Sensyne Health

The Clinical AI company

Interim Report 2022

Sensyne Health Interim Results

Oxford, UK 31 January 2022: Sensyne Health plc (LSE: SENS) ("Sensyne" or the "Company"), the Clinical AI company, today announces its unaudited financial results for the six months ended 31 October 2021.

Lord (Paul) Drayson PhD, CEO of Sensyne Health, commented:

"This has been a challenging period that has tested the commitment and resilience of Sensyne, its staff and its stakeholders. By focusing on building our patient database in the UK and USA, and by successfully developing and launching the SENSIGHT platform, we have continued to deliver for our customers and their patients, and strengthened the foundations for the future growth in revenues.

"Whilst our commercial progress in the year to date has been disappointing, we remain confident about the Company's long-term prospects, given the size of our database, the strength of our medical and data science expertise, the growth of our business development pipeline, and the significant interest SENSIGHT is now generating from potential customers.

"We continue to believe that maintaining public trust in the use of patient data for medical research and pharmaceutical product development is crucial, and that it depends upon transparency and fairness. Such use has the potential to save lives and reduce healthcare costs significantly. By sticking to our unique double-bottom line business model, working in partnership with the NHS and health systems in a transparent, ethical and fair way, Sensyne believes it is ideally placed to help realise the full potential of AI and Big Data to revolutionise healthcare and build a profitable and sustainable business in the long-term."

OPERATING HIGHLIGHTS

Patient data strategy

- Database of anonymised patient data has grown to approximately 48.3 million patient records through its agreements with UK and US health system partners, compared to 6.8 million records in January 2021.

- Strategic Research Agreements ("SRAs") signed with Great Ormond Street Hospital for Children and Cambridge University Hospitals NHS Foundation Trust in September and December 2021 respectively to increase total UK anonymised patient records to 12.9 million.

- Signed first SRAs in the US with Colorado Center for Personalized Medicine, St Luke's University Health Network and Sentara Healthcare, providing access to 13.4 million de-identified patient records, including access to genomic data.

- Signed strategic Teaming Agreement with OMNY Health, to enable Sensyne to contract for access to approximately 22.0 million de-identified patient records across multiple therapeutic areas.

- Increased access to Phesi Inc clinical trial data set from 13.0 million to approximately 42.0 million de-identified patient records as a result of Sensyne's equity investment in the US virtual clinical trial data company in January 2021.

SENSIGHT real world data analytics platform

- Launched SENSIGHT platform to support rapid analysis of Sensyne's real-world patient database at scale.
- Signed first commercial subscriptions for SENSIGHT including deals with Exscientia and RwHealth in December 2021.

Other

- Agreement with University of Oxford to conduct a multi-omics drug discovery research project in asthma to analyse genetic data sets to identify novel drug targets for patients with severe forms of asthma that do not respond to current standards of care.

FINANCIALS

- Total revenues of £1.0 million for the six months ended 31 October 2021 (six months ended 31 October 2020: £2.3 million).

- Research and development expenditure of £10.7 million for the six months ended 31 October 2021 (six months ended 31 October 2020: £7.4 million).

- Adjusted EBITDA loss of £14.7 million for the six months ended 31 October 2021 (six months ended 31 October 2020: £9.5 million).

- Cash used in operations of £14.7 million for the six months ended 31 October 2021 (six months ended 31 October 2020: £13.3 million).

- Operating loss of £21.0 million for the six months ended 31 October 2021 (six months ended 31 October 2020: £13.6 million).

- Cash and cash equivalents of £8.1 million at 31 October 2021 (31 October 2020: £18.6 million).

- On 26 January 2022, raised up to £11.35 million comprising a first tranche of £6.35 million (and up to a further £5.0 million by mutual consent) through the issue of loan notes and warrants. Existing cash resources of £2.5 million as on 24 January 2022 strengthened following receipt of the first tranche loan proceeds of £5.95 million on 28 January 2022.

The Company published a Circular on 26 January 2022 to approve, among other resolutions, the issue of warrants associated with the loan note financing. Shareholders' attention is drawn to the importance of voting at the General Meeting to be held on 11 February 2022 and the deadline for voting by Proxy of the 9 February 2022. The Circular is available from the Company's website.

Notes for editors:

About Sensyne Health: www.sensynehealth.com

Sensyne Health plc (LSE: SENS) is a clinical artificial intelligence company operating a unique business model - a for-profit plc making a positive social impact, sharing the financial returns it makes with health systems. The Company applies clinical AI in the healthcare and life science industries. In healthcare, Sensyne delivers remote patient monitoring and real-time decision-making systems for healthcare organisations and their patients. In life sciences, Sensyne analyses large complex anonymised data sets to help life sciences companies accelerate the development of new medicines.

Sensyne Health is listed on the AIM Market of the London Stock Exchange (SENS.L).

