deepmatter®

25 August 2022

DeepMatter Group Plc

Half Year Results

DeepMatter Group Plc (AIM: DMTR, "DeepMatter", the "Group"), the digital chemistry data and software company, has published its unaudited results for the six months to 30 June 2022.

Highlights

- Multi-year licencing and collaboration agreement with AI-driven drug discovery company Standigm

- Multi-year extension of Springer Nature Agreement, licencing proprietary algorithms and supporting the handling of proprietary data

- Acquisition of ChemIntelligence to enhance IP and expertise

- Alan Aubrey appointed Chairman and managerial team strengthened

- H1 2022 revenue increased to £0.68m (H1 2021: £0.65m), operating loss £1.8m (H1 2021: loss £1.4m)

- R&D higher - reflecting continued investment in SmartChemistry® platform to drive deal-flow in H2 and deliver a stronger H2 than H2 2021

- Fundraise in January 2022 raising £2.8m net cash for ongoing investment

Mark Warne, DeepMatter CEO, commented:

"We have seen solid revenues during H1 and some notable renewals, which reflects the recurring nature of our business model.

"We have also continued to invest in people and our capabilities, both organic and by acquisition. Our SmartChemistry® concept of providing our customers with easy access and the ability to exploit data, is gaining international industry recognition.

"A combination of a growing pipeline and our H1 investment programme is expected to drive deal-flow in H2 and deliver a stronger second half than H2 2021."

For more information:

DeepMatter Group Plc
Mark Warne, Chief Executive   0141 548 8156
Fraser Benson, Chief Financial Officer

Canaccord Genuity Limited (Nominated Adviser and Broker)
Bobbie Hilliam   020 7523 8000

Meare Consulting
Adrian Duffield   07990 858548

About DeepMatter Group Plc

DeepMatter's SmartChemistry® platform enables scientists across a range of industries, including pharma, biotech, agri-science, scientific publishers and contract research organisations (CROs), to easily capture, access and exploit the vast amounts of data created in chemical reactions.

DeepMatter integrates its proprietary chemistry data and proprietary software to significantly improve productivity, efficiency, discovery, safety and sustainability of chemical reactions for its customers.

DeepMatter's SmartChemistry® platform capitalises on the combination of its cloud technology, low cost-sensors, connectivity to laboratory hardware and high-performance computing trends such as artificial intelligence (AI).

Strategic overview

DeepMatter is now established as a leader in the exciting digitalisation of chemistry space and driving the market shift. The Group is building and commercialising its SmartChemistry® platform, which will be the future of chemical reaction data. The Group's vision is to provide the digital data that enables all molecules to be made efficiently and safely as well as sustainably.

DeepMatter has the best available data for creating molecules and is committed to building on this advantage. Our high quality SPRESI dataset is known for its size, scope and quality. This data is further enhanced by direct integration of laboratory hardware and analytical as well as orthogonal data streams from our proprietary sensor array.

DeepMatter is now seen as a scientific and commercial Key Opinion Leader (KOL) with a strong leadership team drawn from across the sector and a world class Scientific Advisory Board (SAB) from industry and academia. SmartChemistry® is being used at to create IP relevant to making molecules at Russell Group universities.

On 28 June 2022, we announced the acquisition of ChemIntelligence SAS, an AI business with a platform used to develop chemical products and reactions faster.

The Group has continued to invest in enhancing its products and the team to ensure we have the capability to deliver sustainable growth.

Current trading and outlook

In H1 we continued to enhance our products and also strengthen the team in order to deliver on a number of opportunities and better support larger engagements.

DeepMatter will continue resourcing its R&D delivery to strengthen the offering, as well as maintaining tight control on costs.

The Group saw revenue growth in H1 and new deals closed, providing a solid base for H2. The investment in H1 combined with deals already closed, solid customer pull and a strong renewals base set the expectation that the business will deliver a stronger H2 versus H2 2021.

Operational review

Markets

The Group's customer base encompasses enterprises and research operations from a wide range of industries particularly Pharma as well as Biotech, Agri Science, Fine Chemicals, Scientific Publishers and Contract Research Organisations (CROs).

