

12 April 2019

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

Final results for the year ended 31 December 2018

DeepMatter Group Plc, (AIM: DMTR), the AIM-listed company focusing on digitizing chemistry, announces its audited financial results for the year ended 31 December 2018.

Highlights:

- Pioneer Programme successfully launched, with our technology deployed with a total of seven organisations across three continents
- Mark Warne appointed as CEO
- Loss of £1.92 million after tax (2017: loss £1.46 million)
- Cash and short term deposits at 31 December 2018 of £1.09 million (2017: £3.27 million)
- Net assets at 31 December 2018 of £6.20 million (2017: £8.11 million)

Post-period highlights:

- Acquisition of InfoChem GmbH, a specialist in cheminformatics, from global publisher Springer Nature, for a total consideration of £2.03 million
- Bettina Goerner, Managing Director, Databases, at Springer Nature, was appointed to the DeepMatter board as a Non-Executive Director, on completion of the InfoChem acquisition
- Share placing at 2.5 pence per share raised gross cash proceeds of £4.0 million

Mark Warne, CEO of DeepMatter, said:

"It has been a transformational year for the Company, having successfully delivered on what we set out to do with our Pioneer Programme. I'm pleased to say our technology is now deployed on a trial basis with several of the world's premier scientific organisations, with good engagement. Post-period end, the Company has gone on to complete the key strategic acquisition of InfoChem and completed an oversubscribed fundraising.

Building upon our experiences within the 2018 Pioneer Programme, the Company is now focused on deploying its technology to an increasingly larger user base; incorporating robust cheminformatic capabilities enabled by the recent InfoChem acquisition; and progressing to the direct monetisation of the platform. Alongside this the Company has begun to identify unique chemistry insights, which we will use to create intellectual property and share with the wider scientific community in due course, as further proof of the validity of the platform."

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Introduction

On behalf of the Board, I am pleased to be able to report on such a transformative year for DeepMatter Group Plc ("DeepMatter Group" or "the Group"), with the Group making significant strides in progressing its strategy to digitize chemistry.

During the year, we rebranded and strengthened the management team with the appointment of a new CEO, Mark Warne, to take the Group forward through its next phase of growth. Under Mark's leadership, the Group has successfully executed on the first stage of its strategy, with its technology now deployed on a trial basis with several of the world's premier scientific organisations. Post-period end, the Group completed the key strategic acquisition of InfoChem and the Group's largest fundraising.

We are very pleased to be reporting on this rapid pace of progress, which is in line with the Group's expected timeline for this stage of the growth strategy. The achievements made over the year have strengthened the Group technically, operationally and financially as we focus on building the credibility, awareness and understanding of the DigitalGlassware™ platform before rolling it out in full to the broader scientific community.

Vision and Strategy Update

DeepMatter Group's aim is for the use of its software platform to become truly integral to research and process chemistry, providing those involved with a cost-effective, easy-to-use solution that will save them significant time, effort and money. The research industry is ripe for modernisation, becoming more open to adopting new disruptive solutions, having reached a point where the use of digitisation and big data at scale is viable. The Group is confident its technology, positioning and capability mean that it is able to capitalise on this opportunity.

In the near term, the Group is delivering an integrated software, hardware and machine learning enabled platform, DigitalGlassware™, to scientists across research and process development sectors. This process has now begun with the Pioneer Partner trials, described in more detail below.

The DigitalGlassware™ platform allows experiments to be accurately and systematically recorded, coded and entered into a shared data cloud. The platform is designed to enable scientists to collaborate effectively; sharing the details of their experiments from anywhere and in real-time. This ensures that work is not needlessly duplicated, time and money wasted, and ultimately new discoveries can be made faster.

Building upon its experiences with the DigitalGlassware™ Pioneer Programme, the Group is now focused on deploying its technology to an increasingly large user base; incorporating robust cheminformatic capabilities enabled by the recent InfoChem acquisition; and progressing to the direct monetisation of the platform. Alongside this, the Group has begun to identify unique chemistry insights, which it will both use to create intellectual property and also begin to share with the wider scientific community in due course, as further proof of the validity of the platform.

The Group's vision is to progress its platform to the point where it enables the use of artificial intelligence in chemistry, ultimately to the stage where chemicals can be synthesised autonomously through robotics operating on the DeepMatter platform.

DigitalGlassware™ platform deployment

During 2018, the Group partnered with, and continues to work with, a total of seven organisations across three continents for its DigitalGlassware™ Pioneer Programme (the "Pioneers"). The seven Pioneers include multinational life science companies, research institutions and leading academic institutions. We are pleased with the level of engagement seen with the technology from trial users so far.

To date, the DigitalGlassware™ platform has been used to collect data from over 900 days (2.5 years) of chemistry research across over 1,100 individual experimental runs. Data has been collected and structured, comprising nearly 9 billion sensor readings over 221 million samples. Of the most frequently

used synthetic reaction types in medicinal chemistry*, more than 50 per cent. are now represented in the DigitalGlassware™ platform.

This data will be subjected to machine learning methodologies that will form the basis of intellectual property to be protected by the Group.

