

Source: LSEG, 2026

HARDMAN & CO HEALTHCARE INDEX

2025 – Index rose, but another tough year

The Hardman & Co Healthcare Index (HHI) has been running since 2009. Its main function is to highlight the attractions of life sciences investments over the long term. After three years of annual declines, the HHI rebounded 17.6% to 469.1 in 2025. While this sounds positive, it was below the strong performance of most major UK healthcare stocks and, in general, it underperformed its UK and peer benchmarks: FTSE 100 (+21.5%); FTSE All-Share (+19.8%); and the NASDAQ Biotech Index (NBI; +32.4%). The HHI outperformed only the FTSE AIM All-Share Index (+6.5%). 19 (39%) companies in our index saw share prices rise in 2025. Raising new capital appeared more challenging, 38 (37) UK-listed companies raised £266m (£557m) in 2025, while nine companies delisted primarily due to low valuations.

- ▶ Since inauguration in 2009, the CAGR for the HHI has been 10.3%, compared with 4.4% for the FTSE All-Share Index and 0.5% for the FTSE AIM All-Share Index, highlighting the attractiveness of the healthcare sector as a long-term investment, despite it being capital-intensive.
- ▶ Of the 49 companies included in the HHI, 19 recorded an increase in their share prices in 2025. Three marked time (change <0.1%) and the remaining 27 recorded falls. Shares of most UK healthcare majors – AstraZeneca (AZN), GSK (GSK) and Smith & Nephew (SN.) all had exceptional performances.
- ▶ At 509%, the variance between the best- and worst-performing stocks was much larger than the level seen historically, – ImmuPharma (IMM) rising 412% and Futura Medical (FUM) down 96%; the median share price change was -8%. Sadly, two companies – ONC and BELL – entered administration, unable to raise capital.
- ▶ In relative terms, only 13 stocks (27%) outperformed the index during 2025, with the other 36 underperforming. Despite uncertainty caused by the Trump administration in the early part of 2025, major pharmaceuticals and the NASDAQ Biotech Index (+32.4%) rebounded strongly by year-end.
- ▶ Having peaked in 2021, biotech and healthcare stocks were rerated downwards for three years, before rebounding in 2025. Despite defensive qualities, the sector is sensitive to global tensions, geopolitical events and political intervention. Risk aversion made it more difficult for small companies to raise capital in 2025.

Performance of Hardman & Co Healthcare Index – rebased



Source: London Stock Exchange, Hardman & Co Life Sciences Research

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Specific comments have been made in this report on the following companies:

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Indivior	INDV	9
Shield Therapeutics	STX	8
Tissue Regenix	TRX	17
ValiRx	VAL	11

Share price performance of stocks in HHI

Listing	Company	Ticker	Share price (p) 31 Dec 2024	Share price (p) 31 Dec 2025	Market cap (£m) 31 Dec 2025	Price change (%)
AIM	Abingdon Health	ABDX	7.8	6.4	27.7	-17%
AIM	Advanced Medical Solutions	AMS	197.6	218.0	478.5	10%
AIM	Allergy Therapeutics	AGY	6.5	11.0	675.6	69%
AIM	Arecor	AREC	73.5	80.5	30.4	10%
AIM	Avacta	AVCT	50.0	58.0	253.1	16%
AIM	4basebio	4BB	1,210.0	615.0	95.3	-49%
AIM	Camb. Nutritional Sciences	CNSL	2.8	2.0	4.6	-29%
AIM	CellBxHealth (Angle)	CLBX	10.3	1.1	12.5	-89%
Main	ConvaTec	CTEC	221.2	243.2	4,774.7	10%
AIM	Creo Medical	CREO	19.5	9.9	40.8	-49%
AIM	Eco Animal Health	EAH	71.0	104.5	70.8	47%
AIM	EKF Diagnostics	EKF	27.0	26.4	115.1	-2%
AIM	Faron	FARN	205.0	180.0	213.4	-12%
AIM	Fusion Antibody	FAB	7.1	14.0	15.9	99%
AIM	Futura Medical	FUM	31.7	1.1	6.5	-96%
AIM	genedrive plc	GDR	2.45	0.88	9.1	-64%
Main	Genus	GNS	1,550.0	2,595.0	1,726.7	67%
Main	Hikma	HIK	1,993.0	1,550.0	3,432.5	-22%
AIM	Hutchmed (China)	HCM	235.0	208.0	1,812.9	-11%
AIM	hVIVO	HVO	20.5	6.3	42.9	-69%
NASDAQ	Immunocore	IMCR	+29.5	+34.7	1,304.5	18%
AIM	ImmuPharma	IMM	1.2	6.2	31.2	412%
NASDAQ	Indivior	INDV	+12.4	+35.9	3,332.9	189%
Main	IP Group	IPO	53.9	58.5	516.8	9%
AIM	Ixico	IXI	11.8	11.8	10.9	0%
AIM	Judges Scientific	JDG	8,450.0	5,700.0	379.1	-33%
AIM	Kooth	KOO	181.5	115.0	41.4	-37%
AIM	Niox Group	NIOX	63.0	66.4	277.5	5%
AIM	Novacyt	NCYT	49.6	35.4	25.0	-29%
AIM	One Health Group	OHGR	0.0	256.0	35.4	-
AIM	Optima Health	OPT	144.0	201.0	178.4	40%
Main	OXB	OXB	420.0	617.0	743.7	47%
AIM	Oxford Metrics	OMG	55.7	49.9	57.3	-10%
AIM	Oxford Nanopore	ONT	128.8	128.4	1,240.2	0%
AIM	Proteome Sciences	PRM	3.4	2.5	7.4	-26%
AIM	Renalytix	RNLX	10.8	5.9	25.8	-45%
AIM	Sareum	SAR	24.5	15.0	20.7	-39%
AIM	Scancell	SCLP	10.8	9.9	102.7	-8%
AIM	SDI Group	SDI	57.5	86.0	89.9	50%
AIM	Shield Therapeutics	STX	2.7	9.9	105.2	265%
NASDAQ	Silence Therapeutics	SLN	+6.9	+6.1	213.7	-12%
AIM	SkinBioTherapeutics	SBTX	18.5	15.8	40.8	-15%
Main	Smith & Nephew	SN.	991.5	1,238.0	10,519.6	25%
Main	Spire	SPI	226.0	167.0	672.6	-26%
AIM	Surgical Innovations	SUN	0.55	0.45	4.2	-18%
Main	Syncona	SYNC	105.6	95.0	577.8	-10%
AIM	Tristel	TSTL	425.0	417.5	199.4	-2%
AIM	ValiRx	VAL	0.8	0.3	2.5	-56%
AIM	Venture Life	VLG	39.3	66.0	83.9	68%

*US\$

Source: Company data, Hardman & Co Life Sciences Research

Hardman & Co Healthcare Index

Enforced changes to constituent companies

M&A, delisting and administration have enforced changes to the index

As seen in previous years, there have been some enforced changes to the composition of the HHI following a number of M&A transactions, delistings to become private again and, unfortunately, some companies going into administration. During 2025, there were five M&A deals completed, the largest being the acquisition of Assura Group (AGR.L) by Primary Health Properties (PHP.L) after a prolonged battle with a private equity group. We have taken this opportunity to replace PHP in our index, as it is essentially a property company rather than a healthcare company, albeit it does provide premises for healthcare providers. Moreover, we had some additional unexpected changes during the year, with 11 healthcare companies delisting – not all of these were included in our index – and becoming private again as a consequence of finding it difficult to raise new capital at sensible valuations, and two companies, unfortunately, going into administration. Overall, we have replaced nine companies with a combined market capitalisation of £2.86bn (at 31 Dec 2024; £3.44bn less the £0.56bn M&A appreciation by the date of completion), representing 14.5% of the index, as shown in the following table.

