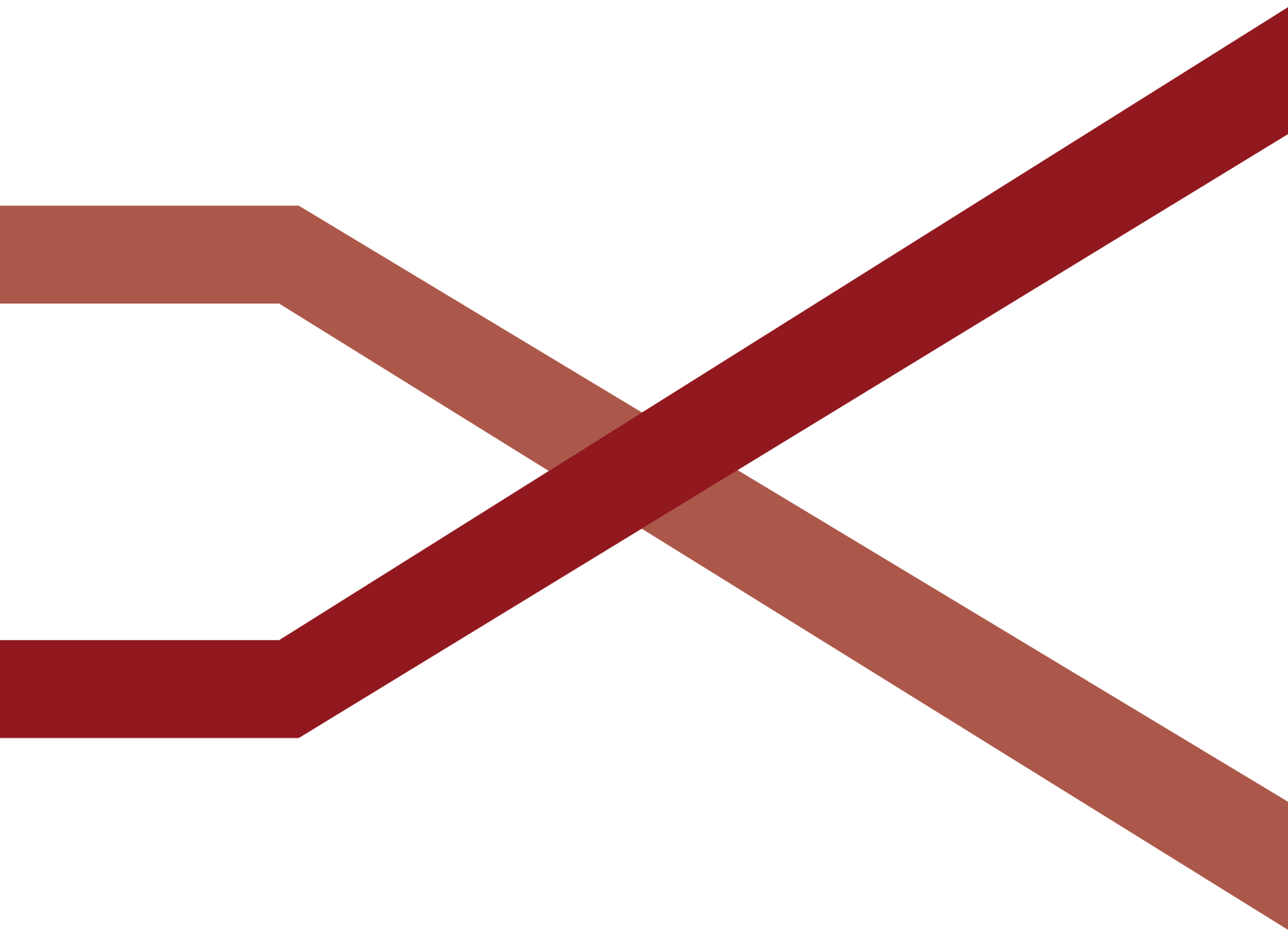


ANNUAL REPORT
2018 / 19

RENALYTIX AI

RENALYTIX AI PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the period ended 30 June 2019

INDEX

Summary information and highlights

About RenalytixAI

Renalytix AI plc ("RenalytixAI", "the Group" or the "Company") is a developer of artificial intelligence-enabled clinical diagnostic solutions for kidney disease, one of the most common and costly chronic medical conditions globally. The Company's solutions are being designed to make significant improvements in kidney disease diagnosis and prognosis, clinical care, patient stratification for drug clinical trials, and drug target discovery.

About kidney disease

Kidney disease is now recognised as a public health epidemic affecting over 850 million people globally. In the United States alone, over 40 million people are classified as having chronic kidney disease, with nearly 50 percent of individuals with advanced (Stage IV) disease unaware of the severity of their reduced kidney function. As a result, many patients progress to kidney failure in an unplanned manner, ending up having dialysis in the emergency room without ever seeing a clinical specialist, such as a nephrologist. Every day 13 patients die in the United States while waiting for a kidney transplant.

Operational highlights

- The U.S. Food and Drug Administration (FDA) granted Breakthrough Device designation in May 2019 for KidneyIntelX™, the Company's artificial intelligence clinical *in vitro* diagnostic product for identification of fast progressing kidney disease
- Secured contract agreements, patient blood samples and de-identified electronic health record data for KidneyIntelX™ expanded clinical validation with University of Pennsylvania, Emory University, and the Icahn School of Medicine at Mount Sinai as participating academic institutions
- Established a Chronic Kidney Disease Advisory Board for KidneyIntelX™ with clinical experts from Harvard, the Icahn School of Medicine at Mount Sinai, Johns Hopkins, Wake Forest Baptist Health, and Northwestern University
- Established scaled-up production of multiplex plates from *in vitro* diagnostics manufacturer Meso Scale Diagnostics for KidneyIntelX™
- Initiated a collaboration with University of Groningen to evaluate KidneyIntelX™ in 3,500 patients with Type 2 diabetes for early identification and guiding therapeutic treatment for kidney disease
- Executed exclusive license with Mount Sinai for FractalDx portfolio of technologies in the field of kidney transplant rejection
- Released positive results for FractalDx technology demonstrating ability to predict early rejection in kidney transplant
- Established core investigator groups for FractalDx development including leading experts from University of Oxford, Yale University, Emory University, Icahn School of Medicine at Mount Sinai, University of Manitoba, Westmead Hospital Sydney, the Cleveland Clinic and University of Alabama
- Expansion of leadership team with the appointment of Patricia Connolly as vice president of clinical and scientific affairs in February 2019 (now EVP product development), and Thomas McLain as president and chief commercial officer (post period-end)
- Received Clinical Laboratory Improvement Amendments ("CLIA") Certificate Number for Company's New York commercial laboratory from New York State Department of Health, an important initial step in the process towards certifying RenalytixAI to conduct commercial operations for testing patients

Financial highlights

- Completed successful IPO securing net capital financing of approx. $27m with admission to AIM and trading in the Company's shares starting on 6 November 2018
- In-licensed intellectual property underlying two product technologies, KidneyIntelX™ and FractalDx, for a total of $11.0m in upfront payments
- c.$2 million capital investment to date in artificial intelligence (AI) technology and clinical assay development
- Net loss of $6.0m ($0.16 per ordinary share) for period since inception on 15 March 2018 to 30 June 2019
- Cash used in operations since inception of $4.4m to 30 June 2019
- Cash on hand of $9.3m as of 30 June 2019 (prior to 23 July 2019 financing raising net proceeds of $16.6m)

Post-period end

- The American Medical Association (AMA) granted KidneyIntelX™ a distinct CPT Code, an important step towards establishing reimbursement from private insurance and Medicare in the U.S.
- Successful interim results reported from multi-centre expanded validation study initiated in January 2019 in diabetic chronic kidney disease for KidneyIntelX™
- Expanded Chronic Kidney Advisory Disease Advisory Board to include leading clinicians from the National Kidney Foundation, the University of Washington and the University of Chicago
- Reported positive results in the Journal of American Society of Nephrology (JASN) for detection of subclinical acute kidney transplant rejection for FractalDx
- Completed successful follow-on financing of net $16.6m on 23 July 2019 through placing of new ordinary shares to a range of new and existing UK and U.S. institutional investors
- Appointed Thomas McLain as president and chief commercial officer
- Continuing to work closely with FDA under Breakthrough Device designation for KidneyIntelX™ to submit for consideration for regulatory clearance as early as Q4, 2019

