



30 September 2023

Incanthera plc

("Incanthera" or the "Company")

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

Incanthera plc (AQSE: INC), the specialist company focused on innovative technologies in dermatology and oncology is pleased to announce its audited final results for the year ended 31 March 2023.

Incanthera is dedicated to identifying and commercialising inspirational therapeutics, combined with uniquely targeted delivery technologies that show the potential to transform the future of healthcare.

Highlights:

- Commercial deal discussions concentrated towards conclusion
- Refinement of dermatological product formula range
- Infrastructure investment:
 - Final product formula range manufactured
 - Key commercial relationships established
 - Protection of valuable IP across global territories

Financial Highlights:

- Financial performance for the year in line with the Board's expectations
- Total group loss for the year: £1,372k (2022: £1,008k)
- Operating expenses: £811k (2022: £937k)
- Year-end cash position: £3k (2022: £295k)
- Tight cost controls remain across a lean model

Post year end events:

On 5 April 2023, warrants issued in conjunction with the fundraising on 31 March 2021, have been amended such that they now expire on the 12 April 2024 and have an exercise price of 10p.

On 25 July 2023, 360,000 ordinary shares of 2p were issued at a price of 6.95p per share to Dr Simon Ward, a Director, generating proceeds of £32,000.

On 19 August 2023, the Immupharma warrants Subscription period was extended by 12 months, to the 6 September 2024.

Simon Ward, Chief Executive Officer, commented:

"Our pursuit of the right global deal for our technologies, has positively resulted in our formulation and delivery technologies being greater than our original blueprint, through potential product range, and therefore global market capacity.

Our formulators have refined and perfected our product range and our virtual infrastructure has moved up several gears to formulation sampling, production, branding and packaging. These are critically strong components to securing the global potential ahead.

I thank our team, and I want to show recognition of the faith and belief shown by our loyal shareholders, as we look forward to providing the market with further news."

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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Notes to Editors

Incanthera is dedicated to innovative technologies in dermatology and oncology. It seeks to identify and commercialise inspirational therapeutics combined with uniquely targeted delivery systems, for innovative solutions to clinical, commercially relevant unmet needs.

The Company's current focus is a range of dermatological applications utilising its unique formulation and delivery technologies to meet cosmetic and clinically unmet needs. This range will include the Company's potentially innovative topical product for the treatment of solar keratosis and the prevention of skin cancers. The Company is currently focussed upon delivering this range to a commercial partner.

Originating from the Institute of Cancer Therapeutics ("ICT") at the University of Bradford, the Company has acquired and developed a portfolio of specific cancer-targeting therapeutics, with a strategy to develop each candidate from initial acquisition/discovery to commercially valuable partnerships at the earliest opportunity in its development pathway.

For more information on the Company please visit: www.incanthera.com

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Chairman's Statement

The year under review has been one of immensely focused work, as we aim to conclude our commercialisation goals, as promised to Shareholders.

The management team has been working with focused determination towards the refinement and conclusion of a potential deal that will bring our expertise to the commercial forefront, while our formulation experts have worked with dedication to perfect our specialist dermatological offering to meet the global stage.

Our Business

Incanthera's mission and purpose is to provide ever better options for more targeted, holistic care utilising its portfolio of targeted technologies, formulation expertise and delivery systems that now transcends across dermatology and oncology.

The primary focus of our team remains the completion of our combined formulation and delivery technology in a product that we aim to be the subject of a commercial deal.

Our team and partnerships of highly skilled experts have worked to produce formulation offerings to meet effective solutions to target disease in areas demanding solutions, delivering products that will uniquely address clinically and commercially unmet needs. In refining that global market-ready product, we believe we can address identified demand within a multi-billion-dollar market.

In support of that, we have continued to utilise our in-laboratory facilities, whilst securing and building our professional working relationships, to support our commercial ambitions.

The team has worked to ensure financial controls are kept tightly controlled through a lean business model, keeping operating costs low as we continue to preserve our cash runway, while ensuring protection of our valuable intellectual property across global territories, which continues to be expertly applied and reviewed.

We continue to work with the Institute of Cancer Therapeutics ('ICT') at the University of Bradford, whose excellence in discovering innovative oncology IP continues to introduce exciting new developmental technologies in the global fight towards treating and defeating cancer. Incanthera's oncology portfolio is regularly reviewed and evaluated for commercial opportunity and partnerships. This reflects and honours both our heritage and our future.

