



**Oxford Cannabinoid
Technologies Holdings
plc**

**Unaudited interim report
for the 6 months ended
30 November 2021**

Company Number: 13179529

Contents

CEO's Interim Management Statement.....	3
Financial and Operational Highlights	6
Directors' Statements	7
Unaudited Consolidated Statement of Comprehensive Income	9
Unaudited Consolidated Statement of Financial Position	10
Unaudited Consolidated Statement of Changes in Equity.....	11
Unaudited Consolidated Statement of Cash Flows	12
Notes to the Interim Financial Statements	13
Directors and Professional Advisers	19

CEO's Interim Management Statement

Oxford Cannabinoid Technologies Holdings plc ("OCTP") is a pharmaceutical company developing prescription cannabinoid medicines for approval by global regulatory agencies and targeting the US\$ multi-billion pain market. The Group is comprised of Oxford Cannabinoid Technologies Holdings plc ("OCTP") and its wholly owned subsidiary Oxford Cannabinoid Technologies Ltd ("OCT").

This unaudited interim report for the six-month period ended 30 November 2021 should be read in conjunction with the Group's published annual report for the period ended 31 May 2021 and the public announcements made by the Group during the interim reporting period (accessible at www.oxcantech.com).

Programmes 1 and 2

The Group has continued to build on the positive start made to the current financial year. During the period, progress was made on all four of the Group's programmes, particularly regarding the Group's lead candidate OCT461201: cannabinoid-like compound for neuropathic and visceral pain ("Programme 1").

In July 2021, OCT entered into a £2.6 million contract research agreement with Aptuit (Verona) SRL, a subsidiary of Evotec SE (together "Evotec") with the planning phase now completed and work having commenced on the manufacturing process development and crystallisation development. The Group now expects to commence phase 1 clinical trials in Q1 2023 rather than Q3 2022 as a result of technical issues requiring additional optimisation of the crystal development for scale-up manufacturing, which has been now successfully implemented. However, the Board does not believe this will impact the time to phase 2 clinical trials, there is no material cash flow implications and, importantly, time to market is currently expected/anticipated to remain the same.

The Group's development work with Voisin Consulting SARL ("VCLS") remains on track. VCLS has generated the risk and gap analysis and the clinical roadmap to support the ongoing pre-clinical package for Programme 1 and has also undertaken activities in preparation for the commencement of the phase 1 clinical trials. In addition, VCLS is providing the Group with regulatory support to address immediate priorities for filing and registration of OCT130401's (Programme 2) metered dose inhaler in the UK and US markets.

In October 2021, the Group announced trigeminal neuralgia ("TN") as the initial target for OCT130401. TN is a chronic pain condition that causes an excruciating, stabbing, electric shock-like facial pain. It has a fast and unexpected onset and because of this has been difficult to treat. Each episode may only last a few seconds, but some people will suffer multiple (up to 100) episodes during one day. It is on the rise with between approximately 10,000 and 15,000 new cases in the United States diagnosed each year. The Directors estimate that in 2021 there were between 60,000 to 95,000 people living with the condition in the UK.

Post period-end, in January 2022 OCT entered into a drug development agreement with Charles Rivers Laboratories Edinburgh Ltd ("Charles Rivers"). Charles Rivers will complete the preclinical safety and pharmacological work for the metered dose inhaler developed with Purisys LLC, which provides the current Good Manufacturing Practice ("cGMP") active product ingredients, and Oz UK Ltd, which is developing the formulation and the device, as the Company prepares OCT130401 for phase 1 clinical trials anticipated in Q4 2022. This short delay from Q3 2022 is a result of unforeseen challenges in the capacity of partners caused by increased demand for laboratory time generated by the ongoing Covid-19 pandemic. The Board does not believe this will affect the time to phase 2 clinical trials, there is no material cash flow impact and, importantly, the time to market is currently anticipated to remain the same.

Programmes 3 and 4

OCTP announced its exclusive agreement with Canopy Growth Corporation ("Canopy Growth") in September 2021 for its pharmaceutical cannabinoid derivative library, including 335 derivatives and 14 patent families. These cannabinoid derivatives are at the centre of Programmes 3 and 4. OCTP has

started multiple screening programmes for the drug-like compounds with the aim of targeting multiple therapeutic areas, including pain, neurology, immune-inflammation and oncology. OCTP is working with Dalriada Drug Discovery Inc ("Dalriada"), to screen the Canopy compounds and OCT's existing proprietary cannabinoid library. Dalriada previously designed, synthesised, and experimentally tested all of the compounds in the Canopy library and as such, OCT will be able to leverage Dalriada's existing knowledge and experience as it continues its experimental research. The aim is to identify two drug candidates for pre-clinical development by the end of 2022.