Changes to HHI composition		
Company	Reason	*Mkt cap (£m)
Deletions		
Alliance Pharma	Acquired by major shareholder	** -337.9
Assura	Acquired by Primary Health Properties	** -1,735.6
BenevolentAI	Delisted from AMS – taken private	-38.5
Deltex Medical Group	Delisted from AIM – taken private	-1.5
Oncimmune	Administration	-18.7
Polarean Imaging	Delisted from AIM – taken private	-16.1
Primary Health Properties	Property company	-1,247.0
Synairgen	Delisted from AIM – taken private	-5.5
Tissue Regenix	Delisted from AIM – taken private	-42.2
Total deletions		-3,443.0
<i>Positive adjustment</i>	<i>Share price appreciation due to acquisition</i>	+580.0
<i>Negative adjustment</i>	<i>Share price fall at point of delisting</i>	-112.2
Total deletions		-2,975.2
Additions		
Hikma (50% weighting)	Generic pharmaceuticals	2,196.6
Hutchmed (China) (50%)	Developing oncology drugs	1,024.1
Kooth	Psychiatric services	66.6
One Health Group	Patient data services	35.4
Renalytix	Kidney function testing	35.6
Total additions		3,358.3
Adjusted weighting		
Smith & Nephew	From 36% to 33.8%	-383.1
Total additions		2,975.2

*31 December 2024; **At completion of acquisition
Source: Hardman & Co Life Sciences Research

Five additions replaced nine losses...with a minor adjustment to weighting of Smith & Nephew

To keep the balance and broad spectrum of healthcare technologies that are covered by the index, five companies have been added. Together – and allowing for only 50% weighting for both Hikma and Hutchmed – these had a market capitalisation at 31 Dec 2024 of £3,322.9m (£3,358.3m less the valuation of One Health Group, which did not exist at that time point), effectively over-compensating (12.9%) for all of the companies lost. To correct for this, the weighting of the largest company, Smith & Nephew, was reduced from 36% to 33.8%.

Further delistings likely if distressed companies cannot raise new capital

At the time of writing, while there have not been any announcements, there is a threat of further delistings, with a number of small cap stocks cash-constrained and likely to find it difficult to raise new capital from equity markets.

Review of 2025

HHI comprises 49 stocks...

...with disruptive technologies that should allow them to outperform index and markets

Healthcare not immune to global economic pressures and events...

...and is capital-intensive

Although US markets have been generally buoyant...

...stubborn inflation data limited the opportunity to cut interest rates

Overvalued US market did see temporary correction on Trump tariffs...

...but was short-lived with capital being redistributed from “Mag7” to broader market and overseas...

...but major pharmaceuticals did not benefit at that stage

The main function of the HHI is to monitor the performance, and to highlight the attractiveness, of life sciences investments over the long term, and to try to identify those stocks that have disruptive technologies that consistently allow them to outperform both the index and the markets. Many of the 49 constituents of the index are high-risk, with micro-capitalisations and a long way from commercial success and profitability. Despite this, some companies can still make extremely attractive returns for investors. Although pharmaceutical, biotech and healthcare industries have defensive qualities, they are not immune from global economics.

Furthermore, the development and commercialisation of new drugs and medical technologies is capital-intensive. Given the interlink between inflation and interest rates, coupled with the increased risk-aversion of investors since the middle of 2022, there has been a financing crunch, which particularly affects smaller companies at the earlier stages of drug discovery and development with less robust financial profiles.

Performance of world markets

To put the performance of our, largely, small UK healthcare stocks into perspective, it is sensible to look first at the performance of the major world markets. At the beginning of 2025, global markets were again expecting the major central banks to make a number of interest rate cuts throughout the year. However, as was the case in 2024, with inflation staying stubbornly high and concerns about unemployment levels, the central banks continued to take a more cautious approach, and, while there were cuts in interest rates, they were fewer than originally expected and much later in the year. Further cuts are anticipated through 2026. Add to this, the escalation of global unrest and political instability in a number of countries. Furthermore, there has been considerable uncertainty created by the threats and about-turns seen from the Trump administration in the US.

In our review of 2024, we highlighted that many stocks in the US were trading on prospective P/Es of 40x-50x and that a market correction was inevitable. But the question was: what and when will be the trigger? This duly arrived in April following Trump’s initial announcement about the imposition and size of trade tariffs to protect US manufacturing companies and, in the case of microchips, to protect intellectual technologies. However, many portfolio managers used this opportunity to adjust their portfolios, moving some of the huge gains made on the “Mag7”, into the broader US market and into overseas markets, including the UK, where valuations were much more reasonable. This dispersion of capital did not, though, include mainstream pharmaceuticals because the Trump administration specifically targeted the high drug prices in the US – demanding that they matched commercial prices available in other countries – and adopted a particularly negative stance on the benefits of vaccines. Biotechs fared better and were also boosted by a number of significant M&A transactions.

2025 market performance				
Index	Ticker	31 Dec 2024	31 Dec 2025	Change
S&P 500	GSPC	5,881.6	6,845.5	16.4%
MSCI All-World (ex-US)	DBAW	33.96	41.22	21.4%
FTSE 100	FTSE100	8,173.0	9,931.4	21.5%
NASDAQ Biotech	NBI	4,310.6	5,707.2	32.4%

Source: LSEG, 2026, Hardman & Co Life Sciences Research

The strong performances of global markets are clearly evident in the table above. In the US, the broad S&P 500 index rose 16.4%, outperforming the “Mag7”. The global index (MSCI All-World (ex-US)) rose 21.4%. In the UK, the FTSE 100 had its best year since 2009, rising 21.5%. The HHI is also compared with the NASDAQ Biotech index, which put in a particularly strong performance, rising 32.4%.

Strong performance by UK healthcare majors in 2025

Performance of UK healthcare majors

After underperformance in recent years, largely the result of a lack of news on drug developments, major pharmaceuticals and healthcare had strong returns in 2025. The best performer was GSK, rising 35.5% followed by AstraZeneca, up 31.7%. Smith & Nephew rebounded after a weak 1H'25 to post an overall gain of 24.9%. All three were ahead of the FTSE 100 index. The exception amongst the major healthcare companies was Haleon, which largely marked time, influenced, in part, by large share sales by its former owners, Pfizer and GSK, and also by difficult trading conditions for consumer products in the US.

US healthcare companies were impacted by the same issues, largely because many of their drugs are manufactured in tax havens and imported into the US, and so, ironically, were also affected by the trade tariffs. However, by the end of the year, many of the issues surrounding drug pricing were obfuscated by pricing agreements with the Trump administration. The average share price rise of the US pharma majors was 18.4% (median 24.9%), with the range from -5.5% (Bristol-Myers Squibb) to +44.3% (Johnson & Johnson).