Our advisers continue their invaluable support in this process and we thank them for their contribution and enhancement of our team's work.

Our team, as always, has performed with loyalty, dedication and sacrifice throughout this year, as we all work to deliver the essential news that will be transformative for our company.

Outlook

It has been an important, progressive year for Incanthera, in which we have concentrated our expertise on our product offering, evolved existing commercial opportunities and worked hard as a team to progress our core business for the potential ahead of us.

I would like to thank the team. Their commitment and resourcefulness have allowed our progression towards this pivotal moment for ongoing success.

I would also like to thank our Shareholders for their loyalty, support, and belief in our company.

Tim McCarthy

Chairman

30 September 2023

Chief Executive's Review

Overview of Progression

Our effort towards achieving the right global deal for our technologies has matured the direction and ambition of everyone involved, resulting in the potential for our formulation and delivery technologies being greater than our original blueprint.

We are very pleased with our various discussions to enter the global markets for our unique formulation and delivery expertise.

The long road to that point has been a test of everyone's faith and patience, but the team has remained true to its promise and commitment and I thank them for their resilience.

The Year in Review

The management team has matched energy and experience with an ability to adapt and resolve along the road towards commercialisation.

We remain resolutely firm in successfully concluding a deal in the short term.

While the team is firmly focused forward, the great engine of the team that makes our products the subject of such potential continues to deliver.

Our formulators have refined and perfected our products to meet the market demand for currently unmet dermatology indications.

Our virtual infrastructure has also improved across this period, and we now have in place the personnel, facilities, and relationships to produce formulation sampling, production, branding and packaging.

These are critical components to securing the global potential ahead of us and I thank the individuals involved for their advancements this year.

Alongside all of this is the essential guidance of our teams of advisers, whose invaluable input continues to steer and protect us as we navigate the path towards success.

We also continue to work closely with the Institute of Cancer Therapeutics (ICT), at The University of Bradford, with a peer reviewed paper currently on track for publication.

The Team

I am so fortunate that the core of Incanthera is a small team of like-minded, forward-thinking individuals who have committed to seeing the vision we set out become reality, no matter the challenges.

They have risen to meet them head on and their individual skillsets and personalities are the forces that ensures we remain aligned with our ambitions, maintain the Company and prioritise the Company's delivery.

I thank them for their strength and passion in our business.

Summary

I wish to acknowledge the limited and extended duration between news updates at the conclusion of this year's reporting.

The actuality reflects a substantial level of activity and progress behind the scenes, resulting in notable improvements and refinements across our operations. I am very proud of that and the promise it holds for our future.

I want to show recognition of the faith and belief shown by our loyal shareholders. This does not leave us, and we strive to deliver in everything we achieve along this journey.

We look forward to reaching our end goals and rewarding our shareholders, supporters, and the market with further news.

Dr. Simon Ward
Chief Executive Officer
30 September 2023

Financial Review

I am pleased to present our full year results for the year to 31 March 2023.

The year has been one of strict financial control in the face of limited financial resources as we progress towards our first commercial deal.

The financial performance for the year ended 31 March 2023 was in line with expectations.

Losses

The total group loss for the year was £1,372k (31 March 2022: £1,008k) including a charge for share-based compensation of £149k (2022: £148k). Operating expenses excluding share-based compensation reduced to £811k (2022: £937k).

Share-based compensation

Accounting standards require a charge to be made against the grant of share options and recognised in the Consolidated Statement of Comprehensive Income. This amounted to £149k (2022: £148k) and has no impact on cash flows.

Headcount

Average headcount of the Group for the year was eight (2022: six).

Taxation

The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £75k (2022: £77k).

Cash flows and financial position

The cash position at 31 March 2023 decreased to £3k (31 March 2022: £295k). Expenditure on development costs and recurring general and administrative costs were offset to some extent by the receipt of the 2022 tax credit (£77k). There was no further investment income during the year and the group remains in a pre-revenue phase.

Dividends

No dividend is recommended (2022: nil) due to the early stage of the development of the Group.

Loss Per Share

The basic and diluted loss per share was 1.18p (before exceptional costs) (2022: 1.36p).

Key performance indicators

Key Performance Indicators include a range of financial and non-financial measures (such as development progress). Details about the progress of our development programmes (non-financial measures) are included elsewhere in this Strategic Report, and below are the other indicators (financial measures) considered pertinent to the business.

