due to continuing policy uncertainty around the use of mass testing for COVID-19 that has slowed the public and private sector adoption of the MagnifEye technology. Secondly, the Company has been focused on the conversion of a small number of contracts with life sciences companies which remain under negotiation (these have material upfront contract values, but are harder to predict by their nature), as well as the development and launch of the SENSIGHT platform. First half revenues for the current financial year are expected to be below the £2.1 million achieved in the equivalent six-month period of the financial year ended 30 April 2021.

The business however remains confident of strong revenue growth over the full financial year due to the depth and breadth of opportunity of the business development pipeline. With over 25 opportunities in the pipeline with life science customers that have potential contract value (capable of revenue recognition in the 2022 financial year) in excess of current market expectations, there is substantial scope over the remainder of the current financial year to meet such expectations. The Company recognises there is much to deliver in the second half, remains confident of the opportunity and looks forward to providing further updates in due course.

Sensyne's progress over the past year, amid the unprecedented challenges posed by COVID-19, could not have been achieved without the hard work and dedication of our highly dedicated and talented staff and that of our colleagues in the NHS Trusts and US healthcare providers with whom we work. I am enormously grateful to all of them for their hard work, perseverance and determination which have shone through.

Lord Drayson
Chief Executive Officer

A year of strong revenue growth

"We have seen strong traction in our partnerships with life science companies, underpinning our growth in revenue."

Dr Richard Pye
Chief Financial Officer

Overview

Over the past financial year, the digital healthcare sector has drawn significant levels of attention and capital and we are pleased to see that Sensyne has solidified its position as one of the key players in its industry. With the growth in our patient data records and the development and launch of our SENSIGHT platform we have a strong foundation to make further financial progress in the year ahead.

Revenue

Group revenue for the year ended 30 April 2021 increased by £7.0 million to £9.1 million (2020: £2.1 million).

The strong revenue growth was driven by existing and new agreements with life science companies. This includes £5.1 million being recognised from the MagnifEye AI technology contracts with Excalibur Healthcare Services and the Department for Health and Social Care, and £3.6 million from our clinical development projects with pharmaceutical and biotechnology companies such as Bayer, Alexion, BMS and Roche. Revenues generated from the remote monitoring software product for diabetes in pregnancy, GDm-Health, were £0.2 million (2020: £0.2 million). This was driven by GDm-Health's later and slower than expected US launch as a result of the impact of the pandemic on US healthcare systems, a competitive market environment, and the Company's strategic decision to make its remote monitoring software free to use by the NHS for a 12-month period.

Gross profit

Gross profit for the year ended 30 April 2021 increased by £4.7 million to £5.9 million (2020: £1.2 million) due to the increase in revenues.

Gross margin for the year was 64.9% (2020: 56.4%) with this increase driven by a year-on-year change in sales mix from the development of our MagnifEye technology platform, which was launched in the current year, and the agreements with pharmaceutical and biotech clients, which yield varying margins on fixed fee contracts.

Operating expenses

Operating expenses for the year ended 30 April 2021 increased by £10.3 million to £33.9 million (2020: £23.6 million).

Excluding depreciation, amortisation, impairments and share-based payment charges, operating expenses have increased by £8.4 million since the previous year to £27.0 million (2020: £18.6 million). This is primarily a result of a new investment in our proprietary software product platforms, growing our real-world database and expansion in the US. In helping

achieve growth, our average headcount has increased by 64 which has resulted in an additional payroll cost for the year of £6.0 million and hiring cost of £0.7 million during the year.

Research and development

Research and development expenditure increased by £4.9 million to £16.0 million (2020: £11.1 million). This increase was primarily due to new investment into the development of our SENSIGHT and SENSE technology platforms, expansion of our real-world datasets to 8.9 million patient records as of 30 April 2021, and our ongoing investment in existing products including the operational cost of offering GDm-Health and BPm-Health free of charge for one year to support the NHS during the COVID-19 pandemic. A further £1.0 million was invested to improve NHS IT infrastructure to the NHS Trust partners as part of our ongoing commitments under the SRAs.

Excluding depreciation and amortisation, research and development costs increased to £11.1 million (2020: £6.9 million) which is mainly due to higher headcount and our investment to improve NHS IT infrastructure and the curation of health data suitable for analysis by machine learning.

Capitalisation of research and development expenditure decreased to £nil during the year (2020: £0.9 million). This decrease was due to the accounting treatment of the investment in the year into the MagnifEye technology platform, which has since been licensed exclusively, perpetually and globally to Excalibur Healthcare Services Limited and expensed in cost of sales; no costs in relation to SENSIGHT were capitalised in the year as the development phase primarily occurred during the current financial year ending 30 April 2022.

Sales and marketing

Sales and marketing expenditure increased by £0.4 million to £1.8 million (2020: £1.4 million), which was due to an increase in headcount.

Other general and administrative expenditure

Underlying administrative expenditure, which includes overheads relating to corporate functions, centrally managed support functions and corporate costs increased by £5.2 million to £15.0 million (2020: £9.8 million). This was mainly driven by an increase in headcount, including the strengthening of the senior management team and increase in board appointments, and higher professional costs to support the ongoing corporate activities of the Group.

Exceptional items of £1.1 million (2020: £1.4 million) relate to professional fees and final payments incurred in the settlement of the legal case with the former Chief Financial Officer.

Adjusted EBITDA

Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, impairment of intangible assets, impairment of investment accounted for using the equity method, share-based payments and exceptional items.

Adjusted EBITDA losses for the year increased by £3.9 million to £19.9 million (2020: £16.0 million) driven primarily by the increased operating costs described above.

Operating loss

The reported operating loss for the year was £27.9 million (2020: £22.4 million).

The depreciation charge, including right of use assets, increased by £0.2 million to £0.8 million (2020: £0.6 million), driven principally by the additional depreciation following the completion of the fit-out and installation of IT infrastructure at our data centre at our Oxford Science Park leased premises in December 2019.

The amortisation of intangible assets of £4.9 million (2020: £4.2 million) includes £4.0 million (2020: £3.5 million) relating to acquired intangible assets, primarily in respect of the contracts that provide Sensyne with a time-based licence to access de-identified and anonymised patient data under the SRAs and clinical trials data under the Phesi collaboration, and £0.9 million (2020: £0.7 million) relating to other intangible assets, such as acquired and internally developed software.

Share-based payment expenses for the period increased to £0.8 million (2020: £0.2 million) because of the surrendering of options under our Sensyne Health Share Option Plan 2018, which led to an acceleration of the remaining share option value in July 2020. Additional share-based payment expenditure was due to an award of units to Executive Directors and qualifying senior management under the Company's Value Creation Plan, and a grant of share options to certain employees under the Company's Share Option Plan during the year.

Net finance costs

Finance costs for the year of £0.3 million (2020: £0.3 million) primarily relate to interest in respect of our Oxford Science Park lease liabilities.

Finance income of £0.04 million (2020: £0.3 million) relates to bank interest received over its cash balances, and interest on a financing component of a revenue contract as prescribed under IFRS 15 'Revenue from Contracts with Customers'.

Net finance costs have increased to £0.3 million (2020: £0.1 million) due to the decrease in average daily cash balances.

Share of loss of investments accounted for using equity method

The share of loss from investments increased by £0.2 million to £0.3 million (2020: £0.1 million) following a full financial year since investment in the Lab10x joint arrangement. An impairment loss of £0.2 million, as included in operating losses, has been provided for against the carrying value of the investment following a mutual decision to close the fund to future investment.

Taxation

During the year, a claim of £0.9 million (2020: £0.8 million) in relation to claims made under the Small and Medium-sized Enterprise Research and Development Tax Credit programme was included in income tax credit, and £0.1 million (2020: £nil) in relation to claims made under the Research and Development Expenditure Credit programme was recognised and included within other income.

Financial review – continued

Cash flow
For the year ended 30 April 2021, the Group had net cash outflows of £8.1 million (2020: £17.6 million).

Operating activities
The most significant movement in cash during the year related to net cash flows used in operating activities of £25.1 million (2020: £14.7 million), which tracks the adjusted EBITDA set out above and our management of working capital.

Investing activities
Net cash used in investing activities increased to £8.2 million (2020: £2.7 million), which was driven principally by the Phesi transaction, which comprised of an equity investment at fair value through other comprehensive income of £2.3 million and an acquisition of other intangible assets of £5.6 million that combine for a total of £7.9 million.

Cash invested in Lab10x joint venture has decreased to £nil (2020: £0.6 million) as the participants have jointly agreed to close the fund to future investment as previously stated.

Purchasing of property, plant and equipment decreased to £0.3 million (2020: £1.1 million) following the completion of the fit-out of Oxford Science Park headquarters in the prior year. The balance related to the continued provisioning of IT and home office equipment for the growth in the remote working workforce.

Acquisition of other intangible assets has increased by £4.6 million to £5.6 million (2020: £1.0 million) due to the acquisition of time-based licences to access Phesi's clinical trial data platforms.

Financing activities
Net cash generated in financing activities increased to £25.1 million (2020: £0.2 million outflow) of which £25.5 million (net of expenses of £2.0 million) was from a placing, subscription and open offer of new Ordinary Shares in January 2021. Payments against our Oxford Science Park lease liabilities were £0.4 million (2020: £0.2 million).

Statement of financial position
As of 30 April 2021, cash and cash equivalents held were £23.6 million (2020: £31.7 million).

On 5 January 2021, total proceeds of £27.5 million were raised (before expenses) through a placing, subscription and open offer (the "Transaction") of new Ordinary Shares. Of these gross proceeds, there were approximately £2.0 million in Transaction-related fees and $10 million (£7.7 million including fees) was provided in relation to the equity investment and five-year strategic collaboration with Phesi that became effective on this date.

Other than cash, the largest balance at year end is intangible assets of £25.5 million (2020: £14.9 million). The largest component is the carrying value of our SRAs, which is £19.0 million (2020: £12.8 million).

Our investment in a minority interest in Phesi of £2.3 million (2020: £nil) is included in financial assets at fair value through other comprehensive income, and the accounting of the MagnifEye technology exclusive licence agreement with Excalibur Healthcare Services has resulted in an unbilled receivable of £4.2 million (2020: £nil).

Share capital
On 5 January 2021, the Group issued 30,513,341 new 10 pence nominal value Ordinary Shares at a price of 90 pence per Ordinary Share as part of the Transaction. On 15 April 2021, the Group issued 5,714,284 new Ordinary Shares for a non-cash consideration value of 175 pence per Ordinary Share or a total consideration of £10.0 million in respect to the acquisition and settlement of SRAs with four NHS Trusts.

Headcount
During the period under review, the average monthly number of Group employees, including Executive Directors, increased by 64 to 144 (2020: 80).

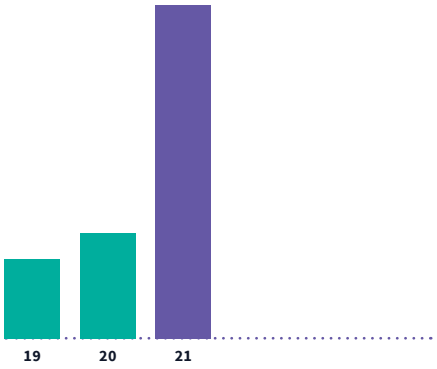
Dr Richard Pye
Chief Financial Officer

Key performance indicators

Unique patient records
Unique patients represented in the data held by SRA partner trusts as at 30 April.

8.9m

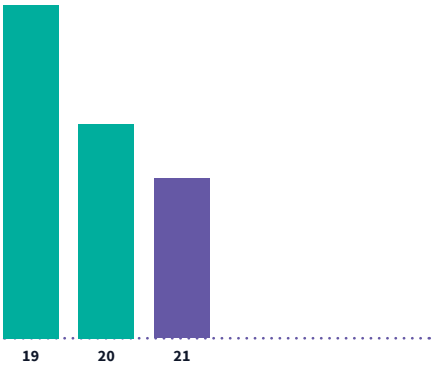
(2020: 2.8m)



Cash at year end
Cash resources available.

£23.6m

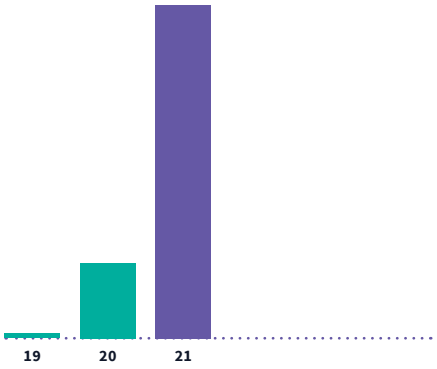
(2020: £31.7m)



Revenue
Total revenue from the Group in supply of services.

£9.1m

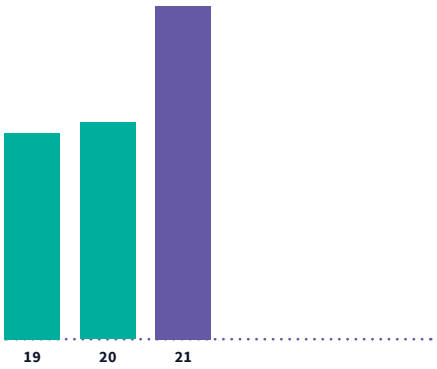
(2020: £2.1m)



Total R&D expenditure
Expenditure incurred or capitalised on research and development activities net of amortisation, excluding SRAs and Phesi collaboration licences.

£15.1m

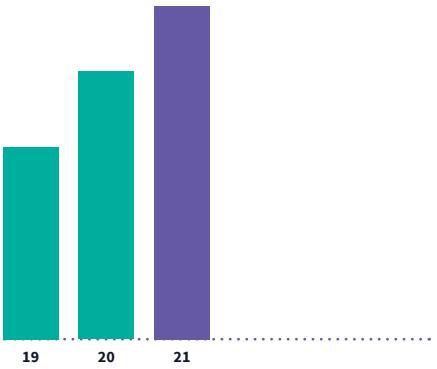
(2020: £11.4m)



Adjusted EBITDA
Operating loss before exceptional items, amortisation, depreciation, impairment of intangible assets, impairment of investment in joint venture and share-based payments.

£19.9m

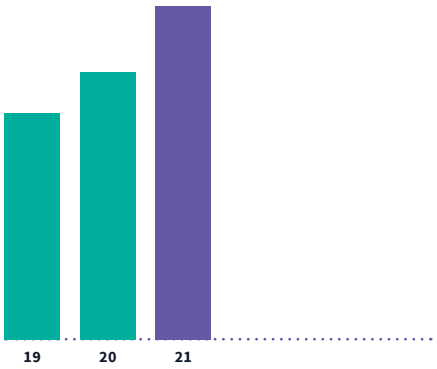
(2020: £16.0m)



Operating loss
As per the Consolidated statement of comprehensive income.

£27.9m

(2020: £22.4m)



Read more **Principal risks and uncertainties on pages 32 to 35**

Algorithmic development

Developing a machine learning algorithm to improve the accurate reading of lateral flow tests

Overview

In efforts to contain the spread of COVID-19 infection, many countries have initiated mass testing programmes to try and avoid the need for full lockdowns and enable continuity of social and economic activities. Rapid antigen testing using lateral flow devices has been instrumental to the expansion of these programmes, due to their speed in providing a test result. Lateral flow devices are easy-to-use rapid tests that can be used in many settings by a trained individual. In healthcare, they are used widely in medical diagnostics for home testing, point-of-care testing or laboratory use.

Purpose

A limitation of lateral flow tests is their reliance on subjective interpretation by the human eye, a problem which can be exacerbated when their use is expanded to uncontrolled environments such as self-testing. In the case of COVID-19, this can lead to positive cases being missed when the positive test line is present, but too faint to be detected by the human eye.

With the global lateral flow assay market set to grow to $9.65 billion by 2025, Sensyne identified a largely unmet need for the rapid, portable and accurate interpretation of lateral flow tests that would remove the need for additional hardware and improve the accuracy of test reading.

The work

Sensyne developed MagnifEye a cloud-based machine learning algorithm that can be used to automate the reading and analysis of diagnostic tests. MagnifEye can be deployed via a smartphone app making the testing process easier for the user, leading to more consistent and objective reading of test results. The technology is scalable and therefore not limited by capacity.

People using the app are guided to take a high quality picture of the test and the algorithm interprets the test result and provides a result in under two seconds.

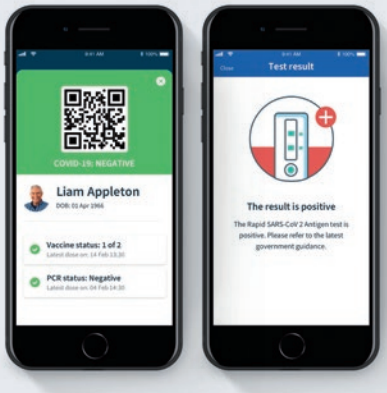
Our multidisciplinary expertise across the fields of AI, software development and imaging diagnostics, combined with support from our partners, Microsoft and Cognizant, enabled the very fast development of MagnifEye, followed by the rapid commercialisation of the system with an exclusive commercial licensing agreement.

To test the effectiveness of the MagnifEye algorithm in real-world settings, NHS Digital conducted a pilot study in April 2021 that tested MagnifEye on over 100,000 real-world cases. The pilot consisted of two studies, one in which participants were recruited from asymptomatic test sites (ATS) in the community (results assessed by trained operators) and the other from healthcare workers using lateral flow tests at home (end users).

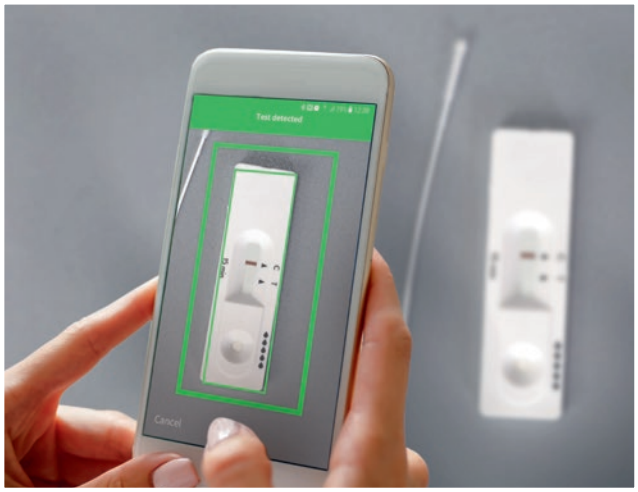
About MagnifEye

MagnifEye is a new smartphone software application that uses deep learning to automate the accurate reading, beyond the human visible spectrum, of diagnostic tests including lateral flow tests.

MagnifEye draws on research and development at Sensyne over the past two years in applying artificial intelligence to the analysis of medical images and clinical data across large patient populations.



Read more at **sensynehealth.com/magnifeye**



Outcomes

The results of the pilot study showed:

- In the healthcare worker study (50,999 tests), the use of MagnifEye identified an additional 32 positive COVID-19 tests compared to 4 positive tests identified by end users. The sensitivity increased from 16% to 100%.
- In the ATS study (59,450 tests), the use of MagnifEye increased sensitivity compared to the trained operators from 92.1% to 97.6%. The algorithm correctly identified an additional 30 positive tests. In the first scenario, the use of the AI algorithm increased sensitivity compared to a human reader from 92.08% to 97.6% and specificity from 99.85% to 99.99%, correctly identifying another 30 positive images compared to the submitted result.

The study concluded that the MagnifEye algorithm outperformed human reading of lateral flow tests in both test site and self-read scenarios and demonstrates that MagnifEye improves the accuracy of lateral flow test reading. Sensyne has incorporated the algorithm into an app that helps users and health professionals perform tests and share results, with the aim of helping to keep workplaces, events and communities safe.

The first use of this app, under an exclusive licence agreement, is by Excalibur Healthcare Services, alongside its Rapid SARS COV-2 Antigen Test.

The algorithm can be easily trained on other diagnostic tests, with the potential to be applied in numerous point-of-care scenarios, where diagnostic testing relies on human interpretation (e.g. thyroid home tests).

> "The use of MagnifEye identified an additional 32 positive COVID-19 tests compared to 4 positive tests identified by end users. The sensitivity increased from 16% to 100%."

Personalising medicine

Personalising medicine through machine learning-led 'patient stratification'

Overview

Sensyne combines clinical and data science expertise to develop machine learning technologies applied to ethically sourced de-identified and anonymised real-world patient data received from its unique partnerships with healthcare organisations. Clinically driven AI technology is applied to patient data to identify patterns and classify patients into previously unidentified groups. These groupings can offer insights that can be used to undertake advanced medical research, improve drug development, and deliver better patient care.

Purpose

Scientific research is increasingly discovering that diseases previously considered as one condition are now understood to be a collection of different sub-types of a disease. Consequently, historical one size fits all treatment approaches are becoming increasingly more targeted for specific disease sub-populations. Clinical research has shown that some sub-types of patients may respond differently to others, and one reason that clinical trials do not succeed is the failure to recruit individuals with the right underlying characteristics to the study.

Sensyne can identify those sub-types using statistical and machine learning techniques. Known as 'patient stratification' these techniques can be used for better clinical trial design, running synthetic control trials which involve using computer modelling from patient data rather than placebo or active control based human trials, and artificial intelligence enabled imaging analysis. This approach helps identify patient groupings outside of the more traditional definitions of disease, which has the potential to reduce trial costs and timescales for patient recruitment and improve trial outcomes.

The work

When starting to identify patient sub-groups Sensyne's analysis is guided by some critical clinical questions:

- Within a disease area are there specific individual observable traits ('phenotypes') of interest?
- What are the risk factors associated with the occurrence of a disease?
- What is the range of outcomes for patients with this disease?

To answer these questions Sensyne applies statistical and machine learning based methods to analyse longitudinal real-world patient data including demographic and encounter information, diagnostic and procedure codes, laboratory values, medication information and image information. By applying patient stratification algorithms to clinical data it is possible to create visual 'clusters' of patient sub-groups which can then be analysed.

The diagram shows that a disease can be stratified into a number of patient clusters, each with their own characteristics and potentially different responses to treatments.

Outcomes

Under life sciences research partnerships and Strategic Research Agreements with healthcare systems, Sensyne has used patient stratification tools to help target clinical trial design and the assessment of the use of synthetic control arms, predict critical patient events and responses to treatments, advance imaging diagnostics, identify new phenotypic definitions of disease, inform clinical practice and enhance clinical decision making.

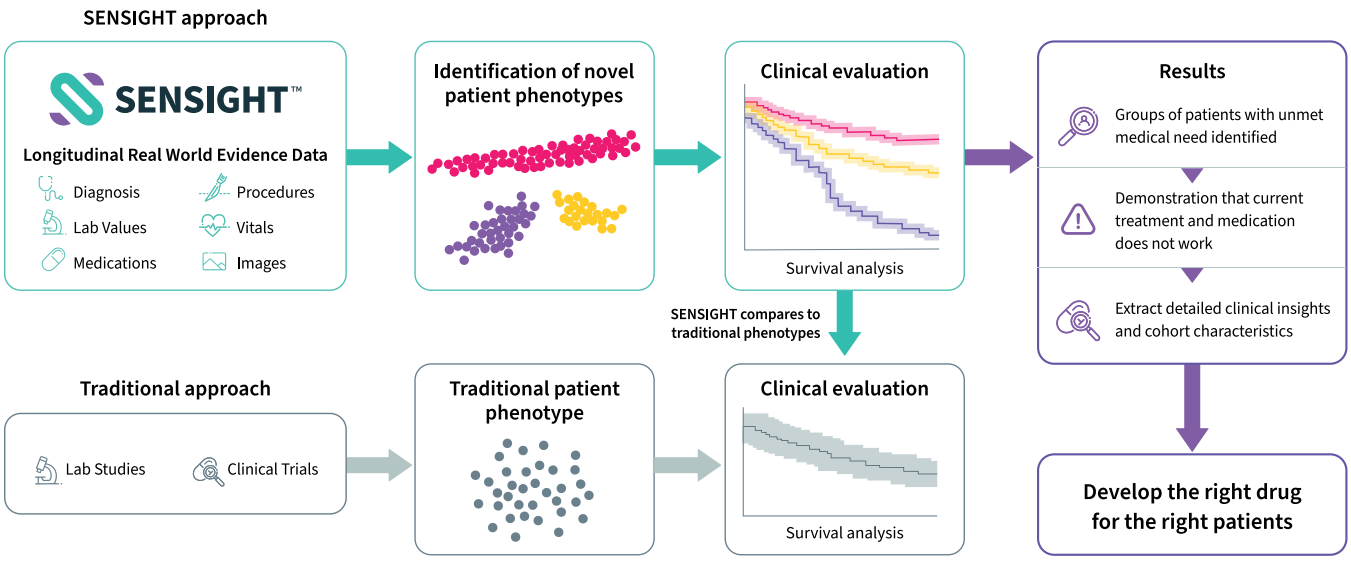
For example, Sensyne was able to use these techniques to build a data-driven model that predicts diagnosis of a rare auto-immune condition. This condition is often misdiagnosed, leading to poor management of patients. By analysing electronic patient records Sensyne was able to identify key discriminating features and build a model which more rapidly and accurately identifies patients with this condition in order that they can receive appropriate treatment.

Similarly, in the field of oncology it can often be challenging to know which disease is likely to progress to a more severe presentation. Sensyne analysed data from partner NHS Trusts and was able to identify sub-groups for which the risk of progression was higher. This approach can be used to inform clinical practice and ensure resources are focused on those patients with the greatest risk of their disease progressing to a more severe illness.

Sensyne is now working on the next generation of cluster algorithms, including the development of 'semi-supervised clustering', which combines machine learning techniques with human expertise and can be applied to large data sets subject to some data bias. This will support ever more detailed interpretation of machine learning results, assisting clinicians in interpreting this data for the benefit of patients.

Example query:

Amongst heart failure patients, can we identify sub-groups with different mortality outcomes?
Is there a sub-group with unmet medical needs?



Section 172 statement

The Directors are aware of their duty under Section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and encourage the consideration of stakeholder interests as part of good corporate decision making practices to realise the strategic priorities of the Group, and in doing so have regard (amongst other matters) to:

(a) the likely consequence of any decision in the long term;

(b) the interests of the Group's employees;

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

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

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

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

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under Section 414CZA of the Companies Act 2006.

Matter	Examples of decisions made by the Board during the year
(a) Long-term impacts	Entering into research and data access agreements with eleven NHS Trusts to issue equity in order to grow the pool of data to which the Group has access, securing the long-term prospects of the Group to generate revenues. Closing a £27.5 million fundraise in January 2021 and collaboration with Phesi to support the continued growth of the business.
(b) Employee considerations	Implementation of the Group's remote working policy, enabling long-term flexibility for employees. January 2021 fundraise, securing the medium-term viability of the Company.
(c) Business relationships	Establishment of the NHS Advisory Board, offering a forum for exchange of information and views with one of our key stakeholders.
(d) Community and environmental impacts	Sensyne's double bottom line business model and strategy of procuring data at NHS Trust level, rather than from central government, ensures that financial rewards are shared directly with the communities whose data is used in research.
(e) Reputation for high standards of business conduct	The Group strives for high standards of corporate governance which drive business conduct and invited A&O Consulting to review the implementation of the recommendations from its Board effectiveness review.
(f) Acting fairly between members	The Board considered the interests of shareholders by including an open offer for all qualifying shareholders alongside the institutional shareholder led fundraise in January 2021. The Board also sought to safeguard the interests of smaller, non-institutional shareholders when determining the relative allocation of shares due to the open offer being oversubscribed.

Read more **Governance page 38**

Read more **Chairman's Statement page 14**

Read more **Chief Executive's Officer Statement page 16**

Conducting business responsibly with stakeholders for social impact

The Board holds itself to high standards of conduct ensuring that regular meaningful dialogue and engagement with the Group's stakeholders takes place to enable the business to grow, prosper and act with integrity. The views and feedback of healthcare systems, partners, customers, patients, suppliers, employees and investors are taken into account in considering the long-term consequences of the Board's decision making.

"Trust is integral to our business model and will be a key determinant of our success. We want to be the most trusted ethical AI company for patients, partners and all stakeholders."

Rt. Hon. Lord Drayson
PhD FIET FREng FMedSci

Employees

Sensyne's people are at its centre – it is their hard work, creativity and innovation which provides the delivery of positive healthcare and commercial outcomes for the Group's stakeholders, patients, healthcare systems and investors.

How we engage

- Regular stand-ups led by the Chief Executive Officer and the senior leadership team which provide background on current Group activities.
- Colleagues providing presentations on work in progress.
- Regular weekly and daily meetings within centres of excellence to ensure continuity, work progress and dialogue.
- Performance management support via one-to-ones and six-monthly reviews.
- A detailed values and behaviours exercise with all colleagues having the opportunity to contribute.
- Annual anonymised engagement survey with actions plans to address highlighted concerns.
- Regular newsletters.
- Provision of employee support packs during remote working.
- The Board, the Nomination Committee and the Remuneration Committee regularly receive people management reports, which lead to active discussion and interest in the people matters in Sensyne.
- Developing employee skills through talent and career development planning.

