renalytix™ | Right here, until kidney disease isn't™

Renalytix plc
Annual Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Index

OPERATIONAL PROGRESS

In the year ended 30 June 2022 ("FY22") and the immediate post-period, the Company saw KidneyIntelX expand within the Mount Sinai Health System and launch at Wake Forest Baptist Health, CDPHP, VA medical centers and among independent primary care physicians.

A full electronic health record (EHR) integrated deployment of KidneyIntelX with population health support in the Mount Sinai Health System has now yielded actionable reports on nearly 5,000 patients and growing. Utility results from our first real-world deployment at scale is yielding key evidence of the benefits of KidneyIntelX, particularly at the all-important primary care level. Patients and doctors are now clearly seeing benefits in the short-term from advanced risk assessment and follow-on action early in the disease cycle. Our experience with our physician-led health insurance partner, Capital District Physicians' Health Plan (CDPHP), in upstate New York has been equally robust.

Implementing with the veterans' affairs (VA) medical system has been slower than planned due to the complexities in introducing a new test and integrating its use into the VA system. However, we have now begun to overcome implementation hurdles and are beginning to see an increasing number of orders and corresponding testing volumes. We remain convinced that KidneyIntelX will play an important role nationally in the VA system which serves an estimated one million veterans with diabetes and kidney disease. Again, insurance coverage remains in place with a nationwide 10-year government insurance contract for KidneyIntelX payment throughout the VA system.

Expert experience is reflected in the design of the KidneyIntelX test report and the newly launched product website: www.kidneyintelx.com. We believe our education and support program will be an important resource to help inform and improve care for early-stage DKD patients and support future hospital system deployments of KidneyIntelX in the United States and abroad, which we believe could be achieved more rapidly as a result of the knowledge we have derived from our hospital system implementations to date.

Financing

In July 2019, we raised gross proceeds of $17.3 million in a follow-on financing on the AIM market, and in July 2020, we raised an additional $85.1 million in gross proceeds through an offering and concurrent dual-listing on the Nasdaq Global Market in the U.S.

In March 2022, we announced the completion of a financing package yielding $26.8 million in gross proceeds for the Company. The financing included an $8.8 million equity subscription plus $21.2 million principal amount of convertible bonds (net cash proceeds of $18 million). We are pleased to have achieved the financing in an extremely challenging capital market environment, which we believe illustrates the strength of our kidney disease testing, monitoring and informed care advantages.

Clinical Evidence

Over the past few years, we have published and presented validation, utility and health economics data supporting KidneyIntelX adoption. Of particular note is the growing body of real-world utility evidence building on KidneyIntelX clinical reporting in different institutions through several thousand patients. Examples of published evidence includes:

Initial Forum	Cohort	Findings	Publication
ADA 81st Scientific Sessions 2020	Mount Sinai & UPenn (n=1,146)	KidneyIntelX more accurately predicted progressive kidney function decline and kidney failure than clinical metrics alone	Diabetologia 2021;64, 1504–1515
NKF Spring Clinical Meeting 2020	Simulation in patients with DKD stages 1-3b (n=100,000)	Analyses supported payer coverage for early-stage risk assessment and care management in the primary care office; projects significant savings from KidneyIntelX testing at primary care	Journal of Medical Economics 2021;24:972-982
ADA 82nd Scientific Sessions 2021	CANVAS (n=1,325)	KidneyIntelX algorithm published in Diabetologia and currently deployed commercially accurately predicted progression of DKD in this multinational clinical trial cohort	American Journal of Nephrology 2022;53:21–31
ISN World Congress of Nephrology 2021	CANVAS (n=1,026)	KidneyIntelX can be effective at monitoring therapeutic response and improvements in kidney health over time in adults with type 2 diabetes and DKD	American Journal of Nephrology 2022;53:21–31

NKF Spring Clinical Meetings 2021	PCPs (n=401)	KidneyIntelX test had greater relative importance than albuminuria and eGFR to PCPs in making treatment decisions and was second only to eGFR for nephrologist referrals.	American Journal of Managed Care 2022;28:In Press
ASN Kidney Week 2021	Mount Sinai RWE Cohort	KidneyIntelX testing enhanced patient understanding about kidney disease and revealed substantial motivation to take appropriate actions and receive further education for their kidney health.	Journal of the American Society of Nephrology 32: 2021
ISN World Congress of Nephrology 2022	Sinai/Penn (n=1,146)	KidneyIntelX provided robust prognostic information for future eGFR trajectories and adverse kidney outcomes beyond prior ascertainment of baseline kidney function, injury, or historical kidney function trajectories.	Kidney International Reports 2022; 7, S1–S436
ADA 83rd Scientific Sessions 2022	CANVAS (n=1,325)	KidneyIntelX provided risk stratification for a triple composite end point that included not only the kidney-specific outcome of progression, but also clinically relevant outcomes of hospitalizations for heart failure and all-cause mortality, even after adjusting for several other risk factors for these outcomes.	Kidney360 2022, 3;1599-1602
ADA 83rd Scientific Sessions 2022	Mount Sinai RWE Cohort (n=1,112)	KidneyIntelX showed utility in driving guideline appropriate use of therapies, including SGLT-2 inhibitors and RAAS inhibitor use, and timely consultation to specialists in high-risk patients.	Pending
ASN Kidney Week 2022	Systematic Review and Meta-analysis (n=129 studies)	Systematic review and meta-analysis to summarize the prognostic value of preclinical plasma and urine biomarkers for CKD outcomes (incident CKD, CKD progression, or incident ESKD), including 129 studies in the meta-analysis. Pooled risk ratios (RRs) and 95% confidence intervals (Cis) among some of the most studied CKD biomarkers were 2.17 (1.91 to 2.47) for TNFR1 (31 studies); 2.07 (95% CI, 1.82 to 2.34) for TNFR2 (23 studies); 1.51 (95% CI, 1.38 to 1.66) for KIM-1 (18 studies).	Journal of the American Society of Nephrology 2022, 33:1657-1672
ADA – American Diabetes Association; NKF – National Kidney Foundation; ASN – American Society of Nephrology; ISN – International Society of Nephrology; RWE – Real world evidence; DKD – diabetic kidney disease			

Intellectual Property

The U.S. Patent and Trademark Office allowed claims extending the use of one of KidneyIntelX's primary blood biomarkers, sTNFR1, to all patients with diabetes to determine an increased risk of developing progressive kidney disease or kidney failure. We have also completed rights to additional patent applications for use with KidneyIntelX. We continue to build out our intellectual property portfolio and are actively evaluating in-licensing opportunities that will enhance our competitive product positioning.

Current trading and Outlook

Building KidneyIntelX into a standard of care in the United States and a global market with 850 million people with chronic kidney disease requires extensive data production, regulatory approvals, physician and patient education, and of course, comprehensive reimbursement. While it sometimes seems this set of milestones takes a long time to accomplish, we are reminded that Renalytix is still a young company that received its first funding less than four years ago. To have achieved real insurance coverage for KidneyIntelX testing in the complex U.S. market in such a short time we believe is extraordinary. We believe that since the data is comprehensive and showing clear benefit, acceleration of adoption is likely to continue to occur. The social need could not be higher to establish innovative preventative medicine strategies such as KidneyIntelX at the front-end of diabetes and kidney disease.

Operational progress continued into the first quarter of fiscal 2023 with over 1,200 tests performed. More than 80% of these were billable, yielding about $1.0 million revenue for the quarter. These are record amounts for us in quarterly testing volumes and revenue.

We greatly appreciate the patience and continued support of our shareholders through these unusual times.

Christopher Mills

Christopher Mills
Chairman

James R. McCullough
Chief Executive Officer

Company Overview

PIONEERING NEXT-GENERATION TECHNOLOGY SOLUTIONS FOR KIDNEY HEALTH

Renalytix is the global founder and leader in the new field of bioprognosis™ for kidney health. The Company has engineered a new solution that enables early-stage chronic kidney disease progression risk assessment. The Company's lead product, KidneyIntelX, has been granted Breakthrough Designation by the U.S. Food and Drug Administration (FDA) and is designed to help make significant improvements in kidney disease prognosis, transplant management, clinical care, patient stratification for drug clinical trials, and drug target discovery.

Renalytix is focused on optimizing clinical management of kidney disease to drive improved patient outcomes and lower healthcare costs. KidneyIntelX, our first-in-class in vitro diagnostic platform, employs a proprietary algorithm that combines diverse data inputs, including validated blood-based biomarkers, inherited genetics and personalized patient data from electronic health record, or EHR, systems, to generate a unique patient risk score. This patient risk score enables prediction of rapid progressive kidney function decline in chronic kidney disease, or CKD, allowing physicians and healthcare systems to optimize the allocation of treatments and clinical resources to patients at highest risk.

ON A MISSION TO COMBAT A DEVASTATING AND COSTLY DISEASE

Kidney disease is a public health epidemic affecting over 850 million people globally. Managing a CKD population of this scale and the associated healthcare spending presents a unique healthcare system challenge, requiring a solution that provides a clearer understanding of clinical risk tied to specific guideline-driven clinical recommendations. The ability to predict which patients will experience progressive kidney function decline, which includes rapid kidney function decline, or RKFD, sustained significant decline in kidney function, kidney failure, initiation of long-term dialysis or kidney transplant, is critical to changing patient outcomes and health economics. Current methods for risk stratification of patients with CKD lack sufficient precision in predicting progressive kidney function decline, especially at earlier stages of the disease. This can exacerbate the occurrence of unexpected and expensive clinical events. In fact, up to 38% of patients with CKD initiate dialysis with little or no prior clinical specialist consultation, and up to 63% of patients with CKD initiate dialysis in an unplanned fashion with a central venous catheter and/or during emergency hospitalization, which we refer to as "dialysis crash." This highlights the need for an early mechanism to identify potential instances of rapidly progressing CKD before it becomes critical to the patient's health and costly to healthcare providers.

We have now validated KidneyIntelX in multiple distinct studies, involving specimens from thousands of patients with DKD. In all studies, KidneyIntelX has demonstrated the ability to more accurately identify which patients would experience rapid progressive kidney function decline over current clinical practice. We believe early risk stratification, using advanced technology implemented in partnership with healthcare systems and insurance payors, can help support a fundamental shift towards optimal treatment for the over 850 million people suffering from kidney disease worldwide.

Financial Review

The results presented cover FY22. The presentational currency for Renalytix plc and its subsidiaries (together, the "Group") is the United States Dollar.

INCOME STATEMENT

Revenue

The Group recognized a total of $2.9 million in revenue in the financial year ended 30 June 2022 ("FY22") which was comprised of $2.7m in revenue related to testing services as well as $0.2 million related to pharmaceutical services revenue.

Cost of Sales

The cost of sales associated with the services performed and commercial testing revenue was $2.1 million for FY22.

Administrative Costs

During FY22, administrative expenses totaled $58.3 million (financial year ended 30 June 2021 ("FY21"): $33.3 million). The major items of expenditure were general and administrative costs of which included $27.6 million in employee- related costs (FY21: $13.8 million), $12.9 million in subcontractors, legal, accounting, and other professional fees (FY21: $9.1 million), $6.4 million in external R&D Services, lab supplies and lab services(FY21: $1.4 million), $4.6 million in insurance (FY21: $4.6 million), $2.1 million in depreciation and amortization (FY21: $2.1 million), $1.9 million in marketing and public relations (FY21: $0.9 million), $1.7 in IT related costs (FY21: $0.6 million), $0.5 million in office related expenses including rent(FY21: $0.3 million), $0.3 million in stock exchange listing and filing fees (FY21: $0.2 million) and $0.3 million in other expenses (FY21: $0.3 million).

Gain (loss) on financial assets at fair value through profit or loss

The Company accounts for the investment in VericiDx equity securities at fair value, with changes in fair value recognized in the income statement. During the year ended 30 June 30 2022, we recorded a loss of $5.9 million to adjust the VericiDx investment to fair value. During the year ended 30 June 30 2021, we recorded a gain of $6.5 million to adjust the VericiDx investment to fair value.

Fair value adjustment of convertible debt

We elected to account for the convertible notes at fair value with qualifying changes in fair value recognized through the income statement until the notes are settled. This excludes fair value adjustments related to instrument-specific credit risk, which are recognized in OCI. For the year ended 30 June 2022, we recorded a gain of $4.0 million to adjust the convertible notes to fair value. There was no fair value adjustment for the year ended 30 June 2021 as we had not issued convertible debt at that time.

