1 June 2021

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DeepMatter Group Plc
("DeepMatter" or the "Company" or "Group")

Final results for the year ended 31 December 2020

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DeepMatter Group Plc (AIM: DMTR), the AIM-quoted company focusing on digitising chemistry, is pleased to announce its audited financial results for the year ended 31 December 2020.

Financial Highlights
· Revenues of £1.3m (2019: £1.2m)
· Loss for the year £2.4m (2019: £3.0m)
· Cash as at 31 December 2020 of £2.6m (31 December 2019: £2.6m)
· Fundraise in July 2020 raising gross proceeds of £2.2m, enabling further investment in the Group's sales and marketing to support its long-term objectives

Operational Highlights
· 50% of the world's Top 10 pharmaceutical organisations using DeepMatter products
· 300% growth in the number of trials of DeepMatter products, 18% growth in user numbers
· Growing awareness of the need to digitalise chemistry and labs, driving increased market interest in the Group's offering reflected in the announcement of a three-year contract with Thieme Chemistry, an award-winning international medical and science publisher and deployments of DigitalGlassware® within life sciences companies and academic institutions
· Productivity gains with DigitalGlassware® were demonstrated by a study with o2h, with the average yield 50% greater and average errors reduced by 80%
· Strengthening of team through key hires at management and Board level including a new Chief Financial Officer and new Chair, providing an enhanced structure to capitalise on the growth opportunity as the disruption to the pharma industry of COVID-19 reduces

Post-Period Highlights and Outlook
· Expanded geographic reach into the US via a co-distribution agreement with North American-based Elemental Machines
· Demonstrated the monetising of our data with a multi-year, data licensing agreement signed with the Life Science business of Merck
· The Group has made progress in the year in developing its user base, particularly within Contract Research Organisations ('CRO'), Academic segments, and continues to see healthy growth in its pipeline
· The accelerating integration of science with technology provides a positive long-term opportunity for DeepMatter and the Board looks to the future with confidence

Mark Warne, CEO of DeepMatter, said: "*I am pleased to report that we achieved notable strategic successes and have entered 2021 in a strong position despite the uncertainty created in 2020 by the impact of Covid-19. We will continue to build on the momentum of the second half of 2020 in the current year with sales to the pharmaceutical industry and scientific publishers, whilst targeting the CRO and academic sectors who are proving to be the most successful early adopters of our platform.*

"*We are encouraged by our growing base of committed recurring revenues and an increased pipeline of opportunities. Our increased sales and marketing capability is delivering results, and we have a strengthened financial basis on which to grow. We therefore look forward to the ongoing execution of our growth strategy.*"

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About DeepMatter Group plc

DeepMatter is building and commercialising the most powerful data platforms, to enable scientists to easily perform and optimise chemical reactions, by increasingly integrating chemistry with technology. Ultimately this will allow the greater use of artificial intelligence and reaching a point where chemicals can be autonomously synthesised through robotics.

Visit: www.deepmatter.io and follow @deepmattergroup

Chair's Statement

I was delighted to be appointed Chair of the Board of this exciting business in November 2020. With an innovative offering, much needed by its industry, a growing roster of blue-chip customers and a passion for great chemistry, I believe DeepMatter has a significant opportunity ahead.

This has, of course, been a challenging year for all. However, I am pleased to report that the Group made significant progress towards its vision to digitise chemistry. Having successfully completed the foundation development of the proprietary DigitalGlassware® platform and integration of the InfoChem offerings following its acquisition in 2019, the focus in 2020 was on the commercialisation of the Group's technologies. This focus delivered growth in user numbers, the development of strategic partnerships and the first steps towards the monetising of the Group's data collections.