Laura Brodgen
Chief Financial Officer
30 September 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

Operating expenses	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Operating expenses	(811)	(937)
Share-based compensation	(149)	(148)
Total operating expenses	(960)	(1,085)
Operating loss (pre exceptional items)	(960)	(1,085)
Loss on ordinary activities before taxation	(960)	(1,085)
Exceptional costs		
Costs of issue of shares to service providers	(78)	-
Impairment of Intellectual Property	(409)	-
Operating loss (post exceptional items)	(1,447)	(1,085)
Loss before taxation	(1,447)	(1,085)
Taxation	75	77
Loss and total comprehensive expense attributable to equity holders of the parent for the year	(1,372)	(1,008)
Loss per share attributable to equity holders of the parent (pence)		
Basic loss per share (pence)	(1.82)	(1.36)
Diluted loss per share (pence)	(1.82)	(1.36)
Loss per share before exceptional costs (pence)	(1.18)	(1.36)

Consolidated and Company Statements of Financial Position

as at 31 March 2023

	Group		Company	
	As at 31 March 2023 £'000	As at 31 March 2022 £'000	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Assets				
Non-current assets				
Property, plant and equipment	1	2	–	–
Intangible assets	58	538	–	–
Investments in and loans to subsidiaries	–	–	241	6,254
Total non-current assets	59	540	241	6,254
Current assets				
Trade and other receivables	62	118	4	31
Current tax receivable	73	75	–	–
Cash and cash equivalents	3	295	1	212
Total current assets	138	488	5	243
Total assets	197	1,028	246	6,497
Liabilities and equity				
Current liabilities				
Trade and other payables	280	196	77	34
Total current liabilities	280	196	77	34
Non-current Liabilities				
Convertible loan	131	–	–	–
Total Liabilities	411	196	77	34
Equity				
Ordinary shares	1,528	1,482	1,528	1,482
Share premium	5,169	5,055	5,169	5,055
Reorganisation reserve	2,715	2,715	–	–
Warrant reserve	1,129	1,054	543	468
Other reserves	19	–	–	–
Share based compensation	259	185	259	185
Retained (deficit)/profit	(11,033)	(9,659)	(7,330)	(727)
Total equity attributable to equity holders of the parent	(214)	832	169	6,463
Total liabilities and equity	197	1,028	246	6,497

As permitted by s408 of the Companies Act 2006, Incanthera Plc has not presented its own income statement. The loss for the financial year within the financial statements of the parent company was £6,603k, operating loss £311k (2022: £339k).

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	Ordinary shares £'000	Share premium £'000	Reorganisation reserve £'000	Warrant reserve£' 000s	Other reserves£' '000s	Share based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2021	1,482	5,055	2,715	1,054	-	37	(8,651)	1,691
Total comprehensive expense for the period	-	-	-	-	-	-	(1,008)	(1,008)
Transactions with owners								
Share based compensation – share options	-	-	-	-	-	148	-	148
Total transactions with owners	-	-	-	-	-	148	-	148
Balance at 31 March 2022	1,482	5,055	2,715	1,054	-	185	(9,659)	832
Total comprehensive expense for the period	-	-	-	-	-	-	(1,372)	(1,372)
Transactions with owners								
Equity component on convertible loan notes								
Share issue Advisor agreements	46	114	-	-	-	-	-	160
Share based compensation – share options	-	-	-	75	-	74	-	149
Total transactions with owners	46	114	-	75	19	74	-	328
Balance at 31 March 2023	1,528	5,169	2,715	1,129	19	259	(11,033)	(214)

Consolidated and Company Statements of Cash Flows

For the year ended 31 March 2023

	Group		Company	
	Year Ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Cash flows from operating activities				
Loss before taxation	(1,447)	(1,085)	(6,603)	(339)
Depreciation and amortisation	71	118	-	-
Impairment	409	-	6,400	-
Share based compensation	149	148	149	148
	(818)	(819)	(54)	(191)
Changes in working capital				
(Increase)/decrease in trade and other receivables	56	18	(360)	(481)
Increase/(decrease) in trade and other payables	234	31	43	(26)
Cash used in operations	290	49	(371)	(507)
Taxation received	75	110	-	-
Net cash used in operating activities	(453)	(660)	(371)	(698)
Cash flows (used in)/generated from investing activities				
Acquisition of tangible fixed assets	-	(2)	-	-
Net cash (used in)/generated from investing activities	-	(2)	-	-
Cash flows from financing activities				
Proceeds from issue of shares	160	-	160	-
Issue costs	-	-	-	-
Net cash generated from financing activities	160	-	160	-
Movements in cash and cash equivalents in the period	(292)	(662)	(211)	(698)
Cash and cash equivalents at start of period	295	957	212	910
Cash and cash equivalents at end of period	3	295	1	212

Notes to the Financial Statements

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with UK adopted International Financial Accounting Standards ('IFRS'), IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS.