Forward Looking Statements

This announcement contains "forward-looking statements" which include all statements (other than statements of historical facts) including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "similar" expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

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Operating Review

Overview

During the period, the Company has been focused on its patient data strategy and the development and launch of the SENSIGHT platform, and excellent progress has been made on both fronts.

Patient Data Strategy

Sensyne made strong progress during the period with its stated aim of building a best-in-class, international database of ethically sourced, de-identified and anonymised patient data. Sensyne has continued to build on the progress made in securing new Strategic Research Agreements ("SRA") from the UK NHS and US health systems.

In September 2021, Sensyne signed a new SRA with Great Ormond Street Hospital for Children NHS Foundation Trust ("GOSH"). The purpose of the SRA is to enable the ethical application of Clinical AI research to improve paediatric clinical outcomes and accelerate research into new medicines to find new and better ways to treat rare and complex childhood diseases. The first project will focus on developing a clinical decision support algorithm to help clinicians caring for children with chronic kidney disease.

In December 2021, post the period under review, we signed an SRA with Cambridge University Hospitals NHS Foundation Trust ("CUH") to work with them on their key specialisms of cardiovascular disease, cancer and rare diseases. The CUH dataset covers three million unique patient records, with approximately one million patient contacts per year from a patient population of approximately five million people. The addition of GOSH and CUH, takes the combined total of anonymised patient data directly accessible for medical research in the UK to 12.9 million.[1]

Our efforts to apply the Sensyne model in the US has also been successful, following the signing of our first three SRAs with the US health systems St. Luke's University Health Network, the Colorado Center for Personalized Medicine and with Sentara Healthcare in Virginia and North Carolina. Together this is providing access to 13.4 million de-identified and anonymised patient records in the US. Progress in the US was further consolidated in October, with the announcement of a strategic teaming relationship with OMNY Health. The arrangement establishes a nimble framework under which Sensyne can contract for access more than 22.0 million de-identified and anonymised patient records across multiple therapeutic areas.

This brings the total of accessible patients records to 48.3 million in the UK and US from our partnerships with health systems.

This dataset, comprising high quality, deep, longitudinal sets of structured de-identified and anonymised 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. Sensyne continues to seek to expand its access to patient data including potentially with health systems in other European countries, as part of our goal to build an international data set of 100 million patient records by the end of December 2024.

In addition, following Sensyne's equity investment in the US virtual clinical trial data company Phesi Inc in January 2021, the clinical trial data set that Sensyne has contractual access to grew from 13.0 million to approximately 42.0 million de-identified clinical trial patient records.

SENSIGHT

In September 2021, Sensyne launched SENSIGHT, its global data analytics platform, to support rapid interrogation of its real-world patient database for use by both clinicians in a healthcare setting and

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[1] Access to the full number of records remains conditional on the issue of new ordinary shares in Sensyne Health to CUH, Royal Devon and Exeter NHS Foundation, GOSH, George Eliot Hospital NHS Trust and Wye Valley NHS Trust that remain subject to receipt of a s593 valuation report by the Company.

researchers in the life sciences industry, all underpinned with Sensyne's robust Information Governance ("IG") and data security architecture.

SENSIGHT aims to deliver self-service access to Sensyne's de-identified and anonymised real-world data ("RWD") and analytical tools across multiple therapy areas. The platform provides life science professionals, medical research academics and clinicians with instant access to AI research capability to analyse health insights across a curated common data environment, to inform decision making, generate deeper insights into patient care pathways and improve the speed and outcomes of clinical trials.

At launch in September 2021, SENSIGHT comprised a total of 750,000 unique patient health records drawn from a total population of 2.1 million patient records covering heart failure, stroke and selected haematological cancers. By 31 December 2021, this had grown to include nine major disease areas encompassing approximately 1.1 million unique patient records. Development will accelerate and by the end of the financial year on 30 April 2022, we expect the platform to comprise approximately 3.0 million unique records covering 15 diseases drawn from a total population of over 22.5 million patient records held on Sensyne's health system partners' electronic patient record systems.

SENSIGHT was originally conceived and developed as an analytics platform for internal use by Sensyne to scale and industrialise its offering to life science companies. Over the course of 2021, SENSIGHT has been developed into a highly-scalable customer-facing platform that has the potential to increase Sensyne's reach significantly and drive future revenue growth through its modest priced subscription fee and providing a gateway to new professional services agreements. The strength of SENSIGHT lies in the breadth and depth of its data which include electronic health records, medical images and genomic data. The platform also provides a business development gateway to larger commercial research and development projects for pharmaceutical companies.