Increasingly supportive market environment

While COVID-19 significantly disrupted the pharma industry, it has also, as with many industries, shone a light on the need for accelerated digitalisation. Typically, in scientific, evidence-based industries, the collection, structuring and sharing of data has taken place in siloed environments, leaving scientists un-empowered to capitalise on the wealth of knowledge created in economically important fields such as drug discovery and development. Digital transformation in recent years had started to lower data sharing barriers on a modest level, however the shift to remote working and increased social distancing as a response to the COVID-19 pandemic has accelerated the rate in which technology is being incorporated into the day-to-day workings of a laboratory. The possibilities to digitally impart knowledge and hands-on experiences in the laboratory to another person, without the requirement of physical proximity, is more attainable now that the industry has been forced to adapt and experience it first-hand.

Throughout the year we have seen an increased awareness of the benefits technology can lend to drug discovery and this trend will only gain further traction in the coming years, providing a growing opportunity for DeepMatter's product offerings and technology platform.

A passion for great science

The passion of the team at DeepMatter is the driving force for this business. Their commitment and genuine passion for improving productivity and discovery of chemical reactions that contribute towards the development of new medicines makes them a great team to be a part of and resonates strongly with our customers. The team swiftly adapted to working remotely in March 2020, continuing to support our customers, develop our offerings, secure new customers and forge new partnerships. On behalf of the Board I would like to thank every single team member for their efforts during the year.

Expansion of the Board's expertise

As well as my appointment in November 2020, the Board's expertise was further expanded during the year with the appointment of Fraser Benson, as Chief Financial Officer and post-period end, the appointment of Mirko Walter as Non-Executive Director. Both Fraser and Mirko bring a wealth of knowledge in their specific fields, with Fraser having accounting experience and exposure to fast-growing software businesses, whilst Mirko's experience in sales and the scientific sector resonates with DeepMatter's long-term strategic goal to commercialise the digitisation of chemistry. Through this strengthening of the Board's expertise, DeepMatter comprises an excellent mix of leadership skills and experience to take the business to the next phase of growth.

Positive Outlook

The Group has a steady base of recurring revenues, a healthy financial position and a clear strategy for growth. The long-term opportunity for DeepMatter is extremely positive, with market conditions indicating the integration of science with technology is accelerating, with the potential to revolutionise the industry. The Group has made progress in the year in developing its user base, particularly within Contract Research Organisations and academic segments, and continues to see healthy growth in its pipeline. The Board therefore looks to the future with confidence.

Karen Bach

Non-Executive Chair

28th May 2021

Chief Executive's Statement

I am pleased to report the Group has made considerable strategic and operational progress in the year against a challenging market backdrop. Through a year of major disruption for all industries, but notably for those engaged in laboratory sciences, we maintained our close relationships across our industry and academic customers, grew our user base and partnerships, paving the way for

accelerated future growth. Group revenue increased 10% to £1.3m (FY19: £1.2m), and the careful management of our cost base resulted in a narrowing of losses by 19% to £2.4m (FY19: £3.0m). We closed the year with healthy cash balances of £2.6m.

Strategy: unlocking the power of data in the lab

Our core objective is to integrate chemistry with technology to improve productivity and drug discovery for scientists in any industry where chemicals are manufactured. Following the impact of the Covid-19 pandemic, never has this been more relevant than now. The digital laboratory is leading to a fundamental change in how data is stored, retrieved, analysed and shared in the laboratory environment. It involves integration, innovation, automation and business intelligence and our cloud-based platform, DigitalGlassware®, is at the forefront of this change where we have seen 50% increases in average yield and 80% reduction in errors when using the platform.

Expanded platform for growth

At DeepMatter, we build and sell products that make it easier for scientists to collect scientific data then structure and clean this data allowing them to use it to gain valuable insights. The Group has a range of software, Internet of Lab Things and data products designed to help scientists to easily perform and optimise chemical reactions, to improve productivity and discovery. These products are sold on a recurring revenue model globally, to Pharma, Biotech, Contract Research Organisations, Agri-Sciences and Scientific Publishers. DeepMatter also owns chemical structure and reaction databases plus data generated by the DigitalGlassware® platform which it also sells to these organisations. Since 2018 DigitalGlassware® has collected 4.3 billion sensor readings, capturing over 6.3 years of chemistry with over 700 individual chemistry runs.