Finance Income (Expense)

Finance income (expense) consists of foreign exchange gains or losses. During the year ended 30 June 2022, we recognized a foreign currency gain of $9.6 million due to exchange rate fluctuations on transactions denominated in a currency other than our functional currency. During the year ended 30 June 2021, we recognized foreign currency losses of $8.8 million.

BALANCE SHEET

Inventory

Inventory consists of consumable materials used by the labs to carry out KidneyIntelX tests. During FY22, inventory levels increased due to purchases as the company prepares for increased KidneyIntelX testing volumes. Inventory on hand at 30 June 2022 totaled $1.2 million (FY21: $0.4 million).

Fixed Assets

Property, plant, and equipment consists of laboratory equipment being used to support testing and product development activities. At 30 June 2022, the company held $1.4 million in net property, plant, and equipment (FY21: $1.1 million).

Intangible Assets

The Group held $14.0 million net book value of intangible assets held at 30 June 2022 (FY20: $18.0 million) includes payments made primarily to Mount Sinai for license and patent costs for the intellectual property underlying KidneyIntelX, as well as amounts capitalized as development costs. Intangible assets also include the value of the biomarker business purchased (in exchange for ordinary shares in the Company) from EKF. Intangible assets decreased period over period due to amortisation and the impact of foreign exchange translation at period end.

Investment in Verici

At the end of FY22 the group held 9,831,681 shares in Verici Dx, the fair value of the investment in Verici Dx was $2.7 million at 30 June 2022 (FY21: $9.3 million)

Convertible Note

In April 2022, the Company issued amortizing senior convertible bonds with a principal amount of $21.2 million in amortizing senior convertible bonds due in April 2027 (the "Bonds"). The Bonds were issued at 85% par value with total net proceeds of $18.0 million. The Company elected to account for the Bonds at fair value. At 30 June 2022, the Bonds had a fair value of $12.3 million.

Cash

The Group had cash on hand of $41.3m (FY21: $65.2m). Cash and equivalents are held in several deposit accounts in the US ($12.7m), UK ($28.3m) and IRE ($0.3m). Our expenditure plans remain sufficiently adaptable to align with available resources.

The Company understands that due to third party dependency it is extremely difficult to eradicate this risk. However, the Company manages this risk with constant dialogue and educating the third-party payers on the Group's products and also developing new technologies in order to seek additional reimbursements.

KEY EMPLOYEES

The Company's future development and prospects depend to a significant degree on the continuing contribution of key members of its Board, Senior Management and Scientific Advisory Board. As a small organization, the Company relies on a core team of staff and is therefore exposed to any significant departures of key personnel. In particular, the Company's performance depends significantly on the continuing contribution of its CEO, James McCullough, its President, Thomas McLain, its CTO, Fergus Fleming, its CFO, O. James Sterling and its CMO, Michael Donovan.

The Group operates in a highly competitive field and the expertise and skills of key individuals are also applicable in a number of other fields and industries. The high level of demand for such expertise and skills means that there is increasingly intense competition for talent. The departure of any of the key members to pursue other opportunities or because they are no longer able to continue to perform their roles (for whatever reason) could have a negative impact on its operations and could affect the Group's ability to execute the Group's business strategy.

To seek to mitigate the potential risk of departures, the Company has adopted a competitive remuneration structure, which includes share-based incentives. The Company has also taken out key- man insurance on James McCullough. However, there can be no assurance that this insurance will be adequate or continue to be available on appropriate terms or at all.

OBSOLESCENCE OF GROUP'S PRODUCTS

Demand for the Group's products could be adversely impacted by the development of alternative technology and alternative medicines specifically intended for the identification, stratification and/ or treatment of CKD patients. There can be no assurance that the technology and products currently being developed by the Group will not be rendered obsolete. New AI technology may continue to emerge and develop. As a result, there is the possibility that new technology may be superior to, or render obsolete, the technology that the Group currently is developing. Any failure of the Company to ensure that its technology platform and products remain up to date with the latest technology may have a material adverse impact on the Company's competitiveness and financial performance. The Group's success will depend, in part, on its or its partners' ability to develop and adapt to these technological changes and industry trends.

THE GROUP IS SUBJECT TO INCREASINGLY STRINGENT PRIVACY ANDDATA SECURITY LEGISLATION

Regulatory, legislative or self-regulatory/standard developments regarding privacy and data security matters could adversely affect the Group's ability to conduct the Group's business. The Group is subject to laws, rules, regulations and industry standards related to data privacy and cyber security, and restrictions or technological requirements regarding the collection, use, storage, protection, retention or transfer of data.

For the foreseeable future, the Group will only process data relating to patients in the US and will therefore be subject to various rules and regulations, including those promulgated under the authority of the US Department of Health and Human Services, the Federal Trade Commission, and state cybersecurity and breach notification laws, as well as regulator enforcement positions and expectations.

If the Company begins processing personal data in the context of an establishment in a country that is subject to the GDPR or if it offers products or services to residents of an EU country, it will have to comply with various robust obligations.

Globally, governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, regulations, and standards covering user privacy, data security, technologies that are used to collect, store and/or process data, marketing online, the use of data to inform marketing, the taxation of products and services, unfair and deceptive practices, and the collection (including the collection of information), use, processing, transfer, storage and/or disclosure of data associated with unique individual internet users. New regulation or legislative actions regarding data privacy and security (together with applicable industry standards) may increase the costs of doing business and could have a material adverse impact on the Group's operations and cash flows.

Despite the Group's ongoing efforts to ensure practices are compliant, the Group may not be successful either due to various factors within the Group's control, such as limited financial or human resources, or other factors outside the Group's control. It is also possible that local data protection authorities may have different interpretations of the GDPR, leading to potential inconsistencies amongst various EU member states.

COMPETITION

The markets in which the Group operates, which include the markets for laboratory developed tests, clinical diagnostic support tools and clinical AI solutions, are potentially highly competitive and rapidly changing.

Competitors may have access to considerably greater financial, technical and marketing resources. The availability and price of the Group's competitors' clinical AI development services could limit the demand, and the price the Group is able to charge, for its services. New competing products may enter the market and make the Group's discoveries and the products developed from those discoveries obsolete.

Alternatively, a competitor's products may be more effective, cheaper or more effectively marketed than the products developed by the Group, which could have a material adverse effect on the Group's profitability and/or financial condition.

Technological competition from medical device companies, life science companies, universities and academic medical centres is intense and can be expected to increase. Many competitors and potential competitors of the Group have substantially greater product development capabilities and financial, scientific, marketing and human resources than the Group. The future success of the Group depends, in part, on its ability to maintain a competitive position, including an ability to further progress through the necessary preclinical and clinical trials to support commercialization, marketing authorization where necessary, and coverage and reimbursement. Other companies may succeed in commercializing products earlier than the Group or in developing products that are more effective than those which may be produced by the Group. While the Group will seek to develop its capabilities in order to remain competitive, there can be no assurance that research and development by others will not render the Group's products obsolete or uncompetitive.

RESEARCH AND DEVELOPMENT RISK

The Group operates in the life sciences sector and will look to exploit opportunities within that sector. The Group is involved in complex clinical development processes and industry experience indicates that there may be a very high incidence of delay or failure to produce the desired results. The Group may not be able to develop new products or to identify specific market needs that can be addressed by technology solutions developed by the Group. The ability of the Group to develop new technology relies, in part, on the recruitment of appropriately qualified staff as the Group grows. The Group may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its growth rate which could affect its ability to develop as planned.

Product development timelines are at risk of delay, particularly since it is not always possible to predict the rate of patient recruitment into clinical trials. There is a risk therefore that product development could take longer than presently expected by the Board. If such delays occur, the Group may require further working capital. The Board shall seek to minimize the risk of delays by careful management of projects.

In addition, research and development may be subject to various requirements, such as research subject protection for individuals participating in clinical evaluations of new laboratory developed tests and products, institutional review board oversight, regulatory authorizations, and design control requirements for FDA and EU-regulated products. Failure to comply with requirements could result in penalties, delay, or prevent commercialisation of products.

FINANCIAL REPORTING AND DISCLOSURE

Due to the nature of the Group there is a requirement to report accurate financial information in compliance with accounting standards and applicable legislation.

This risk is mitigated through the Group's internal controls over the financial information and reporting, overseen by the local financial heads and then reviewed by the central finance team, including the Chief Financial Officer. The annual financial statements are also subject to audit by the Group's external auditors.

CYBER SECURITY RISK

The Group uses computers extensively in its operations and has an online presence but does not trade online. It is at risk of attack through hacking or other methods. This risk is mitigated by the use of robust security measures, staff training, and back-up systems.

Corporate Social Responsibility

ENVIRONMENT

The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment. The Group is committed to identifying and minimizing any effect on the environment caused by its operations. As a minimum standard, we will fully comply with all relevant legislation and, wherever possible, look for opportunities to make a positive contribution to the environments in which we operate.

EMPLOYEES

The Group places great value on the involvement of its employees and they are regularly briefed on the Group's activities. The Group closely monitors staff attrition rates which it seeks to keep at low levels and aims to structure staff compensation levels at competitive rates in order to attract and retain high calibre personnel.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant involved. It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical to that of other employees.

SOCIAL, COMMUNITY AND HUMAN RIGHTS

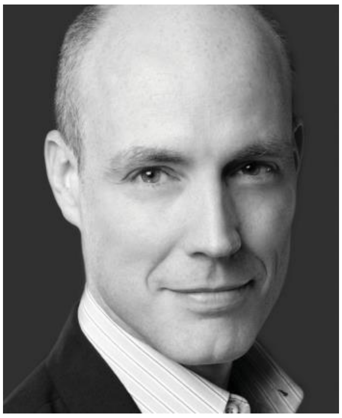
The Board recognizes that the Group has a duty to be a good corporate citizen and to respect and comply with laws, regulations, and where appropriate the customs and culture of the territories in which it operates. The Group encourages employees to take part in charitable activities which are related to our business areas or customers. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

Board of Directors

Christopher Mills

Non-Executive Chairman (Aged 69)

Christopher Mills has served as a member of the Renalytix Board since its inception.Christopher founded Harwood Capital Management in 2011, a successor to its former parent company, J.O. Hambro Capital Management, which he co-founded in 1993. He is Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust plc and Chief Investment Officer of Harwood CapitalLLP. He is a Non-executive Director of a number of companies, including EKF Diagnostics.



James McCullough

Chief Executive Officer and Director (Aged 54)

James McCullough has served as Renalytix's co-founder and Chief Executive Officer since its inception. James has leadership experience building emerging technology companies in both the public and private sectors with specific expertise in the life-sciences industry. James was most recently Chief Executive Officer of Exosome Diagnostics, a venture-backed personalized medicine company developingnon-invasive liquid biopsy diagnostics in cancer, which was recently acquired by Bio-Techne Corporation. James is also a managing partner of Renwick Capital, LLC, a management consulting firm specializing in assisting emerging healthcare technology companies with strategic planning and business execution, and was a co-founder of PAIGE.AI, a computational pathology spin-out from the MemorialSloan Kettering Cancer Center. James received his B.A. from Boston University and an M.B.A. from Columbia Business School. James is currently Chairman of BalletNext, a performing arts company in park city Utah.

Fergus Fleming

Chief Technical Officer and Director (Aged 55)

Fergus Fleming has served as Renalytix's Chief Technical Officer since its inception. Fergus has over 25 years' experience in the life sciences sector, including leadership positions with Baxter Healthcare, Boston Scientific, Trinity Biotech plc, and EKF Diagnostics. Fergus has extensive experience in the design and manufacture of interventional medical devices, digital health solutions, in vitro diagnostics instruments and reagents, and electromechanical devices. He has extensive experience managing global projects, including clinical research collaborations, product development, acquisitions, and manufacturing site transfers

Erik Lium Ph.D.

