INNOVATIVE TECHNOLOGIES FOR DERMATOLOGY AND ONCOLOGY

Incanthera plc
Annual Report & Accounts 2024

Registered number: 11026926

Delivering solutions of the future

Incanthera's mission has always been to bring life changing treatment options to the public arena, whilst seeking commercial opportunities for future growth and discovery.

Highlights

- Commercial deal with World's largest health and beauty retailer, AS Watson
- Incanthera's Skin + CELL skincare range to be launched in Europe in September 2024, through AS Watson Group partner, Marionnaud, with further anticipated launch through AS Watson Asian store network soon after
- AS Watson Group retail store capacity: 16,500 stores across Europe and Asia
- Skin + CELL luxury skincare range to launch with five products
- Manufacturing partnership with Frike, Switzerland's premier luxury skincare manufacturer
- Incanthera retains the right to discussions with all global commercial partners outside of Watsons Group exclusivity
- Institutional led fundraisings in December 2023 and June 2024 and exercise of shareholder warrants in April 2024 and broker warrants in August 2024, raised a total of £4.3 million for investment in Inventory build
- Protection of valuable IP across global territories
- Tight cost controls through lean business model

Our history:
www.incanthera.com/about-us/our-history

Skincare Market

US$646.20bn

The Beauty & Personal Care market worldwide is projected to generate a revenue of US$646.20bn in 2024.

Market size estimates sources from external commercial sector reports.

3.33%

The market is expected to grow at an annual rate of 3.33% (CAGR 2024–2028).

US$282.80bn

The largest segment in this market is Personal Care, which is estimated to have a market volume of US$282.80bn in 2024.

US$83.39bn

In terms of per person revenues, in the world is expected to generate US$83.39 in 2024.

19.2%

Online sales are projected to contribute 19.2% of the total revenue in the Beauty & Personal Care market by 2024.

Despite the global recession, the beauty and personal care market continues to thrive with a strong focus on organic and natural products.

Why invest?

Global Opportunity:

- International commercial opportunity through global deal provides network of 16,500 stores
- Multi-billion US$ market
- Right to discussions with all global commercial partners outside of Watsons Group exclusivity
- Protected Brand and IP: wholly owned IP & Brand fully patent protected across global territories

Strong City Support:

- Institutional demand-led fundraises December 2023 and June 2024 raising £4.1 million
- Loyal and increasing retail shareholder support: liquidity in stock
- Promotion to Apex market of Aquis Stock Exchange (top tier)
- Highest performing Aquis stock for H1 2024

Incanthera Business Model:

- Outsourced manufacturing and distribution: low centralised costs
- Top line growth, margin expansion and strong cash generation: revenue generation and profitability within FY 2024
- Revenues reinvested in inventory build increasing roll-out for shareholder returns

Corporate Communications Strategy:

- Wealth of newsflow
- Engaged, proactive IR & Comms with market and shareholders

Robust Corporate Governance:

- Board structure, policies, regulation

Delivering through technology

Skincare Market

Incanthera's current focus is Skin + CELL, its luxury skincare brand, utilising ground-breaking formulation and delivery expertise, to bring scientifically proven formulations to cosmetics and unmet skincare solutions. The Company's current focus is a range of dermatological applications utilising its unique formulation and delivery technologies to meet currently unmet needs in the skincare market.

Utilising its unique formulation expertise and delivery technologies to activate skin's cells to perform optimal repair, restore and protective functions, Incanthera has developed Skin + CELL, a unique luxury skincare brand. Independent studies have shown Incanthera's technology is uniquely effective in delivering Bioactive B3 below the dermal barrier, energising the living cells of the skin to optimise cellular health, energy and protective capabilities.

Delivering treatments of the future through commercial success

Incanthera's mission has always been to bring life changing treatment options to the public arena, whilst seeking commercial opportunities for future growth and discovery.

Our unique business model seeks to identify the potential for groundbreaking technologies and to develop those through to commercialisation, for faster route to market and financial return to shareholders.

Incanthera consistently refines that model and its outlook in our vision for commercial success and shareholder value, with expansion and growth for our Company.

Bringing our mission statement to life

World-leading evaluation of the value and quality of Skin + CELL, and Incanthera's unique formulation and delivery technologies, is perfectly demonstrated through the commercial deal, announced in December 2023 with the world's largest health and beauty retailer, to exclusively launch Skin + CELL across Europe, with Marionnaud, and further roll-out into Asia, with AS Watson, across a total store capacity of 16,500 stores.

Bringing our mission statement to real life, Skin + CELL addresses and enhances life quality through ground-breaking delivery of a unique optimal nutrition formulation at the cellular level to activate skin's natural repair processes and demonstrates our commercial ambition and ability.

The Beauty & Personal Care market worldwide is projected to generate a revenue of

US$646.20bn

in 2024*

* Market size estimates sources from external commercial sector reports.

From Biotech Breakthrough to Partnership and Profitability

SCAN TO FIND OUT MORE

Transformational Commercial Deal for Global Launch

"The international brand opportunity, marketing and global expansion potential is vast, and we have a uniquely exciting path ahead."

Tim McCarthy, Chairman

Welcome to Incanthera's Annual Report 2024, and to a transformational moment in our Company's history.

I write this report as Chairman of a business significantly evolved from that we reported on last year, with the conclusion of a groundbreaking deal that we entered into only months before this reporting period end.

Incanthera has finally had the opportunity to deliver on its promise to shareholders to commercialise its valuable IP into a deal that has transformed both the current corporate picture and the ongoing outlook for our Company.

We reported last year that the management team had been working with focused determination towards the refinement and conclusion of a potential deal that would bring our expertise to the commercial forefront.

In December 2023, we were delighted to conclude and announce a commercial deal with Marionnaud, part of the AS Watson Group, the largest health, beauty and lifestyle retailer in the world.

Bringing immediate recognition of Incanthera's IP, formulation and delivery technologies expertise to a global stage, this deal is truly transformational for Incanthera as it is poised to deliver revenues and profitability in the near term to shareholders, and to produce a global trajectory for increasing retail opportunity and global expansion beyond.

Commercial Deal

On 18 December 2023, Incanthera announced a commercial skincare deal with Marionnaud for the launch and distribution of Skin + CELL, the Company's luxury skincare range.

Marionnaud is the largest luxury perfumery and cosmetics chain in Europe with over 1,220 stores and a 27 per cent market share in France, managed by the AS Watson Group based in Hong Kong, the world's largest international health and beauty retailer, with 16,500 stores in 28 markets, primarily in Asia and Europe.

Under the terms of the deal, Marionnaud will launch Skin + CELL into Europe, with the launch into Asian markets by the AS Watson Group who will be responsible for marketing and brand awareness of Skin + CELL, through their extensive global marketing presence, as operator of the world's largest portfolio of retail formats, retail brands and the largest geographical presence including significant online retail presence, influencer and social media expertise.

Incanthera wholly owns the IP and the brand of Skin + CELL, which has full patent protection and retains the right to enter into commercial deals with other organisations in all other global territories outside those in which Marionnaud and AS Watson will have geographical exclusivity to Skin + CELL.

To deliver this deal, Incanthera has entered into a manufacturing partnership with skincare manufacturing experts Frike, based in Switzerland. Under the terms of this deal, Frike is responsible for manufacturing and delivery of our product to Marionnaud.

Incanthera also announced that it had established a wholly owned subsidiary, Skin + CELL AG, based in Zurich, to oversee the manufacture and distribution of our product, and manage the relationships within the commercial deal and potential new deals beyond.

Shareholder Support

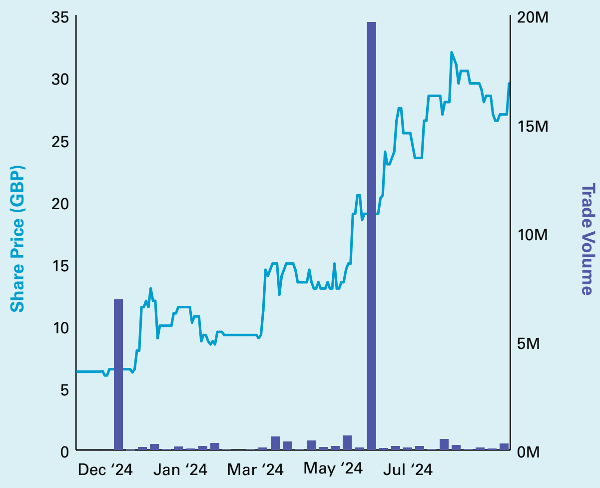
The commercial deal announcement to the market and to shareholders in December 2023 came alongside institutional investment to raise £1 million for inventory build and product launch.

This was supported by a strong share price reaction from the market, and trading in our stock. This has been further supported and enhanced through an intensive media and investor relations campaign, providing depth and wider information to the market and to shareholders, increased corporate awareness and highly increased share trading.

Exercise of existing shareholder warrants in April and broker warrants in August, raised £0.7 million, adding more financial resources to the inventory build, whilst demonstrating wide shareholder support.

A further institutional led investment in June 2024 added a further £2.6 million. This funding has been deployed into further inventory scale-up in anticipation of the initial launch in September 2024.

Share Price Growth



I have attended many investor presentation and city events over the last year and I recognise that support for smaller companies has not been easy. I believe we have seen quite the opposite in our communications and interactions, for which we are grateful, but believe that there is support for companies with a strong story and with near term growth potential.

In this regard I would also like to acknowledge the support of the team at Aquis Stock Exchange for their championing of small stocks and support for the growth companies on their Exchange.

Outlook

I believe that Incanthera has delivered an exceptional deal with AS Watson Group.

The international brand opportunity, marketing and global expansion potential is vast, and we have a uniquely exciting path ahead to take Skin + CELL onto the shelves of the world's largest health, beauty and lifestyle retailer in the world, catapulted by a global marketing machine, as part of the AS Watson Group.

The conclusion of the deal is exclusively due to the passion, total belief and dedication of our team, who it is true to say have demonstrated their commitment to our Company and you, our shareholders, with their skillset and management strength at the very highest level.

They have endured periods of self-sacrifice, uncertainty and yet have continued to reach for the highest goals, maintaining costs at an absolute minimum to ensure Incanthera's survival and stoically and ambitiously steered through to conclude the deal we have presented and the future we have delivered.

I thank them all and I could not be prouder of the team. They remain passionate and fiercely proud of our business and all we have achieved whilst remaining grounded for the task ahead.

As we look forward to the launch of our products into the international arena, I reflect on what we have achieved in the period under review and the months since.

I believe that we have delivered on our promise to shareholders and that it provides an exceptional opportunity for growth, product development and international recognition, alongside shareholder returns.

It truly is a transformational period in the Company's history and one that we are delighted to share with you, and to thank you our loyal shareholders and our fantastic advisory teams (Cairn Financial Advisors and Stanford Capital Partners) for your support, investment and belief.

Tim McCarthy
Chairman
23 August 2024

Delivering through partnership

Partnership

Our working relationship with Marionnaud is a very supportive one and we are delighted by their ongoing enthusiasm for our product launch in Europe. Our teams work excellently together in partnership towards our shared goals of geographical launch and roll-out.

We would like to thank the teams of Marionnaud and AS Watson in Zurich and beyond for their exemplary, friendly and approachable work ethic which mirrors the personality of Incanthera.

We have a clearly agreed path for progression to launch our initial orders and beyond. We have our operational and infrastructure teams in place and working towards those targets. I would like to thank our subsidiary, manufacturing and support teams for their continued effort.

The story so far...

2010

Incanthera established as a spin-out from the University of Bradford Institute of Cancer Therapeutics (ICT).

2011

Receives first institutional investment alongside assignment of intellectual property and enters into the Pipeline Agreement with ICT.

2012

Receives further institutional investment for the development of a revolutionary new cancer therapy arising from ICT. The Company uses the investment to complete several pre-clinical studies adding significant value to its rapidly increasing data package.

2013

Launches a partnership with global investment group Technomark Life Sciences. The two businesses begin to work together to prepare ICT2588 Incanthera's revolutionary solutions for solid tumours – for clinical trials.

2014

Acquires Onco-NX, an anti-cancer drug discovery Company. Begins an advanced preclinical programme for ICT03-Es5. Granted a patent in the US and Japan for ICT01-2588.

2015

Completes a successful fundraise of £1.3 million, acquires a new drug programme through Spear Therapeutics Limited and acquires further technology through the Pipeline Agreement.

2016

Incanthera is granted patents in Great Britain and the US for its programme ICT03-Es5 and acquires further technology through the Pipeline Deal.

2017

Incanthera signs first commercial deal for the Company's lead asset, ICT01-2588.

2018

Incanthera signs extension to the unique pipeline deal with the ICT for a further ten years.

Acquisition of technology for innovative topical application for solar keratosis and melanoma, Sol.

2020

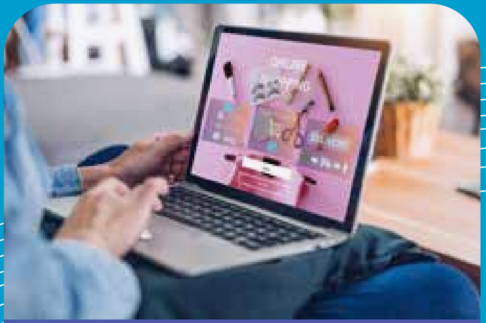
Incanthera announces successful flotation on London's AQSE Growth Market. Major progress with Sol achieved.

Highlights:

- A new refined formulation of Sol demonstrates statistically significant greater dermal delivery compared with four known comparator products.
- Confirmation of exceeding bioequivalence compared with oral delivery.

2023

Incanthera announces commercial deal for its luxury skincare brand, Skin + CELL, with Marionnaud (Switzerland), part of AS Watson Group, the world's largest health and beauty retailer with over 16,500 stores globally.



2024

Commercial Update: Total production order 350,000 units by Skin + CELL to Marionnaud to meet anticipated demand.

