18 May 2021

Incanthera plc

("Incanthera" the "Company")

RESULTS FOR THE YEAR ENDED 31 MARCH 2021

Incanthera plc (AQSE: INC), the specialist oncology company focused on innovative technologies in oncology and dermatology is pleased to announce results for the year ended 31 March 2021.

Incanthera is dedicated to improving treatment options with therapeutics combined with targeted delivery technologies to transform the future of healthcare.

The year end results mark the first full anniversary of trading following the successful flotation of the Company to the AQSE Growth Market in February 2020.

Highlights:

- Commercial discussions with two global cosmetic companies for Sol skin cancer technology continue to progress
- Promotion to top Apex sector of AQSE awarded having met qualifying criteria
- Technology portfolio fully patent protected and strengthened through the filing of a new patent which gives extended patent protection to Sol to 2040
- £1.14 million further funding through recently oversubscribed placing with existing and new investors
- Directors' and management's further investment
- Financial performance for the year in line with the Board's expectations

Financial Highlights:

- Total group loss for the year: £905,000, 2020: £1,128,000
- Operating expenses increased in line with Sol progression: £979,000, 2020: £933,000
- Year end cash position strengthened following the successful fundraise, 2021: £957k, 2020: £392k

Simon Ward, Chief Executive Officer, commented:

"This has been a very important first year on the public markets for Incanthera.

The public stage has provided a great opportunity for us and we have concentrated on delivering operational successes through our evolutionary technology Sol, now the subject of discussion with two global cosmetics companies. These discussions continue to progress and we look forward to making further updates when we are able.

We are also delighted at the result of our recent placing, securing further funding from existing shareholders and welcoming new investors, which puts us in an excellent position to conclude the Sol discussions and to continue to look at the promise of new opportunities to deliver returns to Shareholders.

We are immensely proud and grateful to have marked our first public year with these operational and financial achievements and we look forward to the year ahead with all the opportunity and promise that we can see."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018).

The directors of the Company take responsibility for this announcement.

For further enquiries:

Incanthera plc:
www.incanthera.com

Tim McCarthy, Chairman +44 (0) 7831 675747
tim.mccarthy@incanthera.com

Simon Ward, Chief Executive Officer +44 (0) 7747 625506
simon.ward@incanthera.com

Suzanne Brocks, Head of Communications +44 (0) 7776 234600
suzanne.brocks@incanthera.com

Aquis Exchange Corporate Adviser: +44 (0) 20 7213 0880
Cairn Financial Advisers LLP
Jo Turner/James Lewis/Mark Rogers

Broker: +44 (0) 20 3815 8880
Stanford Capital Partners Ltd
Patrick Claridge/Tom Price/John Howes/Bob Pountney

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.

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

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Incanthera plc

RESULTS FOR THE YEAR ENDED 31 MARCH 2021

Chairman's Statement

Our Business

Health is our focus. It is also Incanthera's mission and purpose, to find innovative treatments and technologies to provide ever better options for more targeted, holistic healthcare.

Incanthera's portfolio of novel cancer medicines utilises targeted technology and delivery systems, addressing the oncology spectrum.

These technologies now show the opportunity to transcend across other treatment areas and the success of this year, under review, is owed to the successful progression of our skin cancer technology, Sol, which combines the spheres of oncology and dermatology.

Introduced to our portfolio in 2018, we quickly realised its potential to address an area of unmet medical need in the oncology and dermatology field.

Progression and Evolution

Sol formed the focus for our flotation on the AQSE Growth Market in 2020 and the enthusiasm and potential we saw in the technology, was matched by the support of the investment community, resulting in our successful admission in February 2020.

Despite the immediate global shutdown following our flotation, our team immediately went to work to further develop and refine the Sol formulation which resulted in the very successful study results we reported in September last year.

The study data on Sol's successful permeation across the skin barrier and excellent safety profile on human skin surpassed our expectations, strengthening the technology's commercial potential and valuation, which was further enhanced through the filing of a new patent which will give extended patent protection to Sol to 2040.

With such strong data and enhanced awareness, we have begun to introduce Sol to a number of potential commercial partners and, as advised in a commercial update in February 2021, we have prioritised discussions with two Global cosmetic companies. These discussions continue to progress and we look forward to providing further updates when we are able.