Value and outputs

- Revised employee benefits model using salary exchange and recycling savings into benefits provision.
- Reduced staff turnover with rolling turnover rate for the 2021 financial year at c.14%.
- Increased workforce stability: c.60% of the workforce have one year's service or more.
- Improved ratings of the Company experience on publicly available reputation websites.
- Continuous improvement of the value proposition for the workforce such as improved incentive schemes and employee policy and using salary exchange to support introduction of new benefits.

Patients

Generating positive patient impact is central to Sensyne's purpose. Sensyne partners with healthcare systems to develop technology that meets the needs of patients and improves treatment, care and outcomes. We also help our life science partners to develop new, more effective therapies by analysing anonymised, ethically sourced and securely protected real-world data sets.

How we engage

- Seek interaction with and feedback from patients and patient groups to ensure the technologies being developed by Sensyne meet patients' needs and offer clear clinical benefit.
- Deploy remote patient monitoring products that connect patients with their clinicians to enhance care and empower individuals to take greater control over managing their own health.
- Help healthcare professionals make real-time clinical and operational decisions to deliver personalised patient care.
- Provide online training, help and guidance to enable patients to use and extract maximum benefit from Sensyne technology.
- Conduct AI-led scientific research to advance disease understanding, prediction and treatment.

Value and outputs

- Clinically validated products that improve patient care.
- Free provision of GDm-Health, our remote monitoring product for expectant mothers with gestational diabetes, as well as our remote monitoring system for measuring blood pressure during pregnancy, to the NHS for the duration of the COVID-19 pandemic.
- GDm-Health is used by over 50 NHS Trusts and has helped care for 28,573 pregnancies since its launch in 2018.
- Development of MagnifEye, an artificial intelligence system for reading COVID-19 lateral flow tests, which assists people to interpret and report their results accurately and easily.
- Deployment of SYNE-COV, Sensyne's MHRA-approved artificial intelligence algorithm for providing personalised risk assessment for COVID-19 patients in intensive care, at Chelsea and Westminster Hospital NHS Trust.
- Reduction of time spent on clerical tasks so clinicians can spend more time with their patients.
- Deployment of SEND, Sensyne's digital charting system for vital signs observations in hospital and for the automatic calculation of Early Warning Scores (EWS), to assist clinical care at Oxford University Hospitals and South Warwickshire NHS Foundation Trusts.

Healthcare partners

Sensyne creates trusted partnerships with the NHS hospitals, US-based healthcare systems and other healthcare organisations around the world to build data sets of secure, de-identified and anonymised patient data for medical research and to develop software that helps healthcare systems improve clinical care and operational efficiency.

How we engage

- Connect healthcare systems with the life sciences industry in order to help healthcare systems maximise the potential of their patient data to deliver improved patient care and accelerate the discovery and development of new medicines.
- Liaise closely and transparently with all healthcare system partners to help Sensyne understand their specific interests and ensure they retain full control of patient data.
- Work collaboratively with individual healthcare systems to jointly develop AI products and algorithms that assist clinicians to deliver better care.
- Provide healthcare systems with high quality information governance and data frameworks so data becomes structured, contextualised and easier for healthcare systems to extract value from.
- Provide healthcare systems with access to Sensyne's clinically led machine learning and data science expertise and resources.
- Insights from the analysis of anonymised patient data are shared back with healthcare systems to help improve care.

Value and outputs

- Our healthcare partners have entered into agreements to hold an aggregate 13.8% of the shares in Sensyne as well as benefiting from investment in their digital infrastructure and a share of revenues from the commercialisation of our products.
- Free provision of remote monitoring products such as GDm-Health and BPm-Health to our NHS partners.
- Reduction in the number of unnecessary hospital visits for hospitals using our remote monitoring products, which not only reduces risks to patients but also improves healthcare system efficiency.
- Co-development of cutting-edge artificial intelligence algorithms for managing COVID-19 intensive care patients (SYNE-COV) which pave the way for the implementation of further AI innovations that improve patient care, leveraging the SENSE platform.
- Deployment of MagnifEye, an AI-powered reader of COVID-19 lateral flow tests, into the UK government's national test reporting portal.

Life science partners

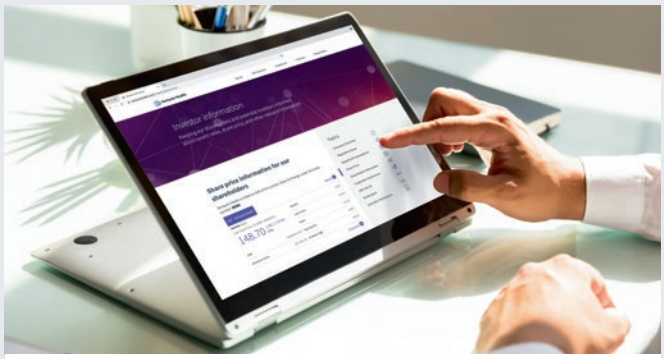
Sensyne applies machine learning to ethically sourced anonymised and de-identified data received from its healthcare system partnerships to deliver novel analytical insights and technologies for life science partners. Those insights, not the data itself, are used by pharmaceutical companies to develop targeted drugs with a higher chance of success.

How we engage

- Focus on specifically defined research and clinical problems where novel solutions will lead to patient benefit across the discovery research and the development of new medicines.
- Work closely and collaboratively with our life science partners in short defined sprints, continually communicating to ensure work is progressing positively and short and long-term objectives are aligned at all times.
- Address specific research and clinical questions through a multidisciplinary approach where an in-depth clinical understanding is combined with expertise in data analytics and AI.
- Utilise a standardised data model to ensure consistency across all projects and partnerships.

Value and outputs

- Development of SENSIGHT, a world-class life science data platform using AI for clinical trial optimisation and pharmaceutical R&D that aims to analyse and process real-world patient data much more rapidly and cost effectively.
- Improving clinical trial success and reducing costs by distinguishing specific groups of patients and identifying sub-sets of responders and non-responders.
- Driving deeper understanding of disease to personalise treatment, enhance diagnosis, predict clinical events earlier and discover new treatments faster to address currently unmet medical needs.
- Through the collaboration with Phesi, generating scientific insights through the analysis of real-world data and clinical trial data.
- The potential to accelerate the development of new medicines.
- Working with partners in applying AI with the aim of ensuring sustained access, adoption and fair pricing for patients and healthcare systems.



Shareholders/investors

The Board recognises the importance of engaging with all shareholders to ensure that its strategy and performance is understood and that it remains accountable to its shareholders. The Company engages with its institutional and retail shareholders throughout the year as it seeks to promote clear communication about Sensyne's strategy and report on progress against this.

How we engage

- Timely communication with all shareholders including through the distribution of fully audited accounts, and reporting of interim financial results and other material press releases via Regulatory Information Service announcements.
- Regular contact with institutional investors including around the reporting of financial results, entering into new material commercial agreements and announcing significant technology developments.
- Engagement with private investors including presenting at events dedicated to this group of investors that provide a more informal opportunity to engage with Sensyne's management.
- Encourage shareholders to attend the Annual General Meeting where they can meet the Board to discuss business performance and question management in more detail.
- Regular communication with research analysts to help further investor understanding of Sensyne's strategy and business progress.

Value and outputs

- The Executive Directors will seek to ensure that the views of all shareholders are communicated to the Board as a whole.
- Full Board review of the Company's strategic plans in terms of delivering long-term shareholder value.
- Participation in investor conferences and Company events with presentations and webcasts made available where possible.
- Maintaining a section on Sensyne's website dedicated to investor matters that includes all regulatory news announcements, financial reports, Company presentations and corporate governance information.

Risk management

Principal risks

The Board sets out in the table below the principal risks and uncertainties that the Directors consider could adversely impact the business, together with an explanation of how they are managed and controlled.

Some risks are common across the industry, while others reflect current business operations, political climate or specific strategy.

These risks have been identified through our risk management process, and are continually evaluated based on an assessment of the likelihood of occurrence and magnitude of potential impact, together with the effectiveness of our risk mitigation controls. We recognise that the nature and scope of risks can change and that there may be other risks to which we are exposed and so this list is not intended to be exhaustive.

The Directors have undertaken a robust assessment of the principal risks and uncertainties facing the business, including those which would threaten the business model, future performance, solvency or liquidity and have reviewed how these risks are being managed together with any mitigation. More information on our risk management framework can be found in the Corporate governance statement on pages 42 to 45.

Risk and potential impact	Management and mitigation
Operational risks	
Data	
Sensyne is reliant on entering Strategic Research Agreements (SRAs) with healthcare systems to access real-world patient data. There is a risk that a delay in the provision of de-identified and anonymised data from SRA partners will have a material impact on our business such as the ability to fulfil contractual obligations and reputational risk leading to loss of confidence from the market and investors and therefore future revenues. There is a risk that we fail to secure additional SRA partners which will restrict the diversity of patient data available to us and our ability to identify insights of potential value. If we fail to renew past the current term with existing agreements, we will be unable to secure data from those SRAs. We may fail to obtain approval from SRA partners to access and analyse patient data for a specific project which may have a material impact on delivering to our customers.	We maintain and build the relationships with our SRA partners through our unique business model, providing equity, revenue share and research funding. This provides an alignment of interests, enabling ongoing analysis of data and future renewal of our agreements. Our SRAs are structured to provide additional resources to the Trusts such that they can invest in the required infrastructure to prevent any delays in the provisioning of anonymised patient data. In addition, we have a dedicated data engineering team that provides support during our SRA due diligence process and thereafter in respect to the anonymisation, curation and approval of patient data. Our established protocols on information governance enable ethical analysis of data, and we maintain continuous dialogue with our SRA partners to ensure we are aligning our projects with analysis requests they will approve.
Commercial	
Sensyne is dependent on entering commercial agreements and partnerships with companies in the life science industry and healthcare systems to generate revenues. There is risk that the Company may be unsuccessful in its efforts to attract new pharmaceutical or biotechnology partners or seek renewal of contracts or new contracts with existing partners. There is no guarantee the Company will be able to generate meaningful insights or new discoveries from anonymised patient data sets necessary to fulfil existing or future contracts which may lead to termination or non-renewal of contracts, and/or reputational damage to the Company. There is also risk of economic reliance on a few material pharmaceutical or biotechnology customers that either we fail to deliver to or which decide to reduce their expenditure on commercialising products that could lead to a material loss of revenue. There is a risk the Company fails to receive clinical or market acceptance of existing or new products developed from our discoveries and insights, or rights to commercialise our intellectual property (IP).	We continue to seek to broaden our customer pipeline to manage the risk of being overly dependent on any one client. Our business development team and leadership team comprise experienced professionals who have a long-standing reputation within the life sciences, biotechnology and pharmaceutical, and healthcare sectors and have a wide network of academic and industry contacts in multiple countries. By engaging with clinicians in the early stage of development of a Clinical AI service, we have high confidence that the results of the Clinical AI analysis are clinically pertinent and commercially viable. We work closely with our collaborators and partners to ensure we meet their expectations by delivering on our contractual obligations and seek to sustain long-term value-creating relationships.

Risk and potential impact	Management and mitigation

Operational risks continued

Competition

The risk that competitors with greater financial, technical, data and marketing resources renders us uncompetitive. Our technology and discoveries could be rendered obsolete by alternative technology or research. We may fail to adapt and develop our technology with technological changes and industry trends. There is also a risk of the presence of cheaper or more effective products in the market.

Any failure associated with these risks will have a material impact on our financial performance.

We have invested in innovative technology and product development to broaden the tools at our disposal and range of therapeutic focus. This reduces our exposure to the inherent risk in clinical development. We continue to invest in our technology, scientific capabilities and market reach to create value for our clients, differentiate our portfolio of services and remain competitive.

We are continuously building and strengthening close collaborative partnerships with academia, the NHS, healthcare providers and the life sciences industry in the UK and abroad. This enables us to maintain our competitive advantage. The commercial viability of all projects is closely reviewed. We continue to diversify by expanding into new therapeutic areas which provides some mitigation against a reduction in expenditure by pharmaceutical clients in an existing therapeutic area.

People

The risk that we fail to attract, recruit, develop and retain the global talent needed to deliver our R&D programmes and growth plans in our chosen markets. The loss of key employees could also weaken our scientific, technical and management capabilities and negatively impact our business.

We have a robust talent and succession planning process, including annual assessments of our talent pool and active leadership development programmes. Our reward and remuneration policies are reviewed regularly to ensure their competitiveness. We work closely with specialist recruitment agencies to identify candidates with the skills we need. We adopt a best-in-class mentality to our recruitment.

Financial operations

The risk that Sensyne fails to meet its forecasts and market expectations, is unable to grow organically and due to poor performance is unable to secure additional financing.

The Board reviews and approves an annual budget and reviews the five-year plan and regularly reviews progress against the budget and plan. During its review, the Board considers the robustness of the Group taking into account its current position, potential future developments, the principal risks it faces, and effectiveness of mitigation plans and controls. The review also encompasses the potential impact of significant credible scenarios on the business model and future performance of the business. As the year develops, management produces management information and rolling cash flow forecasts and performs regular planning exercises to monitor its risk.

COVID-19

The risk that COVID-19 will adversely affect business continuity, disrupt our workforce or supply chain, and impact future revenues.

We established a remote working framework, a full health and safety assessment and a risk assessment to manage our response to COVID-19. This included adjustments to our sickness arrangements and staff monitoring. An office reopening plan was applied, and a weekly review of risk assessment and its arrangements ensures we align with PHE guidance.

Risk management – continued

Risk and potential impact	Management and mitigation
Regulatory and compliance risks	
Regulatory and compliance	
We operate in a regulated environment. Changes to regulations could negatively impact our ability to implement our strategy, and failure to adhere to any legal or regulatory requirements could lead to sanctions, redress costs, reputational risk, contract breach and, ultimately, loss of operating licences or invalid contracts, or loss of investor confidence resulting in reduced revenues and/or withdrawal of products from the market.	We have an internal Quality Assurance and Regulatory Affairs (QARA) team that has direct reporting lines into the Chief Executive Officer and Chair of the Audit and Risk Committee (ARC). Activities in this area are reviewed by the Senior Management Team and ARC on a regular basis. We continually monitor for upcoming, new or amended regulations. We participate in industry bodies so that we can anticipate and manage change. We deliver regular training for all employees working in regulated areas, so they understand the rules and requirements they must comply with. Our QMS is compliant with ISO 13485, which requires continuous monitoring of product performance and clinical safety. We have a robust internal audit schedule to ensure security requirements are met.
Regulatory approval for digital health products	
Failure to achieve regulatory approval of new products as well as changes in regulation may require us to reapply for approval or prevent the further use of those products. This could have an impact on sales and reputation.	We manage this risk by employing highly experienced professionals who, where appropriate, will commission advice from external advisers and consult with regulatory authorities on the design of any products or programmes that may be required. These in-house experts will ensure that high quality protocols and other necessary documentation are submitted during the regulatory process.
Data protection and privacy	
The risk that a loss, corruption or compromise of personal data could lead to a poor customer experience, customer detriment, reputational harm, regulatory, legal or financial sanction, loss of customers, loss of investor confidence and increased costs.	We have a dedicated QARA team, with experienced compliance personnel. Specific roles required by the national and international (GDPR) legislations have been formally appointed (Data Protection Officer, Senior Information Risk Owner, Information Asset Owner, Caldicott Guardian). We operate a staff training and awareness programme, so our people understand the criticality of data protection. Ownership of data protection risk in the business has been embedded through our risk management and policy framework. We have a programme to deploy up-to-date security software on all key systems. We undertake regular risk and vulnerability assessments to review and address any changes or new risks in data protection. We employ appropriate encryption and data backup to protect our data. Third-party data security evaluations assure our data protection and help us to improve further.
Cyber security and data security	
A cyber-attack, whether by a third party or insider, may incur significant costs, including liability for stolen assets or information, and repairing any damage caused to our network infrastructure and systems. The failure to prevent or a major non-conformity may also incur severe reputational damage and loss of investor confidence.	We have an ISO 27001 aligned compliant control framework. We have an ongoing programme of investment in internal and external cyber security. We continuously review our cyber security capability and emerging threats as per our cyber defence strategy. Our IT infrastructure is subjected to regular penetration tests. We deploy extensive security measures to deny unauthorised access to our premises, equipment and resources and to protect personnel and property from damage or harm. We provide training for staff to be vigilant for potential threats. We use externally licensed software designed to anonymise patient data at the point of source, minimising the risk in the event of a cyber security breach. We have responded to the changes in data privacy regulations to ensure compliance. We conduct regular reviews to ensure our systems are robust and these reviews, updates and incidents are provided to the ARC. Our ongoing programme of investment in improved controls ensures we maintain our position, in an environment where the external threat remains challenging.

Risk and potential impact	Management and mitigation
Regulatory and compliance risks continued	
Business continuity, resilience and incident management	
If we fail to effectively plan for and manage unplanned events it could lead to poor customer experience, customer detriment, reputational harm, regulatory sanction, loss of customers, lower productivity, reduced revenues and increased costs.	We have detailed business continuity and disaster recovery plans, which we test and review regularly. We employ dual hosting of critical servers, telecommunications and applications, to help ensure their availability. We have separate business continuity and disaster recovery sites available to the business. We work closely with highly regulated service providers to which we outsource services to ensure our own resilience. The business continuity plan covers all critical operations, including, but not limited to: IT, data security, product deployment, finance, HR and operations.
Intellectual property risks	
Intellectual property (IP) and proprietary technology	
The risk that we fail to protect our IP and proprietary technology, which could mean internally developed discoveries, methods, systems and technology become freely available to third parties. The risk that changes in law and jurisprudence could limit our ability to obtain new patents that may be important to our future.	We maintain business know-how and knowledge in our QMS and standard operating procedures. We have a robust cross-functional process to identify and protect our IP and proprietary technology. We work closely with leading IP attorneys. Our customer contracts, academic collaborations and joint venture partners include appropriate measures to protect our IP and proprietary technology. We maintain IP and proprietary technology landscape watches and where necessary conduct robust "freedom to operate" searches, to identify third-party rights to technology, and oppositions are filed when appropriate.
Political and market risk	
The UK's exit from the EU	
We may need to comply with new regulatory requirements and newly created frameworks in the UK and may need to put in place additional regulatory infrastructure inside the EEA, such as designation of an authorised representative within that territory. It could result in restrictions on the movement of capital and people, which may impact our ability to recruit and retain personnel with the necessary scientific, medical and technical skills we require. It could also affect our ability to sell our products to the EU. Any of these risks could have a material adverse effect on our business, results of operations and financial condition.	We will continue to review the situation, with special focus on the harmonisation of regulatory approval and patent law, as well as any potential impact on existing staff and planned staff recruitment caused by any changes in immigration legislation. We continue to assess and monitor the potential risks and impacts of these changes on our customers, suppliers and colleagues so that we can take appropriate action. In the near term, we support our staff in securing the appropriate work permits.
UK government and UK patient data strategy	
The risk that changes in government party, or government policy related to patient data strategy, may adversely affect the ability to execute our own business strategy successfully.	We closely monitor the political landscape to garner reliable insights and political intelligence about public policy development at all levels of government and Parliament, and inputs on aspects of the legislative process to developing lobbying strategies around them. Our strategy is to procure data at an individual Trust level, which reduces our exposure to national-level policy changes. We are building an international data set to reduce the impact of changes in UK data strategy.
Global capital markets risk	
General market trends, which are unrelated to the performance of the Group itself, may have an adverse effect on our market capitalisation.	Our nominated adviser, broker and wider investor network keep us updated on market developments including the technology, biotech and pharma sectors. We are in continuous proactive dialogue with investors and the wider investor community to manage the capital market risk.

Sensyne is pioneering an ethical approach to the use of clinical AI for the analysis of de-identified and anonymised patient data

At the heart of Sensyne's foundation was a commitment to ensure the Group met and exceeded its ethical responsibilities. Sensyne's mission is to improve health and create wealth for all through the ethical application of clinical AI and the creation of a trusted data community between patients, clinicians, healthcare providers and life science companies that is transparent, fair and effective.

Business ethics

Sensyne continues to advance and refine its ethical business model ensuring its pioneering, open and equitable approach to sourcing and analysing de-identified and anonymised patient data returns value to the patients and healthcare systems it partners with.

The use of data remains tightly controlled between Sensyne and its healthcare system partners with robust quality control, information governance and data protection that in many cases exceed accepted industry standards and principles. The value Sensyne places on patient privacy, transparency and trust is a key differentiator in its operating model, as is the 'double bottom line' strategy which ensures any financial rewards generated from the analysis of data are shared with the health systems whose data was analysed.

Besides the considerable financial benefits offered, Sensyne also makes its technologies available to health system partners helping them to improve care delivery and engage their workforce in cutting-edge innovation. In order to support the UK's NHS, during the COVID-19 pandemic Sensyne waived all fees for its remote patient monitoring products including its award-winning GDm-Health system, a remote monitoring product for expectant mothers with gestational diabetes, as well as its remote monitoring system for measuring blood pressure during pregnancy.

Employees

Sensyne continues to be committed to establishing a diverse workforce. As at the end of the period under review, the total workforce comprised over 30 different nationalities with a gender split of 67% male and 33% female. Sensyne is constantly striving to further improve the gender balance.

A policy of equal opportunities in the recruitment, engagement and retention of employees is maintained through clear policies which seek to ensure that discrimination on grounds of age, race, gender, disability, ethnic origin, national origin, marital status, sexual orientation or political views does not take place.

Sensyne regularly undertakes communication and engagement initiatives with its workforce to share information and encourage feedback and dialogue. Such activities include formal weekly and monthly team, divisional and Group update meetings, regular staff feedback surveys, a monthly newsletter and ad hoc informal senior management and Board member updates at times of important corporate news. Sensyne also encourages monthly social group meetings online due to the restrictions caused by the pandemic, in order to retain a sense of community.

Sensyne conducted its annual employee survey in April 2021 using a third-party provider so the Group can benchmark itself against comparable sized businesses of less than 500 employees. There was a 75% response rate with positive outcomes in areas such as confidence in the Chief Executive Officer and leadership team, compensation and colleagues. Areas identified as a focus for the current financial year are improving the development of colleagues and continuing to work hard on diversity and inclusion.

Health and wellbeing

In the year of a global pandemic, the health and wellbeing of Sensyne's colleagues has been at the forefront of its thinking. It is of note that Sensyne did not furlough or make redundant any colleagues, which provided job security to the Group's workforce along with supporting business continuity during difficult times.

During the year Sensyne moved to full remote working, with no plans to return to the office working practices undertaken pre-pandemic. Colleagues have the freedom to work where is best for them. To support this the Group provided an Office Furniture Grant to ensure that colleagues had an appropriate workspace and we provided support packs containing gifts that were sent to colleagues' homes twice in the year.

Counselling and online help services are available via the LifeWorks platform. Sensyne also completed the review and selection of an occupational health service which the Group launched in June 2021. In June 2021 Sensyne had 15 voluntary colleagues trained as Mental Health First Aiders who are certified as such after a two-day training course.

During the period Sensyne improved existing benefits and added new ones, including:

- life assurance;
- income protection;
- Share Option Plan;
- electric car scheme;
- gym membership;
- private healthcare; and
- self-selection benefits platform.

Environmental awareness

Sensyne is committed to reducing its environmental impact and recognises its responsibility to continually improve environmental performance as an integral part of Sensyne's business strategy and operations while encouraging employees, customers, commercial partners, suppliers and other stakeholders to do the same.

Sensyne endeavours to comply with, and wherever possible go beyond, all relevant environmental regulatory requirements and constantly seeks ways to improve and monitor environmental performance. Specifically, the Group endeavours to consider the environment in its daily business operations such as minimising the use of paper, seeking to buy recycled/recyclable products and reducing energy usage.

Sensyne strives to reduce its carbon footprint and, by moving to Microsoft Azure and migrating 'on premise' clusters, the Group is projecting reduced carbon dioxide emissions moving forward.

The Group has provided access to an electric car lease scheme provided from Fleet Evolution using a salary exchange scheme. This supports Sensyne's people in their individual management of their carbon footprint.

The move to become a fully remote working company in March 2020 and the subsequent significant reduction in the need to travel by embracing video conferencing has contributed, and is expected to continue to contribute, to a reduction in Sensyne's overall environmental impact even after the expected easing of COVID-19 social distancing and travel restrictions.

Governance

Corporate governance has been an area of focus for Sensyne during the reporting period and the Group is pleased to report significant progress, including a strengthened Board and management team. Further information on this progress is available in the Corporate governance report on pages 42 to 45.

"Sensyne has proven it can be a trusted partner for patients, health care systems and life science companies. We never sell patient data and we are committed to investing in our partners for the long term."

Rt. Hon. Lord Drayson PhD FIET FREng FMedSci
Chief Executive Officer

The Strategic report, from pages 2 to 37, was approved by the Board, on 30 September 2021, and signed on its behalf by Laura Hillier, Company Secretary.

A highly skilled and experienced leadership team

Sir Bruce Keogh

Independent Non-Executive Chairman

Skills and experience

During a decade as the most senior doctor in the NHS Sir Bruce Keogh had responsibility for national clinical policy and strategy, with a focus on clinical leadership, quality and innovation at a time of constrained public sector growth.

External appointments

Chairman of Birmingham Women's and Children's NHS Foundation Trust and Charity and the Scarfree Foundation. Non-Executive Director of the Cell and Gene Therapy Catapult and on the board of LumiraDx. Advisor to Health Corporation America (UK), Petrichor Healthcare Capital Management, Bain & Co and Weslyan Assurance. Trustee British Cardiovascular Society and National Confidential Enquiry into Perioperative Outcome and Death (NCEPOD).

Lord Paul Drayson

Chief Executive Officer

Skills and experience

Lord Paul Drayson is an engineer and science entrepreneur who has over 25 years of experience in founding and leading successful businesses in food manufacturing, bioscience and motorsport research and development.

External appointments

Member of Her Majesty's Privy Council, a Fellow of the Institution of Engineering and Technology, a Fellow of the Royal Academy of Engineering and a Non-Executive Director of Airbus.

Dr Richard Pye

Chief Financial Officer

Skills and experience

Dr Richard Pye is an experienced corporate development and investor relations professional with strong cross-border experience of the UK and US capital markets, investor relations, financial reporting, corporate development and strategy, and corporate governance for AIM and Nasdaq.

He previously worked for over 15 years at the AIM and Nasdaq listed biotechnology company Summit Therapeutics, where he held a variety of scientific and business roles as the company matured from being a University of Oxford spin-out into a global, late-stage clinical development organisation.

He holds a PhD in organic chemistry and was a Post Doctoral Research Associate at the University of Oxford prior to moving into the biotechnology industry.

External appointments

Dr Richard Pye has no external appointments.

Professor Lionel Tarassenko

Non-Executive Director and Director of R&D

Skills and experience

Professor Lionel Tarassenko is a leading expert in the application of signal processing and machine learning to healthcare, with a strong track record in translation to clinical medicine. His work has had a major impact on acute care and the management of chronic disease.

External appointments

Non-Executive Director of Oxford University Innovation Limited and Director of Oxehealth Limited.

Mary Hardy

Senior Independent Non-Executive Director

Skills and experience

Mary Hardy is a chartered accountant and former partner at Ernst & Young with 20 years' subsequent experience as Director of Internal Audit and Assurance for Diageo, Transport for London and the London Olympics. Previously, she was a member of the audit committees of HM Treasury and the Institute of Chartered Accountants and the Ministry of Defence. She was also a board member and Chair of the Audit and Risk Committee of the Royal Navy.

External appointments

Non-Executive Director and Chair of the Audit and Risk Committee of the Oil and Gas Authority. Chair of the Audit and Risk Committee of the Commonwealth Games Federation and Non-Executive Director of the Commonwealth Games Federation Partnerships Limited. Trustee and Chair of the Audit and Risk Committee of the Chartered Accountants Benevolent Association.

Key to Committee membership

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair

Dr Vishal Gulati

Independent Non-Executive Director (resigned 30 July 2021)

Skills and experience

Dr Vishal Gulati is one of Europe's leading venture capitalists investing in companies that lie at the convergence of healthcare with data science.

Vishal serves on the board of public and private companies improving health outcomes by using data and digital technologies including Kheiron Medical, Clue, Lifesum and Ieso Digital Health.

External appointments

Chairman of Digital Health Forum, serves on Innovate UK's Major Award Committee and on the Translation Awards Committee for the British Heart Foundation and is Head of the Investment Committee for Cancer Research UK Seed Fund.