Institutional Subscription to raise £4.1 million.

Initiation of Analyst Research – projected revenues of £10 million + for FY 2025 and profitability.

INC highest performing AQSE Stock H1 2024, Promotion to Apex, top sector of AQSE.

Extension of Skin + CELL range to include five products for launch.

Skin + CELL range in production for launch.

Go for Launch!

"We have gained much in this year, we have built much in the last months, and we have proved our abilities in commercialisation, management and commitment to reach for the very best for our shareholders, as we prepare for the launch of Skin + CELL onto a global stage."

Dr. Simon Ward,
Chief Executive Officer

A warm welcome to our 2024 Annual Report.

This is the year in which we have delivered our promise of a successful commercial deal, that will launch our world-class products onto an international stage at the very highest level.

It was a great feeling to deliver the news in December 2023, that we had finessed and concluded a deal that is a triumph for Incanthera, in the structure, global potential, showcase of our expertise and perfect stage from which we can launch and further grow our business.

The opportunity for Incanthera to take our first products to the market with the world's largest health and beauty retailer, with a store capacity of 16,500 outlets across 28 markets, could not have been more rewarding to close and to announce.

This deal perfectly demonstrates the extraordinary capability we have in our new and unique formulation, now the heart of an extensive luxury skincare range, Skin + CELL, to meet both the commercial demand of the world leader in this market and the enormous potential we have to extend, grow and adapt that core technology from here across the globe.

Overview of Progression

What was essential in the negotiations to conclude the deal, was the quality and proof of what we have in our inherent IP, i.e. the unique formulations with delivery technology that is safe, efficacious and is luxurious in use and appearance.

The appeal of something with such unique capability and potential, entirely captured the attention of the teams we were engaging with at Marionnaud, and their immediate recognition and enthusiasm for developing a skincare range for their launch and distribution across their network became the focus of the commercial deal negotiations.

Our teams rose to that challenge and our excellent in-house formulation experts refined and finessed various formulations to provide a range of applications, harnessing the unique actions and delivery expertise with superb aesthetic appeal, which we have patented and branded, Skin + CELL.

Skin + CELL is Incanthera's luxury skincare brand bringing scientifically proven formulations to cosmetics. Skin + CELL's unique formulations, enriched with targeted bioactive B3, are delivered directly into the skin's cells to fortify otherwise depleted physiological pathways to improve the skin's performance, ability to self-repair and to address previously unmet cosmetic conditions in skin health.

Our cosmetic skincare technology is wholly owned and fully patented. The brand, Skin + CELL, belongs to Incanthera, and we have established a 100% owned subsidiary, Skin + CELL AG, in Zurich to manage the logistics of manufacture, commercial launch and further roll-out as well as the essential relationship management between companies.

Skin + CELL will be manufactured through a partnership with Frike, the world's premier luxury skincare brand manufacturer, also based in Zurich. One of the essential points for Marionnaud, in their expression of the feel and purity of the brand, was to have the product manufactured in Switzerland for the messaging and imagery for European and wider Asian markets. Our teams worked very quickly and efficiently to achieve this essential infrastructure of manufacturing capabilities and subsidiary formation to manage what will be a potentially vast European and further global roll-out of Skin + CELL.

Partnership

Our working relationship with Marionnaud is a very supportive one and we are delighted by their ongoing enthusiasm for our product launch in Europe. Our teams work excellently together in partnership towards our shared goals of launch and geographical roll-out.

I would like to thank the teams of Marionnaud and AS Watson in Zurich and beyond for their exemplary, friendly and approachable work ethic which mirrors the personality of Incanthera.

We have a clearly agreed path for progression to launch our initial orders and beyond. We have our operational and infrastructure teams in place and working towards those targets. I would like to thank our subsidiary, manufacturing and support teams for their continued effort.

Our Business

Our expert in-house formulators have clearly delivered a world class, uniquely exceptional product, now presented across a range of luxury applications and they continue to work on new and exciting potential products for the future. There is scope across many arenas for our delivery expertise to address indications through our unique formulations. We are very proud of this world-class expertise.

Our management team have striven to negotiate and refine a deal to propel Incanthera onto a global stage with immediate transformational effects of revenue generation, profitability and growth. Our team has pushed through some difficult points in this journey, and I acknowledge their conviction and passion for our business, with pride.

We are surrounded by the very best, in terms of our long-standing advisory teams who share and champion our ambitions, successes and ensure we present those in optimum order.

Without them this journey would have been far more difficult and far less enjoyable. We include them in all our successes.

We also continue to liaise and discuss with the Institute of Cancer Therapeutics (ICT), at the University of Bradford, and the inspiring work undertaken there and continue to progress our pharmaceutical formulation for the treatment of actinic keratosis.

The Year in Reflection

We have completed a deal that pays homage to our excellent in-house formulation team, to the strength of skills shown in our small but impassioned management team, and the drive and huge momentum gained through our City and corporate facing communications to consistently engage with our many long standing loyal shareholders, and attract new retail and institutional City investors.

We have built a supporting infrastructure, we have an excellent relationship with the very best customer we could have pitched to, and their enthusiasm and communications with us is second to none.

We have gained much in this year, we have built much in the last months, and we have proved our abilities in commercialisation, management and commitment to reach for the very best for our shareholders.

As we prepare for the launch of Skin + CELL onto a global stage, we remain a humble, grounded and accomplished team as we look towards the great opportunity ahead. We are very aware of the enormous task ahead, and we are focussed upon delivering a successful launch and the subsequent further roll-out.

We do not forget the loyalty and patience of our shareholders, and we welcome your input and communications with us, as we look forward to reaching our goals and rewarding our shareholders, supporters, and the market with further news.

Dr. Simon Ward
Chief Executive Officer
23 August 2024

Since inception, Incanthera's purpose has been to deliver innovative technologies in dermatology and oncology, through targeted formulation therapeutics, via unique delivery mechanisms.

Commercialisation skills & infrastructure for global roll-out

Our strategy is to **identify**, **prepare** and **commercialise** our portfolio candidates for faster market entry and early revenue generation for the Company, ensuring continued development of our technologies matched with returns to shareholders.

In the year under review, Incanthera has delivered on its strategic framework to achieve its commercial ambitions, to deliver to our shareholders and to the markets.

Identify: Drawing on the team's experience and background, Incanthera **identified** and presented a unique dermatological IP, in a formulation technology, believed to have achieved the 'holy grail' in skincare via targeted delivery of active nutrition into the skin's cellular structure, to ignite the skin's optimum performance of self-heal, repair and restoration mechanisms.

Prepare: Our in-house team who have respected and proven excellence in delivering and formulating skincare for large pharmaceuticals, **prepared** the IP through development and refining of the formulation for proven targeted delivery, safety and efficacy controls, and an exemplary aesthetic, to deliver an optimum world first skincare solution.

Commercialise: During commercial discussions, the uniqueness in inherent value and potential of our formulation, led to the invitation to develop a range of skincare products for the commercial retail market that would be subject of a **commercial deal** with Marionnaud, in Switzerland, part of the AS Watson Group, the world's largest health and beauty retailer with 16,500 stores across Europe and Asia.

The result is a unique skincare range of five products, branded Skin + CELL, whose IP is patented and wholly owned by Incanthera.

Our product is now in production for European launch through key Marionnaud stores in September 2024, with anticipated further European roll-out across Marionnaud stores and across AS Watson Group in Asia.

Incanthera is delighted to have delivered on its strategic framework in identifying, developing and commercialising our IP through the unique talents and experience within our team, delivering our promise to shareholders and delivering proof of our capabilities and ambitions.

Incanthera continues to protect and evolve every area of our strategic framework to ensure we have an all-encompassing network to provide the very best opportunities for our business.

Looking for further opportunities, the Company continues to work closely with the academics, professors and students at the Institute of Cancer Therapeutics (ICT) at the University of Bradford. Receiving first sight of some incredibly exciting potential new oncology IP, we continue to be inspired by the brilliant technologies in development at this dedicated oncology facility.

In line with our **prepare** strategy, we continue to review the various portfolio opportunities that may result from our recent work and contacts in the dermatological industry for even further potential application of our formulation IP for products and indications with our proven targeted delivery mechanism as we look to the opportunities targeted cellular delivery could address and help, in unmet need and cosmetic and treatment options.

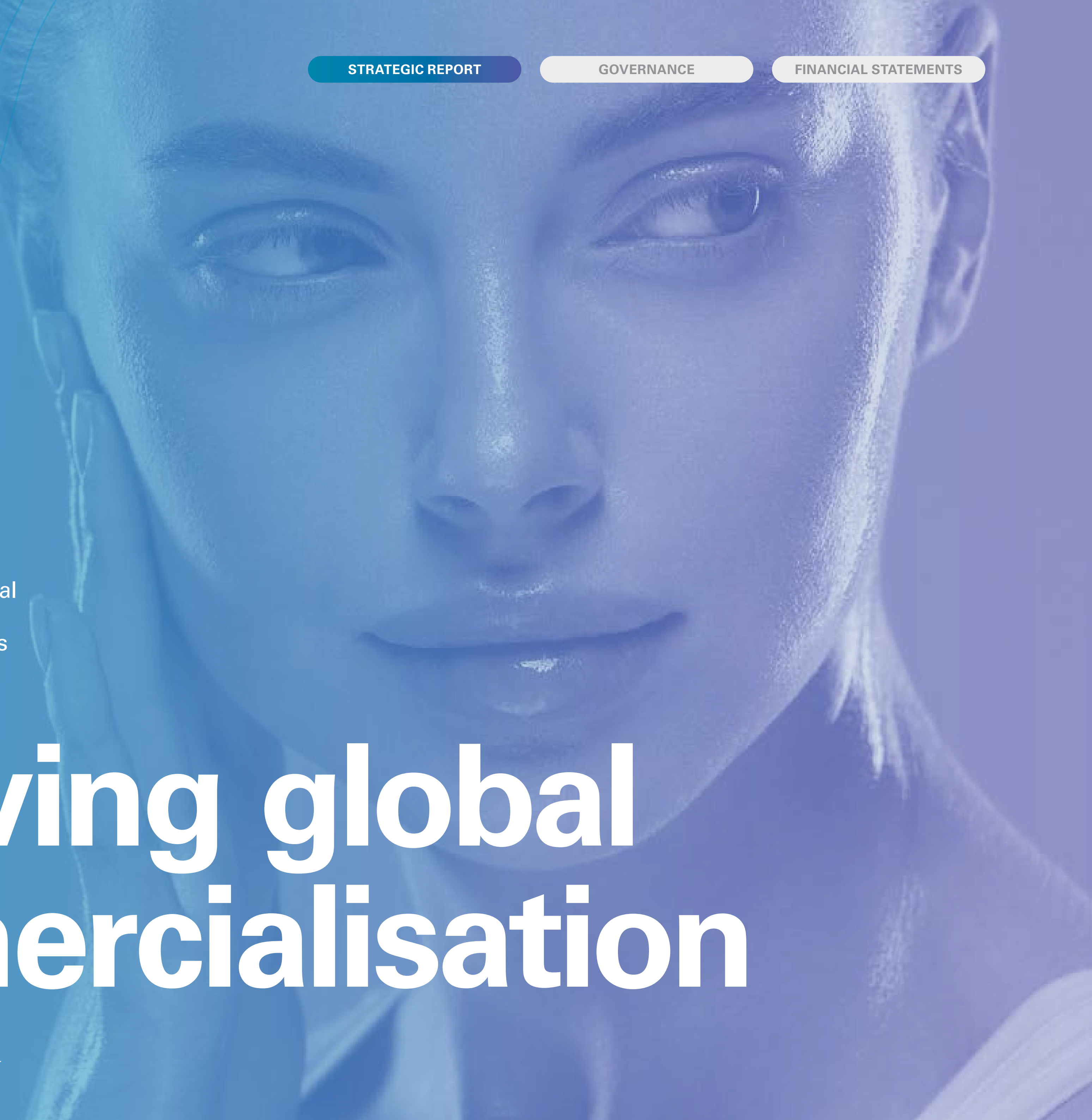
This offers incredible scope for **commercialisation** through future products and treatments expanding across further future retail and clinical opportunities.

Key objectives and performance 2024

Objective	Key progress during the period: April 2023 – current date
To progress to conclusion commercial deal/partnering discussions	**Global commercial deal** Incanthera has delivered a global commercial deal with the world's leading health and beauty retailer for our unique formulation IP. The commercial deal signed and announced on 18 December 2023 with Marionnaud, part of AS Watson, the world's largest health and beauty retailer, delivers transformational a worldwide distribution network for Incanthera's valuable IP, generating revenues and profitability in FY 2024/25. **Refinement and completion of market product** Incanthera's expert formulators perfected and refined our IP formulations to create a global market ready product, with safety and efficacy and have delivered a skincare range, Skin + CELL, to support a commercial deal.
To ensure the ongoing potential for pipeline IP for future development	**Expert formulators for dermatology indications** The Company's Skin + CELL range launching in September 2024, to a global audience, establishes Incanthera's expertise in formulation and dermatology. The range is launching with five products, and there is huge potential for product extension within range, and for Incanthera's world recognised potential across cellular delivery technology, providing excellent scope for future indications across cosmetic and clinical marketplaces. The Company continues to work closely with the ICT at the University of Bradford to review all potential future oncology IP including Skin Sciences Division at the ICT to bridge oncology and dermatology resource and opportunities.
To build infrastructure to support product and ongoing commercial deals	**Essential infrastructure established in laboratory and commercial relationships to achieve global deal** Incanthera's commercial deal could not have been completed without the essential infrastructure investment and work established in the last financial year, and its investment through laboratory production facilities and commercial relationships. The Company invested in supporting infrastructure through its Sheffield laboratory facilities to ensure formulation testing and sample production for commercial deal preparation and continues to utilise these established facilities for critical formulation work and potential future IP, for the subject of future commercialisation deals.
To protect the Company's valuable IP and patent technologies across global territories	The Company continues to be advised and protected by experienced patent attorneys for our IP across global territories. Skin + CELL IP is wholly owned by Incanthera, as is the brand and is fully patent protected.
To ensure financial security through management and controls	**Lean business model for tight cost controls** Incanthera operates a lean business model with tight cost controls to ensure the financial security of our Company.