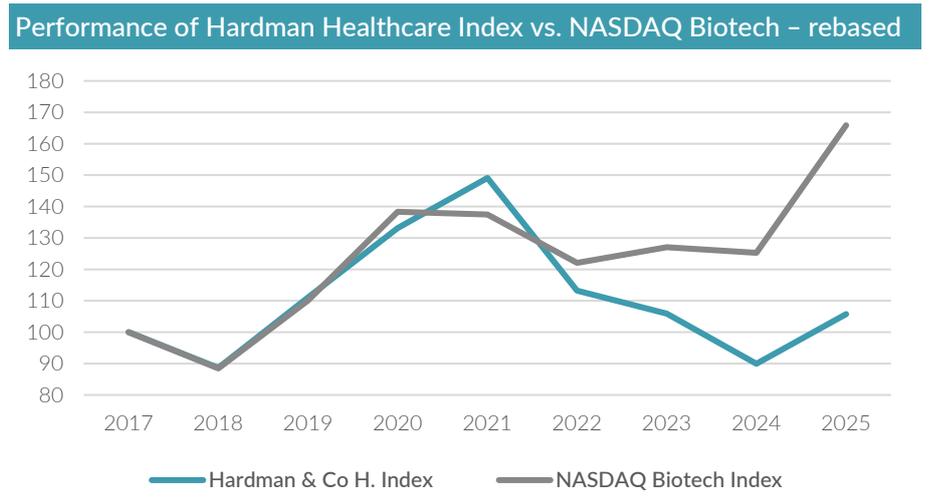
Performance of healthcare majors, 2024-25					
Company	Ticker	Share price (p) 31 Dec 2024	Share price (p) 31 Dec 2025	Change 2025	CAGR 2015-25
AstraZeneca	AZN	10,468	13,790	31.7%	11.6%
GSK	GSK	1,347	1,825	35.5%	2.9%
Haleon	HLN	377	375	-0.6%	-
Smith & Nephew	SN.	992	1,238	24.9%	0.2%

Source: Hardman & Co Life Sciences Research

Given need for more capital, unsurprising 2024 was poor for HHI

Performance of HHI

After three years of underperformance, 2025 recorded a 17.6% rebound in the HHI. Although positive, it was below the strong gains recorded by the major UK healthcare companies and the exceptional performance by the NASDAQ Biotech Index (NBI).



Source: Hardman & Co Life Sciences Research

Having peaked in August 2021 on the back of COVID-19-related benefits, the NBI began to correct. At that point in time, valuations were considered excessive, so a period of low M&A activity resulted. This also coincided with investors becoming more risk-averse. However, in 2025, sector M&A was strong with more than \$70bn spent by the end of October, as big pharma looked to rebuild their R&D and refresh commercial pipelines. A few companies were in great demand, resulting in some messy and expensive bidding wars. This greatly benefited the performance of the NBI.

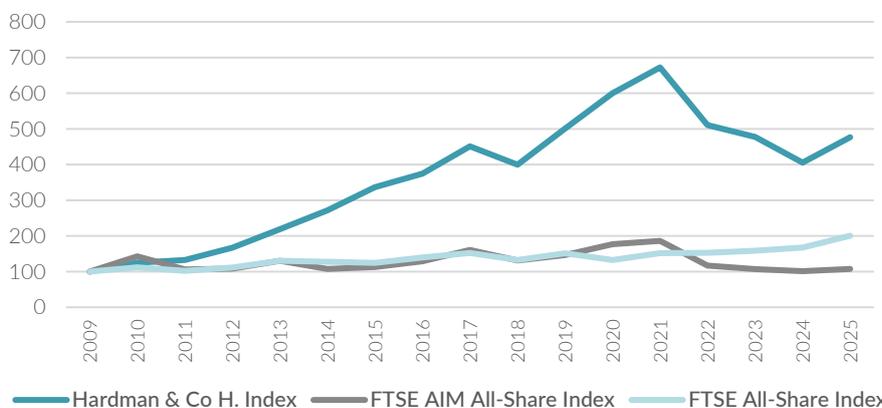
Comparison of Hardman Healthcare Index with London markets, 2009-25

@ 31 Dec	2009	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR
	Index	Δ	Δ	Δ	Δ	Δ	Δ	Δ	Δ	Δ	Δ	Δ	%
Hardman & Co Healthcare Index	98.4	23.9%	11.3%	20.4%	-11.4%	25.3%	19.9%	12.0%	-24.1%	-6.5%	-15.1%	17.6%	10.3%
FTSE AIM All-Share Index	654.2	5.2%	14.3%	24.3%	-18.2%	11.6%	20.7%	5.2%	-37.3%	-8.2%	-5.7%	6.5%	0.5%
FTSE All-Share Index	2,772.0	-2.5%	12.5%	9.0%	-13.0%	14.2%	-12.5%	14.5%	0.6%	3.8%	5.6%	19.8%	4.4%

Source: London Stock Exchange, Hardman & Co Life Sciences Research

In 2025, the HHI underperformed most of its national and international benchmarks – the NBI (peers) and the broad-based FTSE All-Share index. It only outperformed the FTSE AIM All-Share index (small, growth companies). Despite this, since inception, the HHI has seen a CAGR of 10.3%, compared with 4.4% for the FTSE All-Share Index and 0.5% for the FTSE AIM All-Share Index, highlighting the attractiveness of the sector as a long-term investment.

Performance of Hardman Healthcare Index – rebased



Source: London Stock Exchange, Hardman & Co Life Sciences Research

In our opinion, the performance in 2025 had a number of influences. First, as in the US, there was M&A activity, with five companies being acquired, generally at good valuations. Secondly, there were special situations with a number of companies reporting positive developments – clinical trials and/or commercial progress. Thirdly, on the negative side, raising capital was particularly difficult and was often undertaken at big discounts, or companies were taken private so that venture capital markets could be approached for funding.

Movers and shakers

Of the 49 companies included in the HHI, only 19 recorded an increase in their share prices during 2025; three companies were flat over the year and the remaining 27 decreased.

13 companies outperformed and 36 underperformed...

...with big variance between the best and worst

Compared with the movement in the index, 13 companies outperformed and 36 underperformed.

At 509%, the variance between the best- and worst-performing stocks was extremely high compared to historical data, – ImmuPharma (IMM) rising 412% and Futura Medical (FUM) down 96%; the median share price change was -8%. This excludes the two companies that went into administration.

Given the large portfolio of constituent companies, we usually focus on both the top five (outperformers) and the bottom five (underperformers), and try to offer a short explanation as to why the shares performed in the way that they did.

Best and worst performers in 2025 – share price rises and falls							
----- Top five -----				----- Bottom five -----			
Rank	Company	Ticker	Δ	Rank	Company	Ticker	Δ
1	ImmuPharma	IMM	412%	49	ValiRx	VAL	-56%
2	Shield Ther.	STX	265%	50	genedrive plc	GDR	-64%
3	Indivior	INDV	189%	51	hVIVO	HVO	-69%
4	Fusion Antibody	FAB	99%	52	CelLBxHealth	CLBX	-89%
5	Allergy Ther.	AGY	69%	53	Futura Medical	FUM	-96%

Source: Hardman & Co Life Sciences Research

The “top five”

ImmuPharma (IMM)

Newsflow on P140 platform for autoimmune disease drove shares...

...and expected to continue in 2026

The company focus evolved from the clinical development of Lupuzor for the treatment of lupus into the underlying P140 technology platform and the pathogenesis of autoimmune disease following a breakthrough announcement in January 2025. Shortly afterwards, IMM strengthened its balance sheet with a £2.9m capital increase. For the remainder of 2025, IMM regularly updated the market on P140 progress, including the mechanism of action of the platform, expansion of its intellectual property with additional P140 patents, and discussions with big pharma for the potential out-licensing of the P140 platform. This latter point got investors – IMM has a large private retail investor following – driving the share price as high as 19.4p in mid-September, or 17-fold increase. However, excitement was tempered in November with news that partnership discussions were taking longer than originally anticipated, pushing the conclusion of any deal from the end of 2025 into 2026. Despite this, IMM was still the best performer, rising 412% to 6.2p. Management maintains that it has sufficient cash until 4Q'26 and aims to strengthen its balance sheet through the anticipated commercial deals. IMM is expected to be reasonably volatile in the expectation of positive newsflow in 2026.

Shield Therapeutics (STX)

Consistently positive newsflow from STX

Throughout 2025, there has been a steady flow of, generally, positive newsflow from STX, which has resulted in a steady rise in its share price, rising 265% to 9.85p. Key has been news from the US that ACCRUFeR, for iron deficiency anaemia, has seen consistent growth in prescriptions (Rx) at markedly improved prices. So,

although the total number of Rx's has been, consistently, slightly short of expectations, sales have been at least in-line and mostly better than forecast because of the improved pricing. In addition, STX has reported a number of positive clinical trials, regulatory submissions and approvals and commercial launches through its partners in a number of other countries. Taken together, management has maintained throughout the year that STX remains on track to turn cashflow-positive by the end of 2025.