Tony Bourne

Independent Non-Executive Director

Skills and experience

Tony Bourne has considerable experience and knowledge of the healthcare and financial services industries. He was Chief Executive of the British Medical Association between 2005 and 2013. Prior to this he was in investment banking for over 25 years, including as a partner of independent corporate finance advisory firm Hawkpoint and as Global Head of the Equities Division and a member of the managing board of Paribas, and held senior roles at Merrill Lynch, European Banking Company and James Capel & Co.

External appointments

Tony currently serves as Chairman of CW+ (the official charity of Chelsea and Westminster Hospital NHS Foundation Trust) and is a Non-Executive Director of Barchester Healthcare, Spire Healthcare Group plc and Totally plc.

Geoff Race

Independent Non-Executive Director

Skills and experience

Geoff Race is the co-founder, Executive Vice President, Chief Financial Officer and Chief Business Officer of Nasdaq listed biopharmaceutical company Minerva Neurosciences Inc. He has more than 20 years of experience as Chief Executive Officer and Chief Financial Officer in the life science industry, including roles at Funxional Therapeutics Ltd, PanGenetics BV and CareX SA. Geoff received an MBA from Durham University Business School, UK, and is a Fellow of the Chartered Institute of Management Accountants.

External appointments

Geoff is also a Non-Executive Director at Nasdaq listed F-star Therapeutics Inc. and Chairman and co-founder of London based consumer behaviour data providers Huq Industries Ltd.

Michael Norris

Independent Non-Executive Director

Skills and experience

Michael Norris has more than 20 years of experience working with public and private companies in the technology and life sciences sectors and has overseen a wide range of corporate activities. Michael is a Fellow of the Chartered Institute of Management Accountants.

External appointments

Michael has a wealth of experience, serving as Chief Financial Officer and Interim Chief Financial Officer for several companies including Beckley Psytech, Beckley Canopy Therapeutics, Itaconix and HMR.

Dr Ian Hudson

Independent Non-Executive Director (appointed 28 June 2021)

Skills and experience

Dr Ian Hudson has extensive knowledge of the healthcare and pharmaceutical sector, having served as Chief Executive of the UK's MHRA between 2013 and 2019.

Prior to this, he was the MHRA's Licensing Director, responsible for most of the agency's medicine licensing activities.

Before joining the MHRA, he held various senior roles at SmithKline Beecham, working for more than a decade in clinical research and development. Ian is currently serving as Senior Adviser, Integrated Development for the Bill and Melinda Gates Foundation, working in areas that include optimising clinical studies and strengthening regulatory systems in low-resource regions, as well as providing regulatory input to teams working on malaria, polio and COVID-19 drugs.

External appointments

Dr Ian Hudson has no external appointments.

Robust corporate governance to support our growth

"Sensyne's Board has listened to feedback and worked to improve its governance framework. We will continue to listen and strive to improve."

Sir Bruce Keogh KBE, MD, DSc, FRCS, FRCP
Independent Non-Executive Chairman

Dear shareholders,

I am pleased to be writing this statement after a year of significant progress in corporate governance at Sensyne Health, despite the unavoidable challenges of the COVID-19 pandemic.

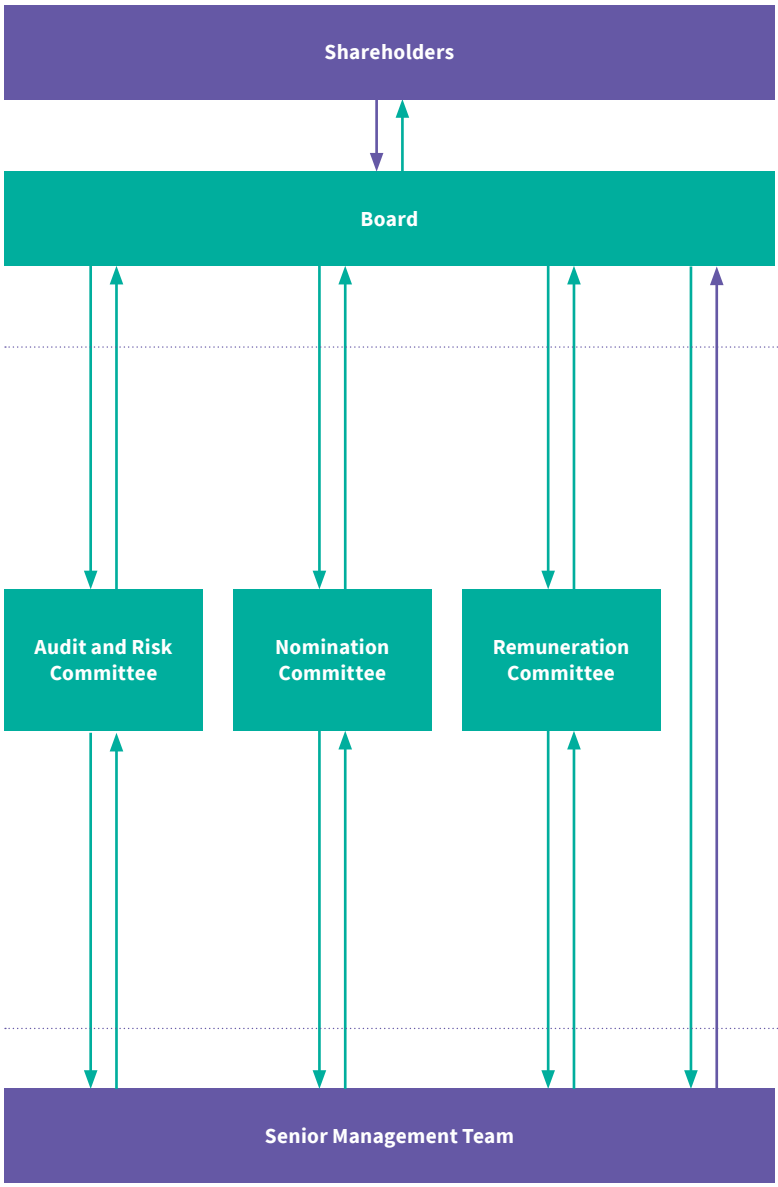
The Board has adapted well to operating virtually. The frequency of Board meetings increased to fortnightly in the early months of the pandemic. I am grateful to the Board for their commitment and willingness to support Management in assessing and responding to the challenges of the pandemic.

In 2020 I reported that an independent Board Effectiveness Review by A&O Consulting had identified a number of areas for improvement in the composition and operation of the Board. In 2021 we invited A&O Consulting to conduct a follow-up review. The conclusions of this review are set out later in the report, but I am pleased to report that they observed significant improvement in Sensyne's corporate governance framework overall, with strong or satisfactory progress against all specific recommendations.

The Board has strengthened significantly during the year with the appointments of four new Non-Executive Directors. Tony Bourne, Geoff Race, Michael Norris, and Ian Hudson each bring valuable experience and differing perspectives to the Board's dynamic. The Board also appointed a new permanent Chief Financial Officer, Dr Richard Pye who previously served as the Company's Chief Investment Officer. Collectively these appointments to the Board have improved the breadth and depth of the Board's Committees. Despite a concerted effort to improve the Board's diversity this year, I recognise there is still work to do and we are actively seeking to address this.

Sir Bruce Keogh
Independent Non-Executive Chairman

A clear and effective structure



The Board

Reviews and approves the Company's purpose, vision and strategy and is collectively responsible for the long-term success of the Group as a whole. The Board considers and agrees the governance framework appropriate for the Group which ensures robust decision making. The Board delegates some of its responsibilities to three Board Committees as illustrated below:

The Audit and Risk Committee

Reviews the integrity of the Company's reports and accounts, regularly reviews the effectiveness of the external audit function and has oversight of the Group's risk management and internal control framework. Further information describing the key activities of the Audit and Risk Committee during the year can be found on pages 46 to 47.

The Nomination Committee

Responsible for Board appointments and succession planning, and for evaluating the composition of the Board and its Committees. Further information describing the key activities of the Nomination Committee during the year can be found on page 48.

The Remuneration Committee

Responsible for the design of remuneration for the Executive Directors and the Senior Management Team and is responsible for setting Directors' remuneration. Further information describing the key activities of the Remuneration Committee during the year can be found on pages 49 to 51.

The Senior Management Team

Led by the Chief Executive Officer and is responsible for the day-to-day operational management of the Group. The Senior Management Team meets regularly and presents to the Board on its key activities.

Corporate governance report

Statement of compliance with the Quoted Companies Alliance Corporate Governance Code

The Company follows the QCA Code as the Board believes that it provides an appropriate governance framework for a business of Sensyne's size and stage of development. The following table demonstrates how we have applied the ten principles of the Code for the financial year ended 30 April 2021.

QCA Code principle	Current compliance
1. Establish a strategy and business model which promote long-term value for shareholders	Further information on how the Company delivers its strategy to promote long-term growth can be found on pages 8 and 9 and in its business model on pages 10 and 11.
2. Seek to understand and meet shareholder needs and expectations	The Directors are committed to open communication with the Company's shareholders to ensure that they clearly understand its business, strategy and performance. For further information on how this is done please see pages 28 to 31 of the annual report on shareholder engagement.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board is mindful of its environmental, social and governance responsibilities, which are described further in the Environmental, social and governance section of this report on pages 36 and 37 together with the Section 172 statement included on pages 28 to 31. Details on how the Board has engaged with key stakeholder groups can be found on pages 45 of the Annual Report.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The principal risks and uncertainties that the business faces are set out on pages 32 to 35 of this report. It is the responsibility of the Audit and Risk Committee to ensure that the Group operates an effective internal risk control framework, including the design, implementation and effectiveness of those systems. Further information on how the Audit and Risk Committee discharges its responsibility in this area can be found on pages 46 and 47 of this report.
5. Maintain the board as a well-functioning, balanced team led by the chair	The Board regularly reviews its balance and composition to ensure a sufficiently wide range of skills and experience to enable the Group to pursue its strategic goals. Further information on how the Board has maintained a well-balanced and functioning team led by the Chairman is set out in page 43 of this report.
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The Nomination Committee reviews the balance and composition of the Board and its Committees taking into account the skills and experience of each Board member. Each new Director undertakes a formal induction programme to strengthen their understanding of the business. Directors receive ongoing training on key issues. This is delivered by the Company Secretary and overseen by the Chairman. Further information on the work of the Nomination Committee can be found on page 48 of this report.
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Annual performance evaluations of the Board and its Committees are undertaken by the Chairman with support from external evaluators on a three-year rolling cycle. Further information on Board evaluation and its effectiveness can be found on page 45 of this report.
8. Promote a corporate culture that is based on ethical values and behaviours	Ethical values and behaviours are core to the Company's business model and inform our ways of working. Further information on people and culture can be found on page 6 of the Annual Report.
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board	The Board has established three Committees to discharge its roles and responsibilities: an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee. Each Committee is governed by its own terms of reference which are created and reviewed by the Board to ensure they are appropriate to support the Board and to ensure good decision making. Further information on the governance framework is on page 41.
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Board ensures regular and active engagement with key stakeholders. Further information on our engagement with shareholders and other stakeholders can be found on pages 28 to 31 of this report.

Board leadership and Company purpose

The role of the Board

The Board is responsible for formulating, reviewing and approving the Group's strategy, budget and corporate actions, and is collectively responsible for the long-term success of the Group. The Group's business model and strategy are set out on pages 8 to 11 of the Annual Report. Whilst day-to-day management of the Group is delegated to the Chief Executive Officer supported by the Senior Management Team, certain matters are specifically reserved for decision by the Board and documented in a written schedule which is reviewed annually, and these include:

- setting the Group's values and standards;
- reviewing and approving risk appetite and determining the nature and extent of the significant risks it is willing to take to achieve strategic objectives;
- overseeing controls, audit processes and risk management policies;
- approving the financial statements, revenue and capital expenditure; and
- approving material agreements.

The Board meets regularly to help ensure it discharges its duties effectively. During the year, the Board has only been able to meet virtually due to the COVID-19 pandemic. Details of the Board's engagement with its stakeholders are shown in the Section 172 statement of the Strategic report on pages 28 to 31.

The Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings.

Composition of the Board

The skills and experience of the Board are included in the Directors' biographical details on pages 38 and 39.

The Board currently comprises nine Directors, two of whom are Executive Directors, seven of whom are Non-Executive Directors of which six are independent.

The Chairman and Chief Executive Officer

The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. As part of his role, the Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors, as well as maintaining good working relationships between all Directors, with Non-Executive Directors communicating directly with Executive Directors and senior management between formal Board meetings.

The Chief Executive Officer reports to the Board and is responsible for all executive management matters of the Group. The Chief Executive Officer and the Chief Financial Officer, supported by the Senior Management Team, are responsible for the day-to-day management of the Group's operational activities, and for the proper execution of strategy, as set by the Board.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer with the purpose of each role set out in their respective contracts of service. The roles of the Chairman and Chief Executive Officer are not exercised by the same individual and the responsibilities of those roles are documented in writing and approved by the Board.

Non-Executive Directors

The Non-Executive Directors provide constructive challenge to management, helping to develop proposals on strategy and providing advice and support based on their experience.

The Non-Executive Directors discuss the performance of management and the individual Executive Directors against agreed goals and objectives, as well as monitoring the reporting of performance.

Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chairman and is available to shareholders if they have concerns that have not been addressed by the Chief Executive Officer or Chairman.

Independence

Sir Bruce Keogh was appointed as Interim Non-Executive Chairman in December 2019, and subsequently appointed permanent Chairman on 14 May 2020. Sir Bruce Keogh was considered to be independent on his appointment as permanent Chairman.

Mary Hardy is currently the Senior Independent Director.

All the Non-Executive Directors, except for Professor Lionel Tarassenko, are considered independent. Professor Lionel Tarassenko is not considered independent because he is employed by the Group as Director of R&D and is an employee of the University of Oxford, which has a material business relationship with the Group.

Board Committees

The Board has established an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee, each with formally delegated duties and responsibilities and with written terms of reference. Copies of the terms of reference of these Committees are available on the Group's website or on request from the Company Secretary.

The terms of reference of each of the Committees were reviewed and updated during the year. It is intended that these terms of reference will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each Committee is comprised of Independent Non-Executive Directors of the Group. The Company Secretary is the secretary of each Committee. Further information on each respective Board Committee's membership and key activities undertaken in the year is detailed on pages 46 to 51 of this report.

Corporate governance report – continued

Board leadership and Company purpose continued

Attendance

Directors are expected to attend all meetings of the Board and the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting are discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion. The following table shows Directors' attendance at the scheduled Board and Committee meetings during the year:

Director	Board	Audit and Risk Committee	Remuneration Committee[6]	Nomination Committee[7]
Sir Bruce Keogh	15/15	—	—	1/1
Lord Drayson	15/15	—	—	—
Dr Richard Pye[1]	3/3	—	—	—
Dr Vishal Gulati[2]	15/15	5/5	1/1	—
Mary Hardy	15/15	6/6	2/2	1/1
Professor Lionel Tarassenko	15/15	—	—	—
Tony Bourne[3]	3/3	1/1	2/2	—
Geoff Race[4]	3/3	1/1	—	—
Michael Norris[5]	3/3	—	2/2	—

1 Dr Richard Pye was appointed to the Board on 26 February 2021.
2 Dr Vishal Gulati stood down from the Audit and Risk Committee on 15 January 2021.
3 Tony Bourne was appointed to the Board on 31 January 2021, to the Audit and Risk Committee on 26 February 2021 and to the Remuneration Committee on 31 January 2021.
4 Geoff Race was appointed to the Board and Audit and Risk Committee on 26 February 2021.
5 Michael Norris was appointed to the Board on 26 February 2021.
6 Until 15 March 2021, the Remuneration Committee formed part of the Board meetings. It was resolved that the Committee would consist of Tony Bourne, Michael Norris and Mary Hardy with Sir Bruce Keogh as observer. Dr Vishal Gulati stood down from the Remuneration Committee.
7 Until 15 January 2021, the Nomination Committee formed part of the Board meetings.

In addition to the scheduled Board meetings held in the year, the Board held a small number of ad hoc meetings which were required for the Board to be kept informed of matters or make a decision outside of the scheduled meetings. These included discussions around emerging COVID-19 developments, trading updates, Board appointments, the capital raise that completed at the end of January 2021 and M&A opportunities.

Conflicts of interest

The Group's Conflicts of Interest Policy was adopted by the Board in January 2020. All Directors are required under the Companies Act 2006 to declare any conflicts of interest with the Group during the year. Professor Lionel Tarassenko serves as a Non-Executive Director and is also an employee of the University of Oxford, which has a material business relationship with the Group. No other Directors identified a conflict of interest during the year.

Diversity

Sensyne recognises the importance of a diverse workforce and Board and is committed to providing a working environment that is free from discrimination. In line with Group policy, the Board seeks to promote the principles of equality and diversity in all its dealings with employees, job applicants, clients, contractors and anyone else it works with. The Board considers appointments based on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including all protected characteristics. The Group's Diversity Policy is found in the Employee Handbook and informs the actions of the organisation to promote principles of equality and diversity in all its dealings with the workforce and protects employees against unlawful discrimination.

Culture

The Board aims to ensure that Sensyne's policies and behaviours throughout the business are aligned to its purpose, values and strategy. In particular, to ensure that we continue to recruit and retain the best talent, there have been initiatives to support engagement with the workforce, including a survey, improvements in employee development and the appraisal system, a salary review, recruitment and share option revisions. Health and wellbeing have always been a priority, and to ensure we continue to support our employees in the best way possible, whilst remaining resilient and agile in our working, we have introduced remote working as a permanent feature. The Board will continue to monitor culture, receive regular employee engagement reviews and build on the feedback received.

Appointments to the Board

The Nomination Committee leads the process for the appointment of new Directors to the Board. Page 48 sets out more detailed information on the Nomination Committee, its role and its principal activities during the financial year.

Commitment

The time commitment required from each Director is set out in his/her letter of appointment. The Nomination Committee is responsible for considering annually whether each Director is able to devote sufficient time to their duties.

The Board, advised by the Nomination Committee, is satisfied that the Chairman and each of the Non-Executive Directors are able to devote sufficient time to the Group's business.

In the appropriate circumstances, the Board, acting on advice from the Nomination Committee, may authorise Executive Directors to take non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Group, since such appointments should broaden their experience. Currently, Lord Drayson serves as a Non-Executive Director of Airbus SE, a position he held prior to Sensyne's initial public offering on the AIM segment of the London Stock Exchange in August 2018.

Development

Upon appointment to the Board, each Director receives a comprehensive induction which includes introductions to senior employees and, as appropriate, external advisers.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's other professional advisers where appropriate.

All Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

Information and support

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. Board and Committee materials are compiled and distributed to Directors to enable the Directors to discharge their duties. The Senior Management Team prepares reports to the Board and may be invited to attend Board meetings to present on their activities.

Directors have access to independent professional advice at the Group's expense. The Company Secretary is responsible for advising the Board on corporate governance matters.

Evaluation

The Board commissioned A&O Consulting to review the implementation of the recommendations made in the Board effectiveness review carried out in the prior year. A&O Consulting does not have a connection or business relationship with any members of the Board. The review involved a review of key Sensyne governance documents and one-to-one discussions with Board members and other stakeholders.

The further review found that there has been a significant positive shift in the standard of governance, Board dynamics and overall culture at Sensyne and that there is greater input and more robust challenge at executive and Board level. A&O Consulting noted that there has been strong or satisfactory progress on all 23 key recommendations identified in their previous report, to improve the corporate governance framework, culture and stakeholder relationships at Sensyne. Recommendations have either been fully addressed or, where they have been partially addressed, Sensyne recognises the aspects that remain to be addressed and expects to have completed by the end of financial year 2022.

In addition, each of the Board Committees undertook an internally led review of its effectiveness which involved a written questionnaire completed by each member addressing the following areas: the Committee's composition, membership, skills set of members, function and relationship with shareholders. The review identified a number of recommendations which each of the respective Board Committees have discussed and are in the process of implementing. The Board will report on the progress of these recommendations in next year's report.

Election of Directors

In accordance with the Group's Articles of Association all the Directors will be submitted for election and/or re-election at the AGM of the Group to be held on 29 October 2021.

Risk management and internal controls – accountability

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board, in conjunction with the Audit and Risk Committee, considers the effectiveness of internal controls and reviews the principal risks facing the Group including those which would threaten its business model, future performance, solvency or liquidity and reviews how these risks are being managed together with any mitigating actions.

The principal risks facing the business are set out on pages 32 to 35. The Board, on the advice of the Audit and Risk Committee, considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors;
- an internal Risk Management and Compliance Board comprising members of the Senior Management Team, which regularly reviews current and emerging risks and identifies mitigation and monitoring plans;
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision making and rapid implementation whilst minimising risks;
- a comprehensive annual budgeting process, producing a detailed profit and loss statement, balance sheet and cash flow statement, which is approved by the Board;
- detailed monthly reporting of performance; and
- central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice and QCA Code guidance, whilst also having regard to its size and the resources available. The Group has an established Quality Assurance and Regulatory Affairs (QARA) department which monitors compliance with relevant standards and certification and undertakes reviews of internal processes.

Remuneration

The Group's remuneration policy is set out in the Remuneration Committee report. The Board believes the policy is sufficient to attract, retain and motivate Directors of the quality required to run the Group successfully.

Engagement with shareholders

The Board recognises the importance of engaging with all shareholders to ensure that its strategy and performance is understood and that it remains accountable to its shareholders. The Company regularly engages with its institutional and other major shareholders, including around reporting of financial results, entering into new material commercial agreements and announcing significant technology developments. The Company also seeks to engage with its retail investors including through giving Company presentations at events targeted at this group of investors along with making available corporate presentations, scientific publications and webcasts on the Company's website, www.sensynehealth.com. The Company also maintains a section on its website that is dedicated to investor matters.

Collectively the Board is responsible for ensuring that there is a satisfactory dialogue with shareholders, while the Non-Executive Chairman, Chief Executive Officer and Chief Financial Officer seek to ensure the views of the shareholders are communicated to the Board as a whole. Fully audited accounts are distributed to shareholders and interim financial results and other regulatory press releases are notified via Regulatory Information Service announcements. All Annual Reports and press releases are available from the Company's website.

The Company's Annual General Meeting provides an important opportunity for all shareholders to attend and meet the Board to discuss the Group's performance and question management in more detail. Shareholders will have a minimum of 21 days' notice of the Annual General Meeting. The Company engages with its shareholders on any resolutions to be proposed at a general meeting of the Company with the notice of meeting available on the investor section of the website or on request at the registered offices.

Annual General Meeting

The AGM of the Group will take place on 29 October 2021. The notice of meeting including the resolutions for the AGM will be published on our website.

Audit and Risk Committee report

"I am pleased to present the Audit and Risk Committee report for the year ended 30 April 2021."

Mary Hardy
Audit and Risk Committee Chair

Membership

The names of the members of the Audit and Risk Committee and their dates of appointment are set out in the table below:

Director	Date of appointment
Mary Hardy (Chair)	10 August 2018
Dr Vishal Gulati	10 August 2018 (resigned 15 March 2021)
Tony Bourne	31 January 2021
Geoff Race	26 February 2021

The Committee met five times during the year to 30 April 2021.

All the members of the Committee are Independent Non-Executive Directors and have recent and relevant financial experience.

The Company Secretary acts as the secretary to the Committee. The Chief Executive Officer, Chief Financial Officer, Chief Regulatory and Quality Officer, senior financial managers and external auditor attend the meetings at the invitation of the Chair. The Chair of the Committee meets with the external auditor at least once a year in the absence of management.

Role of the Committee

The main duties of the Audit and Risk Committee are set out in its terms of reference, which are available on the Group's website (www.sensynehealth.com) or on request from the Company Secretary. The Committee reports to the Board on its activities, identifying any key issues and recommendations as to the steps to be taken to address them.

The main items of business to be considered by the Committee include:

- to consider and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- to oversee the relationship with the external auditor, assessing annually the auditor's independence and objectivity, and develop policy on the provision of non-audit services;
- to review whether the Group's arrangements for internal audit are sufficient;
- to monitor the financial reporting process, including review of the annual and half-yearly reports;
- to keep under review the adequacy and effectiveness of the Group's risk management and internal control systems;
- to review going concern and key accounting policies; and
- to review the audit plan and engagement letter.

Activities during the year

The principal activities for the year included:

- appointment of a new external auditor;
- review of the financial year ended 30 April 2021 audit plan and audit engagement letter;
- consideration of key audit matters and how they are addressed;
- review of the Annual Report and Accounts and half-year financial results;
- review of going concern;
- review of principal risks and uncertainties;
- review of the annual budget for the financial year ending 30 April 2022;
- review of whistleblowing and anti-bribery arrangements; and
- review of internal audit reports.

Financial reporting

In relation to both the half-year results and Annual Report the Committee reviews reports from management and the external auditor and the key matters including:

- the appropriateness and consistent application of accounting policies;
- their compliance with applicable accounting standards and statutory and listing requirements (including the implications of changes to standards);
- critical areas of accounting judgement and estimation made in the preparation of the financial statements;
- contingent liabilities; and
- the adequacy and clarity of reporting disclosures and compliance with applicable financial and other reporting requirements.

Areas of significant risk and other matters of audit relevance are regularly communicated to the Committee during the audit process. Areas discussed with the auditor include: going concern; impairment of investments in Group undertakings; revenue recognition of material contracts and the accounting treatment for the collaboration with Phesi, Inc.

External auditor

The Committee reviews the independence of the external auditor, and monitors non-audit services and the conduct of the relationship between the Committee and the auditor.

The breakdown of the external auditor's fees between audit and non-audit services, as approved by the Committee, is provided in note 4 of the Group's financial statements. Services were provided during the year in connection with the half-year financial results.

Internal audit

The Group has an internal audit function for its QARA environment, the scope of which includes information governance, compliance and regulatory controls. No internal audit function is in place outside of the QARA environment. The Committee has assessed the need for an expanded internal audit function and concluded that QARA is sufficient. Management continues to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without the need of an expanded function. The Committee will keep this decision under review.

Whistleblowing

A whistleblowing procedure is in place to enable employees to confidentially report any concerns they have regarding financial or other matters. The procedure is made available to all employees as part of their induction process and is located in the Employee Handbook. Employees can raise concerns with their manager, senior staff members, Non-Executive Directors or directly to the Committee Chair. The Committee monitors the Group's whistleblowing procedure on behalf of the Board. Any updates to the procedure or matters concerning whistleblowing are also discussed at Board level. During the period, no whistleblowing incidents were reported.

Risk management and internal control

The Board, through the Audit and Risk Committee, is responsible for the systems of internal controls and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable assurance against material misstatements or loss.

The Group has established a framework of risk management and internal control systems, policies and procedures and this is described on page 45 of the Corporate governance report. With respect to its oversight of risk management, the Company has established the Risk Management and Compliance Board (RMCB), which regularly reviews the risks faced by the Company including emerging risks and periodically reports the developments of these to the Committee. The Committee discusses these with both management and the external auditor as appropriate, including the processes for the identification, management and monitoring of principal risks and uncertainties. The Committee considers the current framework to be effective for the current nature of the business' operations.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. Management accounts are produced and reviewed monthly by the management team and budget holders. The Board reviews financial accounts and forecasts at the Board meetings held approximately every six weeks. The Audit and Risk Committee reviews the full-year and half-year statements in detail and recommends to the Board that these are approved and released.

Mary Hardy
Audit and Risk Committee Chair

Nomination Committee report

"I am pleased to present the Nomination Committee report for the year ended 30 April 2021."

Sir Bruce Keogh
Nomination Committee Chair

Membership

The names of the members of the Nomination Committee and their dates of appointment are set out in the table below:

Director	Date of appointment
Sir Bruce Keogh (Chair)	10 August 2018
Mary Hardy	10 August 2018
Michael Norris	7 July 2021

The Nomination Committee had one scheduled meeting during the year and held a number of ad-hoc meetings as needed in connection with the appointment of four Non-Executive Directors and one Executive Director. The Chief Executive Officer, Chief People Officer and external advisers may be invited to attend for all or part of any meeting as appropriate.

Responsibilities

The main responsibilities of the Committee are set out in its terms of reference, which are available on the Group's website (www.sensynehealth.com) or from the Company Secretary on request.

The purpose of the Committee is to ensure an orderly succession of candidates for Executive Directors, Non-Executive Directors, the Company Secretary and senior executives, and to advise the Board on matters of corporate governance relating to the appointment and re-appointment of Directors. In fulfilling this purpose, the Committee is required to:

- identify, evaluate and nominate candidates to fill Board vacancies (except for the Chairman and Chief Executive Officer, where the recommendation needs to be considered at a full meeting of the Board) for the Board to approve;
- make recommendations to the Board regarding the annual re-election of Directors;
- ensure external commitments of Directors do not conflict with the Sensyne appointment;
- ensure an appropriate succession plan is in place for the Chairman and all Directors;
- ensure an orderly succession plan is in place for senior executives; and
- advise on matters of governance such as Board diversity.