The drug development agreement with Oxford Stemtech Ltd ("Stemtech") is supporting R&D for all the Company's drug development programmes, with a particular focus on Programmes 3 and 4. Stemtech's cutting-edge "Pain-in-a-dish" model replicates human pain using stem cells from volunteers that are re-programmed into pain neurons. This agreement also marks an evolution of OCTP's relationship with Oxford University Professor, Dr Zameel Cader.

The agreements signed across all of the Group's drug programmes reflect the Group's core ethos: to partner with organisations recognised as "best-in-class" that can drive quality and shareholder value. In a cannabis market where, unlicensed medicines remain abundant and unproven, our underlying philosophy remains unchanged: that it is only the development of cannabinoid-based medicines through existing channels of licensed drug development that allows the medical community to prescribe drugs with confidence and in volume.

Principal Risks and Uncertainties

The principal risks and uncertainties of the Group are as detailed in the annual report and are summarised below. These risks and uncertainties are reviewed throughout the year and since the annual report was issued for the period ended 31 May 2021 a new principal risk has been added to the corporate risk register relating to volatility of share price. The main change to mitigating controls is in relation to key staff dependency risk, where the notice periods of key staff were extended in January 2022 from 6 months to 9 months.

The principal risks are as follows:

- Unsuccessful or delayed development;
- Cash flow and cash resources;
- Key staff dependency;
- Quality assurance;
- Legal claims;
- Unlicensed medical cannabis;
- Reputational damage; and
- Volatile share price.

Related Parties

Related party disclosures are given in note 8.

Going Concern and Viability Statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the annual report (accessible via www.oxcantech.com) and remain unchanged for the six months ended 30 November 2021.

The Group prepares budgets and cashflow forecasts to ensure that the Group can meet its liabilities as they fall due. Cash resources remain well within forecast at £12m and, in line with the IPO prospectus, the Board anticipate conducting the next fund raising within the 2022/23 financial year.

The uncertainty as to the future impact on the Group of the continued COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. Whilst the Group has not been significantly impacted by COVID-19 during the period, it remains an inherent risk to the business. The Directors remain confident that the Group is working in alignment with the development plan set out in the IPO prospectus. Timelines are being met, key partners have been onboarded and there is good progress across all four programmes. The internal controls framework is being continually refined and

enhanced, and cash management remains disciplined.

Outlook

The fundamentals of the Group remain strong, delivering against the strategy laid out in the IPO prospectus and with a strong financial base.



Dr John Lucas
Chief Executive Officer
21 February 2022

Financial and Operational Highlights

Operational and financial highlights for the six months ended 30 November 2021 are as follows:

- research costs of £935k were incurred, of which £604k relates to OCT461201 (“Programme 1”), with progress being made across all four of the Group’s programmes. The timescales set out in the Company’s IPO prospectus dated 17 May 2021, as updated by subsequent announcements, for all four programmes remain on target, with revenue generation expected in 2027;
- OCTP is in the process of putting together its Scientific Advisory Board and expects to announce details during the first half of 2022;
- OCT entered into a £2.6 million contract research agreement with Aptuit (Verona) SRL, a subsidiary of Evotec SE (together “Evotec”) in July 2021 for Programme 1, and expects to be entering phase 1 clinical trials by Q1 2023;
- cost savings continue to be made, with the closure of the London head office (from 31 March 2022) generating savings of over £130k p.a. There was a write down of leasehold improvements during the reporting period of £23k that relates to the office closure.
- overall, administrative costs increased to £1.2m with the main costs in the six months relating to salaries and associated expenses (£677k), and a shared based payment charge of £204k (which is accounted for as an exceptional item);
- the Group benefited from a Research and Development (“R&D”) tax credit of £269k in the six months (compared to £31k in the same period in the prior year), with tax losses surrendered for the R&D tax credit payment. There was a debtor of £408k at the period end relating to R&D tax credits (2021: £139k);
- cash absorbed by operations was £2.6m (31 May 2021: £1.9m);
- cash reserves stood at £12.0m at 30 November 2021 (31 May 2021: £14.6m) and is still forecast to have been used up entirely by March 2023. The Group repaid a £50k government Bounce-Back loan in November 2021 and is now debt-free; and
- after the period-end, on 1 December 2021, the Company’s shares were admitted to trading on the OTC QB market in the United States under the ticker symbol “OCTHF”, providing more efficient access for US investors and increased liquidity for all shareholders. Harbor Access LLC were appointed as the Company’s US investor relations adviser, and introductory meetings with potential US investors commenced in January 2022.