SmartChemistry® platform

The SmartChemistry® platform is structured to encompass: a user interface to enable analysis and control; an algorithm layer to enable data cleansing, monitoring, modelling and prediction; and a data layer made up of digitalised proprietary and unique content along with published scientific research.

Our SmartChemistry® platform enables discovery and design with speed and sustainable delivery. By linking the cloud with the laboratory, we bring together all the key components a scientist needs including: protocols and recipes, hardware integration, machine learning and AI insight, data analysis and control and automation.

DeepMatter's customers are increasingly ready for, and embracing, digitisation in chemistry. Some 35% of industry leaders have migrated to Machine Learning (ML) and Artificial Intelligence (AI) cloud systems, which is resulting in material and time savings, enhanced human-machine interface and 99% reduction in errors from reducing human contact with data processes

The Group's wholistic and unique approach to collecting, structuring, sharing and analysing time course data (measuring the effects of chemical reactions over the course of time), provides faster actionable insights that result in scientific breakthroughs.

DeepMatter's customers' ESG demands and expectations are met by the Group's capabilities. Digital chemistry provides access to safe and sustainable chemistry. It increases the focus on placing distance between the chemist and dangerous materials, better productivity reducing energy usage and building a sustainable chemistry database.

Product development

The Group strengthened its Product Management capability and operating structure. A Chief Product Officer was appointed, fully consolidating the strategic product management across the Group.

The Group was granted the SmartChemistry® trademark in the period which helps protect our unique platform. The Group proactively protects its IP and data estate as this is core to its capabilities.

We continue to work on further enhancing our data. Recently we integrated the Pistachio patent dataset, adding up to another nine million complimentary chemical reactions. Our proprietary algorithms have been used to cleanse and verify this new data source.

We are also collecting data using Natural Language Processing (NLP) to automatically extract the best ways to make new medicines, from a range of sources including the literature and electronic laboratory notebooks.

Commercial execution

The Group have initiated a collaboration with Standigm, a disruptive, emerging AI drug discovery company whose backers include leading investor Temasek and global conglomerate SK Corporation.

Standigm is using SmartChemistry® in a three year deal, to fully digitalise its new synthesis laboratory. Standigm has stated that SmartChemistry® will dramatically reduce the labour needed to make new compound. We anticipate doing further deals of this type.

Thought Leadership

We continue to benefit from the experience and expertise of our SAB for the external verification of our strategy, priorities and direction of travel.

The Board is led by Dr Richard Bourne, Professor of Digital Chemical Manufacturing at the University of Leeds. Working with Richard are:

- Dr Nessa Carson, Principal Automation Scientist at Syngenta.

- Dr Natalie Fey, Associate Professor at the Centre for Computational Chemistry, University of Bristol.

- Dr David Parry, Head of Research at DeepMatter.

- Dr Bryn Roberts, SVP and Head of Data Services at Roche Information Solutions and one of DeepMatter's non-executive directors.

Acquisition of ChemIntelligence SAS

On 28 June 2022, DeepMatter announced the acquisition of ChemIntelligence, valuing the business at up to £0.42m. ChemIntelligence (https://chemintelligence.com/) has AI that is used to develop chemical products and reactions faster.

The acquisition brings intellectual property and expertise that complements the Group's chemical reaction data, data collection platform and AI capabilities. It will also broaden DeepMatter's technical expertise in chemical formulation, which will enable the Group to expand its offering and address a broader customer base.

Financial review

Revenue for the first half of 2022 was £0.68 million (H1 2021: £0.65 million). This includes revenue from licensing, SaaS recurring revenues and related service business. As we grow, we anticipate the proportion of SaaS revenues will increase.

As planned R&D spend increased to £1.06 million (H1 2021: £0.86 million). The Group continued to invest in enhancing products and people to support our revenue growth in H2. We made good progress along development roadmaps, focusing on the commercial appeal of products.

Overhead costs were £1.20 million (H1 2021: £1.03 million) as the team has carried fewer open positions. The team has modestly grown in key areas and travel costs have increased as conferences and sales opportunities return to being face-to-face

The Group incurred an operating loss £1.81 million (H1 2021: loss £1.38 million).

The Group held cash balances at 30 June 2022 of £1.52 million (30 June 2021: £1.84 million).

In January 2022, the Group completed a placing to raise approximately £2.9 million through the issue of a total of 2,887,500,000 shares at 0.1 pence per share.