Principal activities during the year

The primary focus of the Committee has been to recruit appropriate Non-Executive Directors, following several departures from the Board in the prior year.

Spencer Stuart, an external search consultancy, was appointed as adviser to the Board and conducted the search for this recruitment process. Spencer Stuart does not have any other connection with the Group.

Upon the recommendation of the Committee Chair, the Board approved the appointment of Non-Executive Directors Geoff Race, Tony Bourne and Michael Norris and Executive Director Dr Richard Pye.

The search for Non-Executive Directors remains active with a particular focus on improving the diversity of the Board.

Induction of new Directors

Each Director appointed during the period under review underwent a formal induction programme upon their appointment designed to give a comprehensive overview of the Company.

Succession planning

The Nomination Committee has developed a succession plan for Directors and has oversight of the succession plan for the Senior Management Team.

The Nomination Committee reviewed the succession plan for the Directors and Senior Management Team, evaluating the skills and experience required for the Board and senior management roles.

Diversity and inclusion

The Board recognises the importance and benefits of being a diverse and inclusive organisation as well as its responsibility to monitor progress in this area.

The Committee regularly reviews the structure, size and composition of the Board to ensure it has an appropriate balance of skills, experience, independence, knowledge and diversity. The Committee is satisfied that the size of the Board and balance of skills, experience and knowledge is appropriate and has identified diversity as a priority for further Non-Executive Director recruitment.

Committee plans for 2022

The Committee intends to focus in the year to 30 April 2022 on the following:

- continued implementation of the recommendations arising from the A&O Consulting Board effectiveness review, which included evaluation of the Committee's effectiveness;
- continued review of Board succession planning and continued development of a diverse workforce;
- an internal evaluation of Board performance, Committees performance and individual Director performance in line with the recommendations made by the A&O Consulting Board effectiveness review; and
- reviewing and updating the Board's policy on diversity and inclusion.

Sir Bruce Keogh
Nomination Committee Chair

Remuneration Committee report

"I am pleased to present my first Remuneration Committee report for the year ended 30 April 2021 since becoming Chair in March 2021."

Tony Bourne
Remuneration Committee Chair

Membership

The names of the members of the Remuneration Committee and their dates of appointment are set out in the table below:

Member	Date of appointment
Tony Bourne (Chair)	31 January 2021
Dr Vishal Gulati (resigned 13 April 2021)	10 August 2018
Michael Norris	15 March 2021
Mary Hardy	15 March 2021

Until 15 March 2021, the full Board discharged the functions of the Remuneration Committee. During the year the Board appointed Tony Bourne, Michael Norris and Mary Hardy to form the Remuneration Committee, with Sir Bruce Keogh as observer. Dr Vishal Gulati stood down from the Remuneration Committee.

The Chief Executive Officer, Chief Financial Officer, Chief People Officer and external advisers may be invited to attend for all or part of any meeting as appropriate. No Director participates in decisions about their own remuneration. The Company Secretary acts as secretary to the Committee and attends Committee meetings. Other advisers attend as required.

During the year the Committee and the Independent Non-Executive Directors have exercised independent judgement and discretion when approving remuneration. This has included ensuring that remuneration proposals are both appropriate and proportionate to the size and complexity of the business, market competitiveness and alignment to the wider workforce. It is recognised that the market in which Sensyne functions is fast moving and highly competitive.

Accordingly, the Committee is mindful of its obligations to ensure that remuneration not only supports the wider ethical stance of the business and develops policy consistent with the long-term strategic aims but also mitigates risk.

Introduction from the Chair and approach to remuneration

During the year ended 30 April 2021 Sensyne has continued to develop to be a global leader in clinical AI.

To succeed we must attract, retain and motivate the brightest, most innovative, and productive team in a highly competitive market. The Group strengthened its leadership team to ensure it can deliver on its long-term objectives and priorities as a public company. The Remuneration Committee has made a clear commitment to ensure that the compensation packages reflect this corporate ambition and enable us to compete for talent against our global competitors.

Our approach to remuneration has been designed to ensure the incentivisation of our executive leadership is aligned with our long-term strategic priorities, promoting the long-term sustainable success of Sensyne and creating shareholder value. The introduction of the Value Creation Plan, which was formally adopted in September 2020, is a clear measure of this approach. The Committee has approved annual bonus award for the Executive Directors and the Senior Management Team which supported the delivery of the key corporate objectives for the financial year ended 30 April 2021.

Role of the Remuneration Committee

The Committee's responsibilities include:

- recommending the Group's Executive Director remuneration policy to the Board having considered the remuneration matters set out in the QCA Code;
- determining the entire remuneration package for each Executive Director, the Chairman and the Company Secretary as well as members of the Senior Management Team;
- reviewing the ongoing appropriateness and relevance of the remuneration policy;
- considering whether the Group's remuneration strategy is compatible with the Group's risk management policies;
- ensuring that the Group's remuneration framework aligns with and furthers the Group's strategy; and
- operating the Group's equity incentive plans.

The main responsibilities of the Committee are set out in its terms of reference, which are reviewed annually by the Board and available on the Group's website (www.sensynehealth.com), or from the Company Secretary on request.

The Group Chairman and Executive Directors are responsible for determining the remuneration of the Non-Executive Directors.

Activities during the year

The principal activities for the year included:

- review of Executive Directors' remuneration including bonus and related matters;
- discussion of the Group's remuneration policy and bonus structures;
- discussion of the Group's remuneration policy;
- review of the Value Creation Plan; and
- monitoring workforce engagement and employee wellbeing.

Remuneration Committee report – continued

Advice provided to the Remuneration Committee

Independent advice is provided to the Remuneration Committee by third-party remuneration consultants to develop a thorough understanding of the wider market environment. During the year, the Committee engaged with Alvarez & Marsal's executive compensation practice for advisory work on remuneration and continued to source salary benchmarking services from Aon Hewitt to ensure consistency.

Alvarez & Marsal has not previously undertaken any work for the Group, nor does it have a connection or business with any members of the Board or Committees. The Committee is satisfied that the advice provided to it by Alvarez & Marsal is objective and independent The Committee discusses in detail plans and proposals put to it by its advisers and Executive Directors, consulting with its investors as necessary.

Alvarez Marshal's advice included recommendations to ensure that the remuneration of the Executive Directors and key management remained competitive including the design and evolution of annual bonus and long-term incentives.

Alvarez & Marsal provided the Committee with detailed advice on key senior roles including the Chief Executive Officer and assisted with the development of the Value Creation Plan to motivate the senior management of the business and retain them in what is a highly competitive market.

During the year, the Committee has also been assisted by the Company's Chief People Officer.

Director and employee remuneration for 2021

The Remuneration Committee met frequently during the year to support the recruitment of the leadership team by ensuring the remuneration packages in place are competitive.

We implemented several positive changes to the employee remuneration framework in 2021:

- revision of the Company share option scheme for our workforce in line with good practice and to ensure it remains competitive;
- introduction of new benefits for all colleagues: life assurance, income protection and access via an electronic portal to a wide range of voluntary benefits focusing on employee wellbeing and sustainable initiatives such as electric cars and bicycles; and
- introduction of a salary exchange scheme for our pension plan.

Sensyne Health participates in the Willis Towers Watson salary survey in the AI and digital industry and life sciences. Having completed a full benchmarking review last year, our consultant, Alvarez & Marsal, has confirmed that our overall benchmarking data remains current. We have conducted a more detailed review of the Executive Directors' packages to ensure these key roles remain competitive.

The broad structure of packages for Executive Directors is:

- base salary for the Chief Executive Officer is £500,000 per annum with a bonus of up to 100% of base salary for achievement of agreed targets; for the Chief Financial Officer it is £250,000 per annum with a bonus of up to 60% of base salary for achievement of agreed targets;
- pension and benefits remain unchanged and are the same as those offered to the wider workforce; and
- eligibility for the Value Creation Plan, Sensyne' s long-term incentive scheme.

Bonus scheme framework 2022

The bonus scheme ("the Scheme") operates as an annual scheme, with performance measured over the period from 1 May 2021 to 30 April 2022 (the "Performance Period"). Targets against which performance will be measured are set at the start of the Performance Period.

The Scheme is governed by the Remuneration Committee. The Scheme is discretionary and may be amended by the Remuneration Committee at any time. Participation in this Scheme does not confer a right to participate in future schemes.

The information below outlines the key aspects of the Scheme.

Opportunity

The Scheme will pay out a percentage of base salary to Executive Directors. The maximum percentage is 100% for the Chief Executive Officer and 60% for the Chief Financial Officer.

Method of assessment

The aim of the Scheme is to incentivise the achievement of the Group's key financial and corporate objectives and includes a measure relating to achievement of individual objectives.

Milestones and personal performance goals

The choice and weighting of key milestones will be dependent on each participant's role but for the majority will comprise the four equally weighted metrics related to the performance and growth of the business.

Performance underpins and Remuneration Committee discretion

A performance underpin applies to the Scheme. The Remuneration Committee will review the quality of the underlying performance achieved and has discretion to reduce the bonus outturn (potentially to zero) in circumstances where it believes the formulaic outcome is not reflective of the underlying performance of the business.

Malus and clawback provisions

In common with most other listed companies, the Company may reclaim amounts paid under the Scheme on the occurrence of trigger events such as: a material misstatement of the Group's accounts; an error in calculating performance for the Scheme; gross misconduct on the part of the individual; or behaviour resulting in reputational damage to the Group.

The Remuneration Committee shall decide on the amount subject to malus or clawback which shall be such part of the value of any award as the Remuneration Committee sees fit, i.e. it may determine to reduce a different award or amount not yet paid (malus) or recover the amount already paid (clawback). These provisions will apply to all bonus payments for a period of two years following the payment date.

Value Creation Plan (VCP)

The Board implemented a VCP for the participation of Executive Directors and designated senior managers. The main structure of the plan is as follows:

- Eligible participants are granted a percentage of a pool value created from the growth in value of Sensyne share capital at a predetermined target rate of return.
- For most participants awards will be settled in shares. For the Chief Executive Officer awards may be settled in cash or a mix of cash and shares to the extent that is permissible.
- VCP participation is restricted to those with the scope to materially affect the value of the business over the performance period. As such, awards are granted to Executive Directors as well as key members of senior management.
- The VCP pool does not begin to accrue until the target rate of 10% per annum growth is exceeded with the percentage of the growth above the target funding the pool.
- No value is expected to be released to the participants for a period of five years from the date of creation of the VCP, except as permitted under the plan rules.
- The plan rules permit the Remuneration Committee to adjust the size of the VCP pool to take account of various factors it considers relevant including dividend payments, return of value to shareholders and increases in share capital, the intention being that only organic growth is to be rewarded under the plan.
- The Chief Executive Officer does not accrue any benefit under the plan until the share price reaches 175 pence.
- The plan includes a provision for malus and clawback applicable to all awards.

For further information on the VCP, please see note 24 of the financial statements.

Statement of consideration of shareholders' views

The Remuneration Committee will consider any shareholder feedback received at the AGM and throughout the year when reviewing the overall remuneration policy each year.

Annual General Meeting

As an AIM listed company, Sensyne is not required to produce a formal Directors' remuneration policy or seek shareholder approval, however, as the Committee and Board are committed to achieving high standards of corporate governance, integrity and business ethics the Committee has decided to hold an advisory vote on the Directors' remuneration report at the AGM 29 October 2021.

I will be available at the AGM to answer any questions on this report.

Tony Bourne
Remuneration Committee Chair

Directors' remuneration policy

The principles of the Group's remuneration policy provide a framework to ensure that it can:

- attract, motivate and retain executives and senior management to deliver the Group's strategic, business development and growth goals;
- incentivise strong financial performance and reward the delivery of the Group's business plan;
- align the interests of executives and senior management with the interests of shareholders; and
- adhere to principles of good corporate governance.

Key features

The primary elements of the remuneration policy of the Executive Directors are set out below:

Base salary	Salaries are reviewed annually and are set at a level considered appropriate for the size, complexity and nature of the business, considering individual performance, and pay and conditions of the wider workforce. The Committee will consider market benchmarking as necessary using the Group's advisers' benchmarking databases.
Pension contribution	Executive Directors will be assessed for eligibility to participate in the Group's personal pension plan under the terms of auto-enrolment on the same terms as the wider workforce.
Benefits	Executive Directors will receive market competitive benefits, including (but not limited to) private medical insurance, also on the same basis as the wider workforce.
Bonus	Executive Directors may be eligible for an annual and/or occasional special bonus payment based on performance as set out by the Remuneration Committee.
Long-term incentives	Executive Directors may participate, at the discretion of the Remuneration Committee, in the equity incentive arrangements established and operated by the Group. The Committee implemented a Value Creation Plan as a long-term incentive in the financial year ended 30 April 2021.

The Committee ensures that the wider workforce remuneration is consistent with the Group's policies and strategy. This has led to continuous improvements in the employee appraisal and salary review system, long-term incentive plans and employee benefits package with the overall aim of attracting and retaining talent.

Approach to recruitment remuneration

Remuneration packages for new Executive Directors are determined by the Remuneration Committee and designed in accordance with the approved remuneration policy.

Loss of office payment policy

Any compensation payment made to an Executive Director for termination of employment will be determined with reference to the terms of the individual's service agreement and the rules of any incentive plan in which the individual is a participant. Malus and clawback arrangements are contained within Directors' service agreements and incentive plans.

Remuneration policy for Non-Executive Directors

The Remuneration Committee is responsible for evaluating and making recommendations to the Board on fees payable to the Chairman. The Chairman and Chief Executive Officer are responsible for evaluating and making recommendations to the Board on the fees payable to the Group's Non-Executive Directors.

The fees received by the Chairman and Non-Executive Directors are intended to enable the Group to attract and retain individuals with the requisite experience and knowledge for the role. There is no formal maximum. The fees are reviewed annually against fees from similar groups to ensure they remain competitive and representative of the time commitment needed for the role.

The Chairman and Non-Executive Directors also receive travel and subsistence costs that are incurred in the normal course of business.

Service contracts

Each Executive Director has a service contract with the Group which is terminable by either party on not more than nine months' notice for the Chief Executive Officer and six months for other Executive Directors. Non-Executive Directors including the Chairman are appointed under letters of appointment for an initial term of approximately three years subject to annual re-election at each AGM. Either the Group or the Non-Executive Director may terminate the appointment before the end of the current term on one month's notice.

Copies of the current Directors' service contracts and letters of appointments are available for inspection at the Group's registered office.

	Date of contract/ appointment	Notice period in months	
		Company	Director
Executive Directors			
Lord Drayson	20 June 2018	9	9
Dr Richard Pye	26 February 2021	6	6
Non-Executive Directors			
Sir Bruce Keogh	10 August 2018	1	1
Dr Vishal Gulati	10 August 2018	1	1
Mary Hardy	10 August 2018	1	1
Professor Lionel Tarassenko	2 October 2018	1	1
Tony Bourne	31 January 2021	1	1
Michael Norris	26 February 2021	1	1
Geoff Race	26 February 2021	1	1
Dr Ian Hudson	28 June 2021	1	1

Statement of consideration of employees' pay and remuneration conditions elsewhere in the Group

The Committee does not formally consult with employees on the matters of remuneration. However, the Committee is made aware of employment conditions in the wider Group through regular briefings and ensures that such conditions reflect the Group's remuneration policy.

The same broad principles apply to the remuneration policy for both Executive Directors, the Senior Management Team and the wider employee population. However, the remuneration for Executive Directors and the Senior Management Team has a stronger emphasis on performance-related pay than for other employees of the Group.

The following approach is used:

- Salaries, benefits and pensions are compared to appropriate market rates and set with an allowance for role, responsibilities and experience.
- When setting salary levels for the Executive Directors, the Committee considers the salary increases provided to other employees.
- An annual bonus plan applies to the Executive Directors, wider leadership team and commercially focused roles, and is based on business and individual performance.
- A share option scheme applies to the wider employee population. Selected roles of the Senior Management Team are eligible for participation in the Value Creation Plan.

Audited information

Directors' remuneration

The following tables summarise the total remuneration of the Directors who served during the year.

Year ended 30 April 2021

	Base salary £'000	Bonus £'000	Contributions to money purchase schemes £'000	Benefits in kind £'000	Compensation for loss of office and payments in lieu of notice £'000	Total remuneration £'000
Executive Directors						
Lord Drayson[1]	**500**	**500**	**38**	**4**	**—**	**1,042**
Dr Richard Pye[2]	**42**	**19**	**3**	**—**	**—**	**64**
Non-Executive Directors						
Sir Bruce Keogh	**75**	**—**	**—**	**—**	**—**	**75**
Dr Vishal Gulati	**35**	**—**	**—**	**—**	**—**	**35**
Mary Hardy[3]	**53**	**—**	**—**	**—**	**—**	**53**
Professor Lionel Tarassenko[4]	**161**	**5**	**—**	**—**	**—**	**166**
Tony Bourne[5]	**10**	**—**	**—**	**—**	**—**	**10**
Michael Norris[6]	**6**	**—**	**—**	**—**	**—**	**6**
Geoff Race[7]	**6**	**—**	**—**	**—**	**—**	**6**
Total	**888**	**524**	**41**	**4**	**—**	**1,457**

Year ended 30 April 2020

	Base salary £'000	Bonus £'000	Contributions to money purchase schemes £'000	Benefits in kind £'000	Compensation for loss of office and payments in lieu of notice £'000	Total remuneration £'000
Executive Directors						
Lord Drayson	500	—	13	34	—	547
Lorimer Headley	262	—	14	1	243	520
Non-Executive Directors						
Charles Swingland	38	—	—	—	—	38
Andrew Gilbert	24	—	—	—	—	24
Dr Vishal Gulati	35	—	—	—	—	35
Mary Hardy	40	—	—	—	—	40
Dr Annalisa Jenkins	28	—	—	—	—	28
Sir Bruce Keogh	51	—	—	—	—	51
Professor Lionel Tarassenko	161	5	—	—	—	166
Total	1,139	5	27	35	243	1,449

1 £250,000 of Lord Drayson's base salary was unpaid at the year ended 30 April 2020 and was subsequently paid in May 2020.
2 Dr Richard Pye was appointed as Chief Financial Officer on 26 February 2021. Prior to his appointment he served as Chief Investment Officer from 2 November 2020. The remuneration included above only pertains to work as Chief Financial Officer.
3 Included within base salary is a back payment of £4,000 in respect of services as Chair of the Nomination Committee and Senior Independent Director from 9 December 2019 to the year ended 30 April 2020. £2,000 of base salary was paid to Mary Hardy after the year end.
4 Professor Lionel Tarassenko serves as both a Non-Executive Director and is employed part time by the Company in his role as Director of R&D; his total remuneration above includes £131,000 for his services as an employee.
5 Tony Bourne was appointed as Non-Executive Director and Chair of the Remuneration Committee on 31 January 2021.
6 Michael Norris was appointed as Non-Executive Director on 26 February 2021. Michael was previously Interim Chief Financial Officer from 1 March 2020 until his appointment.
7 Geoff Race was appointed as Non-Executive Director on 26 February 2021.

Share option scheme

During the year, the Company operated two employee share incentive plans, namely the Sensyne Health Share Option Plan 2018 and the Value Creation Plan. For further information please see note 24 of the financial statements.

a) Sensyne Health Share Option Plan 2018

The Group operated a share option scheme which is available to the wider employee population at the discretion of the Board. Options are granted with an exercise price not less than the share price on the date of grant and can be exercised on the third anniversary of grant. A holding period of two years applies to the shares following exercise. On every six-month anniversary from the grant date one sixth of the granted options are assessed for vesting against market vesting conditions. This portion of options will vest, to be exercised on the third anniversary of grant, if the Group's share price has risen by at least 10% more than the FTSE All-Share Pharmaceutical and Biotechnology Index over the period between the grant date and assessment date.

The scheme was revised in July 2020 to reflect the changed business circumstance and existing employees were invited to surrender their original options and take up the new options in the revised scheme. The scheme remains a three-year scheme, but the performance conditions were adjusted whereby the market performance vesting conditions in respect to the achievement of share price targets, as well the two-year share holding period was removed from the scheme rules. The Directors did not relinquish their options under the original scheme and the market vesting conditions and five year contractual option term continue to apply.

Director	Options brought forward 30 April 2020	Options lapsed	Options carried forward 30 April 2021
Lord Drayson	857,144	(428,572)	428,572
Professor Lionel Tarassenko	857,144	(428,572)	428,572
Total	1,714,288	(857,144)	857,144

No Directors have exercised share options in the year.

The market price of the Group's Ordinary Shares on 30 April 2021 was £1.695 and the range during the year was £0.295 to £1.85.

b) The Sensyne Health plc Value Creation Plan (VCP)

The Chief Executive Officer has been allocated a 25% share of the pool of value with 8% for the Chief Financial Officer. Remaining members of the Senior Management Team who are participating in the scheme are allocated in the range of 1.5% to 13.0%. A proportion of the pool of value remains unallocated.

Director	Unit awards brought forward 30 April 2020	Unit awards granted	Unit awards carried forward 30 April 2021
Lord Drayson	—	25,000	25,000
Dr Richard Pye	—	8,000	8,000
Total	—	33,000	33,000

Directors' shareholdings and share interests

The Directors of the Group who served during the year and who held share interests were as follows:

	Ordinary Shares of £0.10 each		Outstanding options awarded under share option scheme subject to conditions (Share Option Plan 2018)		Outstanding unit awards under share option scheme subject to conditions (VCP)	
Director	At 30 April 2021	At 30 April 2020	At 30 April 2021	At 30 April 2020	At 30 April 2021	At 30 April 2020
Lord Drayson[1]	19,881,162	19,881,162	428,572	857,144	25,000	—
Michael Norris	27,777	—	—	—	—	—
Dr Vishal Gulati	22,222	—	—	—	—	—
Mary Hardy	22,222	—	—	—	—	—
Professor Lionel Tarassenko	22,222	—	428,572	857,144	—	—
Sir Bruce Keogh	11,111	—	—	—	—	—
Dr Richard Pye	—	—	—	—	8,000	—

1 In addition, Lord Drayson's family (within the meaning set out in the AIM Rules for Companies) holds an additional 17,924,656 Ordinary Shares, representing 11.27% of the issued share capital of the Group.

Payments to past Directors

In August 2020 a payment was made to the former Chief Financial Officer in respect of the prior financial year. For more information, please see the Sensyne Health Annual Report 2020.

Unaudited information

Annual bonus

The bonus plan for the Chief Executive Officer was set at 75% of base salary for delivery of agreed targets and the Chief Financial Officer at 45% of base salary. The corporate targets were based around key financial and business targets such as revenue delivery, leadership team growth, product and regulatory developments. All of which took place against the backdrop of a global pandemic with its obvious commercial and management challenges. The plan allowed the Committee discretion to award the Chief Executive Officer a bonus of up to 100% of base salary for exceeding targets. This was applied in respect of the Chief Executive Officer.

The Chief Financial Officer was appointed in February 2021 (previously the Chief Investment Officer) and his bonus payment (split 60% corporate and 40% individual) was determined by the Remuneration Committee on the basis that 100% corporate and 90% individual objectives were achieved and was based on performance in the two roles held since November 2020. The bonus amount was prorated on the period of service since November 2020 by the Committee.

Expenditure on pay

The table below shows the total remuneration paid to employees of the Group and distributions to shareholders in the financial year:

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Total remuneration	**14,902**	8,923
Dividends and share buyback	**nil**	nil

Implementation of remuneration policy for the year ending 30 April 2022

Base salaries

The salaries to be paid to the Executive Directors for the year ending 30 April 2022 are set out in the table below. The Executive Directors' salaries were reviewed and remained the same as shown below:

	Annual base salary	
	Year ending 30 April 2022 £'000	Year ended 30 April 2021 £'000
Executive Director		
Lord Drayson	**500**	500
Dr Richard Pye	**250**	250

Annual bonus

The bonus scheme will pay out a percentage of base salary to Executive Directors. The maximum percentage is 100% for the Chief Executive Officer and 60% for the Chief Financial Officer for achievement of individual objectives.

Bonus plans are set to ensure Executive Directors focus on delivering key business targets such as market development, revenue, budgets and other objectives. The Group also requires that Executive Directors meet key behavioural and risk mitigation objectives such as employee engagement and wellbeing, meeting our regulatory and audit expectations and ensuring the culture of the business is consistent with the corporate purpose and values of Sensyne.

Non-Executive Directors' fees

There has been no change to the fees for the Chairman and Non-Executive Directors in the year. The fees to be paid for the year ending 30 April 2022 are set out in the table below:

	Annual base fees	
	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Chairman	**75**	75
Non-Executive Director	**35**	35
Senior Independent Director fee	**5**	5
Committee Chair fee	**5**	5

The Directors' remuneration report, including the Directors' remuneration policy and Annual report on remuneration, was approved by the Remuneration Committee and by the Board on 30 September 2021.

Tony Bourne
Remuneration Committee Chair

Directors' report

The Directors present their report for the year ended 30 April 2021 together with the audited consolidated financial statements and the Independent auditor's report for the year ended 30 April 2021.

General information

The Company's Ordinary Shares are listed on the AIM segment of the London Stock Exchange. Its principal activity is that of the development of clinical artificial intelligence for use in the healthcare and life science sector.

Information included in the Strategic report

The Company's Strategic report is on pages 2 to 37 and contains the following information that would otherwise be required to be included in this Directors' report:

- **Future developments page 19**
- **Research and development page 21**
- **Principal risks and uncertainties pages 32 to 35**
- **Key performance indicators page 23**
- **Corporate governance statement pages 40 to 45**

Results and dividends

The Group results for the year and the financial position as at 30 April 2021 are shown in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The Directors do not recommend the payment of a dividend for the year ended 30 April 2021 (2020: £nil).

Directors

The Directors of the Company who were in office during the year and up to the date of this report are listed below. Their biographical details are shown in the Board of Directors section.

Director	Date of appointment
Lord Drayson	20 June 2018
Dr Vishal Gulati	10 August 2018 (resigned 30 July 2021)
Mary Hardy	10 August 2018
Sir Bruce Keogh	10 August 2018
Professor Lionel Tarassenko	2 October 2018
Tony Bourne	31 January 2021
Dr Richard Pye	26 February 2021
Geoff Race	26 February 2021
Michael Norris	26 February 2021
Dr Ian Hudson	28 June 2021

Directors' interests

The Directors' interests in the share capital of the Company are set out in the Annual report on remuneration on pages 54 to 56.

Directors' indemnity and liability insurance

The Company has purchased and maintained Directors' and officers' liability insurance. The Company has also granted an indemnity to its Directors against any liabilities that arise, which represents a qualifying third-party indemnity provision as defined by the Companies Act 2006.

Political donations

The Company and Group made no political donations during the year (2020: £nil).

Financial risk management

The financial risk management objectives and policies of the Group, including credit risk, interest rate risk and liquidity risk, are provided in note 19 of the financial statements.

Share capital

At 30 April 2021 there were 164,799,139 Ordinary Shares of £0.10 each in issue (2020: 128,571,514).

The Company has only one class of shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no restrictions on voting rights. Details of employee and contractor share option schemes are set out in note 24 of the financial statements.

Substantial shareholdings

Information regarding the significant shareholdings in the Company's ordinary shares is located on the investor section of the Company website.

Going concern

Although the Group and the Company has recognised revenue from commercial deals during the year, it is still largely reliant on its cash reserves to fund on-going operations.

The Group made adjusted EBITDA losses for the year ended 30 April 2021 of £19.9m (2020: £16.0m) and had cash balances as of 30 April 2021 of £23.6m (2020: £31.7m) with an underlying cash burn during the year of £8.1m following net proceeds of £25.5m received from a capital fundraise (2020: net cash burn of £17.6m).

In assessing the appropriateness of the going concern assumption, the Board has considered the availability of funding alongside the possible cash requirements of the Group and Company.

We have prepared financial forecasts and cash flows looking beyond 12 months from the date of approval of these financial statements to 31 October 2022 under different scenarios, which we considered an appropriate approach to our assessment and are reasonably possible outcomes.

We have prepared a base case based on our full budgeted growth forecast. Our base case includes the achievement of our expected revenue forecast, expansion, and a continuing investment in our product portfolio. In this scenario, the Group and the Company have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of this report.

However, the Group and Company are subject to a number of risks similar to those of other development stage companies working across the life sciences and healthcare sectors. These risks include, amongst others, generation of revenues from its product portfolio, and risks associated with its research, development activities, and obtaining regulatory approvals, where applicable, of its products. Ultimately, the attainment of profitable operations is dependent on future uncertain events which include our ability to generate a level of revenue, over and above our contracted revenue as at the date of this report, or obtaining other sources of funding, that are required to support the Group's cost structure required to fulfil the Group's commercial and development activities. As such, a downside case financial forecast has been prepared to adjust for these risks and uncertainties as a worst-case scenario.