Extra capital and refinanced debt

Even though STX was not looking to raise new capital, one institutional investor was impressed with the company's progress and subscribed £1.5m for a near 2% stake in the company. Also, with a stronger balance sheet and consistently improving operational data, STX was able to refinance its debt on better terms and expand its financing facility to allow for possible M&A activity.

Indivior (INDV)

Decision to move its listing to the US vindicated...

The main argument for listing its shares in the US was that 85% of Indivior's business was derived from that country. But, of course, management also thought that the company was being seriously undervalued by the UK market. This appears to have been the case, with INDV shares rising 189% to \$35.9 in 2025 and the company delisting completely from the LSE. This performance was achieved despite the decision to cease all activities on PERSERIS (re-formulated risperidone (anti-psychotic); in July 2024) and OPVEE (nasal spray for opioid overdose; in 3Q'25), as neither were performing, or likely to perform, in a profitable way, putting even more focus on SUBLOCADE (opioid addiction) and the massive hole in its R&D pipeline. The share price performance was also helped by a rise in sales and EBITDA guidance each quarter for SUBLOCADE and, therefore, the whole company. Whether the outperformance of INDV can continue is open to debate. There is no doubt that the shares are relatively cheap, trading on a 2026 P/E of 12.5x and likely to start paying dividends, but growth can only be achieved through increasing SUBLOCADE's injectable market share and achieving this with a lower cost base. At some point, INDV must address its dependence on opioid addiction and hole in its R&D pipeline.

...with strong re-valuation...

...and still relatively cheap...

...but risks lie ahead

Fusion Antibody (FAB)

Boosted by several new contracts...

This is the second year running that FAB has appeared in the "Top 5" performers, its shares rising 99% to 14.0p in 2025, and giving a two-year gain of 325%. FAB is a CRO providing antibody services, including discovery/generation, development, characterisation, optimisation, and small-scale production, for human and veterinary medicines, diagnostic tools, and research. 2025 has been characterised by a number of contract announcements with biotech and pharma companies and research labs. In addition, throughout the year, FAB, together with its development partner, the National Cancer Institute (NCI), has progressed its OptiMAL, its antibody discovery platform aimed at accelerating the delivery of therapeutic antibodies to market, culminating in its formal launch in December. Although operating news is likely to remain positive, sales remain painfully low. The main risk is FAB's dependence on regular capital increases, the latest one (£1.2m) being in March 2025. At 30 September 2025, FAB had £0.25m gross cash but had taken on some debt (ca.£0.4m). With an annual cash burn of ca.£1.2m, a further capital increase is inevitable in the short term.

...but sales numbers still very small...

...another cash injection is inevitable

Allergy Therapeutics (AGY)

2025 is also the second consecutive year that AGY has appeared in the "Top 5" performers, rising 69% to 11.0p, and giving a two-year gain of 340%. While 2024 was dominated by the company sorting out its financing, resulting in two major shareholders – SkyGem 65.8% and Southern Fox 28.4% – that now dominate the company, 2025 saw strong newsflow from an operational standpoint.

Influential PEI granted Grassmuno regulatory approval in December

The goal of AGY is to have its allergy vaccines approved and registered in key world markets, including Europe and the US. While there is some form of registration in Europe, the US is a highly unregulated market, which would promptly change in the event that an allergy vaccine were to receive FDA approval. 2025 has seen considerable progress with its clinical trials, culminating in the regulatory approval from the authoritative Paul Ehrlich Institut (PEI) for Grassmuno, its subcutaneous grass pollen immunotherapy. This approval positions AGY very positively in the treatment of allergies in Europe. Grassmuno is expected to drive a return to sales growth in fiscal 2026 following two years of manufacturing reorganisation. Meanwhile, AGY continues to recruit for trials that would support its FDA submission in the US and further news on these can be expected in 2026.

One small word of caution: any investor should be aware that the free float is minimal and that buying and selling even small share volumes has the potential to cause significant movements in the share price.

The “bottom five”

Futura Medical (FUM)

Eroxon now on major markets...

Having appeared in the “Top 5” in 2024 on high expectations for Eroxon following its EU and US regulatory approvals, FUM was the worst performer in 2025, with the shares falling 96%. Getting regulatory approval is one thing, converting this into commercial traction is a very different ball game. On the face of it, FUM had commercial agreements with strong consumer partners, notably Cooper Consumer Health (EU, UK and Switzerland) and Haleon (US). Despite this, Eroxon has failed to take off and consumer reviews on social media are extremely negative. It is difficult to see what will change this.

...but debate over timing to get sales traction

FUM reported sales of £1.0m (vs. £3.8m) in 1H'25, and, in a trading statement issued in September, indicated that sales would reach only £1.3-£1.4m for the full year, indicating a very weak 2H'25. Interim results, also in September, showed that the company was very cash constrained and it was no surprise when FUM undertook a deeply-discounted emergency fundraise of £2.75m in November. New management is trying to recover the situation; ultimately, though, it requires strong endorsement for Eroxon from consumers, which seems highly unlikely, in our opinion. Also, we think that Haleon will almost certainly try and draw a line on this failed commercial venture in 2026 and, even though this might involve some financial compensation for FUM, it would leave the company with few options to improve shareholder value.

CellBxHealth (CLBX)

CLBX has struggled to get Parsortix accepted...

CLBX was formerly known as Angle. The company has developed the Parsortix technology platform, a medical device for the capture and harvesting of intact circulating tumour cells, with the aim of improving diagnosis and treatment of several cancer types. However, despite this being an interesting and validated technology, Parsortix has never gained any sales traction. In our opinion, this is largely because the market is very congested and the technology requires operators to alter their usual work practices. Over the years, CLBX has sought more capital from investors in the expectation that each funding would result in greater commercial success. In November, the new management team was given the chance to prove that it can generate commercial success for Parsortix, with an £8.3m fundraise at 1.0p per share, diluting existing shareholders by 72% if they were unable to participate. Consequently, the shares retraced to the Placing level and remained within 10% of that at the year-end. Overall, CLBX shares fell 89% in 2025.