SENSIGHT is generating significant interest from potential early adopters within the life sciences industry to support their clinical development and research activities and Sensyne is focussed on converting this interest into paid subscriptions to the platform. In December 2021, the Company entered into two commercial agreements with Exscientia and RwHealth delivering the first sizeable subscription sales for SENSIGHT. RwHealth has also become a SENSIGHT Channel Partner with the right to offer SENSIGHT to its customers.

Professional services for Life Sciences

Another key part of our offering to life science companies is the provision of professional services that leverages our expertise in data science and AI to use patient data to improve the speed and reduce the cost of pharmaceutical R&D.

The business development pipeline continues to grow, with an increased number of negotiations ongoing. In October 2021, it was reported there were over 25 opportunities in the pipeline. This figure has now increased to more than 75 opportunities with: i) over half of the top 10 pharma companies (defined by revenue) plus biotech companies and contract research organisations; ii) all current and former customers; iii) geographically diverse potential customers from the US, Europe and Asia; and iv) functions across the entire pharmaceutical R&D process from drug discovery, through clinical development, to post marketing surveillance.

The Company has faced some significant commercial headwinds including contract delays as a result of the COVID-19 pandemic continuing to impact decision making in pharma companies and increased competition. These factors are slowing the conversion of this strengthened pipeline into commercial agreements. Some competitors claim to offer direct access to patient data, which is counter to Sensyne's ethical model and Information Governance policies. Sensyne continues to believe that patient data should never be sold or shared directly with life science companies and that the Company's strategy to be the 'docking station' between health data providers and the pharmaceutical industry is the correct strategy to ensure that patient trust in the pharmaceutical R&D process is maintained.

MagnifEye

At the end of the last financial year, Sensyne developed and launched MagnifEye, a new software application which uses the Company's deep expertise in the use of AI to analyse medical images to automate the accurate reading of lateral flow diagnostic tests, with a first application to COVID-19 antigen testing.

MagnifEye leverages a smartphone's camera capabilities, reading and interpreting faint lines on lateral flow test ("LFTs") images to increase the ability to identify positive tests, reduce fraudulent tests and support infection control efforts. Importantly the technology is also anticipated to identify COVID-19 cases with low viral load which may have been missed by a human reader. MagnifEye also has applicability beyond COVID-19 to a wide range of industrial applications, both clinical and non-clinical.

In May 2021, 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.

MagnifEye was exclusively licensed to Excalibur Healthcare Services Limited ("EHS") in February 2021 for use with lateral flow diagnostic tests. In October 2021, EHS received European regulatory certification (which includes the UK) for its 'Test-To-Go' COVID-19 antigen testing system which includes the Excalibur LFT and 'Test to Go app', which is powered by MagnifEye.

On 25 January 2022, post period end, the Company and EHS agreed to amend the terms of the Licence and Development Agreement such that EHS' licence to use MagnifEye became non-exclusive with immediate effect. The Company will continue to receive a royalty on sales made by EHS, but guaranteed minimum royalties are removed. Sensyne is now seeking additional commercial partners for MagnifEye.

Formal Sale Process update

On 2 November 2021, the Company announced the launch of a strategic review and commencement of the formal sale process ("FSP"). The Company provided an update on the FSP on the 14 January 2022 and will make further updates on the status of the FSP as and when appropriate.

Financing update

The Company had been seeking funding from a number of different sources and on 26 January 2022, Sensyne announced the successful completion of a financing to raise up to £11.35 million. This funding comprises a first tranche of £6.35 million and an additional tranche of £5.0 million by mutual consent through the issue of loan notes and warrants to existing institutional shareholders and Peel Hunt. These funds, combined with its existing cash resources of £2.5 million on 24 January 2022, are expected to fund the business through the ongoing FSP.

Commercial update and revenue outlook

Whilst the financial performance in the year to date has been disappointing, Sensyne remains confident about the Company's long-term prospects, given the significant growth in our patient database, the strength of our medical and data science expertise, our increasing business development pipeline and the successful development and launch of SENSIGHT.

Whilst the total contract value of professional services agreements that may be signed by the end of the financial year exceeds £29 million, there remains significant uncertainty over the timing of when or if these agreements will be signed. Currently, the Company believes up to approximately £26 million could be recognised in the current financial year, but this is entirely contingent on customers signing contracts in the near term. Whilst the Company's short term financing needs have been addressed through the loan note financing, new customers may still wait for clarification of the Company's financial position prior to confirming such orders and therefore this revenue figure could be very materially lower.

The Company was therefore pleased to sign a Master Services Agreement ("MSA") with an existing pharmaceutical company customer recently. This MSA is expected to provide a framework to support the signing of new revenue-generating professional services agreements from within the current business development pipeline.

Sensyne continues to believe that maintaining public trust in the use of patient data for commercial medical research and pharmaceutical product development, depends upon transparency, privacy and fairness. Such use has the potential to save lives and reduce healthcare costs significantly. By sticking to our unique business model, working in partnership with the NHS and international health systems in a transparent, ethical and fair way, Sensyne is ideally placed to help realise the full potential of AI to revolutionise healthcare and build a profitable and sustainable business in the long-term.

