Incanthera plc **15 June 2020**

("Incanthera" the "Company")

RESULTS FOR THE YEAR ENDED 31 MARCH 2020

Successful Admission to AQSE Growth Market raising £1.2m February 2020

Incanthera plc (AQSE:INC), the specialist oncology company focused on transforming cancer treatment, is pleased to present its results following the successful flotation of the Company to the Aquis Stock Exchange Growth Market (AQSE Growth Market) in February this year.

The Company raised a total of £1.205 million (gross) by way of a Placing and Subscriptions from institutional investors, existing shareholders, the Board of directors and the management team.

Incanthera is focused on transforming cancer treatment by creating environments in which cancer cannot survive. It seeks to identify and develop innovative solutions to current clinical, commercially relevant unmet needs, utilising new technology from leading academic institutions.

Highlights:

- Incanthera successfully admitted its shares to trading to the AQSE Growth Market on 28 February 2020, raising funds of £1.205m (gross) by way of a Placing and Subscriptions from institutional investors, existing shareholders, the Board of directors and the management team.
- The Company's flotation was well received, with support for investment into its near to market asset, Sol, a potentially innovative topical product for the treatment of solar keratosis and the prevention of skin cancers.
- Since flotation, the Company has continued further technological formulation developments of Sol, towards enhanced status for commercial opportunity.

Financial Highlights:

- Operating losses for the period reduced, 2020: £1,128k, 2019: £1,988k
- Year end cash position strengthened, 2020: £392k, 2019: £176k
- Following the IPO, the Company's financial position is strengthened and secured for the year ahead
- Shareholder base significantly enhanced with institutional, retail and management team investments

Simon Ward, Chief Executive Officer, commented:

"We are delighted to present Incanthera's first set of results.

This has been a pivotal year for our Company, following our successful flotation in February, and we are now fortunate to be in a strong position operationally and with added financial security, as we commence our first full year as a plc.

We will use this platform to further develop our skin cancer asset, Sol, which received very positive support from investors during our fundraising, and we are already making great progress towards its commercialisation.

Whilst the world is currently facing the effects of Covid-19 on political and industrial landscapes, we believe, given the structure of our business, that we are relatively protected from risk, and that we can confidently continue our promise to shareholders to seek an optimal position for potential commercialisation opportunities."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Notes to Editors

Incanthera is a specialist oncology company focused on transforming cancer treatment by creating environments in which cancer cannot survive. It seeks to identify and develop innovative solutions to current clinical, commercially relevant unmet needs, utilising new technology from leading academic institutions.

The Company's current lead product and focus is Sol, a potentially innovative topical product for the treatment of solar keratosis and the prevention of skin cancers. This has achieved proof of concept and the Company is now focussed upon delivering Sol to a commercial partner.

The Company originated from the Institute of Cancer Therapeutics (ICT) at the University of Bradford and has acquired and developed a portfolio of specific cancer-targeting therapeutics through a Pipeline Agreement with the ICT and other corporate acquisitions. Incanthera's strategy is to develop each candidate in the portfolio from initial acquisition or discovery to securing its future through commercially valuable partnerships at the earliest opportunity in its development pathway.

The majority of conventional cancer treatments (other than surgery) on the market are chemotherapy or radiotherapy based. These are non-selective by nature and highly toxic to healthy tissue as well as tumours. Accordingly, treatment can only be delivered in carefully controlled doses over a limited period of time. To address this problem directly, the Company has developed sophisticated formulation and prodrug targeting technologies to deliver treatment specifically to the tumour. Prodrugs are chemically modified versions of pharmacologically active agents which only become active when they reach a target, thus reducing generalised toxicity in normal tissues, whilst enabling higher doses to reach a target and therefore increase efficacy.

Incanthera's Board and management possess a broad range of commercial, scientific and public company experience. In addition, Incanthera benefits from a diverse, experienced team of advisers who cover the necessary range of specialities required for all aspects of the Company's business, and also has a number of beneficial collaborative relationships with both clinicians and clinical centres. In particular, the Pipeline Agreement with the ICT, provides a strong working relationship with a world-recognised oncology research institute and access to future pipeline opportunities.