It is a reflection of the Global situation in the past 12-18 months that whilst we were fortunate to progress our technologies towards commercial negotiations, many companies were faced with wide ranging efforts to manage their own businesses and, for that reason, discussions understandably have taken longer than originally anticipated.

In order to continue negotiations confidently and to ensure we fulfilled our responsibilities to secure ongoing financial security for the business, we undertook a fundraising in March.

We were delighted that this resulted in an oversubscribed Placing, raising £1.14m for the company, which we announced on 23 March 2021.

These funds provide the security from which to conclude negotiations on Sol in a confident manner and also provide a cash runway into the second half of 2022.

In addition, the Directors and management team demonstrated their ongoing confidence with further share purchases announced on 19 April 2021.

Whilst the focus this year has been on Sol, we continue our work with the ICT at Bradford University to look at exciting and new developments there, and to consistently review and evaluate our portfolio for commercial opportunity and partnerships.

Outlook

It has been an exceptional year for Incanthera, one that was always going to be important in our first full year as a public company.

I would like to pay tribute to the team at Incanthera who have worked harder and more determinedly than ever, in spite of often challenging circumstances in the past year, as they have all juggled working from home, home schooling and wider family commitments and challenges.

I thank them all for their dedication to bring this year to the conclusion we have, and I also extend thanks to our advisers, for their guidance and support.

In concluding I thank you, our Shareholders, existing and new, for your continued belief, ongoing encouragement and investment and support of Incanthera. We are delighted to have delivered solid progress in our first year as a public company and we look forward to the future with anticipation.

Tim McCarthy
Chairman
18 May 2021

INCANTHERA PLC

RESULTS FOR THE YEAR ENDED 31 MARCH 2021

Chief Executive's Review

Incanthera has marked its first year as a public company with the emphasis on operational success.

Our evolutionary technology, Sol, is the subject of ongoing commercial discussions with two Global cosmetic companies.

The Company was founded in 2010, with the aim of bringing innovative novel technologies to patients. It is very pleasing to be in the position of reporting on a year which has seen that vision come closer to fulfilment.

Strategic progress

Incanthera came to the public stage through the flotation on AQSE in February 2020, on the basis of developing the technology behind Sol towards a commercial partnership agreement.

The investment received at the IPO has allowed us to progress the refinement of our Sol formulation to deliver the exceptional permeation and sensitisation study results reported in September 2020.

The strength of the data surpassed our expectations, considerably strengthening Sol's commercial value and potential for licensing.

The study results proved beyond doubt that Sol has a unique capability to permeate the skin barrier and deliver effective treatment at the site of pre-cancerous and cancerous conditions in a formulation that is as "non-irritant" as some currently marketed baby sun protection products.

This is breakthrough news for skin cancer patients, offering a targeted and safe approach and an opportunity to prevent development of skin cancer.

The combined package of proven efficacy and safety delivers an even stronger commercial profile, which has concentrated discussions towards a potential licensing partnership. This is further enhanced by the filing in July 2020 which will protect our Sol technology until 2040.

Commercial discussions with a number of interested potential partners are now active with concentration on two Global cosmetics companies, as announced in March 2021. These discussions continue to progress and the management is pleased with the feedback from both groups. We will look to update the market further as and when we are able.

In Summary

The public listing on AQSE last year provided a platform to engage our long-term shareholders in opportunities for the future, but also to bring in new investment and new investors.

We are delighted to have delivered the operational successes and to have secured further funding recently which puts us in an excellent position to conclude the Sol discussions and to continue to look at the promise our technologies and delivery mechanisms can bring to our future commercial success.

Our heritage from the Institute of Cancer Therapeutics (ICT) at the University of Bradford, is something we are proud of. We continue to work with the team there, who produce ground-breaking technologies in oncology.

Outlook

Against the backdrop of such an extraordinary time in all of our lives, I am very aware that to progress, and to be in a position to look to the future is one that is not afforded to every Company this year.

I am immensely grateful and proud that our team has shown the talents to produce such successful results whilst protecting our assets and financially securing our immediate future.