Strategic Priorities

Priorities	Progress to date
Identify	• Incanthera's specialist dermatology and oncology portfolio consists of novel technologies developed internally and our exclusive pipeline deal with ICT. • Our formulation and delivery technology asset is now the subject of a global commercial deal, launching in September 2024. The expertise and experience within our team works in partnership with dermatology and oncology specialists to look at opportunities for future IP and commercial development including ICT and Skin Sciences Division within the ICT.
Prepare	• Our expert formulators refine our dermatology products to meet the global commercial market. • Contractually secured commercial relationships provide essential infrastructure support. • Manufacturing facility at Sheffield produces formulations for commercial samples. • Labelled trademark bottles, packaging and manufacturing facilities with world-leading skincare manufacturer established and ready for global roll-out. • Swiss subsidiary Skin + CELL AG established, 100% owned by Incanthera plc, for key commercial deal relationship and world-wide distribution management.
Commercialise	• Incanthera's Skin + CELL luxury skincare brand prepared for launch across Europe and anticipated into Asia through global commercialisation deal with Marionnaud, part of AS Watson Group, world's largest health and beauty retailer for our dermatology formulations to meet identified market demand in the global market. • In addition, the Company is applying its expertise and technology for further targeted products. • Our pipeline consists of technologies at various stages of development. • The Company's strategy is to turn novel technologies into commercial opportunities, deliver shareholder value, and provide a diverse current portfolio and pipeline to new opportunities.



Presenting a commercial deal for Incanthera's unique delivery and formulation expertise across a global network, Incanthera has proven its strategic framework to shareholders and the public market.

Achieving global commercialisation

At the end of Q3 2023, our previous years' work and strategic ambition culminated in the conclusion of our commercial deal for Incanthera's unique IP, with Marionnaud, part of AS Watson Group, the world's largest health and beauty retailer.

Incanthera's expert in-house formulators have demonstrated their abilities to develop world-class 'firsts', in a targeted dermatological formulation, in our skincare range, Skin + CELL.

Incanthera has demonstrated many of its strategic qualities and policies in past years, protecting the Company and preservation of shareholders' funds whilst we negotiated difficult times through and after the pandemic, but remaining, with major sacrifice, a Company that has remained operational, while we negotiated and finessed the commercial deal we delivered to shareholders and to the market.

Incanthera's expertise in IP and management skills show the potential for world-wide retail opportunities, for solutions with indications across science-based dermatology for future development and commercialisation.

For the majority of the year under review, our resources remained concentrated on ensuring a critical infrastructure, capable of delivering product, sample production, expertise in contractual relationships and professional commercialisation contacts.

Investment into laboratory facilities in Sheffield led to our expert formulators, producing sample product, to refine and test for proven efficacy, leading to the range of products. We were then invited, via commercial discussions, to present, to secure a global commercial deal with Marionnaud in Switzerland.

In preparation of securing the commercial deal, we invested further in critical infrastructure through the establishment of a 100% owned Swiss subsidiary Company, Skin + CELL AG, to manage the essential commercial relationships between Incanthera and the AS Watson Group and assume responsibility of securing manufacturing and supplier contracts.

Skin + CELL AG works closely with the management team of Marionnaud and AS Watson and is responsible for ensuring the optimum quality of suppliers and contractual arrangements for product materials in bottling, packaging, printing and overseeing the worldwide distribution of our product.

This introduced our manufacturing deal with Frike Cosmetic AG in Zurich, the world's leading luxury skincare manufacturer to ensure the highest quality, distribution and process for our product to launch on the global stage.

Our commercial deal with Marionnaud and the AS Watson Group means that they have responsibility for the marketing pre-launch, launch and post launch, with ongoing roll-out promotion of our product across their global marketing network.

As the world's leading health, beauty and lifestyle retailer, their world-leading presence across global stores, online and social media, influencers and enormous marketing machine will provide our technology with the very best platform for global launch and ongoing post launch market support.

Our direct focus is the successful launch and further roll-out of our Skin + CELL range through Europe and beyond, proving our commercialisation abilities, management skills and operational infrastructure.

Our financial picture remains one of tightly controlled to ensure a lean operating business model, but now with the ability to invest in developing future commercial IP and evaluation of opportunities that present from a global retail platform.

Our Skin + CELL range presents science-based skincare that offers the potential for expansion across many dermatological indications and fields, within a multi-billion global market.

Incanthera continues to work closely with the Skin Sciences Division at the ICT at the University of Bradford, who assist in vital testing and clinical data, evaluating our formulation against currently marketed commercial products.

Incanthera has proved its strategic framework in action and is poised for the launch and roll-out Skin + CELL, which will deliver the highest potential and opportunity for our Company.

An evolving picture

“I am delighted to share our full year results for the year ended 31 March 2024. The year has been a transformative one for Incanthera as we secure our first commercial deal and progress towards our Skin + CELL product launch and the start of revenue generation.”

Laura Brogden,
Chief Financial Officer

The financial performance for the year ended 31 March 2024 was in line with expectations.

Losses

The total Group loss for the year before exceptional items was £1,380k (31 March 2023: £960k) including a charge for share-based compensation of £115k (2023: £149k). Operating expenses excluding share-based compensation Increased to £1,265k (2023: £811k).

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 £115k (2023: £149k) and has no impact on cash flows.

Headcount

Average headcount of the Group for the year was Seven (2023: eight).

Taxation

The Group has not elected to claim research and development tax credits under the small or medium enterprise research and development scheme. (2023: £73k).

Cash flows and financial position

The cash position at 31 March 2024 increased to £61k (31 March 2023: £3k). During the year the Group completed an investment round of £1.1 million, generating total gross proceeds of £825k. For the whole of the year the Group remained in a pre-revenue phase.

In December 2023, Incanthera plc completed the establishment of Skin + CELL AG, securing our base of operations in Switzerland.

Dividends

No dividend is recommended (2023: nil) due to the early stage of the development of the Group.

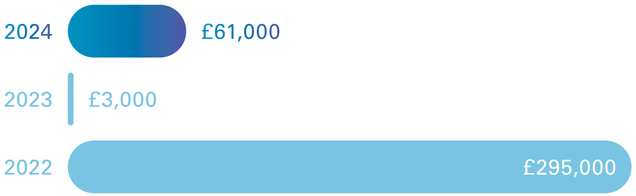
Loss Per Share

The basic and diluted loss per share was 1.79p (before exceptional costs) (2023: 1.18p).

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.

Year-end cash and short-term investments, and cash on deposit held



Net cash inflow/(outflow)

(including short-term investments):

Operating loss

The operating loss reflects continued investment into our development programmes as well as costs associated with our continued listing on the AQSE Growth Market.

Laura Brogden
Chief Financial Officer
23 August 2024

Incanthera operates within a complex business environment and an industry that is fundamentally driven by regulatory processes. A robust understanding of the risks and uncertainties involved in a pharmaceutical drug development business is fundamental to Incanthera's success.

The Board regularly considers these principal risks and uncertainties and reviews its strategies for minimising any adverse impact to the Company or its investors. The principal risks and uncertainties have been grouped into four categories: market, pharmaceutical environment, operational and financial.

Market Risks

Economic	Mitigating Factors
Global Inflation Cost of Living Interest Rates	The pressure on pricing, energy costs and global inflation transcends every industry and company around the world. Incanthera is a lean virtual team. Our model ensures: • in-house experience; • minimal expenditure; • no rental overheads; • manufacturing capabilities for formulation sample production; • committed management team prepared to sacrifice; • tight rein on external costs with financial management control and regulation; • advisory parameters checked and adhered to; and • a mission to drive commercial revenues through commercial deals.

Geo-political	Mitigating Factors
War in Ukraine	The ongoing war in Ukraine continues to have wide ranging implications for the world, effecting food production, gas and oil prices, creating an inflationary effect across the globe, including stock markets and valuations.
Pressure On Prices Around The World Food/Energy Supply Shortages Global Uncertainty	Incanthera seeks to mitigate this by the controls detailed above and by seeking to ensure financial stability by appropriate methods whilst committed to the drive to a commercial deal generating revenues and returns to shareholders, and the future growth of the Company. We continue to actively review, as we all navigate the current geopolitical effects.

Pharmaceutical Environment Risks

Research and Development	Mitigating Factors
The Company is operating in the biopharmaceutical development sector and the Company will continue to exploit other opportunities within the sector in order to expand its present development pipeline. The Company and its research partners will therefore continue to be involved in complex scientific research. Industry experience indicates that there may be a very high incidence of delay or failure to produce valuable scientific results. Further to this, the Company may not be successful in developing new products based on the scientific discoveries developed by the Company and its research partners. There is no guarantee that the Company will be able to identify specific market needs that can be addressed by its technology. The ability of the Company to develop new products relies on the recruitment of sufficiently qualified research and development partners with expertise in the biopharmaceutical sector. The Company may not be able to develop its relationships and recruit research partners of a sufficient calibre to satisfy its growth rate and develop future pipeline as planned.	Incanthera's management team have many years of experience in research and drug development and a robust understanding of the clinical trial design process. This experience should help ensure that such risks are minimised. In addition, key external advisors support the management team.

Intellectual Property	Mitigating Factors
The field of pharmaceutical development is highly litigious. The Company's priorities are to protect its IP and seek to avoid infringing other companies' IP. However, no guarantee can be made that infringement proceedings will not be initiated against the Company. A patent is limited territorially to the country or economic area in which it was granted. There are countries in which the Company has not filed patent applications. Some territories have patent applications pending and not all patent applications filed by the Company have gone through the full patent prosecution process.	The Company engages reputable legal advisers to mitigate the risk of patent infringement and to assist with the protection of the Company's IP.

Liability and Insurance	Mitigating Factors
The nature of the Company's business means that the Company may be exposed to potentially substantial liability for damages in the event of product failure or side effects. Any such liability could have a materially adverse effect on the Company's business and financial condition. There can be no assurance that future insurance cover will be available to the Company at an acceptable cost, if at all, nor that in the event of any claim, the level of insurance carried by the Company now or in the future will be adequate or that a product liability or other claim would not materially and adversely affect the business of the Company.	The Company factors potential liability risks into decision making and maintains corporate and clinical trials insurance to mitigate this risk.

Operational Risks

Legal Changes in Legislation	Mitigating Factors
The Company is operating in the biopharmaceutical development sector. The field of pharmaceutical development is highly litigious. In order to protect the value of the Company, predominantly valued by its IP, the Company must remain vigilant of current legislation and any changes that may affect the legality surrounding its process of assessing, valuing and protecting the IP. Changes to industry legislation, if neglected, may impact the Company's valuation and core assets, and/or its ability to commercialise or license technologies, the ability to negotiate new IP into the Company and the MARS rules surrounding its public listing on the AQSE Growth Market. **Inadequate registration and monitoring of patents.** The Company's portfolio is valued through its IP. Failure to register new patents or to remove patents no longer within the Company's IP would breach regulation and Governance resulting in a considerable regulatory, reputational and Governance risk, resulting in potential devaluation of the business and/or failure of the Company to continue its business.	The Company is monitored and advised by its Lawyers and Patent. Attorney on all aspects of IP, corporate and industry law. The Company complies with the strictest operation of patent registration, monitoring, protection and valuation. The Company is advised by its retained Patent Attorney.

Regulatory Approvals	Mitigating Factors
The Company will need to obtain various regulatory approvals and comply with extensive regulations regarding safety, quality and efficacy standards in order to ultimately market its products. These regulations vary from country to country and the time required for regulatory review can be lengthy, expensive and uncertain.	The Company's management team have extensive experience in the area of regulatory approvals and, in addition, takes advice and guidance from a range of external specialised regulatory advisers to ensure compliance with all regulatory requirements.

Dependence on Key Personnel	Mitigating Factors
The success of the Company, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of the Directors and key senior management. However, the retention of such key personnel cannot be guaranteed. Should key personnel leave, the Company's business, prospects, financial condition or results of operations may be materially adversely affected.	The Directors and Key Senior Management are all committed to the future success of the Company and have demonstrated this in their endeavours in establishing the Company, developing it and its product portfolio to achieve a successful public listing in 2020, and further progression and achievements achieved in the year to review. Retention is further enhanced by the fact that each employee is also a shareholder in the Company and incentivised through participation in performance based share options. This ongoing commitment has continued to be underpinned by the Directors' and Management Team's further investment into the Company.

Dependence on Third Parties	Mitigating Factors
The Company outsources certain functions, tests and services to contract research organisations, medical institutions and other specialist providers, and the Company relies on these third parties for clinical and regulatory expertise. There is no assurance that such individuals or organisations will be able to provide the services as agreed upon and the Company could suffer significant delays in the development of its products.	The Company works with respected third party organisations and regularly monitors their performance.
Competition	**Mitigating Factors**
The Company is developing drugs in the intensely competitive market of cancer therapeutics and dermatology. Currently, as far as the Directors are aware, there is no competition from direct competitors developing drugs with identical mode of actions. However, outside of these areas there are many other assets in development with identical indications which, if successful, will compete with Incanthera's products from a commercial perspective.	The Company remains aware of the continually evolving competitive landscape of the therapeutic areas in which it operates. This awareness is factored into its decision making for its pipeline programmes.

Financial Risks

Future Funding Requirements

The Company may need to raise additional funding to undertake work beyond that being funded by the current cash resources. There is no certainty that this will be possible at all, or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, shareholders.