Owing to what we have experienced in 2020, the market opportunity for integrating chemistry with technology has grown immensely and the direction of travel for lab automation and the digitisation of chemistry remains clear. As labs across the world move away from outdated and inefficient processes, there is an increasing recognition of the speed, efficiency, and lower costs offered by the increased integration of innovative technology with the life sciences, providing a supportive market environment for DeepMatter.

During the year we have focused on acquiring more users, expanding our sales and marketing capabilities, initiating both technology and distribution partnerships and monetising our data. With each trial of DigitalGlassware® we learn more regarding its benefits and best methods of implementation and will continue to refine these in the year ahead.

Growing our users

The Group grew revenue by securing more expert users of its retrosynthesis software IC*SYNTH*, whilst engaging with new customers for our DigitalGlassware® software. By the end of the year, 50% of the world's Top 10 pharmaceutical organisations were trialing or using DeepMatter products. The number of trials of Group products increased by 300% and overall, the Group's user numbers grew by 18% year-on-year.

Contracts secured in the year included a three-year contract with Thieme Chemistry, which is part of the Thieme Group, an award-winning international medical and science publisher, and a deployment of DigitalGlassware® with Cancer Research UK Beatson Institute Drug Discovery Unit.

As the pharma industry continues to seek the means to reduce risk and increase flexibility in their cost-base, we see a growing opportunity in the Contract Research Organisations (CRO's) segment, to whom pharma outsource their research services. Data sharing between these entities across the globe is paramount and the ability of our cloud-based DigitalGlassware® platform to allow chemists to share data in real-time, anywhere in the world means it is ideally suited to meet these data sharing needs. We have expanded our presence in this segment in the year and will continue to do so.

Expanding our sales and marketing capabilities

As pharmaceutical companies begin to embed digitisation across their R&D functions we have recently appointed a dedicated Sales Lead for the Group, alongside our Group Marketing function and are actively pursuing initiatives to increase our sales and marketing footprints in the US, Europe and other geographies, such as India and China as well as other sectors such as CRO's and Agrisciences.

During 2020 we rebranded DeepMatter and brought InfoChem under the DeepMatter brand umbrella whilst focusing on increasing our social engagement and increasing our web traffic by 117%. With a strengthened sales and marketing function, we now have the resources to reach the top 100 global pharmaceutical companies and beyond.

We continued to build relationships with Key Opinion Leaders in the academic sector, that will ultimately create both marketing and IP value in the medium term targeting the big digitisation units in the UK with a focus on DigitalGlassware®.

Initiating technology and distribution partnerships

To ensure the quality of the data within our platform, we continue to expand the range of third-party integrations available in DigitalGlassware®, including hardware sensors, LC-MS and Electronic Lab Notebooks and in 2020 we were delighted to announce plans to interface our DigitalGlassware® platform with the Waters Corporation UNIFI™ Scientific Information System, enhancing the quality and accessibility of data for chemists worldwide.

As well as technology partnerships the success of our efforts to expand our customer base and the userbase of DigitalGlassware® through our network of partners can also be seen in the post-period signing of a co-distribution and marketing agreement with Elemental Machines, expanding our footprint in the US.

The value of DigitalGlassware®

DigitalGlassware® provides value in several ways: making chemistry more reproduceable, cutting the costs of that chemistry, increasing the ability to share data and increasing the ability to interrogate data through AI and machine learning, thereby aiding faster drug discovery.

During 2020 we conducted some chemistry with o2h Discovery at their integrated drug discovery platform operating from a state-of-the-art research centre in India, to show DigitalGlassware's value, specifically around improving the reproducibility of a reaction.

We took an industrially relevant reaction to show how the integrated DigitalGlassware® platform defined the method in a standardised, shareable format, then captured and analysed the data allowing the reaction to be modified and optimised.

The two chief findings of this study were that the average reaction yield was significantly increased, and the variability greatly decreased, when using DigitalGlassware®, compared with traditional methods. Directly comparing the reaction runs using the two methods, the average yield was 50% greater when using DigitalGlassware®, with the average errors reduced by 80%.