Additional financial information

The information on pages 4 to 8 is presented in order to assist investors with their review of these accounts. It presents figures for the period to 30 June 2018 and for the year to 30 June 2019. It is unaudited and does not form part of the statutory accounts.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

Continuing operations	**Period from inception to 30 June 2018 $'000**	**Year to 30 June 2019 $'000**	**Period from inception to 30 June 2019 $'000**
Administrative expenses	(418)	(6,537)	(6,955)
Operating loss	**(418)**	**(6,537)**	**(6,955)**
Finance income - net	-	19	19
Loss before tax	**(418)**	**(6,518)**	**(6,936)**
Taxation	-	959	959
Loss for the period	(418)	(5,559)	(5,977)
Earnings per Ordinary share from continuing operations			
Basic and diluted	$ (0.01)	$ (0.15)	**$** (0.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	Period from inception to 30 June 2018 $'000	Year to 30 June 2019 $'000	Period from inception to 30 June 2019 $'000
Loss for the period – continuing operations	(418)	(5,559)	(5,977)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	3	(598)	(595)
Other comprehensive loss for the period	**3**	**(598)**	**(595)**
Total comprehensive loss for the period	**(415)**	**(6,157)**	**(6,572)**

CONSOLIDATED AND COMPANY'S STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Group As at 30 June 2018 $'000	Group As at 30 June 2019 $'000
Assets		
Non-current assets		
Property, plant and equipment	-	278
Intangible assets	-	18,287
Deferred tax assets	-	959
Total non-current assets	-	19,524
Current Assets		
Security deposits	-	49
Prepaid and other current assets	7	61
Cash and cash equivalents	82	9,288
Total current assets	89	9,398
Total assets	89	28,922
Equity attributable to owners of the parent		
Share capital	66	175
Share premium	-	34,032
Share-based payment reserve	-	532
Foreign currency reserves	3	(595)
Retained earnings	(418)	(5,977)
Total equity	(349)	28,167
Liabilities		
Current liabilities		
Trade and other payables	-	755
Borrowings	438	-
Total liabilities	438	755
Total equity and liabilities	89	28,922

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	Group Period from inception to 30 June 2018 $'000	Group Year to 30 June 2019 $'000	Group Period from inception to 30 June 2019 $'000
Cash flow from operating activities			
Loss before income tax	(418)	(6,518)	(6,936)
Adjustments for			
- Depreciation	-	31	31
- Amortisation and impairment charges	-	1,094	1,094
- Share-based payments	-	532	532
Changes in working capital			
- Trade and other receivables	-	218	218
- Prepaid assets and other current assets	(4)	(57)	(61)
- Security Deposits	-	(49)	(49)
- Trade and other payables	-	755	755
Cash used in operations	(422)	(3,994)	(4,416)
Interest paid	-	-	-
Net cash used in operating activities	(422)	(3,994)	(4,416)
Cash flow from investing activities			
Purchase of property, plant and equipment (PPE)	-	(308)	(308)
Purchase of intangibles	-	(12,741)	(12,741)
Net cash used in investing activities	-	(13,049)	(13,049)
Cash flow from financing activities			
Issue of shares (net of issue costs)	66	26,687	26,753
Proceeds from loans	438	-	438
Repayment of loans	-	(438)	(438)
Net cash generated from financing activities	504	26,249	26,753
Net increase in cash and cash equivalents	82	9,206	9,288
Cash and cash equivalents at beginning of period	-	82	-
Cash and cash equivalents at end of period	82	9,288	9,288

Board of Directors

Julian Baines MBE
Non-executive Chairman (aged 55)

Julian is the chief executive officer of EKF Diagnostics Holdings plc ("EKF"), having assumed the role in December 2009. During his tenure at EKF, he has successfully completed multiple fundraisings and the acquisition and subsequent integration of eight businesses in seven countries, building revenue from zero to over £40 million. Prior to joining EKF, Julian was group chief executive officer of BBI Holdings plc, where he undertook a management buyout in 2000, its AIM flotation in 2004 and was responsible for selling the business to Alere, Inc. (now part of Abbott Laboratories) in 2008 for c. £85 million. In 2016, Julian was awarded an MBE for services to the life sciences industry.

He is the chair of the Remuneration Committee and the Nomination Committee.

James McCullough
Chief Executive Officer (aged 51)

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 personalised medicine company developing non-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 specialising 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 Memorial Sloan 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 New York City.

Fergus Fleming
Chief Technical Officer (aged 52)

Fergus is managing director of FF Consulting Limited and Head of Business Development for Oncomark Limited. Fergus has over 25 years' experience in the life sciences sector, including leadership positions with Baxter Healthcare, Boston Scientific, Trinity Biotech plc and EKF. Fergus has extensive experience in the design and manufacture of medical device software, in vitro diagnostics instruments and reagents and electromechanical devices. He has extensive experience managing global projects including clinical research collaborations, product development, acquisition integration and manufacturing site transfers.

Richard Evans
Non-executive Director (aged 62)

Richard qualified as a Chartered Management Accountant in 1983 and holds a Bachelor of Commerce in Business Studies and Law from Edinburgh University and an MBA from INSEAD. Before joining EKF where he is CFO and COO, Richard was Finance Director, General Manager and Global Account Director at Hitachi Data Systems GmbH. He has also held positions at Fisher Scientific, TRW Seat Belt Systems, Maxtor Corporation, United Technologies Carrier and Abbott Diagnostics GmbH in Germany.

Richard is the chair of the Audit Committee.

Erik Lium PhD
Non-executive Director (aged 51)

Erik represents Mount Sinai on the Board as part of the ongoing relationship between the Company and Mount Sinai.

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 assistant vice 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 PhD with honours from the Integrated Program in Cellular, Molecular and Biophysical Studies at Columbia University. Dr. Lium holds a BS in Biology from Gonzaga University.

Erik is a member of the Audit Committee.

Christopher Mills
Non-executive Director (aged 66)

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 Capital LLP. He is a Non-executive Director of a number of companies including EKF. Christopher was a Director of Invesco MIM, where he was Head of North American Investments and Venture Capital, and of Samuel Montagu International.

Christopher is a member of the Remuneration Committee and the Nomination Committee.

Barbara Murphy MD
Non-executive Director (aged 64)

Barbara is the Murray M. Rosenberg Professor of Medicine, chair of the Department of Medicine for Mount Sinai and Dean for Clinical Integration and Population Health. Her area of interest is transplant immunology, focusing on the use of high throughput genomic technologies as a means to understand the immune mechanisms that lead to graft injury and loss, with the aim of identifying gene expression profiles and / or genetic variants that may be used to predict those at greatest risk. Dr. Murphy earned her M.B. B.A.O. B.Ch. from The Royal College of Surgeons in Ireland and spent her early career at Beaumont

Hospital in Dublin. Dr. Murphy completed her postdoctoral training with a fellowship in Nephrology at Brigham and Women's Hospital, Harvard Medical School. As part of this she trained in transplant immunology at the Laboratory of Immunogenetics and Transplantation, Renal Division, Brigham and Women's Hospital, Harvard Medical School. Among her many honours, Dr. Murphy was awarded the Young Investigator Award in Basic Science by the American Society of Transplantation in 2003. In 2005, Dr. Murphy was awarded the Irene and Dr. Arthur M. Fishberg Professor of Medicine at The Mount Sinai Hospital. Her many awards include being named Nephrologist of the Year 2011 by the American Kidney Fund; the distinguished Jacobi Medallion; an honorary degree from University College, Dublin, Ireland; and being honored by The Annual Irish America Healthcare & Life Science 50.

Dr. Murphy belongs to a number of professional societies including the American Society of Transplantation and the American Society of Nephrology. Among her numerous achievements, she has held many leadership roles at a national level, including being a member of the board of the American Society of Transplantation, the executive committee of the American Transplant Congress, and chair of Education Committee of the American Society of Transplantation. In 2009 Dr. Murphy was the president of the American Society of Transplantation and in 2016 was elected to council for the American Society of Nephrology.

