2 September 2022

Incanthera plc

("Incanthera" the "Company")

RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Incanthera plc (AQSE: INC), the specialist oncology company focused on innovative technologies in dermatology and oncology is pleased to announce its audited final results for the year ended 31 March 2022.

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

Highlights:

- Progression on commercial deals for skin cancer asset Sol
- Commercial discussions have identified increasing potential for a full Sol product range
- Investment in infrastructure in preparation for the next steps of Sol's commercialisation:
    - Laboratory facilities established at Sheffield University for developing wider range of Sol formulations
    - Commercial samples manufactured for deal discussions & technical due diligence
    - Key formulation scientists added to team

- Endorsement of Sol's technical capabilities by panel of UK's leading dermatologists
- Registration of trademark Actino-Pro
    - Preparing path for branding and marketing
- Protection of valuable IP across global territories

Financial Highlights:

- Total group loss for the year: £1,008k (2021: £905k)
- Operating expenses: £937k (2021: £979k)
- Year-end cash position: £295k (2021: £957k)

Post year end events:

In light of the current difficult financial markets, on 24 August 2022, Simon Ward and Tim McCarthy, directors of the Company, agreed to provide an interest free, unsecured financing facility for the Company of up to £190,000 ("Directors' Loan Facility") rather than seeking to raise additional funding through an issue of new equity. Following the agreement of the Directors' Loan Facility, £50,000 has been advanced to the Company. The board has further agreed a programme of cost restructuring with certain creditors to extend the Company's cash runway.

On 31 August 2022, the Company entered into a Variation and Deferred Payment Agreement with the UOB whereby amounts due (from June 2022 to 31 December 2023) under the UOB Pipeline Agreement amounting to approximately £300,000 were deferred by the UOB. These deferred payments may be repaid by the Company at any time up to 31 December 2023 or the UOB may elect to convert any amounts outstanding during the same period to ordinary shares of the Company (at the prevailing share price on the conversion date).

To further support the company, directors have also agreed to waive directors' remuneration until the Company is in a more positive financial position to reinstate these.

These actions to support the Company extend the Company's cash runway (including the directors' loan facility) to support its operations until Q4 2023, enabling the Company to further progress Sol towards a commercial deal.

Pursuant to rule 4.6 of the AQSE Growth Market Rules, both the Directors' Loan Agreement and the Variation and Deferred Payment Agreement with UOB, a substantial shareholder of the Company, are related party transactions.

Simon Ward, Chief Executive Officer, commented:

"This has been a very important year in Incanthera's progression.

While commercial discussions continue for our skin cancer asset, Sol, we have invested in infrastructure and market positioning, in readiness for next steps.

This includes manufacturing and laboratory facilities in Sheffield, staffed by our expert formulation team and contracting additional resource with the Skin Sciences team at the University of Bradford.

We registered the trademark, Actino-Pro, for Sol, to create a valuable brand and market asset, ready for commercial use with global protection for the potential treatment of actinic keratosis and prevention of skin cancer.

To enhance Sol's commercial offering, we also sought and received excellent independent endorsement through the UK's ten leading dermatologists, further enhancing our commercial offering.

The team and I remain devoted to progressing the right commercial deal for Sol, towards successful conclusion for our Company and our Shareholders.

We also continue to work closely with the Institute of Cancer Therapeutics at the University of Bradford, whose dedication to discover and develop targeted therapeutics and delivery systems, continue to inspire.

I thank our team, advisors and our Shareholders for their support and loyalty to our Company. We look forward to advising further on our progression."

Caution regarding forward looking statements

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

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 simon.ward@incanthera.com +44 (0) 7747 625506

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

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

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

Notes to Editors

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

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

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

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

@incantheraplc

Chairman's Statement

The year under review has seen the world emerge from the majority of restrictions under the pandemic, to our lifestyles, businesses and relationships resuming functionality and greater freedom of movement and engagement.

Incanthera reflects that in its enthusiasm to build and progress towards the goals set out at flotation in 2020 and beyond.

Progression of our lead asset, Sol, towards a commercial deal has remained the core focus of our team. We have achieved some significant milestones on that road, as announced throughout the year, primarily: proof of technology in our study results, filing of patents, with recent award, in readiness of IP protection and marketing/branding; and the ongoing progression of commercial discussions.

As engagement with global parties continues to evolve and intensify, valuable further introductions and commercial opportunities have added to those previously achieved, and we are excited at what now lies ahead of us to conclude, explore and develop.

Our Business

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

The primary focus of our team in the year under review has remained the progression of our lead asset, Sol, towards a commercial deal.

We understand that the timescale to conclude discussions in a commercial deal have been delayed from initial estimations. However, as the majority of companies have found, inevitable backlogs and availability of appropriate teams have had an effect throughout industry. We recognise the frustration; We continue apace and we thank our Shareholders for their patience.