Non-Executive Director (Aged 54)

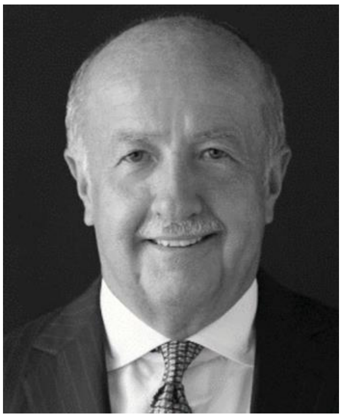
Erik Lium, Ph.D., has served as a member of the Renalytix Board since November2018. Dr. Lium is the executive vice president of Mount Sinai Innovation Partners and is responsible for advancing Mount Sinai's research, instruction, and public service missions through strategic research partnerships with industry, the management, transfer and commercialisation of technologies, and fostering the development of start- ups and joint ventures to advance promising early-stage technologies. Dr. Lium also serves as a director of Amathus Therapeutics and as a member of the Investment Review Committee for the Accelerate NY Seed Fund.

Prior to joining Mount Sinai, Dr. Lium served as the assistant vice chancellor of Innovation, Technology & Alliances at the University of California, San Francisco (UCSF), and the UCSF Principal Investigator for the Bay area National Science Foundation I-Corps node. He held previous positions at UCSF, including assistantvice chancellor of Research and director of Industry Contracts, and director of Business Development for the Diabetes Center & Immune Tolerance Network. Dr.Lium served as president of LabVelocity Inc., an Information Services Company focused on accelerating research and development in the life sciences prior to its acquisition in 2004. He pursued post-doctoral research at UCSF, and earned a PhDwith honours from the Integrated Program in Cellular, Molecular and Biophysical Studies at Columbia University. Dr. Lium holds a BS in Biology from Gonzaga University.

Chirag R. Parikh, Ph.D., M.D.

Non-Executive Director (Aged 49)

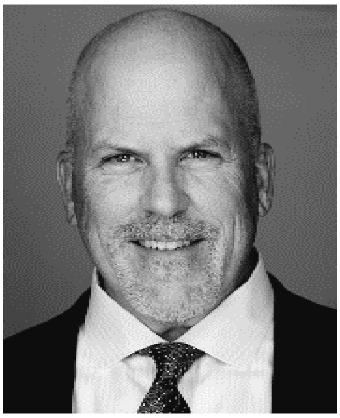
Chirag R. Parikh, Ph.D., M.D., has served as a member of the Board since October2019. Since July 2018, Dr. Parikh has served as a Professor of Medicine and the Division Director of Nephrology at Johns Hopkins University. Dr. Parikh also served as a faculty member at Yale University where he directed the Program of Applied Translational Research. Dr. Parikh's research focuses on the translation and validation of novel biomarkers for the diagnosis and prognosis of kidney diseases. He has assembled multi-centre longitudinal prospective cohorts for translational research studies across several clinical settings of acute kidney injury and chronic kidney disease for the efficient translation of novel biomarkers. Dr. Parikh received his medical degree from Seth G.S. Medical College and KEM Hospital in Mumbai,India, and subsequently completed his Nephrology fellowship and a Ph.D. in Clinical Investigation at the University of Colorado Health Sciences Center.



Daniel J. Levangie

Non-Executive Director (Aged 72)

Daniel J. Levangie was appointed to the Company's board of directors in August 2021. He is an experienced executive and long-serving board director in the diagnostics and medical devices industry. Mr. Levangie is co-founder and manager of ATON Partners, a private investment firm, and president and CEO of CereVasc,LLC, a medical device company. He has also served on the board of directors of Exact Sciences Corporation since 2010. From 2013 through January 2017, Mr.
Levangie served as president of Insulet Drug Delivery Systems and served as a lead director of Insulet Corporation. From 2011 through 2013, Mr. Levangie was chiefexecutive officer of Dune Medical Devices, Inc., and co-founder and managing partner of Constitution Medical Investors, Inc., a Boston-based private investmentand product development firm acquired by Roche Diagnostics Corporation in 2013. Previously, he held executive management positions with Cytyc Corporationincluding executive vice president and chief operating officer, chief executive officerand president until the acquisition of Cytyc by Hologic, in 2007. He served on theboard of Hologic from 2007 to 2009. Mr. Levangie holds a B.S. in Pharmacy from Northeastern University.



Timothy J. Scannell

Non-Executive Director (Aged 58)

Timothy J. Scannell was appointed to the Company's board of directors in March 2022. He also serves on the boards of publicly held Insulet Corporation, Novocure, and Molekule. Additionally, Mr. Scannell serves on the boards of privately held Collagen Matrix, Synaptive Medical, and Cerebral Therapeutics. Mr. Scannell also serves as an Executive Advisor at Stryker, one of the world's leading medical technology companies. His career at Stryker spans 32 years, during which he held several leadership roles, including President and Chief Operating Officer, Group President of MedSurg & Neurotechnology, President of Spine, and Vice President & General Manager of Stryker Biotech.

Mr. Scannell brings extensive strategic, sales and marketing, and operational skills and experience, with a track record for delivering top tier results. He holds Bachelor of Business Administration and Master of Business Administration degrees from the University of Notre Dame.

Ann Berman

Non-Executive Director – resigned 19 September 2022 (Aged 70)

This report was approved by the Board on 9 November 2022 and signed on behalf of the Board by:

Christopher Mills

Christopher Mills

Chairman

FINANCIAL RISK MANAGEMENT

Financial risk management is discussed in Note 4 of the financial statements.

EMPLOYEE POLICIES

Employee policies are discussed in the Strategic Report on page 21.

POLITICAL CONTRIBUTIONS AND CHARITABLE CONTRIBUTIONS

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year ended 30 June 2022 (FY21: nil).

DIRECTORS' INTERESTS

The interests in the share capital of the Company of those Directors serving at 30 June 2022 and as at the date of signing of these financial statements, all of which are beneficial, were as follows:

	On 30 June 2022 Ordinary Shares of 0.25p each	On 30 June 2021 Ordinary Shares of 0.25p each
Christopher Mills	9,726,125	9,197,501
James McCullough	2,746,386	2,740,110
Erik Lium	-	-
Fergus Fleming	569,481	569,481
Chirag Parikh	-	-
Ann Berman	39,586	-
Daniel Levangie	-	-
Timothy Scannell	68,964	-

Christopher Mills' shareholding includes shares held through North Atlantic Smaller Companies Investment Trust plc and Oryx International Growth Fund Limited. Christopher Mills is a partner and Chief Investment Officer of Harwood Capital LLP. Harwood Capital LLP is investment manager to North Atlantic Smaller Companies Investment Trust plc and investment adviser to Oryx International Growth Fund Limited.

INDEPENDENT AUDITORS

PKF Littlejohn LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE

The Company's statement of corporate governance can be found in the Corporate Governance Statement on pages 29 to 31 of these financial statements. The Corporate Governance Statement forms part of this Report of the Directors and is incorporated into it by cross-reference.

ANNUAL GENERAL MEETING

The resolutions to be proposed at the forthcoming Annual General Meeting are set out in a separate notice sent to the shareholders.

RECOMMENDATION

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and it is unanimously recommended that shareholders support these proposals as the Board intends to do in respect of their own holdings.

This report was approved by the Board on 9 November 2022 and signed on behalf of the Board by:

Christopher Mills

Christopher Mills

Chairman

Corporate Governance Statement

COMPLIANCE

The Company recognizes the value of good corporate governance in every part of its business. The Board has adopted the corporate governance principles of the 2018 Quoted Companies Governance Code (the "QCA Code") and the Company has continued to comply with the QCA Code throughout the reporting period. The Board believes that this corporate governance framework is appropriate for the Company, having regard to its size and nature. Details of the QCA Code can be obtained from the Quoted Companies Alliance's website (www.theqca.com).

Details of how the Group seeks to address the principles underlying the QCA Code and how it leverages its principles to support the long-term success of the Group can be found on the Company's website.

BOARD COMPOSITION AND RESPONSIBILITY

The Board currently comprises two Executive Directors and five Non-Executive Directors.

It is the Board's opinion that the Ann Berman and Dan Levangie are independent and have been independent in character and judgement and that there were no relationships or circumstances which could materially affect or interfere with the exercise of her independent judgement during the course of FY22.

All Directors are subject to election by Shareholders at the first Annual General Meeting after their appointment, and are subject to re-election at least every three years. Non-Executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006. The Board does not automatically re-nominate Non-Executive Directors for election by Shareholders. The terms of appointment of the Non- Executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to generate value for the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and the capital structure of major transactions. The implementation of Board decisions and day to day operations of the Group are delegated to senior management.

There is a division of responsibilities between the Non-Executive Chairman, who is responsible for the overall strategy of the Group and running the Board, and the Chief Executive Officer, who is responsible for implementing the strategy and day to day running of the Group. He is assisted by the Chief Technical Officer, who is a Board member, and Chief Financial Officer who is not a Board member.

BOARD MEETINGS

Eighteen full Board meetings were held during the year, as well as four additional meetings with select executive directors and non-executive directors to approver certain matters. The Directors' attendance record during their period of office is as follows:

Christopher Mills (Non-Executive Chairman)	19/19
James McCullough (Chief Executive Officer)	22/22
Erik Lium (Non-Executive Director)	18/19
Fergus Fleming (Chief Technology Officer)	22/22
Chirag Parikh (Non-Executive Director)	19/19
Dan Levangie (Non-Executive Director)	15/18
Ann Berman (Non-Executive Chairman)	18/18 (Resigned on 19 September 2022)
Timothy Scannell (Non-Executive Director)	7/7

During the year, the Board conducted an evaluation of the performance of the Board and that of the Chairman, as well as the effectiveness of the Board Committees. The Board intends to develop further its evaluation of the performance of the Board and Committees on an annual basis. The evaluation will include Board composition, experience, dynamics and the Board's role and responsibilities for strategy, risk review and succession planning. The evaluations will involve a detailed questionnaire and individual discussions between the Non-Executive Chairman and the Directors.

AUDIT COMMITTEE

The Audit Committee comprises of Ann Berman, who acted as chair, Daniel Levangie and Erik Lium. The Audit Committee, among other things, determines and examines matters relating to the financial affairs of the Company including the terms of the engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews the reports from management and the Company's auditors relating to the half yearly and annual forward statements and the accounting and the internal control systems in use throughout the Company.

The committee has met formally six times during the year ended 30 June 2022. There have been no significant matters communicated to the Committee by the auditors and no interaction with the Financial Reporting Council.

Since the year end Ann Berman resigned in September 2022 as Non-Executive Director of the Company and Daniel Levangie will act as a chair.

REMUNERATION COMMITTEE

The Remuneration Committee comprised Daniel Levangie, who acted as chair, and Erik Lim and Ann Berman. The Remuneration Committee reviews and makes recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also make recommendations to the Board concerning the allocation of share options to employees under the intended share option schemes.

The Committee has met twice during the year ended 30 June 2022.

NOMINATION COMMITTEE

For the fiscal year ended 30 June 2022, the Nomination Committee comprised Ann Berman, who acted as chair, and Chirag Parikh. The Nomination Committee reviews and recommends nominees as new Directors to the Board. Since the year end Ann Berman has resigned as Non-Executive Director of the Company and Timothy Scannell will replace Ann and act as a chair.

INTERNAL CONTROL

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business, has put in place strict authorization, approval and control levels within which senior management operates. These controls reflect the Group's organizational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organization. The Board operates procedures which include an appropriate control environment through the definition of the above organization structure and authority levels and the identification of the major business risks.

INTERNAL FINANCIAL REPORTING

The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board and revised forecasts are prepared on a regular basis.

RELATIONS WITH SHAREHOLDERS

The Company reports to Shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 clear days before the meeting. Each substantially separate issue is the subject of a separate resolution and all Shareholders have the opportunity to put questions to the Board at the Annual General Meeting.

The Chair(s) of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. However, due to the ongoing COVID-19 pandemic, the Committee Chairs will not be in attendance at this year's Annual General Meeting. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting. The Chairman and the Non- Executive Directors intend to maintain a good and continuing understanding of the objectives and views of the Shareholders.

Shareholders May Contact the Company as Follows:

Tel: +44 (0)20 7933 8790 (from USA: +1-646-217-4999)   Email: investors@renalytix.com

CORPORATE SOCIAL RESPONSIBILITY

The Board recognizes that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimize harm to the environment, that it contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices. The Group is subject to the requirements of the Modern Slavery Act 2015 and published the required statement on its website. The directors consider that the nature of the Group's activities is not inherently detrimental to the environment. The Group is committed to minimizing any effect on the environment caused by its operations.