Mitigating Factors

The Company remains focused on delivering the objectives of its business plan in order to add value and to generate opportunities to earn revenue from commercial deals. The intention in the event of any future fundraising is to demonstrate value added progress such that funds may be raised at the most advantageous pricing and minimum dilution to shareholders.

Share Price and Liquidity

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as:

- variations in operating results;
- announcements of innovations or new services by the Company or its competitors;
- changes in financial estimates and recommendations by securities analysts;
- the share price performance of other companies that investors may deem comparable to the Company;
- news reports relating to trends in the Company's markets;
- large purchases or sales of Ordinary Shares;
- liquidity (or absence of liquidity) in the Ordinary Shares;
- currency fluctuations;
- legislative or regulatory changes; and
- general economic conditions.

Mitigating Factors

The Company recognises the potential for share price fluctuation and low liquidity trading in its shares.

To address this, it has a proactive programme of investor relations and is committed to a regular and transparent communications policy with its shareholders and the investment market generally.

Identifying and developing innovative solutions to current clinical, commercially relevant unmet needs

Innovative technologies, passionate team, ethical responsibilities

> Our Company takes seriously obligations of sustainability, ethical and social care."
>
> **Dr. Simon Ward, Chief Executive Officer**

Overview

Incanthera's mission is to provide innovative technologies in Dermatology and Oncology. The Company was established to identify, acquire and develop quality, groundbreaking medicines to improve the lives of patients. Incanthera's origin is in cancer therapeutics with recent technology bridging treatment areas of oncology and dermatology.

Our recent focus has been towards dermatology therapeutics, as our unique delivery and formulation expertise has presented a world first in targeting delivery of optimal nutrition directly to the skin's cellular structure to effect optimum self-repair, restore and performance mechanisms.

This offers the promise of delivering not only world-beating cosmeceutical indications, as the science backed skincare has effects of cellular change and addresses many cosmetic indications, it also presents future solutions to dermatological indications that have previously not been met and yet cause untold physical and psychological suffering and trauma.

Our mission to bring innovative technologies with life-enhancing results is delivered through our Skin + CELL range which can deliver optimum nutrition in a formulation targeted directly at the cellular structure where proven change can be affected, which can show transformational results.

Incanthera's commercialisation model means we can deliver a faster route for solution to the public via investment into a business model that brings our products to market and an attractive return to shareholders.

We have delivered a global commercial deal that will not only deliver a range of world class cosmeceuticals to the global arena, but that will have the potential for us to address many indications for more serious and as yet unsolved solutions.

Alongside, Incanthera maintains its oncology portfolio and continues to work with the University of Bradford with a pipeline agreement that provides us with first sight of innovative oncology research emanating from the Institute of Cancer Therapeutics (ICT) from which Incanthera was established.

A partnership in expertise between oncology and dermatology shows the further potential opportunities to address novel treatments and methods where effective treatment is as yet unmet.

Recent years' events have resulted in a worldwide shift in approach to individual healthcare as we all take more proactive responsibility for our own health and seek out the most innovative solutions to modern disease in the most effective and least problematic way.

The global spotlight on healthcare through uniquely adaptive and innovative methods and technologies is here to stay and awareness of the essential and groundbreaking work in research, discovery and development of therapeutic solutions is now an essential part of our everyday conscience, through ever increasing demand and worldwide awareness through the media and in fact a desire to take control of our own destinies.

People

Incanthera's team is dedicated and passionate about the Company we have built and what it stands for. Each member of our team brings passion, expertise, devotion to the cause and a great sense of social justice to match the corporate outlook. A strong core of like-minded and committed people protects the current and future successes of our Company and the past year's success owes much to their determination and talents that have ensured achievement and delivery of promises to shareholders.

The Board and the Senior Management Team all share the passion and commitment to drive progressive, novel treatments to patients, each bringing unique skills sets to produce a strong, combined team that covers all areas required to make this business a success.

We all stand by the beliefs of diversity, inclusion and well-being as well as a strong work ethic and a commitment to our shareholders to build on their trust and investment, to ensure the progression and success of this business.

The safety and well-being of our colleagues is a priority. A workforce that is safe and physically and mentally healthy is the foundation of everything that Incanthera stands for.

In order to reward and thank the loyalty of our team, we have put in place the provision for effective reward and benefits' programmes that will, also in future attract, motivate and retain the best talent in our field. Well-structured benefits' packages support colleagues to meet their current and future financial needs.

Colleague opinion and input is sought to support and inform our decision-making, increase engagement and drive innovation.

Environmental Responsibility

Within the over-riding ambitions of the Company, is the desire to look to the future of our planet.

Throughout the identification, development and progression of our technologies, is the consideration of the impact upon our climate and environment, and our aim is to mitigate those in any way we can.

The Company operates virtually, maintaining a registered office address in Manchester, but is proud to promote a lean, skilled team, each working from home, unless group meetings are required, thus ensuring travel, fossil fuel emissions and carbon footprint is mindfully observed. We seek partners who can take our new medicines to market without the need for duplication of resources, manufacturing and other strains on our environment.

Shareholder Responsibility

We have worked hard to ensure the investment of our shareholders has been deployed to our best abilities, to progress, and develop technologies for optimum return.

We have maintained a lean and virtual model to ensure all investment has been deployed directly into the path towards commercialisation, which we are thrilled to have delivered to shareholders and we believe is an outstanding deal that offers global recognition of the team's expertise, the Company's valuable IP and the future potential on a world stage.

The path to commercialisation took great efforts of patience, determination and sacrifice by many but we have achieved the very best outcome for our shareholders that will bring investment returns but also deliver future growth and more opportunities for expansion.

A business should meet the needs of multiple stakeholders, not just shareholders. Colleague opinion and input is sought to support and inform our decision-making, increase engagement and drive innovation.

Summary

Our Company takes seriously our responsibilities towards customers, employees, stakeholders and the economy, but also to the wider picture, considering our obligations of sustainability, ethical and social care of our planet.

Dr. Simon Ward
Chief Executive Officer
23 August 2024

Incanthera plc is compliant with Section 172 of the Companies Act, understanding its duty to promote the success of the Company.

The Directors and the Senior Management Team have been fully briefed by our corporate Adviser, in accordance of the Company's listing on the AQSE Growth Market and agree to act in the way we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, considering:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Board Responsibilities

The Board undertakes and agrees to take decisions and opportunities in the day to day management and leadership of the Company for the benefit of all members and the value for shareholders. The Board is briefed on responsibilities and will practice them in running the business. The Board will consider the welfare and benefits of its employees in all daily conduct and decisions.

Engaging with Stakeholders

Incanthera is proud to be a public listed Company and understands that this is achieved through the support and belief of existing and newly invested shareholders.

The success of our business is dependent not only on the decisions and management of the Board and the team, but on the support of all our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and working together towards defined goals assists us in delivering long-term success.

As a Company, we have an open and transparent communications policy, seeking opportunities to engage and communicate with our shareholders wherever possible.

We seek opportunities to discuss our progress, ambitions and financial results, whilst always reporting timely announcement of corporate news, meeting our financial calendar obligations and with a clearly defined communications strategy and timetable to ensure compliance.

The Company's comprehensive communications planning, incorporates management, Board and advisory meetings, Chairman's communication with shareholders, regulatory announcements, and is proactively supported by an investor relations programme in conjunction with our brokers, to potentially attract new investment and opportunities for the Company.

We believe a policy that incorporates essential team contact, advisory input and engages and involves shareholders at each stage of our journey, encompasses the ambitions and culture set out on admission to the public market, ensuring inclusive involvement in the Company's evolution.

Corporate Relationships

We are proud of the strong relationships we have built since inception.

The collaborative working relationship with the Institute of Cancer Therapeutics, involves Professors, Directors and scientists, to encourage and promote successes in new and innovative research and progressive medicine. Through our exclusive pipeline deal with the Institute, we have access to future intellectual property, and we are proud of the two-way stream of information, development and promotion. We are committed to supporting this essential relationship.

Our professional and commercial relationships continue to grow as an essential part of the Company's evolution, as evidenced by this year's progression to support our skin cancer asset and the commercial and dermatology/formulation and manufacturing and commercial expertise secured.

Community

The Directors and team have a background within the industry, and progressive and collegiate nature of relationships within that industry is paramount to the future of medicines and healthcare in this country. We are proud of our place in this industry and will ensure that all team members conduct their relationships within the community with dignity and respect, for the benefits of all.

Advisory Relationships

A public listed Company requires much guidance and advice. The teams we have built long-standing and productive relationships with, have shared the Company's journey to this stage, and are essential to our successes to date.

We are indebted to their support and evolutionary thinking to help us realise our ambitions and we look forward to building on the successful good nature, guidance and respect we have built amongst the teams as we progress.

People

Incanthera is proud of every member of our team, and we congratulate and applaud the dedication, hard work and personal commitment required to be at this stage of the Company's development. We will continue to ensure the welfare and well-being of every member is considered across our operations, and to respect their ambitions, involvement and essential role as part of our Company.

Strength in our leadership

The Board and the Senior Management Team all share the passion and commitment to drive progressive, novel treatments to patients.

Key

- Board of Directors
- Key senior management

Tim McCarthy
Chairman

Tim has more than 40 years' international senior level business experience in the Healthcare, Biotech and Technology sectors.

He is also the Non-Executive Chairman & CEO of ImmuPharma plc, an AIM-quoted specialist drug discovery and development Company, and Non-Executive Chairman of 4basebio plc an AIM quoted Company developing next generation gene therapy technologies and solutions.

Tim is a former CEO and Finance Director of a number of public and private companies, including Alizyme plc and Peptide Therapeutics Group plc. He has also co-founded a number of healthcare and biotechnology companies. A Fellow of the Association of Chartered Certified Accountants, he also has an MBA from Cranfield School of Management.

Dr. Simon Ward
Chief Executive Officer

Simon is a co-founder of Incanthera and has more than 30 years' senior experience in academia and business.

He was a founder and CEO of Molecular SkinCare Limited, a pioneer and developer of novel dermatology products for the prevention and management of skin diseases. As CSO of York Pharma plc, he was responsible for bringing innovative dermatology product through to market. Simon also served as chairman of South Yorkshire Bioscience Enterprise Network (SYBEN) and deputy chairman of Medipex, a healthcare innovation hub for NHS organisations across industry and academia internationally.

Simon graduated from the University of London's School of Pharmacy (UK) with a Joint Honours Degree in Pharmacology and Toxicology and was awarded a DPhil in the Department of Human Anatomy, Oxford University under a Glaxo Group Research Studentship.

John Howes
Senior Independent Non-Executive Director

John is a senior city professional, having more than 43 years in the UK equity capital markets and an established reputation in the small and mid-cap sectors. John brings a wealth of knowledge and institutional relationship experience and contacts, holding previous positions as Partner with Matrix Corporate Capital and senior positions at Seymour Pierce, Panmure Gordon, Northland Capital and Stanford Capital.

Caroline Murray
Non-Executive Director

Caroline is a market specialist in dermatology with 25 years' experience in Pharmaceutical and Biotech including Novartis, BMS and Sanofi. Holding various medical and senior commercial roles whilst working closely alongside the professional community, Caroline has delivered partnership, educational and healthcare communications success.

Laura Brogden
Chief Financial Officer

With over 16 years at the helm of finance functions for SMEs across diverse industries, Laura is an accomplished CFO and strategic financial leader.

An Associate of the Chartered Institute of Management Accountants, her expertise in financial management, coupled with her role as a Partner at Fact3, where she drives accounting, HR, and IT support for SMEs, showcases her commitment to holistic business growth.

Suzanne Brocks
Company Secretary and Head of Communications

Suzanne has over 35 years' City experience.

She was a Senior Director in Financial and Corporate Communications with Buchanan Communications, advising on IPOs and mergers and acquisitions, in addition to general financial public relations consultancy and strategic direction for a wide range of public companies. Previously, Suzanne was a Relationship Manager in private banking with Hill Samuel advising clients in London and the Far East.

Chair's introduction

"Incanthera is proud of every member of our team, and we congratulate and applaud the dedication, hard work and personal commitment required to be at this stage of the Company's development."

Tim McCarthy, Chairman

Incanthera's Board and management is a committed and dedicated team of loyal and dedicated specialists with wide ranging experience within the healthcare industry and their specialist fields.

Our **CEO, Dr. Simon Ward's** oncology, dermatology and scientific educational background, along with commercial experience has driven his vision to transform the method and quality of technologies from laboratory to patient, that is the heart of Incanthera's business.

In addition, Simon's background in dermatology is the perfect profile to have led the development and now the launch of Skin + CELL into commercialisation.

My position as **Chairman** is supported by over 40 years' experience within biotechnology and healthcare companies and international corporate roles. My role prioritises the strategic direction and management of the Company, the collegiate environment and support of the management team, and the appointment of corporate and commercial relationships, aiding my commitment to deliver to our shareholders.

Our positions are aided by the positions of two Non-Executives to our Board.

We were joined, after the reporting period, by **Senior Independent Non-Executive Director, Mr. John Howes**. With more than 43 years' senior experience in the UK equity capital markets, John's wealth of knowledge and institutional relationship experience and contacts will be an invaluable asset to the Company as it continues to increase its institutional shareholder base and prepare for commercial launch.

Our Board is given excellent market and commercial credence in **Caroline Murray** as **Non-Executive Director**. Caroline's extensive product management and marketing experience perfectly suits our Company's near-term goals and ambitions as we look to commercialise our lead formulation product.

Our Key Senior Management Team's skills and commitment continue to drive our journey towards commercial conclusion.

Laura Brogden, **CFO**, has the critical role of ensuring the financial roadmap and security of our Company is assured.

Laura expertly manages the balance of cost control, financial model management and essential commercial forecasting with expertise, and strict regulatory compliance. Laura's steady hand is exemplary in both protecting and projecting us.