The team is constantly engaged in progressing our discussions towards the conclusion of the right deal for our Sol technology. Specifically, in recent weeks, talks have continued on the many potential directions and scope for product opportunities and commercial benefits in dermatology, in line with our onward outlook, beyond a Sol deal, to capture and maximise the continuing promise for expansion.

We are committed to bringing the right deal to Shareholders and whilst there is always the possibility of not concluding a deal on current discussions, we feel confident of the current status.

To underline our commercial offering, we recently invited and consulted with ten of the UK's leading dermatologists, to introduce Sol's technology and formulation. We received not only excellent independent endorsement for the capabilities of this product, but importantly, valuable insight through unanimous enthusiasm over market demand for a formulation and technology of this quality and potential.

Essentially, this year, we have also worked on the support infrastructure in preparation for next steps. This has been established, in laboratory facilities for sample production, contractual security of key formulators, and protection of our valuable intellectual property across global territories, which continues to be expertly applied and reviewed.

We believe these steps demonstrate the expertise and skills of the team that is poised for the next exciting stages.

We continue to work with the Institute of Cancer Therapeutics ('ICT') at the University of Bradford, whose excellence in discovering innovative oncology IP continues to introduce exciting new developmental technologies in the global fight towards treating and defeating cancer.

The PhD Doctoral Programme under the Company's Pipeline Agreement with the ICT means we continue to support and award students' work, and to receive first sight of potentially life-changing therapeutics for Incanthera's oncology portfolio, which we consistently review and evaluate for commercial opportunity and partnerships. This reflects and honours both our heritage and our future.

Our advisers continue to provide invaluable support and we thank them for their continued contribution and enhancement to our team's work. Our team has performed with loyalty, dedication and proactivity throughout this period, continuously resourceful and dedicated to the goals and ethos of our Company.

In the period we are delighted to have welcomed a new Non-Executive Director, Mrs Caroline Murray, who brings a wealth of expertise, specifically in branding, marketing, dermatology and commercial experience. We are thrilled she is on board and we welcome you Caroline.

We also sadly said goodbye to a long-standing member of our team, Dr. Alan Warrander, who has retired following an incredible contribution to this industry and to our Company, from the very beginning. Congratulations Alan and thank you. You will be very much missed.

Outlook

In all, Incanthera has grown enormously from a newly floated company, plunged into a pandemic, into a team that has ensured not only the survival through the last two years, but progression, evolution and new horizons for our technologies and expertise.

I would like to thank the entire team. It has not, as with many companies, been an easy journey at time, but their strength and resourcefulness has allowed our progression towards success.

It has been an important, progressive year for Incanthera, in which we have established new relationships and expertise, evolved existing opportunities and key relationships and grown as a team to seek, resolve and progress our core business and the opportunities in front of us.

We very much hope to conclude a deal for Sol and announce new avenues for progression and expansion.

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

I wish everyone well for the next period and we very much look forward to meeting as many of you as possible at our first face-to-face AGM this month.

Tim McCarthy
Chairman
1 September 2022

Chief Executive's Review

Overview of Progression

The team and I have been devoted to progressing the right commercial deal for our skin cancer asset, Sol, towards successful conclusion for our Company and our Shareholders.

We are pleased with the continuously evolving level of discussions and introductions on the table with various parties, which show ever-increasing potential for expansion and commercial benefit.

There have been some inevitable delays as we navigate backlogs and return to full functionality with teams involved in next stage discussions, but across the commercial landscape the strive to reclaim lost ground and return to a thriving environment is apparent and we look forward to a successful conclusion.

The Year in Review

Alongside the progression of discussions, we have essentially worked on the support infrastructure in preparation for next steps.

This has been established, via laboratory facilities for sample production, contractual security of key formulators and protection of our valuable intellectual property across global territories, which continues to be expertly applied and reviewed.

During the period, we were pleased to announce the filing of two trademark names for the commercial use of Sol.

We are pleased to have received the registration of the trademark Actino-Pro in April 2022. This prepares the path for branding and marketing, creating a valuable asset, ready for commercial use with global protection for the potential treatment of actinic keratosis and prevention of skin cancer.

Additionally, to underline Sol's unique commercial offering, we recently invited and consulted with ten of the UK's leading dermatologists, to introduce Sol's technology and formulation. We received not only excellent independent endorsement for the capabilities of this product, but importantly, valuable insight through unanimous enthusiasm over market demand for a formulation and technology of this quality and potential. This is both rewarding and valuable as we progress.

Our Business

Incanthera's business is focused on innovative technologies in oncology and dermatology.