The continued support of our Shareholders and the new investment in our company is testament to the achievements and enormous potential we have in our existing portfolio and opportunities for the future. We look forward to continuing to enhance and build our commercial and professional relationships, expertise and ability to bring novel medicines to patients.

Simon Ward
Chief Executive Officer
18 May 2021

Incanthera plc

RESULTS FOR THE YEAR ENDED 31 MARCH 2021

Financial Review

The financial performance for the year ended 31 March 2021 was in line with expectations.

Losses

The total group loss for the year was £905k (31 March 2020: £1,128k) including a charge for share-based compensation of £37k (2020: £293k). Operating expenses excluding share-based compensation have increased in line with our ambitions for progression of Sol, to £979k (2020: £933k).

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 £37k (2020: £293k) and has no impact on cash flows.

Headcount

Average headcount of the Group for the year was 6 (2020: 5).

Taxation

The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £111k (2020: £98k).

Share capital

The balance of funds from the subscription agreements, entered into at the time of last year's IPO, were received on the 28th September 2020, realising the final £350k of investment. The subscription comprised of the issue of 3,684,211 ordinary shares of 2p issued at the IPO price of 9.5p.

Whilst the global pandemic has had implications for us all, the impact on the Group and the continued development of Sol has been minimal. However, in one key area the situation has held us back, and that is in the progression towards a license deal. In turn, this delay has led us to raise additional funds in order to provide financial security. The placing was a resounding success, raising £1.145m and comprising the issue of 9,538,750 ordinary shares of 2p at an issue price of 12p per share. In conjunction with this placing, on the 4th April 2021, 8,500,000 warrants were issued to participating investors. These warrants were issued at an exercise price of 20p and have an expiry date of 10 years from placing.

Cash flows and financial position

The cash position at 31 March 2021 increased to £957k (31 March 2020: £392k). Expenditure on development of the Sol programme, and recurring general and administrative costs were offset by the placing of the 28th March (£1,145k before expenses) and receipt of the 2020 tax credit (£98k).

Dividends

No dividend is recommended (2020: nil) due to the early stage of the development of the Group.

Loss Per Share

The basic and diluted loss per share was 1.44p (2020: 2.27p).

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

The increase in year-end cash arises from our fundraise in March 2021 which raised £1,145k before expenses.

Highlighted Principal Risks and Uncertainties

Covid-19

The Global Pandemic continues, and whilst vaccination roll-out programmes escalate worldwide, the risk of variants and future restrictions may continue to pose a threat to the continuation of business operations, until the wider picture is more secure.

Continuation of the pandemic for a sustained period of months may affect:

- Our ability to raise further finance as a consequence of a depressed funding environment

- Our ability to conduct and conclude partnering discussions

Mitigating Factors:

All government guidance is monitored closely and followed immediately by advisory notices to all employees, and provision of the appropriate guidance to advisors and investors, where necessary, via Regulatory announcement.

Laura Brogden
Chief Financial Officer
18 May 2021

Consolidated Statement of Comprehensive Income

For the Year ended 31 March 2021

	As at 31 March 2021 £'000	As at 31 March 2021 £'000
Direct Costs		
Operating Expenses		
Operating expenses	**(979)**	(933)
Share based compensation	**(37)**	(293)
Total operating expenses	**(1,016)**	(1,226)
Operating Loss	**(1,016)**	(1,226)
Loss on ordinary activities before taxation	**(1,016)**	(1,226)
Taxation	**111**	98
Loss and total comprehensive expense attributable to equity holders of the parent for the year	**(905)**	(1,128)
Loss per share attributable to equity holders of the parent (pence)		
Basic loss per share (pence)	**(1.44)**	(2.27)
Diluted loss per share (pence)	**(1.44)**	(2.27)