Financial review

Revenue

Group revenue for the six months ended 31 October 2021 decreased by £1.3 million to £1.0 million (HY21: £2.3 million). Revenue primarily consisted of a MagnifEye contract with Department for Health and Social Care, a life science agreement with the pharmaceutical company Bristol Myers Squibb and an uptake in sales of GDm-Health, the Company's remote patient monitoring app for gestational diabetes, following the end of the free to use period in the prior year.

Gross profit

Gross profit for the six months ended 31 October 2021 has decreased by £0.8 million to £0.5 million (HY21: £1.3 million) due to the decrease in revenues.

There was a decline in the gross margin relative to revenues to 44.0% (HY21: 57.5%). This was driven by a year-on-year change in sales mix of agreements with life science clients, which yield varying profit margins.

Operating expenses

Operating expenses for the six months ended 31 October 2021 increased by £6.6 million to £21.5 million (HY21: £14.9 million). The increase is a result of growth in commercial infrastructure to support our strategic goals and in preparation for the launch of the SENSIGHT analytics platform and ambition to build substantial revenues through growth in SENSIGHT subscriptions. This has resulted in an increase in average monthly number of employees, including executive directors, to 158 (HY21: 108).

Research and development expenditure, excluding amounts capitalised, increased by £3.3 million to £10.7 million (HY21 £7.4 million). This increase was primarily due to the continued investment in the research and development of our SENSIGHT analytics platform, expansion of our real-world datasets, and an ongoing investment in our remote patient monitoring applications, SENSE platform and MagnifEye technology.

Excluding depreciation and amortisation, research and development costs increased to £8.5 million (HY21: £6.8 million) which was mainly due to higher headcount.

Capitalisation of development expenditure increased to £0.8 million (HY21: £0.2 million) due to the development of the SENSIGHT analytics platform, which was launched in September 2021.

Sales and marketing expenditure increased by £1.2 million to £1.8 million (HY21: £0.6 million), which was due to the assembly of a specialist SaaS sales team to support the commercialisation of SENSIGHT.

Other general and administrative expenditure, which includes corporate and central support teams, increased by £3.1 million to £9.0 million (HY21: £5.9 million). The increase is driven by an increase in headcount to support the growth and development of the Group's products and technology platform. There have also been increased costs relating to higher professional fees to support ongoing corporate activities of the Group.

Adjusted EBITDA loss

Adjusted EBITDA loss is stated before interest, taxation, depreciation, amortisation, impairment of intangible assets, share-based payments, impairment and share of losses in relation to the joint venture and exceptional items.

Adjusted EBITDA loss for the period increased by £5.2 million to £14.7 million (HY21: £9.5 million) driven primarily by the increased costs described above.

Operating loss

The reported operating loss for the period was £21.0 million (HY21: £13.6 million).

The amortisation of intangible assets of £3.7 million (HY21: £2.2 million) includes £3.3 million related to acquiring intangible assets primarily related to 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. Amortisation of £0.4 million (HY21: £0.4 million) relates to other intangible assets and primarily related to acquired and internally developed software.

Share based payment expenses for the period increased by £1.7 million to £2.1 million (HY21: £0.4 million) primarily due to an award of units to executive directors and qualifying senior management under the Company's Value Creation Plan in April 2021. In May 2021, there was also a grant of share options to certain employees under the Company's Share Option Plan.

Cash flow

The Group had net cash outflows of £15.5 million for the six months ended 31 October 2021 (HY21: £13.1 million). The most significant movements relate to net cash flows used in operating activities of £14.7 million, which tracks the adjusted EBITDA set out above and our management of working capital.

Cash flows used in investing activities has increased to £1.6 million (HY21: £0.4 million), which was principally driven by the acquisition of intangible assets with the addition of a new SRA for Colorado Center for Personalized Medicine of £0.5 million and capitalisation of development costs of £0.8 million related to SENSIGHT.

Statement of financial position

Cash and cash equivalents at 31 October 2021 were £8.1 million (31 October 2020: £18.6 million).

Share capital

There are no changes to share capital during the six month period under review.

Post balance sheet events (also see note 7)

On 26 January 2022, the Company announced it had completed a financing to raise up to £11.35 million. The financing comprises an immediate tranche of £6.35 million and an additional tranche of £5.0 million by mutual consent, through the issue of loan notes and warrants to institutional shareholders and Peel Hunt. These funds, combined with its existing cash resources of £2.5 million on 24 January 2022, are expected to fund the business through the ongoing FSP. The Company received proceeds of £5.95 million from the first tranche of the loan on 28 January 2022.