We continue to work closely with the Institute of Cancer Therapeutics (ICT), at The University of Bradford. We are fortunate to be introduced to potentially ground-breaking new technologies in oncology from the talented students and academics through our Pipeline Agreement with the University. The fields and methodologies originating from the ICT continue to inspire, with a dedication to discover and develop targeted therapeutics and delivery systems to change the future of oncology treatments. We work closely to identify and evaluate potential future candidates for our oncology portfolio that may be progressed for commercial partnership.

We recently attended a very successful partnering event on the University's campus, which highlighted the incredible diversity and talent alongside the investment and awareness surrounding this valuable industry.

The Team

Our team has continued to work with dedication and earnest across every aspect of our Company. Whilst the front-facing work of deal discussions, future opportunities and public duty is obvious, the work behind the scenes is the strength within our Company. Our intellectual property portfolio, its protection, the financing and management controls and communications brings combined expertise from a small team, following all best practice and standards that means the Company has continued to strengthen and grow, poised for all the potential future opportunities we have worked towards.

I would like to thank the team for their continued drive and ambition, proactivity and loyalty as we have navigated the past period and I join their excitement for the opportunities ahead of us.

We were also pleased to add to our team with the announcement of the appointment of Caroline Murray this year as a Non-executive Director.

Caroline brings extensive product management and marketing experience to the Board, having held senior positions in both Novartis and Bristol Myers Squibb ("BMS"). The Board believes Caroline's experience and skillset is perfectly suited to the Company's near-term goals and ambitions as we look to commercialise our lead product Sol.

Sadly, we also said goodbye to a long-standing member of our team, Non-executive Director, Dr. Alan Warrander, who retired at the end of February to enjoy leisure and family time. Alan has been integral in Incanthera's path to date, having joined the team in 2012, bringing 30 years' experience within global pharma and drug development processes. We owe a great debt to Alan's contribution and he will be missed.

As ever, we are indebted to the wise counsel from our advisory teams whose support and encouragement is essential to our progress.

Summary

We have achieved a great deal of work on our goals and vital framework towards next steps during this period, and I thank our Shareholders for their support and loyalty to our Company. We look forward to advising further news on our progression.

Simon Ward
Chief Executive Officer
1 September 2022

Financial Review

The financial performance for the year ended 31 March 2022 was in line with expectations.

Losses

The total Group loss for the year was £1,008k (31 March 2021: £905k) including a charge for share-based compensation of £148k (2021: £37k). Operating expenses excluding share-based compensation reduced slightly to £937k (2021: £979k).

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 £148k (2021: £37k) and has no impact on cash flows.

Headcount

Average headcount of the Group for the year was six (2021: six).

Taxation

The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £77k (2021: £111k).

Whilst the global pandemic continues to have implications for us all, the impact on the Group and the continued development of Sol has been minimal. It has, however, brought some frustrating delays to the conclusion of a commercial licensing deal, which remains our primary focus.

Share Price

Over the course of this period, the share price has seen some downward pressure. This is mostly the result of sell-off of some of our stock, as many companies consolidate and assess financial positions, as well as some individual position adjustments. We acknowledge the position and reaffirm our commitment to working for value to Shareholders.

Cash flows and financial position

The cash position at 31 March 2022 decreased to £295k (31 March 2021: £957k). Expenditure on development of the Sol programme, and recurring general and administrative costs were offset to some extent by the receipt of the 2021 tax credit (£110k). There was no further investment income during the year and the Group remains in a pre-revenue phase.

Dividends

No dividend is recommended (2021: nil) due to the early stage of the development of the Group.

Loss Per Share

The basic and diluted loss per share was 1.36p (2020: 1.44p).

Key performance indicators

Key performance indicators include a range of financial and non-financial measures (such as clinical trial progress). Details about the progress of our development programmes (non-financial measures) and the other indicators (financial measures) considered pertinent to the business can be found in the Strategic Report within our Annual Report and Accounts.

Laura Brogden
Chief Financial Officer
1 September 2022

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

Operating expenses	**Year ended 31 March 2022 £'000**	Year ended 31 March £'000
Operating expenses	**(937)**	(979)
Share-based compensation	**(148)**	(37)
Total operating expenses	**(1,085)**	(1,016)
Operating loss	**(1,085)**	(1,016)
Loss on ordinary activities before taxation	**(1,085)**	(1,016)
Taxation	**77**	111
Loss and total comprehensive expense attributable to equity holders of the parent for the year	**(1,008)**	(905)
Loss per share attributable to equity holders of the parent (pence)		
Basic loss per share (pence)	**(1.36)**	(1.44)
Diluted loss per share (pence)	**(1.36)**	(1.44)