InfoChem Acquisition, Placing and associated Board Appointment

In December 2018, the Group announced that it had agreed to acquire the entire issued share capital of InfoChem GmbH, a specialist in cheminformatics, from global publisher Springer-Verlag GmbH ("Springer Nature"). The total consideration was a maximum of £2.031 million satisfied as to £0.321 million (€0.374 million) in cash and up to 68,400,000 new ordinary shares in the capital of the Group. The Group also announced its intention to raise new capital by way of a proposed placing of new Ordinary Shares to further finance ongoing DigitalGlassware™ technology development, including integration of cheminformatics capabilities, user and partner support, marketing, data science, manufacture and for working capital requirements of the enlarged Group. The placing was ultimately oversubscribed, with the Group raising £4.0 million and the acquisition completed in March 2019.

InfoChem, based in Munich, Germany, has extensive scientific expertise and a long tradition in developing successful software solutions for handling and retrieval of structures and reactions. With an established base of users, which are in the same industries as those being targeted by the Group, the acquisition will accelerate the Group's strategy by providing cost effective access to established data sources and chemical information software tools, assisting in the accelerated development of the DigitalGlassware™ platform, as well as providing specialist staff, recurring revenues and an additional sales channel.

Bettina Goerner, Managing Director, Databases, at Springer Nature, was appointed to the DeepMatter Board as a Non-Executive Director, on completion of the acquisition.

**as reported in the frequently cited publication by Brown and Boström of pharmaceutical company AstraZeneca in the Journal of Medicinal Chemistry 59, 4443 (2016)*

SICM Divestment

In January 2019, DeepMatter Group announced that Group company OpenOLabs Limited ("OpenOLabs") had disposed of Scanning Ion Conductance Microscope ("SICM"), by way of an asset purchase agreement.

The Group acquired OpenOLabs in 2017 to secure access to some of its key technology assets, specifically those used to integrate equipment in a laboratory, a capability the Group had always intended to include in its DigitalGlassware™ platform. With this objective complete, the remainder of the OpenOLabs business, being non-core to the Group's continuing operations, was sold for cash to Scientific Digital Imaging Plc.

Scientific Publications

Scientific credibility of the Group's approach, ultimately an important factor in the Group's industry engagements, has been underpinned by relevant high-profile publications, Nature, Science and PNAS, by the Group's Founding Scientific Non-Executive Director, Professor Lee Cronin FRSE FRSC, and the granting of patents assigned to the Group under its agreement with the University of Glasgow.

Change of Group Name and Re-branding

In May 2018, to better represent its vision and strategy, the Group rebranded as DeepMatter Group Plc. The change has been received well by the Group's stakeholders, commercial partners and the wider industry.

Board Changes

The Group announced in June 2018 that Mark Warne would join the Group full time as Chief Executive Officer. Having been a Non-Executive Director of the Group, I assumed the role of Non-Executive Chairman on an interim basis whilst the search for a new Non-Executive Chairman was undertaken. This search remains in process. We are confident that we now have in place the strength and depth of management required.

We have today announced further changes to the Board, as we seek to optimise our structure for

streamlined strategic and operational execution, while retaining the wealth of industry knowledge and insight of our Directors. The changes are:

- Lauren Lees, currently Financial Controller, will be appointed to the Board as Financial Director, taking effect as of 28 June 2019.
- Michael Bretherton, current Financial Director, will step down from the Board as of 28 June 2019, allowing for an orderly handover.
- David Cleevely, Non-Executive Director, will step down from the Board and become Chairman of the Advisory Committee, with immediate effect
- Professor Lee Cronin, Founding Scientific Non-Executive Director, will also step down from the Board and join the Advisory Committee, with immediate effect

The function of DeepMatter's Advisory Committee is to develop the Group's strategy and proposition in an innovative, interdisciplinary context while the Board increasingly focuses on operational and strategic delivery.

Financial Review and Corporate Governance

The Group incurred an operating loss for the year ended 31 December 2018 of £2.0 million (2017: loss from operations of £1.58 million) which after tax and discontinued operations of SICM, resulted in an overall after-tax loss of £1.92 million (2017: loss of £1.46 million).

The Group held cash balances at 31 December 2018 of £1.09 million (2017: £3.27 million). The £2.18 million decrease during the year is mainly attributable to the research and development and overhead expenditure costs associated with the continuing operations of the Group. Cash was also spent in funding SICM's losses ahead of the planned sale of the business. Subsequent to the year end, the successful placing in March 2019 contributed an additional £4.0 million to the Group's cash balances.

As required by AIM Rule 26, the Group adopted the Quoted Companies Alliance (QCA) Code as of 28 September 2018. The Group's corporate governance statement in relation to the QCA Code can be viewed on the Group's investor webpage at <http://www.deepmattergroup.com/content/investor/governance.asp>

Prior to the formal adoption of the QCA Code, the Group adhered to good corporate governance which it deemed appropriate for the size and nature of the Group.

Outlook

Our DigitalGlassware™ platform brings code, structure and order into the chemistry lab environment and enables recordable, shareable, reproduceable chemistry whilst also championing speed, simplicity and unhindered discovery.