Directors' Statements

Responsibility Statement

The Directors, whose names and functions are set out below, with the registered office located at Maddox House, 1 Maddox Street, London W1S 2PZ, accept responsibility for the information contained in this unaudited interim report and condensed financial statements, which have not been audited by an independent auditor, for the six months ended 30 November 2021. To the best of the knowledge of the Directors:

- the unaudited condensed interim financial statements are prepared in accordance with the applicable set of accounting standards (including UK adopted IAS 34 Interim Financial Reporting), and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the CEO's Interim Management Report includes a fair review of the information required under rules 4.2.7 and 4.2.8 of the Disclosure Guidance and Transparency Rules (being: (1) indication of the important events during the first six months, and their impact on the unaudited condensed interim financial statements; (2) a description of principal risks and uncertainties for the remaining six months of the year; (3) related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the entity during that period; and (4) any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year).

The Directors confirm that the condensed interim financial statements comply with the above requirements.

Directors and their functions:

- Julie Pomeroy – Non-Executive Chairperson (appointed 12 February 2022, previously Non-Executive Director)
- Dr John Lucas – Chief Executive Officer
- Clarissa Sowemimo-Coker – Chief Operating Officer
- Karen Lowe – Chief Finance Officer
- Bishrut Mukherjee – Non-Executive Director
- Neil Mahapatra – Non-Executive Director (Executive Chairperson until 11 February 2022)
- Charanjit Cheryl Dhillon – Non-Executive Director
- Richard Hathaway – Non-Executive Director (appointed 1 February 2022)

Forward Looking Statements

Certain statements in this announcement are forward-looking statements. Such statements may relate to OCTP's business, strategy and plans.

Statements that are not historical facts, including statements about OCTP's or its management's beliefs and expectations, are forward-looking statements. Words such as 'believe', 'anticipate', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of doing so.

By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions, some known and some unknown, many of which are beyond OCTP's control that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in these interim financial accounts regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Nor are they indicative of future performance and OCTP's actual results of R&D and financial condition and the development of the industry and markets in which OCTP plan to operate may differ materially from those made in or suggested by the forward-looking statements.

You should not place undue reliance on forward-looking statements because such statements relate to events and depend on circumstances that may or may not occur in the future. Except as required by law, OCTP is under no obligation to update (and will not) or keep current the forward-looking statements contained herein or to correct any inaccuracies which may become apparent in such forward-looking statements. Forward-looking statements reflect OCTP's judgement at the time of preparation of these unaudited interim condensed financial statements and are not intended to give any assurance as to future result.



Clarissa Sowemimo-Coker
Company Secretary
21 February 2022

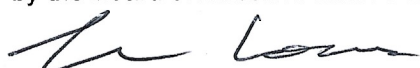
Unaudited Consolidated Statement of Comprehensive Income

	6 months ended 30 November 2021 £ Unaudited	6 months ended 30 November 2020 £ Unaudited Proforma	12 months ended 31 May 2021 £ Audited
Revenue	-	-	-
Research costs	(934,513)	(150,350)	(445,400)
Gross loss	(934,513)	(150,350)	(445,400)
Administrative expenses	(1,197,271)	(679,716)	(1,518,596)
Exceptional items	4 (204,317)	-	(1,381,949)
Operating loss	(2,336,101)	(830,066)	(3,345,945)
Finance income	35,910	15,571	47,021
Finance costs	-	-	(67,713)
Loss before taxation	(2,300,191)	(814,495)	(3,366,637)
Income tax	5 269,146	30,938	138,651
Loss for the period	(2,031,045)	(783,557)	(3,227,986)
Other comprehensive income	-	-	-
Items that may be reclassified to profit or loss	-	-	-
Total comprehensive income for the period attributable to owners of the Group arising from continuing operations	(2,031,045)	(783,557)	(3,227,986)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share from continuing and total operations	6 (0.211p)	(0.124p)	(0.504p)
Diluted loss per share from continuing and total operations	(0.211p)	(0.124p)	(0.504p)