Strategic report

To the members of Renalytix AI plc

Review of the business

I am delighted to present the inaugural annual report for Renalytix AI plc, which covers the period from the founding of the Company on 15 March 2018 to 30 June 2019

RenalytixAI was created to develop and commercialise artificial intelligence (AI) *in vitro* diagnostics to address one of the largest and costliest disease indications in medicine today. The business was founded in early 2018 on the back of research by leading investigators at the Icahn School of Medicine at Mount Sinai ("Mount Sinai") and the Joslin Diabetes Center and initially funded by EKF Diagnostics Holdings plc ("EKF").

On 6 November 2018, the Company achieved a successful initial public offering (IPO), raising net proceeds of approx. $27m and was admitted to trading on AIM, a market operated by the London Stock Exchange. In May 2019, the U.S. Food and Drug Administration granted KidneyIntelX™ Breakthrough Device designation. In July 2019, the American Medical Association awarded KidneyIntelX™ a distinct CPT Code, an important step towards achieving reimbursement from both private insurance payers and Medicare in the United States. Also In July, the Medicare Advisory Panel on Clinical Diagnostic Laboratory Tests voted in favour of recommending KidneyIntelX™ for crosswalk pricing for the 2020 Clinical Laboratory Fee Schedule. While none of these actions guarantee that the Company's products will achieve regulatory or reimbursement objectives, we continue to believe recent government policy changes and an increasing awareness of the significant public costs associated with chronic kidney disease are favourable for our advanced clinical *in vitro* diagnostic commercialisation and adoption programme in the United States and other countries.

KidneyIntelX™ has demonstrated the ability to significantly improve identification of potentially fast-progressing kidney disease in individuals with Type 2 diabetes and those of African ancestry over methods currently in use. In July 2019, we announced positive interim results from a study conducted with three leading academic medical centres in the United States: the University of Pennsylvania; Emory University; and the Icahn School of Medicine at Mount Sinai. We are working closely with FDA under Breakthrough Device designation to submit final results from this multi-centre study as early as Q4 2019 for regulatory clearance consideration.

After achieving key initial regulatory and reimbursement development milestones and to support a shorter time-line to commercialisation for its lead product KidneyIntelX™, the Company raised an additional $16.6m in net proceeds shortly after the year end, in July 2019. These funds will be used primarily to support the accelerated commercial development and deployment of KidneyIntelX™. Additional funds will also be used to support development of the Company's second product portfolio, FractalDx, whose first two *in vitro* diagnostics products are being prepared to address key issues in kidney transplant and rejection, and to fund working capital in support of the Company's growth.

We continue to expand discussions with health care providers and insurance payer organisations about KidneyIntelX™ best deployment practices to improve patient outcomes and reduce cost of care. We have added to our world-class clinical network to assist with chronic kidney disease and transplant diagnostics product trial design and data evaluation. The network now includes investigators from Harvard, Emory University, Northwestern University, Johns Hopkins, the University of Chicago, the University of Washington, the National Kidney Foundation, Wake Forest Baptist Health, the University of Pennsylvania and Mount Sinai.

We have expanded our leadership team with the appointment of Patricia Connolly as vice president of clinical and scientific affairs in February 2019 (now EVP product development), and Thomas McLain as president and chief commercial officer in July 2019.

Strategy and objectives

In 2018, we secured our cornerstone collaboration with Mount Sinai for product development and intended commercialisation by the Company beginning in the second half of calendar 2019. As part of the collaboration, Mount Sinai became a shareholder in the Company and has subsequently made equity investments both in the IPO and the recent follow-on round.

Separately, in January 2019, the Company executed its option with Mount Sinai for the FractalDx license, the Group's second product line, which grants rights to technology and patents relating to a series of potential diagnostics and prognostics in the field of kidney transplant and rejection. We are creating a strategy to develop and, if appropriate, commercialise clinical products incorporating the intellectual property associated with the license. The first two FractalDx diagnostic products selected for analytical and clinical validation phase planning beginning this year are a diagnostic for immunosuppressive therapy dosing, and an early kidney transplant rejection diagnostic. As with KidneyIntelX™, we have secured a clinical network to advise on trial design and data review, including leading investigators from major transplant centres in the United States, Australia and Canada.

We have advanced our work in machine learning to support KidneyIntelX™ and our broader technology approach through our partnership with Persistent Systems. Our *in vitro* diagnostics manufacturing partner, Meso Scale Diagnostics, has now delivered the first production lot for measuring the blood-biomarker component of KidneyIntelX™ to our New York laboratory.

In addition, we have obtained our Clinical Laboratory Improvement Act (CLIA) file number and established a New York laboratory operation (a lease with Johnson & Johnson Innovation, LLC – JLABS). We anticipate applying to New York State for clearance to operate KidneyIntelX™ as a Laboratory Developed Test for testing on patients within the Mount Sinai system and other New York regional healthcare systems beginning as early as the end of calendar year 2019 and prior to an FDA clearance decision.

Business model

RenalytixAI is working with its partners to develop artificial intelligence-enabled clinical diagnostic solutions for kidney disease. A key element of the development process will be to obtain the required regulatory authorisations. In the first instance we intend to commercialise our products in the USA and have entered discussions with health care providers and insurance payer organisations about best deployment practices to improve patient outcomes and reduce cost of care, whilst at the same time solidifying the most optimal routes to market. Following success in the USA we will consider commercialisation in other territories.

Key performance indicators

The Group focuses on assay development and operating/administrative costs relative to plan as key performance indicators, as well as cash position. Once test sales commence, revenue, gross margin and adjusted EBITDA will be added as performance indicators, as well as certain relevant non-financial measures.

Financial review

Income statement

The Group is currently in its initial development phase and therefore has not yet commenced revenue generation. As this is the inaugural reporting period, no comparatives are given. The Group's presentational currency is the United States Dollar.

Administrative costs

The largest elements of administrative costs are employee related expenses ($1.48m), research and development costs ($1.93m), and depreciation and amortisation costs ($1.13m). In addition to the charge to income, development costs including trade secrets of $8.38m have been capitalised, mainly resulting from the acquisition of the biomarker business from EKF, as well as the development work relating to the AI software.

Finance income

The Group has finance income as the Group has largely been funded by equity, and interest earned on cash deposits has outweighed the interest costs on the start-up loans from EKF.

Balance sheet

Fixed assets

Property, plant, and equipment consists of laboratory equipment being used to support the product development activities.

Intangible assets

Includes payments made primarily to Mount Sinai for license and patent costs for the intellectual property underlying KidneyIntelX^{TM} and FractalDx, as well as amounts capitalised as development costs. Intangible assets also include the value of the biomarker business purchased (in exchange for Ordinary shares in the Company) from EKF.

Deferred tax

A deferred tax asset has been calculated based on the accumulated tax losses in the USA.

Borrowings

The Group has no long-term debt outstanding as of 30 June 2019. Prior to the admission of the Company's shares to trading on AIM and the associated equity financing, EKF loaned the Company $0.44m to fund operations, which was repaid (including nearly $20,000 in interest) in November 2018.

Capitalisation

The Company completed a public listing on the AIM market on 6 November, 2018 and associated equity financing of $26.8m net of fees and related charges.

Post balance sheet event

On 23 July 2019 the Company successfully completed a secondary public offering, raising $16.6m net of expenses.

Future developments and outlook

We are pleased with the rate of progress made since IPO and are confident that we will continue to deliver key operational milestones in accordance with our plans. Our immediate strategy remains focused on incremental product development, expanding involvement from world leading clinicians, regulatory authority engagement, and building pathways to insurance payer reimbursement in the U.S. Our lead *in vitro* diagnostic programme for detection of fast-progressing kidney disease, KidneyIntelX™, is currently under FDA regulatory review and has the potential to address one of the largest unmet medical needs globally, estimated to affect over 850 million people.

In April 2019, we published a manuscript which outlines positive results from a study in approximately 870 patients that demonstrated the performance characteristics of our machine learning algorithm combining blood biomarkers and de-identified electronic health record data to predict fast progressing kidney disease. In July 2019, we announced positive interim results from a multi-centre clinical study with KidneyIntelX™ that confirmed results we had demonstrated in the April 2019 single-centre study. We believe study data on the algorithm at the core of KidneyIntelX™ could lead to a significant improvement in identification of patients likely experiencing a rapid kidney function decline versus what is currently achievable with standard clinical models. We believe that the published data from this study, with expanded clinical validation, could help clinicians identify the patients who would benefit most from early and more aggressive treatment to mitigate kidney disease progression, which could result in substantial cost savings for health care systems world-wide.