The structure of the financing is a loan note, repayable at 1.25 times the loan note value, together with warrant coverage of 12.7% of the issued share capital for the first tranche of £6.35 million and 5.0% of the issued share capital for the second tranche. The warrants have an exercise price of the nominal value of 10p per Ordinary Share. Under the terms, the loan note is redeemable 364 days after the initial tranche is received and early repayment is allowed.

On 25 January 2022, the Company announced it had ceased to pursue monies due under contract from a customer and as of this date a charge arising from an impairment of financial assets of approximately £4.0 million (comprising trade receivables and unbilled receivables) has been written off to the statement of comprehensive income. Due to the nature of the arrangement, which was not known at 31 October 2021, this is reported as a material non-adjusting post balance sheet event.

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 31 October 2021

	Note	*Six months to 31-Oct-21 Unaudited £'000*	*Six months to 31-Oct-20 Unaudited £'000*	*Year to 30-Apr-21 Audited £'000*
Revenue	3	**1,031**	**2,318**	**9,095**
Cost of sales		(577)	(985)	(3,190)
Gross profit		**454**	**1,333**	**5,905**
Research and development expenses		(10,661)	(7,390)	(16,013)
Sales and marketing expenses		(1,828)	(619)	(1,794)
Other general and administration expenses		(8,987)	(5,936)	(15,013)
Other general and administration expenses – exceptional items		-	(977)	(1,068)
Other income		-	-	130
Operating loss		**(21,022)**	**(13,589)**	**(27,853)**
Finance costs		(166)	(173)	(340)
Finance income		74	10	42
Share of loss of joint ventures accounted for using the equity method		(8)	(57)	(285)
Loss before taxation		**(21,122)**	**(13,809)**	**(28,436)**
Income tax credit		-	-	915
Loss for the period attributable to equity owners of the parent Company		**(21,122)**	**(13,809)**	**(27,521)**
Currency translation differences		(16)	(9)	57
Total comprehensive loss for the year attributable to the equity owners of the Parent Company		**(21,138)**	**(13,818)**	**(27,464)**

Adjusted EBITDA loss				
Operating loss for the year		**(21,022)**	**(13,589)**	**(27,853)**
Exceptional items		-	977	1,068
Amortisation of intangible assets		3,745	2,248	4,911
Impairment of intangible assets		-	-	97
Depreciation of property, plant and equipment		382	341	700
Depreciation of right of use assets		66	66	134
Impairment of investment accounted for using equity method		(8)	-	182
Share-based payments		2,131	425	846
Adjusted EBITDA loss		**(14,706)**	**(9,532)**	**(19,915)**

Loss per share attributable to owners of the parent Company during the period				
Basic and diluted loss per share from continuing operations (£)	2	**(0.13)**	**(0.11)**	**(0.20)**

The notes 1 to 7 are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position
As at 31 October 2021

	Note	As at 31-Oct-21 Unaudited £'000	As at 31-Oct-20 Unaudited £'000	As at 30-Apr-21 Audited £'000
Non-current assets				
Intangible assets	4	23,225	12,952	25,455
Property, plant and equipment		733	1,222	1,005
Right of use assets		1,418	1,550	1,484
Investment in joint venture		-	410	-
Financial assets at fair value through other comprehensive income		2,324	-	2,324
		27,700	**16,134**	**30,268**
Current assets				
Trade and other receivables		6,355	3,425	7,212
Corporation tax credit for research and development		-	-	940
Cash and cash equivalents		8,064	18,565	23,574
		14,419	**21,990**	**31,726**
Current liabilities				
Trade and other payables		(5,327)	(5,293)	(7,030)
Contract liabilities		(251)	(249)	(146)
Provisions		(406)	-	-
Short-term lease liability		(392)	(392)	(392)
		(6,376)	**(5,934)**	**(7,568)**
Net current assets		**8,043**	**16,056**	**24,158**
Total assets less current liabilities		**35,743**	**32,190**	**54,426**
Non-current liabilities				
Long-term lease liability		(1,622)	(1,688)	(1,654)
Provisions		(39)	(33)	(35)
Long-term liabilities		(635)	-	(3)
		(2,296)	**(1,721)**	**(1,692)**
Net assets		**33,447**	**30,469**	**52,734**
Equity				
Share capital	5	16,480	12,857	16,480
Share premium account	5	91,356	59,485	91,356
Other reserves		(83,909)	(86,227)	(85,744)
Retained earnings		9,520	44,354	30,642
Total equity		**33,447**	**30,469**	**52,734**

The notes 1 to 7 are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 October 2021