The proceeds have been used to finance further ongoing investment in SmartChemistry®, including integration of cheminformatics capabilities, user and partner support, marketing, data science initiatives, manufacture of hardware and for working capital requirements.

DEEPMATTER GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 30 JUNE 2022

	6 months ended 30 June 2022 (Unaudited) £'000	6 months ended 30 June 2021 (Unaudited) £'000	Year ended 31 December 2021 (Audited) £'000
Continuing operations			
Revenue	**678**	649	1,011
Cost of Sales	**(199)**	(176)	(377)
Gross Profit	**479**	473	634
Research and development costs	**(1,062)**	(856)	(1,773)
Share based payments	**(65)**	(45)	(121)
Administrative costs	**(1,203)**	(1,032)	(2,010)
Other income	**-**	-	-
Operating loss	**(1,851)**	(1,460)	(3,270)
Finance income – net	**0**	2	3
Loss before tax	**(1,851)**	(1,458)	(3,267)
Income tax credit	**38**	79	241
Loss for the period	**(1,813)**	(1,379)	(3,026)
Other comprehensive income			
Amounts which may be reclassified to profit or loss			
Currency translation differences	**(2)**	(5)	(48)
Total comprehensive loss for the year attributable to equity holders of the company	**(1,815)**	(1,384)	(3,074)
Loss per share attributable to the equity holders of the Company:			
Basic and diluted loss per share (pence) on total operations	**(0.05)**	(0.15)	(0.33)

DEEPMATTER GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share equity £'000	Share premium £'000	Merger reserve £'000	Shares to be issued reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 June 2020	**74**	**7,136**	**5,971**	**1,274**	**95**	**(6,494)**	**8,056**
Loss for the six months to 31 December 2020	-	-	-	-	-	(1,242)	(1,242)
Currency Translation differences	-	-	-	-	(35)	-	(35)
Total comprehensive loss for the six months to 31 December 2020	**-**	**-**	**-**	**-**	**(35)**	**(1,242)**	**(1,277)**
Issue of shares for cash	14	1,998	-	-	-	-	**2,012**
Deferred consideration shares issued	4	1,066	-	(1,070)	-	-	**-**
Share based payment charge	-	-	-	-	-	109	**109**
Balance at 31 December 2020	**92**	**10,200**	**5,971**	**204**	**60**	**(7,627)**	**8,900**
Loss for the six months to 30 June 2021	-	-	-	-	-	(1,379)	**(1,379)**
Currency Translation differences	-	-	-	-	(5)	-	**(5)**
Total comprehensive loss for the six months to 30 June 2020	**-**	**-**	**-**	**-**	**(5)**	**(1,379)**	**(1,384)**
Transactions with owners;							
Share based payment charge	**-**	**-**	**-**	**-**	**-**	45	**45**
Balance at 30 June 2021	**92**	**10,200**	**5,971**	**204**	**55**	**(8,961)**	**7,561**
Loss for the six months to 31 December 2021						(1,647)	(1,647)
Currency Translation differences					(43)		(43)
Total comprehensive loss for the six months to 31 December 2021					**(43)**	**(1,647)**	**(1,690)**
Transactions with owners;							
Share based payment charge	-	-	-	-	-	76	**76**
Transfer		(1,066)	1,066				**-**
Release of shares not issued				(204)		204	**-**
Balance at 31 December 2021	**92**	**9,134**	**7,037**	**-**	**12**	**(10,328)**	**5,947**
Loss for the six months to 30 June 2022	-	-	-	-	-	(1,813)	**(1,813)**
Currency Translation differences	-	-	-	-	1	-	**1**
Total comprehensive loss for the six months to 30 June 2022	**-**	**-**	**-**	**-**	**1**	**(1,813)**	**(1,812)**
Transactions with owners;							
Share based payment charge	**-**	**-**	**-**	**-**	**-**	64	**64**
Issue of shares for cash	289	2,495	**-**	**-**	**-**	-	**2,784**
Issue of shares for cash	20	180	-	-	-	-	**200**
Balance at 30 June 2022	**401**	**11,809**	**7,037**	**-**	**13**	**(12,077)**	**7,183**