The Company is evaluating its plans for FractalDx and intends to begin the commercial development process on two diagnostic products addressing key unmet needs in kidney transplant this year.

We remain confident in the prospects for the business and look forward to providing further updates on our progress.

Risk management approach

We recognise that effective risk management is essential to the successful delivery of the Group's strategy. As we grow our business, we believe it is important to develop and enhance our risk management processes and control environment on an ongoing basis and ensure it is fit for purpose by identifying and managing risks across the Group in a consistent and robust manner.

Below we describe our risk management approach, the principal risks and uncertainties faced by the Group and the controls in place to manage them.

Overview of risk management approach

The key principles that guide the Group's risk management approach are outlined below:

- It is the employees' responsibility to ensure they understand and comply with the Risk Management Policy and their defined risk management roles and responsibilities.

- There is a defined risk management governance structure with clear accountabilities at Group's location.

- A consistent risk management approach is used throughout the Group to identify and manage risks posed in the AI and life sciences industries.

- Risk management is embedded in all key processes and decision-making within the Group (including strategy setting, budgeting, planning and day-to-day operations and activities).

A risk register is maintained and updated periodically. The register includes the risk description, risk owner, mitigation/control description and risk profile.

Principal risks and uncertainties

Set out below are the principal risks which we believe could materially affect the Group's ability to achieve its financial and operating objectives and control or mitigating activities adopted to manage them. The risks are not listed in order of significance.

The Group is dependent upon its strategic collaboration with third party partners

The Group is working to develop and commercialise its products in close collaboration with strategic partners. The Group is dependent upon third parties for resources and revenue. Failure by these strategic partners to meet its key contractual obligations or to purchase KidneyIntelX™ tests, for whatever reason, would likely have a material adverse effect on the Group and its ability to achieve its commercial objectives, potentially including the attainment of sales volumes leading to profitability, and may ultimately result in the Group becoming unviable.

Regulatory risk

There can be no guarantee that any of the Group's products will be able to obtain or maintain the necessary regulatory approvals in any or all of the territories in respect of which applications for such approvals are made. Where regulatory approvals are obtained, there can be no guarantee that the conditions attached to such approvals will not be considered too onerous by the Group or its partners in order to be able to market its products effectively.

The Group seeks to reduce this risk by seeking advice from regulatory advisers, consultations with regulatory approval bodies and by working with experienced partners.

Reimbursement levels

There is no guarantee that the Group will be able to sell its products or services profitably if the reimbursement level from third party payers, including government and private health insurers, is unavailable or limited. Third party payers are increasingly attempting to contain health care costs through measures that could impact the Group including challenging the prices charged for health care products and services, limiting both coverage and the amount of reimbursement for new diagnostics products and services, and denying or limiting coverage for products that are approved by the regulatory agencies but are considered experimental by third party payers.

The Group understands that due to third party dependency it is extremely difficult to eradicate this risk. However, the Group 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 Group'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 organisation, the Group relies on a core team of staff and is therefore exposed to any significant departures of key personnel. In particular, the Group's performance depends significantly on the continuing contribution of James McCullough.

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 and data 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 commercialisation, marketing authorisation where necessary, and coverage and reimbursement. Other companies may succeed in commercialising 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 minimise the risk of delays by careful management of projects.

In addition, research and development may 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 authorisations, 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 Finance Director. 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.

Intellectual property risk

The commercial success of the Group and its ability to compete effectively with other companies depends, amongst other things, on its ability to obtain and maintain patents sufficiently broad in scope to provide protection for the Group's intellectual property rights against third parties and to exploit its products. The absence of any such patents may have a material adverse effect on the Group's ability to develop its business.

The Group mitigates this risk by developing products where legal advice indicates patent protection would be available, seeking patent protection for the Group's products, maintaining confidentiality agreements regarding Group know-how and technology and monitoring technological developments and the registration of patents by other parties. The commercial success of the Group also depends upon not infringing patents granted, now or in the future, to third parties who may have filed applications or who have obtained, or may obtain, patents relating to business processes which might inhibit the Group's ability to develop and exploit its own products.

Brexit

In March 2017, the UK officially triggered Article 50 and notified the EU of its intention to leave the EU following the UK's June 2016 referendum vote (commonly known as Brexit). The triggering of Article 50 began the process of withdrawal from the EU. In November 2018, the UK and the 27 other countries involved in Brexit negotiations, agreed upon the terms of a withdrawal agreement including a transitional period until 31 December 2020, during which EU law would continue to apply in and to the UK. The withdrawal agreement will need to be ratified by the EU and the UK before it can enter into force and ratification is uncertain. On 10 April 2019 the European Council agreed an extension to allow for the ratification of the withdrawal agreement to last no longer than 31 October 2019. The UK and EU continue to negotiate the exit of the UK from the EU. The impact on the Group, if any, remains uncertain at this time but is being closely monitored by the Board.

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 minimising any effect on the environment caused by its operations.

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 with that of other employees.

Social, community, and human rights

The Board recognises that the Group has a duty to be a good corporate citizen and to respect and comply with the 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.

Going concern

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance, that the Group should be able to operate within the level of its current funding arrangements.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of preparation for its consolidated financial statements.

This report was approved by the Board of Directors on 3 September 2019 and signed on its behalf by:

Julian Baines
Chairman

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the consolidated financial statements and auditor's report for the period which commenced on 15 March 2018 and ended on 30 June 2019. The Corporate Governance Statement set out on pages 26 to 28 forms part of this report.

Corporate details

Renalytix AI plc is a public limited company incorporated in the United Kingdom (Registration Number **11257655**). The address of the registered office is Avon House, 19 Stanwell Road, Penarth, CF64 2EZ. The Company was incorporated on 15 March 2018.

Directors

The Directors, who served from the date of incorporation except as noted, were as follows:

- Julian Baines
- Richard Evans
- Fergus Fleming
- Erik Lium (appointed 6 November 2018)
- James McCullough
- Barbara Murphy (appointed 6 November 2018)
- Christopher Mills

Details of the Directors' membership of committees is shown on pages 9 to 11.

The Company Secretary is Salim Hamir.

Principal activities

The principal activity of the Group is the development of artificial intelligence-enabled clinical diagnostic solutions for kidney disease. Future developments and research and development activities are discussed in the Strategic Report on pages 12 to 21.

Dividends

When it is commercially prudent to do so and subject to the availability of distributable reserves, the Board may approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the development of the Group and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payment.

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 pages 12 to 21.

Directors' interests

The interests in the share capital of the Company of those Directors serving at 30 June 2019 and as at the date of signing of these financial statement, all of which are beneficial, were as follows:

	On 30 June 2019 Ordinary Shares of 0.25p each
Julian Baines	1,231,236
Richard Evans	706,322
Fergus Fleming	584,481
Erik Lium	-
James McCullough	2,870,110
Barbara Murphy	150,800
Christopher Mills	9,199,568

All of the shares were acquired during the period.

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.

Substantial shareholdings

As at 23 August 2019, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company:

Shareholder	Number of shares	Percentage of issued share capital
Christopher Mills	9,199,568	15.48%
Icahn School of Medicine at Mount Sinai	8,853,426	14.90%
Lombard Odier & Co Ltd	3,869,800	6.51%
James McCullough	2,870,110	4.83%
Polar Capital, LLP	2,734,160	4.60%
EKF Diagnostics Holdings plc	2,677,981	4.51%
O. James Sterling	1,902,640	3.20%

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with International Financial

Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Review includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

Directors' liability insurance

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company and of

any Company in the Group. Those indemnities are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006 and have been in force during the whole of the financial period and up to the date of approval of the financial statements.

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.

Disclosure of information to the Auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate governance

The Company's statement of corporate governance can be found in the Corporate Governance Statement on pages 26 to 28 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 the formal notice of the meeting, as set out on page 60.

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.

The Report of the Directors was approved by the Board on 3 September 2019 and signed on its behalf by:

Julian Baines
Chairman

Corporate Governance Statement

Compliance

The Company recognises 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. Details of the Code can be obtained from the Quoted Companies Alliance's website (www.theqca.com). The following statement describes how the Group seeks to address the principles underlying the Code.