The Corporate Governance Statement was approved by the Board on 9 November 2022 and signed on its behalf by:

Salim Hamir

Company Secretary

Director’s Remuneration Report and Policy

For the Year Ended 30 June 2022

STATEMENT OF COMPLIANCE

This report does not constitute a Directors’ Remuneration Report in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018, and the Companies (Directors’ Remuneration Policy and Directors’ Remuneration Report) Regulations 2019 which do not apply to the Company as it was not a quoted company (as defined in the Companies Act 2006) as at the end of the financial year. This report sets out the Group policy on Directors’ remuneration, including emoluments, benefits and other share-based awards made to each Director.

REMUNERATION COMMITTEE REPORT

DANIEL J. LEVANGIE

CHAIR OF THE REMUNERATION COMMITTEE

Dear shareholder,

As the Chair of the Remuneration Committee (the “Committee”), I am pleased to present, on behalf of the board of directors (the “Board”) of Renalytix PLC (the “Company” or “Renalytix”), the Directors’ remuneration report for the year ended 30 June 2022 (the “Directors’ Remuneration Report”).

The Company’s Annual Report and Accounts, along with the Directors’ Remuneration Report, will be subject to an advisory vote at the forthcoming Annual General Meeting on 19 December 2022 (the “AGM”) and the remuneration policy section of the Directors’ Remuneration Report will be subject to a binding vote at the AGM.

Introduction

During the period covered by this Directors’ Remuneration Report, we maintained the remuneration programs and policies that the Committee established during the financial year 2022 and implemented strategic compensation initiatives designed to incentivise and retain key employees in the Company.

As we move into 2023 and beyond, the Committee’s role will be to ensure that Directors and senior executives at Renalytix are appropriately compensated and incentivised to deliver growth to shareholders in a long-term and sustainable manner. The Committee seeks to accomplish this by establishing remuneration programs that are grounded in market practice, are effective at driving proper management behaviors, clearly link pay and performance and are cost efficient overall.

Corporate Governance Standards

As a public company, we are subject to corporate governance standards and regulations applicable in the United States and the United Kingdom.

The Global Marketplace for Talent

Renalytix is a biopharmaceutical company with operations in Europe and the United States. The Company plans to expand its operations in both geographic regions in line with the growth of its clinical and manufacturing activities and its plans to commercialize its products in these geographies. Given that the market for experienced directors and biopharmaceutical executive management talent, particularly in the United States, is very competitive, the Committee references the US market as the leading indicator for remuneration levels and practices. This will help attract and retain directors and motivate the superior executive management talent needed to successfully manage the Company’s complex global operations. Being consistent in this market view of the United States as the primary benchmark for remuneration practices for directors and executive directors (CEO and CTO) is key for the Company as it builds its global operations in a manner designed to deliver sustainable long-term growth and shareholder value.

Executive Directors			
Purpose and Link to Strategy	**Operation**	**Maximum Opportunity**	**Performance Metrics**
PENSION			
The Company aims to providea contribution towards life in retirement.	Depending on their location and comparable benefits offered to local employees, Executive Directors may be eligible to receive employer contributions to a defined contribution pension scheme or a cash supplement in lieu of such contributions, or a mixture of both.	The maximum employer pension contribution or cash in lieu amount will be a percentage of annual base salaryaligned with that provided to other senior executives in the Executive Director's location.	Not performance related.
ANNUAL BONUS			
An annual bonus rewards theachievement of objectives that support the Company's corporate goals and delivery ofthe business strategy	Bonuses are determined based on objectives that are agreed with the Committee, and the Board, at the start ofeach financial year although the Committee retains the discretion to amend objectivesduring the year if it considers that objectives are no longer appropriate. Different performance measures and weightings may be used each year, as agreed with the Committee, to take into accountchanges in the business strategy. Bonuses are normally paid in cash (but may be paid in the form of an equity award, at the discretion of the Committee).	Executive Director level bonusesare approved by the Board in line with corporate performanceand are consistent with positions held.	Performance measures are determined by the Committeeeach year and may vary to ensure that they promote the Company's business strategy and shareholder value. The annual bonus will be based oncorporate measures, including,but not limited to, financial and/or strategic measures. Bonusmeasures are reviewed at least annually and the Committee has the discretion to change the measures or to introducenew measures when it deemsappropriate.
EQUITY INCENTIVE PLAN ('EIP')			
To attract, motivate, retain and reward for long-term, sustainable performance linked to corporate strategyand provide alignment with shareholders' interests.	Equity awards granted to Executive Directors may take the form of options, restrictedshares, performance share units, restricted share units, or other forms of awards granted in accordance with the discretionary EIP that may be inplace from time to time. The Executive Directors received a grant under the EIP'spredecessor plan upon listing onAIM and it is intended that top-up awards shall be issued under the EIP from time to time in the discretion of the Committee.	There is no maximum opportunity for equity incentives. However, the Committee will generally assess the position at similar sized comparator companies prior to making any award to ensure thatany awards are aligned to the market.	Vesting of equity awards is generally subject to continued employment and may also be subject to the achievement of performance conditions alignedwith the Company's strategic plan. Measures, their weightings and the period over which performance is tested will be determined by the Committee. The Committee will select the most appropriate form of EIP for awards each year and/or each individual grant. Vesting of equity awards may be accelerated in part or in full in connection with certain corporate events such as a change of control.
ALL EMPLOYEE EQUITY PLANS			
Encourages employee share ownership and therefore increases alignment of interests with shareholders.	The Company may, from time to time, operate tax-advantaged share plans for which Executive Directors would be eligible on the same basis as all other eligible employees.	Within the limits of the relevantlegislation.	Not performance related.

Notes to the Executive Director Remuneration Policy Table

Legacy arrangements

For the duration of this Remuneration Policy, the Company will honour any commitments made in respect of current or former Directors before the date on which either: (i) the Remuneration Policy becomes effective; or (ii) an individual becomes a Director, even where not consistent with the Remuneration Policy set out in this report or prevailing at the time such commitment is fulfilled. For the avoidance of doubt, all outstanding historic awards that were granted in connection with, or prior to, our IPO on NASDAQ remain eligible to vest based on their original or modified terms.

Clawback Provisions

The Company does not currently have a policy on recoupment and clawback, but the Committee will keep this under review.

Shareholding Requirements

Executive directors are not currently required to build and retain a shareholding, but the Committee will keep this under review.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY TABLE

The table below sets out, for each element of pay, a summary of how remuneration of non-executive directors is structured and how it supports the Company's strategy.

Chair and Non-Executive Directors			
Purpose and Link to Strategy	**Operation**	**Maximum Opportunity**	**Performance Metrics**
CASH FEES AND BENEFITS			
Set at a level that is sufficient toattract and retain high calibre non-executives who contributeto the business.	The Chair and the Non-Executive Directors receive feespaid in cash. Fees are paid and reviewedannually. Non-Executive Directors ordinarily do not participatein any pension, bonus or performance-based share incentive plans. Travel, accommodation and other business-related expenses incurred in carrying out the role as well as fees for tax adviceassociated with completion of international tax returns will be paid by the Company including, if relevant, any gross-up for tax and/or social security contributions. Tax equalization and/or relocation benefits may be provided to Non-Executive Directors who are required to relocate or become tax resident in a new jurisdiction.	When reviewing fee levels andbenefits, account is taken of market movements in the feesand benefits of Non-Executive Directors, Board Committee responsibilities and ongoing time commitments. Actual fee levels are disclosedin the annual Directors' Remuneration Report for therelevant financial year.	Not performance related.

Chair and Non-Executive Directors			
Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Metrics
EQUITY-BASED AWARDS			
To facilitate share ownershipand provide alignment with shareholders.	Non-Executive Directors may receive equity awards under anyequity incentive plan operated by the Company from time to time which permits their participation with careful consideration being given to ensuring their independence. Non-Executive Directors may receive an initial equity award upon appointment or election. Initial equity awardswill normally vest over a specified period of time, subjectgenerally to continued service. Vesting of equity awards may be accelerated in part or in full in connection with certaincorporate events such as a change of control. In addition, Non-Executive Directors may be granted an equity award each year which may vest in full upon grant or over time subject to continued service. If a new Non-Executive Director joins the Board following the date of grant of this annual grant in any calendar year, such Non-Executive Director may be granted a pro rata portion of the next annual grant to reflect his or her service during the relevant part of the relevant year.	There is no maximum number of equity incentive awards that may be awarded to individuals each year. However, when reviewing award levels, account is taken of market movements inequity incentive awards, Board committee responsibilities, ongoing time commitments and the general economicenvironment.	Non-executive directors do not participate in performance-basedequity incentives.

REMUNERATION FOR NEW APPOINTMENTS

Where it is necessary to appoint or replace an Executive Director, the Committee has determined that the new Executive Director will receive a compensation package in accordance with the provisions of the approved remuneration policy in force at the time of appointment but focusing on the objective of appointing the most appropriate person in the right geography.

In setting base salaries for new Executive Directors, the Committee will consider the existing salary package of the new Director, the individual's skills, level of experience and the market rate for the role.

In setting the annual performance bonus, the Committee may wish to set different performance metrics (to those of other Executive Directors) in the first year of appointment. Where it is appropriate to offer a below-median salary on initial appointment, the Committee will have the discretion to allow phased salary increases over a period of time for a newly appointed Director as the Executive gains experience in their new role, even though this may involve increases in excess of inflation and the increases awarded to the wider workforce.

Benefits and pensions will be in line with those offered to other executive directors, taking account of local market practice with relocation expenses provided at the discretion of the Committee if necessary. Tax equalization may also be considered if an executive is adversely affected by taxation due to their employment with the Group. Legal fees and other costs incurred by the individual may also be met by the Company.

The ongoing incentive opportunity offered to new recruits will be in line with that offered to existing Directors. Different measures and targets under the bonus plan or the Company's equity incentive arrangements may be set initially taking account of the responsibilities of the individual and the point in the financial year at which they join. A new employee may be granted normal annual equity awards in the first year of employment in addition to any awards made with respect to prior employment being forfeited, which shall be excluded from any annual maximum on the size of awards.

To enable the recruitment of exceptional talent, the Committee may determine that the buy-out of remuneration forfeit from a prior employer is necessary. Where possible, any replacement remuneration will be offered on a like-for-like basis with the forfeited awards and may be in the form of cash or shares and depending whether the award forgone has similar performance conditions, may or may not be subject to performance conditions. The value of any buy-out will be limited to the value of remuneration forfeit. Where appropriate, such awards will be granted under existing share plans, however, the Committee will have discretion to make standalone awards where appropriate.

In respect of internal appointments, any commitments entered into in respect of a prior role, including variable pay elements, may be allowed to pay out according to their prior term, adjusted as relevant to take into account the appointment.

The terms of appointment for a new Non-Executive Director would be in accordance with the remuneration policy for Non- Executive Directors in force at that time.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

James McCullough (Chief Executive Officer) is currently employed at-will pursuant to an employment agreement entered into with Renalytix AI, Inc, dated 2 November 2018 but effective on 1 November 2018. His employment may be terminated by either party at any time for any or no reason, with or without notice. Severance payments no more generous than those described in this policy will be payable to him on termination. Upon termination of his employment agreement, our Chief Executive Officer is required to resign from all other positions within the Company's group. Following termination of his employment, our Chief Executive Officer will be bound by certain post-termination covenants.

As is customary for US executives, our Chief Executive Officer's remuneration is subject to a "best-after-tax" cutback for excise tax calculations under section 280G of the US Internal Revenue Code of 1986, with no tax gross-up.

Fergus Fleming (Chief Technology Officer) is currently employed on an indefinite term pursuant to an employment agreement entered into with the Company dated 1 November 2018. His employment may be terminated by either party on 12 months written notice.

At its discretion, upon receipt of his written notice, or as an alternative to providing notice, terminate the employment with immediate effect and make a payment in lieu of notice, comprising base salary only, for the notice period (or remainder thereof, should notice have been given). In the event of a breach of service agreement or other summary termination of employment, no such payments will be made.

A copy of these contracts may be viewed at the Company's head office or may be requested from the Company Secretary at the annual general meeting.

NON-EXECUTIVE DIRECTORS' TERMS OF ENGAGEMENT

All Non-Executive Directors, including the Chair, have specific terms of engagement which may be terminated on not less than six months' notice by either party.

The remuneration of Non-Executive Directors is determined by the Board within the limits set by the Company's articles of association and based on a review of fees and equity-based remuneration paid to Non-Executive Directors of similar companies.