DEEPMATTER GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	As at 30 June 2022 (Unaudited) £'000	As at 30 June 2021 (Unaudited) £'000	As at 31 December 2021 (Audited) £'000
Assets			
Non-current assets			
Intangible assets and goodwill	**6,106**	6,310	6,155
Investments	**3**	3	3
Property, plant and equipment	**47**	23	29
Right-of-use assets	**-**	18	-
Total Non-current Assets	**6,156**	6,354	6,187
Current assets			
Trade and other receivables	**254**	144	186
Income tax asset	**158**	45	158
Cash and cash equivalents	**1,515**	1,835	302
Total Current Assets	**1,927**	2,024	646
Liabilities			
Current liabilities			
Trade and other payables	**(716)**	(496)	(670)
Lease liabilities	**-**	(21)	-
Total Current Liabilities	**(716)**	(517)	(670)
Net current assets	**1,211**	1,507	(24)
Non-current liabilities			
Lease liabilities	**-**	-	-
Deferred tax	**(184)**	(300)	(216)
Total non-current liabilities	**(184)**	(300)	(216)
Total net assets	**7,183**	7,561	5,947
Shareholders' equity			
Called up share capital	**401**	92	92
Share premium	**11,809**	10,200	9,134
Merger reserve	**7,037**	5,971	7,037
Shares to be issued reserve	**-**	204	-
Foreign Currency Translation reserve	**13**	55	12
Retained (deficit) / earnings	**(12,077)**	(8,961)	(10,328)
Total equity attributable to shareholders of the Company	**7,183**	7,561	5,947

DEEPMATTER GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	6 months ended 30 June 2022 (Unaudited) £'000	6 months ended 30 June 2021 (Unaudited) £'000	Year ended 31 December 2021 (Audited) £'000
Cash flows from operating activities			
Operating loss from continuing operations	**(1,851)**	(1,460)	(3,270)
Profit/loss from discontinued operations	**-**	-	-
Adjustments for:			
Depreciation and amortisation charges	**246**	324	449
Share based payments charge	**65**	45	121
Operating cash outflows before movement in working capital	**(1,540)**	(1,091)	(2,700)
Decrease in inventories	**-**	-	
Decrease/(increase) in trade and other receivables	**(66)**	310	268
Increase /(decrease) in trade and other payables	**32**	(102)	72
Cash used in operations	**(1,574)**	(883)	(2,360)
Interest received	**(0)**	2	3
Taxation received	**-**	-	214
Net cash used in operating activities	**(1,574)**	(881)	(2,143)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(25)**	(17)	(25)
Capitalisation of development costs	**(173)**	-	(74)
Cash and bank in subsidiary at acquisition net of cash payment	**-**	-	-
Net cash used in investing activities	**(198)**	(17)	(99)
Cashflows from financing activities			
Proceeds from issue of share capital	**3,088**	-	-
Transaction costs arising from the issue of share capital	**(104)**	-	-
Payment of lease liabilities	**-**	(74)	(65)
Taxation received	**0**	214	-
Cash generated from financing activities	**2,984**	140	(65)
Net increase/(decrease) in cash and cash equivalents	**1,212**	(758)	(2,307)
Cash and cash equivalents at beginning of period	**302**	2,606	2,606
Effects of exchange rate changes on cash and cash equivalents	**1**	(13)	3
Cash and cash equivalents at end of period	**1,515**	1,835	302

DEEPMATTER GROUP PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

1) BASIS OF PREPARATION

The condensed interim financial statements of DeepMatter Group Plc are unaudited condensed consolidated financial statements for the six months ended 30 June 2022. These include unaudited comparatives for the six months ended 30 June 2021 together with audited comparatives for the year ended 31 December 2021.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Group's annual financial statements as at 31 December 2021. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The financial information for the year ended 31 December 2021 does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006. A copy of the audited financial statements for that year has been delivered to the Registrar of Companies. The Auditors' opinion on those financial statements was unqualified but did draw attention to timing and value of revenue and cashflows and the impact on intangibles and goodwill, in an emphasis of matter paragraph. It contained no statement under section 498(2) or section 498(3) of the Companies Act 2006.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going concern
Information on the business environment, financial position and the factors underpinning the Group's future prospects and portfolio are included in the Strategic Overview, Current Trading and Outlook and Operational Review.