Board composition and responsibility

The Board currently comprises two Executive Directors and five Non-Executive Directors. Julian Baines has been appointed as Non-Executive Chairman.

It is the Board's opinion that three directors Julian Baines, Richard Evans, and Barbara Murphy are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement.

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 focus on adding value to the assets of 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 capital structure of major transactions. The implementation of Board decisions and day to day operations of the Group are delegated to 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 CEO, who is responsible for implementing the strategy and day to day running of the Group. He is assisted by the Chief Technology Officer and Chief Financial Officer who is not a board member.

Board meetings

10 Board meetings were held during the period. The Directors' attendance record during their period of office is as follows:

Julian Baines (Non-Executive Chairman)	10/10
James McCullough (Chief Executive Officer)	10/10
Fergus Fleming (Chief Technology Officer)	9/10
Christopher Mills (Non-Executive Director)	8/10
Erik Lium (Non-Executive Director)	2/2 (appointed 6 November 2018)
Richard Evans (Non-Executive Director)	8/10
Barbara Murphy (Non-Executive Director)	2/2 (appointed 6 November 2018)

During the period, the Board has not performed an evaluation of their performance and that of the Chairman, as well as the effectiveness of the Board committees. This being a first period the evaluation was not possible and will be completed in the coming financial year.

Audit Committee

The Audit Committee comprises Richard Evans, who acts as chair, and Erik Lium. The Audit Committee will, among other things, determine and examine 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 will receive and review the reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Company.

The committee has not met formally during the period ended 30 June 2019. There have been no significant matters communicated to the Committee by the auditors and no interaction with the Financial Reporting Council.

Remuneration Committee

The Remuneration Committee comprises Julian Baines, who acts as chair, and Christopher Mills. The Remuneration Committee review 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 not met during period ended 30 June 2019.

Nomination Committee

The Nomination Committee comprises Julian Baines, who acts as chair, and Christopher Mills. The Nomination Committee will review and recommend nominees as new Directors to the Board.

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 authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation 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. 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: 029 20 710570

Fax: 029 20 705715

Email: investors@renalytixai.com

Corporate social responsibility

The Board recognises that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimise 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 Corporate Governance Statement was approved by the Board on 3 September 2019 and signed on its behalf by:

Salim Hamir
Company Secretary

Directors' Remuneration Report

for the period ended 30 June 2019

Statement of compliance

This report does not constitute a Directors' Remuneration Report in accordance with the Directors' Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed. This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain Executive Directors to ensure the continued development of the Group and to reward them for enhancing value to shareholders. The main elements of the remuneration package for Executive Directors are basic salary or fees, performance-related bonuses, benefits and share based incentives.

Directors' remuneration - Audited

The remuneration of the Directors for the period ended 30 June 2019 is shown below:

	Salary and fees $'000	Pension $'000	**Period to 30 June 2019 $'000**
Executive Directors			
James McCullough	233	7	**240**
Fergus Fleming	211	-	**211**
	444	7	**451**
Non-Executive Directors			
Julian Baines	22	-	**22**
Richard Evans	-	-	**-**
Erik Lium	-	-	**-**
Christopher Mills	17	-	**17**
Barbara Murphy	17	-	**17**
	56	-	**56**
Total fees and emoluments	500	7	**507**

Erik Lium is not entitled to receive remuneration as he sits on the Board as a representative of the Icahn School of Medicine at Mount Sinai.

Directors' share option plan

On 1 November 2018 share options were issued to a number of directors and other parties under the Company's unapproved share-option scheme. The options held by Directors as at 30 June 2019 were as follows:

Option holder	Option price per ordinary share	Number of Ordinary Shares under option	Exercise period
Icahn School of Medicine at Mount Sinai	£1.21	204,501	1 November 2021 – 31 October 2028
Barbara Murphy	£1.21	269,081	1 November 2021 – 31 October 2028
Fergus Fleming	£1.21	538,161	1 November 2021 – 31 October 2028

Directors' interests in the share capital of the Company are disclosed in the Directors' Report on pages 22 to 25.

Approved by the Board on 3 September 2019 and signed on its behalf by:

Julian Baines
Chairman

Independent Auditors' Report to the Members of Renalytix AI plc

Opinion

We have audited the financial statements of Renalytix AI plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 June 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's and parent company's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group materiality was $540,000 based upon gross assets and performance materiality was $378,000. Parent Company materiality was $378,000 based upon gross assets and performance materiality was $264,600. Gross assets were selected as the most appropriate benchmark for a group and company in the development stage prior to commercialisation. For each component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality.

An overview of the scope of our 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 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. Of the reporting components of the Group, the US registered subsidiary represented the principal business activities in the Group. Although the US subsidiary does not require an individual entity audit in that jurisdiction, we performed audit procedures on significant areas based on size or risk profile, or in response to potential risks of material misstatement to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the scope of our audit responded to the key audit matter**
Recoverability of intangible fixed assets and eligibility of capitalised development costs	
Intangible assets comprise the following categories with a carrying value as at 30 June 2019 of $18,287,000. Refer to note 18. • Trademarks, trade names and licenses • Development costs Intangible assets not yet subject to amortisation are tested annually for impairment via value in use calculations. Assets that are subject to amortisation are assessed for indicators of impairment.	We confirmed the Group held good title to the trademarks, trade names and licenses. We assessed whether any indicators of impairment (including regulatory issues, progress on obtaining milestones towards commercialisation, development of competing technology and products entering the market) existed which required an impairment charge to be recognised in profit or loss. We reviewed the terms and obligations contained in the underlying contractual agreements.

Estimated recoverable amounts using value in use calculations are subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. Judgement is also required when estimating useful economic lives.	Substantive testing of additions in both intangible asset categories to supporting documentation. Reperformance of amortisation calculations. Our testing on the forecasts and value in use calculations included: • Evaluation and challenge of the key assumptions used by management; • Performed sensitivity analysis on the headroom to reasonably possible changes in key assumptions. We tested and verified the eligibility for capitalisation of development costs in accordance with the criteria under IAS 38, in particular technical feasibility, the ability to commercialise the asset and the availability of technical and financial resources to complete development.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

	Note	Period ended 30 June 2019
		$'000
Continuing operations		
Administrative expenses	8	(6,955)
Operating loss		**(6,955)**
Finance income - net	13	19
Loss before tax		**(6,936)**
Taxation	14	959
Loss for the period		(5,977)
Earnings per Ordinary share from continuing operations		
Basic and diluted	15	$ (0.16)

The notes on pages 40 to 59 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	Period to 30 June 2019 $'000
Loss for the period – continuing operations	(5,977)
Other comprehensive income:	
Items that may be subsequently reclassified to profit or loss	
Currency translation differences	(595)
Other comprehensive loss for the period	**(595)**
Total comprehensive loss for the period	**(6,572)**

Items stated above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 14.

The notes on pages 40 to 59 are an integral part of these consolidated financial statements.

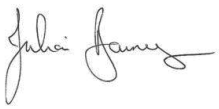
CONSOLIDATED AND COMPANY'S STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	Group As at 30 June 2019 $'000	Company As at 30 June 2019 $'000
Assets			
Non-current assets			
Property, plant and equipment	17	278	-
Intangible assets	18	18,287	18,287
Investment in subsidiaries	19	-	1
Deferred tax assets	14	959	-
Total non-current assets		19,524	18,288
Current Assets			
Security deposits		49	-
Trade and other receivables	21	-	10,860
Prepaid and other current assets		61	24
Cash and cash equivalents	22	9,288	3,045
Total current assets		9,398	13,929
Total assets		28,922	32,217
Equity attributable to owners of the parent			
Share capital	24	175	175
Share premium		34,032	34,032
Share-based payment reserve	25	532	532
Foreign currency reserves		(595)	(593)
Retained earnings		(5,977)	(2,369)
Total equity		28,167	31,777
Liabilities			
Current liabilities			
Trade and other payables	23	755	440
Total liabilities		755	440
Total equity and liabilities		28,922	32,217

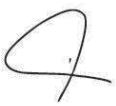
The notes on pages 40 to 59 are an integral part of these financial statements.

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 period was $2,369,000.