A Board evaluation has been performed and the results of this exercise confirmed that all Non-Executive Directors were independent.

TERMINATION AND LOSS OF OFFICE PAYMENTS

Depending on market practice in the jurisdiction in which an Executive Director is employed, exit payments shall depend on the circumstances of termination and may be made by reference to a notice period (including a payment in lieu of notice) or employment "at-will" together with a severance payment. Where a notice period applies, this will not exceed 12 months but may be accompanied by additional severance entitlements where applicable.

The Company's policy on remuneration for Executive Directors who leave the Company is set out below. The Committee will exercise its discretion when determining amounts that should be paid to leavers, taking into account the facts and circumstances of each case.

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

The Company does not formally consult with employees on the matters of Executive Director remuneration. However, the Committee is made aware of employment conditions in the wider Group. The same broad principles apply to the remuneration policy for both Executive Directors and the wider employee population. However, the remuneration for Executive Directors has a stronger emphasis on performance-related pay than for other employees. Salaries, benefits and pensions are compared to appropriate market rates in the jurisdiction in which the Executive Director is employed and is set at an appropriate level with allowance for role, responsibilities and experience.

Statement of consideration of Shareholders' views

The Committee will consider any Shareholder feedback received at the Annual General Meeting and at meetings throughout the year, when reviewing the overall remuneration policy each year. The guidance from relevant shareholder representative bodies is also considered on an ongoing basis.

More specifically the Committee will consult with major Shareholders when proposing any significant changes to the policy in the future.

ANNUAL REPORT ON REMUNERATION

This section of the remuneration report provides details of how our remuneration policy was implemented during the financial year ended 30 June 2022, and how it will be implemented during the year ending 30 June 2023.

This report splits certain information into that for Executive Directors and that for Non-Executive Directors.

Directors' Remuneration – financial year ended 30 June 2022

The total remuneration of the individual Directors who served during the period is shown below. Total remuneration is the sum of emoluments for the period in service as a director plus Company pension contributions, and the value of long-term incentive awards vesting by reference to performance in the twelve months to 30 June 2022.

Directors' Remuneration – financial year ended 30 June 2022

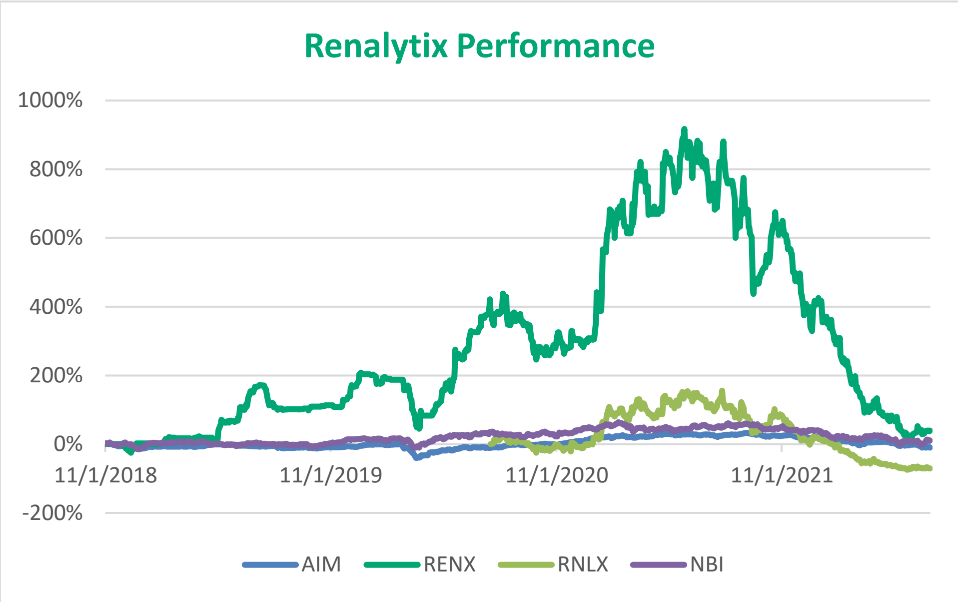
	Year	Base Salary ($000s)[a]	Benefits ($000s)[b]	Bonus ($000s)[c]	EIP[d]	Pension ($000s)[e]	Total Remuneration ($000s)	Total Fixed Remuneration ($000s)	Total Variable Remuneration ($000s)
Executive Directors									
James McCullough	2022	601	20	-	-	27	648	648	-
	2021	586	62	742	-	15	1,405	663	742
Fergus Fleming	2022	378	16	-	-	75	469	469	-
	2021	366	17	211	2,379	24	2,997	407	2,590
Non-Executive Directors									
Erik Lium (Mount Sinai representative)[1]	2022	27	-	-	-	-	27	27	-
	2021	27	-	-	904	-	931	27	904
Christopher Mills	2022	27	-	-	-	-	27	27	-
	2021	27	-	-	-	-	27	27	-
Chirag Parikh[2]	2022	88	-	-	-	-	88	88	-
	2021	87	-	-	548	-	635	87	548
Ann Berman[3]	2022	20	-	-	-	-	20	20	-
	2021	-	-	-	-	-	-	-	-
Daniel Levangie[4]	2022	27	-	-	-	-	27	27	-
	2021	-	-	-	-	-	-	-	-
Timothy Scannell[5]	2022	7	-	-	-	-	7	7	-
	2021	-	-	-	-	-	-	-	-

REMUNERATION COMMITTEE REPORT (CONTINUED)

Performance graph and table

The following graph shows Renalytix's cumulative Total Shareholder Return ("TSR") from the Company's November 2018 IPO on AIM relative to the FTSE AIM All Share Index and the Nasdaq Biotech Index. These two indices were chosen due to Renalytix's listing on both exchanges and the sector in which it operates. For the period from 6 November 2018 to 30 June 2022 Renalytix Plc data relates to AIM TSR, and from 17 July 2020 the data relates to Nasdaq TSR (as show by the separate line).

TSR is defined as the return on investment obtained from holding a company's shares over a period. It includes dividends paid, the change in capital value of the shares and any other payment made to or by shareholders within the period.



ALIGNING PAY WITH PERFORMANCE

CEO remuneration compared with annual growth in TSR:

The total 2021/22 remuneration figure for the CEO (James McCullough) is shown in the table below, along with the value of bonuses paid in respect of the year, and EIP vesting, as a percentage of the maximum opportunity. As this is the first year reported since listing on Nasdaq and therefore the first year for which this disclosure is required, it is not possible to provide meaningful comparative data. However, full disclosure of the year on year movement will be provided in future remuneration reports.

James McCullough	2022 ($000s)	2021 ($000s)
Total remuneration	648	1,193
Actual bonus as a % of the maximum	0%	50%
Actual share award vesting as % of the maximum	-	-

Payments for loss of office (audited information)

There were no loss of office payments in 2021/2022.

Payments to past Directors (audited information)

The Company made payments of $20,000 to Ann Berman for her service as a director for the fiscal year ended 30 June 2022. Ann Berman resigned from the board in September 2022.

Daniel J. Levangie

Chair of the Remuneration Committee

9 November 2022

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit.

Materiality for the group financial statements as a whole was $743,000 (2021: $1,005,000) with performance materiality set at $445,800 (2021: $603,000), being 60% of group materiality. Materiality for the financial statements as a whole was based upon 1% of the group's gross assets.

In determining materiality, we considered gross assets a key benchmark for the group as the group holds product trademarks and licences and product development costs are capitalised in the group. We consider gross assets to be a key metric used by shareholders owing to the historic investment in the product technology held by the group, and the early stages of commercialisation. We have also set a separate, lower materiality, for revenue to reflect the early stages of revenue generation which would not be captured sufficiently using group materiality. We have determined materiality for revenue as $59,000 (2021: $32,000) and performance materiality as $35,400 (2021: $19,200), calculated at 2% of total revenue.

The percentages applied to these benchmarks have been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported result were appropriately considered.

In determining performance materiality, significant judgements made were in respect our experience with auditing the financial statements of the group in previous years, based on the number and quantum of identified misstatements in prior period audits.

We agreed with the audit committee that we would report all individual audit differences identified for the group during the course of our audit in excess of $37,150 (2021: $50,250) together with any other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Materiality applied to the company's financial statements was $328,000 (2021: $470,000) with performance materiality set at $197,000 (2021: $282,000), being 60% of the company materiality.

The benchmark for materiality of the parent company was 1% of the company's gross assets. The significant judgements used by us in determining this were that total assets are the primary measure used by the shareholders in assessing the performance of the company. The percentage applied to this benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported profit were appropriately considered.

In determining performance materiality, significant judgements made were in respect of our experience with auditing the financial statements of the company in previous years.

We agreed with the audit committee that we would report all individual audit differences identified for the company during the course of our audit in excess of $16,000 (2021: $23,500) together with any other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors such as the recoverability of intangible fixed assets and eligibility of capitalised development costs, as outlined in the Key Audit Matter section below, and considered events that are inherently uncertain.

We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. All significant and/or material subsidiary undertakings were audited directly by PKF Littlejohn LLP.

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year to 30 June 2022	Year to 30 June 2021
		$'000	$'000
Continuing operations			
Revenue	8	2,970	1,491
Cost of Sales		(2,052)	(804)
Gross Profit		**918**	**687**
Administrative expenses	9	(58,290)	(33,298)
Operating loss		**(57,372)**	**(32,611)**
Share of Net loss in Associate accounted for using the equity method		9	(199)
Impairment of Investment of associate	34	-	(1,913)
Gain (loss) on financial assets at fair value throughprofit or loss	23	(5,900)	6,483
Gain on distribution of assets classified as held for sale		-	402
Fair value adjustment of convertible debt	30	3,998	-
Finance (costs) income - net	14	9,637	(7,950)
Loss before tax		**(49,628)**	**(35,788)**
Taxation	15	(7,104)	4,778
Loss for the period		**(56,732)**	**(31,010)**
Earnings per Ordinary share from continuing operations			
Basic	16	$ (0.78)	$ (0.43)
Diluted	16	$ (0.82)	$ (0.43)

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Year to 30 June 2022	Year to 30 June 2021
	$'000	**$'000**
Loss for the period – continuing operations	(56,732)	(31,010)
Other comprehensive income:		
Items that may be subsequently reclassifiedto profit or loss		
Changes in the fair value of the convertible notes	536	-
Currency translation differences	(11,742)	11,616
Other comprehensive (loss)/income for the period	**(11,206)**	**11,616**
Total comprehensive loss for the period	**(67,938)**	**(19,394)**

Items stated above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15.

Consolidated and Company's Statements of Financial Position

AS AT 30 JUNE 2022

	Notes	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
		$'000	**$'000**	**$'000**	**$'000**
Assets					
Non-current assets					
Property, plant and equipment	17	1,368	1,081	-	-
Right of use asset	18	355	297	-	-
Intangible assets	19	14,020	18,021	13,605	17,524
Investment in subsidiaries	20	-	-	89,112	4,588
Investments accounted for using the equity method	34	9	-	-	-
Note receivable	24	75	75	-	-
Deferred tax assets	15	-	7,097	-	-
Total non-current assets		**15,827**	**26,571**	**102,717**	**22,112**
Current Assets					
Inventory	22	1,160	353	-	-
Security deposits	23	141	86	-	-
Financial asset at fair value through profit or loss	23	2,744	9,295	2,744	9,295
Trade and other receivables	24	901	594	234	84,686
Prepaid and other current assets	25	1,152	520	299	271
Cash and cash equivalents	26	41,333	65,159	28,313	15,063
Total current assets		**47,431**	**76,007**	**31,590**	**109,315**
Total assets		**63,258**	**102,578**	**134,307**	**131,427**
Equity attributable to owners of the parent					
Share capital	27	241	233	241	233
Share premium	27	85,444	76,457	85,444	76,457
Share-based payment reserve	28	11,954	4,940	11,840	4,940
Accumulated other comprehensive income		(1,509)	9,701	(5,119)	9,687
Retained earnings/(deficit)		(52,961)	3,771	23,763	38,917
Total equity		**43,169**	**95,102**	**116,169**	**130,234**

	Notes	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
		$'000	**$'000**	**$'000**	**$'000**
Liabilities					
Current liabilities					
Trade and other payables	29	7,281	6,652	5,796	1,193
Deferred Revenue	8	46	122	-	-
Current lease liabilities	18	163	86	-	-
Borrowings		-	53	-	-
Note payable current	30	4,660	-	4,660	-
Current due to affiliated company	31	55	350	-	-
Total current liabilities		**12,205**	**7,263**	**10,456**	**1,193**
Non-current liabilities					
Note payable non-current	30	7,682	-	7,682	-
Non-current lease liabilities	18	202	213	-	-
Total non-current liabilities		**7,884**	**213**	**7,682**	**-**
Total liabilities		**20,089**	**7,476**	**18,138**	**1,193**
Total equity and liabilities		**63,258**	**102,578**	**134,307**	**131,427**

The notes on pages 63 to 84 are an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement. The loss for the Parent Company for the year was ($15,154,820). (Year ended 30 June 2021: loss of $7,718,000).