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

Incanthera plc

RESULTS FOR THE YEAR ENDED 31 MARCH 2020

Chairman's Statement

I am delighted to present our first set of results, following the successful admission of our Company onto the AQSE Growth Market (formerly NEX Exchange Growth Market) in February this year.

As we sit down to write this report, the world is facing challenging times and the focus, correctly, is on the health and safety of our loved ones, our colleagues, our nation and the global face of healthcare.

For those working within the many different settings and fields of healthcare across the world, we applaud the heroic efforts of those individuals who have always placed themselves within the front line, for their chosen vocation to serve and protect others.

Our Business

The focus of our Company has always been the search for new, innovative ground-breaking medications and the ability to develop those technologies for onward delivery to patients.

The Company's reason for conception came 10 years ago when our CEO co-founded the business to bring innovative intellectual technology from the brilliant scientists at the Institute of Cancer Therapeutics ("ICT") at the University of Bradford, into a vehicle from which they could be developed for onward commercialisation and delivery to patients. So was borne the name of our Company, Incanthera.

The idea was to serve as a conduit to bring exciting new technologies to the global fight against cancer.

Incanthera's impressive oncology portfolio has been developed with both technology from the ICT and also through acquisition, providing a pipeline of oncology opportunities at various stages of development, including a commercial deal for our original lead technology, that continues to be developed through our licensing partner.

That licensing partnership in 2017 was an important step for Incanthera, marking our first commercial deal and proving our abilities to not only identify, acquire and develop technologies, but also our commercialisation ambition, generating income and royalties to spearhead the next important growth phase of our Company.

Ongoing Progress

Since then we have continued the development of our oncology portfolio and have refined and grown with both our development and strategic goals. In 2018 we acquired the assets of a skincare technology, named Sol, which formed the focus of fundraising our successful flotation this year. We are very excited at the prospects this game changing technology has in the battle against skin cancer and pre-cancerous skin conditions and the interest and support received at flotation reflected that.

Admission to AQSE Growth Market

The flotation this year, was something we had looked to achieve for a while and is an enormous success for the Company, having faced many significant hurdles along the journey given the incredibly challenging market conditions that surrounded the Brexit fallout.

We feel very fortunate to have the loyal and long-term support of our existing shareholders but also new investors into the Company, both of whom we owe a great deal of gratitude. We aim to repay that trust and loyalty with results and exciting developments.

I am pleased to report, in the few short months since listing, that development of Sol's formulation technology has continued apace, as we continue on the road towards our commercial partner strategy, as set out at flotation. We look forward to providing further updates as we progress.

Our Team

To evolve our technology, against the current backdrop, is something that we are grateful for and proud of. It is testimony to Incanthera's great team, who are experienced, loyal, diverse and dedicated to the success of this business and the wider picture of helping patients to receive life changing cancer therapeutics.

Outlook

We are excited at all the opportunities the recent flotation has provided for us. We now stand on a public stage, with access to wider audiences, investment opportunities, licensing and commercial partners and publicity to change the face of cancer treatment. As these first set of financial results show, we are also securely placed for the year ahead.

As I began, so I end, in addressing the challenge we all face, to unite against the current healthcare situation. When we emerge, the world will have changed, with many lessons learned for the good, and essentially a greater personal, united and global emphasis on health.

The need for quality, timely and forward-thinking medicines of the future, is something we are proud to be actively part of.

We wish all our colleagues, investors and families well.

Tim McCarthy
Chairman

12 June 2020

Incanthera plc

RESULTS FOR THE YEAR ENDED 31 MARCH 2020

Chief Executive's Review

This has been a pivotal year for Incanthera and marks our transition from a development-focussed private oncology specialist, to a vibrant public company intent on accelerating the provision of innovative new medicines through commercial partnerships.

Strategic progress

Incanthera has come a long way since its incorporation in 2010. Originally conceived as a spin-out from the Institute of Cancer Therapeutics at the University of Bradford, we have grown from a private start-up into a specialist, publicly quoted oncology company, concerning ourselves with identifying novel scientific discoveries and technologies that have the potential to become new tools in the armoury of the practicing oncologist.