...necessitating dilutive funding in December

<p>Cancellation of significant contract hurt share price...</p> <p>...but recovery is anticipated in 2026</p>	<p><i>hVIVO (HVO)</i></p> <p>Over the past two years, everything appeared to be going well for HVO. It moved to new premises, opened a new clinical testing facility to increase capacity, and won a number of new contracts, generating a significant forward order book. However, on 30 May, it announced to the market that a significant human challenge trial had been cancelled and a small study had been postponed. Management claimed that this was due to funding uncertainty in biotech. While the Trump administration was exerting considerable pressure on the pharmaceutical industry to lower prices around that time, it did not appear to be having any undue negativity on biotech funding. The news caused the share price to half and there has been a modest downward trend ever since. Even the announcement in November of some decent new contracts, coupled with a positive trading update, did not greatly change this pattern. The CEO and CFO both invested in the shares in December in the expectation that 2026 will see some recovery. Overall, HVO shares fell 69% in 2025.</p>
<p>Technology recognition needs to be translated into sales</p>	<p><i>genedrive plc (GDR)</i></p> <p>GDR has now appeared in the “Bottom 5” for share price performance in each of the past three years. In 2025, the shares fell 64% and are now down 92% over the three years. Initially, the fall was caused by a disastrous alternative funding arrangement, but, in 2025, the main reason was the inability to gain any sales traction from its regulatory approved products.</p>
<p>Still more validation until commercial traction</p>	<p>The investment to get the products through the complex development and regulatory stages is behind the group. Product news flow in 2025 has generally been of a positive nature, but the new management team still seems to be struggling to generate sales traction. NICE recommendation for use in the UK NHS and “Breakthrough Device Designation” by the US FDA are clear recognition of the positive benefits that its MT-RNR1 ID kit provides. Additionally, NICE has recommended its CYP2C19-ID kit to improve outcomes for stroke patients and it has been adopted by some NHS Trusts. Despite these recommendations, some NHS Trusts in England and Scotland are still undertaking more validation tests and pilot studies, which will delay commercial traction further.</p>
<p>Further funding needed in 2026</p>	<p>GDR had a small (£1.23m) fundraise at 1.5p in March to tide the company over, but then required an emergency £3.63m equity raise in September, at 0.2p, which virtually wiped out existing shareholders who could not participate. It has also taken out a £1.0m shareholder loan, payable in two equal tranches. The first tranche only extends the company’s cash runway until February 2026; with the second tranche available from 20 February 2026, so further funds will be required sometime towards the middle of the year.</p>
<p>Third year running that VAL is in “Bottom 5”</p>	<p><i>ValiRx (VAL)</i></p> <p>VAL has also been in the “Bottom 5” for three consecutive years, falling 56% in 2025. ValiRx is an early-stage company focused on cancer therapeutics and women’s health. After replacing the entire Board of Directors and undertaking a change in strategy to focus on Inaphaea BioLabs, a wholly owned subsidiary, which provides a high throughput drug screening service using patient derived cells (PDC), 2025 was supposed to be a year of recovery. While progress has been made, with a number of completed validation and signed agreements, VAL is still cash-constrained. In October, VAL undertook a capital increase to raise £0.92m, at 0.25p per share, and is just starting to recover some of its poise.</p>

Ongoing need for more capital

£266m raised by 38 UK-listed companies in 2025...

...down 52% on 2024 from broadly same number of companies

Investors are well aware that the healthcare industry, particularly for small companies with products in development or the early stages of commercialisation, is capital-intensive. Given the enormous quantum of money managed by institutional investors, interest in small- and micro-cap healthcare technologies has significantly waned in recent years and support comes from a few specialist small cap funds and retail investors. In 2025, 38 (37) companies raised new capital through equity issues, £265.8m (£556.6m) to support operational activities, down 52% on 2024.

Key features

- ▶ 38 (37) UK-listed life sciences companies raised a total gross cash of £265.8m (£556.6m) during the year for working capital purposes. While this is a substantial figure, it pales into insignificance against the funds raised by private life sciences companies from venture capital and private equity.
- ▶ Funds were raised at an average discount of 23.9% to the prior closing share price, or 22.0% to the share price at the start of the year, with the market often anticipating a fundraise and marking the shares down ahead of it.
- ▶ There was a large variance in the price at which funds were raised from a premium of 27% (EDX Medical) to a discount of 89% (Physiomics), compared with the share price at the previous close.
- ▶ Two companies – Oncimmune (ONC) and Belluscure (BELL) – were unable to raise the required capital and went into administration.
- ▶ Nine companies – Benevolent AI (BAI), Deltex Medical (DEMG), Lung Life AI (LLAI), Synairgen (SNG), Biome Technologies (BIOM), Celadon Pharma (CEL), Polarean Imaging (POLX), Ananda Pharma (ANA) and Tissue Regenix (TRX) – were unhappy with the valuation afforded them by the London market and decided to delist and look to private equity for their working capital needs.
- ▶ Two companies – Maxcyte (MXCT) and Indivior (INDV) – transferred their primary listing to the US market and delisted from the LSE.
- ▶ During 2025, there have been a number of notable fundraises by unlisted UK companies, backed by venture capital and private equity at valuations substantially above those of listed peers, highlighting the lack of interest in small companies by institutional investors and the enormous discrepancy in the valuations of private and listed companies.

Commercial traction

Readers will be aware that it takes several years and large amounts of money to get new drugs, medical devices and diagnostics through the R&D process and satisfy the regulators. However, even when products receive approval, allowing them to be commercialised, the time taken and cash required to get sales traction can also be quite significant.

With painful R&D now behind several companies...

...time has come to deliver on sales in 2026

Many of the companies included in our index have been through the painful development and regulatory stages to the point of commercialisation and many of the fundraises in 2025 were to support the commercialisation of their products and technologies. Again, we believe that 2026 will be an important year for several companies to achieve sales traction, often a very important step towards reaching profitability and cash generation.

UK life sciences capital increases – 2025

Date	Company	Ticker	Gross cash (£m)	Share price (p)	Prior close (p)	Prem./Disc. (%)	31 Dec 2024 (p)	Δ (%)
08-Jan	Hemogenyx	HEMO	£0.34m	340.0p	400.0p	-15.0%	405.0p	-16.0%
15-Jan	Synairgen	SNG	£18.00m	2.0p	4.5p	-55.8%	6.0p	-66.6%
15-Jan	Oxford Biodynamics	OBD	£7.35m	0.50p	0.90p	-44.1%	1.49p	-66.4%
06-Feb	Faron Pharma	FARN	£9.99m	143.2p	157.2p	-8.9%	205.0p	-30.1%
13-Feb	ImmuPharma	IMM	£1.03m	3.75p	4.31p	-13.0%	1.21p	211.2%
13-Feb	Physiomics	PYC	£0.50m	0.50p	4.35p	-88.5%	0.75p	-33.3%
14-Feb	GENinCode	GENI	£4.07m	3.70p	3.90p	-5.1%	3.80p	-2.6%
19-Feb	One Health	OHGR	£5.38m	180.0p	194.0p	-7.2%	200.0p	-10.0%
19-Feb	TheraCryf	TCF	£4.25m	0.25p	1.00p	-75.0%	0.53p	-52.4%
11-Mar	Hemogenyx	HEMO	£0.71m	180.0p	305.0p	-41.0%	405.0p	-55.6%
13-Mar	Sareum	SAR	£1.07m	12.50p	16.50p	-24.2%	24.50p	-49.0%
14-Mar	Roquefort Therapeutics	ROQ	£0.25m	1.60p	2.40p	-33.3%	4.05p	-60.5%
18-Mar	Fusion Antibodies	FAB	£1.17m	6.8p	6.8p	0.0%	7.1p	-4.3%
27-Mar	genedrive plc	GDR	£1.23m	1.5p	1.8p	-18.0%	2.5p	-38.8%
01-Apr	N4 Pharma	N4P	£1.75m	0.4p	0.48p	-15.8%	0.53p	-23.8%
16-May	Solvonix Therapeutics	SVNS	£2.00m	0.13p	0.17p	-25.1%	0.21p	-36.6%
23-May	Poolbeg	POLB	£4.87m	2.5p	2.9p	-12.3%	7.1p	-64.8%
23-May	OptiBiotix Health	OPTI	£0.75m	14.0p	18.3p	-23.3%	18.0p	-22.2%
03-Jun	Hemogenyx	HEMO	£0.45m	180.5p	178.5p	1.1%	405.0p	-55.4%
16-Jun	SkinBioTherapeutics	SBTX	£4.20m	17.0p	17.3p	-1.4%	18.5p	-8.1%
30-Jun	Incanthera	INC	£0.51m	3.5p	4.0p	-12.5%	3.0p	16.7%
03-Jul	Crism Therapeutics	CRTX	£0.87m	12.0p	21.0p	-42.9%	11.0p	9.1%
11-Jul	Solvonix Therapeutics	SVNS	£1.00m	0.30p	0.29p	3.4%	0.21p	46.3%
17-Jul	Avacta	AVCT	£3.25m	30.0p	32.5p	-7.7%	47.8p	-37.2%
04-Jul	Aptamer	APTA	£2.00m	0.30p	0.38p	-21.1%	0.37p	-18.9%
21-Jul	Verici DX	VRCI	£6.35m	0.50p	0.88p	-42.9%	3.9p	-87.1%
15-Aug	Oxford Biomedica	OXB	£60.00m	431.0p	440.0p	-2.0%	420.0p	2.6%
28-Aug	Ondine Biomedical	OBI	£11.12m	15.0p	16.5p	-9.1%	8.8p	71.4%
29-Aug	Avacta	AVCT	£3.25m	50.0p	55.0p	-9.1%	50.0p	0.0%
22-Sep	Renalytix	RENX	£8.09m	9.5p	10.8p	-11.6%	10.8p	-11.6%
23-Sep	genedrive plc	GENE	£3.63m	0.20p	0.53p	-62.3%	2.5p	-91.8%
14-Oct	Abingdon Health	ABDX	£3.45m	6.0p	6.1p	-1.6%	7.8p	-22.6%
20-Oct	Avacta	AVCT	£16.00m	63.0p	69.0p	-8.7%	50.0p	26.0%
20-Oct	EDX Medical Group	EDX	£2.00m	14.0p	11.0p	27.3%	7.3p	93.1%
22-Oct	Oxford Biodynamics	OBD	£7.00m	0.30p	0.50p	-40.0%	1.45p	-79.3%
29-Oct	Allergy Therapeutics	AGY	*£55.0m	4.00p	8.20p	-51.2%	6.50p	-38.5%
30-Oct	ValiRx	VAL	£0.92m	0.25p	0.48p	-47.4%	0.78p	-67.7%
13-Nov	Futura Medical	FUM	£2.75m	1.00p	2.20p	-54.5%	31.65p	-96.8%
25-Nov	CellBxHealth	CLBX	£8.17m	1.00p	1.60p	-37.5%	10.25p	-90.2%
10-Dec	Crism Therapeutics	CRTX	£1.06m	9.0p	11.0p	-18.2%	11.00p	-18.2%
Total raised (n=38)			£265.76m		Average	-23.9%		-22.0%
					Median	-16.9%		-27.0%