The downside case is a projection of a severe but plausible scenario where our revenue is significantly risk-adjusted down to contracted revenue and our budgeted costs commensurately reduced by deploying a programme of significant cost mitigation actions, that are within the control of the board, which includes slowing down or minimising certain research and development activities, but only to the extent that these actions do not compromise the viability of the core business.

In the scenario of the Group and the Company not being able to generate any new revenues, we would need to seek alternative sources of funding to the support the Group and the Company through a combination of some, or all, of the following: equity offerings, collaborations, strategic alliances, grants, debt financings, and marketing, distribution of licensing arrangements. Although we consider that there are strong grounds for believing that such funding could be secured, as demonstrated by the successful fund raise in January 2021, there can be no guarantee that would be the case. While the Group and the Company believes it will be able to enter into new commercial agreements to generate new revenues or secure alternative sources of funding within the next 12 months, there can be no assurances that the Group and the Company will be able to do so on a timely basis, or at all. These circumstances mean a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Please also see note 1 to these financial statements.

Employment

The Group regularly provides employees with information of concern to them, which incorporates the Group's current performance and its future aims and strategies. The Group has a HR portal to ensure all employees have access to relevant policies and information. Employees are also encouraged to provide suggestions in areas that are important to them.

Independent auditor

Grant Thornton UK LLP has expressed willingness to continue in office as auditor and a resolution to re-appoint will be proposed at the Annual General Meeting.

Disclosure of information to auditor

The Directors who held office at the date of approval of this report confirm that:

- they know of no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' responsibility statement

The Directors believe that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Annual General Meeting

The AGM will be held on 29 October 2021. Details of the business to be transacted at the forthcoming AGM are set out in the notice of AGM which is available on the Company's website.

Events after the end of the reporting period

Information relating to events since the end of the year is given in note 27 of the financial statements.

Lord Drayson
Chief Executive Officer

30 September 2021

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and profit or loss of the Group and Parent Company 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 international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom accounting standards, comprising FRS 102, have been followed for the Parent Company, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Lord Drayson
Chief Executive Officer

30 September 2021

Independent auditors' report
to the members of Sensyne Health plc

Opinion

Our opinion on the financial statements is unmodified.

We have audited the financial statements of Sensyne Health plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2021 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 30 April 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with 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)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to the going concern paragraph in Note 1 in the financial statements which highlights the risks to the Group and Parent Company's ability to trade as a going concern due to the uncertainty around its ability to either generate sufficient revenues, or to raise sufficient finance, to meet its expected costs.

As stated in the going concern paragraph in Note 1 in the financial statements, these events or conditions, along with the other matters as set forth in the going concern paragraph in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of management's assessment of the entity's ability to continue as a going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included obtaining management's going concern models covering the period to 31 October 2022 and performing the following procedures:

- obtaining an understanding of key controls over management's going concern models, including those over the inputs and assumptions used in the models;
- corroborating key assumptions, such as assessing the feasibility of winning pipeline revenue contracts, the likely outlay of expenditure, the ability to implement cost saving exercises where possible and the ability to generate future funding where necessary, challenging management where necessary;
- assessing the impact of not achieving expected revenue, evaluating the impact if only existing contracted revenue was generated. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken;
- assessing the impact of the mitigating factors available to management in respect of the ability to reduce expenditure through cost saving exercises, such as hiring freezes, pay cuts, descaling the product portfolio and evaluating the timing of implementing such cash mitigating exercises;
- assessing the accuracy of management's past forecasting by comparing management's current year forecast constructed in the prior year to the actual results in the current year and considering the impact on the going concern models;
- performing sensitivity analysis on the going concern models and assessing if they appropriately consider reasonably possible adverse movements;
- evaluating events that occurred post balance sheet date and challenging management as to whether these have been correctly reflected in the forecasts prepared; and
- assessing the adequacy of related disclosures within the annual report.

Material uncertainty related to going concern continued

Our responsibilities

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

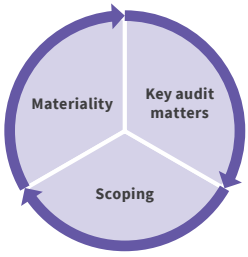
The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Our approach to the audit

Grant Thornton

Overview of our audit approach

Overall materiality:
Group: £1,300,000, based on approximately 4.6% of loss before tax.
Parent Company: £1,299,000, based on 1% of total assets, however restricted to component materiality amount.



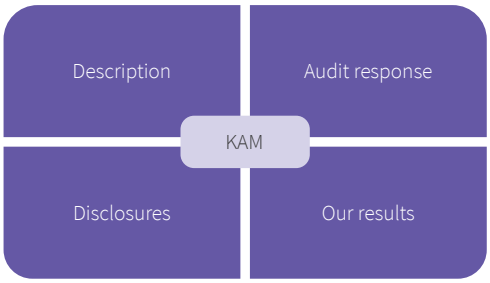
Key audit matters were identified as:

- Occurrence of revenue and application of revenue recognition policies (Group).
- Accounting treatment of the Phesi, Inc. investment and intangible asset (Group).
- Impairment of investment in subsidiaries and intercompany receivables (Company).

We performed a full-scope audit on the financial statements of Sensyne Health plc and Sensyne Health Group Limited, whilst performing certain procedures over specific financial statement line items within Sensyne Health Holdings Limited. Analytical procedures were performed over other statutory entities based on their overall size and values of their specific financial statement line items.

Key audit matters

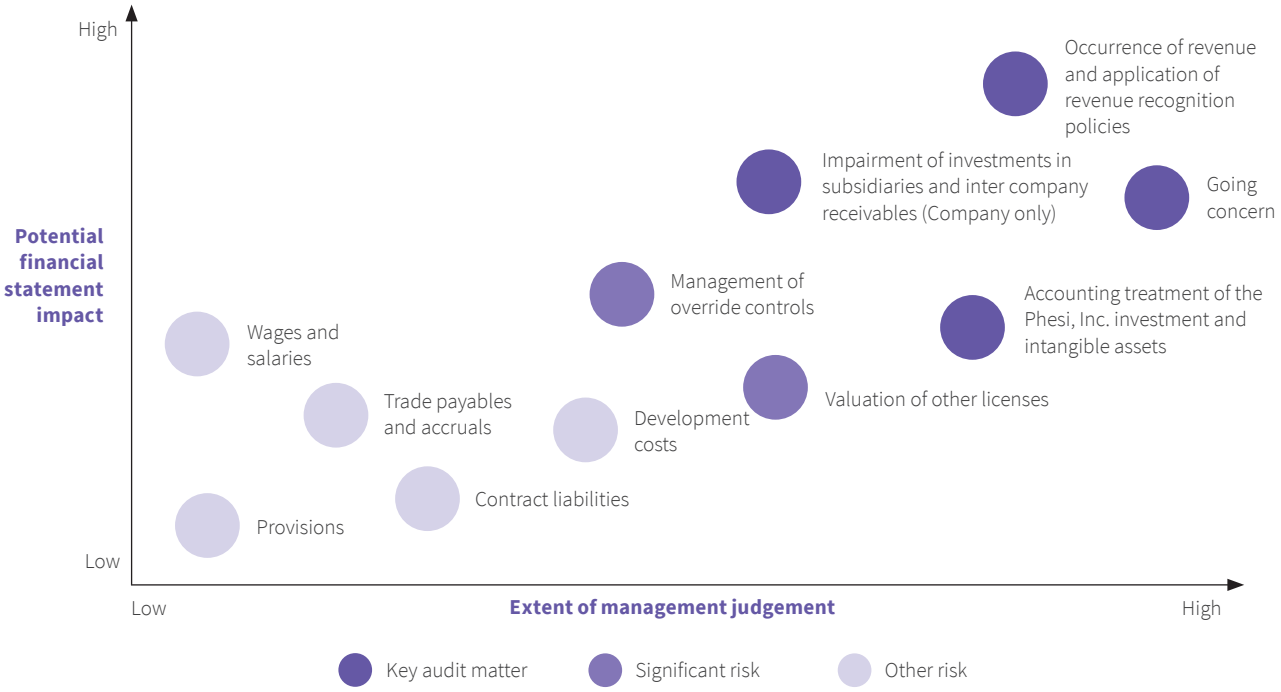
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.



Independent auditors' report – continued
to the members of Sensyne Health plc

Key audit matters continued

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group	How our scope addressed the matter – Group
Occurrence of revenue and application of revenue recognition policies We identified revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. The revenue recorded by the Group is one of the key determinants of the Group's underlying profitability and is one of the Group's Key Performance Indicators. The total amount of revenue recognised during the year ended 30 April 2021 was £9,095,000 (2020: £2,050,000). The application of IFRS 15 is an area requiring significant judgement by management. Revenue from contracts has been recognised in two major segments: the Healthcare segment and the Life Sciences segment. Depending on the terms of the contract, revenue has been recognised either at a point in time or over time. Certain contracts have been recognised on a percentage completion basis compared to a "budget to complete" assessment. As a result, there is an element of judgement in determining the amount of revenue to be recognised in each reporting period.	In responding to the key audit matter, we performed the following audit procedures: • Assessed whether the accounting policies adopted by the Directors are in accordance with the requirements of IFRS 15 and whether management accounted for revenue in accordance with the accounting policies. • Evaluated the design and implementation of procedures, processes and controls through which the business initiates, records and recognises revenue transactions. • For each of the three significant contracts noted above, we agreed the occurrence of performance obligations to supporting documentation such as signed contract, proof of delivery or approved timesheet for the respective amounts of revenue recognised to ensure the underlying transaction occurred.

Key audit matters continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Occurrence of revenue and application of revenue recognition policies continued It was noted that there were only three significant revenue contracts in the current year. Of these it was noted that two were entered into and completed within the current year and one commenced in the prior year and was completed in the current year. We identified significant management judgements in the following areas: • the determination of separate performance obligations within contracts which are distinct in the context of the contract; and • the determination of when entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time; and • whether significant financing components exist. **Relevant disclosures in the Annual Report and Accounts 2021** Financial statements: Note 3	• One contract contained variable consideration in the form of future royalty payments, however there is a guaranteed minimum royalty amount for a period of 2 years. Management determined that the minimum royalty payments met the specific requirements of IFRS 15 with regards to the exemption in determining variable consideration and this has therefore been treated as an upfront sale of a licence with a significant financing component. We have assessed this by reference to the specific clauses in the contract and our understanding of the transaction. **Our results** Based on the work performed, we consider the revenue recognised in the period to be in compliance with the Group's policies.
Accounting treatment of the Phesi, Inc. investment and intangible asset In January 2021 the Group paid $10 million to Phesi, Inc., an unlisted company incorporated in the United States of America, to acquire a 10% minority equity shareholding and a five-year right (with two-year extension) to access Phesi's clinical trials data platforms. We identified that the accounting classification of the Phesi, Inc. transaction and allocation of consideration over the two separately identifiable assets as one of the most significant assessed risks of material misstatement due to error. Management have determined that the $10 million consideration should be allocated between the equity investment and an intangible asset. We identified significant management judgements in the following areas: • the determination as to whether the equity investment should be accounted for as a financial asset in accordance with IFRS 9 or and investment in associate in accordance with IAS 28; and • the allocation of the fair value of the consideration across the equity investment and the intangible asset. **Relevant disclosures in the Annual Report and Accounts 2020** Financial statements: Note 10	In responding to the key audit matter, we performed the following audit procedures: • Evaluated the control environment and walked through and considered the design of the processes, procedures and controls surrounding the recognition of the two separately identified assets. • Assessed management's accounting for the transaction. In order to determine the accounting treatment, management engaged an external expert to assist with the allocation of the $10 million transaction price between the investment and intangible asset. The approach adopted was to value the intangible asset and apply the residual value to the investment amount. We have reviewed the appropriateness of this accounting treatment against the requirements of IAS 28. • We engaged our internal valuation specialist to assist with the review of the valuation report prepared by management's expert. The key judgements noted were with regards to the valuation method applied in valuing the intangible asset and the discount rate applied in the model. We challenged management on those key judgements by reference to our own research and experience with other entities and assessed the responses and supporting evidence provided by them. • Examined the disclosures made in the financial statements with respect to significant estimates and judgements made around the allocation of the fair value on inception and compared to relevant accounting standards for compliance. **Our results** Based on the work performed, we determined that the accounting for the Phesi, Inc. investment and intangible asset was recognised appropriately in accordance with the Group's accounting policies.

Independent auditors' report – continued
to the members of Sensyne Health plc

Key audit matters continued

Key Audit Matter – Company	How our scope addressed the matter – Company
Impairment of investment in subsidiaries and intercompany receivables We identified the impairment of investments in subsidiaries and intercompany receivables as one of the most significant assessed risks of material misstatement due to error. During the current year an impairment reversal of £88.9 million was accounted for in respect of reversal of previous impairment of the investment in subsidiary balance. The process for assessing whether an impairment exists under FRS 102 is complex. This involves determining the recoverable amount of the investment and intercompany balances through calculating the higher of the value in use and the fair value less cost to sell. Management have determined that the fair value less cost to sell is a more reliable estimate of the recoverable amount of the investments however, a value in use calculation was also completed to support this. Calculating the recoverable amount is highly judgemental and as a result can be subject to management bias. We identified significant management judgements in the following areas of the fair value less costs of disposal calculation: • determination of an appropriate enterprise value to use as a fair value; and • estimation of costs to sell. **Relevant disclosures in the Annual Report and Accounts 2020** Financial statements: Note 15	In responding to the key audit matter, we performed the following audit procedures: • Understood and assessed the design and implementation of the Company's process and key controls around the carrying value of investments and intercompany receivables. In particular, those assessing the selection of key assumptions within the impairment assessment. • Understood management's assessment of the most appropriate method to use in valuing recoverable amount in respect of the intercompany receivable in accordance with the requirements of FRS 102. • Recalculated an expected enterprise value of the Company, taking the market capitalisation of the Group as a base and comparing this to the amount calculated by management; • Assessed the key assumptions used in determining costs to sell against available evidence and sensitised management's model determining the impact of changes in total costs to sell. • Examined the disclosures made in the financial statements with respect to significant estimates and judgements made around the reversal of the impairment in the current year and agreed to accounting standards requirements. **Our results** Based on our audit work, we are satisfied that the assumptions made in management's assessment of impairment are appropriate. We consider that the Company's disclosure is in accordance with FRS 102.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£1,300,000, approximately 4.6% of the Group's loss before tax for the year.	£1,299,000, based on 1% of the Parent Company's total assets, restricted to be lower than Group materiality as it is a component of the Group.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: Based on the benchmarks used in the Annual Report, loss before tax is the primary measure used by the shareholders in assessing the performance of the Group. The percentage applied to this benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders. Materiality for the current year is higher than the level that was determined for the year ended 30 April 2020 to reflect the increase in loss before tax during the year.	In determining materiality, we made the following significant judgements: We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing bench-mark. The percentage applied to this benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders. Materiality for the current year is higher than the level that was determined for the year ended 30 April 2020 to reflect the increase in total assets at the current year end.

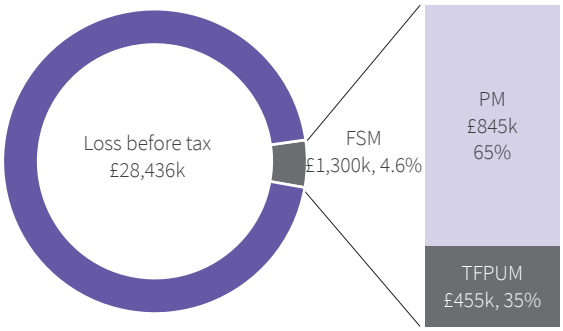
Our application of materiality continued

Materiality measure	Group	Parent Company
Significant revision of materiality threshold that was made as the audit progressed	We calculated materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial materiality based on actual loss before tax for the year ended 30 April 2021 and adjusted our audit procedures accordingly.	We calculated materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial materiality as a result of changes in the Parent Company's total assets subsequent to planning and adjusted our audit procedures accordingly.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£845,000 which is 65% of financial statement materiality.	£844,000 which is 65% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • Prior year signed auditor's report and audit findings document, where minimal audit findings were identified. • Significant increase in operations and therefore potential increased risk of error, therefore a lower threshold being used.	In determining performance materiality, we made the following significant judgements: • Prior year signed auditor's report and audit findings document, where minimal audit findings were identified. • Significant increase in operations and therefore potential increased risk of error, therefore a lower threshold being used.
Significant revision of performance materiality threshold that was made as the audit progressed	We calculated performance materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial materiality based on management's final consolidation schedule and adjusted our audit procedures accordingly.	We calculated performance materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial materiality based on client's final trial balance and adjusted our audit procedures accordingly.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£65,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£65,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

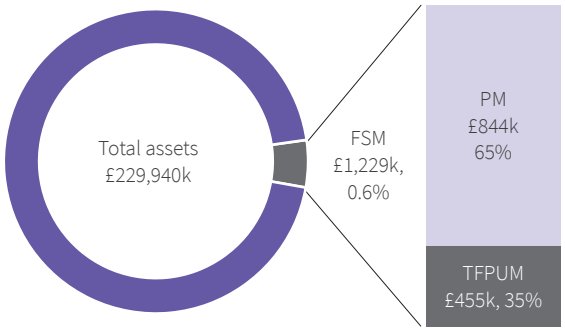
Our application of materiality continued

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent Company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- Evaluating the Group's internal control environment, documenting controls relevant to the audit and performing process walkthroughs and documenting, and assessing, the relevant controls covering the Key Audit Matters and certain other risks in the financial reporting system identified as part of our risk assessment. The processes and systems are centralised and as such our understanding of the Group controls are the same for its components.

Identifying significant components

- Determining the scope of the Group audit based on the relative contribution of revenue, expenses and net assets of each component to the Group.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We performed a full scope audit on the financial statements of Sensyne Health plc and Sensyne Health Group Limited. We performed specific procedures over balances within Sensyne Health Holdings Limited and analytical procedures were performed on the remaining Group components.
- At the Group level we also tested the consolidation process and carried out analytical procedures for the remaining components to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of those remaining components.
- We identified the going concern assumption, revenue recognition, and accounting treatment of Phesi, Inc. as key audit matters relating to the Group and the procedures performed in respect of these have been included in the Key Audit Matters section of our report.

Performance of our audit

- 100% of the Group's revenue, gross assets and loss were included in the scope of our full scope and specific-scope audit procedures based on the above strategy. The planned audit responses were targeted at revenue, intangible assets, trade debtors, trade payables and accruals, provisions, development costs, wages and salaries, and contract liabilities.

Other information

The Directors are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other information continued

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 that are applicable to the Group and determined that the most significant which are directly relevant to the financial statements are those related to the reporting frameworks (IFRS, the Companies Act 2006 and the QCA Corporate Governance Code) and AIM rules for companies.

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to employee matters.

We understood how Sensyne Health plc is complying with those legal and regulatory frameworks by making enquiries of management and the Company legal counsel. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.

Independent auditors' report – continued
to the members of Sensyne Health plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
continued

We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment. We considered the risk of fraud to be highest through the potential for management override of controls.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, those posted directly to cash and subledger control accounts, and those impacting areas of estimation uncertainty;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the entity's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
- the applicable statutory provisions.

We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- knowledge of the industry in which the client operates;
- understanding of the legal and regulatory requirements specific to the entity including:
  - the provisions of the applicable legislation; and
  - the applicable statutory provisions.

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.

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

30 September 2021

Consolidated statement of comprehensive income
For the year ended 30 April 2021

	Note	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Revenue	3	**9,095**	2,050
Cost of sales		**(3,190)**	(893)
Gross profit		**5,905**	1,157
Research and development expenses		**(16,013)**	(11,078)
Sales and marketing expenses		**(1,794)**	(1,364)
Other general and administration expenses		**(15,013)**	(9,754)
Other general and administration expenses – exceptional items	6	**(1,068)**	(1,410)
Other income		**130**	—
Operating loss	4	**(27,853)**	(22,449)
Finance costs	7	**(340)**	(347)
Finance income	8	**42**	254
Share of loss of investments accounted for using equity method	13	**(285)**	(89)
Loss before taxation		**(28,436)**	(22,631)
Income tax credit	9	**915**	792
Loss for the year attributable to equity owners of the Parent Company		**(27,521)**	(21,839)
Currency translation differences		**57**	52
Total comprehensive loss for the year attributable to equity owners of the Parent Company		**(27,464)**	(21,787)

Adjusted EBITDA			
Operating loss for the year		**(27,853)**	(22,449)
Exceptional items	6	**1,068**	1,410
Amortisation of intangible assets	10	**4,911**	4,214
Impairment of intangible assets	10	**97**	—
Depreciation of property, plant and equipment	11	**700**	452
Depreciation of right of use assets	12	**134**	132
Impairment of investments accounted for using equity method	13	**182**	—
Share-based payments	24	**846**	235
Adjusted EBITDA		**(19,915)**	(16,006)

Loss per share for loss attributable to the owners of the Parent Company during the year			
Basic and diluted loss per share (£)	2	**(0.20)**	(0.17)

The notes on pages 75 to 108 are an integral part of these Consolidated financial statements.

Consolidated statement of financial position

As at 30 April 2021

	Note	30 April 2021 £'000	30 April 2020 £'000
Non-current assets			
Intangible assets	10	**25,455**	14,901
Property, plant and equipment	11	**1,005**	1,421
Right of use assets	12	**1,484**	1,618
Investments accounted for using equity method	13	**—**	467
Financial assets at fair value through other comprehensive income	14	**2,324**	—
		30,268	18,407
Current assets			
Trade and other receivables	16	**7,212**	3,049
Corporation tax credit for research and development	16	**940**	820
Cash and cash equivalents	17	**23,574**	31,657
		31,726	35,526
Current liabilities			
Trade and other payables	18	**(7,030)**	(7,317)
Contract liabilities	3	**(146)**	(218)
Provisions	19	**—**	(397)
Short-term lease liability	12	**(392)**	(392)
		(7,568)	(8,324)
Net current assets		**24,158**	27,202
Total assets less current liabilities		**54,426**	45,609
Non-current liabilities			
Long-term lease liability	12	**(1,654)**	(1,717)
Provisions	19	**(35)**	(30)
Long-term liability		**(3)**	—
		(1,692)	(1,747)
Net assets		**52,734**	43,862
Equity			
Share capital	21	**16,480**	12,857
Share premium account	21	**91,356**	59,485
Other reserves	22	**(85,744)**	(86,643)
Retained earnings		**30,642**	58,163
Total equity		**52,734**	43,862

The notes on pages 75 to 108 are an integral part of these Consolidated financial statements.

The Consolidated and Company financial statements on pages 69 to 108 were authorised for issue by the Board of Directors on 30 September 2021 and were signed on its behalf by:

Lord Drayson
Chief Executive Officer

Sensyne Health plc
Registered no: 11425451

Company statement of financial position
As at 30 April 2021

	Note	30 April 2021 £'000	30 April 2020 £'000
Fixed assets			
Intangible assets	10	**9,819**	—
Investments accounted for using equity method	13	**—**	467
Shares in Group undertakings	15	**148,927**	59,345
Trade and other receivables	16	**70,852**	—
		229,598	59,812
Current assets			
Trade and other receivables	16	**342**	548
		342	548
Current liabilities			
Trade and other payables	18	**(3,610)**	(5,207)
Provision for liabilities	19	**—**	(397)
		(3,610)	(5,604)
Net current liabilities		**(3,268)**	(5,056)
Total assets less current liabilities		**226,330**	54,756
Non-current liabilities			
Long-term liability		**(3)**	—
		(3)	—
Net assets		**226,327**	54,756
Equity			
Called-up share capital	21	**16,480**	12,857
Share premium account	21	**91,356**	59,485
Other reserves	22	**1,849**	1,007
Retained earnings		**116,642**	(18,593)
Total equity		**226,327**	54,756

The Company's profit for the year was £135,235,000 (2020: loss of £144,501,000). Included in the Company's profit for the year is the reversal of the impairment of shares in Group undertakings and reversal of impairment of receivables from Group undertakings; further detail is disclosed in notes 15 and 16 respectively.

The notes on pages 75 to 108 are an integral part of these Company financial statements.

The consolidated and Company financial statements on pages 69 to 108 were authorised for issue by the Board of Directors on 30 September 2021 and were signed on its behalf by:

Lord Drayson
Chief Executive Officer

Sensyne Health plc
Registered no: 11425451

Consolidated statement of cash flows

For the year ended 30 April 2021

	Note	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Cash used in operations	23	**(25,102)**	(14,907)
Finance income received		**42**	254
Finance costs paid		**(9)**	—
Cash flows from operating activities		**(25,069)**	(14,653)
Investing activities			
Purchase of property, plant and equipment	11	**(284)**	(1,116)
Purchase of right of use asset	12	**—**	(26)
Purchase of other intangible assets	10, 23	**(5,562)**	(1,047)
Investments accounted for using equity method	13	**—**	(556)
Payments for financial assets at fair value through other comprehensive income	14	**(2,324)**	—
Net cash outflow from investing activities		**(8,170)**	(2,745)
Financing activities			
Proceeds from the issue of share capital	21	**27,462**	—
Financing and share issue costs	21	**(1,968)**	—
Payments against lease liability		**(394)**	(241)
Net cash inflow/(outflow)from financing activities		**25,100**	(241)
Net decrease in cash and cash equivalents		**(8,139)**	(17,639)
Cash and cash equivalents at the start of the year	17	**31,657**	49,252
Effect of foreign exchange rate change		**56**	44
Cash and cash equivalents at the end of the year	17	**23,574**	31,657

Consolidated statement of changes in equity
For the year ended 30 April 2021

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings/ (accumulated losses) £'000	Total £'000
At 1 May 2019		12,857	59,485	(86,930)	80,002	65,414
Loss and total comprehensive loss for the year		—	—	—	(21,839)	(21,839)
Exchange difference on translation of foreign operations		—	—	52	—	52
Share-based payment charge	24	—	—	235	—	235
At 30 April 2020		12,857	59,485	(86,643)	58,163	43,862
Loss and total comprehensive loss for the year		—	—	—	(27,521)	(27,521)
Exchange difference on translation of foreign operations		—	—	57	—	57
Issue of new ordinary share capital on placing, subscription and open offer in January 2021		3,052	22,442	—	—	25,494
Issue of new ordinary share capital as non-cash consideration for the acquisition of SRAs in April 2021		571	9,429	—	—	10,000
Share-based payment charge	24	—	—	842	—	842
At 30 April 2021		**16,480**	**91,356**	**(85,744)**	**30,642**	**52,734**

Company statement of changes in equity

For the year ended 30 April 2021

	Note	Called up share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings/ (accumulated losses) £'000	Total £'000
At 1 May 2019		12,857	59,485	772	125,908	199,022
Total comprehensive loss for the year		—	—	—	(144,501)	(144,501)
Share-based payment charge	24	—	—	235	—	235
At 30 April 2020		**12,857**	**59,485**	**1,007**	**(18,593)**	**54,756**
Total comprehensive loss for the year		—	—	—	135,235	135,235
Issue of new ordinary share capital on placing, subscription and open offer in January 2021		3,052	22,442	—	—	25,494
Issue of new ordinary share capital as non-cash consideration for the acquisition of SRAs in April 2021		571	9,429	—	—	10,000
Share-based payment charge	24	—	—	842	—	842
At 30 April 2021		**16,480**	**91,356**	**1,849**	**116,642**	**226,327**

1 Significant accounting policies

General information

Sensyne Health plc (the "Company") is a public company limited by shares, registered in England and Wales, incorporated and domiciled in the United Kingdom, whose shares are publicly traded on the Alternative Investment Market of the London Stock Exchange. The address of its registered office is the Schrödinger Building, Heatley Road, Oxford Science Park, Oxford, England OX4 4GE.

The Company and its subsidiary undertakings are referred to in this report as the Group.

The principal activities of the Group are described in the Strategic report, and the Company in the Directors' report, which accompanies these Consolidated financial statements.

The Consolidated financial statements were approved for issue by the Board on 30 September 2021.

Alternative performance measures

Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, impairment of intangible assets, impairment of investment accounted for using equity method, share-based payments and exceptional items. This is a non-GAAP alternative performance measure that management and analysts use to assess the business performance before one-off and non-cash items. A reconciliation of adjusted EBITDA loss to operating loss is presented on the face of the Consolidated statement of comprehensive income.

Basis of preparation

The Company financial statements present information about the Company as a separate entity for the year ended 30 April 2021, and do not include information pertaining to the rest of the Group.

The Consolidated financial statements have been prepared under the historical cost convention in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2006.

These Consolidated and Company financial statements are presented in UK pounds sterling (£), which is also the Company and Group's functional currency, and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The accounting policies presented below have been applied consistently year on year, other than where new policies have been adopted, as set out below.

The preparation of financial statements in conformity with IFRSs and FRS 102 requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated financial statements, are disclosed later in this note.