The move to the AQSE Growth Market in February of this year (2020) was a great achievement for us. Not only did we have the usual challenges of a public listing and fundraise, but we faced a constantly changing landscape both nationally and internationally, including Brexit, political turmoil, volatile markets and just recently of course, the coronavirus outbreak. However, the discipline of continually evolving the Company, come what may, has given us the opportunity to focus our intentions on what we do best - the acquisition of promising opportunities, the strategic preparation of these to secure the earliest tangible value and their commercialisation.

Business performance

The main priority for Incanthera over this last year has been to finance, secure and develop our latest asset, Sol, into the optimal position for seeking a commercial partner. Sol is our ground-breaking opportunity to prevent the onset of skin cancers induced by exposure to the sun. Against the backdrop of such uncertain times, this has been a year where resilience has played a major factor in the Company's growth, and this steadfast determination is evident in the progress we have made with this programme.

Sol originated from the creativity of Limeway Pharma Design. Led by Professor Adrian Davis, a world-renowned expert in topical formulation design, and promoted by Dr Kevin Hammond, a respected expert of the Fast Moving Consumer Goods personal care and cosmeceutical industry, Limeway had developed a topical formulation able to take a known drug across the skin barrier to the site of a potential skin cancer.

This is an exciting achievement as the complexity of the chemistry involved had previously precluded trans-dermal (across the skin) delivery of this particular molecule which is already known to be effective at preventing sun-induced skin cancer when taken orally, as demonstrated in a number of clinical Phase 3 trials. Oral delivery, however, is cumbersome and very patient-unfriendly. We saw great value in delivering an effective therapy in a topical formulation that would not be dissimilar in use from current sun creams.

Over the last 12 months, Incanthera has worked with Limeway to demonstrate the effectiveness of this approach. The pivotal discovery came in the summer (2019), when a team at the London School of Pharmacy (UCL) studied the permeation of Sol into and across human skin. In these studies, they concluded that our formulation delivered the medicine to the target site at a rate exceeding that achieved from the oral dosing, as reported in the clinical trials. This satisfactorily addresses the consideration of bio-equivalence, the relative effectiveness of two different routes of administration for a drug substance (oral versus topical) and provides confidence that Sol will be an effective weapon in the fight against sun cancers.

Understanding our markets

The sun care market is currently being driven by increased awareness of sun exposure. It has been reported that the rates of the deadliest form of skin cancer, melanoma, have soared by over 45% within the last ten years*1. Like most cancers, skin cancer is more common with increasing age, but malignant melanoma is disproportionately high in younger people. Strikingly, it is the most common cancer in young adults in the UK.

Over 80% of all skin cancers are potentially avoidable*2., caused by over-exposure to UV radiation from the sun and/or sunbeds. This has led to the growth of a significant sun-care industry (forecast at US$13.7billion*3 by 2024, excluding pharmaceutical products), and an explosion in the sales of sun creams.

*1. SiegelRL, et al. CA Cancer J Clin.2019:doi:10.3322/caac.21551
*2. Cancer Research UK
*3.Market size estimates from external commercial sector reports

Sun creams (or sunscreens) protect the skin from burning. There is no evidence they protect the skin from basal cell carcinoma or melanoma. Paradoxically, these products are effective at protecting the skin against sunburn even when inappropriately applied (when a person applies too small an amount, or infrequently). This often results in people using sunscreens in order to stay in the sun for longer periods than they would otherwise, resulting in higher intermittent exposure to ultraviolet radiation. Intermittent exposure is the strongest solar risk factor for the development of melanoma.

Business model and Outlook

We continue to seek cutting edge technologies and prepare these, leveraging our industry expertise, for commercialisation. By doing so, we keep our R&D expenditure to a minimum, avoiding where possible the high costs of late-stage clinical trials and target early commercial deals or partnerships. In this way we can minimise our investment and maximise the potential for near-term revenues, a strategy which we believe clearly differentiates ourselves from other small, specialist biotechnology companies.

We are fortunate at the opportunities our portfolio provides us. With an exclusive pipeline deal with Bradford University for access to new IP, through our growing commercial experience and specifically the significant potential, shown in our lead programme, Sol, we are well placed for the ongoing development and progression of our business.

I would also like to take this opportunity to thank our excellent team, our advisers and shareholders for the support and belief in our goals and ambitions for the exciting future ahead.