Suzanne Brocks, Company Secretary and Head of Communications, oversees City, Company and public facing communications.

Understanding this essential priority, Suzanne strives to deliver our message and maximise our opportunities, liaising with our advisors, the AQSE Exchange and engaging in shareholder communications. In her role as Company Secretary she ensures the Company meets all its regulatory and reporting requirements as a public Company.

This year, our team has been enhanced through investment in our key infrastructure and commercial expertise, strengthening our path towards commercialisation and complementing our broad range of scientific, IP, financial and public company experience.

The in-laboratory facilities established at Sheffield University last year is a crucial element of being prepared for a global market ready product. Our in-house small scale manufacturing capabilities provide product samples for commercial evaluation, and many capabilities beyond. This is an excellent asset with wide potential, but also tightly managed and cost controlled.

This year has drawn on the experience and skillset of each individual, as we have sought to expertly refine our product, step up our commercial infrastructure and tightly preserve and control costs while maintaining the ability to evaluate and assess the market around us, retaining our critical advisory network.

The landscape for our Company has continued to evolve into increasing commercial global potential this year. This requires a concentrated focus, expansion of skills and mindset, and the firm belief in a pivotal moment from our small team.

It is my pleasure to work with such a determined and talented team.

Research and Development Team

Industry Expertise

Dr. Kevin Hammond, Industry Expert

Dr. Hammond has over 30 years' experience working with some of the world's leading Pharmaceutical, FMCG and Healthcare companies, where he has held responsibilities in directing new product innovation, partnering, licensing, and technology acquisition, for companies such as Reckitt Benckiser, Unilever, PZ Cussons, CB Fleet (US) and GSK. His experience includes operations in Europe, Latin America, North America, South East and Central Asia.

Dr. Neil Kilcullen, Formulation & Product Development Specialist

Dr. Kilcullen has experience in all aspects of product development encompassing concept development, formulation development, scale-up and production. Previous roles with Unilever, EC De Witt, and Reckitt Benckiser included product development for brands such as Witch, T-Zone, Clearasil and E45.

The Directors recognise the importance of sound corporate governance. The Company has adopted the QCA code and appropriate disclosures are made on the Company's website and within this Annual Report and Accounts as specified by the QCA code.

Board of Directors

The Board comprises of four Directors, of which two are executive and two are independent and non-executive, reflecting a blend of different experiences and backgrounds.

Performance Evaluation

The Directors are responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Board meets on a monthly basis to review, formulate and approve the Company's strategy, budgets and corporate actions and oversee the Company's progress towards its goals.

Risk Management and Internal Communications

The Board is also responsible for monitoring the Company's risks as well as for implementing other systems of control which are deemed necessary.

Board Committees

The Directors have established an Audit Committee and a Remuneration Committee, each with formally delegated rules and responsibilities. These Committees meet at least twice yearly.

Audit Committee

The Audit Committee determines and examines matters relating to the financial affairs of the Company, including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half-yearly and annual accounts and systems of accounting and internal control in use throughout the Company.

During the year under review the Company appointed new auditors.

Remuneration Committee

The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages and that of senior employees, including share options and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees.

Share Dealing Code

Incanthera plc has adopted and operates a share dealing code governing the share dealings of the Directors of the Company and applicable employees with a view to ensuring compliance with the AQSE Growth Market Rules.

Investor Relations

The Company adopts an open and transparent communications policy, seeking opportunities to engage and update shareholders. Following the Company's listing on the AQSE Growth Market, the Annual General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website.

The Company ensures email alerts are issued to shareholders on all Regulatory news announcements on the Aquis Stock Exchange and engages in posting all news and announcements via social media platforms: X feed at @incantheraplc, LinkedIn @incantheraplc and Telegram pages including a dedicated chat group 'Incanthera discussion group', and publication of articles via the Telegram group 'Ask Charles' a respected stocks discussion group established by Charles Archer, financial journalist.

The Company also has a dedicated electronic communication line via its website at www.incanthera.com specifically for shareholders' enquiries.

Corporate and Social Responsibility

The Company understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of our corporate social goals our aim is to make a lasting positive contribution to all our stakeholders.

The Company seeks to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations.

Environment

Incanthera plc is sensitive to the environment in which it operates and seeks to ensure environmental standards are complied with.

Human Rights

Incanthera plc is committed to social and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Tax Evasion

Incanthera plc adopts a policy of ensuring that all associated persons, including employees and those acting on the Company's behalf, do not facilitate tax evasion.

Employees

Our employees are key to achieving the business objectives of the Company. The Company has established policies for recruitment, diversity and equal opportunities, training and development.

Our priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. The Company embraces employee participation in issue raising and resolution through regular update sessions that value contributions from all levels regardless of position in the business.

Shareholders

The Board of Directors actively encourage communication with shareholders and they seek to protect the interest of shareholders at all times. The Company updates shareholders regularly through regulatory news and financial reports. The Company also engages directly with shareholders at our Annual General Meeting and ad hoc through regular investor meetings.

Health and Safety

Company activities are carried out in accordance with its Health and Safety Policy which adheres to all applicable laws.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year.

Under that law, the Directors have elected to prepare the Group consolidated and parent companies financial statements in accordance with UK Adopted International Financial Reporting Standards (IFRSs). 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 and of the profit or loss of the Group and the Parent Company for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and 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's position and performance, business model and strategy. Each of the Directors confirms that, to the best of their knowledge.

The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Suzanne Brocks
Company Secretary
23 August 2024

The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages and that of senior employees, including share options and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees.

Remuneration Committee Report

The sole member of the Remuneration Committee for the whole of the financial year was Caroline Murray as the single independent Non-Executive Director.

The responsibilities of the Committee include the following:

- determining and agreeing with the Board the remuneration policy for all Directors and the Senior Management Team;
- within the terms of the agreed policy, determining the total individual remuneration package for Executive Directors and the Senior Management Team; and
- overseeing the evaluation of Executive Officers.

Our aim is to deliver a remuneration programme that rewards both achievement of short-term goals and fulfilment of our longer-term objectives in realising the potential of our portfolio.

The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. Details of the remit of the Committee is provided in the Corporate Governance section. The Executive Directors attend meetings by invitation but no Director is involved in discussions relating to their own remuneration.

We recognise the need to retain and motivate our Executive Directors and Senior Management Team and the need to avoid making remuneration decisions solely based on shorter-term volatility whilst making good use of the Group's resources. Accordingly, we include two performance-based elements in our remuneration programme; a shorter-term annual bonus programme, with payment amounts based on the previous year's achievement against preset personal and corporate goals for that year; and a longer-term equity-based programme of share options, vesting over three years and directed towards the achievement of substantial, longer-term strategic objectives.

Remuneration Policy for Executive Directors

The Remuneration Committee sets a remuneration policy that aims to align Executive Directors' remuneration with shareholders' interests and attract and retain the best talent for the benefit of the Group. The Company seeks to strike an appropriate balance between fixed and performance related reward, forming a clear link between pay and performance.

The remuneration of the Executive Directors during the year ended 31 March 2024 is set out below:

Basic salary

Basic salaries are reviewed annually. The purpose of the base salary is to:

- reflect market rates to support the recruitment and retention of key individuals;
- reflect the individual's experience, role and contribution with the Company; and
- ensure that the Executive Directors are fairly rewarded for carrying out their duties.

Directors' remuneration during the year ended 31 March 2024

The Directors received the following remuneration during the year:

	Salaries and fees £	Taxable benefits £	Bonuses £	Pension £	**Total year to 31 March 2024 £**	Total year to 31 March 2023 £
Executive						
Timothy McCarthy	120,000	6,359	nil	12,000	**138,359**	25,645
Simon Ward	120,000	2,536	nil	12,000	**134,536**	35,996
Non-Executive						
Caroline Murray	36,000	n/a	n/a	n/a	**36,000**	5,000
Total	**276,000**	**8,895**	**nil**	**24,000**	**308,895**	**66,641**

Benefits/Pensions

Details of payments in respect of benefits and pensions arrangements for the Executive Directors are set out in the table above.

Long-term Incentives

Following admission, the Company adopted the LTIP which allows for share awards to be made in the form of options, at costs to be determined at the time of the award and in line with the current share price. The Company believes that the LTIP aligns the interest of Executive Directors and the Senior Management Team with those of shareholders and on an ongoing basis will form a significant part of their performance-related pay.

For the purposes of the Schemes, a maximum of 10 per cent. of the Company's issued share capital in aggregate, from time to time, may be issued without the prior approval of shareholders of the Company.

Vesting criteria for options granted under the Schemes are subject to time and performance conditions as follows:

Amount Vesting	Time Condition
36 per cent. ('Tranche One')	On the first anniversary of the date of the grant
32 per cent. ('Tranche Two')	On the second anniversary of the date of the grant
32 per cent. ('Tranche Three')	On the third anniversary of the date of the grant

Performance Condition: For options granted on 16 April 2021; Entering into a commercial agreement relating to its intellectual property. For options granted on 21 February 2024; reporting first revenues.

The Schemes provide for good/bad leaver provisions and other standard terms normally associated with such schemes.

Directors' shareholdings

The Directors who served during the year, together with their beneficial interest in the shares of the Company are as follows:

Ordinary shares of 2p each	**At 31 March 2024**	At 31 March 2023
Executive		
Timothy McCarthy	**3,931,646**[1]	3,931,646
Simon Ward	**3,064,199**[2]	3,064,199
Non-Executive		
Caroline Murray	**–**	–

1 Of the total shares attributable to Timothy McCarthy, 2,030,264 are held by Unnamed Ltd, a Company owned and controlled by Timothy McCarthy, and 524,382 are held in a SIPP belonging to Timothy McCarthy.

2 Of the total shares attributable to Dr. Simon Ward, 724,399 are held in a SIPP belonging to Dr. Simon Ward.

Bonus

Executive Directors and the Senior Management Team participate in a bonus plan under which they are entitled to a maximum annual bonus of 50% of salary. Annual bonus entitlements are based on the achievement of pre-set Group corporate, financial and personal performance targets.

The performance targets for the financial year ending 31 March 2024 have been set by the Remuneration Committee and include Group corporate, financial and personal performance targets.

The Remuneration Committee considers that the targets will support the business strategy, and that bonus arrangements represent an important element of the performance-related pay for the Executive Directors and the Senior Management Team.

In order to align executives' interests with those of shareholders and manage cash costs, a proportion of the bonus payable to the Executives may be paid in cash and a proportion may be paid in shares through the Deferred Bonus Plan which was adopted by the Company on Admission. The Committee will determine on an annual basis the level of deferral of the bonus payment into Company share awards in the form of nil cost options up to a maximum of 50% of the bonus earned. DBP awards will vest at the end of a three-year period from the relevant date of grant.

There was no bonus declared or paid during the year to 31 March 2024 (31 March 2023: nil).

Directors' Share Options

In July 2020, the first grant of options were made to the Directors as part of an approved scheme.

In April 2021, a further grant of options were made to the Directors as part of an approved scheme.

In February 2024, a further grant of options were made to the Directors as part of both an approved and un-approved scheme.

These options are set out opposite and are subject to the performance conditions as described above.

The Company has granted the following options under the Scheme:

Option holder	Scheme	Date of grant	At 1 April 2023	Granted during the period	At 31 March 2024	Price per share Pence	Date from which exercisable	Expiry Date
Tim McCarthy	Approved	4 July 2020	1,100,000	–	1,100,000	9.5p	4 July 2023	4 July 2030
	Approved	16 April 2021	275,000	–	275,000	20.0p	16 April 2024	16 April 2031
	Approved	21 February 2024	–	650,000	650,000	8.8p	21 February 2027	21 February 2034
			1,375,000	**650,000**	**2,025,000**			
Simon Ward	Approved	4 July 2020	1,100,000	–	1,100,000	9.5p	4 July 2023	4 July 2030
	Approved	16 April 2021	275,000	–	275,000	20.0p	16 April 2024	16 April 2031
	Approved	21 February 2024	–	650,000	650,000	8.8p	21 February 2027	21 February 2034
			1,375,000	**650,000**	**2,025,000**			
Caroline Murray	Un-approved	21 February 2024	–	200,000	200,000	8.8p	21 February 2027	21 February 2034
				200,000	**200,000**			
Total			**2,750,000**	**1,500,000**	**4,250,000**			

Caroline Murray
Remuneration Committee Chair
23 August 2024

Financial Statements

The Directors of Incanthera plc (registered in England and Wales: 11026926) present their report together with the audited consolidated financial statements and the Company financial statements for the year ended 31 March 2024.

Directors

The Directors of the Company who served during the year and up to the date of this report, unless otherwise indicated, are as follows:

Capacity

Tim McCarthy	Chairman	Appointed 23 October 2017
Simon Ward	Chief Executive Officer	Appointed 23 October 2017
Caroline Murray	Non-Executive Director	Appointed 23 February 2022
John Howes	Non-Executive and Senior Independent Director	Appointed 10 June 2024

Biographical details of Incanthera Directors are shown on pages 32–33.

The Group maintained Directors' and Officers' liability insurance cover throughout the year.

Principal activities of the Group

Details of current and future trading as well as the principal risks and uncertainties are included in the Strategic Report.

Business Review and Key Performance Indicators

The review of the business, future trading and key performance indicators are covered in the Strategic and Financial Reports.

Financial results and dividends

The Group's results for the year ended 31 March 2024 are presented on page 47. The Group's net loss after tax for the year was £1,547k (2023: £1,372k).

Directors' interests in share options

Details of Directors' interests in shares, share options and service contracts are shown in the Directors' Remuneration Report.

Research and Development

The Group is continuing to research products in its chosen area.

Employee involvement

Employee involvement in the overall performance of the Group is encouraged through both formal and informal meetings which deal with a range of matters including the Group's financial performance, development progress and health and safety. Copies of the Annual Report and Interim Report are made available to all employees.