	Note	*Share capital £'000*	*Share premium £'000*	*Other reserves £'000*	*Retained earnings £'000*	*Total £'000*
At 30 April 2020 (Audited)		**12,857**	**59,485**	**(86,643)**	**58,163**	**43,862**
Loss and total comprehensive loss for the period		-	-	-	(13,809)	(13,809)
Exchange difference on translation of foreign operations		-	-	(9)	-	(9)
Share-based payment charge		-	-	425	-	425
At 31 October 2020 (Unaudited)		**12,857**	**59,485**	**(86,227)**	**44,354**	**30,469**
Loss and total comprehensive loss for the period		-	-	-	(13,712)	(13,712)
Exchange difference on translation of foreign operations		-	-	66	-	66
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		-	-	417	-	417
At 30 April 2021 (Audited)		**16,480**	**91,356**	**(85,744)**	**30,642**	**52,734**
Loss and total comprehensive loss for the period		-	-	-	(21,122)	(21,122)
Exchange difference on translation of foreign operations		-	-	(16)	-	(16)
Share-based payment charge		-	-	1,851	-	1,851
At 31 October 2021 (Unaudited)	5	**16,480**	**91,356**	**(83,909)**	**9,520**	**33,447**

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on the issue.

Other reserves include share option reserve, translation reserve and share reconstruction reserve.

The notes 1 to 7 are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Cash Flows

For the six-months ended 31 October 2021

	Six months to 31-Oct-21 Unaudited £'000	*Six months to 31-Oct-20 Unaudited £'000*	*Year to 30-Apr-21 Audited £'000*
Loss before taxation	**(21,122)**	**(13,809)**	**(28,436)**
Finance costs	166	173	340
Finance income	(74)	(10)	(42)
	(21,030)	**(13,646)**	**(28,138)**
Amortisation of intangible assets (note 4)	3,745	2,248	4,911
Impairment of intangible assets	-	-	97
Depreciation of property, plant and equipment	382	341	700
Depreciation of right of use assets	66	66	134
Share of loss of joint ventures accounted for using the equity method	8	57	285
Impairment of investments accounted for using equity method	(8)	-	182
Share-based payments	2,131	425	846
Operating loss before working capital movements	**(14,706)**	**(10,509)**	**(20,983)**
(Increase)/Decrease in trade and other receivables	857	(376)	(4,188)
Increase/(Decrease) in trade and other payables	(1,703)	(1,993)	(287)
(Decrease)/Increase in contract liabilities	105	-	(72)
Increase/(Decrease) in long-term liabilities	352	-	-
Increase/(Decrease) in provisions	410	(394)	(392)
Cash used in operations	**(14,685)**	**(13,272)**	**(25,922)**
Tax credit received	940	820	820
Finance income received	74	10	42
Finance costs paid	(4)	-	(9)
Total net cash outflow used in operating activities	**(13,675)**	**(12,442)**	**(25,069)**
Investing activities			
Purchase of property, plant and equipment	(110)	(142)	(284)
Purchase of other intangible assets (note 4)	(1,515)	(299)	(5,562)
Payments for financial assets at fair value through other comprehensive income	-	-	(2,324)
Cash flows used in investing activities	**(1,625)**	**(441)**	**(8,170)**
Financing activities			
Proceeds from the issue of share capital	-	-	27,462
Financing and share issue costs	-	-	(1,968)
Payments against lease liability	(194)	(202)	(394)
Net cash outflow from financing activities	**(194)**	**(202)**	**25,100**
Net decrease in cash and cash equivalents	**(15,494)**	**(13,085)**	**(8,139)**
Cash and cash equivalents at the start of the period	23,574	31,657	31,657
Effect of foreign exchange rate change	(16)	(7)	56
Cash and cash equivalents at the end of the period	**8,064**	**18,565**	**23,574**

The notes 1 to 7 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 October 2021

1. Summary of 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 AIM segment of the London Stock Exchange. The address of its registered office is 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 Condensed Consolidated Interim Financial Statements were approved for issue on 30 January 2022.

The financial information for the six months ended 31 October 2021 is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 but has been reviewed in accordance with ISRE 2410 by the Group's statutory auditors. The Group's statutory financial statements for the year ended 30 April 2021 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

Basis of preparation

The Report has been prepared solely to provide additional information to shareholders as a body to assess the Board's strategies and the potential for those strategies to succeed. It should not be relied on by any other party or for any other purpose.

The Report contains certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the Report. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.

The Report has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. The Report should be read in conjunction with the annual consolidated financial statements for the year ended 30 April 2021 which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The same accounting policies and presentation that were applied in the preparation of the Group's statutory accounts for the year to 30 April 2021 have also been applied to the interim consolidated financial statements with the exception of the policy for taxes on income, which in the interim period is accrued using the estimated effective tax rates for the year on profits before tax before adjustments, with the tax rates applied to the adjustments being established on an individual basis for each adjustment.