*Warrant conversion

Although RNS announcements are closely monitored, this table should not be viewed as comprehensive

Source: Company data, Hardman & Co Life Sciences Research

Companies hoping to achieve commercial traction in 2026

Company	Product/technology	Category
Abingdon Health	Lateral flow CDMO	Diagnostic service
CelLBxHealth	Parsortix – liquid biopsy (oncology)	Diagnostic
Creo Medical	Speedboat and other products	MedTech
Futura Medical	Eroxon – male healthcare support	OTC/consumer healthcare
genedrive plc	AIHL.MT-RNR1 (neonates); CYP2C19 (stroke)	Diagnostics
Oxford Biodynamics	EpiSwitch 3D genomics platform – rapid blood test for prostate cancer	Diagnostic
Renalytix	KidneyIntelX – prognosis of patients with diabetic kidney disease	Prognostic
Shield Therapeutics	ACCRUFer oral iron supplement	Pharmaceuticals
SkinBioTherapeutics	SkinBiotix/Croda; AxisBiotix (psoriasis/acne)	Consumer/cosmetic
Tristel	Tristel ULT/OPH – ultrasound/ophthalmic equipment disinfectant in US	MedTech

Source: Hardman & Co Life Sciences Research

Capital increases reasonably balanced by share buybacks in 2025

Share buybacks

By default, capital increases raise the number of shares in issue and have the potential to increase the market capitalisation of a company, all clearly dependent on share price appreciation. Consequently, they may positively bias the performance of the index. Conversely, share buybacks reduce the number of shares in issue and can potentially negatively influence the index. In 2025, there was a reasonable balance between capital increases and share buybacks, so this was not a major issue when considering the performance of our index.

Inevitable need for more capital in 2026

Potential capital raises in 2026

As we highlighted in last year's report, a quick assessment of the latest balance sheets and statements from companies included in our index suggests that there will be a number of cash calls again in 2026. Some of these are expected to occur imminently in order to get auditor sign-off of 2025 accounts for the 12 months' working capital requirement, whereas others will be later in the year, depending on fiscal year-end ready, for sign-off of 2026 accounts.

GSK – Was I right or wrong?

Analysts should be held accountable and be prepared to say when they got it wrong

Throughout my time as an analyst, I have always been conscious of my recommendations and opinions. However much research you do, there is always the risk of something lurking in the background that you have not considered which suddenly appears and alters the course of a share price. This occurs slightly less often today given the huge amount of “guidance” that companies have to issue, but it still happens because all management teams think that their shares are undervalued and look at things through rose-tinted glasses. When you get a recommendation, forecast or opinion wrong, I still believe it is important to stand up and be counted and admit that you have got it wrong – but always try to provide an explanation as to why.

GSK RNS in July 2025 caught my eye...

Given this backdrop, an RNS announcement on 29 September 2025 caught my eye, and I feel that it is important to comment on it. As I type this section, I actually do not know the answer to the question that I raised in the title. That will only become apparent when I finish this piece. The RNS announcement in question was titled: *Luke Miels appointed CEO designate for GSK*, and its release indicated immediately to me that Dame Emma Walmsley was stepping down as CEO of GSK after 8½ years in the post. When Dame Walmsley was appointed on 1 January 2017, I confess (and either wrote or was quoted in the financial press) that I was not overly enthused by her appointment. These comments were driven solely by my 30+ years’ experience as a global pharmaceuticals analyst that appointments of personnel with drug-related commercial experience to the post of CEO in pharmaceutical companies have tended to result in an “agreement to leave” a few years later, because the scientists and leaders in R&D had the upper hand, carefully protecting their “babies”, resulting in expensive clinical trials being performed that were more likely, than not, to fail. History indicates that marketing executives lack the deep scientific background to be able to argue against a certain drug being developed further. In the case of Dame Walmsley, this argument was further enhanced by the fact that her marketing experience was in consumer brands, not pharmaceuticals, which requires a totally different approach involving direct-to-consumer advertising.

...CEO departing after 8½ years...

...an appointment that I was less than enthused based on past experience

Reliance and trust on scientific advisors...

To compensate for her limited scientific background, she almost certainly surrounded herself with a number of trusted “scientific generals” to advise her, but this assumes that they will give the best guidance, which is not necessarily the case. For example, at an early strategy meeting with analysts and investors, Dame Walmsley stated that one of the goals was for GSK to become a “top five” player in oncology, considered a high-growth sector in which GSK had no involvement, through its own R&D pipeline and possible acquisitions. In my opinion, this was almost certainly an impossible goal to meet. At that point in time, the oncology market was worth \$106bn (2016) and forecast to grow to \$200bn by 2021 and \$250bn in 2024 – it actually reached \$189bn in 2021 and \$229bn in 2024 – and to be in the top five companies, GSK would have needed sales in excess of \$15bn in 2021 or \$20.5bn in 2024. Given usual development timescales, this would only be achievable with sizeable M&A activity, which GSK could not afford. As part of a sense check, both her trusty generals and/or GSK’s extensive data analysis department should have known these facts and strongly advised against making such a statement.

...but can lead to misguided goals...

...if not strong enough to speak up

CEO has definitely cleaned up GSK and managed the demerger of Haleon...

However, I do believe that during her tenure as CEO, Dame Walmsley has cleaned up GSK, improved its focus and successfully demerged its consumer business, Haleon. But this latter point raised a further question. Given, historically, that her main experience had been in consumer care, why did she not become the CEO of the consumer business when it demerged?

So, back to my original question: were my opinions correct or wrong? Although the announcement of Dame Walmsley was made on 1 January 2017, she did not take up the post until 1 April 2017. At that point in time, GSK had a market capitalisation of £71.89bn and after allowing for cash and debt, an enterprise value of £85.64bn.