The Group is progressing well with its DigitalGlassware™ Pioneer Programme and is focused in 2019 on driving deployment with key opinion leaders; delivering the first complete site rollouts to early adopters. The platform is expected to progress during the year as the cheminformatics capabilities are integrated and the expanding dataset demonstrates its value.

James Ede-Golightly

Non-Executive Chairman

11 April 2019

Company Number: 05845469

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	Year to 31 December 2018 £'000	Year to 31 December 2017 £'000
Continuing operations		
Revenue	-	-
Research and development costs	(1,399)	(1,224)
Share based payments	(6)	(1)
Administrative costs	(600)	(356)
Operating loss	(2,005)	(1,581)
Finance income	12	22
Loss before tax	(1,993)	(1,559)
Income tax credit	180	137
Loss from continuing operations	(1,813)	(1,422)
Discontinued operations		
Loss from discontinued operations	(104)	(42)
Loss and total comprehensive loss for the year	(1,917)	(1,464)
Loss and total comprehensive loss for the year attributable to:		
The Company's equity shareholders	(1,917)	(1,464)
Loss per share attributable to the equity holders of the Company:		
Basic and diluted loss per share (pence) on continuing operations	(0.33)	(0.27)
Basic and diluted loss per share (pence) on total operations	(0.35)	(0.28)

Consolidated Statement of Financial Position
As at 31 December 2018

	At 31 December 2018 £'000	At 31 December 2017 £'000
Assets		
Non-current assets		
Intangible assets and goodwill	4,914	4,958
Investments	3	3
Plant and equipment	29	31
	4,946	4,992
Current assets		
Inventories	74	10
Trade and other receivables	152	127
Income tax asset	289	-
Cash and cash equivalents	1,086	3,265
	1,601	3,402
Liabilities		
Current liabilities		
Trade and other payables	(345)	(281)
Net current assets	1,256	3,121
Net assets	6,202	8,113
Equity and liabilities		
Shareholder's equity		
Called up share capital	55	55
Share premium	3,287	3,287
Merger reserve	5,334	5,334
Shares to be issued reserve	204	204
Share based payments reserve	7	1
Retained (deficit) / earnings	(2,685)	(768)
Total equity attributable to shareholders of the Company	6,202	8,113

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Share equity £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Share based payment reserve £'000	Shares to be issued reserve £'000	Total equity £'000
Balance at 31 December 2016	53	3,287	4,880	696	-	-	8,916
Total comprehensive loss for the year to 31 December 2017	-	-	-	(1,464)	-	-	(1,464)
<i>Transactions with owners:</i>							
Shares issued and issuable on acquisition of subsidiary	2	-	454	-	-	204	660
Share based payment charge	-	-	-	-	1	-	1
Balance at 31 December 2017	55	3,287	5,334	(768)	1	204	8,113
Total comprehensive loss for the year to 31 December 2018	-	-	-	(1,917)	-	-	(1,917)
<i>Transactions with owners:</i>							
Share options exercised	-	-	-	-	-	-	-
Share based payment charge	-	-	-	-	6	-	6
Balance at 31 December 2018	55	3,287	5,334	(2,685)	7	204	6,202

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Year to 31 December 2018 £'000	Year to 31 December 2017 £'000
Cash flows from operating activities		
Operating loss from continuing operations	(2,005)	(1,581)
Operating loss from discontinued operations	(213)	(42)
Depreciation and amortisation charges	59	14
Share based payments charge	6	1
Operating cash outflows before movement in working capital	(2,153)	(1,608)
(Increase) in inventories	(64)	(1)
(Increase) in trade and other receivables	(25)	(80)
Increase in trade and other payables	64	27
Cash used in operations	(2,178)	(1,662)
Interest received	12	22
Taxation received	-	137
Net cash used in operating activities	(2,166)	(1,503)
Cash flows from investing activities		
Purchases of property, plant and equipment	(13)	(24)
Cash and bank in subsidiary at acquisition	-	3
Net cash used in investing activities	(13)	(21)
Net decrease in cash and cash equivalents	(2,179)	(1,524)
Cash and cash equivalents at beginning of year	3,265	4,789
Cash and cash equivalents at end of year	1,086	3,265

Notes

A full copy of the Company's 2018 Annual Report is now available on the Company's website at www.deepmattergroup.com under the Investor Relations/Annual & Interim Reports section and will shortly be posted to shareholders. This contains on page 41, a Notice of the Annual General Meeting, to be held at the Offices of IP Group Plc, Floor 9, The Walbrook Building, 25 Walbrook, London EC4N 8AH on 22 May 2019 at 11.00 am.

The Board of Directors approved this announcement on 11 April 2019. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, 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 2018 or 31 December 2017.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 December 2018 and 31 December 2017. The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 December 2018 and 2017; 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 2018, the auditor drew attention to the disclosures concerning the valuation of goodwill, intangible asset platform and investment in the subsidiaries. In their report on the statutory accounts for the year ended 31 December 2017 the auditor drew attention to the valuation of goodwill, intangible asset platform and investment in the subsidiaries.

The statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies, and those for the year ended 31 December 2018 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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