We are excited by this incredibly strong validation of the platform and believe this data will be a powerful marketing tool for us in 2021.

Increased Data collection and interrogation and monetization

Our Data Science team are now investigating the data captured from the o2h trial and are using Machine Learning algorithms to gain new insights in areas such as optimisation and yield prediction. Ultimately, we are looking at monetising our aggregated data and believe it will lead to novel IP.

In January 2021 we announced a data licensing agreement with the Life Science business of Merck to provide proprietary chemical structure and reaction data content to Merck's selected application, a further example of the monetising of our data.

Supportive market environment

Covid-19 measures have prompted an increase in interest levels in the ability to digitally collect and remotely share scientific data. Automated chemistry has moved up the priority list for many companies. Automated chemistry and digital data collection and sharing, have the potential to transform our industry, not only increasing productivity, but serving to ensure knowledge and experience can be imparted to the next generation, under whatever circumstances the 'next normal' looks like.

This Digital transformation was in train prior to the Covid-19 pandemic, nevertheless the ability to use digital technologies to discover new (therapeutic) molecules and rapidly share data cross-border is likely now considered prophetic.

We have also seen growing interest in the area of sustainable chemistry, with organisations increasing their investment in this area in order to identify means to reduce the impact on the environment from chemical processes. This is a growing area of opportunity for our platforms, to enable faster investigation and closer collaboration across teams in this research.

Current Trading & Outlook

While revenue growth in the year under review was dampened by the immediate impacts of the Covid-19 pandemic on our industry, we achieved notable strategic successes and have entered 2021 in a strong position. We will continue to build on the momentum of the second half of 2020 in the current year, particularly targeting the CRO and academic sectors who are proving to be the most successful early adopters of our platform.

We have a growing base of committed recurring revenues and an increased pipeline of opportunities. Our increased sales and marketing capability is delivering results, and we have a strengthened financial basis on which to grow. We therefore look forward to the ongoing execution of our growth strategy.

Mark Warne
Chief Executive Officer
28th May 2021

Chief Financial Officer's review

The Group has produced a solid set of financial results, delivering revenue growth and managing the cost base while continuing to invest in our products and laying the foundations for future growth. At the same time, we have continued to integrate the InfoChem business, ensuring cross Group experience is shared and that functional teams work to share knowledge and form a flexible pool of resource.

Revenue

Revenue for the year of £1.3m (2019: £1.2m) represents year-on-year growth of 10%. Growth is driven by DigitalGlassware® from sales and paid trials. InfoChem revenue held up well, posting revenue growth despite the COVID pandemic. The number of new IC*SYNTH* paid evaluations in the second half of the year indicates the pathway to future revenue growth.

Operating Performance

As a group, product R&D and building sales and marketing capability have been two key areas of focus in 2020.

·   R&D costs of £1.6m in 2020 (2019: £1.8m) in addition to which, £0.3m of IC*SYNTH* development was capitalised in the year. This reflects the continued functionality enhancements being added to DigitalGlassware® and the step change delivered to the ICSYNTH product.

·   General and Administration expenses rose slightly to £2.0m (2019: £1.9m) as sales and marketing saw investment as the Group looked to build capability for the next stage of commercialisation of DigitalGlassware®.

·   The Group has been reactive to the COVID 19 pandemic, making use of Government employment schemes in both the UK and Germany for a time and managing costs throughout the year.

Capitalised Software

In addition to further development of the DigitalGlassware® platform, a significant enhancement was made to the IC*SYNTH* product. The development work on IC*SYNTH* has been capitalised. A total of £0.3m was capitalised which will be amortised over two years.

Result

The Group incurred a total loss after tax for the year ended 31 December 2020 of £2.41 million compared to a loss of £2.98 million in the previous year.

Cash

The Group's overall cash position remained stable year-on-year. This is the combination of the £2.2m gross fund raise in July 2020 offsetting the continued investment in product development and operating costs.