The financial statements were approved and authorised for issue by the Board on 3 September 2019 and signed on its behalf by:



Julian Baines
Chair
Renalytix AI plc
Registered no: 11257655



James McCullough
Chief Executive Officer

CONSOLIDATED AND COMPANY'S STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	Note	Group Period to 30 June 2019 $'000	Company Period to 30 June 2019 $'000
Cash flow from operating activities			
Loss before income tax		(6,936)	(2,369)
Adjustments for			
- Depreciation		31	-
- Amortisation and impairment charges		1,094	1,094
- Share-based payments		532	532
Changes in working capital			
- Trade and other receivables		218	(10,639)
- Prepaid assets and other current assets		(61)	(24)
- Security Deposits		(49)	-
- Trade and other payables		755	440
Cash used in operations		(4,416)	(10,966)
Interest paid		-	-
Net cash used in operating activities		(4,416)	(10,966)
Cash flow from investing activities			
Investment in subsidiary		-	(1)
Purchase of property, plant and equipment (PPE)		(308)	-
Purchase of intangibles		(12,741)	(12,741)
Net cash used in investing activities		(13,049)	(12,742)
Cash flow from financing activities			
Issue of shares (net of issue costs)		26,753	26,753
Proceeds from loans		438	67
Repayment of loans		(438)	(67)
Net cash generated from financing activities		26,753	26,753
Net increase in cash and cash equivalents		9,288	3,045
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period	22	9,288	3,045

Substantial non-cash items comprise the Biomarker business acquisition included within intangible assets in return for the issue of Ordinary shares (note 24).

The notes on pages 40 to 59 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Share Capital	Share Premium	Share-based payment reserve	Foreign Currency Reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 15 March 2018						
Comprehensive income						
Loss for the period	-	-	-	-	(5,977)	(5,977)
Other comprehensive income						
Currency translation differences	-	-	-	(595)	-	(595)
Total comprehensive income	-	-	-	(595)	(5,977)	(6,572)
Transactions with owners						
Issue of shares	175	35,522	-	-	-	35,697
Less issue costs	-	(1,490)	-	-	-	(1,490)
Share-based payments	-	-	532	-	-	532
Total transactions with owners of the parent, recognised directly in equity	175	34,032	532	-	-	34,739
At 30 June 2019	175	34,032	532	(595)	(5,977)	28,167

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Share Capital	Share Premium	Share-based payment reserve	Foreign Currency Reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 15 March 2018						
Comprehensive income						
Loss for the period	-	-	-	-	(2,369)	(2,369)
Other comprehensive income						
Currency translation differences	-	-	-	(593)	-	(593)
Total comprehensive income	-	-	-	(593)	(2,369)	(2,962)
Transactions with owners						
Issue of shares	175	35,522	-	-	-	35,697
Less issue costs	-	(1,490)	-	-	-	(1,490)
Share-based payments	-	-	532	-	-	532
Total transactions with owners of the parent recognised directly in equity	175	34,032	532	-	-	34,739
At 30 June 2019	175	34,032	532	(593)	(2,369)	31,777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2019

1. General information and basis of presentation

Renalytix AI Plc is a company incorporated in the United Kingdom. The Company is a public limited company, which is listed on the AIM market of the London Stock Exchange. The address of the registered office is Avon House, 19 Stanwell Road, Penarth, Cardiff CF64 2EZ. The Company was incorporated on 15 March 2018 and its registered number is 11257655.

The principal activity of the Company and its subsidiary (together "the Group") is as a developer of artificial intelligence-enabled diagnostics for kidney disease.

The financial statements are presented in United States Dollars (USD) because that is the currency of the primary economic environment in which the Group operates.

2. Basis of presentation

The consolidated financial statements of Renalytix AI plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The standards that have been adopted by the Group are those that are effective for financial years beginning on or after 1 January 2018. In addition the Group has adopted IFRS 16 "Leases" which is effective for financial years beginning on or after 1 January 2019, but is permitted for early adoption. IFRS 16 has no effect on the Group's or Company's financial statements for the period to 30 June 2019.

The consolidated financial statements have been prepared under the historical cost convention. They cover the period from the inception of the Company on 15 March 2018 to 30 June 2019.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

New standards, amendments, and interpretations issued but not effective for the period ended 30 June 2019, and not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group or Parent Company:

- Interpretation 23 Uncertainty over Income Tax Treatments
- Long-term interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Prepayment Features with Negative Compensation – Amendments to IFRS 9

3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Going concern

The Group and Company meet their day-to-day working capital requirements through the use of cash reserves.

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance, that the Group and Company should be able to operate within the level of its current funding arrangements.

The Directors believe that the Group and the Company have adequate resources to continue in operation for the foreseeable future. For this reason they have adopted the going concern basis in the preparation of the interim financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertaking. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On 23 October 2018 as part of a pre-admission re-organisation, the Company acquired the entire share capital of Renalytix AI, Inc., then a subsidiary of EKF. Given common ownership of the Company and the subsidiary from incorporation up to the date of legal ownership, the transaction has been treated as a group reorganisation with no fair value adjustments to assets or liabilities. The subsidiary has been consolidated within the results of the Group from the date of incorporation.
Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in United States Dollars, which is the Group's presentational currency. The functional currency of the Parent Company is GB Pounds.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses'.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions. At present the Directors consider the business to operate in a single segment.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Fixtures and fittings 20%

The assets' residual values and useful economic lives are reviewed regularly, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing the proceeds with the carrying amount and are recognised in administration expenses in the income statement.

Intangible assets

(a) Trademarks, trade names and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over the contractual licence period of 10 to 15 years and is charged to administrative expenses in the income statement.

(b) Development costs and trade secrets

Development costs have a finite useful life and are carried at cost less accumulated amortisation.

Expenditure incurred on the development of new or substantially improved products or processes is capitalised, provided that the related project satisfies the criteria for capitalisation, including the project's technical feasibility and likely commercial benefit. All other research and development costs are expensed to profit or loss as incurred.

Development costs are amortised over the estimated useful life of the products with which they are associated. Amortisation commences when a new product is in commercial production. The amortisation is charged to administrative expenses in the income statement. The estimated remaining useful lives of development costs are reviewed at least on an annual basis.

The carrying value of capitalised development costs is reviewed for potential impairment at least annually and if a product becomes unviable and an impairment is identified the deferred development costs are immediately charged to the income statement. Amortisation has not yet commenced.

Trade secrets, including technical know-how, operating procedures, methods and processes, are recognised at fair value at the acquisition date. Trade secrets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation has not yet commenced.

Impairment of non-financial assets

Assets that have an indefinite life or where amortisation has not yet commenced are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in the prior period. A reversal of an impairment loss is recognised in the income statement immediately. If goodwill is impaired however, no reversal of the impairment is recognised in the financial statements.

Financial assets

Classification

The Company classifies its financial assets in the following categories: loans and receivables at amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Financial assets are classified as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(b) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or fair value through Other Comprehensive Income;
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through Other Comprehensive Income.

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities that are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. The Group considers this category to be more relevant for assets of this type.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short- term deposits with an original maturity of three months or less.

For the purposes of the cash flow statements, cash and cash equivalents consist of cash and short-term deposits as defined above.

Share capital and premium

Ordinary Shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

Other reserves - equity

The share based payment reserve is used to recognise the fair value of equity settled share-based payment transactions.

Foreign currency reserve is used to record the exchange differences on translation of entities in the Group which have a functional currency different to the presentation currency.

Retained earnings includes all current and prior period results as disclosed in the income statement.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income tax

Income tax comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiary operate and generate taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted.

The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

(a) Pension obligations

The Group makes contributions to defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with the pension cost charged to the income statement as incurred. The Group has no further obligations once the contributions have been paid.

(b) Share-based compensation

The Group operates a equity-settled, share-based compensation plan, under which the Group receives services from employees and others as consideration for equity instruments of the Group. Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period based on the number of instruments that are expected to vest. For plans where vesting conditions are based on share price targets, the fair value at the date of grant reflects these conditions. Where applicable the Group recognises the impact of revisions to original estimates in the income statement, with a corresponding adjustment to equity for equity-settled schemes. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

When the share-based payment awards are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

National insurance on share options

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted to UK citizens under unapproved share-based payment compensation schemes, provision for any National Insurance Contributions has been based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Exceptional items

These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one off items relating to business combinations, such as acquisition expenses.

4. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks. The Company's Board monitors and manages the financial risks relating to the operations of the Company.

(a) Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk primarily with respect to the US Dollar and the Pounds Sterling. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

(b) Credit risk

Credit risk relates mainly to cash at bank. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

(c) Liquidity risk

The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital and generate revenue.

5. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company's capital structure primarily consists of equity attributable to the owners, comprising issued capital, reserves and retained losses.

6. Critical accounting estimates and judgments

The Company makes estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to:

- Capitalisation and recoverability of intangible assets (note 18);
- Share based payments (note 25).

7. Segmental reporting

The Group operates as a single segment.

As the Group is at the early stages of its development, there are no revenues.

8. Expenses – analysis by nature

The loss for the period has been arrived at after charging:

	Period ended 30 June 2019 $'000
Employee benefit expense	1,478
Contract labour	1,273
Depreciation and amortisation	1,141
Professional fees	1,312
Laboratory supplies	660
Other expenses	1,091
Total administration expenses	6,955

9. Auditor's remuneration

During the year the Group (including its overseas subsidiary) obtained the following services from the Company's auditor and its associates:

	Period ended 30 June 2019 $'000
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	23
Fees payable to the Company's auditor for other services:	
Tax compliance services	4
Service for finance related transactions	51
Total	78

10. Directors' remuneration

	Period ended 30 June 2019 $000
Aggregate emoluments	500
Share based payments	185
Contribution to defined contribution pension scheme	7
Total	692

Retirement benefits are accruing to 1 current director under a defined contribution scheme. See further disclosures within the Remuneration Report on pages 29 and 30. The highest paid director received aggregate emoluments, including the effect of the share based payments charge, totalling $396,000.

11. Employee benefit expense

	Group Period ended 30 June 2019 $'000	Company Period ended 30 June 2019 $'000
Wages and salaries	866	69
Social security costs	75	
Share based payment expenses	537	537
Total	1,478	606

12. Monthly average number of people employed

The monthly average number of people (including Executive Directors) employed was:

	Group Period ended 30 June 2019	Company Period ended 30 June 2019
Administration	3.9	1.4
Research and development	1.5	1.0
Total	5.4	2.4

The total number of employees (FTEs) in the Group at 30 June 2019 was 9.3, and in the Company was 3.3.

13. Finance income and costs

	Period ended 30 June 2019 $'000
Finance costs:	
Interest expense	20
Finance income:	
Interest income	(34)
Other income	(5)
Net finance income	(19)

14. Income tax

Group	Period ended 30 June 2019 $'000
Deferred tax	959
Total deferred tax	959
Income tax credit	959

The Finance Act 2015 which was substantively enacted in 2015 included legislation to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and the Finance Act 2016 which was substantively enacted in 2016 included legislation to reduce the main rate of UK corporation tax to 17% from 1 April 2020.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the losses of the consolidated entities as follows:

	Period ended 30 June 2019 $'000
Loss before tax	6,936
Tax calculated at the UK standard rate of tax of 19%	1,318
Tax effects of:	
Expenses not deductible for tax purposes	(102)
Losses on which no deferred tax asset is recognised	(257)
Tax credit	959

There are no tax effects on the items in the statement of other comprehensive income.

Deferred tax assets are recognised based on subsidiary net losses based on the US corporate tax rate of 21%. Net losses can be carried forward indefinitely to offset future taxable profits. No deferred asset is calculated on losses in the UK totalling $1,654,000 where the probability of future utilisation is considered too remote.

15. Earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Period ended 30 June 2019 $'000
Loss attributable to owners of the parent	(5,977)
Weighted average number of ordinary shares in issue	37,332,983
Basic and diluted loss per share	$ (0.16)

The Company was incorporated on 15 March 2018 with 50,000 ordinary shares of £1.00 each, and as a result of subdivisions (100:1 on 4 May 2018 and then 4:1 on 24 October 2018), the resulting founding shares became 20,000,000 at £0.0025 each.

15. Earnings per share (continued)

The Company has one category of dilutive potential ordinary share, being share options (see note 25). The potential shares were not dilutive in the period as the Group made a loss per share.

16. Dividends

No dividends to shareholders of the holding company were provided or paid during the period to 30 June 2019. The Board's policy is to enhance shareholder value mainly through the growth of the Group, which is currently in the early stages of its development. The Board will however consider the payment of dividends if and when appropriate.

17. Property, plant, and equipment

Group	Fixtures and fittings $'000
Cost	
At beginning of period	-
Additions	309
At 30 June 2019	**309**
Depreciation	
At beginning of period	-
Charge for the period	31
At 30 June 2019	**31**
Net book value	
At 30 June 2019	**278**

The depreciation charge of $31,482 has been charged to administration expenses.

18. Intangible fixed assets

Group	Trademarks trade names & licences	Trade secrets	Development costs	Total
	$'000	$'000	$'000	$'000
Cost				
At beginning of period	-	-	-	-
Additions	10,997	6,644	1,740	19,382
Foreign translation	5	(3)	-	2
At 30 June 2019	**11,002**	**6,641**	**1,740**	**19,383**
Amortisation				
At beginning of period	-	-	-	-
Charge for the period	1,095	-	-	1,095
Foreign translation	1	-	-	1
At 30 June 2019	**1,096**	**-**	**-**	**1,096**
Net book value				
At 30 June 2019	**9,906**	**6,641**	**1,740**	**18,287**

Amortisation expense of $1,095,000 has been charged to administration costs.

Licences entail agreements with Icahn School of Medicine at Mount Sinai for rights to intellectual property and data to support the KidneyIntelX and FractalDx families of diagnostic assays. Trade secrets refer to the Company's acquisition of the biomarker business from EKF, which includes intellectual property licensed from Joslin Diabetes Center 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 amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 recognised. 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 10%. 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 & licences	10-15 years
Trade secrets	15 years
Development costs	15 years

The Company holds capitalised development costs with a cost and net value of $1,740,000. These have not been placed into service as of the financial statement date.

19. Investments in subsidiaries

Company	At 30 June 2019 $'000
Shares in Renalytix AI, Inc.	1

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid, less any impairment.

The Company has one subsidiary at 30 June 2019. The subsidiary Renalytix AI, Inc. was acquired on 23 October 2018.

Name of Company	Proportion held	Class of shareholding	Nature of business
Renalytix AI Inc.	100%	Ordinary	developer of artificial intelligence-enabled clinical diagnostic solutions for kidney disease
RENX AI Labs LLC	99%	Ordinary	dormant

The subsidiaries are incorporated in the United States of America and have their principal place of business at 1460 Broadway, New York, New York 10036.

The subsidiaries are included in the consolidation. The proportions of voting shares held by the parent Company do not differ from the proportion of Ordinary Shares held.

20. Financial instruments

(a) Assets at amortised cost	Group 30 June 2019 $'000	Company 30 June 2019 $'000
Assets as per balance sheet		
Security deposits	49	-
Intragroup receivable	-	10,860
Cash and cash equivalents	9,288	3,045
Total	9,337	13,905

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

(b) Liabilities at amortised cost	Group 30 June 2019 $'000	Company 30 June 2019 $'000
Liabilities as per balance sheet		
Trade and other payables		
Accounts payable	315	55
Accrued expenses	413	356
Total	728	411

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company.

(c) 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 2019, in relation to each class of recognised 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:

(c)	Group At 30 June 2019 $'000	Company At 30 June 2019 $'000
AA-	7,297	3,045
AA+	1,991	-
Total	9,288	3,045

21. Trade and other receivables

	Group As at 30 June 2019 $'0000	Company As at 30 June 2019 $'0000
Due from subsidiary	-	10,860
	-	10,860

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

22. Cash and cash equivalents

	Group As at 30 June 2019 $'000	Company As at 30 June 2019 $'000
Cash at Bank	7,297	3,045
US Treasury	1,991	-
Cash and cash equivalents	9,288	3,045

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

23. Trade and other payables

	Group As at 30 June 2019 $'000	Company As at 30 June 2019 $'000
Accounts payable	315	55
Payroll taxes payable	28	28
Accrued expenses	412	357
	755	440

24. Share capital

Group and Company		Movement	Total Number of Shares	As at 30 June 2019 $'000
At 15 March 2018		-	-	
15-Mar-2018	Formation	50,000	50,000	66
4-May-2018	100:1 subdivision		5,000,000	-
24-Oct-2018	4:1 subdivision		20,000,000	-
24-Oct-2018	Biomarker business acquisition	15,427,704	35,427,704	49
6-Nov-2018	Placing & offer (listing on AIM)	18,388,430	53,816,134	60
At 30 June 2019			**53,816,134**	**175**

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

25. Share options and share-based payments

On 23 October 2018 shareholders approved a share option scheme for certain senior employees and consultants. Options are exercisable at a price equal to the price at which the Company's Initial Public Offering took place. With the exception of options over 80,724 shares, which vested immediately on grant, the options vest equally over twelve quarters commencing from the grant date. If options remain unexercised after the date one day before the tenth anniversary of grant, the options expire. Employees have a six month service requirement after the date of grant before options are exercisable. On termination of employment, options are forfeited either immediately or after a delayed expiry period, depending on the circumstances of termination.