Unaudited Consolidated Statement of Financial Position

	Notes	6 months ended 30 November 2021 £ Unaudited	6 months ended 30 November 2020 £ Unaudited Proforma	12 months ended 31 May 2021 £ Audited
Non-current assets				
Intangible assets		82,251	125,174	101,657
Property, plant and equipment		16,961	54,711	46,826
Right-of-use assets		4,226	87,667	10,565
		103,438	267,552	159,048
Current assets				
Trade and other receivables		842,344	374,967	421,909
Cash and cash equivalents		12,014,856	71,151	14,630,801
		12,857,200	446,118	15,052,710
Total assets		12,960,638	713,670	15,211,758
Current liabilities				
Trade and other payables		518,146	833,408	824,114
Lease liabilities		55,461	58,305	123,885
Borrowings		-	-	3,136
		573,607	891,713	951,135
Non-current liabilities				
Lease liabilities		-	22,713	-
Borrowings		-	-	46,864
		-	22,713	46,864
Total non-current liabilities		573,607	914,426	997,999
Total liabilities		573,607	914,426	997,999
Net assets / (liabilities)		12,387,031	(200,756)	14,213,759
Equity				
Called up share capital		9,604,156	-	9,604,156
Share premium account		11,877,466	-	11,877,466
Share based payment reserve	9	1,362,327	136,534	1,158,010
Other reserve	10	643,455	6,287,609	643,455
Retained earnings		(11,100,373)	(6,624,899)	(9,069,328)
Total equity		12,387,031	(200,756)	14,213,759

These unaudited condensed six-monthly financial statements were approved and authorised for issue by the Board of Directors on 21 February 2022 and were signed on behalf by:



Karen Lowe
 Finance Director
 Company Registration No. 13179529

Unaudited Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Share based payment reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£
						Unaudited
At 1 June 2020 (Proforma)	-	-	136,534	6,287,609	(5,841,342)	582,801
Loss for the period	-	-	-	-	(783,557)	(783,557)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(783,557)	(783,557)
Transactions with owners						
Share-based payment charge (options)	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 30 November 2020 (Proforma)	-	-	136,534	6,287,609	(6,624,899)	(200,756)

	Share capital	Share premium account	Share based payment reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£
At 1 June 2021	9,604,156	11,877,466	1,158,010	643,455	(9,069,328)	14,213,759
Loss for the period	-	-	-	-	(2,031,045)	(2,031,045)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(2,031,045)	(2,031,045)
Transactions with owners						
Share-based payment charge (warrants)	-	-	107,554	-	-	107,554
Share-based payment charge (options)	-	-	96,763	-	-	96,763
Total transactions with owners	-	-	204,317	-	-	204,317
Balance at 30 November 2021	9,604,156	11,877,466	1,362,327	643,455	(11,100,373)	12,387,031

Unaudited Consolidated Statement of Cash Flows

	6 months ended 30 November 2021 £	6 months ended 30 November 2020 £	Year ended 31 May 2021 £
Notes	Unaudited	Unaudited Proforma	Audited
Cash flows from operating activities			
Cash absorbed from operations	(2,584,779)	(479,298)	(1,936,955)
Interest paid	-	-	(67,713)
Tax refunded	-	225,726	225,726
Net cash (outflow)/inflow from operating activities	(2,584,779)	(253,572)	(1,778,942)
Cash flows from investing activities			
Payments for property, plant and equipment	-	-	(769)
Proceeds from disposal of property, plant and equipment	-	-	571
Interest received	35,910	15,571	47,021
Net cash inflow from investing activities	35,910	15,571	46,823
Cash flows from financing activities			
Proceeds from issues of shares on IPO in May 2021	-	-	16,500,000
Proceeds from issues of shares in January 2020	-	-	250,000
Proceeds from borrowings	-	-	650,000
Share issue transaction costs	-	-	(1,322,534)
Repayment of borrowings	(50,000)	-	-
Lease liability payments	(17,076)	-	(23,698)
Net cash (used in)/ generated from financing activities	(67,076)	-	16,053,768
Net increase/(decrease) in cash and cash equivalents	(2,615,945)	(238,001)	14,321,649
Cash and cash equivalents at the beginning of the period	14,630,801	309,152	309,152
Cash and cash equivalents at end of the period	12,014,856	71,151	14,630,801

Notes to the Interim Financial Statements

1 General Information

Oxford Cannabinoid Technologies Holdings Plc is a public limited company limited by shares, incorporated and domiciled in England and Wales. Its registered office and principal place of business is Maddox House, 1 Maddox Street, London W1S 2PZ. Incorporated on 4 February 2021, the Company's shares were admitted to trading on the London Stock Exchange on 21 May 2021.