The figures shown for the year to 30 April 2021 are based on the Group's statutory accounts for that period and do not constitute the Group's statutory accounts for that period as defined in Section 434 of the Companies Act 2006. These statutory accounts, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, have been filed with the Registrar of Companies. The audit report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under Sections 498 (2) or (3) of the Companies Act 2006.

For the year to 30 April 2022 the annual financial statements will be prepared in accordance with IFRS as adopted by the UK Endorsement Board. This change in basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in company law. There is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

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.

Going concern

The information in these Condensed Consolidated Interim Financial Statements has been prepared on a going concern basis. The Group is reliant on generating revenue from commercial contracts and / or securing external financing to fund its ongoing operations.

In assessing the appropriateness of the going concern assumption, the Board has considered the availability of external funding in conjunction with the potential operating cash requirements of the Group. On 26 January 2022, the Group announced it had closed a financing of up to £11.35 million through the issue of loan notes and warrants. The loan funding comprises an immediate drawdown of a first tranche of £6.35 million and an additional tranche of £5.0 million, available by mutual consent. The Loan notes are redeemable at 1.25 times their par value and have a maturity date which is 364 days following the date of utilisation of the first tranche; the first tranche was received on 28 January 2022.These additional funds, combined with the existing cash and equivalents and revenues under contract are expected to fund the Group through the ongoing FSP.

Long-term financial forecasts and cashflows have been prepared that extend beyond the 12-month period from the date of approval of these Condensed Consolidated Interim Financial Statements. These financial forecasts are predicated on receiving the full loan proceeds (net of adviser and legal fees) but do not include the receipt of any other funding that may arise, including from the ongoing FSP.

The base forecast has been prepared using the assumptions in the Group's budgeted growth forecast. It includes achievement of our expected revenue forecast, an appropriate expansion of staff and commercial resources, continuing investment in the development of our existing product portfolio, and the ability of the Group to re-finance any outstanding loan obligations as they fall due. Based on these assumptions, the Group has adequate financial resources to meet its liabilities for at least 12 months from the date of this interim statement.

The Group is however subject to a number of risks and material uncertainties similar to those of any other development stage group company in the life sciences and healthcare sectors. These risks and material uncertainties include the rate of conversion of the professional services life science pipeline of opportunities into revenue generating contracts, securing sales subscriptions to its SENSIGHT platform, the Group's ability to draw down the additional £5.0 million of loan finance and its subsequent ability to repay all of the drawn down funds under the terms of the loan agreement, and the outcome of the ongoing FSP that may or may not provide additional capital for the Group.

In the case where the Group was unable to generate any new revenues from life science professional services or SENSIGHT subscriptions, and/or was unable to draw down the second tranche of the loan, and/or was unable to refinance its loan obligations, it would need to seek alternative sources of external funding to support its operations through a combination of some, or all, of the following: equity offerings, the ongoing FSP, collaborations, strategic alliances, grants, debt financings, and marketing, distribution of licensing arrangements. There can however be no assurances that funds from these sources would be available on a timely basis, on acceptable terms 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.

New accounting standards and policies

The following Standards, with an effective date of 1 January 2021 and 1 April 2021 respectively, have been adopted without any significant impact on the amounts reported in these financial statements:

- Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- Amendments to IFRS 16: COVID-19-Related Rent Concessions.

Critical accounting judgements and sources of estimation uncertainty

The preparation of Condensed Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 30 April 2021 apart from the additional policy outlined below:

Significant judgement – timing of initial recognition of IP licences

The IP licence component of each Strategic Research Agreements is initially accounted for as an intangible asset in accordance with IAS 38 'Intangible Assets'.

Significant judgement is required by management to determine the point of time in which the initial intangible asset is recognised by the Group.

Management deem that point of time to be when control over the asset is acquired. Control can only be obtained once access is provided to the information by the Partner and therefore can be reasonably judged to have any rights over the information. Management considers control can be demonstrated once on-boarding procedures to establish access to the anonymised core datasets and data transfer protocols are completed.

2. Loss per share

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

	Six months to 31-Oct-21 Unaudited	*Six months to 31-Oct-20 Unaudited*	*Year to 30-Apr-21 Audited*
Weighted average number of shares in issue for the purpose of basic and adjusted loss per share	**164,799,139**	**128,571,514**	**139,218,819**
Loss attributable to equity owners of the parent Company (£'000)	(21,122)	(13,809)	(27,521)
Basic loss per share (£)	**(0.13)**	**(0.11)**	**(0.20)**

As net losses were recorded in the six months ended 31 October 2021 and in each of the comparative periods, the dilutive potential shares are anti-dilutive and therefore were excluded from the loss per share calculation.