Simon Ward
Chief Executive Officer

12 June 2020

Incanthera plc

RESULTS FOR THE YEAR ENDED 31 MARCH 2020

Financial Review

The financial performance for the year ended 31 March 2020 was in line with expectations.

The Company acquired its 100% interest in Incanthera R&D Limited on 28 February 2020 by way of a share for share exchange. This is a business combination involving entities under common control the consolidated financial statements are issued in the name of the Group but are a continuation of those of Incanthera R&D Limited.

Losses

The total loss for the year was £1,128k (31 March 2019: £1,988k) including a charge for share-based compensation of £293k (2019: £270k). Operating expenses excluding share based compensation reduced substantially to £933k (2019: £1,636k).

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 £293k (2019: £270k) and has no impact on cash flows.

Headcount

Average headcount of the Group for the year was 5 (2019: 5).

Taxation

The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £98k (2019: £24k).

Share capital

An IPO on the AQSE Growth Market (formerly NEX Growth Market) was completed in February 2020 which raised £1.205m before expenses in difficult market conditions. Of the total funds raised, £855k was immediately received, with the additional £350k on call options with an expiry date of the 31 October 2020. This funding provides us with the means to further develop our lead programme, Sol.

As preparation for the listing the initial 2 £1 nominal shares were subdivided to 50 2p shares. As part of the transaction, 48,564,280 new 2p ordinary shares were issued in connection with the acquisition of Incanthera Research and Development Limited and 3,295,523 2p ordinary shares were issued at a price of 9.5p in connection with capitalisation of indebtedness of the Company. The placing comprised the issue of 9,000,007 ordinary shares of 2p were issued at a price of 9.5p per share.

Cash flows and financial position

The cash position at 31 March 2020 increased to £392k (31 March 2019: £176k). Expenditure on development of the Sol programme and recurring general and administrative costs were offset by the IPO proceeds (£855k before expenses) and receipt of the 2019 tax credit (£27k).

Highlighted Principal Risks and Uncertainties

Covid-19:

Risk Covid-19 pandemic

The Board is monitoring the impact of Covid-19 on the Group and its staff closely and continuation of the pandemic for a sustained period may affect:

- Our ability to raise further finance as a consequence of a depressed funding environment
- Our ability to conduct and conclude partnering discussions
- Completion of the Sol development to agreed timelines

Mitigating Factors

To date, due to the fact that all staff are currently successfully working full time, without interruption, from home the impact on our staff and programmes has been limited.

Brexit:

Risk Brexit

The Board is monitoring the progress of the Brexit process and the implications of the final terms of any trade deal with the EU and the potential of a “no-deal”.

Mitigating Factors

The Board does not consider that Brexit will have any major impact on the Company, its staff or its operations, but continues to monitor and assess any implications that the final trade deal or “no-deal” with the EU may have on the Company and its operations.

Laura Brogden
Chief Financial Officer
12 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Direct Costs			(106)
Operating expenses		(933)	(1,636)
Share based compensation		(293)	(270)
Total operating expenses		(1,226)	(2,012)
Operating loss		(1,226)	(2,012)
Loss on ordinary activities before taxation		**(1,226)**	(2,012)
Taxation		98	24
Loss and total comprehensive expense attributable to equity holders of the parent for the year		**(1,128)**	(1,988)
Loss per share attributable to equity holders of the parent (pence)			
Basic loss per share (pence)	2	(2.27)	(4.80)
Diluted loss per share (pence)	2	(2.27)	(4.80)