Financial Risk Management

Details of financial risk management are provided in note 2 to the accounts.

Political and charitable donations

The Group made no political donations in the current or prior year.

Substantial shareholdings

At 14 August 2024, the Company had received notification from the following financial institutions of their and their clients' interest in the following disclosable holdings, which represent 3% or more of the voting rights of the issued share capital of the Company:

Shareholders having a major interest	Number of shares held	% of issued share capital
Tyndall Investment Management	23,537,266	20.2%
North West Funds (Biomedical) LP	16,164,540	13.9%
Unicorn Asset Management	13,198,334	11.3%
University of Bradford	10,349,183	8.9%
Nortrust Nominees Limited	4,628,854	4.0%
Timothy McCarthy	3,931,646	3.4%
Simon Ward	3,064,199	2.6%

Going concern

The Directors have prepared detailed financial forecasts and cash flows for the Group looking forward at least 12 months from the date of the approval of these financial statements. In preparing those 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.

At 31 March 2024, the Group had cash and cash equivalents of £0.1 million. On 18 December 2023, the Group announced a commercial skincare deal with Marionnaud for the launch and distribution of Skin + CELL, the Group's luxury skincare range, into Europe and Asia. To deliver this, the Group has entered into a manufacturing partnership with skincare manufacturing experts Frike, based in Switzerland. Under the terms of this partnership, Frike is responsible for manufacturing and delivery of our product to Marionnaud. Incanthera also announced that it had established a wholly owned subsidiary, Skin + CELL AG, based in Zurich, to oversee the manufacture and distribution of our product, and manage the relationships within the commercial deal and potential new deals.

The announcement of the commercial arrangements to the market and to shareholders in December 2023 came alongside institutional investment to raise £1 million for inventory build and product launch. As set out in note 21, the exercise of existing shareholder warrants in April 2024 raised £0.7 million and a further institutional led investment in June 2024 added a further £2.6 million. This funding has been deployed into further inventory scale-up in anticipation of the initial launch in September 2024 and the significant cash flows which are expected to arise following our product launch will quickly transform the Group into a positive cash generating position.

Based on their financial projections and the application of reasonably probable sensitivity analysis in relation to expected revenues and associated costs, the Directors are satisfied that the Group and the Company can continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, the commercialisation of Skin + CELL is in its early stages and due to the fact that the Company is manufacturing Skin + CELL for the first time for sale, the projected revenues are dependent on the Group's ability to deliver saleable manufactured product in the required quantities during the going concern period. Although the Directors are confident of delivering such product, there is currently no track record of fulfilment to demonstrate that this will be the case. This represents a material uncertainty in relation to the Directors' assessment of going concern.

Disclosure of information to auditor

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor are unaware; and
- each of the Directors has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

Crowe LLP has indicated that it will seek reappointment as the Company's Auditor at the Annual General Meeting.

Annual General Meeting

The notice convening and giving details of the 2024 AGM of the Company to be held at 11am on Thursday 17 October 2024 at the offices of Gateley Plc, at 1 Paternoster Square, London EC4M 7DX, has been sent to shareholders.

Approved by the Board of Directors and signed on behalf of the Board.

Tim McCarthy
Chairman
23 August 2024

Incanthera plc
76 King Street
Manchester
M2 4NH

Company registration number: 11026926

Independent auditor's report to the members of Incanthera plc

Opinion

We have audited the financial statements of Incanthera plc (the "Parent Company") and its subsidiaries (the "group") for the period ended 31 March 2024 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of cash flows and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards ('UK IFRS').

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 31 March 2024 and of the group's loss for the period then ended;
- financial statements have been properly prepared in accordance with UK IFRS; and
- 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 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the group and the Parent Company's ability to continue as a going concern. The Directors believe that the current levels of cash, recent fundraises and forecasted revenue will provide sufficient cash to meet their obligations as they fall due for at least twelve months from the date of approval of these financial statements. The commercialisation of Skin + CELL is in its early stages and due to the fact that the company is manufacturing Skin + CELL for the first time for sale, the projected revenues are dependent on the group's ability to deliver saleable manufactured product in the required quantities during the going concern period. Although the Directors are confident to be able to deliver such product there is currently no track record of fulfilment to demonstrate that this will be the case.

This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the group and the Parent Company to continue as a going concern. The financial statements do not reflect any adjustments that would be necessary should the going concern basis not be appropriate. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the ability of the group and the Parent Company to continue to adopt the going concern basis of accounting included the following procedures:

- obtaining management's assessment of going concern and the underlying financial projections which support that assessment;
- testing to ensure the mathematical accuracy of the model presented;
- reviewing the assumptions used about future cash flows and timings;
- confirming the existence of cash balance which will be relied on; and
- reviewing the appropriateness of the disclosures in the financial statements.

The going concern assessment period used by the Directors was at least 12 months from the date of the approval of the financial statements. We assessed the appropriateness of the approach, assumptions and arithmetic accuracy of the model used by management when performing their going concern assessment.

We evaluated the Directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment.

Further details of the Directors' assessment of going concern is provided in note 2.

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

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

- £65,000 is the Group level of materiality determined for the financial statements as a whole, this has been determined based on approximately 5% of net loss before tax. The objective of the group is to generate profit/loss, we determined that a profit-based metric was the most appropriate to use for determining materiality.

- £45,500 is the Group level of performance materiality. Performance materiality is used to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.
- £3,250 is the Group level of triviality agreed with the Audit Committee. Errors above this threshold are reported to the Audit Committee, errors below this threshold would also be reported to the Audit Committee if, in our opinion as auditor, disclosure was required on qualitative grounds.

The Parent Company materiality was assessed as £41,000 based on approximately 5% of net loss before tax. We believe that net loss is a primary measure used by shareholders in assessing the performance of the group therefore net loss is considered most appropriate benchmark in determining the materiality of the parent and the group. Parent Company performance materiality was £28,700 and triviality was £2,050.

Overview of the scope of our audit

There was one significant component in the group apart from the Parent Company, Incanthera Research & Development Limited. We audited the Parent Company and Incanthera Research & Development Limited and the consolidation of the two entities and our work was conducted from the UK.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

We identified going concern as the only key audit matter. This is dealt with in 'Conclusions relating to going concern' above.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 Directors' responsibilities statement set out on page 38, the Directors are responsible for the preparation of the 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant Company law and taxation legislation in the UK. Technical, clinical or regulatory laws and regulations which are inherent risks in the development of clinical products are mitigated and managed by the Board and management generally, in conjunction with expert regulatory consultants in order to monitor the latest regulations and planned changes to the regulatory environment.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

23 August 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2024

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating expenses			
Operating expenses	3	**(1,265)**	(811)
Share-based compensation	15	**(115)**	(149)
Total operating expenses	3	**(1,380)**	(960)
Operating loss	3	**(1,380)**	(960)
Finance costs		**–**	–
Exceptional Costs			
Expenses of establishing a subsidiary for trade		**(94)**	–
Cost of issue of shares to advisors for services		**–**	(78)
Impairment of IP		**–**	(409)
Loss on ordinary activities before taxation		**(1,474)**	(1,447)
Taxation	6	**(73)**	75
Loss and total comprehensive expense attributable to equity holders of the parent for the year		**(1,547)**	(1,372)
Loss per share attributable to equity holders of the parent (pence)	7		
Basic loss per share		**(1.90)**	(1.82)
Loss per share before exceptional costs		**(1.79)**	(1.18)

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
As at 31 March 2024

	Notes	Group		Company	
		As at 31 March 2024 £'000	As at 31 March 2023 £'000	**As at 31 March 2024 £'000**	As at 31 March 2023 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	**3**	1	**–**	–
Intangible assets	9	**58**	58	**–**	–
Investments in and loans to subsidiaries	10	**–**	–	**947**	241
Total non-current assets		**61**	59	**947**	241
Current assets					
Trade and other receivables	11	**44**	62	**4**	4
Current tax receivable		**–**	73	**–**	–
Cash and cash equivalents	12	**61**	3	**56**	1
Total current assets		**105**	138	**60**	5
Total assets		**166**	197	**1,007**	246
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	**731**	280	**445**	77
Total current liabilities		**731**	280	**445**	77
Non-current Liabilities					
Convertible loan	18	**–**	131	**–**	–
Total liabilities		**731**	411	**445**	77
Equity					
Ordinary shares	14	**1,842**	1,528	**1,842**	1,528
Share premium	14	**5,954**	5,169	**5,954**	5,169
Reorganisation reserve	14	**2,715**	2,715	**–**	–
Warrant reserve	14	**1,185**	1,129	**599**	543
Other reserves	14	**–**	19	**–**	–
Share based compensation	14	**319**	259	**319**	259
Retained deficit	14	**(12,580)**	(11,033)	**(8,152)**	(7,330)
Total equity attributable to equity holders of the parent		**(565)**	(214)	**562**	169
Total liabilities and equity		**166**	197	**1,007**	246

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 £823k, operating loss £950k.

The financial statements on pages 44-66 were approved by the Board of Directors and authorised for issue on 23 August 2024 and were signed on its behalf by:

Dr. Simon Ward
Chief Executive Officer
23 August 2024

Incanthera plc

Registered number: 11026926

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2024

	Ordinary shares £'000	Share premium £'000	Reorganisation reserve £'000	Warrant reserve £'000	Other Reserves £'000	Share based compensation £'000	Retained deficit £'000	Total £'000
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	–	–	–	–	19	–	–	19
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)**
Total comprehensive expense for the period	–	–	–	–		–	(1,547)	(1,547)
Transactions with owners								
Equity component on convertible loan notes	–	–	–	–	(19)	–	–	(19)
Share issue – SJW July 23	7	17	–	–		–	–	24
Share issue – Advisor agreements	21	54	–	–	–	–	–	75
Share issue – Convertible loan notes	57	143	–	–	–	–	–	200
Share issue – Investment December 23	229	571	–	–	–	–	–	800
Share based compensation – share options	–	–	–	56	–	59	–	115
Total transactions with owners	**314**	**785**	**–**	**56**	**(19)**	**59**	**–**	**1,195**
Balance at 31 March 2024	**1,842**	**5,954**	**2,715**	**1,185**	**–**	**319**	**(12,580)**	**(565)**

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2024

	Ordinary shares £'000	Share premium £'000	Warrant reserve £'000	Share based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2022	**1,482**	**5,055**	**468**	**185**	**(727)**	**6,463**
Total comprehensive expense for the period	–	–	–	–	(6,603)	(6,603)
Transactions with owners						
Share issue – cash (subscription agreement)	46	114	–	–	–	160
Share based compensation – share options	–	–	75	74	–	149
Total transactions with owners	**46**	**114**	**75**	**74**	**–**	**309**
Balance at 31 March 2023	**1,528**	**5,169**	**543**	**259**	**(7,330)**	**169**
Total comprehensive expense for the period	–	–	–	–	(822)	(822)
Transactions with owners						
Share issue – SJW July 23	7	17	–	–	–	24
Share issue – Advisor agreements	21	54	–	–	–	75
Share issue – Convertible loan notes	57	143	–	–	–	200
Share issue – Investment December 23	229	571	–	–	–	800
Share based compensation – share options	–	–	56	59	–	115
Total transactions with owners	**314**	**785**	**56**	**59**	**–**	**1,214**
Balance at 31 March 2024	**1,842**	**5,954**	**599**	**318**	**(8,152)**	**1**

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 March 2024

	Group		Company	
	Year ended 31 March 2024 £'000	Restated Year ended 31 March 2023 £'000	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Cash flows from operating activities				
Loss before taxation	**(1,474)**	(1,447)	**(822)**	(6,603)
Non cash charges	**150**	150		
Depreciation and amortisation	**1**	71	**–**	–
Impairment	**–**	409	**–**	6,400
Share based compensation	**115**	149	**115**	149
	(1,208)	(668)	**(707)**	(54)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**18**	56	**–**	(360)
Increase/(decrease) in trade and other payables	**352**	85	**(134)**	43
Sum of working capital changes	**370**	141	**(134)**	(317)
Taxation received	**–**	75	**–**	–
Net cash used in operating activities	**(838)**	(452)	**(841)**	(371)
Cash flows (used in)/generated from investing activities				
Acquisition of fixed assets	**(3)**	–	**(3)**	–
Net cash (used in)/generated from investing activities	**(3)**	–	**(3)**	–
Cash flows from financing activities				
Proceeds from issue of shares	**900**	160	**900**	160
Issue costs	**(1)**	–	**(1)**	–
Net cash generated from financing activities	**899**	160	**899**	160
Movements in cash and cash equivalents in the period	**58**	(292)	**55**	(211)
Cash and cash equivalents at start of period	**3**	295	**1**	212
Cash and cash equivalents at end of period	**61**	3	**56**	1

Non-Cash Charges

As described in note 18, payments to the University of Bradford between 1 July 2022 and 31 December 2023 were funded by a convertible loan note. The consolidated statement of cash flows for the comparative period has been restated to eliminate non-cash charges of £150,000. A prior period restatement has not been included in the financial statements because there was no other impact on reported losses or on gross or net assets.

1. General Information

Incanthera plc ('the Company') is a public limited Company, limited by shares, incorporated in England and Wales and was admitted to trading on the AQSE Growth Market of the AQSE Growth Market, under the symbol INC on the 28 February 2020. The address of its registered office is 76 King Street, Manchester, England, M2 4NH and the registered Company number is 11026926. The principal activity of the Company is clinical stage drug development.

2. Material Accounting Policies and Basis of Preparation

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.

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.

Going concern

The Directors have prepared detailed financial forecasts and cash flows for the Group looking forward at least 12 months from the date of the approval of these financial statements. In preparing those 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.