The Company has taken advantage of the exemption to prepare the statement of comprehensive income under Section 408 of the Companies Act 2006. The profit for the Company for the year ended 30 April 2021, dealt with in its Company financial statements, was £135,235,000 (2020: loss of £144,501,000).

In accordance with FRS 102, the Company has taken advantage of the exemption available not to prepare a cash flow statement as its cash flows are consolidated in the Group under IFRS and the Company does not have a bank account; therefore, no cash flow statement has been prepared.

The Company has taken advantage of the following disclosure exemptions in preparing these Company financial statements, as permitted by FRS 102:

i) certain financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the Consolidated financial statement disclosures;

ii) related party disclosures in accordance with paragraph 33.1A of FRS 102, to the extent that the Company transacts with wholly owned subsidiaries of the Group; and

iii) share-based payment arrangement disclosures, required under FRS 102 paragraph 26.18b.

Going concern

Although the Group and the Company has recognised revenue from commercial deals during the year, it is still largely reliant on its cash reserves to fund on-going operations.

The Group made adjusted EBITDA losses for the year ended 30 April 2021 of £19.9m (2020: £16.0m) and had cash balances as of 30 April 2021 of £23.6m (2020: £31.7m) with an underlying cash burn during the year of £8.1m following net proceeds of £25.5m received from a capital fundraise (2020: net cash burn of £17.6m).

In assessing the appropriateness of the going concern assumption, the Board has considered the availability of funding alongside the possible cash requirements of the Group and Company.

We have prepared financial forecasts and cash flows looking beyond 12 months from the date of approval of these financial statements to 31 October 2022 under different scenarios, which we considered an appropriate approach to our assessment and are reasonably possible outcomes.

1 Significant accounting policies continued

Going concern continued

We have prepared a base case based on our full budgeted growth forecast. Our base case includes the achievement of our expected revenue forecast, expansion, and a continuing investment in our product portfolio. In this scenario, the Group and the Company have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of this report.

However, the Group and Company are subject to a number of risks similar to those of other development stage companies working across the life sciences and healthcare sectors. These risks include, amongst others, generation of revenues from its product portfolio, and risks associated with its research, development activities, and obtaining regulatory approvals, where applicable, of its products. Ultimately, the attainment of profitable operations is dependent on future uncertain events which include our ability to generate a level of revenue, over and above our contracted revenue as at the date of this report, or obtaining other sources of funding, that are required to support the Group's cost structure required to fulfil the Group's commercial and development activities. As such, a downside case financial forecast has been prepared to adjust for these risks and uncertainties as a worst-case scenario.

The downside case is a projection of a severe but plausible scenario where our revenue is significantly risk-adjusted down to contracted revenue and our budgeted costs commensurately reduced by deploying a programme of significant cost mitigation actions, that are within the control of the board, which includes slowing down or minimising certain research and development activities, but only to the extent that these actions do not compromise the viability of the core business.

In the scenario of the Group and the Company not being able to generate any new revenues, we would need to seek alternative sources of funding to the support the Group and the Company through a combination of some, or all, of the following: equity offerings, collaborations, strategic alliances, grants, debt financings, and marketing, distribution of licensing arrangements. Although we consider that there are strong grounds for believing that such funding could be secured, as demonstrated by the successful fund raise in January 2021, there can be no guarantee that would be the case. While the Group and the Company believes it will be able to enter into new commercial agreements to generate new revenues or secure alternative sources of funding within the next 12 months, there can be no assurances that the Group and the Company will be able to do so on a timely basis, or at all. These circumstances mean a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

The impact of the new International Financial Reporting Standards

The accounting standards and policies adopted in these financial statements are consistent with those of the annual financial statements for the year ended 30 April 2020 as presented under IFRS.

New standards issued but not yet effective

There are no new standards that have been issued which are not yet effective that are expected to have a material impact on the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

1 Significant accounting policies continued

Investments

The investment in the subsidiary arose on the reorganisation of the Group in 2018. The investment is recorded at cost less accumulated impairment losses. The cost is based on the Directors' estimated fair value of Sensyne Health Holdings Limited having regard to the valuations that were available prior to the IPO in August 2018, additions to the investment associated with the value of share-based payment charges associated with subsidiary employees, and settlement of Strategic Research Agreements assigned to the subsidiaries by equity in the Parent Company. Where at the year end there is evidence of impairment, the carrying value of the investment is written down to its recoverable amount. Impairment provisions are reviewed at subsequent year ends so that the investment's carrying value is equal to its recoverable amount.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The Group has adopted the five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. This involves identifying the contract with customers, identifying the performance obligations, determining the transaction price, allocating the price to the performance obligations within the contract and recognising revenue when the performance obligations are satisfied.

Revenue from the Group's activities is recognised as detailed by business unit as set out below.

The Group has elected to use the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that would otherwise be recognised is one year or less.

A contract liability is recognised when consideration has been received from the customer and the performance obligations have yet to be satisfied.

Payment for the services is generally on industry standard payment terms.

a) Healthcare segment

Software licences

- Right to access licences

Revenue from standard licensed products is recognised from the point at which the customer gains control and the right to access our software. This right to access software will be for the period covered under contract and, as a result, the licensed software revenue will be recognised over the life of the contract. This policy is consistent with the Company's products providing customers with a series of services through the delivery of, and access to, software solutions (Software-as-a-Service (SaaS)), and results in revenue being recognised pro-rata over the period that these services are provided to customers. These services included the management of software applications for customers in the cloud, third-line technical support and continuous updates and upgrades throughout the subscription period. The transaction price allocated to these services is pre-agreed with the customer. Revenue is recognised as a contract liability at the time of receipt of payment and is released on a straight-line basis over the contracted term in line with the estimated delivery of performance obligations.

- Right to use licences

Revenue from licensed products through right to use license agreements is recognised as the point in time in which the license is granted and made available to the client. The transaction price allocated to these services is pre-agreed with the customer. Where the client is invoiced over an agreed period of time, the revenue is recognised as an unbilled receivable and is transferred to trade receivables in accordance to the billing schedule pre-agreed with the client. Where a financing component exists within the contract, the present value of the financing component is calculated and amortised over the contract period. The interest is recognised as finance income.

Support and maintenance

Revenue relating to support and maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transactions and is released on a straight-line basis over the contracted term in line with the estimated delivery of performance obligations.

Professional services

Paid for development work such as for customisation services and other professional services are generally provided on a fixed price basis and as such revenue is recognised based on the percentage of completion or delivery of the relevant project. Where percentage completion is used it is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Where contracts underlying these projects contain material obligations, revenue is deferred and only recognised when all the obligations under the engagement have been fulfilled.

Software and professional services sold via a distribution agreement will normally follow the above recognition policies.

1 Significant accounting policies continued

Revenue from contracts with customers continued

b) Life Sciences segment

The Life Sciences segment provides bespoke clinical development services to Pharmaceutical and Biotechnology customers. A technical analysis of each contract with customers is performed individually in accordance with the IFRS 15 five-step process for revenue recognition, which includes, but not limited to, the determination as to whether consideration from contracts with customers is recognised at a point in time or over time.

For fixed-fee contracts where it is determined to recognise revenue over time, revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Revenue is recognised over time for fixed-fee contract generally because the customer controls the asset at any stage of the contract through either the ownership of the underlying intellectual property, or has exclusive rights over the development results, or because the Group will periodically have to update the customer with the results of its work. In certain contracts, the Group has no alternative use from the asset it has created, and has a legally enforceable right to payment for work performed to date. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

All other revenue for contracted services is recognised at the point at which the performance obligation, as defined in the contract and as aligned to a customer deliverable, has been completed. Every performance obligation has a defined transaction price. Milestone payments, all of which have a defined transaction price, are considered to be variable consideration and associated revenue will be recognised when the related performance obligation is satisfied and the Group considers that it is highly probable that there will not be a significant reversal of cumulative revenue in future periods.

In certain contracts, payment for services is not due from the customer unless milestones have been achieved or the project is complete, therefore, an unbilled receivable is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

Should any contracts contain non-standard clauses, revenue recognition will be in accordance with the underlying contractual terms which will normally result in recognition of revenue being deferred until all material obligations are satisfied. Where the Group has any contracts where a financing component exists within the contract the present value of the financing component is calculated and amortised over the contract period. The interest is recognised as finance income.

Leases

At inception, the Group assesses whether a contract is or contains a lease. The Group recognises a right of use (ROU) asset and a lease liability at the commencement of the lease. The lessee recognises a liability for lease obligations, initially measured based on the present value of the lease payments. Correspondingly, an ROU asset is capitalised which is generally equivalent to the present value of the future lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is subject to testing for impairment if there is an indicator for impairment and is amortised over the useful economic life.

ROU assets are included in non-current assets and the lease liability is included separately under current and non-current liabilities in the consolidated statement of financial position. During the application of IFRS 16 to operating leases, the ROU of the single leased asset was measured at the amount of the lease liability based on the Group's incremental borrowing rate of capital of 18%.

In accordance with IFRS 16, leases which had a remaining term of less than 12 months at the date of application, or new short-term leases, have not been included within the IFRS 16 calculations. Payments made under these operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Intangible assets

a) Research and development costs

Expenditure on research activities is recognised as an expense in the consolidated statement of comprehensive income in the period in which it is incurred.

Internally generated intangible assets arising from the Group's development are recognised if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of comprehensive income in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

1 Significant accounting policies continued

Intangible assets continued

a) Research and development costs continued

Amounts capitalised include an allocation of R&D staff payroll costs based on a timesheet system and of externally provided workers similarly on a scope and time-invoiced basis. In respect to payroll costs, senior management and Directors are specifically excluded.

Intangible assets are amortised on a straight-line basis over their expected useful life of three years once fully completed and the amortisation is classified within research and development expenses in the consolidated statement of comprehensive income.

b) Software licences

Acquired software licences are stated at historical cost less accumulated amortisation and accumulated impairment losses. Software is amortised over five years, its estimated useful life, on a straight-line basis, and is classified within research and development expenses in the consolidated statement of comprehensive income.

c) Other licences

Other licences include:

- acquired perpetual licences from third parties to develop and commercialise software products and intellectual property; these are considered to have a seven-year useful economic life;
- data access licences included in Strategic Research Agreements with NHS Trust partners that provide a right to request for and use anonymised patient data for internal and commercial research projects over the course of the term of the contract; and
- data access licence included within the strategic collaboration agreement linked to the equity investment in Phesi, Inc. (Phesi) that provides the Group with the right to access Phesi's clinical trials data platforms over the contractual term. These are considered to have a seven-year useful economic life.

These licences have a finite useful life equal to the term of the contract and are amortised over this term accordingly on a straight-line basis. Amortisation charges are classified within research and development expenses in the consolidated statement of comprehensive income.

d) Intellectual property

Intellectual property comprising patents and trademarks has a finite useful life and is carried at historical cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intellectual property over its estimated useful economic life, subject to any additional impairment that might arise, and classified within research and development in the consolidated statement of comprehensive income. The estimated useful economic lives of patents and trademarks are as follows:

Patents – five years on a straight-line basis

Trademarks – five years on a straight-line basis

Until an item of intellectual property is granted and registered, costs are capitalised and are not amortised until the asset has been fully developed and is operational.

Foreign currencies

The Consolidated financial statements are presented in pounds sterling, which is Sensyne Health plc's functional and presentational currency. Assets and liabilities of subsidiaries with a functional currency which is a foreign currency are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average exchange rate for the year.

All transactions denominated in foreign currency are translated at the rate of exchange ruling at the time of the transaction.

All foreign exchange differences are taken to the consolidated statement of comprehensive income in the period in which they arise. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the closing rate. Upon the translation of any subsidiary's results for the year and financial position at any given year end, the foreign exchange differences which may arise are recognised directly in other reserves.

Property, plant and equipment

Property, plant and equipment assets are carried at historical cost less accumulated depreciation and any recognised impairment in value. The cost of property, plant and equipment includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged to the consolidated statement of comprehensive income under other general and administrative expenses so as to write off the costs of assets over their estimated economic useful lives, using the straight-line method, as follows:

Leasehold improvements – up to three years

Fixtures and fittings – up to five years

Plant and machinery – up to three years

Financial instruments

The Group's financial instruments comprise cash and cash equivalents, short-term deposits, receivables and payables arising directly from operations. The Group operates with financial assets and liabilities that have simple contractual terms and are therefore paid or received when due, together with a low volume of receivable balances against which there is a history of immaterial impairment provisions.

1 Significant accounting policies continued

Financial instruments continued

a) Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current assets. Trade receivables are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest rate method.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

b) Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

c) Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

d) Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

e) Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Group considers this classification to be more relevant.

Provisions for liabilities

Provisions are recognised in the consolidated statement of financial position when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the year-end date. Where the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Share capital

Ordinary Shares are classified as equity, only to the extent that they do not meet the definition of a financial liability. Incremental costs directly attributable to the issue of new Ordinary Share options are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

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

a) Current tax
The charge for income tax is based on the results for the year, adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The amount included in the financial statements at the year end represents the credit receivable by the Group for the year and adjustments to prior years.

b) Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Consolidated financial statements 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 difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1 Significant accounting policies continued

Employee benefit costs

The Group makes contributions to defined contribution personal pension schemes for its Directors and employees. The pension cost charge recognised in the year represents amounts payable by the Group to the funds. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Other employee benefits

The expected cost of compensated short-term absence (e.g. holidays) is recognised when employees render services that increase their entitlement. An accrual is made for days earned but not taken, and prepayments recognised for holidays taken in excess of days earned.

Share-based payments and taxation implications

The Group and Company has equity-settled and cash-settled share-based compensation benefit plans.

Share-based compensation benefits are granted to employees, Directors and certain contractors of the Group and Company via the Sensyne Health Share Option Plan 2018 and the Sensyne Health plc Value Creation Plan, whereby, depending on the scheme, employees render services in exchange for options or rights over shares ("equity-settled share-based payment transactions") or entitlement to future cash payments ("cash-settled share-based payment transactions"). Information relating to these plans is set out in note 24.

Share-based payments in the Group and Company are accounted for in accordance with IFRS 2 'Share-based Payments' and FRS 102 respectively.

The Sensyne Health Share Option Plan 2018 share-based payment is accounted for as an equity-settled share-based payment transaction.

The Sensyne Health plc Value Creation Plan (VCP) share-based payment consists of cash-settled shared-based payment 'Phantom Awards' and equity-settled shared-based payment 'Share Awards'. The Remuneration Committee has the discretion to change the basis of settlement only once the Awards have fully vested.

The Company has been indemnified by the option holder in respect to all option tax liabilities including employer social security contributions where unapproved options are exercised below market value at the time of purchase. As such the option tax liability rests with the option holder.

Equity-settled schemes

The equity-settled schemes allow the participants the option or rights to acquire Ordinary Shares in the Company. Such equity-settled share-based payments are measured at fair value at the date of the grant.

Fair value of the equity instrument is determined using an appropriate valuation model as appropriately amended taking into consideration the terms and conditions of the relevant scheme. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which the incentives are granted and the extent to which the employees have rendered services to the reporting date.

The fair value determined at grant date of the equity-settled share-based payment is charged as an employee expense in the consolidated statement of comprehensive income and allocated to the classification corresponding to the Directors or employees, with a corresponding increase in "other reserves", on a straight-line basis over the vesting period that the employee becomes unconditionally entitled to the options, rights or shares, based on management's estimate of the shares that will vest and adjusted for the effect of non-market vesting conditions.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to "other reserves". These share options and rights are not subsequently revalued.

Under schemes in which graded vesting applies, options are assessed for vesting in instalments against market vesting conditions.

When the options are exercised and are satisfied by new issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Cash-settled schemes

For cash-settled schemes, the services received from participants are measured at fair value of the awards at the date of grant and recognised in the statement of comprehensive income as an employee expense and allocated to the classification corresponding to the Directors or employees over the vesting period with recognition of a corresponding liability in trade and other payables. The fair value of the liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in the statement of comprehensive income.

Fair value of the liability is determined using an appropriate valuation model as appropriately amended taking into consideration the terms and conditions of the relevant scheme.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to the liability.

Where share options are cancelled, their remaining unamortised fair value is fully written off through the consolidated statement of comprehensive income.

In the accounts of the Company the share-based payment charge for share options granted by the Company to employees of subsidiary undertakings is settled through the investment in the subsidiary. Further information is provided in note 15.

1 Significant accounting policies continued

Share-based payments and taxation implications continued

Tax implications

In the UK, the Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee and Director share options and on the vesting of conditional share awards under the UK's tax rules. A compensation expense is recorded in the consolidated statement of comprehensive income over the period from the grant date to the vesting date of the relevant options and conditional share awards. As there is a temporary difference between the accounting and tax bases, a deferred tax asset arises but is not recognised on the basis that it is not probable that future profits will arise against which the deferred tax asset may be utilised. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the year-end date) with the cumulative amount of the compensation expense recorded in the consolidated statement of comprehensive income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

Exceptional items

The Group considers exceptional items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their size or incidence in order for the user to obtain a proper understanding of the Group's financial performance. Please see note 6 for further information.

Fair value measurements

Fair value measurements are estimates of the amounts for which assets or liabilities could be transferred at the measurement date, based on the assumption that such transfers take place between participants in principal markets and, where applicable, taking highest and best use into account.

Impairment of non-financial assets

At each reporting date, non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss (ECL) model". This replaced IAS 39's "incurred loss model". Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through profit or loss, trade receivables, unbilled receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of each instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date. "12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

1 Significant accounting policies continued

Company FRS 102 accounting standards

The Company applies the key principles of FRS 102 as stated within the basis of preparation. The key accounting policies are:

Shares in Group undertakings

Investments held as fixed assets are stated at historical cost less provision for impairment. The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in other general and administrative expenses in the profit and loss for the year of the Company.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Receivables

Under FRS 102 the Company applies the policy to account for financial instruments under IFRS 9 which is an appropriate policy choice to make under FRS 102. Receivables from Group undertakings are initially recognised at their fair value and subsequently measured at amortised cost. In line with IFRS 9, the carrying value of intercompany receivable balances owed to the Company by its subsidiaries is assessed using the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Estimates and judgements are continually evaluated.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

Taxation

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

a) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the end of each reporting period.

b) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions being revised. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

- Share-based payments (Group and Company)

  For cash-settled schemes a liability is created, and the recognised cost is based on the fair value of the instrument at the reporting date. The fair value of the liability is re-measured at each reporting date until settlement. Assumptions used, based on market conditions existing at the end of each reporting period, are likely to change with unforeseen outcomes at future reporting dates which can result in adjustments to the fair value to the liability.

- Financial assets at fair value through other comprehensive income (Group)

  The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. It is therefore reasonably possible that outcomes within the next financial year are different from the assumptions could require material adjustment to the carrying value of the asset. For details of the key assumptions used and the impact of changes to these assumptions see note 14.

1 Significant accounting policies continued

Significant judgements

Judgements made in applying the Group's accounting policies that have the most significant impact on the amounts recognised in the financial statements are:

- Capitalisation of internally generated intangible assets (Group)

  The Group follows the guidance of IAS 38 to determine when internally generated intangible assets should be capitalised. The determination requires judgement. In making this judgement, management assesses each project against each of the capitalisation criteria. If one of the conditions is not met, then the costs attributable to the project would not be capitalised. The capitalisation criteria which requires the most judgement is the project achieving technical feasibility of completion so that it will be available for use or sale, it is common practice within the regulated healthcare sector that technical feasibility in respect to our healthcare software products, which includes Clinical AI, is not achieved until regulatory approval to use and sell to the market is obtained. Management applied this judgement in respect to research and development projects during the year including SENSIGHT and MagnifEye.

- Valuation of SRAs as included in intangible assets (Group)

  The basis of valuation is that each party willingly enters into the terms of the contract whereby Sensyne gains access to real-world patient data on a non-cash basis is in exchange for equity in the Company. Access to the patient data is recognised as an intangible asset, the fair value is determined using the direct method in accordance with IFRS2 and is judged to be no less than the total consideration of the nominal share capital and share premium value of the equity. This is subject to independent valuation under Section 593 of the Companies Act.

- Investment impairment review (Company)

  Management performs an annual impairment assessment of the investment held in Sensyne Health Holdings Limited by the Company. The valuation of the subsidiary is derived from publicly available information, being the market capitalisation of the Group, as at the year-end date, given that the future value of the Group is expected to be generated from the products which are being developed by the subsidiary companies. Costs to sell are derived from a percentage of Company market capitalisation based on industry research from external publications and management knowledge available at the time of the assessment. On the balance sheet date, where the market capitalisation of the Group falls below the carrying value of the investment, management will perform a fair value less cost to sell calculation and then consider whether an impairment of the investment is required, and, if so, will write down the cost of the investment to its recoverable amount, with an associated impairment charge recognised in the Company income statement. In the event the Group's market capitalisation increases and the reasons for any impairment loss have ceased to apply, an impairment loss may be reversed in a subsequent period in the Company income statement, to the extent the carrying value would have been determined had no impairment loss been recognised for the investment in prior years.

- Recoverable amount of intercompany receivables (Company)

  Sensyne Health plc has significant intercompany receivables due from Group companies.

  The carrying value of intercompany receivable balances owed to Sensyne Health plc by its subsidiaries is assessed using the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

  Judgements and estimates are made in respect of the recoverable amount of each subsidiary.

  If the recoverable amount of a subsidiary is below the carrying value of Sensyne Health plc's intercompany receivable, this could result in an impairment of the receivable. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

- Share-based payments (Group and Company)

  In the year, some employees surrendered their existing share options under the Senyne Health Share Option Plan 2018 and were then subsequently granted new options under revised terms and conditions. The Directors of the Group assessed whether or not these events constituted a modification of the existing scheme or a cancellation and re-grant of options under a new scheme. In making their judgement, the Directors considered the substance of the underlying transaction and relevant terms and conditions of each scheme. After assessment, the Directors concluded that the surrendering of options and subsequent grant of options was a cancellation and a new grant. Therefore, the remaining total fair value of the surrendered options was expensed immediately, reflecting an acceleration of the vesting period for those options, and a separate charge accounted for to reflect a new scheme.

- Revenue recognition (Group)

  In February 2021, the Group signed a contract with a customer to license its proprietary MagnifEye technology to a customer on a perpetual and exclusive basis with a two-year payment term in minimum payments. Management assessed the accounting of the licence and considered it to be a right to use licence of intellectual property and consequently recognised the total value of minimum payments over a two-year payment term as revenue at the point in time when control was passed to the customer and an unbilled receivable of the same value. Due to the two-year payment term, management also deemed there to be significant financing component and adjusted the revenue and unbilled receivable value at inception. Management adopted an interest rate marketed by bank lenders to finance a similar financing transaction as the basis of discounting revenue for its significant financing component. Management finally assessed collectability of the unbilled receivable at inception and then for impairment at the reporting date to ensure revenue and the carrying value of the unbilled receivable was appropriately measured.

1 Significant accounting policies continued

Significant judgements continued

- Accounting for the investment in Phesi, Inc. (Group)

  In January 2021, the Group entered into a formal collaboration with Phesi, an unquoted company incorporated in the US, in relation to a combined offering of synthetic clinical trial arms and clinical decision support tools, for a total gross purchase price of $10 million settled in cash. The collaboration is structured as two agreements; a Securities Purchase Agreement ('SPA') and Strategic Alliance Agreement ('SAA').

  Under the terms of the SPA, the Group acquired a 10% of Phesi's fully diluted share capital. Under the terms of the SAA, the Group and Phesi will collaborate on an exclusive basis to offer specific data driven clinical development services to Pharmaceutical clients for an initial term of five years with an automatic renewal of two years unless terminated. As part of the SAA, the group has acquired exclusive licences to Phesi's clinical trials data platforms over the contractual term.

  The investment was at arms-length and therefore the $10 million price paid by the Group represents the price that would be received to sell as asset in an orderly transaction between market participants which is its fair value. Due to the proximity of the transaction to the reporting date, management consider the fair value at the transaction date of $10 million to be representative of the fair value at the reporting date of 30 April 2021.

  Management were required to apply additional significant judgement to the allocation of the $10 million fair value to each of the linked contracts. Managements approach was to firstly value the separately identified licences based on the cost that would have been incurred to pay for the licences at a third party list price over the period of the seven year contract without the investment. Management then discounted the annual price-inflated cost savings (net of future corporation tax) to account for the time value of money using their best judgement to arrive at a combined value of $7.0 million. The discount rates applied to each licence were relative to the predictability and uncertainties of the cost savings made without the investment. This value was deducted from the $10 million investment to arrive at the value of the minority shareholding of $3.0 million and grossed this value up to account for the 10% shareholding and a minority interest discount of 30% to arrive at an implied enterprise value of Phesi. Management then cross checked the enterprise value, adopting a capitalised earnings method in the form of an enterprise value / forward looking revenue multiples based approach using observable comparable quoted companies as at the date of the transaction date, discounted for a lack of marketability and liquidity of Phesi's shares.

- Determining voting powers and significant influence over the investment in Phesi, Inc. (Group)

  Management assessed the accounting treatment of the Group's equity investment in Phesi, Inc a private company incorporated in Delaware, US. Significant judgement by management was required to determine whether share ownership is an appropriate proxy for voting powers in accordance with "IAS 28 investments in associates and joint ventures", or whether significant influence could be clearly demonstrated elsewhere. Management concluded that Sensyne's 10% preferred share ownership was an appropriate measure of voting powers due to the shareholder agreement voting rights. Also, although Sensyne has representation on the Board, the overriding influence of the executive management team, led by its ultimate controlling party, through the day-to-day management meant that Sensyne could not clearly demonstrate significant influence on the financial and operating policy decisions of Phesi, Inc. As such, management concluded that this investment is accounted for as a financial asset held at fair value in accordance with "IFRS 9 financial instruments".

Significant possible future changes

- Deferred tax

  Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. For further information please refer to note 9.

- Impairment in investment in subsidiary

  At the year end, following indications that the impairment recognised in the prior year no longer exists, the investment in subsidiary has been revalued to its historical amount based on the higher of market value or value in use. Please see note 15 for further information regarding the impairment of the investment in subsidiary. The impairment and subsequent reversal is based on volatility of share price, which may have a significant change in the future, which could significantly change the value of the investment in the future.

2 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

Group	2021	2020
Weighted average number of shares in issue for the purpose of basic and adjusted loss per share	**139,218,819**	128,571,514
Loss attributable to equity owners of the Parent Company (£'000)	**(27,521)**	(21,839)
Basic loss per share (£)	**(0.20)**	(0.17)

As net losses were recorded in the years ended 30 April 2021 and 2020, the dilutive potential shares are anti-dilutive and therefore were excluded from the earnings per share calculation. All potential Ordinary Shares including options, VCP option awards, warrants and deferred shares are anti-dilutive as they would decrease the loss per share and are therefore not considered; diluted loss per share is equal to basic loss per share.

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

3 Segmental operations

In accordance with IFRS 8, the Group's operating segments are based on the information reviewed by the Chief Executive Officer, Chief Financial Officer and the divisional managing directors, which represents the chief operating decision maker who is responsible for allocating resources and assessing performance. The Group comprises two operating segments:

- **Healthcare (formerly Software Products)** – product licensing revenue and development of our Healthcare products earned from licences granted under licensing agreements, including upfront payments.
- **Life Sciences (formerly Discovery Sciences)** – clinical development and data analytical project-based services revenue earned through contracts with pharmaceutical companies to develop clinical AI technology.

Costs shared between the segments are not allocated to individual segments for decision making purposes. These are disclosed under the column headed "Corporate and support".