On 1 November 2018 options were granted over 2,195,697 ordinary shares.

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

General employee share option plan	Average exercise price per share (GBP)	Number of Options
As at 15 March 2018	-	-
Granted during the year	1.21	2,195,697
Outstanding at 30 June 2019	1.21	2,195,697
Exercisable at 30 June 2019		433,420

The fair value of each share option granted has been estimated using a Black-Scholes model and is £0.351 ($0.46). The inputs into the model are a share price of £1.21 ($1.57), exercise price of £1.21) $1.57, expected volatility of 23%, no expected dividend yield, contractual life of 10 years and a risk free interest rate of 0.50%. As of 30 June 2019 none of the granted stock options have been exercised.

The aggregate fair value of the award is $999,000. The Group recognised total expenses of $532,000 within administrative expenses relating to equity-settled share-based payment transactions during the period to 30 June 2019. Remaining life of the options is ten years after the first exercise option of November 1, 2019.

26. Commitments

Lease commitments

The Group has lease agreements for office space and a short-term apartment in New York City for use by traveling operating executives while the Group's lab operations are established. The apartment lease commenced 22 February 2019 and expires 21 October 2019. The office space lease commenced 6 February 2019 and is on a month to month basis. These leases are paid in equal monthly instalments. Rent expenses for the period ended 30 June 2019 was $202,449. The Company rents office space at WeWork in New York City at monthly rate of $5,200; there is no formal agreement for this office space which is on a month to month basis.

Group	2019 $'000
No later than 1 year	149
Total	149

27. Related party transactions

Directors emoluments are set out in the Remuneration Committee report and in Note 10.

Key management consists of the directors of the Company only.

At 30 June 2019 the Company was owed $10,860,000 by its subsidiary.

28. Contingent liabilities

The Group has two contracts 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.

Mount Sinai FractalDx Licence Agreement

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

- $250,000 upon receipt of certain regulatory clearance / approval
- $250,000 upon receipt of U.S. CMS reimbursement code or PAMA reimbursement approval
- $1 million once worldwide sales of Licensed Products reach $50 million
- $4 million once worldwide sales reach $250 million

The Group is further subject to an annual license maintenance fee in accordance with the following schedule: Years 1-2: $25,000; Years 3-4: $50,000; Years 5-8: $100,000; Years 9 and beyond: $200,000. In addition, royalties of 6-8% are payable to Mount Sinai on net sales of FractalDx™, and 15-70% of income from sublicensing.

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 Licenced Products and Joslin Licenced 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.

29. Subsequent events

On 23 July 2019, the Company raised additional funds of $16.6m after expenses through the issue of 5,600,000 new ordinary shares at a price of £2.50 ($3.11) per share to a range of new and existing UK and US institutional investors.

30. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

NOTICE OF ANNUAL GENERAL MEETING

Renalytix AI PLC (Company)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (Meeting) of Renalytix AI plc (Company) will be held at the offices of Harwood Capital LLP, 6 Stratton Street, Mayfair, London, W1J 8LD on 30 September 2019 at 11.00 a.m. to consider the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolution 11 will be proposed as a special resolution:

Ordinary Resolutions

1. To receive and adopt the statement of accounts for the period ended 30 June 2019 together with the reports of the Directors and the auditors thereon.
2. To re-elect Julian Baines, who retires by rotation, as a Director.
3. To re-elect Christopher Mills, who retires by rotation, as a Director.
4. To re-elect Richard Evans, who retires by rotation, as a Director.
5. To re-elect Fergus Fleming, who retires by rotation, as a Director,
6. To re-elect Doctor Erik Lium, who retires by rotation, as a Director.
7. To re-elect James McCullough, who retires by rotation, as a Director.
8. To re-elect Barbara Murphy, who retires by rotation, as a Director.
9. To re-appoint Messrs PKF Littlejohn LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which the requirements of section 437 of the Companies Act 2006 are complied with and to authorise the Directors of the Company to fix their remuneration.
10. That in substitution for any existing such authority, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "2006 Act") to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:
    (i) up to a maximum nominal amount of £5,739.24 (in pursuance of the exercise of outstanding share options and other potential shares granted by the Company but for no other purpose); and

    (ii) up to an aggregate nominal amount of £14,854.03 (in addition to the authorities conferred in sub-paragraphs (i) above) representing approximately 10% of the Company's issued share capital, such authorities (unless previously renewed, revoked or varied) to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020, save that the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

11. That, subject to the passing of Resolution 10 above, the Directors be given the general power to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by Resolution 10 above as if section 561(1) of the 2006 Act did not apply to any such allotments provided that this power shall be limited to:

(i) the allotment of equity securities on the exercise of the share options granted by the Company;
(ii) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i) above) for cash in connection with any rights issue or pre-emptive offer in favour of holders of equity securities generally; and
(iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of equity securities for cash up to an aggregate nominal amount of £14,854.03 representing approximately 10% of the Company's issued share capital,

provided that such power (unless previously renewed, revoked or varied) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020, save that the Company may, before such power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Registered Office
Avon House
19 Stanwell Road Penarth
CF64 2EZ

6 September 2019

BY ORDER OF THE BOARD

Salim Hamir
Company Secretary

Notice of Meeting notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 27 September 2019. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 11.00 a.m. (UK time) on 30 September 2019 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.

3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. You can vote either:

   - by logging on to www.signalshares.com and following the instructions;
   - You may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 11.00 a.m. on 27 September 2019.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for the Meeting. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

13. As at 5.00 p.m. on 5 September 2019 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 59,416,134 ordinary shares of 0.25p each, carrying one vote each. Therefore, the total voting rights in the Company as at 5.00 p.m. on 5 September 2019 are 59,416,134.

14. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

15. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

16. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 10.00 a.m. on the day of the Meeting until the conclusion of the Meeting:

    - copies of the Directors' letters of appointment or service contracts.

17. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.renalytixai.com.

Company information

Directors:

Julian Baines MBE (Non-Executive Chairman)

James McCullough (Chief Executive Officer)

Fergus Fleming (Chief Technology Officer)

Richard Evans (Non-Executive Director)

Christopher Mills (Non-Executive Director)

Erik Lium (Non-Executive Director)
Barbara Murphy (Non-Executive Director)

Company Secretary:

Salim Hamir
Registered office and Head office:
Avon House
19 Stanwell Road Penarth
Cardiff CF64 2EZ

Place of incorporation:

England and Wales (Company number – 11257655)

Independent Auditors:

PKF Littlejohn LLP
Chartered Accountants and Statutory Auditors
15 Westferry Circus, Canary Wharf, London E14 4HD

Nominated Advisor and Joint Broker:

Stifel
150 Cheapside, London, EC2V 6ET

Joint Broker:

N+1 Singer
1 Bartholomew Lane London EC2N 2AX

Solicitors to the Company:

BDB Pitmans LLP
50 Broadway, London SW1H 0BL

Registrars:

Link Asset Services
The Registry
34 Beckenham Road Beckenham
Kent
BR3 4TU

If you have a query regarding your shareholding please call (from inside the UK) 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge), or (from outside the UK) +44 371 664 0300

or e-mail shareholderenquiries@linkgroup.co.uk

Financial public relations:

Walbrook PR Limited
4 Lombard Street London
EC3V 9HD

Investor relations email:

investors@renalytixai.com

RENALYTIX AI

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