GSK share statistics – 1 Apr 2017 to 28 Sep 2025

	Date	Share price (p)	Shares in issue (m)	Market cap (£bn)	Cash (£m)	Debt (£m)	EV (£bn)
GSK	01 Apr 17	1,462	4,917.4	71.89	4,596	-18,340	85.64
GSK	28 Sep 25	1,486	4,067.9	60.45	3,306	-16,750	73.89
Change		1.6%	-17.3%	-15.9%			-13.7%
Haleon div	17 Jul 22	330	5,084.2	16.78			16.78
							90.67
							+5.9%

Source: Hardman & Co Life Sciences Research

...but the EV fell 13.7% over her tenure

At the close of business on 28 September 2025, the last close before the RNS announcement, the market capitalisation was £60.45bn (-15.9%) and GSK had an EV of £73.89bn, down 13.7%. There was no change in the net debt position between the two dates, despite receiving dividends and selling off its residual holding in Haleon post-demerger.

Only allowing for in specie Haleon dividend does EV look positive

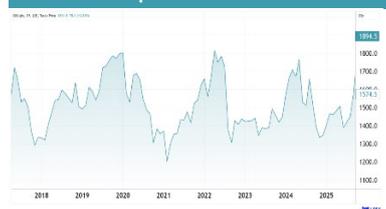
However, the situation is complicated by the demerger of Haleon in July 2022. To allow for the change in the GSK share price as a direct consequence of the market value ascribed to Haleon, GSK undertook a share consolidation to equalise the before and after demerger share prices, which largely explains the 17.3% fall in the number of shares in issue between the two time points. In addition, on 17 July 2022, Haleon issued 5,084.2m shares (1-for-1 basis) to shareholders of GSK to satisfy the demerger dividend. Trading in Haleon shares opened at 330p per share, valuing the dividend to GSK shareholders at £16.78bn. Therefore, from a shareholders' perspective, the EV of GSK has increased 5.9% during her tenure.

Strong support from Chairman...

At the time of the RNS announcement in September, the Chair of GSK, Sir Jonathan Symonds CBE, stated the positive features of Dame Walmsley's tenure: "...I want to thank the CEO and acknowledge her outstanding leadership in delivering a strategic transformation of GSK, including the successful demerger of Haleon. GSK today is necessarily very different to the company she was appointed to nine years ago and has a bright and ambitious future...". While I cannot disagree with his statement, the share price tells a slightly different story regarding her success, with massive underperformance (-70%) of GSK relative to its global peers during her tenure.

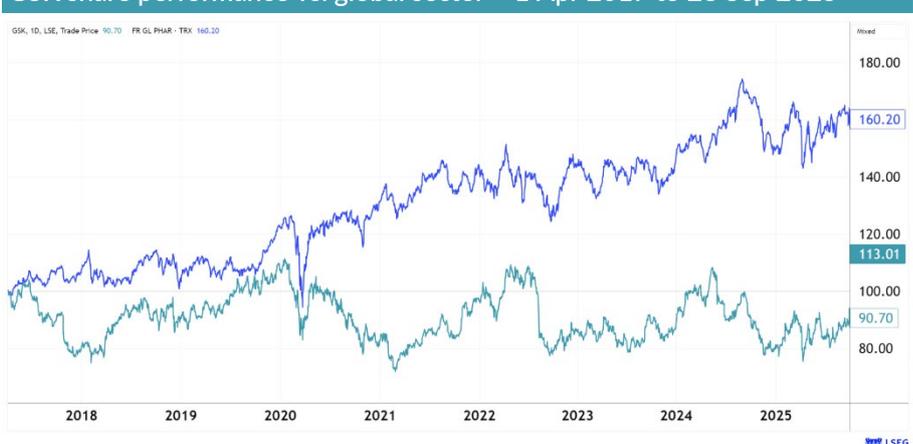
...not wholly supported by the share price

GSK share price chart



Source: LSEG, 2026

GSK share performance vs. global sector – 1 Apr 2017 to 28 Sep 2025



Source: LSEG, 2026

I acknowledge that this is a simplistic overview and that it contains an opinionated view that not all readers will concur with. However, it circles back to my original point that analysts should be prepared to stand up and be counted, as should all company executives. Gone are the days when analysts gave executives a hard time!

Tissue Regenix – Did we miss something?

In the introductory paragraph of the GSK article in the previous section, we highlight how something totally unexpected might emerge from a company that could change the course of its share price movement. That is exactly what happened in 2025 with Tissue Regenix (TRX). Our life sciences team has monitored this company and followed its development and evolution for more than 10 years, and, for the middle six of these, TRX was a client of Hardman & Co, so research was published on a regular basis. Consequently, events of 2025 were extremely disappointing, culminating in an institutional shareholder providing a financial lifeline to prevent the company from going into administration. This lifeline effectively wiped out existing shareholders, and resulted in the delisting of TRX from AIM, on 7 January 2026. As part of our accountability, therefore, we asked ourselves whether we had missed anything, and could we have foreseen the problems that arose in 2025?

Before attempting to answer that question, it is important to review a summary of the flow of news that was released via RNS during 2025:

"...TRX continues to execute on its 4S strategy and trading remains in line with the board's expectations, as the group looks to drive further growth in 2025... Meanwhile, the board's review of strategic options is ongoing..."

Source: Company update RNS, issued 18 March 2025 by Daniel Lee (CEO) and David Cocke (CFO)

"...The board does not believe there is any prospect of an appropriate offer for the share capital of TRX...accordingly, it is no longer in discussions with any interested parties. Management will focus on delivering sustainable growth as a stand-alone independent entity and looks forward to further growth in 2025 and beyond..."

Source: Conclusion of strategic review RNS, issued 8 April 2025 by CEO and CFO

"...TRX reported revenue growth of 9% for fiscal 2024 and record adjusted EBITDA of \$1.9m. The cash position was \$1.9m and the company had an undrawn debt facility to fund further growth. As has been widely reported, [TRX] has already seen great changes and uncertainty in 2025 in the US and around the globe, which have created additional political, regulatory and financial headwinds..."

Source: Final 2024 results and 2025 outlook RNS, issued 24 June 2025 by CEO and CFO

"...Following initial notification along with the final results on 24 June, David Cocke will retire today from his role as CFO. Brandon Largent, Associate VP of Finance at TRX will replace David in a non-board role as Interim CFO with immediate effect..."

Source: Change of CFO RNS, issued 1 August 2025 by CEO and CFO

"...Group revenue for the half year decreased by 6% to \$13.8m (1H'24: \$14.7m), driven by a decline in orders from strategic partners due to the uncertain economic conditions. TRX expects to report a positive adjusted EBITDA for 1H'25, and the board remains confident of achieving profitability at the adjusted EBITDA level for the full year in line with that achieved in FY 2024..."

Source: Half-year trading update RNS, issued 8 September 2025 by CEO and interim CFO

"...Adjusted EBITDA for 1H'25 of \$0.2m and gross cash of \$1.1m. TRX has drawn down \$10.4m of its \$16m debt facility. Although TRX has seen a downturn in trading in 1H'25, with a resultant impact on its cash position, the board remains confident in the underlying business and market opportunities for its leading products and superior technology. Due to a change in accounting teams, the board is aware that estimates used for 2024 year-end inventory and cost of sales were inaccurate and is reviewing the estimates made, with the expectation that these historical numbers will require adjustment..."

Source: Half-year results RNS, issued 30 September 2025 by CEO and interim CFO

"...Upon review of the financial inaccuracies in relation to year-end inventory and cost of sales for the financial year ended 31 December 2024, there will be a restatement of adjusted EBITDA from \$1.9m to an EBITDA loss of \$1.0m. This restatement has had a cascading effect on 1H'25 adjusted EBITDA of \$0.2m to an EBITDA loss of \$2.3m. Daniel Lee (CEO) will leave the company with immediate effect. Kirsten Lund, former FD of TRX, is re-appointed CFO and joins the board..."