Consolidated and Company Statements of Financial Position

as at 31 March 2022

Assets	Group		Company	
	As at 31 March 2022 £'000	As at 31 March 2021 £'000	**As at 31 March 2022 £'000**	As at 31 March 2021 £'000
Non-current assets	**2**	–	**–**	–
Property, plant and equipment				
Intangible assets	**538**	655	**–**	–
Intercompany loan	**–**	–	**1,640**	1,156
Investments in subsidiary undertaking	**–**	–	**4,614**	4,614
Total non-current assets	**540**	655	**6,254**	5,770
Current assets				
Trade and other receivables	**118**	136	**31**	34
Current tax receivable	**75**	108	**–**	–
Cash and cash equivalents	**295**	957	**212**	910
Total current assets	**488**	1,201	**243**	944
Total assets	**1,028**	1,856	**6,497**	6,714
Liabilities and equity				
Current liabilities				
Trade and other payables	**196**	165	**34**	60
Total current liabilities	**196**	165	**34**	60
Equity				
Ordinary shares	**1,482**	1,482	**1,482**	1,482
Share premium	**5,055**	5,055	**5,055**	5,055
Reorganisation reserve	**2,715**	2,715	**–**	–
Warrant reserve	**1,054**	1,054	**468**	468
Share-based compensation	**185**	37	**185**	37
Retained (deficit)/profit	**(9,659)**	(8,651)	**(727)**	(388)
Total equity attributable to equity holders of the parent	**832**	1,691	**6,463**	6,654
Total liabilities and equity	**1,028**	1,856	**6,497**	6,714

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 £339k (2021: £369k).

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

	Ordinary shares £'000	Share premium £'000	Reorganisation reserve £'000	Warrant reserve £'000s	Share-based compensation £'000	Retained deficit £'000	Total £'000
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	265	612	–	468	–	–	1,345
Share-based compensation – share options	–	–	–	–	37	–	37
Total transactions with owners	265	612	–	1,054	(549)	–	1,381
Balance at 31 March 2021	1,482	5,055	2,715	1,054	37	(8,651)	1,691
Total comprehensive expense for the period	–	–	–	–	–	(1,008)	(1,008)
Transactions with owners							
Share-based compensation – share options	–	–	–	–	148	–	148
Total transactions with owners	**–**	**–**	**–**	**–**	**148**	**–**	**148**
Balance at 31 March 2022	**1,482**	**5,055**	**2,715**	**1,054**	**185**	**(9,659)**	**832**

Consolidated and Company Statements of Cash Flows

For the year ended 31 March 2022

Cash flows from operating activities	Group		Company	
	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Loss before taxation	**(1,085)**	(1,016)	**(339)**	(369)
Depreciation and amortization	**118**	135	**–**	–
Share-based compensation	**148**	37	**148**	37
Changes in working capital	**(819)**	(844)	**(191)**	(332)
(Increase)/decrease in trade and other receivables	**18**	(21)	**(481)**	(504)
Increase/(decrease) in trade and other payables	**31**	(12)	**(26)**	56
Cash used in operations	**49**	(34)	**(507)**	(448)
Taxation received	**110**	98	**–**	–
Net cash used in operating activities	**(660)**	(779)	**(698)**	(780)
Cash flows (used in)/generated from investing activities				
Acquisition of tangible fixed assets	**(2)**	–	**–**	–
Net cash (used in)/generated from investing activities	**(2)**	–	**–**	–

Cash flows from financing activities				
Proceeds from issue of shares	**–**	1,495	**–**	1,495
Issue costs	**–**	(151)	**–**	(151)
Net cash generated from financing activities	**–**	1,344	**–**	1,344
Movements in cash and cash equivalents in the period	**(662)**	565	**(698)**	564
Cash and cash equivalents at start of period	**957**	392	**910**	346
Cash and cash equivalents at end of period	**295**	957	**212**	910

Notes to the Financial Statements

1. Basis of Preparation

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

These are the first financial statements prepared under UK adopted international accounting standards. On 31 December 2020, IFRS as adopted by the European Union, at the date, was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Incanthera plc transitioned to UK-adopted International Accounting Standards in its consolidated and parent company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no change on recognition, measurement or disclosure in the financial year reported as a result of the change in framework.

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.

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 2022, the Group had 25,966,380 (2021: 15,359,417) 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

	As at Year ended 31 March 2022 £'000	As at Year ended 31 March 2021 £'000
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	**(1,006)**	(905)

	As at	As at

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Weighted average number of ordinary shares for basic loss per share	**74,082,871**	62,926,224
Effects of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effects of dilution	**74,082,871**	62,926,224

	As at Year ended 31 March 2022 Pence	As at Year ended 31 March 2021 Pence
Loss per share – basic and diluted	**(1.36)**	(1.44)

The loss and the weighted average number of ordinary shares for the years ended 31 March 2021 and 2022 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 (2021: nil) due to the early stage of the development of the business.