The financial statements were approved and authorized for issue by the Board on 9 November 2022 and signed on its behalf by:

Christopher Mills

Christopher Mills

Chairman

James R. McCullough

Chief Executive Officer

Company number: 11257655

Consolidated and Company's Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
		$'000	**$'000**	**$'000**	**$'000**
Cash flow from operating activities					
Loss before income tax		(49,628)	(35,788)	(15,154)	(7,718)
Adjustments for					
Depreciation		304	138	-	-
Amortization and impairment charges		2,309	1,958	2,100	1,806
Share-based payments		7,010	2,180	63	75
Share of net (profit)/loss of associate		(9)	2,112	-	-
Reversal of Kantaro Liability		(295)	(495)	-	-
Gain on Sale of assets		-	(449)	-	-
Forgiveness of PPP Loan		-	(255)	-	-
Unrealized loss (Gain) on financial asset at fair value through profit or loss		5,900	(6,483)	5,900	(6,483)
Fair value adjustment of convertible debt		(3,998)	-	(3,998)	-
Foreign Exchange Loss (Gain)		(7,354)	8,832	-	2,939
Impairment of Investment in Subsidiary		-	-	-	517
Changes in working capital					
Trade and other receivables		(307)	(576)	-	(60,624)
Prepaid assets and other current assets		(698)	1,981	253	2,137
Inventory		(807)	(27)	-	-
Security Deposits		-	(15)	-	-
Trade and other payables		1,904	3,753	1,417	943
Deferred Revenue		(76)	122	-	-
Payable to affiliated company		-	(1,623)	-	-
Cash used in operations		**(45,745)**	**(24,635)**	**(9,419)**	**(66,408)**
Interest received		-	3	-	2
Net cash used in operating activities		**(45,745)**	**(24,632)**	**(9,419)**	**(66,406)**
Cash flow from investing activities					
Purchase of property, plant and equipment (PPE)		(591)	(783)	-	-
Lease Payments		-	(93)	-	-
Purchase of intangibles		(103)	(847)	(103)	(358)
Proceeds (purchase) of financial assets		-	982	-	-

	Note	Group Year to 30 June 2022	Group Year to 30 June 2021	Company Year to 30 June 2022	CompanyYear to 30 June 2021
		$'000	**$'000**	**$'000**	**$'000**
Net cash generated by/(used in) investing activities		**(694)**	**(741)**	**(103)**	**(358)**
Cash flow from financing activities					
Proceeds from convertible notes		18,020	-	18,020	-
Payment of debt issuance costs		(1,382)	-	(1,382)	-
Payments of issuance costs for the Securities Purchase Agreement		(218)	-	(218)	-
Issue of shares (net of issue costs)		8,804	76,876	8,804	79,023
Proceeds from the issuance of ordinary shares under employee share purchase plan		211	111	211	111
Proceeds from exercise of stock options		198	252	198	252
Lease payments		(118)	-	-	-
Net cash generated from financingactivities		**25,515**	**77,239**	**25,633**	**79,386**
Net increase/(decrease) in cash and cash equivalents		**(20,924)**	**51,866**	**16,111**	**12,622**
Cash and cash equivalents at beginning of period		65,159	13,293	15,063	2,441
Effect of exchange rate changes on cash		(2,902)	-	(2,861)	-
Cash and cash equivalents at end of period	22	**41,333**	**65,159**	**28,313**	**15,063**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Share Capital	Share Premium	Share-based payment reserve	Accumulated other comprehensive income	Retained earnings	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 30 June and 1 July 2020	192	-	2,833	(1,915)	34,856	35,966
Comprehensive income						
Loss for the period	-	-	-	-	(31,010)	(31,010)
Other comprehensive income						
Currency translation differences	-	-	-	11,616	-	11,616
Total comprehensive income	**-**	**-**	**-**	**11,616**	**(31,010)**	**(19,394)**
Transactions with owners						
Issuance of Ordinary Shares in US	40	85,101	-	-	-	85,141
Less issue costs	-	(9,007)	-	-	-	(9,007)
Share-based payments	-	-	2,107	-	-	2,107
Shares issued under the ESPP	-	111	-	-	-	111
Exercise of Stock Options	1	252	-	-	-	253
Verici Ordinary Share Repurchase	-	-	-	-	(75)	(75)
Total transactions with owners of the parent, recognized directly in equity	**41**	**76,457**	**2,107**	**-**	**(75)**	**78,530**
At 30 June and 1 July 2021	**233**	**76,457**	**4,940**	**9,701**	**3,771**	**95,102**
Comprehensive income						
Loss for the period	-	-	-	-	(56,732)	(56,732)
Other comprehensive income						
Changes in fair value of convertible notes	-	-	-	536	-	536
Currency translation differences	-	-	4	(11,746)	-	(11,742)
Total comprehensive income	**-**	**-**	**4**	**(11,210)**	**(56,732)**	**(67,938)**

	Share Capital	Share Premium	Share-based payment reserve	Accumulated other comprehensive income	Retained earnings	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Transactions with owners						
Issuance of Ordinary Shares in US	8	8,796	-	-	-	8,804
Less issue costs	-	(218)	-	-	-	(218)
Share-based payments	-	-	7,010	-	-	7,010
Shares issued under the ESPP	-	211	-	-	-	211
Exercise of Stock Options	-	198	-	-	-	198
Total transactions with owners of the parent, recognized directly in equity	**8**	**8,987**	**7,010**	**-**	**-**	**16,005**
At 30 June 2022	**241**	**85,444**	**11,954**	**(1,509)**	**(52,961)**	**43,169**

Company's Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Share Capital	Share Premium	Share-based payment reserve	Accumulated other comprehensive income	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June and 1 July 2020	192	-	2,833	(1,970)	46,710	47,765
Comprehensive income						
Loss for the period	-	-	-	-	(7,718)	(7,718)
Other comprehensive income						
Currency translation differences	-	-	-	11,657	-	11,657
Total comprehensive income	**-**	**-**	**-**	**11,657**	**(7,718)**	**3,939**
Transactions with owners						
Issuance of Ordinary Shares in US IPO	40	85,101	-	-	-	85,141
Less issue costs	-	(9,007)	-	-	-	(9,007)
Share-based payments	-	-	2,107	-	-	2,107
Shares issued under the ESPP	-	111	-	-	-	111
Exercise of StockOptions	1	252	-	-	-	253
Verici Ordinary Share Repurchase	-	-	-	-	(75)	(75)
Total transactions with owners of the parent, recognized directly in equity	**41**	**76,457**	**2,107**	**-**	**(75)**	**78,530**
At 30 June 2021	**233**	**76,457**	**4,940**	**9,687**	**38,917**	**130,234**
Comprehensive income						
Loss for the period	-	-	-	-	(15,154)	(15,154)
Other comprehensive income						
Changes in the fair value of the convertible notes	-	-	-	536	-	536
Currency translation differences	-	-	-	(15,342)	-	(14,806)
Total comprehensive income	**-**	**-**	**-**	**(14,806)**	**(15,154)**	**(29,960)**

	Share Capital	Share Premium	Share-based payment reserve	Accumulated other comprehensive income	Retained earnings	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Transactions with owners						
Issuance of Ordinary Shares in US	8	8,796	-	-	-	8,804
Less issue costs	-	(218)	-	-	-	(218)
Share-based payments	-	-	6,900	-	-	6,900
Shares issued under the ESPP	-	211	-	-	-	211
Exercise of Stock Options	-	198	-	-	-	198
Total transactions with owners of the parent, recognized directly in equity	**8**	**8,987**	**6,900**	**-**	**-**	**15,895**
At 30 June 2022	**241**	**85,444**	**11,840**	**(5,119)**	**23,763**	**116,169**

18. LEASES

(i) Amounts recognized in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
	$'000	**$'000**	**$'000**	**$'000**
Right-of-use assets				
Properties	355	297	-	-
Total right-of-use assets	**355**	**297**	**-**	**-**
Lease liabilities				
Current	163	86	-	-
Non-current	202	213	-	-
Total lease liabilities	**365**	**299**	**-**	**-**

Right-of-use assets have been measured at the amount equal to the lease liability.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

(ii) Amounts recognized in the Statement of Comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge - right-of-use assets				
Properties	126	155	-	-
Total right-of-use	**126**	**155**	**-**	**-**
Interest expense (included in finance cost)	2	3	-	-

The total cash outflow for leases in the year to 30 June 2022 was $119k (2021: $155k) for the Group and $Nil (2021: $nil) for the Company.

(iii) The group's leasing activities and how these are accounted for

The group leases various offices. Rental contracts for offices are made for fixed periods of between 1 and 5 years, but may have extension options as described below.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental cash rate is used, being the rate that the individual lessee would forego to release the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

19. INTANGIBLE FIXED ASSETS

	Trademarks, Trade Names & Licenses	Trade Secrets	Development Costs	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 July 2020	9,466	6,402	3,223	19,091
Additions	-	-	847	847
Foreign translation	1,087	734	359	2,180
At 30 June 2021	**10,553**	**7,136**	**4,429**	**22,118**
Amortization				
At July 2020	1,973	-	-	1,973
Charge for the period	1,030	529	305	1,864
Foreign translation	251	6	3	260
At 30 June 2021	**3,254**	**535**	**308**	**4,097**
Net book value				
At 30 June 2021	**7,299**	**6,601**	**4,121**	**18,021**
Cost				
At 1 July 2021	10,553	7,136	4,429	22,118
Additions	-	-	103	103
Foreign translation	(1,274)	(861)	(477)	(2,612)
At 30 June 2022	**9,279**	**6,275**	**4,055**	**19,609**
Amortization				
At 30 June 2021	3,254	535	308	4,097
Charge for the period	1,018	688	459	2,165
Foreign translation	(483)	(125)	(65)	(672)
At 30 June 2022	**3,789**	**1,098**	**702**	**5,589**
Net book value				
At 30 June 2022	**5,490**	**5,177**	**3,353**	**14,020**

Amortization expense of $2,060,485 has been charged to administration costs and $104,294 has been charged to cost of goods sold. Amortization expense of $1,864,016 was charged in the prior year ended 30 June 2021.

Licenses entail agreements with Icahn School of Medicine at Mount Sinai for rights to intellectual property and data to support the KidneyIntelX diagnostic assay. Trade secrets refer to the Company's acquisition of the biomarker business from EKF, which includes intellectual property licensed from Joslin Diabetes Centre and forms a key component of the KidneyIntelX product. Development costs include proprietary software development and diagnostic assay design for KidneyIntelX.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group has tested the carrying value for impairment at the balance sheet date. The recoverable amount was assessed in the basis of value in use. The assessed value exceeded the carrying value and no impairment loss was recognized. The key

assumptions in the calculation to assess value in use are future revenues and costs and the ability to generate future cash flows. Recent working capital projections approved by the Board were used as well as forecasts for a further four years, followed by an extrapolation of expected cash flows and the calculation of a terminal value. For prudence the expected growth rate used for longer term growth was zero. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate which reflects current market assessments of the value of money and the risks specific to the business, reflecting an assessment of the risk-adjusted weighted average cost of capital of 20%. The headroom in the value in use calculation is not sensitive to changes in key assumptions.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Any impairment loss is charged pro rata to the other assets in the cash generating unit.

The remaining average useful lives of the intangible assets is as follows:

Trademarks trade names & licenses	10-15 years
Trade secrets	15 years
Development Costs	15 years

The Company holds capitalized development costs with a cost of $4,055,060and net value of $3,352,629 these projects were placed into service in FY21.