All press releases, financial reports (including the Annual Report and Financial Statements for the period ended 31 May 2021) and other information are available at our Shareholder Centre on our website: www.oxcantech.com.

The consolidated interim financial statements are presented in Pound Sterling (£).

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the period ended 31 May 2021 and are those which will form the basis of the financial statements for the period ended 30 April 2022.

2(a) Basis of preparation

Compliance with IFRS

These unaudited condensed consolidated interim financial statements for the six months ended 30 November 2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the UK, and the Disclosures Guidance and Transparency Rules ("DTR") of the Financial Conduct Authority, the Listing Rules, and UK adopted international accounting standards.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report and financial statements for the period ended 31 May 2021, which were prepared in accordance with UK adopted international accounting standards and the applicable legal requirements of the Companies Act 2006. These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The Annual Report and financial statements for the period ended 31 May 2021 were reported upon by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor on the annual report and financial statements for the period ended 31 May 2021 was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The accounting policies used and presentation of these condensed consolidated half year financial statements (including principles of consolidation and equity accounting) are consistent with the accounting policies applied by the Group in its consolidated annual report and financial statements as at, and for the period ended, 31 May 2021, and comply with UK adopted international accounting standards.

The half year report for the six months ended 30 November 2021 was approved for release by the Directors on 21 February 2022. The figures for the six months ended 30 November 2020 have been reviewed by the auditor; those for the six months ended 30 November 2021 are neither audited nor reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

2(b) Going concern

The Directors are required to satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis, and as part of that process they have followed the Financial Reporting Council's guidelines ("Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk" issued April 2016).

The Group's business activities together with factors that are likely to affect its future development and position are set out in the Chairman's statement, the CEO's Review and Financial Review of the Annual Report and Financial Statements (accessible via www.oxcantech.com), in addition to the CEO's Management Statement on pages 3 to 5 of this interim report. Budgets and detailed cashflow forecasts that look beyond twelve months from the date of these condensed consolidated financial statements have been prepared and used to ensure that the Group can meet its liabilities as they fall due. The Directors have made various assumptions in preparing these forecasts, using their view of both the current and future economic conditions that may impact on the Group during the forecast period.

Key risks and potential scenarios that could negatively impact on the Group's ability to continue to research and ultimately develop and retail prescribed medicines within the timescale detailed within the IPO prospectus have been considered, and risks mitigated as far as is practical and reasonable.

The Board anticipate making an equity fund raise within the 2022/23 financial year, in order to provide further financial resources to progress with the next stages of the research programmes.

The Directors have also considered the continued impact of the COVID-19 pandemic and the impact of the measures taken to contain it, on the Group. The Directors note the global supply chain issues and challenges in the capacity of partners caused by the increased demand in laboratory time generated by COVID-19 and they continue to monitor the situation. Due to the nature of the Group's activities, there has not been a significant on-going impact on the business. Nonetheless, the Directors continue to monitor the situation and, if required, will take steps to safeguard the assets of the Group whilst the pandemic continues.

After making enquiries including detailed consideration of the Group's cashflow, solvency and liquidity position, the Board has a reasonable expectation that OCTP, OCT and the Group as a whole have adequate resources to continue in operational existence for at least twelve months from the date of signing of these unaudited condensed six-monthly financial statements. As such, the Board continues to adopt the going concern basis in preparing the unaudited condensed six-monthly financial statements.

2(c) Leases

The Group leases the head office in London under a five-year lease period and office equipment. In November 2021, the Group exercised its right under the agreement to terminate the lease with effect from 31 March 2022. This has not had any material impact on the value of the right-of-use asset in the six-month period to 30 November 2021.

2(d) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of any residual values, over the lease term for leasehold improvements and estimated useful lives for office and computer equipment, being 5 years for all 3 categories.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Given the early termination of the lease on the London Head Office, the carrying value of the leasehold improvement has been written down during the period to its recoverable amount.

2(e) Prior six-month period results

Differences between the prior six-month period results in the IPO prospectus and the figures in the financial statements above for the period ended 30 November 2020 are largely due to the prospectus recording a £345k share-based payment charge in the first half of the year (whereas this was recognised in the second half of the year in the filed financial statements for year ended 31 May 2021). In addition to this, there are some presentational and minor differences which are immaterial both individually and when aggregated.