The consolidated financial statements are presented in Sterling (£) and rounded to the nearest £000. This is the predominant functional currency of the Group and is the currency of the primary economic environment in which it operates. Foreign transactions are accounted in accordance with the policies set out below.

2. Basis of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and, has the ability to use its power to affect its returns. The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

3. Going concern

As part of their going concern review the directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In preparing these forecasts, the Directors have made certain assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

Whilst the global economic environment continues to be turbulent, the impact on the Group is not considered to be substantial and the assumptions used in the forecasts are not dependent on revenues but focused on controlled, considered spend to meet its development and commercial objectives.

The Directors are aware of the risks and uncertainties facing the business and the assumptions used in the forecasts are the Directors' best estimate of the future development of the business.

At 31 March 2023, the group had cash and cash equivalents of £3k. The directors acknowledge there is a material uncertainty.

The directors and senior management continue to be fully supportive of the group and are mindful that cash liquidity is a constrain, they are validating their support by deferring their salaries for at least twelve (12) months from the date of this report. Directors are also confirming they will not demand a repayment of directors' loan until the business becomes economically viable. The team is also prepared to support by providing additional funding as when needed for the group & companies to meet its liabilities when they fall due.

The Directors have also obtained confirmation from the loan note holder that is their firm intention to convert.

Although the Directors are confident of entering into commercial deal(s) in the next 12 months which will generate revenues, there is no assumption in the forecasts of revenue income. The Directors continue to closely control expenditure, and should the company require additional funding prior to the receipt of revenues, then appropriate measures will be taken, which could include a fundraise. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Independent auditor's report to the members of Incanthera PLC

Qualified Opinion

We have audited the financial statements of Incanthera PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, company statement of financial position, consolidated statement of cash flows, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK International Financial Reporting Standards (IFRSs). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK International Financial Reporting Standards (IFRSs), as applied in accordance with the provision of the Companies House Act 2006.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report:

- 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 31 March 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom 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 qualified opinion

As explained in note 3, whilst the directors have prepared the financial statements on the going concern basis, there are material uncertainties which may cast significant doubt over the group and parent company's ability to continue as a going concern. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included a detailed review of the Group's forecasts in comparison to available management accounts at the date of these financial statements to assess the reasonability of the estimates made. We were unable to obtain sufficient evidence to support the directors' representations about the proposed future actions described in note 2 to provide funding or support to the group. Consequently, we are unable to confirm whether the going concern basis of preparation is appropriate. In addition if the going concern basis of preparation was inappropriate, the strategic report would also need to be amended.

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 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 qualified opinion.

4. Loss Per Share

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the loss for the year attributable to equity holders and the weighted average number of ordinary shares outstanding during the year is adjusted to assume conversion of all dilutive potential ordinary shares.

As at 31 March 2023, the Group had 32,219,684 (2022: 25,966,380) share options, warrants and subscriptions outstanding which are potentially dilutive.

The calculation of the Group's basic and diluted loss per share is based on the following data:

	As at	As at
	Year ended	Year ended
	31 March 2023	31 March 2022
	£'000	£'000
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	(1,372)	(1,008)
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution (excl. Exceptional Costs)	(885)	(1,008)

	As at	As at
	Year ended	Year ended
	31 March 2023	31 March 2022
	£'000	£'000
Weighted average number of ordinary shares for basic loss per share	75,211,874	74,082,871
Effects of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effects of dilution	75,211,874	74,082,871

	As at	As at
	Year ended	Year ended
	31 March 2023	31 March 2022
	Pence	Pence
Loss per share – basic and diluted	(1.82)	(1.36)
Loss per share – before exceptional costs	(1.18)	(1.36)

The loss and the weighted average number of ordinary shares for the years ended 31 March 2022 and 2023 used for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ('IAS') No 33.

4. Dividend

No dividend is recommended (2022: nil) due to the early stage of the development of the business.