20. INVESTMENTS IN SUBSIDIARIES

	Year ended 30 June 2022	Year ended 30 June 2021
Company	**$'000**	**$'000**
At beginning of Period	4,588	2,264
Capital Contribution relating to share based payment	2,824	2,325
Conversion of intercompany loan to equity investment	81,700	-
Shares in Verici Dx Ltd	-	(1)
At End of Period	**89,112**	**4,588**

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid, less any impairment.The Company had the following subsidiaries as of 30 September 2022.

Name of Company	Proportion held	Class of shareholding	Nature of business
Renalytix AI Inc.[1]	100%	Ordinary	Developer of artificial intelligence-enabled clinical diagnostic solutions for kidney disease
Renalytix AI Limited[2]	100%	Ordinary	Developer of artificial intelligence-enabled clinical diagnostic solutions for kidney disease

1. Renalytix AI Inc. is incorporated in the United States of America and has their principal place of business at 1460 Broadway, New York, New York 10036. Renalytix AI Inc. is included in the consolidation. The proportions of voting shares held by the parent company do not differ from the proportion of Ordinary Shares held.

2. Renalytix AI Limited is incorporated in the Republic of Ireland and has their principal place of business at 29 Lower Patrick Street, Kilkenny, Ireland. Renalytix AI Ltd. is included in the consolidation. The proportions of voting shares held by the parent company do not differ from the proportion of Ordinary Shares held.

22. INVENTORY

	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
	$'000	$'000	$'000	$'000
Finished goods	1,160	353	-	-

The Directors are of the opinion that the replacement values of inventories are not materially different to the carrying values stated above. The carrying values above are stated net of impairment provisions of $Nil (30 June 2021: $Nil).

The cost of inventories recognized as expense and included in 'cost of sales' amounted to $266k (Year to 30 June 2021: $60k). The Company held no inventories at 30 June 2022 and 30 June 2021.

23. FINANCIAL INSTRUMENTS

(a)Assets at amortized cost

	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
	$'000	$'000	$'000	$'000
Assets as per balance sheet				
Security deposits	141	86	-	-
Intragroup receivable	-	-	-	84,686
Cash and cash equivalents	41,333	65,159	28,313	15,063
Total	**41,474**	**65,245**	**28,313**	**99,749**

Receivables in the analysis above are all categorized as "loans and receivables" for the Group and Company.

(b)Assets at fair value

	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
	$'000	$'000	$'000	$'000
Assets as per balance sheet				
Investment in Verici Dx	2,744	9,295	2,744	9,295
Total	**2,744**	**9,295**	**2,744**	**9,295**

(c)Liabilities at amortized cost

	Group 30 June 2022	Group 30 June 2021	Company 30 June 2022	Company 30 June 2021
	$'000	$'000	$'000	$'000
Liabilities as per balance sheet				
Accounts payable	2,460	1,765	400	622
Accrued expenses	4,821	4,887	695	571
Lease Liabilities	365	299	-	-
Total	**7,646**	**6,951**	**1,095**	**1,193**

(d) Liabilities at fair value

	Group 30 June 2022 $'000	Group 30 June 2021 $'000	Company 30 June 2022 $'000	Company 30 June 2021 $'000
Liabilities as per balance sheet				
Note Payable	12,342	-	12,342	-
Total	**12,342**	**-**	**12,342**	**-**

(e) Credit Quality of Financial Assets

The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's maximum exposure to credit risk, due to the failure of counterparties to perform their obligations as at 30 June 2022, in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets.

Trade Receivables

The credit quality of trade receivables that are neither past due nor impaired have been assessed based on historical information about the counterparty default rate.

Cash at Bank

The credit quality of cash has been assessed by reference to external credit ratings, based on reputable credit agencies' long- term issuer ratings:

	Group At 30 June 2022 $'000	Group At 30 June 2021 $'000	Company At 30 June 2022 $'000	Company At 30 June 2021 $'000
AA+	41,333	65,159	28,313	15,063
Total	**41,333**	**65,159**	**28,313**	**15,063**

24. TRADE AND OTHER RECEIVABLES

	Group As at 30 June 2022 $'000	Group As at 30 June 2021 $'000	Company As at 30 June 2022 $'000	Company As at 30 June 2021 $'000
Trade Receivables	901	594	-	-
Due from subsidiaries	-	-	-	84,686
Due from affiliates	75	-	-	-
Total	**976**	**594**	**-**	**84,686**

Due to their short term nature, the Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

25. PREPAIDS AND OTHER CURRENT ASSETS

	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
	$'000	**$'000**	**$'000**	**$'000**
Prepaids	1,116	520	284	271
Deferred NasdaqOffering Costs	36	-	16	-
Prepaids and Other Current Assets	**1,152**	**520**	**300**	**271**

26. CASH AND CASH EQUIVALENTS

	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
	$'000	**$'000**	**$'000**	**$'000**
Cash at Bank	41,333	65,159	28,313	15,063
Cash and cash equivalents	**41,333**	**65,159**	**28,313**	**15,063**

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

27. SHARE CAPITAL

Group and Company		Movement	Total Numberof Shares	Ordinary Shares $'000	Share Premium $'000	Total $'000
15-Mar-18	Formation	50,000	50,000	66	-	66
4-May-18	100:1 subdivision	-	5,000,000	-	-	-
24-Oct-18	4:1 subdivision	-	20,000,000	-	-	-
24-Oct-18	Biomarker business acquisition	15,427,704	35,427,704	49	6,547	6,596
6-Nov-18	Placing & offer (listing on AIM)	18,388,430	53,816,134	60	27,485	27,545
At 30 June 2019			**53,816,134**	**175**	**34,032**	**34,207**
29-Jul-19	Placing & Secondary Offering (AIM)	5,600,000	59,416,134	17	16,597	17,210
15-May-20	Cancellation of Share premium	-	59,419,134	-	(50,629)	-
At 30 June 2020			**59,416,134**	**192**	**-**	**192**
17-Jul-20	Placing & Offering (Nasdaq)	12,613,500	72,029,634	40	76,094	76,136
4-Mar-21	Shares issued under the ESPP	17,652	72,047,286	-	111	111
25-Jun-21	Exercise of Stock Options	150,000	72,197,286	1	252	253
At 30 June 2021			**72,197,286**	**233**	**76,457**	**76,500**
7-Jul-21	Exercise of Stock Options	27,500	72,224,786	-	46	46
17-Jul-21	Exercise of Stock Options	5,000	72,229,786	-	40	40
31-Aug-21	Shares issued under the ESPP	10,920	72,240,706	-	121	121
1-Nov-21	Exercise of Stock Options	68,224	72,308,930	-	112	112
31-Mar-22	Shares issued under the ESPP	22,814	72,380,014	-	90	90
6-Apr-22	Private Placement	2,428,688	74,760,432	8	8,578	8,586
At 30 June 2022			**74,760,432**	**241**	**85,444**	**85,685**

Ordinary Shares have a par value of £0.0025 each. All issued shares are fully paid.

28. SHARE OPTIONS AND SHARE-BASED PAYMENTS

In November 2018, Company established the Renalytix AI plc Share Option Plan (the "Plan") and a U.S. Sub-Plan and Non-Employee Sub-Plan. The Plan provides for the Company to grant options, restricted share awards and other share-based awards to employees, directors and consultants of the Company. As of June 30, 2021, there were 2,937,005 shares available for future issuance under the Plan.

The Plan is administered by the board of directors. The exercise prices, vesting and other restrictions are determined at their discretion, except that all options granted have exercise prices equal to the fair value of the underlying ordinary shares on the date of the grant and the term of stock option may not be greater than ten years from the grant date.

With respect to the options granted as of June 30, 2022, 2,984,801 vest equally over twelve quarters following the grant date, 1,070,100 options which vest 25% on the one year anniversary and equally over twelve quarters following the one year anniversary and 500,000 which vest 1/12th immediately and the remainder equally over the remaining eleven quarters. If options remain unexercised after the date one day before the tenth anniversary of grant, the options expire. On termination of employment, any options that remain unexercised are either forfeited immediately or after a delayed expiration period, depending on the circumstances of termination. Upon the exercise of awards, new ordinary shares are issued by the Company.

Details of the share options outstanding during the period are as follows:

General employee share option plan	Average exercise price per share (USD)	Number of Options
As at 30 June 2021	4.73	4,265,958
Granted during the year	10.34	555,000
Exercised during the year	1.89	(100,724)
Forfeited during the year	7.34	(165,333)
Outstanding at 30 June 2022	5.34	4,554,901
Exercisable at 30 June 2022	3.72	3,368,195
Vested and expected to vest at 30 June 2022	5.34	4,554,901

The fair value of each share option granted has been estimated using a Black-Scholes model and is £1.73 - £6.04 ($2.26 - $8.14). The inputs into the model are a weighted average share price of £7.27 ($9.74), exercise price of £7.16 ($9.59), expected volatility of 66.24%, no expected dividend yield, weighted-average term of 6.0 years and weighted-average risk-free interest rate of 1.55%. As of 30 June 2022, none of the granted stock options have been exercised.

The aggregate fair value of the outstanding options is $24,336,546. The Group recognized total expenses of $6,896,721 ($338,625 within R&D expense and $6,558,096 within G&A expense) relating to equity-settled share-based payment transactions during the period to 30 June 2022. The weighted average remaining contractual term of the options is 8.1 years.

29. TRADE AND OTHER PAYABLES

	Group As at 30 June 2022	Group As at 30 June 2021	Company As at 30 June 2022	Company As at 30 June 2021
	$'000	**$'000**	**$'000**	**$'000**
Accounts payable	2,460	1,765	400	623
Due to subsidiaries	-	-	4,701	-
Payroll taxes payable	139	638	-	-
Accrued expenses	4,682	4,249	695	571
	7,281	**6,652**	**5,796**	**1,194**

The carrying amount of the trade and other payables balances denominated in GBP are £37k for the Group and Company (2021 - £4k).

30. CONVERTIBLE DEBT

In April 2022, the Company issued amortizing senior convertible bonds with a principal amount $21.2 million due in April 2027 (the "Bonds"). The Bonds were issued at 85% par value with total net proceeds of $18.0 million and accrue interest at an annual rate of 5.5%, payable quarterly in arrears, in cash or ADSs valued at the ADS Settlement Price at the option of the Company. The Bonds contain various conversion and redemption features. The initial conversion price for the Convertible Bonds of $8.70 has been set at a 20 per cent. premium to the Reference ADS Price. The Conversion Price may reset down at 12, 24 and 36 months, depending on share price performance and save in limited circumstances, the Bonds have a hard floor in the conversion price of $7.25. Between amortization dates, the Convertible Bond Investor retains the right to advance future amortization payments, provided that (a) there shall be no amortization advancements during the first 12 months, (b) no more than 2 amortization advancements may occur in any 12 month period, and (c) no more than 1 amortization advancement may occur in any 3 month period.

The Convertible Bond Investor is also permitted to defer up to two amortization payments to a subsequent amortization date. The Company retains the option to repay any deferred amortization in cash at 100 per cent. of the nominal amount As of June 20, 2022, the entire principal amount was outstanding. The classification of the liability between non-current and current reflects management's expected level of amortization payments during the year ended 30 June 2023.

On issuance, the Company elected to account for the Bonds at fair value with qualifying changes in fair value being recognized through the statements of operations until the Bonds are settled. Changes in fair value related to instrument-specific credit risk are recognized through comprehensive loss until the Bonds are settled. The fair value of the bonds is determined using a scenario-based analysis that estimates the fair value based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the noteholders, and therefore falls under level 3 of the fair value hierarchy. Significant assumptions used in the fair value analysis include the volatility rate, risk-free rate, dividend yield and risky yield. The fair value of the Bonds was determined to be $16.9 million on issuance, which is the principal amount of the Bonds. On issuance, total debt issuance costs of $1.2 million were immediately expensed as a component of general and administrative expense in consolidated statement of operations during the year end June 30, 2022. The Company recognized a change in fair value of the Notes related to the instrument-specific credit risk of $0.5 million in the comprehensive loss and a change in fair value related to non-instrument specific credit risk of $4.0 million in the consolidated statement of operations during the year ended June 30, 2022.

31. RELATED PARTY TRANSACTIONS

In May 2018, the Company secured its cornerstone license agreement with ISMMS for research and clinical study work and intended commercialization by the Company. As part of the collaboration, ISMMS became a shareholder in the Company and has subsequently made equity investments both in the Company's IPO in November 2018 and the subsequent sale of ordinary shares in July 2019.