The cash balance at the 30 June 2022 was £1.5m. Based on scenarios modelled, the Directors have a reasonable expectation that the Group has adequate resources to be a going concern in addition to which, the Directors may choose to fundraise or engage in other strategic arrangements.

The Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver upon its proposed revenue projections, or alternatively proposed cost reductions, there is limited headroom in the current forecasts and as such there is considered a material uncertainty which may cast doubt about the Group's ability to continue as a going concern.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the consolidated annual financial statements of DeepMatter Group Plc for the year ended 31 December 2021.

3) SEGMENTAL REPORTING

Operating Segments

The Chief Operating Decision Maker has been identified as the Chief Executive Officer ("CEO") of the company. The Group has two operating segments and the CEO reviews the Group's internal reporting which recognises these two segments in order to assess performance and allocate resources. The Group has determined its reportable segments which are also its operating segments based on these reports.

The Group currently has two operating and reportable segments being DeepMatter and InfoChem;

- DeepMatter – this segment owns, develops and is in the early stage of commercially exploiting intellectual property, software, hardware, data analysis and data collection capabilities (including machine learning).

- InfoChem – this segment develops and commercialises cheminformatics software to handle, store and retrieve chemical structures and reactions for application in pharma, life sciences and scientific publications. The segment has industry established market leading tools for the production of synthesis planning and reaction prediction solutions and the automatic extraction of scientific information from text and images.

Information regarding the operation of the reportable segments is included below. The CEO assesses the performance of the operating segments based on revenue and a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) before any allocation of Group overheads, charges for share-based payment and costs associated with acquisitions. This segment EBITDA is used to measure performance as the CEO believes such information is most relevant in evaluating the results of the segment.

The Group's EBITDA for the year has been calculated after deducting the Group overheads from the EBITDA of the two segments as reported internally. Group overheads include the cost of the Board, listing costs, all the costs of running the premises in Glasgow and Munich, Group marketing, finance, and legal and professional fees.

The segment information is prepared using accounting policies consistent with those of the Group as a whole.

The non-current assets are reviewed by the chief operating decision-maker in reviewing the carrying value of goodwill and intangibles for indicators of impairment. Segment non-current assets are measured in the same way as in the financial statements and the assets are allocated based on the operations of the segment and the physical location of the asset.

The current assets and non-current and current liabilities of the Group are not reviewed by the chief operating decisionmaker on a segment basis and therefore none of the Group's current assets and current and non-current liabilities are segmental assets and liabilities and are all unlocated for segmental disclosure purposes. For that reason, the Group has not disclosed details of these segmental assets and liabilities.

In the six-month period ended 30 June 2022, the Group had 2 customers that exceeded 10% of total revenue, being 44%, 16% and 11% (2021: 2 customers being 19% and 13%).

All segments are continuing operations.

Revenue from contracts with customers by geographic location

	6 months ended 30 June 2022 (Unaudited)			6 months ended 30 June 2021 (Unaudited)			Year ended 31 December 2021 (Audited)		
	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000
Germany	232	-	232	417	-	417	586	-	586
Switzerland	37	-	37	36	-	36	103	-	103
United Kingdom	53	-	53	97	-	97	156	-	156
USA	35	-	35	55	-	55	96	-	96
Rest of the world	321	-	321	43	-	43	70	-	70
Revenue for the period	678	-	678	649	-	649	1,011	-	1,011

The revenues reported above are both by destination and origin.

Revenue from contracts with customers by Operating Segment

	6 months ended 30 June 2022 (Unaudited)			6 months ended 30 June 2021 (Unaudited)			Year ended 31 December 2021 (Audited)		
	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000	External £'000	Internal £'000	Total £'000
DeepMatter	47	-	47	-	-	-	6	-	6
InfoChem	631	-	631	649	-	649	1,005	-	1,005
Revenue for the period	678	-	678	649	-	649	1,011	-	1,011