Year ended 30 April 2021

	Healthcare £'000	Life Sciences £'000	Corporate and support £'000	Total £'000
Revenue	**5,488**	**3,607**	**—**	**9,095**
Cost of sales	**(1,484)**	**(1,706)**	**—**	**(3,190)**
Gross profit	**4,004**	**1,901**	**—**	**5,905**
Research and development expenses	**(7,491)**	**(7,917)**	**(605)**	**(16,013)**
Sales and marketing expenses	**(336)**	**(643)**	**(815)**	**(1,794)**
Other general and administration expenses	**(1,817)**	**(813)**	**(12,383)**	**(15,013)**
Other general and administration expenses – exceptional items	**—**	**—**	**(1,068)**	**(1,068)**
Other income	**—**	**130**	**—**	**130**
Operating loss	**(5,640)**	**(7,342)**	**(14,871)**	**(27,853)**
Finance costs	**(26)**	**(106)**	**(208)**	**(340)**
Finance income	**29**	**—**	**13**	**42**
Share of loss of investments accounted for using equity method	**(285)**	**—**	**—**	**(285)**
Loss before taxation	**(5,922)**	**(7,448)**	**(15,066)**	**(28,436)**
Income tax credit	**634**	**100**	**181**	**915**
Loss for the year attributable to equity owners of the Parent Company	**(5,288)**	**(7,348)**	**(14,885)**	**(27,521)**
Adjusted EBITDA				
Operating loss for the year from continuing operations	**(5,640)**	**(7,342)**	**(14,871)**	**(27,853)**
Exceptional items	**—**	**—**	**1,068**	**1,068**
Amortisation of intangible assets	**975**	**3,936**	**—**	**4,911**
Impairment of intangible assets	**97**	**—**	**—**	**97**
Depreciation of property, plant and equipment	**—**	**—**	**700**	**700**
Depreciation of right of use assets	**—**	**40**	**94**	**134**
Impairment of investments accounted for using equity method	**182**	**—**	**—**	**182**
Share-based payments	**386**	**1**	**459**	**846**
Adjusted EBITDA	**(4,000)**	**(3,365)**	**(12,550)**	**(19,915)**

3 Segmental operations continued

Year ended 30 April 2020

	Healthcare £'000	Life Sciences £'000	Corporate and support £'000	Total £'000
Revenue	374	1,676	—	2,050
Cost of sales	(179)	(714)	—	(893)
Gross profit	195	962	—	1,157
Research and development expenses	(4,932)	(5,347)	(799)	(11,078)
Sales and marketing expenses	(552)	(777)	(35)	(1,364)
Other general and administration expenses	(1,009)	(629)	(8,116)	(9,754)
Other general and administration expenses – exceptional items	—	—	(1,410)	(1,410)
Operating loss	(6,298)	(5,791)	(10,360)	(22,449)
Finance costs	—	(108)	(239)	(347)
Finance income	—	—	254	254
Share of loss of investments accounted for using equity method	(89)	—	—	(89)
Loss before taxation	(6,387)	(5,899)	(10,345)	(22,631)
Income tax credit	511	216	65	792
Loss for the year attributable to equity owners of the Parent Company	(5,876)	(5,683)	(10,280)	(21,839)

Adjusted EBITDA				
Operating loss for the year from continuing operations	(6,298)	(5,791)	(10,360)	(22,449)
Exceptional items	—	—	1,410	1,410
Amortisation of intangible assets	714	3,500	—	4,214
Depreciation of property, plant and equipment	—	—	452	452
Depreciation of right of use assets	—	40	92	132
Share-based payments	22	(10)	223	235
Adjusted EBITDA	(5,562)	(2,261)	(8,183)	(16,006)

Revenue is analysed geographically by region as follows:

	2021 £'000	2020 £'000
United Kingdom	**5,594**	387
Germany	**3,381**	1,606
Switzerland	**63**	—
United States	**57**	57
	9,095	2,050

The Group has applied the European Securities and Markets Authority (ESMA) "Guidelines on Alternative Performance Measures" in these annual results. In the context of these results, an alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

3 Segmental operations continued

Revenue represents amounts derived from the provision of goods and services which fall within the business' ordinary activities after deduction of trade discounts and value added tax. All turnover arose from the principal activity of the business which is to develop clinical AI technology and software products. These can be analysed as follows:

	2021		2020	
	Healthcare £'000	**Life Sciences £'000**	Healthcare £'000	Life Sciences £'000
Software licences:				
– Software-as-a-Service and right to access intellectual property	**74**	**—**	94	—
– Right to use intellectual property	**4,613**	**—**	120	—
– Support and maintenance services	**113**	**—**	79	—
Professional services:				
– Software customisation	**26**	**—**	81	—
– Software development	**662**	**—**	—	—
– Clinical development	**—**	**3,607**	—	1,656
	5,488	**3,607**	374	1,656

	2021		2020	
Timing of revenue recognition	**Healthcare £'000**	**Life Sciences £'000**	Healthcare £'000	Life Sciences £'000
Over time	**823**	**3,607**	254	1,676
At a point in time	**4,665**	**—**	120	—
	5,488	**3,607**	374	1,676

Total revenues of approximately £7,994,000 are derived from two external customers of which £4,613,000 (2020: £nil) is generated from our Healthcare segment and £3,381,000 (2020: £1,619,000) from the Life Sciences segment. In aggregation and standalone these two external customers amount to more than 10% of total revenue (2020: one customer of £1,619,000 generated through Life Sciences). There are no other customers that meet these criteria.

During the year, the Group has recognised £218,000 in revenue in respect of contract liabilities from the prior year.

Contract liabilities at the year ended 30 April 2021 as £146,000 of which 100% will be recognised as revenue during the year ending 30 April 2021.

4 Operating loss

Operating loss is stated after charging/(crediting):

	2021 £'000	2020 £'000
Cost of sales	**3,190**	893
Staff costs (note 5)	**14,913**	8,933
Staff costs capitalised (note 5)	**—**	(943)
Exceptional items (note 6)	**1,068**	1,410
Amortisation of intangible assets (note 10)	**4,911**	4,214
Impairment of intangible assets (note 10)	**97**	—
Depreciation of property, plant and equipment (note 11)	**700**	452
Depreciation of right of use assets (note 12)	**134**	132
Operating lease expense – land and buildings (note 12)	**(13)**	99
Impairment of investment accounted for using equity method (note 12)	**182**	—
Loss on foreign exchange	**39**	79
Recharge of costs from operating expenses to cost of sales	**(2,788)**	(651)
Contractors and consultancy	**6,615**	4,528
IT costs	**2,031**	1,378
Recruitment costs	**1,287**	635
Legal and professional fees	**1,975**	1,246
Other expenses	**2,737**	2,094
	37,078	24,499

4 Operating loss continued

An analysis of the fees paid to the Group's auditor and predecessor auditor is provided below:

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Consolidated and Company financial statements	**149**	—
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**57**	—
Fees payable to the Company's predecessor auditor for the audit of the consolidated and Company financial statements	**—**	200
Fees payable to the Company's predecessor auditor for the audit of the Company's subsidiaries	**—**	50
	206	250
Fees payable to the Company's auditor and its associates for other services:		
– Audit-related services payable to Company's auditor	**20**	—
– Audit-related services payable to Company's predecessor auditor	**—**	35
– Other non-audit services payable to Company's auditor	**—**	4
– Other non-audit services payable to Company's predecessor auditor	**—**	1
	20	40

Non-audit services payable to the Company's auditor, Grant Thornton UK LLP, incurred in the year ended 30 April 2020 relate to work completed prior to appointment as Company auditor for the year ended 30 April 2021.

Audit fees of the Group and Company are borne by the Company.

5 Employees and staff costs

Staff costs, including Executive Directors, comprised the following:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	**12,073**	7,419	**1,334**	1,014
Social security costs	**1,601**	1,012	**222**	163
Other pension costs	**393**	267	**27**	39
Share-based payments	**846**	235	**171**	75
	14,913	8,933	**1,754**	1,291

No wages and salaries have been capitalised in the year (2020: £943,000 capitalised in line with the accounting policy on research and development costs).

Total pension contributions outstanding at 30 April 2021 were £95,000 (2020: £39,000). All pension expenses relate to the Group's defined contribution scheme.

The average monthly number of employees, including Executive Directors, during the year was as follows:

	Group		Company	
	2021 No.	2020 No.	2021 No.	2020 No.
Research and development	**74**	48	**—**	—
Sales and marketing	**11**	6	**—**	—
Other general and administration	**59**	26	**1**	2
	144	80	**1**	2

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

5 Employees and staff costs continued

The remuneration of the Executive Directors and officers who are the key management personnel of the Group is set out below in aggregate for each applicable category under IAS 24 'Related Party Disclosures'. Key management personnel are defined as the Executive Directors and Non-Executive Directors. In the prior year the Group's key management personnel consisted of Executive Directors, Non-Executive Directors and members of the Senior Management Team.

Group	2021 £'000	2020 £'000
Fees charged through the Group	—	479
Short-term employee benefits	**1,416**	1,782
Post-employment benefits	**41**	49
Termination benefits	—	299
Share-based payments	**338**	179
	1,795	2,788

Retirement benefits were accruing to two (2020: two) Directors under a defined contribution pension scheme.

For the year ended 30 April 2020 a provision of £180,000 is included as a termination benefit in relation to the former Chief Financial Officer. Further information is provided in the Remuneration report.

Remuneration of the highest paid Director comprised the following, and no share options in the Company were exercised during the year:

	2021 £'000	2020 £'000
Aggregate emoluments	**1,004**	534
Company contributions to money purchase pension scheme	**38**	13
	1,042	547

Further information about the remuneration of individual Executive Directors and Non-Executive Directors, in respect of those appointed to the Board of the Company, is provided in the Annual report on remuneration on page 54.

6 Exceptional items

Exceptional costs are analysed as follows:

Group	2021 £'000	2020 £'000
Professional fees incurred following departure of former Chief Financial Officer	**1,068**	1,410

During the year professional fees were incurred in respect to the legal claim in the previous financial year.

During the year ended 30 April 2020 a legal claim was made by the former Chief Financial Officer, Lorimer Headley. Professional fees were incurred by the Company to represent the Company and its Directors and to conduct an independent internal investigation in respect of claims made against the Company and its Directors. In August 2020, the Company agreed to make a payment as compensation for loss of office of £150,000 (plus £17,000 in employer's National Insurance contributions) and a contribution of £200,000 towards legal fees. As part of that settlement the Board has also agreed to provide outplacement assistance up to a value of £30,000.

7 Finance costs

Group	2021 £'000	2020 £'000
Interest on lease liabilities	**331**	339
Bank charges	**9**	8
	340	347

8 Finance income

Group	2021 £'000	2020 £'000
Bank interest received	**13**	254
Interest on financing component of revenue contract	**29**	—
	42	254

9 Income tax credit

Analysis of income tax:

Group	2021 £'000	2020 £'000
Current tax		
Adjustment to prior year tax	**—**	(792)
Research and development credit	**(915)**	—
	(915)	(792)

	2021 £'000	2020 £'000
Tax is attributable to:		
Loss on continuing operations	**(915)**	(792)
	(915)	(792)

Factors affecting the tax expense

The tax credit assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Loss before income tax	**(28,436)**	(22,631)
Loss multiplied by the UK rate of corporation tax of 19% (2020: 19%)	**(5,403)**	(4,300)
Effects of:		
Expenses not deductible for tax purposes	**342**	233
Deferred tax not recognised	**5,066**	4,079
Difference in overseas tax rate	**(5)**	(12)
Prior year adjustment	**—**	(792)
Research and development credit	**(915)**	—
Total tax credit	**(915)**	(792)

At 30 April 2021, the Group had tax losses to be carried forward of approximately £81,820,000 (2020: £58,566,000). These can be utilised against suitable future taxable profits in the United Kingdom. A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

The UK government announced in the 2021 Budget an intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This had not been substantively enacted at the balance sheet date (2020: 19%). The estimated value of the deferred tax asset not recognised, measured at the main rate of 19% (2020: 19%), is £15,248,000 (2020: £10,578,000).

At 30 April 2021, the Group has tax assets arising from tax credits in the United Kingdom for certain research and development expenditure of £940,000 (2020: £820,000).

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

10 Intangible assets

Group	Software licences £'000	Other licences £'000	Development costs £'000	Patents and trademarks £'000	Total £'000
Cost					
At 1 May 2019	124	20,182	1,644	187	22,137
Additions	—	—	943	104	1,047
At 30 April 2020	124	20,182	2,587	291	23,184
Impairment	—	—	(97)	—	(97)
Additions	—	15,349	—	213	15,562
At 30 April 2021	**124**	**35,531**	**2,490**	**504**	**38,649**
Accumulated amortisation					
At 1 May 2019	57	3,833	139	40	4,069
Amortisation for the year	24	3,537	606	47	4,214
At 30 April 2020	81	7,370	745	87	8,283
Amortisation for the year	25	3,972	820	94	4,911
At 30 April 2021	**106**	**11,342**	**1,565**	**181**	**13,194**
Net book value					
At 1 May 2019	67	16,349	1,505	147	18,068
At 30 April 2020	43	12,812	1,842	204	14,901
At 30 April 2021	**18**	**24,189**	**925**	**323**	**25,455**

Other licences relate to contracts with third parties that carry certain rights as follows:

- Strategic Research Agreements (SRAs) with a right to request the use of certain anonymised patient data over their contractual term;
- contractual rights linked to the Phesi investment made during the year that provide Sensyne the right to access clinical trials data over its contractual term; and
- rights to further develop and commercialise healthcare software products.

The Group has capitalised eight SRAs, with remaining useful economic lives of seven years and three months; four years and nine months; four years and six months; four years and seven months; four years and seven months; two years and three months; two years and three months; and one year and one month. Additions of £10,000,000 in the current year were acquired through the issue of shares. At the year end, the eight SRAs have carrying amounts of £3,625,000, £2,456,000, £2,455,000, £2,455,000, £2,454,000, £2,250,000, £2,250,000 and £1,083,000 respectively.

The Group has capitalised £5,349,000 in the year in respect to the acquisition of the licences to access clinical trials database as included within the strategic alliance agreement that is linked to the equity investment in Phesi. It has a remaining useful economic life of six years and eight months and carrying value at the year-end of £4,992,000.

The development costs are capitalised development costs in relation to our digital health operating system to support our software products that meet the criteria for capitalisation set out in the accounting policies. Amortisation is charged from the month the product goes live.

Patents and trademarks are capitalised legal and application costs for various registrations that the business obtains to protect its intellectual property. Amortisation is charged once the application is granted and secured.

An amount of £97,000 capitalised in the prior year relating to the development of one of our Healthcare products has been impaired as this product has been discontinued from the market. There were no other indications for impairment during the 2021 financial year (2020: £nil).

Company	Software licences £'000	Total £'000
Cost		
At 1 May 2020	—	—
Additions	10,000	10,000
At 30 April 2021	**10,000**	**10,000**
Accumulated amortisation		
At 1 May 2020	—	—
Amortisation for the year	181	181
At 30 April 2021	**181**	**181**
Net book value		
At 30 April 2020	—	—
At 30 April 2021	**9,819**	**9,819**

11 Property, plant and equipment

Group	Leasehold improvements £'000	Fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 May 2019	230	115	533	878
Additions	239	2	875	1,116
Disposals	—	—	(25)	(25)
Transfers	—	(108)	108	—
At 30 April 2020	469	9	1,491	1,969
Additions	7	3	274	284
Disposals	—	(1)	(10)	(11)
At 30 April 2021	**476**	**11**	**1,755**	**2,242**
Accumulated depreciation				
At 1 May 2019	32	75	14	121
Charge for the year	126	3	323	452
Disposals	—	—	(25)	(25)
Transfers	—	(73)	73	—
At 30 April 2020	158	5	385	548
Charge for the year	157	2	541	700
Disposals	—	(1)	(10)	(11)
At 30 April 2021	**315**	**6**	**916**	**1,237**
Net book value				
At 1 May 2019	198	40	519	757
At 30 April 2020	311	4	1,106	1,421
At 30 April 2021	**161**	**5**	**839**	**1,005**

12 Right of use assets and lease liabilities

The Group has entered into three lease agreements. Leases over land and buildings have a weighted average term of 15 years.

Group	Land and buildings £'000
Right of use assets	
Cost	
At 1 May 2019	1,815
Additions	26
At 30 April 2020	1,841
Additions	—
At 30 April 2021	**1,841**
Accumulated depreciation	
At 1 May 2019	(91)
Charge for the year	(132)
At 30 April 2020	(223)
Charge for the year	(134)
At 30 April 2021	**(357)**
Net book value	
At 1 May 2019	1,724
At 30 April 2020	1,618
At 30 April 2021	**1,484**

Leased assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount and initial direct costs incurred when entering into the lease less any lease incentives received. All assets relate to offices leased by the Group.

12 Right of use assets and lease liabilities continued

Office buildings

The Group entered into three lease agreements for terms of fifteen years in September 2018, fourteen years and nine months in December 2018, and five years in January 2019. The initial two leases may only be terminated by the Group after twelve months' notice in September 2028 and the final lease may be terminated in January 2022 after serving a six months' notice. The leases do not contain an option to purchase the assets at the end of the lease term and do not impose any significant restrictions on the Group as a lessee.

Lease liabilities

Group	2021 £'000	2020 £'000
Maturity analysis – contractual undiscounted cash flows		
Not later than one year	**392**	392
Later than one year and not later than five years	**1,508**	1,532
Later than five years	**2,665**	3,032
Total undiscounted cash flows	**4,565**	4,956
Current	**392**	392
Non-current	**1,654**	1,717
Total lease liabilities	**2,046**	2,109

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the reporting balance sheet date. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for buildings exclude service fees for cleaning and other costs.

Amounts recognised in the consolidated statement of comprehensive income

Group	2021 £'000	2020 £'000
Interest on lease liabilities	**331**	339
Depreciation of right of use assets	**134**	132
Expenses relating to short-term leases	**(13)**	99
	452	570

13 Investments accounted for using equity method

Group	2021 £'000	2020 £'000
At 1 May	**467**	—
Initial investment	**—**	556
Share of loss	**(285)**	(89)
Impairment	**(182)**	—
At 30 April	**—**	467

On 24 June 2019, the Group entered into a joint venture agreement to form LAB10x, of which it owns 33.33%. LAB10x is a partnership between the Group, Evotec International GmbH, the University of Oxford, Oxford University Innovation Limited and Oxford Sciences Innovation plc to accelerate data-driven drug discovery powered by AI. The arrangement exists as a result of the investment partners' wish to establish a collaboration with the University of Oxford to support the incubation and development of digital health projects originating from the university. A joint steering committee has been established to oversee and supervise the collaboration and make final decisions on matters within its authority; one of the five members is appointed by Sensyne Health plc. The principal place of business is: Office Space 696.20.21, Innovation Building, University of Oxford, Roosevelt Drive, Oxford OX3 7FZ.

The cost of investment in LAB10x is recognised on the consolidated statement of financial position as an investment in joint venture and accounted for under the equity method. There is no quoted market price available for LAB10x.

The investment partners have decided to discontinue the forward funding and support of LAB10x and cancel the operation. As at the year ended 30 April 2021, the Company does not have confirmation of reimbursement of funds unused by the joint venture and has subsequently impaired the asset to £nil book value.

Transactions with joint venture

The Group received £168,000 in revenue for the year for services provided to LAB10x (2020: £162,000). For further information on transactions with joint ventures, see note 25.

14 Financial assets at fair value through other comprehensive income

Classification of financial assets at fair value through other comprehensive income

Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Group considers this classification to be more relevant.

Equity investments at fair value through other comprehensive income (FVOCI) comprise the following individual investments:

	Non-current assets £'000
Unlisted equity securities	
At 1 May 2020	—
Phesi, Inc.	2,324
At 30 April 2021	**2,324**

Amounts recognised in profit or loss and other comprehensive income

During the year, there were no gains or losses recognised in profit and loss or other comprehensive income. This is mainly because the investment in Phesi, which was made in January 2021, was close to the reporting date and a transaction between a willing buyer and willing seller. As such management considers this is a good indication of fair value, in accordance with International Private Equity Guidelines and IFRS 13.

Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in the notes and tables below.

Recognised fair value measurements

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

At 30 April 2021, only one financial instrument is recognised and measured at fair value, which the Group has classified as a level 3 financial instrument under IFRS 13 fair value measurement.

Fair value measurements at the end of the reporting period using	Significant unobservable inputs – level 3 £'000
Financial assets at fair value through other comprehensive income (FVOCI)	—
Equity investments in unlisted securities	2,324
	2,324

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

14 Financial assets at fair value through other comprehensive income continued

Recognised fair value measurements continued

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 April 2021 and 30 April 2020:

	Unlisted equity securities £'000
At 1 May 2020	—
Acquisitions	2,324
Gains/(losses) recognised in other comprehensive income	—
At 30 April 2021	**2,324**

Valuation technique and inputs used in the fair value measurement

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 30 April 2020 £'000	Valuation technique	Unobservable input	Range (weighted average)
Equity investment in unlisted equity securities	£2,324	Capitalised earnings method – market comparable companies	Revenue multiple (a) Combined discount for lack of marketability (b)	10–50% (30%)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(a) Represents amounts used when the entity has determined that market participants would use such multiples when pricing the investments.

(b) Represents amounts used when the entity has determined that market participants would take into account these premiums and discounts when pricing the investments.

Valuation processes

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include equity investments in unlisted securities. As observable prices are not available for these securities, management has used valuation techniques to derive the fair value.

The level 3 unlisted equity security was acquired during the year. A valuation for financial reporting purposes was performed by a specialist valuation firm alongside management. A valuation report is produced and provided to management and the Audit and Risk Committee to consider the appropriateness of the valuation model selection and valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

The level 3 equity that amounts to £2,324,000 consists of equity investments in unlisted securities. The Group utilises comparable trading multiples in arriving at the valuation for these assets. Management determines comparable public companies (peers) based on industry, size, developmental stage and strategy. Management then calculates a trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by its revenue. The trading multiple is then discounted for considerations such as liquidity and differences between the comparable companies based on company-specific facts and circumstances.

Changes in level 3 fair values are analysed at the end of each reporting period during a half yearly valuation discussion between management, the specialist valuation firm and the Audit and Risk Committee. As part of this discussion the team presents a report that explains the reason for the fair value movements.

15 Shares in Group undertakings

Company	Shares in Group undertakings £'000
Cost and net book value	
At 1 May 2020	59,345
Reversal of impairment of investment in Sensyne Health Holdings Limited	88,908
Capital contribution – share-based payments	674
At 30 April 2021	**148,927**

Share-based payment costs of £674,000 (2020: £160,000) was recorded as a capital contribution from Sensyne Health plc to Sensyne Health Holdings Limited and subsidiaries, as a capital injection in the Company's balance sheet. Further details on the Group's share option schemes can be found in note 24.

The Company performed an impairment analysis on a fair value less cost to sell basis, whereby the Company used the market capitalisation of the Group as the approximate fair value and the cost to sell and control premium were estimated to be 1.5% of the market capitalised based on industry research. See note 1 for further information.

15 Shares in Group undertakings continued

In the prior year, the carrying value of the investment exceeded the fair value less cost to sell of the investment, and the Company concluded that the investment was impaired by £88,908,000. At 30 April 2021, the market capitalisation had increased compared to the previous year end to the extent that the Company reversed all of the accumulated impairment charge of £88,908,000.

As at 30 April 2021, the Company held direct and indirect investments in the following undertakings:

Name of company	Holding	Registered address	Country of registration (or incorporation)	Status
Direct subsidiaries				
Sensyne Health Holdings Limited	100%	Schrödinger Building, Heatley Road, Oxford Science Park, Oxford, England OX4 4GE	England and Wales	Trading
Indirect subsidiaries				
Sensyne Health Group Limited	100%	Schrödinger Building, Heatley Road, Oxford Science Park, Oxford, England OX4 4GE	England and Wales	Trading
Sensyne Health, Inc. (formerly Drayson Technologies, Inc.)	100%	3500 South Dupont Highway, City of Dover, County of Kent, 19901	United States of America	Non-trading
Drayson Technologies Mexico S.A de C.V	100%	29, Floor 10-B, Colonia Polanco V Seccion, C.P. 11560, Mexico City	Mexico	Non-trading
Drayson Technologies Mexico (Services) S.A de C.V	100%	29, Floor 10-B, Colonia Polanco V Seccion, C.P. 11560, Mexico City	Mexico	Non-trading

All subsidiaries that are trading companies are involved in the ordinary activities of the Group.

All subsidiary undertakings are included in the Consolidated financial statements.

16 Trade and other receivables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Amounts falling due within one year				
Trade receivables	**982**	1,037	**—**	—
Unbilled receivables	**4,429**	120	**—**	—
Other receivables	**716**	1,276	**38**	402
Prepayments	**1,085**	616	**304**	146
Corporation tax credit for research and development	**940**	820	**—**	—
Amounts falling due after one year				
Amounts owed by fellow Group undertakings	**—**	—	**70,852**	—
	8,152	3,869	**71,194**	548

The fair values of all financial assets of the Group equate to their carrying value.

As at 30 April 2021, no Group trade receivables were past due (2020: £38,000 past due with an immaterial expected loss allowance).

As at 30 April 2021, no Group trade receivables were impaired and provided for (2020: £nil). The ageing analysis of these trade receivables is over three months.

As at 30 April 2021, no Group trade receivables were impaired and provided for (2020: £nil).

The amounts due from subsidiary undertakings accrue no interest and are repayable on demand. At 30 April 2021, the provision of £51,645,000 was reversed as the indication for impairment no longer exists (2020: provision of £51,645,000 held in respect of the recoverability of amounts due from subsidiary undertakings).

17 Cash and cash equivalents

Group	**2021 £'000**	2020 £'000
Cash at bank and in hand	**23,574**	31,657
	23,574	31,657

The Company does not hold any cash.

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

18 Trade and other payables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Amounts falling due within one year				
Trade payables	**3,154**	4,073	**194**	1,623
Other payables	**100**	45	**6**	—
Taxation and social security	**466**	296	**54**	17
Accruals	**3,300**	2,628	**880**	1,081
Amounts due to fellow Group undertakings	**—**	—	**2,476**	2,486
Amounts due to related parties (note 25)	**10**	275	**—**	—
	7,030	7,317	**3,610**	5,207

Amounts due to fellow Group undertakings are unsecured, interest free and repayable on demand.

19 Provisions

	Dilapidations £'000	Legal claim £'000	Total £'000
At 1 May 2020	30	397	427
Charge/(release) to statement of comprehensive income	5	(397)	(392)
At 30 April 2021	**35**	**—**	**35**
Analysis of total provisions			
Current	—	—	—
Non-current	35	—	35
	35	**—**	**35**

The dilapidations provision reflects the best estimate of the cost to restore leasehold property in line with the Group's contractual obligations. A provision has been recognised for the present value of the estimated expenditure required to restore the property. These costs have been capitalised as part of the right of use assets and are amortised over the term of the lease.

The legal claim provision relates to the legal claim made by the former Chief Financial Officer in the year ended 30 April 2020. In August 2020 Sensyne agreed to make a payment as compensation for loss of office to Lorimer Headley of £150,000 and a contribution of £200,000 towards his legal fees; National Insurance contributions were paid respectively. As part of that settlement the Board has also agreed to provide outplacement assistance up to a value of £30,000. This constitutes full and final settlement of all claims in relation to his employment.

Provisions in respect of the Company only include the legal claim.

20 Financial instruments

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Financial assets: amortised cost				
Trade receivables	**982**	1,037	**—**	—
Unbilled receivables	**4,429**	120	**—**	—
Other receivables	**716**	1,276	**38**	402
Cash and cash equivalents	**23,574**	31,657	**—**	—
Financial assets at fair value through other comprehensive income				
Equity investments in unlisted securities	**2,324**	—	**—**	—
Amounts due from fellow Group undertakings	**—**	—	**70,852**	—
	32,025	34,090	**70,890**	402

Neither the Group nor the Company holds any other form of financial assets.

20 Financial instruments continued

The business has the following financial liabilities whose carrying amounts were as follows:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Financial liabilities: amortised cost				
Trade and other payables	**7,030**	7,317	**1,134**	2,721
Amounts due to fellow Group undertakings	**—**	—	**2,476**	2,486
Lease liability	**2,046**	2,109	**—**	—
	9,076	9,426	**3,610**	5,207

Neither the Company nor the Group holds any other form of financial liabilities.

Financial risk management and policies

The Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk factors

The Group's simple structure and the lack of external debt financing reduce the range of financial risks to which it is exposed. Monitoring of financial risk is part of the Board's ongoing risk management, the effectiveness of which is reviewed annually.

Market risk

Foreign currency

As the Group operates primarily in the United Kingdom with very limited overseas operations there is limited exposure to foreign exchange risk. Consequently, there are no material currency exposures to disclose (2020: £nil). The Group does not currently hedge against translation risk.

Interest rate

The Group does not have any committed external borrowing facilities, as its cash and cash equivalents and short-term deposit balances are sufficient to finance its current operations. Consequently, there is no material exposure to interest rate risk in respect of interest payable.

Liquidity risk

The business treasury policies are designed to ensure that sufficient cash is available to support current and future business requirements, with funds generally placed on deposit. Cash and working capital management is a core feature of the Board's business model and rolling cash flow forecasts, updated on at least a monthly basis, are reviewed to manage these requirements. The Directors do not consider that there is presently a material cash flow or liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The only financial liability outstanding for periods greater than one year in 2021 is a proportion of the lease liability relating to our head office in Oxford which is payable over the length of the lease term. The amounts disclosed in the table are the undiscounted contracted cash flows:

At 30 April	**Less than one year 2021 £'000**	**Over one year 2021 £'000**	Less than one year 2020 £'000	Over one year 2020 £'000
Trade and other payables	**7,030**	**—**	7,317	—
Lease liability	**392**	**1,654**	392	4,564
Total	**7,422**	**1,654**	7,706	4,564

Credit risk

The business' principal financial assets are cash and trade and other receivables, corporation tax and prepayments and unbilled receivables, the carrying values of which represent the business' maximum exposure to credit risk in relation to financial assets, as shown in this note. The business credit risk is primarily attributable to its cash.