3. Segmental operations

In accordance with IFRS 8, the Group's operating segments are based on the information reviewed by the Chief Operating Decision Maker ("CODM") who is responsible for allocating resources and assessing performance. In the previous half and full financial year, the Group comprised two operating segments: Healthcare and Life Sciences, with costs shared between the segments not allocated to individual segments for decision making purposes, categorised as Corporate and Support. The CODM was identified as Chief Executive Officer, Chief Financial Officer and the divisional managing directors.

In the current year it has been determined that the Group has one reportable segment. Internal management reports are provided to the CODM, represented by the Chief Executive Officer and Chief Financial Officer, based on one reporting segment and performance is assessed across the Groups performance. The key financial performance indicators for the Group are provided in the financial highlights and are not segmentally driven. Management believe that these measures are the most relevant in evaluating the performance of the Group and for making resource allocation decisions.

4. Intangible Assets

	Software licenses £'000	Other licences £'000	Development costs £'000	Patents and trademarks £'000	Total £'000
At 30 April 2021					
Cost	124	35,531	2,490	504	38,649
Accumulated amortisation	(106)	(11,342)	(1,565)	(181)	(13,194)
Net book value	18	24,189	925	323	25,455
Six months ended 31 October 2021					
Opening net book value	18	24,189	925	323	25,455
Additions	152	528	777	58	1,515
Amortisation charge	(12)	(3,314)	(382)	(37)	(3,745)
Closing net book value	**158**	**21,403**	**1,320**	**344**	**23,225**
At 31 October 2021					
Cost	276	36,059	3,267	562	40,164
Accumulated amortisation	(118)	(14,656)	(1,947)	(218)	(16,939)
Net book value	**158**	**21,403**	**1,320**	**344**	**23,225**

In the six months ended 31 October 2021, development costs of £777,000 have been capitalised in relation to the development of the SENSIGHT platform.

In the six-months ending 31 October 2021, the Group capitalised £528,000 in respect to the SRA with Colorado Centre for Personalised Medicine, bringing the Groups total capitalised SRAs to nine at the end of the period. For more information on amounts capitalised in the year ended 30 April 2021, please see Sensyne Health Plc Annual Report 2021.

5. Share Capital

	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**

	Share capital £'000	Share premium £'000
At 31 October 2020 (Unaudited)	**12,857**	**59,485**
At 30 April 2021 (Audited)	**16,480**	**91,356**
At 31 October 2021 (Unaudited)	**16,480**	**91,356**

6. Related parties

There were no significant changes in the nature and size of related party transactions for the period to those reported in the Annual Report and Accounts 2021.

7. Subsequent events

AIM settlement

On 30 November 2021, the Company announced that it had agreed settlement terms with the London Stock Exchange for a public censure and fine of £580,000, discounted to £406,000 for early settlement (and is now paid), for historical breaches of AIM rules 13 and 31 in relation to the payment of certain IPO bonuses in 2018. A provision of £406,000 plus legal fees reimbursed to the London Stock Exchange has been included in current provisions as of 31 October 2021.

CUH SRA agreement

On 3 December 2021, the Company announced that it had signed a five-year, non-exclusive SRA with Cambridge University Hospitals NHS Foundation Trust ("CUH"). Under the terms of the agreement the Trust will receive 4,285,714 ordinary shares in Sensyne Health plc subject to receipt of a Section 593 valuation report by the Company. CUH will also receive from Sensyne an investment of up to £350,000 per year over the five-year term of the contract for specific ongoing investments in information technology to enable the ethical curation and analysis of de-identified data under the SRA. The Trust will receive a royalty on revenues that are generated by Sensyne from the research undertaken under the SRA. The financial return CUH receives from Sensyne will be reinvested back into the NHS to enhance patient care. The Trust 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.

Impairment of financial assets

On 25 January 2022, the Company announced it had ceased to pursue monies due under contract from a customer and as of this date a charge arising from an impairment of financial assets of approximately £4.0 million (comprising trade receivables and unbilled receivables) has been written off to the statement of comprehensive income. Due to the nature of the arrangement, which was not known at 31 October 2021, this is reported as a material non-adjusting post balance sheet event.

Loan financing

On 26 January 2022, the Company completed a financing to raise up to £11.35 million through the issue of loan notes and warrants to institutional shareholders and Peel Hunt. The loan comprised an initial tranche of £6.35 million and an option by mutual consent to draw down an additional £5.0 million. The loan notes have a maturity date which is 364 days following the date of utilisation of the initial tranche and allows early repayment. The total redeemable amount is 1.25 times the principal amount irrespective on when it is repaid. The initial loan note has warrant coverage to subscribe to 20,929,491 ordinary shares representing 12.7% of the Company's current issued share capital and the second tranche (if drawn down) has warrant coverage to subscribe to 8,239,957 ordinary shares representing 5.0% of the Company's current issued share capital. The warrants provide the loan note holder an option to buy ordinary shares in the Company at its nominal value of 10 pence per ordinary share.

Sensyne Health

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