Loss by Operating Segment

	6 months ended 30 June 2022 (Unaudited)			6 months ended 30 June 2021 (Unaudited)			Year ended 31 December 2021 (Audited)		
	EBITDA before share based payments and acquisition costs	Depreciation, amortisation, acquisition costs & share based payments	Operating Profit/ (loss)	EBITDA before share based payments and acquisition costs	Depreciation, amortisation, acquisition costs & share based payments	Operating Profit/ (loss)	EBITDA before share based payments and acquisition costs	Depreciation, amortisation, acquisition costs & share based payments	Operating Profit/ (loss)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DeepMatter	(813)	(72)	(885)	(446)	(49)	(495)	(1,274)	(86)	(1,360)
InfoChem	157	(170)	(13)	(112)	(194)	(306)	84	(360)	(276)
Group overheads	(887)	-	(887)	(614)	-	(614)	(1,513)	-	(1,513)
Other income	-	-	-	-	-	-	-	-	-
Share based payments	-	(65)	(65)	-	(45)	(45)	-	(121)	(121)
Loss before tax and interest	(1,543)	(308)	(1,851)	(1,172)	(288)	(1,460)	(2,703)	(567)	(3,270)
Group interest and tax			38			81			244
Loss for the period			(1,813)			(1,379)			(3,026)

Group overheads, share based payments, acquisition costs, interest and tax are not allocated to segments.

Non-current assets by segment

	6 month period ended 30 June 2022 £'000	6 month period ended 30 June 2021 £'000	Year ended 31 December 2021 £'000
DeepMatter			
UK	5,584	5,518	5,520
Germany	-	-	-
InfoChem			
UK	-	-	-
Germany	569	843	664
Total non-current segment assets	6,153	6,351	6,184
Unallocated:			
Financial assets at fair value through other comprehensive income	3	3	3
Total non-current assets as per the statement of financial position	6,156	6,354	6,187

4) LOSS PER SHARE (BASIC AND DILUTED)

Basic earnings or loss per share is calculated by dividing the gain or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings or loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months ended 30 June 2022	6 months ended 30 June 2021	Year ended 31 December 2021
	(Unaudited)	(Unaudited)	(Audited)
Total operations			
Loss attributable to equity holders of the Group (£'000)	**(1,825)**	(1,376)	(3,026)
Weighted average number of dilutive shares in issue	**3,544,377,618**	922,937,821	922,937,821
Basic and diluted loss per share (pence)	**(0.05)**	(0.15)	(0.33)

Basic loss per share is based on the total loss after tax for the period and the weighted average number of ordinary shares of £0.0001 each in issue during the period. Diluted loss per share is calculated by adjusting the average number of ordinary shares in issue during the period to assume conversion of all dilutive potential ordinary shares. The Company had a total of 35,395,800 potentially issuable dilutive ordinary shares in existence at the 30 June 2022 period end; (31 December 2021: 9,748,728; 30 June 2021: 30,703,707), comprised of 35,395,800 share options. The 35,395,800 potentially issuable dilutive shares have not been included in the calculations due to their potential issuance having an effect to reduce loss per share attributable to equity holders.

5) RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemptions contained within IAS 24 – 'Related Party Disclosures' from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

Mirko Walter served on the Board of the Company as Non-Executive Directors from 9 March 2021. He is Vice President, Sales at Springer Nature and no amounts were paid to Springer Nature for his services.

The Group recognised H1 sales of £22,000 (H1 2020: £26,000) in respect of the 'Services Agreement' between InfoChem and Springer Group companies. There was £nil outstanding at the 30th June 2022 (30th June 2021: £nil.)

The Group has paid companies that are part of IP Group, a significant shareholder, £20,000 in respect of the provision of recruitment/ administrative services (H1 2020: £nil). There were no amounts outstanding at the end of the 30th June 2022 (30th June 2021: £nil).

In addition, during the period the Company paid remuneration to the Directors' in accordance with their service contracts and letters of appointment.

6) EVENTS SUBSEQUENT TO PERIOD ENDED 30 JUNE 2022

On the 28th June 2022, Deepmatter announced the acquisition of ChemIntelligence SAS, a business based in Lyon, France which uses artificial intelligence (AI) to help customers develop chemical products and reactions faster. The Initial Consideration Shares were admitted to trading on AIM on the 4th July 2022 and the acquisition successfully closed on the 11th July 2022.

Further details can be found on the RNS:

7) HALF YEAR FINANCIAL REPORT

A copy of this half year report, as well as the prior year annual statutory accounts, is available on the Company's website at www.deepmatter.io