The credit risk on cash is limited because the counterparties are banks with strong, independent credit ratings assigned by international credit-rating agencies.

The amounts presented in the consolidated and Company statements of financial position are net of any allowances for doubtful trade receivables, estimated by the Group's management based on prior experience and its assessment of the current economic environment. An analysis of the Group's trade receivables and provision for bad debts is included in note 16.

Capital risk management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern and ensure sufficient capital is in place to fund the Group's operations. The Group reviews budgets, forecasts and working capital requirements on a regular basis to ensure there is sufficient capital to meet the needs of the Group.

Notes to the consolidated and Company financial statements – continued

For the year ended 30 April 2021

21 Share capital

Group and Company	Number of shares '000	Nominal value £'000	Share premium £'000
Authorised, allotted and fully paid			
Ordinary Shares of £0.10 each	164,799	16,480	91,356
	164,799	**16,480**	**91,356**

Ordinary Shares entitle the holder to participate in dividends, and to capital distribution on winding up the Company or otherwise. Each Ordinary Share ranks equally for any dividend declared or distribution made. The Ordinary Shares are not redeemable.

Ordinary Shares rank equally for voting purposes. On a show of hands every holder of Ordinary Shares is entitled to one vote, and on a poll each shareholder is entitled to one vote for every Ordinary Share held.

Movements in Ordinary Shares:

Details	Share capital £'000	Share premium £'000
Opening balance at 1 May 2020	12,857	59,485
Issue of new ordinary share capital on placing, subscription and open offer in January 2021	3,052	24,410
Expense offset against share premium relating to issue of share capital in January 2021	—	(1,968)
Issue of new ordinary share capital as non-cash consideration for the acquisition of SRAs in April 2021	571	9,429
Balance at 30 April 2021	**16,480**	**91,356**

On 5 January 2021 the Company issued 30,513,341 Ordinary Shares via a placing of 27,373,337 Ordinary Shares, a subscription by Directors of 404,440 Ordinary Shares and an open offer for 2,735,564 Ordinary Shares at £0.90 per share fully paid up for a total consideration of £27.5 million. £24.4 million has been credited to the share premium account with expenses of £2.0 million offset against this account.

On 22 April 2021, the Company issued 5,714,284 Ordinary Shares for non-cash consideration with a total nominal value of £571,000 and total share premium of £9,429,000 in connection with the acquisition of SRAs with four NHS Trusts in the UK.

On incorporation on 20 June 2018, the Company issued a single Ordinary Share with a nominal value of £1 per share.

22 Other reserves

Group	Share option reserve £'000	Translation reserve £'000	Share reconstruction reserve £'000	Total other reserves £'000
At 1 May 2019	772	(23)	(87,679)	(86,930)
Share-based payments	235	—	—	235
Translation of foreign operations	—	52	—	52
At 30 April 2020	1,007	29	(87,679)	(86,643)
Share-based payments	842	—	—	842
Translation of foreign operations	—	57	—	57
At 30 April 2021	**1,849**	**86**	**(87,679)**	**(85,744)**

The nature and purpose of other reserves within equity are described as follows:

- **Share option reserve** – comprises the grant date fair value of share options granted to employees which are yet to be exercised;
- **Translation reserve** – exchange differences on the translation of foreign controlled entities recognised through other comprehensive income.
- **Share reconstruction reserve** – reserve into which amounts were transferred following the share reorganisation.

22 Other reserves continued

Company	Share option reserve £'000	Total other reserves £'000
At 1 May 2019	772	772
Share-based payments	235	235
At 30 April 2020	1,007	1,007
Share-based payments	842	842
At 30 April 2021	**1,849**	**1,849**

23 Notes to the cash flow statement

Group reconciliation of loss before income tax to cash used in operations

	2021 £'000	2020 £'000
Loss before income tax	**(28,436)**	(22,631)
Adjustments for:		
Finance costs	**340**	347
Finance income	**(42)**	(254)
Amortisation of intangible assets	**4,911**	4,214
Impairment of intangible assets	**97**	—
Depreciation of property, plant and equipment	**700**	452
Depreciation of right of use assets	**134**	132
Share of loss in investments accounted for using equity method	**285**	89
Impairment of investments accounted for using equity method	**182**	—
Share-based payments	**846**	235
Decrease/(increase) in trade and other receivables	**(3,368)**	(2,085)
(Decrease)/increase in trade and other payables	**(287)**	3,949
(Decrease)/increase in contract liabilities	**(72)**	218
(Decrease)/increase in provisions	**(392)**	427
Cash used in operations	**(25,102)**	(14,907)

Material non-cash items

Material non-cash investing and financing activities disclosed include the settlement of acquisition of other intangible assets, namely the acquisition of licences to access data through Strategic Research Agreements with NHS partners, through the issue of shares; see note 14 for further information.

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities from financing activities can be classified as follows:

Lease liabilities	2021 £'000	2020 £'000
At 1 May	**2,109**	2,011
Interest on lease liability through profit and loss	**331**	339
Cash flows: rent payments	**(394)**	(241)
At 30 April	**2,046**	2,109

24 Share-based payments

Employee share incentive plans

During the year, the Company operated two employee share incentive plans, namely the Sensyne Health Share Option Plan 2018 and the Value Creation Plan (VCP).

(a) The Sensyne Health Share Option Plan 2018

The Sensyne Health Share Option Plan 2018 is a share incentive plan that has two parts: Part A of the plan, which is a Company Share Option Plan (CSOP) that satisfies the requirements for tax relief under Schedule 4, ITEPA, and Part B, an Unapproved Share Option Plan (USOP) that does not. In all other aspects, Parts A and B mirror one another. It is an equity-settled share option scheme, which was established at the Group's initial public offering in August 2018.

All employees, Directors and certain contractors of the Group are eligible to participate at the discretion of the Remuneration Committee. The exercise price of options granted under the scheme must be equal to or above the closing mid-market price of the Ordinary Shares on the last working day prior to the grant of options. Options may be granted following the successful completion of probation terms. Options are conditional on the employee completing three years' service (the vesting period). Options may not generally be exercised prior to the third anniversary of grant, unless the option holder's employment ceases for a specified "good leaver" reason, such as ill health, disability, redundancy, retirement or a sale out of the Group of the Company or the business by which they are employed, or if there is a change of control of the Company due to a cash takeover. Options will normally lapse on cessation of employment. The options have a contractual option term of three years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The contractual life of all options is ten years and will immediately lapse on the tenth anniversary of the date of grant.

In July 2020, the Remuneration Committee approved a change in the terms and conditions whereby the market performance vesting conditions in respect of the achievement of share price targets, as well as the two-year share holding period were, removed from the scheme rules. All grants under this scheme from July 2020 would be subject to these revised terms and conditions, which meant these options are conditional on the employee completing three years' service only. The removal of the two-year holding period upon exercise has the effect, in management's opinion, of reducing the contractual option term from five to three years. Some employees surrendered their existing options granted prior to July 2020 and were subsequently granted new options under the revised terms and conditions; the surrender was judged to be a cancellation and new grant of options.

Prior to these changes made in July 2020, any options granted were exercisable starting three years from the grant date, subject to the Group achieving its target share price growth over the defined periods of 10% above the growth of the FTSE All-Share Pharmaceutical and Biotechnology Index, and the options had a contractual option term of five years. On every six-month anniversary from the grant date, one sixth of the granted options are assessed for vesting against market vesting conditions. If conditions are met this portion of options will vest, to be exercised on the third anniversary of grant. All other terms and conditions of this plan remain unchanged.

Movements in the number of share options outstanding, and their related weighted average exercise prices, are as follows:

	2021		2020	
	Weighted average exercise price in £ per share option	**Options '000**	Weighted average exercise price in £ per share option	Options '000
At 1 May	**1.75**	**3,943**	1.75	9,000
Granted	**0.38**	**8,847**	1.71	257
Forfeited	**(1.45)**	**(3,450)**	(1.75)	(5,314)
Exercised	**—**	**—**	—	—
At 30 April	**0.68**	**9,340**	1.75	3,943

Out of the 10,341,000 outstanding options, none were exercisable (2020: none).

24 Share-based payments continued

Employee share incentive plans continued

(a) The Sensyne Health Share Option Plan 2018 continued

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant month	Expiry month	Exercise price	**Share options '000 2021**	Share options '000 2020
August 2018	August 2028	£1.75	**1,187**	3,060
September 2018	September 2028	£2.07	**—**	39
November 2018	November 2028	£1.88	**9**	51
November 2018	November 2028	£1.70	**—**	43
December 2018	December 2028	£1.70	**—**	26
January 2019	January 2029	£1.59	**—**	94
January 2019	January 2029	£1.58	**—**	94
February 2019	February 2029	£1.78	**—**	223
February 2019	February 2029	£1.72	**—**	34
February 2019	February 2029	£1.80	**—**	17
March 2019	March 2029	£1.87	**—**	26
April 2019	April 2029	£1.77	**9**	60
April 2019	April 2029	£1.78	**—**	26
June 2019	June 2029	£1.75	**—**	32
September 2019	September 2029	£1.75	**—**	118
July 2020	July 2030	£0.30	**8,136**	—
November 2020	November 2030	£1.10	**1,000**	—
Total			**10,341**	3,943

The weighted average remaining contractual life of share options outstanding at the end of the year was 9.0 years (2020: 8.4 years).

There were no options exercised in the year (2020: none).

Valuation models

The fair value of share options granted during the year was determined using the Black-Scholes model; the weighted average assumptions used in the valuation are as follows:

	2021
Exercise price	**£0.379**
Share price	**£0.402**
Risk-free interest rate	**-12.36%**
Expected life	**3 years**
Expected dividends	**£nil**
Company volatility	**43.98%**
Fair value	**£0.128**

In the prior year, options previously granted under this plan were valued using the Monte Carlo simulation model; the weighted average assumptions used in the valuation of options granted were as follows:

	2020
Exercise price	£1.71
Share price	£1.46
Expected volatility	29.4%
Expected life	5 years
Expected dividends	£nil
Risk-free interest rate	0.4%

24 Share-based payments continued

Employee share incentive plans continued

(a) The Sensyne Health Share Option Plan 2018 continued

The Monte Carlo simulation model has been used to value the awards, which have a market performance vesting condition, this being performance against the FTSE All-Share Pharmaceutical and Biotechnology Index. The model incorporates a discount factor reflecting this performance condition into the fair value of this portion of the award.

The weighted average fair value of options granted during the previous year determined using the Monte Carlo simulation model at the grant date was £0.24 per option.

For the options valued using the Monte Carlo simulation, expected volatility is measured by calculating the standard deviation of the natural logarithm of share price movements of comparable companies. This is a standard approach to calculating volatility. The risk-free rate of return is the rate of interest obtainable from government securities as at the date of grant (i.e. gilts in the UK) over the expected term of five years which had been adjusted based on management's best estimate for the effect of non-transferability and exercise restrictions.

(b) The Sensyne Health plc Value Creation Plan (VCP)

The Group adopted the VCP in September 2020 following consultation with a number of institutional shareholders and the Company's Nominated Adviser.

Nature of conditional award

Under the VCP, participants are granted a conditional award ("Unit Award") giving the potential right to earn nil-cost options ("Share or Phantom Awards") based on the absolute total shareholder return generated over the VCP performance period.

The Unit Award gives participants the opportunity to share in a proportion of the total value created for shareholders above a hurdle ("10% PA Market Cap") at the end of the five-year VCP performance period.

At the end of the performance period, the value of the VCP pool is calculated and whereby value is created, in excess of hurdle of 10% per annum compounded from the starting market capitalisation as at 23 July 2020, the VCP pool value will be "banked" in the form of Share and Phantom Awards and released in accordance with the pool principles. Participants will be granted a right at the end of the performance period to Share Awards or, in the case of the Chief Executive Officer, Phantom Awards with a value representing the level of the Company's total shareholder return above the hurdle at the performance period-end date. If the value created at the performance period-end date does not exceed the hurdle, nothing will accrue under the VCP.

An individual is eligible to be granted a Unit Award at the discretion of the Committee only if they are an employee of a Participating Company (including an Executive Director of the Company).

The aggregate number of Plan Units available for grant (or subsequent allocation) under Unit Awards is 100,000. The Committee is under no obligation to operate the Plan in a manner to make use of the maximum number of Plan Units. No value shall accrue to any person in respect of unused Plan Units.

At the date when Unit Awards are granted, participants are informed whether any future vested Unit Awards may be settled in the form of cash-settled Phantom Awards or equity-settled Share Awards. The Remuneration Committee, on behalf of the entity, has the discretion to settle Share Awards in cash and Phantom Awards in a mix of cash and equity.

Cash-settled Phantom Awards and equity-settled Share Awards are accounted for in accordance with IFRS 2.

Pool principles (vesting conditions)

The vesting schedule provides that the cumulative number of Unit Awards vests at the expiry of the five-year performance period which is at 22 July 2025 (the vesting date).

The value of the Plan Units are subject to the performance of the Company's market capitalisation over the period 23 July 2020 to 22 July 2025 ("Performance Period"). At the end of the Performance Period a Plan Pool is determined in line with the following principles:

a. The Committee shall first determine what the market capitalisation as at 22 July 2025 ("End Market Cap") would need to be in order to equate to annualised compound growth from 23 July 2020 ("Start Market Cap") of 10% per annum ("10% PA Market Cap").

b. No Plan Pool shall arise unless End Market Cap exceeds 10% PA Market Cap.

24 Share-based payments continued

Employee share incentive plans continued

(b) The Sensyne Health plc Value Creation Plan (VCP) continued

Nature of conditional award continued

c. Value shall ordinarily accrue to the Plan Pool thereafter as follows:

End Market Cap	Related accrual to Plan Pool
£100 million or less	15% of the difference between End Market Cap and 10% PA Market Cap.
Between £100 million and £150 million	15% of the difference between £100 million and 10% PA Market Cap. +12.5% of the difference between End Market Cap and £100 million.
Between £150 million and £300 million	15% of the difference between £100 million and 10% PA Market Cap. +12.5% of the difference between £150 million and £100 million. +7.5% of the difference between End Market Cap and £150 million.
Between £300 million and £1 billion	15% of the difference between £100 million and 10% PA Market Cap. +12.5% of the difference between £150 million and £100 million. +7.5% of the difference between £300 million and £150 million. +5% of the difference between End Market Cap and £300 million.
Greater than £1 billion	15% of the difference between £100 million and 10% PA Market Cap. +12.5% of the difference between £150 million and £100 million. +7.5% of the difference between £300 million and £150 million. +5% of the difference between £1 billion and £300 million. X% of the difference between the End Market Cap and £1 billion, where X is such percentage (if any) and being no greater than 5% that the committee determines at its discretion.

The size of the Plan Pool may be adjusted by the Remuneration Committee to take into account such factors as it considers relevant which may, without limitation, include regard to one or more of the following:

(i) the total value of the dividends payable by the Company during the Performance Period;

(ii) any value that has been returned to shareholders over the Performance Period other than via dividends (e.g. a return of capital via a reduction in share capital or purchase of shares);

(iii) the aggregate amount (if any) raised by the Company (before expenses) in connection with any increases to the Company's issued share capital over the Performance Period; and

(iv) only organic growth is intended to be rewarded under the VCP.

Once the relevant Pool Value is determined, the vested Unit Value for each Unit Award shall be the result of the Pool Value divided by 100,000, with 100,000 being the total number of Plan Units available to be granted.

The number of shares that may be comprised within the relevant Share Award or Phantom Award shall then be determined in accordance with the pool principles of the scheme rules.

Unit Awards may not generally be exercised prior to the fifth anniversary of the performance start date, unless the Unit Award holder's employment ceases for a specified "good leaver" reason, such as ill health, disability, redundancy, retirement or their office or employment being with either a company which ceases to be a Group member or relating to a business or part of a business which is transferred to a person who is not a Group member, or for any other reason, if the Committee so decides. Unit Awards will normally lapse in other circumstances prior to the normal vesting date such as on cessation of employment.

24 Share-based payments continued

Employee share incentive plans continued

(b) The Sensyne Health plc Value Creation Plan (VCP) continued

Valuation of awards

On 30 April 2021, 79,000 of a possible 100,000 nil-cost Plan Units were awarded to certain Executive Directors and members of senior management. 21,000 Plan Units are currently reserved for future allocation.

The total fair value of awards granted under the VCP at the grant date is £13,398,000 (2020: not applicable) spread over the remaining period of 4.2 years (vesting period) from the grant date to the end of the Performance Period of 22 July 2025.

The Group recognised an expense of £9,000 (2020: not applicable) in the Consolidated income statement during the year relating to these awards.

In determining the fair value of the VCP awards granted in the year, a Monte Carlo simulation model was used with the following weighted average assumptions:

	2021
Share price at grant date	**£1.695**
Share price at performance start date	**£0.294**
Expected volatility	**60.1%**
Expected life from date of grant	**4.2 years**
Expected dividend yield	**0%**
Risk-free interest rate	**0.299%**

The Monte Carlo model simulates a variety of possible results for End Market Cap (after taking into consideration the known value increased) by substituting a range of values – a probability distribution – for any factor that has inherent uncertainty over a number of scenarios using a different set of random values from the probability functions.

The model incorporates a discount factor reflecting this performance condition into the fair value of this portion of the award.

The weighted average fair value of options granted during the year determined using the Monte Carlo simulation model at the grant date was £169.6 per option (2020: not applicable).

For the options valued using the Monte Carlo model, expected volatility is measured by reference to a 50-day rolling median volatility based on the Company's own historical volatility since listing. The remaining period from grant date to the end of the VCP Performance Period-end date was used as a basis to determine the expected life of the option. The risk-free rate of return is based on the interpolation between a four-year and five-year UK government bond yield in order to simulate a risk-free rate equal to a 4.2-year expected life. The expected dividend yield reflects management and market expectations based on budget projections.

Statement of comprehensive income

The charge in respect of share-based payment transactions included in the consolidated statement of comprehensive income for the year is as follows:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Expense arising from Sensyne Health Share Option Plan 2018	**837**	235	**167**	75
Expense arising from Sensyne Health plc Value Creation Plan	**9**	—	**4**	—
	846	235	**171**	75

25 Related parties

Transactions with related parties during the year and balances with related parties at 30 April are as follows:

Related party	2021 Purchases £'000	2020 Purchases £'000	2021 Payables £'000	2020 Payables £'000
Drayson Technologies (Europe) Limited	**127**	359	**10**	—
Key management personnel	**215**	479	**—**	275
	342	838	**10**	275

Drayson Technologies (Europe) Limited (DTEL) was demerged from the Group during the year ended 30 April 2019 and is a related party by virtue of common control. The purchases relate to recharges of expenditure incurred by DTEL on behalf of the Group. Expenditure of £127,000 incurred on behalf of the Group was recharged from DTEL (2020: £359,000). Included within trade and other payables is a balance due to DTEL of £10,000 (2020: £nil).

During the year ended 30 April 2021, Odgers Limited charged the Group £215,000 for services provided by Michael Norris in his role as Interim Chief Financial Officer prior to him becoming a Non-Executive Director of the Company.

During the year ended 30 April 2020, the following companies charged the Group £479,000 for services of key management personnel: Cloudsolve for services provided by Alan Payne as Interim CIO; Computer Futures for services provided by Damien Marmion as Interim MD for Software Products; Augment Healthcare for Damien Marmion's expenses in relation to his services; Odgers Limited for services provided by Michael Norris as Interim Chief Financial Officer; and Chanzo Limited for services provided by Chris Stephenson as Interim HR Director.

The remuneration of Directors, including the related party bonus awards made during the year, totalled £1,492,000 (2020: £1,449,000). Further information is disclosed on page 54 in the Annual report on remuneration.

During the year there was a subscription by Directors for 404,440 shares at £0.90 each (2020: £nil).

Oxford Sciences Innovation plc (OSI) is a related party through the joint venture for LAB10x; please see note 13 for further information. During the year £168,000 (2020: £162,000) was recognised as revenue in relation to OSI for services provided, maintenance and implementation charges and £82,000 (2020: £73,000) was billed to OSI for reimbursement of expenditure incurred on behalf of the joint venture. At 30 April 2021 £20,000 (2020: £23,000) is recorded as a trade receivable and £17,000 (2020: £54,000) is included as an unbilled receivable to be billed to OSI in the next financial year. In the prior year £555,000 was paid to OSI in relation to the joint venture agreement; no subsequent payments will be made in future due to the decision to cancel the operation.

26 Financial commitments and contingent liabilities

The Group has entered into a commitment to pay a share of revenue from future sales of licensed digital health products. The minimum royalty fee commitments for these agreements are disclosed as licence royalties in the table below:

	Licence royalties	
	2021 £'000	2020 £'000
Not later than one year	**148**	108
Later than one year and not later than five years	**—**	39
Later than five years	**—**	—
	148	147

The Company has a financial commitment to issue £2.5 million in Ordinary Share capital at £1.75 per share each to George Eliot Hospital NHS Trust and Wye Valley NHS Trust as a result of the SRAs signed on 27 January 2019 and to issue £1.5 million in Ordinary Share capital at £1.75 per share to Royal Devon and Exeter NHS Foundation Trust as a result of the SRA signed on 30 April 2021. The total Ordinary Share capital to issue once all obligations are met is £7.5 million.

Under the research sponsorship funding agreements with NHS Trusts, an aggregate total of £2.5 million in annual funding is available through a funding request application.

There are no capital commitments as at 30 April 2021 or 30 April 2020.

There are no contingent liabilities as at 30 April 2021 or 30 April 2020.

27 Subsequent events

On 21 May 2021, Sensyne Health plc signed an SRA with St. Luke's University Health Network ("St. Luke's"). Under the terms of the agreement, St. Luke's will receive 115,541 Ordinary Shares in Sensyne Health plc subject to receipt of a Section 593 valuation report by the Company. In addition, St. Luke's will receive 346,621 warrants to subscribe for Ordinary Shares at a subscription price of 10 pence per warrant subject to the achievement of specific performance conditions. From the date of admission to trading on AIM, the new Ordinary Shares will be subject to lock-in and orderly market provisions for 12 months. St. Luke's will receive a royalty on revenues that are generated by Sensyne from the research undertaken under this agreement.

On 24 May 2021, Sensyne Health plc signed an SRA with the Colorado Center for Personalized Medicine (CCPM). Under the terms of the agreement, should the medical research undertaken by Sensyne using CCPM's data lead to medical discoveries commercialised by Sensyne, CCPM will share a proportion of Sensyne's revenues generated from that research.

On 28 May 2021, Sensyne Health plc announced the grant of options over 829,207 new Ordinary Shares to certain employees under the Sensyne Health Share Option Plan 2018.

On 18 June 2021, Sensyne Health plc announced the appointment of Dr Ian Hudson to the Board as Independent Non-Executive Director with effect from 28 June 2021.

On 30 July 2021, Dr Vishal Gulati resigned from the Board of Directors of the Company. Dr Vishal Gulati will act as an adviser to the Company on a part-time consultancy basis.

On 19 August 2021, Sensyne Health plc signed an SRA with Sentara Healthcare. Under the terms of the agreement, Sentara Healthcare will receive 121,084 Ordinary Shares in Sensyne Health plc subject to receipt of a Section 593 valuation report by the Company. In addition, Sentara Healthcare will receive 363,249,621 warrants to subscribe for Ordinary Shares at a subscription price of 10 pence per warrant subject to the achievement of specific performance conditions. From the date of admission to trading, the new Ordinary Shares will be subject to lock-in and orderly market provisions for 12 months. Sentara will share a proportion of Sensyne's revenues generated from the research undertaken under this agreement.

On 2 September 2021, Sensyne Health plc signed an SRA with Great Ormond Street Hospital for Children NHS Foundation Trust ("GOSH"). Under the terms of the agreement, GOSH will receive 1,428,571 Ordinary Shares in Sensyne Health plc subject to receipt of a Section 593 valuation report by the Company. GOSH is also eligible to receive a further 1,428,570 Ordinary Shares, payable in three tranches that are each dependent on the achievement of specific discovery research project milestones. GOSH will also receive from Sensyne an investment of up to £250,000 per year over the five-year term of the contract for specific investments in information technology to enable the curation and analysis of data under the SRA. GOSH will also receive a royalty on revenues that are generated by Sensyne from the research undertaken under the SRA. GOSH has entered into a lock-up agreement whereby it has agreed not to dispose of any shares for a period of two years from the date the shares are issued.

28 Ultimate controlling party

There is no ultimate controlling party of the Group.

Glossary

"AI" or "artificial intelligence" – a field within computer science aimed at training machines to emulate human intelligence, make rational decisions or take optimal actions. It supports accurate decision making that has the potential to augment or surpass human domain expertise.

"Algorithm" – a process or set of rules that describe how to perform a task

"Anonymised patient data" – data which was previously identifiable and has undergone anonymisation. Anonymisation is a process which reduces the likelihood that the data can identify an individual.

"BPm-Health" – a Sensyne Health product for self-monitoring blood pressure during pregnancy.

"Clinical AI" – machine learning algorithms, including deep learning, for which the learning process is driven by in-depth clinical knowledge to derive clinically useful results (e.g. improve patient outcomes and/or discover new insights that can improve the drug discovery and development process, such as patient stratification).

"Clinical pathway" – the full process of steps taken in treating a patient, including initial assessment, referral, consenting, testing, receiving a diagnostic result, and the clinical consequences.

"Clusters" – groupings of data, separated by a distance that can be measured by a distance metric, where the latter represents similarity. Cluster analysis enables segmentation of patient cohorts and stratification of sub-groups and is of particular interest in precision medicine. Advanced clustering techniques work not just on data points but can cluster entire time series of data, e.g. they can be used to determine the similarity between a patient's time series of blood pressure data on two different days.

"Data Security and Protection Toolkit" – the online self-assessment tool that enables organisations to measure and publish their performance against the National Data Guardian's ten data security standards, which are required to be used by all organisations that have access to NHS patient data and systems.

"Digital therapeutics" – software products used in the treatment of medical conditions. They are applications designed to enable patients to take greater control of their care.

"EN ISO13485:2016" – specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer requirements and regulatory requirements applicable to medical devices and related services.

"EU GDPR 2016/679" – the EU regulation law on data protection and privacy for all individuals within the European Union and the European Economic Area. It also addresses the export of personal data outside the European Union and EEA areas.

"GDm-Health" – the gestational diabetes management system, a Sensyne Health product and prescribed digital therapeutic for remote management of diabetes in pregnancy at home.

"Genome" – the entire DNA sequence, found in almost every cell in the human body.

"Genome sequencing" – a technique that is used to "read" DNA. It finds the order of the letters of DNA (A, T, C and G), one by one. Sequencing a human genome means finding the sequence of someone's unique 3 billion letters of DNA.

"Genotype" – the set of genes within an organism; this may refer to all of the genes an organism possesses but is more commonly used to refer to a subset of genes. Genotypes determine phenotypes (a set of observable characteristics).

"IP" or "Intellectual Property" – inventions, literary and artistic works, and symbols, names and images used in commerce. IP includes patents for inventions, trademarks, software, industrial designs and geographical indications.

"ISO27001:2013" – specifies requirements for establishing, implementing, maintaining and continually improving an information security management system within the context of the organisation. It also includes requirements for the assessment and treatment of information security risks tailored to the needs of the organisation.

"MagnifEye" – Sensyne's proprietary software application using deep machine learning AI to automate the accurate reading of lateral flow diagnostic tests

"NICE" – the National Institute for Health and Care Excellence.

"Ordinary Shares" – ordinary shares in Sensyne Health plc of 10 pence nominal value.

"Phenotypes" – the set of observable characteristics of an individual resulting from the interaction of its genotype with the environment. Examples of phenotypes include eye colour, hair colour, physiological characteristics and certain behaviours.

"Real-world evidence" – the clinical evidence regarding usage and potential benefits or risks of a medical or other product derived from real-world data (RWD).

"Real-world patient data" – the data relating to patient health status and/or the delivery of health care routinely collected from a variety of sources. Real-world patient data can come from a number of sources, for example:

- electronic health records (EHRs);
- patient-generated data including in-home use settings;
- data gathered from other sources that can inform on health status, such as mobile devices;
- product and disease registries; and
- claims and billing activities.

"SENSIGHT" – Sensyne's proprietary global real world data analytics platform for the life sciences and healthcare industries.

"Sensyne Health" – the group entity of Sensyne Health plc, also referred to as "Sensyne" or the "Company" or the "Group".

"Strategic Research Agreements" – Sensyne agreements with NHS Trusts for the provision of ethically sourced anonymised patient data for analysis by Sensyne to help improve patient care, accelerate the discovery and development of new medicines and improve the understanding of disease and treatment. They are also referred to as SRA.

"Therapeutics" – the branch of medicine concerned with the treatment of disease OR a medicine or therapy that cures disease or relieves pain.

Advisers and Company information

Registered office

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