At 31 March 2024, the Group had cash and cash equivalents of £0.1 million. On 18 December 2023, the Group announced a commercial skincare deal with Marionnaud for the launch and distribution of Skin + CELL, the Group's luxury skincare range, into Europe and Asia. To deliver this, the Group has entered into a manufacturing partnership with skincare manufacturing experts Frike, based in Switzerland. Under the terms of this partnership, Frike is responsible for manufacturing and delivery of our product to Marionnaud. Incanthera also announced that it had established a wholly owned subsidiary, Skin + CELL AG, based in Zurich, to oversee the manufacture and distribution of our product, and manage the relationships within the commercial deal and potential new deals.

The announcement of the commercial arrangements to the market and to shareholders in December 2023 came alongside institutional investment to raise £1 million for inventory build and product launch. As set out in note 21, the exercise of existing shareholder warrants in April 2024 raised £0.7 million and a further institutional led investment in June 2024 added a further £2.6 million. This funding has been deployed into further inventory scale-up in anticipation of the initial launch in September 2024 and the significant cash flows which are expected to arise following our product launch will quickly transform the Group into a positive cash generating position.

Based on their financial projections and the application of reasonably probable sensitivity analysis in relation to expected revenues and associated costs, the Directors are satisfied that the Group and the Company can continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, the commercialisation of Skin + CELL is in its early stages and due to the fact that the Company is manufacturing Skin + CELL for the first time for sale, the projected revenues are dependent on the Group's ability to deliver saleable manufactured product in the required quantities during the going concern period. Although the Directors are confident of delivering such product, there is currently no track record of fulfilment to demonstrate that this will be the case. This represents a material uncertainty in relation to the Directors' assessment of going concern. The financial statements do not reflect any adjustments that would be necessary should the going concern basis of preparation not be appropriate.

Currencies

Functional and presentational currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. 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 Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Intangible assets

Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Licences	10–20 years

An impairment review is performed when there is an indicator of impairment, there have been no indicators during the reporting period.

Intangible assets acquired either as part of a business combination or from contractual or other legal rights are recognised separately from goodwill provided they are separable and their fair value can be measured reliably. This includes the costs associated with acquiring and registering patents in respect of intellectual property rights.

Where intangible assets recognised have finite lives, after initial recognition their carrying value is amortised on a straight line basis over those lives. The nature of those intangibles recognised and their estimated useful lives are as follows:

Patents	straight line over remaining useful life, up to 20 years
IP assets	straight line over remaining useful life, up to 20 years

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Office equipment	33% straight line
Furniture, fixtures and fittings	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Research and development expenditure

All research and development costs are included within operating expenses and classified as such. Research and development costs relating to clinical trials are recognised over the period of the clinical trial based on information provided by clinical research organisations. All other expenditure on research and development is recognised as the work is completed.

All ongoing development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

2. Material Accounting Policies and Basis of Preparation continued

Income tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current income tax

Current tax, including R&D tax credits, is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted or substantively enacted by the dates of the Consolidated Statement of Financial Position.

(b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

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

Deferred tax assets are not recognised due to uncertainty concerning crystallisation.

Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

Pension costs

The Group makes contributions to the private pension schemes of Directors and employees. These are expensed as incurred in the Statement of Comprehensive Income.

Share-based compensation

The Group issues share based payments to certain employees and Directors and warrants have been issued to certain suppliers. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity reserves.

The fair value of share options and warrants are determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option or warrant and the estimated number of shares that will eventually vest.

Operating segments

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

Group reorganisation accounting

The Company acquired its 100% interest in Incanthera Research and Development Limited ('Incanthera') by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group but they are a continuance of those of Incanthera. Therefore, the assets and liabilities of Incanthera have been recognised and measured in these consolidated financial statements at their pre combination carrying values. The retained earnings and other equity balances recognised in these consolidated financial statements are the retained earnings and other equity balances of the Company and Incanthera. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to effect the consolidation.

The difference between consideration given and net assets of Incanthera at the date of acquisition is included in a Group reorganisation reserve.

Investment in subsidiaries

Investment in subsidiaries are shown in the Company's Statement of Financial Position at cost and are reviewed annually for impairment.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Convertible loan notes

The Group apply IAS 32 to determine the appropriate classification of the convertible notes liability and equity components. The convertible note has been classified as a compound financial instrument because it contains both debt and equity components. On initial recognition the fair value of the debt component (financial liability) is calculated first and deducted from the fair value of the convertible note to arrive at the amount to be recognised for the equity component. On subsequent recognition, no gain or loss is recorded on conversion. The conversion feature of the convertible note is classified as equity and is not remeasured. The reserve for convertible notes comprises the amount allocated to the equity component for the convertible notes issued by the Company. Management's judgement is required in determining the equity component within the convertible loan note.

Trade and other receivables

Trade and other receivables that do not contain a significant financing component are initially recognised at fair value and subsequently held at amortised cost less provision for impairment. Impairment is calculated on a 12 month/lifetime expected credit loss model.

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term (being defined as having a maturity of no more than three months when first acquired) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are not interest-bearing and are stated at nominal value.

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Financial risk management

Financial risk factors

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

(a) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates (see note 16).

(b) Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents, and receivables balances.

2. Material Accounting Policies and Basis of Preparation continued

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity, and cash and cash equivalents based on expected cash flow.

Capital risk management

The Group has been funded by equity. The components of shareholders' equity are:

(a) the share capital and share premium account arising on the issue of shares;

(b) the share based compensation reserve results from the Group's grant of equity-settled share options to selected employees and Directors;

(c) the retained deficit reflecting comprehensive loss to date; and

(d) the reserve relating to the equity portion of the convertible loan note.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Fair value estimation

The carrying value less impairment provision of trade and other receivables and trade and other payables are assumed to approximate their fair values because of the short term nature of such assets and the effect of discounting liabilities is negligible.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, the Directors make estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Receivables from the subsidiary represents interest free amounts advanced to Group companies with no fixed repayment dates, being amounts due from Incanthera plc advanced to support the Group's research expenditure. The recoverability of these receivables involves significant estimation, particularly in calculating expected credit losses (ECL). Key assumptions include the probability of default and potential losses, which are influenced by economic conditions and the subsidiary's financial status.

Intangible Assets

Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

R&D tax credit

The R&D tax credit figure included in the accounts is a management estimate which is subject to amendment by HMRC.

New standards, amendments and interpretations

New standards are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

The Directors have considered those standards and interpretations which have not been applied in these financial statements but which are relevant to the Company's operations that are in issue but not yet effective and do not consider that they will have a material effect on the future results of the Company.

3. Operating Loss

An analysis of the Group's operating loss has been arrived at after charging/(crediting):

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating expenses:		
Research and development	**246**	305
Staff costs (see note 5)	**85**	85
Establishment and general:		
Staff costs (see note 5)	**536**	157
Depreciation of property, plant and equipment	**1**	1
Amortisation of Intangible Assets	**–**	71
Other administrative expenses	**513**	341
Total operating expenses	**1,380**	960

The Group has one reportable segment, namely the development of pharmaceutical products all within the United Kingdom.

4. Auditor's Remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fees payable to the Group's auditors for the audit of:		
the consolidated and Company annual accounts	**45**	32
the subsidiary's annual accounts	**–**	–
Total audit fees	**45**	32
Audit related services	**–**	–
Total audit related fees	**–**	–
Other services	**–**	–
Total non-audit fees	**–**	–

5. Employees and Directors

The average monthly number of persons (including Executive Directors) employed by the Group was:

	Group		Company	
	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
Directors	**2**	2	**2**	2
Management Team	**2**	3	**2**	3
Non-Executive	**1**	1	**1**	1
R&D	**2**	2	**–**	–
Average total persons employed	**7**	8	**5**	6

As at 31 March 2024 the Group had seven employees (31 March 2023: eight).

Staff costs in respect of these employees were:

	Group		Company	
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Wages and salaries	**468**	143	**411**	91
Employers National Insurance	**56**	13	**50**	8
Pension contributions	**38**	12	**38**	12
Share-based payments	**59**	74	**59**	73
Total employee costs	**621**	242	**558**	184

The Group makes contributions to the private pension schemes of Directors and employees.

5. Employees and Directors continued

The total remuneration of the highest paid Director excluding grants of share options was £153,229 (31 March 2023: £39,033).

The Directors have the authority and responsibility for planning, directing and controlling, directly or indirectly, the activities of the Group and they therefore comprise key management personnel as defined by IAS 24.

Aggregate emoluments of three Directors of Incanthera plc:

	Group and Company	
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Salaries and other short-term employee benefits	**276**	52
Employer's National Insurance	**34**	4
Pension contributions	**24**	8
Options vesting under share option schemes	**–**	–
Total remuneration including vesting of share options	**334**	64
Aggregate emoluments of five Directors within the Group:		
Salaries and other short-term employee benefits	**321**	78
Employer's National Insurance	**39**	6
Pension contributions	**29**	11
Options vesting under share option schemes	**–**	–
Total remuneration including vesting of share options	**389**	95

Directors' emoluments include amounts payable to third parties as described in note 17.

6. Taxation

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Current tax		
Current period – UK corporation tax	**–**	–
R&D tax credit	**(73)**	75
Net tax credit	**(73)**	75

The tax credit for each period can be reconciled to the loss per Consolidated Statement of Comprehensive Income as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss on ordinary activities before taxation	**(1,474)**	(1,447)
Loss before tax at the effective rate of corporation tax in the United Kingdom of 19% (2023: 19%)	**(280)**	(275)
Effects of:		
Non-deductible expenses	**21**	28
Losses not recognised	**259**	247
R&D tax credit	**73**	(75)
Tax credit for the year	**73**	(75)

The Incanthera Group also has a deferred tax asset being accelerated capital allowances, for which the tax, measured at a standard rate of 19% in all periods is 31 March 2024 £6,000 (2023: £48,000 liability).

The Incanthera Group has a deferred tax asset for share-based payments, for which the tax, measured at a standard rate of 19% in all periods is 31 March 2024 £212,000 (2023: £194,000).

The net deferred tax asset of £218,000 (2023: £146,000) has not been recognised in respect of these losses due to uncertainty of timing of taxable profits.

At 31 March 2024, the Group had total tax losses available for future use for which no deferred tax asset has been recognised of approximately £7.6 million (2023: £6.3 million).

7. 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 2024, the Group had 29,606,516 (2023: 27,581,516) 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:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	**(1,547)**	(1,372)
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution (excl. Exceptional Costs)	**(1,453)**	(885)

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
Weighted average number of ordinary shares for basic loss per share	**81,343,486**	75,211,874
Effects of dilution:		
Share options	**–**	–
Weighted average number of ordinary shares adjusted for the effects of dilution	**81,343,486**	75,211,874

	Year ended 31 March 2024 Pence	Year ended 31 March 2023 Pence
Loss per share – basic and diluted	**(1.90)**	(1.82)
Loss per share – before exceptional costs	**(1.79)**	(1.18)

The loss and the weighted average number of ordinary shares for the years ended 31 March 2023 and 2024 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.

8. Property, Plant and Equipment

Group	**Office Equipment, fixture and fittings £'000**
Cost	
At 31 March 2022 and 2023	**49**
Additions	3
At 31 March 2024	**52**
Accumulated Depreciation	
At 31 March 2022	47
Charge for the period	1
At 31 March 2023	**48**
Charge for the period	**1**
At 31 March 2024	**49**
Net Book Value	
At 31 March 2022	2
At 31 March 2023	1
At 31 March 2024	**3**

Depreciation is charged to operating expenses.

9. Intangible Assets

Group	Patents £'000	IP Assets £'000	Total £'000
Cost			
At 31 March 2022, 2023 and 2024	**988**	**475**	**1,463**
Amortisation and impairment			
At 31 March 2022	527	398	925
Amortisation charge for the period	64	7	71
Impairment charge	339	70	409
At 31 March 2023	**930**	**475**	**1,405**
Amortisation charge for the period	–	–	–
At 31 March 2024	**930**	**475**	**1,405**
Net Book Value			
At 31 March 2022	461	77	538
At 31 March 2023	58	0	58
At 31 March 2024	**58**	**0**	**58**

Patents are amortised on a straight-line basis over 20 years. Amortisation provided during the period is recognised in operating expenses. The Incanthera Group does not believe that any of its patents in isolation is material to the business.

New IP assets are amortised on a straight-line basis over the estimated economic life of the underlying assets, based on the life span of applicable patents. Amortisation provided during the period is recognised in administrative expenses. The time remaining life ranges from 0 to 15 years.

The Group reviewed the amortisation period and the amortisation method for the intangible assets at the end of the reporting period and considered them appropriate.

The Group continually monitors events and changes in circumstances that could indicate that the intangible assets may be impaired. As at 31 March 2024, the Company has recognised an additional impairment of intangible assets of £nil (31 March 2023: £409k), which is reported in the Income Statement as an exceptional item. The Group has given consideration to assets which have been fully assigned and the resulting removal of control over the assets' future development. The Group retains future rights to all assigned intellectual property.

10. Investments in and loans to subsidiaries

The consolidated financial statements of the Group as at 31 March 2024 include:

Name of subsidiary	Class of share	Place of incorporation	Principle activities	Proportion of ownership interest	Proportion of voting rights held
Incanthera Research and Development Limited	Ordinary	United Kingdom	Research and development	100%	100%
Skin + CELL AG	Ordinary	Switzerland	Distribution	100%	100%
Incanthera Oncology Limited*	Ordinary	United Kingdom	Research and development	100%	100%
Incanthera Therapeutics Limited*	Ordinary	United Kingdom	Research and development	100%	100%

* Now dormant.

During the period the Group established Skin + CELL AG as it's Swiss manufacturing subsidiary. The cost of acquiring an established entity has been charged to the profit and loss account.