In connection with the formation of Kantaro, the Company entered into a five-year Advisory Services Agreement ("Advisory Agreement") pursuant to which the Company has agreed to provide certain advisory services to Kantaro.

Pursuant to the Kantaro Operating Agreement, Kantaro issued 750 Class A Units to Mount Sinai in exchange for Mount Sinai granting licenses to Kantaro under certain intellectual property rights of Mount Sinai and 250 Class A Units to the Company as the sole consideration for the services to be rendered by the Company under the Advisory Agreement. A portion of the Company's units are subject to forfeiture if, prior to December 31, 2020, Kantaro terminates the Advisory Agreement as a result of an uncured material breach of the Advisory Agreement or in the event the Company is acquired by a hospital or health system that serves all or any portion of the service areas served by Mount Sinai. The Company determined the fair value of the services at June 30, 2022 to be provided under the Advisory Agreement was $0.1 million. A gain of $0.01 million was recognized within equity in gain (losses) of affiliate the accompanying consolidated statements of operations and comprehensive loss.

In addition to the equity granted at formation, the Company and Mount Sinai each committed to making a loan to Kantaro. Mount Sinai committed to lend an initial amount of $0.3 million and an additional $0.5 million thereafter. The Company committed to lend an initial amount of $83,333 and an additional $0.2 million thereafter. Each loan bears interest at a per annum rate equal to 0.25%, compounded monthly, until repaid, and is repayable from the first amounts that would otherwise constitute cash available for distribution to the members of Kantaro (provided that each loan repayment will be made, 75% to Mount Sinai and 25% to the Company). In the year ended 30 June 2021, the Company loaned Kantaro the full $250,000 however later recorded a reserve of $175,000 based on uncertainty regarding collectability and had a remaining $75,000 note receivable at June 30, 2022.

In June 2020, we and Mount Sinai entered into a registration rights agreement pursuant to which we have granted MountSinai the following registration rights:

- **Demand Registration on Form F-3 –** Mount Sinai is entitled to demand registrations on Form F-3, if we are theneligible to register shares on Form F-3, including up to two underwritten offerings in any 12-month period.
- **Demand Registration on Form F-1 or Form S-1 –** At any time following one year after the completion of the globaloffering, if we are not eligible to register shares on Form F-3 or S-3, Mount Sinai is entitled to a maximum of one demand registration on Form F-1 or Form S-1 during any 12-month period, subject to specified exceptions.

- **Piggyback Registration –** Mount Sinai is entitled to certain piggyback registration rights, subject to certain marketingand other limitations in the context of an underwritten offering.
- **Expenses –** We will pay all registration expenses incident to the performance of our obligations under the registrationrights agreement.

Mount Sinai's registration rights will terminate at such time as Rule 144, or another similar exception under the Securities Act, is available for the unlimited public sale of all of Mount Sinai's registrable securities without any volume or manner of sale limitations, subject to specified exceptions.

Additionally, Mount Sinai participated in our April 2022 equity offering and purchased 551,724 ADSs. This purchase was made through the underwriters at the offering price of $7.25 per ADS.

32. CONTINGENT LIABILITIES

The Group has a contract with Icahn School of Medicine at Mount Sinai which give rise to contingent liabilities:

Mount Sinai Collaboration Agreement

The Group is subject to the following one-off milestone payment obligations:

- $1.5 million once worldwide sales of Licensed Products reach $50 million; and
- $7.5 million once worldwide sales of Licensed Products reach $300 million.

In addition, royalties of 4-5% are payable to Mount Sinai on net sales of KidneyIntelX™, and 15% or 25% (depending on timing) of income from sublicensing. The Group is also subject to an annual data transfer fee of $50,000.

Joslin Diabetes Center Agreement

The Group has a contract with Joslin Diabetes Center under which the Group is liable for the following costs and payments:

- 5% royalty on net sales of Joslin Licensed Products and Joslin Licensed Processes;
- 25% of royalties received by the Group from sublicensing;
- A one-off milestone payment of $300,000 once total net sales reach $2 million; and
- A one-off milestone payment of $1 million once total net sales reach $10 million

The aforementioned contingencies have not been recognized as of June 30, 2022 as the probability was deemed too remote as of the balance sheet date.

33. ULTIMATE CONTROLLING PARTY

The Directors believe there to be no ultimate controlling party.

34. EQUITY METHOD INVESTMENTS

In May 2020, the Group and Mount Sinai entered into the Kantaro Operating Agreement in order to form Kantaro Biosciences LLC ("Kantaro") for the purpose of developing and commercializing laboratory tests for the detection of antibodies against SARS-CoV-2 originally developed by Mount Sinai. In connection with the formation of Kantaro, the Group entered into the Advisory Agreement, pursuant to which the Group has agreed to provide certain advisory services to Kantaro.

Pursuant to the Kantaro Operating Agreement, Kantaro issued 750 Class A Units to Mount Sinai in exchange for Mount Sinai granting licenses to Kantaro under certain intellectual property rights of Mount Sinai and 250 Class A Units to the Group in respect of the services to be rendered by the Group under the Advisory Agreement. A portion of the units are subject to forfeiture if, prior to December 31, 2020, Kantaro terminates the Advisory Agreement as a result of the uncured material breach of the Advisory Agreement or in the event we are acquired by a hospital or health system that serves all or any portion of the service areas served by Mount Sinai. The Group account for the investment in Kantaro using the equity method of accounting as the Group can exert significant influence over, but do not control, Kantaro.

In addition to the equity granted at formation, the Group and Mount Sinai each committed to making a loan to Kantaro.

Mount Sinai committed to lend an initial amount of $250,000 and an additional $500,000 thereafter. The Group committed to lend an initial amount of $83,333 and an additional $166,667 thereafter. Each loan bears interest at a per annum rate equal to 0.25%, compounded monthly, until repaid, and is repayable from the first amounts that would otherwise constitute cash available for distribution to the members of Kantaro (provided that each loan repayment will be made, 75% to Mount Sinai and 25% to us). All services provided by the Group under the Advisory Agreement are subject to the oversight and direction of the board of managers of Kantaro.

Based on sales forecasts, the Company concluded that its equity method investment in Kantaro was impaired due to a shift in focus from COVID antibody testing to promoting vaccination in the United States and European Union. The forecasts indicate there is a prolonged period of time that Kantaro's fair value is below the carrying value of the investment.

(A) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the Group as of 30 June 2022 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the Entity	Place of Business/ Country of Incorporation	% of Ownership Interest		Nature of Relationship	Method of Measurement	Quoted Fair Value		Carrying Amount	
		2022	**2021**			**2022**	**2021**	**2022**	**2021**
Kantaro BiosciencesLLC	USA	25%	25%	Joint Venture	Equity Method	(*)	(*)	$9.5	-
Total equity accounted investments (*) - Private Entity - No quoted price available	-	-		-	-	-	-	-	-

(B) Interest in associates and joint ventures

	As at 30 June 2022	As at 30 June 2021
Commitments - Joint Ventures	-	-
Commitment to provide additional loan to Kantaro	-	-
Total	-	-

Additional Financial Information

RECONCILIATION OF IFRS TO US GAAP

Since Renalytix's initial listing on Nasdaq, the Company has followed accounting principles generally accepted in the United States of America ('US GAAP'), both for internal as well as external purposes. The information below is unaudited and does not form part of the statutory accounts.

Renalytix Form 20-F, which is based on US GAAP, contains differences from its Annual Report, which is based on IFRS.

The Form 20-F and Annual Report are available on the Company's website (www.renalytix.com). In order to help readers to understand the difference between the Group's two sets of financial statements, Renalytix has provided, on a voluntary basis, a reconciliation from IFRS to U.S. GAAP as follows:

BALANCE SHEET

(in thousands except share and per share amounts)

	GAAP As at 30 June 2022	IFRS As at 30 June 2022	GAAP vs IFRS Difference	
Assets	**$'000**	**$'000**	**$'000**	
Cash	41,333	41,333	-	
Accounts receivable	901	901	-	
Prepaid expenses and other current assets	2,445	2,453	(8)	(a)
Note receivable – Kantaro	75	75	-	
Property, plant and equipment, net	2,558	1,368	1,190	(b)
Intangibles, net	-	14,020	(14,020)	(c)
Investment in Verici	2,744	2,744	-	
Investment in Kantaro	9	9	-	
Right of use asset	-	355	(355)	(d)
Total assets	**50,065**	**63,258**	**(13,193)**	
Liabilities and stockholders' equity				
Current Liabilities:				
Note payable – current	4,660	4,660	-	
Accounts payable	2,459	7,281	4,822	(e)
Accrued expenses and other current liabilities	3,060	-	(3,060)	(e)
Accrued expenses – related party	1,496	-	(1,496)	(e)
Current lease liability	-	163	163	(d)
Payable to Kantaro - current	55	55	-	
Deferred Revenue	46	46	-	
Note payable – noncurrent	7,682	7,682	-	
Noncurrent lease liabilities	-	202	202	(d)
Total Liabilities	**19,458**	**20,089**	**631**	

	GAAP As at 30 June 2022	IFRS As at 30 June 2022	GAAP vs IFRS Difference	
Stockholders' (deficit) equity:	**$'000**	**$'000**	**$'000**	
Ordinary shares,	228	241	13	(f)
Additional paid in capital	164,012	97,398	(66,614)	(g)
Accumulated other comprehensive (loss) income	(915)	(1,509)	(594)	(h)
Accumulated deficit	(132,718)	(52,961)	79,757	(i)
Total stockholders' (deficit) equity	**30,607**	**43,169**	**12,562**	
Total liabilities and stockholders' (deficit) equity	**50,065**	**63,258**	**13,193**	

a. Represents other immaterial presentation differences between US GAAP & IFRS

b. Differences is attributable to capitalized software costs which are recorded as property and equipment under U.S. GAAP and Intangibles under IFRS.

c. Under IFRS, the acquisition of licenses and subsequent development efforts are capitalized and presented as intangible assets. Under U.S. GAAP, such costs are expensed as incurred until technological feasibility has been achieved or the assets are deemed to have future alternative use. In addition to capitalized software costs which are recorded as property and equipment under US GAAP and Intangibles under IFRS.

d. Represents the adoption of IFRS 16 in connection with the Company's commercial laboratory in Utah. The Company has deferred the adoption of ASC 842 under U.S. GAAP until July 1, 2022.

e. Accounts payable and other current liabilities are presented in the aggregate within the Annual report while broken out separately on the US GAAP 20-F. Difference represents other immaterial presentation differences and audit adjustments.

f. Represents other immaterial audit adjustments

g. Represents cancellation of share premium account and reduction in accumulated deficit under IFRS in anticipation of a distribution of FractalDx net assets to the shareholders of Verici in prior year. In addition, stock based compensation is recognized on a straight line basis under U.S. GAAP and a graded vesting basis under IFRS which creates timing differences as to when expenses are recorded.

h. Represents the difference in weighted average foreign exchange rates and spot rates used for translation of financial statements under IFRS and U.S. GAAP.

i. Represents cancellation of share premium and reduction in accumulated deficit under IFRS in anticipation of a distribution of FractalDx net assets to the shareholders of Verici and differences noted within the Company's consolidated statement of operations and comprehensive loss.

RECONCILIATION OF NET LOSS

($ thousands)

	Year ended June 2022	
Net loss in accordance with IFRS	**(56,732)**	
Deferred tax assets	7,104	(j)
Stock compensation expense	2,389	(k)
Amortization of intangibles	1,981	(l)
Other adjustments	(18)	(m)
Net loss in accordance with US GAAP	**(45,276)**	

j. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized based on available evidence. Historically, under U.S. GAAP, a full valuation allowance has been applied. Historically, under IFRS a partial valuation allowance was applied however a full valuation allowance was booked in the current year which resulted in the increased tax expense.

k. Stock based compensation is recognized on a straight line basis under U.S. GAAP and a graded vesting basis under IFRS which creates timing differences as to when expenses are recorded.

l. Amortization expense is higher on the IFRS books as a result of the higher intangible asset balance. Under IFRS, the acquisition of licenses and subsequent development efforts are capitalized and presented as intangible assets. Under U.S. GAAP, such costs are expensed as incurred until technological feasibility has been achieved or the assets are deemed to have future alternative use.

m. The remaining difference represents the aggregation of other immaterial audit adjustments and small accounting standard difference.