Consolidated and Company Statements of Financial Position

As at 31 March 2021

	Group		Company	
	As at 31 March 2021 £'000	As at 31 March 2020 £'000	**As at 31 March 2021 £'000**	As at 31 March 2020 £'000
Assets				
Non-current assets				
Property, plant and equipment	**-**	3	**–**	–
Intangible assets	**655**	787	**–**	–
Intercompany Loan			**1,156**	685
Investments in subsidiary undertaking	**–**	–	**4,614**	4,614
Total non-current assets	**655**	790	**5,770**	5,299
Current assets				
Trade and other receivables	**136**	114	**34**	–
Current tax receivable	**108**	95	**-**	–
Cash and cash equivalents	**957**	392	**910**	346
Total current assets	**1,201**	601	**944**	346
Total assets	**1,856**	1,391	**6,714**	5,645
Liabilities and equity				
Current liabilities				
Trade and other payables	**165**	177	**60**	4
Total current liabilities	**165**	177	**60**	4
Equity				
Ave Ordinary shares	**1,482**	1,217	**1,482**	1,217
Share premium	**5,055**	4,443	**5,055**	4,443
Reorganisation reserve	**2,715**	2,715	**–**	–
Warrant reserve	**1,054**	-	**468**	-
Share based compensation	**37**	586	**37**	–
Retained (deficit)/profit	**(8,651)**	(7,747)	**(388)**	(19)
Total equity attributable to equity holders of the parent	**1,691**	1,214	**6,654**	5,641
Total liabilities and equity	**1,856**	1,391	**6,714**	5,645

No Statement of Comprehensive Income is presented in these financial statements for the Parent Company as provided by Section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the Parent Company was £369k (2020: £19k.)

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

	Ordinary shares £'000	Share premium £'000	Reorganisation reserve £'000	Warrant reserve £'000	Share based compensation £'000	Retained deficit £'000	Total £'000
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	–	–	–	–
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**
Total comprehensive expense for the period	–	–	–	–	–	(905)	(905)
Transactions with owners							
Warrant reclassification	–	–	–	586	(586)	–	–
Share issue- cash	264	612	–	468	-	–	1,344
Share based compensation – share options	–	–	–	–	37	–	37
Total transactions with owners	**264**	**612**	–	**1,054**	**(549)**	–	**1,381**
Balance at 31 March 2021	**1,482**	**5,055**	**2,715**	**1,054**	**37**	**(8,651)**	**1,691**

Consolidated and Company Statements of Cash Flow for the year ended 31 March 2021

	Group		Company	
	Year Ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	**Year Ended 31 March 2021 £'000**	Year Ended 31 March 2020 £'000
Cash flows from operating activities				
Loss before taxation	**(1,016)**	(1,226)	**(369)**	(19)
Depreciation and amortisation	**135**	135	**–**	–
Share based compensation	**37**	293	**37**	–
	(844)	(798)	**(332)**	(19)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(21)**	(14)	**(504)**	(686)
Increase/(decrease) in trade and other payables	**(12)**	(46)	**56**	4
Creditor swap	**-**	313	**-**	313
Cash used in operations	**(34)**	253	**(448)**	(369)
Taxation received	**98**	27	**–**	–
Net cash used in operating activities	**(779)**	(518)	**(780)**	(388)
Cash flows from financing activities				
Proceeds from issue of shares	**1,495**	855	**1,495**	855
Issue costs	**(151)**	(121)	**(151)**	(121)
Net cash generated from financing activities	**1,344**	734	**1,344**	734
Movements in cash and cash equivalents in the period	**565**	216	**564**	346
Cash and cash equivalents at start of period	**392**	176	**346**	–
Cash and cash equivalents at end of period	**957**	392	**910**	346

Notes to the Financial Statements

1. Basis of Preparation

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

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial instruments.

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

2. 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 2021, the Group had 15,359,417 (2020: 13,268,628) share options, warrants and subscriptions outstanding which are potentially dilutive.

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

	As at 31 March 2021 £'000	As at 31 March 2021 £'000
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	**(905)**	(1,128)

	As at 31 March 2021 £'000	As at 31 March 2021 £'000
Weighted average number of ordinary shares for basic loss per share	**62,926,224**	49,642,344
Effects of dilution:		
Share options	**–**	–
Weighted average number of ordinary shares for basic loss per share	**62,926,224**	49,642,344

	31 March 2021 £'000	31 March 2021 £'000
Loss per share – basic and diluted	**(1.44)**	(2.27)

The loss and the weighted average number of ordinary shares for the years ended 31March2020 and 2021 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 (2020: nil) due to the early stage of the development of the Group.