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

for the year ended 31 March 2020

	Group		Company	
	As at 31 March 2020 £'000	As at 31 March 2019 £'000	**As at 31 March 2020 £'000**	As at 31 March 2019 £'000
ASSETS				
Non-current assets				
Property, plant and equipment	**3**	5	**—**	—
Intangible assets	**787**	921	**—**	—
Intercompany loan			**685**	—
Investments in subsidiary undertaking	**—**	—	**4,614**	—
Total non-current assets	**790**	926	**5,299**	—
Current assets				
Trade and other receivables	**114**	101	**—**	—
Current tax receivable	**95**	24	**—**	—
Cash and cash equivalents	**392**	176	**346**	—
Total current assets	**601**	301	**346**	—
Total assets	**1,391**	1,227	**5,645**	—
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	**177**	223	**4**	—
Total current liabilities	**177**	223	**4**	—
Equity				
Ordinary shares	**1,217**	25	**1,217**	—
Share premium	**4,443**	7,305	**4,443**	—
Reorganisation reserve	**2,715**	—	**—**	—
Share based compensation	**586**	401	**—**	—
Retained deficit	**(7,747)**	(6,727)	**(19)**	—
Total equity attributable to equity holders of the parent	**1,214**	1,004	**5,641**	—
Total liabilities and equity	**1,391**	1,227	**5,645**	—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Ordinary Shares £'000	Share premium £'000	Reorganisation reserve £'000	Share Based Compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2018	19	4,825	—	131	(4,739)	236
Total comprehensive expense for the period	—	—	—	—	(1,988)	(1,988)
Transactions with owners						
Share issue – cash	6	2,480	—	—	—	2,486
Share based compensation – share options	—	—	—	270	—	270
Total transactions with owners	**6**	**2,480**	**—**	**270**	**—**	**2,756**
Balance at 31 March 2019	**25**	**7,305**	**—**	**401**	**(6,727)**	**1,004**
Total comprehensive expense for the period	—	—	—	—	(1,128)	(1,128)
Transactions with owners						
Share issue - acquisition of Incanthera R&D Limited	946	(3,663)	2,715	—	—	(1)
Share issue – cash	180	554	—	—	—	734
Share issue – creditor swap	66	247	—	—	—	313
Share based compensation – share options	—	—	—	293	—	293
Share based compensation – lapsed options	—	—	—	(108)	108	—
Total transactions with owners	**1,192**	**(2,862)**	**2,715**	**185**	**108**	**1,339**
Balance at 31 March 2020	**1,217**	**4,443**	**2,715**	**586**	**(7,747)**	**1,214**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 March 2020

	Group Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	Company Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities				
Loss before taxation	**(1,226)**	(2,012)	**(19)**	—
Depreciation and amortisation	**135**	133	**—**	—
Share based compensation	**293**	270	**—**	—
	(798)	(1,609)	**(19)**	—
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(14)**	140	**(686)**	—
Increase/(decrease) in trade and other payables	**(46)**	(924)	**4**	—
Creditor Swap	**313**	-	**313**	
Cash used in operations	**253**	(784)	**(369)**	—
Taxation received	**27**	41	**—**	—
Net cash used in operating activities	**(518)**	(2,352)	**(388)**	—
Cash flows (used in)/generated from investing activities				
Acquisition of tangible fixed assets	**—**	—	**—**	—
Net cash (used in)/generated from investing activities	**—**	—	**—**	—
Cash flows from financing activities				
Proceeds from issue of shares	**855**	2,398	**855**	—
Issue costs	**(121)**	(12)	**(121)**	—
Net cash generated from financing activities	**734**	2,386	**734**	—
Movements in cash and cash equivalents in the period	**216**	34	**346**	—
Cash and cash equivalents at start of period	**176**	143	**—**	—
Cash and cash equivalents at end of period	**392**	176	**346**	—

1. **Basis of preparation**

The financial information set out in this announcement does not comprise the Group's statutory accounts as defined in Section 434 of the Companies Act 2006 for the year ended 31 March 2020 or 31 March 2019.

The financial information has been extracted from the statutory accounts for the years ended 31 March 2020 and 31 March 2019. The auditors reported on those accounts and their reports were unqualified.

2. **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 2020 the Group had 13,268,628 (2019: 11,599,940) 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 2020 £'000	**Year ended 31 March 2019 £'000**
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	(1,128)	(1,988)

	Year ended 31 March 2020 Number	**Year ended 31 March 2019 Number**
Weighted average number of ordinary shares for basic loss per share	**49,642,344**	41,431,920
Effects of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effects of dilution	**49,642,344**	41,431,920

	Year ended 31 March 2020 Pence	**Year ended 31 March 2019 Pence**
Loss per share – basic and diluted	(2.27)	(4.80)

The loss and the weighted average number of ordinary shares for the years ended 31 March 2019 and 2020 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.

3. Dividend

No dividend is recommended (2019: nil) due to the early stage of the development of the Group.