Net Assets

The Group continues to benefit from a solid financial position with net assets at 31 December 2020 of £8.90 million compared to £9.08 million at 31 December 2019.

Financing Activities

The company raised gross proceeds of £2.2m after placing shares at a price 1.5p in July 2020. The successful placing showed that a mix of new and existing investors were willing to back the next phase of the group's development, funding the move from R&D stage towards commercialisation.

The Consolidated Financial Statements have been prepared for the year to 31 December 2020.

Key Group financial performance indicators are set out below:

	31 December 2020	31 December 2019
Net assets (£ million)	8.90	9.08
Net asset value per share (pence)	0.96	1.23
Total loss after tax (£ million)	(2.41)	(2.98)
Basic loss per share from continuing operations (pence)	(0.30)	(0.43)
Cash and short-term deposits with banks (£ million)	2.61	2.61

Fraser Benson

Chief Financial Officer

28th May 2021

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Continuing operations		
Revenue from contracts with customers	**1,319**	1,196
Cost of providing services	**(433)**	(667)
Gross profit	**886**	529
Research and development costs	**(1,596)**	(1,787)
Share based payments	**(167)**	(278)
Administrative costs	**(1,980)**	(1,850)
Other income	**187**	-
Operating loss	**(2,670)**	(3,386)
Finance income - net	**13**	23
Loss before tax	**(2,657)**	(3,363)
Taxation	**244**	346
Loss from continuing operations	**(2,413)**	(3,017)
Discontinued operations		
Profit from discontinued operations	**-**	22
Profit on disposal of discontinued operations	**-**	14
Net result from discontinued operations	**-**	36
Loss for the year	**(2,413)**	(2,981)
Other comprehensive income		
Amounts which may be reclassified to profit or loss		
Currency translation differences on foreign operation	53	7
Total comprehensive loss for the year attributable to:		
The Company's equity shareholders	**(2,360)**	(2,974)
Loss per share attributable to the equity holders of the Company:		
Basic and diluted loss per share from continuing operations (pence)	**(0.30)**	(0.43)

Consolidated Statement of Financial Position
As at 31 December 2020

	At 31 December 2020 £'000	At 31 December 2019 £'000
Assets		
Non-current assets		
Intangible assets and goodwill	**6,517**	6,633
Investments	**3**	3
Plant and equipment	**25**	41
Right-of-use assets	**61**	182
	6,606	6,859
Current assets		
Trade and other receivables	**454**	432
Income tax asset	**214**	172
Cash and cash equivalents	**2,606**	2,607
	3,274	3,211
Liabilities		
Current liabilities		
Trade and other payables	**(598)**	(464)
Lease liabilities	**(64)**	(123)
	(662)	(587)
Net current assets	**2,612**	2,624
Non-current liabilities		
Lease liabilities	**-**	(61)
Deferred tax	**(318)**	(341)

Total non-current liabilities				(318)			(402)
Total net assets				**8,900**			**9,081**

Shareholders' equity							
Called up share capital				**92**			74
Share premium				**10,200**			7,136
Merger reserve				**5,971**			5,971
Shares to be issued reserve				**204**			1,274
Foreign currency translation reserve				**60**			7
Retained deficit				**(7,627)**			(5,381)
Total equity attributable to shareholders of the Company				**8,900**			**9,081**

The financial statements were approved by the Board of Directors on 28 May 2021 and were signed on its behalf by:

Fraser Benson
Chief Financial Officer
Company Number: 05845469

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Shares to be issued reserve £'000	Foreign currency translation reserve £'000	Total equity £'000
Balance at 31 December 2018	**55**	**3,287**	**5,334**	**(2,678)**	**204**	**-**	**6,202**
Loss for the year to 31 December 2019	-	-	-	(2,981)	-	-	(2,981)
Currency translation differences	-	-	-	-	-	7	7
Total comprehensive loss for the year to 31 December 2019	**-**	**-**	**-**	**(2,981)**	**-**	**7**	**(2,974)**
Transactions with owners:							
Issue of shares for cash	16	3,849	-	-	-	-	3,865
Shares to be issued and issuable on acquisition of subsidiary	3	-	637	-	1,070	-	1,710
Share based payment charge	-	-	-	278	-	-	278
Balance at 31 December 2019	**74**	**7,136**	**5,971**	**(5,381)**	**1,274**	**7**	**9,081**
Loss for the year to 31 December 2020	-	-	-	(2,413)	-	-	(2,413)
Currency translation differences	-	-	-	-	-	53	53
Total comprehensive loss for the year to 31 December 2020	**-**	**-**	**-**	**(2,413)**	**-**	**53**	**(2,360)**
Transactions with owners:							
Issue of shares for cash	14	1,998	-	-	-	-	2,012
Deferred consideration shares issued	4	1,066	-	-	(1,070)	-	-
Share based payment charge	-	-	-	167	-	-	167
Balance at 31 December 2020	**92**	**10,200**	**5,971**	**(7,627)**	**204**	**60**	**8,900**

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000

Cash flows from operating activities		
Operating loss from continuing operations	**(2,670)**	(3,386)
Operating profit from discontinued operations	**-**	29
Depreciation and amortisation charges	**580**	558
Share based payments charge	**167**	278
Operating cash outflows before movement in working capital	**(1,923)**	(2,521)
Decrease in inventories	**-**	74
(Increase) in trade and other receivables	**(22)**	(51)
Increase /(decrease) in trade and other payables	**134**	(247)
Cash used in operations	**(1,811)**	(2,745)
Interest received	**17**	28
Net cash used in operating activities	**(1,794)**	(2,717)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(6)**	(12)
Capitalisation of intangible assets	**(277)**	-
Cash and bank in subsidiary at acquisition net of cash payment	**-**	265
Net cash (used in) / generated by investing activities	**(283)**	253
Cash flows from financing activities		
Proceeds from the issue of share capital	**2,151**	4,005
Transaction costs arising from issue of share capital	**(138)**	(140)
Payment of lease liabilities	**(129)**	(107)
Taxation received	**172**	289
Net cash generated by financing activities	**2,056**	4,047
Net increase in cash and cash equivalents	**(21)**	1,583
Cash and cash equivalents at beginning of year	**2,607**	1,086
Effects of exchange rate changes on cash and cash equivalents	**20**	(62)
Cash and cash equivalents at end of year	**2,606**	2,607

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

A full copy of the Company's 2020 Annual Report is now available on the Company's website at www.deepmatter.io under the Investor Relations/Annual & Interim Reports section and will shortly be posted to shareholders. This contains on page 68, a Notice of the Annual General Meeting, to be held at St Brandon's House, 29 Great George Street, Bristol, BS1 5QT at 13:00 p.m. on Thursday 24 June 2021.

The health of the Company's shareholders and its employees is of paramount importance. Due to the COVID-19 crisis, shareholders are required to follow the latest Government guidance in respect of public gatherings and therefore are instructed that they should not attend the AGM in person but instead submit their votes by proxy, with all votes to be routinely dealt with by way of a poll. Shareholders may ask questions in advance of the meeting by emailing AGM@deepmatter.io, with responses to be set out on the Company's investor website at www.deepmatter.io following the publication of the results of the AGM. Questions must be received no later than 13.00 p.m. on Tuesday 22 June 2021.

The Board of Directors approved this announcement on 28 May 2021. Whilst the financial information included in this preliminary announcement has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS'), this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS and does not constitute statutory accounts of the Company for the years ended 31 December 2020 or 31 December 2019.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 December 2020 and 31 December 2019. The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 December 2020 and 2019; the reports were unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006. In their report on the statutory accounts for the year ended 31 December 2020 and 2019, the auditor drew attention to the disclosures concerning going concern and the existence of a material uncertainty, the valuation of goodwill, intangible assets and investment in the subsidiaries including

intercompany receivables.

The statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies, and those for the year ended 31 December 2020 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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