Source: Update regarding FY24 and 1H'25 restatement RNS, issued 16 October 2025 by Jay LeCoque, (Executive Chairman)

"...Temporary suspension of trading on AIM of TRX's ordinary shares...to allow the new leadership team to further consider the restatement of adjusted EBITDA, the cash position, and ongoing expected performance of the business. Until this further review takes place TRX is not in a position to clarify its financial position..."

Source: RNS, issued 22 October 2025 by Executive Chairman

"...It is now clear to the leadership team that TRX has a substantial backlog of creditors, and very limited cash balances. Accordingly, the company has an urgent need to raise capital by the end of November. Without additional funding the company will not be able to continue to trade..."

Source: Financial update and funding plans RNS, issued 7 November 2025 by Executive Chairman

"...TRX announces that it has conditionally raised £17.5m, before expenses, by way of the issue of Secured Convertible Loan Notes (CLNs) to Harwood Private Equity VI (Harwood), a substantial shareholder. Harwood has confirmed it intends to convert £0.8m at the exercise price of 0.1 pence immediately following subscription of the CLNs. This will result in the issue to Harwood of 800m new Ordinary shares, representing 91.8 per cent of the enlarged share capital. In addition, the board has concluded that, following completion of the fundraising, continued admission to trading of the company's Ordinary shares on AIM is not in the best interests of the company and its shareholders...and is seeking shareholder approval for the cancellation of its listing..."

Source: Proposed £17.5m lifeline RNS, issued 4 December 2025 by Executive Chairman

"...At the request of the company, the Ordinary shares have been cancelled from trading on AIM with effect from the time and date of this notice..."

Source: Cancellation notice RNS, issued 7 January 2026 by the LSE

Extremely rapid decline in TRX's fortunes once problem had been identified...

...resulting in need for financial lifeline to continue trading

Nothing in key account trends that raised red flag

The decline in the company's fortunes was rapid, and terminal, without the lifeline. However, it was accelerated by the admission in the interim results announcement on 30 September that the new finance team had uncovered some inaccuracies in the "estimates" for inventories and cost of sales for fiscal 2024, which would have a knock-on effect in 2025. The company's unravelling was extremely fast from that point, with the new leadership team, recognising that, in the absence of financial support, TRX would be run out of cash and cease trading at the end of November. When the financial lifeline did arrive, in December, existing shareholders were effectively wiped out. Even though we have not followed TRX on a day-to-day basis for over a year – our contract with TRX ended – we did still ask ourselves whether we could we have foreseen the issues highlighted above?

Summary of key account items

Gross margins, inventories, trade debtors and trade creditors are regularly monitored by analysts. With small companies, detailed information on the latter three items is only available in the audited annual accounts, but there was nothing in the trend for inventory, debtor or creditor days to suggest that there was anything untoward in 2024, as can be seen in the following table.

TRX* – summary of key account items					
Year-end Dec (\$m)	2020	2021	2022	2023	2024
Sales	16.47	19.75	24.48	29.49	32.09
Cost of goods sold	-8.90	-11.27	-13.22	-15.45	-15.79
Gross margin	46.0%	42.9%	46.0%	47.6%	50.8%
Net cash/(debt)	5.75	-0.24	-3.66	-4.75	-8.60
Inventories	9.60	9.72	10.88	10.36	14.01
Trade debtors	2.42	2.95	4.20	3.03	3.65
Trade creditors	-1.32	-2.57	-3.44	-1.21	-2.71
Inventory days	168	179	154	131	139
Debtor days	54	50	53	45	38
Creditor days	54	63	83	55	45

*Numbers include GBM-V, an asset held for sale

Source: TRX annual reports; Hardman & Co Life Sciences Research

Rise in gross margin in 2024 was explained as operating efficiencies...

...but there was an unusual note in accounts

Issues not solely caused by accounting estimates, however

When the 2024 results were released, on 24 June, it was noted that there was little absolute change in the COGS over 2023, whereas sales increased 8.8%. The effect of this was reflected in a strong rise in the gross margin from 47.6% to 50.8%. This was explained in the presentation, though, that there had been increased tissue processing yield and some cost efficiencies, consistent with the recent investment in manufacturing. However, as can be seen below, there was a note in the accounts highlighting that an accounting change in estimating inventories had resulted in a \$1.3m increase. Because the other side of inventories is always COGS, the consequence of this change was a \$1.3m reduction in COGS. Without this benefit, the gross margin would have been 46.7%, with an equivalent reduction in EBITDA.

However, in the statement made to the market on 16 October, the new leadership team stated that the full impact of the accounting inaccuracies on EBITDA in 2024 was \$2.9m – reported EBITDA profit of \$1.9m to an EBITDA loss of \$1.0m – which indicates that the issues were not solely down to the change in inventory estimating.

Focus on inventories

TRX – summary of inventories					
Year-end Dec (\$000)	2020	2021	2022	2023	2024
Raw materials	2,704	2,681	4,128	4,518	6,715
Work in progress	4,783	5,628	5,873	5,133	6,411
Finished goods	2,117	1,410	881	707	880
Inventories	9,604	9,719	10,882	10,358	14,006
Inventory days	168	179	154	131	139

Source: TRX annual reports; Hardman & Co Life Sciences Research

“Note 16, Inventory” in the 2025 annual report states: “At 31 December 2024, the group has recognised the impact of a change in accounting estimates in the carrying amount of inventory. The change arose as a result of a change in the measurement technique used for inventory and resulted in an increase of \$1.3 million in the carrying value at 31 December 2024.” Given that there was recognition of a change in accounting estimates that resulted in a material change, auditors would have been expected to test this area to a heightened level of professional scrutiny, typically with detailed testing, challenge and corroboration before the auditors would be comfortable signing off the accounts. However, in the RNS dated 30 September, inaccuracies in these estimates were first revealed.

Conclusion

Analysts have to put trust in audited accounts...

...even though sampling sizes are often small

Analysts have to accept, in good faith, that audited figures are materially accurate, and a true and fair reflection of the business. The 2024 accounts included a specific note stating that accounting estimates at TRX had resulted in a change in the valuation of inventories, boosting them by \$1.3m. Under such circumstances, it would be reasonable to expect that the revised inventory estimation methodology would have been an audit focus area, particularly as it is disclosed as a critical accounting judgement in Note 4 of the accounts. However, by definition, accounting estimates involve subjectivity and professional judgment. It is reasonable, therefore, to assume, as an analyst, that the auditors considered the change in estimation methodology of inventories to be materially appropriate based on the information available to them at the time of signing off the accounts. Consequently, we would contend that the issues that arose at TRX in 2025 would be very difficult for an analyst to identify in the normal course of their research.

We hope that the new management team and supporting shareholder are able to realise the full potential of TRX’s fascinating technology that has led to the regulatory approval and commercialisation of a number of products, which have improved the lives of many patients, and continue to be in demand.

As always, I hope that you have enjoyed this opinionated review of UK healthcare in 2025 and wish you the best of luck with stock selections in 2026!

About the author

Dr Martin Hall



Martin's career in the City started as a healthcare analyst in 1987, working at Morgan Grenfell and then UBS. He joined HSBC in 1992, where he became Head of Global Pharmaceutical/Healthcare Equity Research. In 2005, he set up as an independent Life Sciences Analyst and Corporate Broker under the umbrella of Eden Financial Limited. Martin is acknowledged for his thought-provoking and opinionated research. He joined Hardman & Co in June 2013.

Martin qualified as a pharmacist (B.Pharm.Hons) at the School of Pharmacy, University of London, and has a PhD in Neuropharmacology, also from the University of London. After two years of post-doctoral research under a Royal Society Fellowship at the Collège de France, Paris, he became leader in Biochemical Pharmacology at the Parke-Davis Research Centre in Cambridge. Martin is a member of the Royal Pharmaceutical Society of Great Britain.

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