	Year ended 31 March 2024		Year ended 31 March 2023	
	Investment in subsidiary £'000	**Loans to Group undertakings £'000**	Investment in subsidiary £'000	Loans to Group undertakings £'000
Cost or carrying value at 1 April	**4,614**	**2,028**	4,614	1,640
Additions	**–**	**680**	–	388
Cost or carrying value at 31 March	**4,614**	**2,708**	4,614	2,028
Provision at 1 April	**4,372**	**2,028**	–	–
Provision in the year	**–**	**–**	4,372	2,028
Carrying value	**242**	**680**	242	–

Investments are tested for impairment at the balance sheet date. The recoverable amount has been determined based on a value in use cash flow model. We note that there is high estimation uncertainty and judgement involved in the preparation of the cash flow forecast and it is sensitive to changes in key assumption.

The key assumptions in the calculation to assess NPV are the future revenues and the ability to generate future cash flows. The future predictions have focused on the lead programme. Due to the nature of the development of our programmes, and the time between development expenditure and future incomes, the management have looked ahead to the next five years. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments at the time value of money and the risks specific to the cash generating unit.

The key assumptions used for the NPV calculation in 2024 were as follows:

	%
Discount rate	**13.8**

The Directors have made significant estimates on the future revenues based around a typical partnering with a large FMCG or Pharma partner. Assumptions have been made based upon on the size of the potential market as well as the expected revenue across the lifetime of the patent.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projection used is sensitive to the projected revenue assumptions that have been applied.

11. Trade and Other Receivables

	Group		Company	
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Amounts receivable within one year				
Other receivables	**3**	5	**–**	–
Other taxation and social security	**7**	2	**4**	1
Prepayments	**34**	55	**–**	3
Trade and other receivables	**44**	62	**4**	4

The Directors believe that the carrying value of other receivables represents their fair value. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. In addition, an expected credit losses model is used which broadens the information that an entity is required to consider when determining its expectations of impairment. Under this model, expectations from future events are taken into account which could result in the earlier recognition of impairments. Details on the Group's credit risk management policies are shown in note 16. The Group does not hold any collateral as security for its trade and other receivables.

12. Cash, Cash Equivalents and Short-Term Investments

	Group		Company	
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Cash at bank and in hand	**61**	3	**56**	1

13. Trade and Other Payables

	Group		Company	
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Amounts falling due within one year				
Trade payables	**160**	145	**19**	37
Other taxation and social security	**39**	3	**55**	19
Accrued expenses	**487**	68	**339**	10
Other payables	**45**	64	**32**	11
Trade and other payables	**731**	280	**445**	77

Trade and other payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 day terms. The Directors consider that the carrying value of trade and other payables approximates to their fair value. All trade and other payables are denominated in Sterling. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

The maturity profile of the Group's financial liabilities at 31 March 2024 based on contractual undiscounted payments consist of Trade and other payables, all of which are due within three months

The Directors consider that the carrying amount of the financial liabilities approximate to their fair value.

14. Issued Capital and Reserves

Ordinary shares

	Company	
Ordinary shares of 2p each:	Number	Share Capital £'000
At 31 March 2023	**76,385,028**	**1,528**
Issued on placing	15,724,852	314
At 31 March 2024	**92,109,880**	**1,842**

All of the 92,109,880 shares authorised have been issued and fully paid.

On 20 July 2023, 360,000 ordinary shares of 2p were issued at a price of 6.95p per share to a Director as part of an ongoing commitment to support the Group, raising gross proceeds of £25,020.

On 20 July 2023, 1,079,138 ordinary shares of 2p were issued at a price of 6.95p per share to service providers in lieu of contractual amounts owed.

On 21 December 2023, 11,428,571 ordinary shares of 2p were issued at a price of 7.00p per share in relation to a subscription agreement, raising gross proceeds of £800,000. Costs of £900 were incurred and these have been deducted from the share premium.

On 21 December 2023, 2,857,143 ordinary shares of 2p were issued at a price of 7.00p per share on conversion of loan notes (see note 18).

The ordinary shares rank pari passu in all respects in relation to dividends and repayment of capital and have equal voting rights with one vote per share. There are no restrictions on the transferability of the shares.

Other reserves

The share premium reserve represents the difference between the net proceeds of equity issues and the nominal share capital of the shares issued.

The Group reorganisation reserves at 31 March 2024 arose from the acquisition of Incanthera Research and Development Limited on 26 February 2020, which is accounted for using the merger method of accounting.

The warrant reserve reflects the aggregate fair value of warrants issued to investors and commercial advisors.

Other reserves consist of the recognised equity component with respect to the Convertible loan notes (see note 18).

The share based compensation reserve reflects the aggregate fair value of equity-settled share based payment transactions.

Reserves classified as retained deficit represent accumulated losses. None of the reserves are distributable.

15. Share-based Payments

Certain Directors and employees of the Group hold options to subscribe for shares in the Group under share option schemes. The number of shares subject to options, the periods in which they were granted and the period in which they may be exercised are given below.

The Group operates one share option schemes (31 March 2023: one), in addition share options have been granted under standalone unapproved share option agreements. Options are currently granted for £nil consideration and are exercisable at a price determined on the date of the grant.

At 31 March 2024, the Company had 8,975,000 (2023: 5,975,000) unissued ordinary shares of 2p under the Company's share option schemes.

Movements on share options during the year were as follows:

Exercise price Pence	At 1 April 2023	Granted	Lapsed/ Cancelled	**At 31 March 2024**	Date from which exercisable	Expiry date
9.5	4,675,000	–	–	**4,675,000**	4 July 2023	4 July 2030
20.0	1,300,000	–	–	**1,300,000**	16 April 2024	16 April 2031
8.8	–	3,000,000	–	**3,000,000**	21 February 2027	21 February 2034
	5,975,000	**3,000,000**	**–**	**8,975,000**		

Options are only exercisable for cash. Options vest 3 years from grant subject to the achievement of corporate performance targets and time vesting. Options which do not vest lapse.

As at the year end, the reconciliation of share option scheme movements is as follows:

	As at 31 March 2024		As at 31 March 2023	
	Number	**Weighted average exercise price Pence**	Number	Weighted average exercise price Pence
Outstanding at start of the year	**5,975,000**	**11.78**	7,350,000	11.75
Granted	**3,000,000**	**8.80**	–	–
Lapsed/cancelled	**–**	**–**	1,375,000	8.62
Outstanding at end of year	**8,975,000**	**10.77**	5,975,000	11.78
Exercisable at end of year	**–**	**–**	–	–

The weighted average fair value of the options granted on the measurement date was 7.80 pence. The weighted average fair values at the measurement date was £433,964 (2023: £316,115) Fair value was measured using the Black-Scholes option pricing model.

Inputs were as follows:

	2024	2023
Weighted average exercise price (pence)	**10.77**	11.78
Expected life	**5**	5
Risk free rate	**4.4%**	4.4%

The share-based payment charge for the year was £115,000 (2023: 149,000).

Warrants

On 26 February 2020, the Company issued warrants to subscribe for a total of 7,272,740 Ordinary Shares at a price of 9.5p per Ordinary Shares to ImmuPharma pursuant to the ImmuPharma Warrant. These warrants are exercisable at any time and will lapse on the 6 September 2024.

On placing, 28 February 2020, the Company issued warrants to subscribe for a total of 2,311,677 new Ordinary Shares at the placing price of 9.5p pursuant to the Cairn Warrant, the Pharmhall Warrant and the Broker Warrant. These warrants are exercisable at any time and have an expiry date of 10 years from placing.

On placing, 23 March 2021, the Company issued warrants to subscribe for a total of 9,167,963 new Ordinary Shares at the placing price of 20.0p pursuant to the Investor Warrant. These warrants are exercisable at any time and have an expiry date of two years from placing. On the 5 April 2023 a warrant holder meeting was held and a resolution was passed to extend the term to 12 April 2024 and reduce the exercise price to 10.0p.

On 27 September 2022, the Company issued warrants to subscribe for a total of 1,079,136 new Ordinary Shares at the placing price of 6.95p pursuant to the Broker Warrant. These warrants are exercisable at any time and have an expiry date of five years from placing.

On 18 December 2023, the Company issued warrants to subscribe for a total of 800,000 new Ordinary Shares at the placing price of 6.95p pursuant to the Broker Warrant. These warrants are exercisable at any time and have an expiry date of five years from placing.

16. Financial Risk Management

The main risks arising from the Group's financial instruments are cash flow and liquidity and credit risk. The Group's financial instruments comprise cash and various items such as trade receivables and trade payables, which arise directly from its operations.

Cash flow and liquidity risk

Management monitors the level of cash on a regular basis to ensure that the Group has sufficient funds to meet its commitments where due. The table below analyses the Group and Company's financial assets and liabilities by category:

	Group		Company	
	Year ended 31 March 2024	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023
	Financial assets at amortised cost £'000	Financial assets at amortised cost £'000	**Financial assets at amortised cost £'000**	Financial assets at amortised cost £'000
Assets as per statement of financial position				
Other receivables	**44**	62	**4**	4
Cash and cash equivalents	**61**	3	**56**	1
	105	65	**60**	5

	Group		Company	
	Year ended 31 March 2024	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023
	Financial liabilities at amortised cost £'000	Financial liabilities at amortised cost £'000	**Financial liabilities at amortised cost £'000**	Financial liabilities at amortised cost £'000
Liabilities as per statement of financial position				
Trade payables	**160**	145	**19**	37
Convertible loan note	**–**	131	**–**	131
Other creditors and accruals	**571**	135	**426**	40
	731	411	**445**	208

Credit risk

The Group gives careful consideration to which organisations it uses for banking in order to minimise credit risk. The Group holds cash with two large banks in the UK. The amounts of cash held with this bank at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK Sterling.

There was no significant concentration of credit risk at the reporting date.

The carrying amount of financial assets recorded in the Consolidated Statement of Financial Position, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

No allowance has been made for impairment losses. In the Directors' opinion, there has been no impairment of financial assets during the period.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held by the Group as security in relation to its financial assets.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's operations via Skin + CELL AG, based in Switzerland, as well as use of suppliers operating overseas, primarily denominated in Swiss Francs, Euros and US Dollars. The Group's foreign transactions and use of foreign suppliers is minimal and as such exposure to foreign currency changes is not material.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the year end were a liability of £1.1k (2023: nil).

At present the Group does not make use of financial instruments to minimise any foreign exchange gains or losses so any fluctuations in foreign exchange movements may have a material adverse impact on the results from operating activities.

Fair value of financial assets and liabilities

There is no material difference between the fair value and the carrying values of the financial instruments because of the short maturity period of these financial instruments and their intrinsic size and risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's financial assets are cash and cash equivalents and trade and other receivables. The carrying value of these assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's policy is to minimise the risks associated with cash and cash equivalents by placing these deposits with institutions with a recognised high credit rating.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group continually reviews customer credit limits based on market conditions and historical experience.

Capital risk management

The Group considers capital to be shareholders' equity as shown in the consolidated statement of financial position, as the Group is primarily funded by equity finance. The Group is not yet in a position to pay a dividend.

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders. In order to maintain or adjust the capital structure the Group may return capital to shareholders and issue new shares.

17. Related Party Transactions

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management compensation is disclosed in note 5 of the consolidated financial statements. Directors' emoluments are disclosed in the Remuneration Committee Report.

During the year ended 31 March 2024, the Group purchased accountancy and HR services totalling £36,085 (year ended 31 March 2023: £33,862) from summ.it assist LLP t/as Fact3 a Company which Laura Brogden is a member. The amount owed to summ.it assist LLP t/as Fact3 at 31 March 2024 was £3,755 (31 March 2023: £4,391).

At the 31 March 2024, Dr. Simon Ward, had a Director's loan account balance outstanding due from Incanthera Research and Development Limited of £15,188 (31 March 2023: £1,811).

At the 31 March 2024, Tim McCarthy had a Director's loan account balance outstanding due from Incanthera Research and Development Limited of £23,488 (31 March 2023: £48,188).

Company

The Company is responsible for financing and setting Group strategy. The Company's subsidiary carried out the Group's development strategy and managed the Group's intellectual property. The Company provides funding to its subsidiary in the form of a loan. This loan is classified as non-current to reflect the likely repayment schedule of the loan. Interest is accrued at a rate of 10.5% per annum which is considered to be a market rate. Balance outstanding, including accrued interest and following impairment review, at the 31 March 2024 was £680k (31 March 2023: £nil).

18. Convertible Loan Notes

	Group		Company	
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Proceeds from issue of convertible loan notes	–	150	–	–
Equity component	–	(19)	–	–
Convertible loan	–	131	–	–

On 22 August 2022, a variation was agreed with the University of Bradford in relation to the original 2018 Pipeline agreement. The variation agreement allowed for a payment break on the Group's commitment to the university, for a period of 18 months up to the 31 December 2023, with aggregate payments of £300,000 due in the break period funded by convertible loan. Conversion takes place in certain circumstances, including on a commercial deal or new funding round, there is no discount factor to be applied to the then share price.

On the 21 December 2023, in conjunction with a funding round, £200,000 of the balance due of £100,000, to the University of Bradford was converted to equity, at a price of 6.95 pence. The remaining balance due is repayable in cash subsequent to the reporting date and is included in trade and other creditors.

19. Contingent Liabilities

The Group has no contingent liabilities at 31 March 2024 (31 March 2023: nil).

20. Lease and Capital commitments

The Group has no lease or capital commitments at 31 March 2024 (31 March 2023: nil).

21. Events after the Reporting Date

Between the 9 and 26 April 2024 7,166,667 ordinary shares of 2p were issued at a price of 10p on exercise of the 2021 investor warrants. Raising gross proceeds of £716,667.

On the 20 June 2024, 17,403,681 ordinary shares of 2p were issued at a price of 15p per share, raising gross proceeds of £2,610,552.

On the 14 August 2024, 2024 215,827 ordinary shares of 2p were issued at a price of 6.96p on exercise of part of the 2022 Broker Warrants. Raising gross proceeds of £15,000.

22. Ultimate Controlling Party

There is no ultimate controlling party of the Group.

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