2(f) New and forthcoming standards and interpretations

New and amended standards adopted by the Group

There were no new or amended standards adopted by the Group during the review period.

New standards and interpretations not yet adopted

A number of new accounting standards, amendments to accounting standards and interpretations have been issued by the International Accounting Standards Board with an effective date after the date of these financial statements. The Directors have chosen not to early adopt these standards and interpretations, the Directors do not expect them to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	<i>Effective date</i>
IFRS 9 Financial Instruments - <i>amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the "10 per cent." test for derecognition of financial liabilities)</i>	1 January 2022
IAS 1 Presentation of Financial Statements – <i>amendments regarding the classification of liabilities</i>	1 January 2023
IAS 1 Presentation of Financial Statements – <i>amendments regarding the disclosure of accounting policies</i>	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – <i>amendments regarding the definition of accounting estimates</i>	1 January 2023
IAS 37 Provisions, Contingent Liabilities and Contingent Assets – <i>amendments regarding the costs to include when assessing whether a contract is onerous</i>	1 January 2022

3 Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. However uncertainty about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability in future periods.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The areas involving significant estimates or judgements which management consider may have a significant risk of causing a material adjustment to the reported amounts in the period were:

Going concern basis

As outlined in note 2(b), judgement has been applied in accounting for the Group as a going concern. In reaching the decision the Directors have considered current cash reserves and forecast cashflow, solvency and liquidity. The forecasts are based on various assumptions including charges from research partners, rate of progression through to commercialisation, and external economic conditions.

Research & development costs

Judgement is used in the classification and hence treatment of costs incurred in the research and development of the core programmes outlined in the CEO's Review. During the period all of the £935k costs incurred were accounted for as research costs and expensed to profit or loss, on the basis that none of the programmes were yet at a stage of having gained regulatory approval for commercialisation.

R&D tax credits receivable

Judgement is applied in calculating the tax credits that the Group consider to be receivable from HMRC in relation to research costs incurred. Evidence is retained to support the methodology adopted by the Group in calculating R&D tax relief claims, part of which involves the judgement of experienced Senior Managers and Directors in articulating the scientific advancements and uncertainties for the wider market of the Group's research programmes based on contemporaneous evidence. At the period end there was a tax credit receivable of £408k (2021: £139k).

Lease accounting

In calculating the right-of-use asset value and lease liability, a significant element of judgement and estimation are involved including determining a comparable cost of capital interest rate and lease term.

In determining the lease term for example, management considers all facts and circumstances that create an economic incentive to exercise or not exercise a termination option. As detailed in note 2(c) during the period notice was given on the lease on the London head office, which will terminate on 31 March 2022. It has been assumed that the leasehold improvements will not have a significant remaining value and hence an impairment charge of £23k has been recognised in the period.

Impairment of intangible fixed assets

Judgement is involved in determining the useful economic life and potential impairment of the licence intangible asset held by the Group at a net book value of £82k. This includes consideration of the continuing likelihood of the asset to generate value to the Group and the adherence to the terms of the agreement or any other event which may have a detrimental effect on the carrying value of the asset. The Directors have carried out an impairment review of the asset during the period with no charge considered necessary.

Warrants and share options

The Black-Scholes model is used to calculate the appropriate charge of the warrants and share options. The calculation involves a number of estimates and judgements to establish the appropriate inputs to be entered into the model, including the use of an appropriate interest rate, expected volatility, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The estimates used remain unchanged from those applied in the Annual Report and Financial Statements.

4 Exceptional Items

The Consolidated Statement of Comprehensive Income includes exceptional items totalling £204k (31 May 2021: £1,382k included IPO costs) comprised entirely of a share-based payment charge (31 May 2021: £1,021k).

The Group operates two share option schemes for its Directors and senior employees one relating to options transferred from OCT and a new scheme for OCTP. In addition, warrants were issued as part of the listing in May 2021 (as detailed in the Annual Report and Financial Statements).

5 Income Tax

The Group is pre-revenue generating, but on target to reach commercialisation of their products in 2027. The Group benefits from research and development corporation tax relief in both the current period and prior years claimed by the Group on allowable research expenditure. A deferred tax asset is not recognised due to the uncertainty of the timing of future taxable profits.

6 Earnings Per Share

	6 months to 30 Nov 2021 £ Unaudited	6 months to 30 Nov 2020 £ Unaudited Proforma	12 months to 31 May 2021 £ Audited
6(a) Basic loss per share			
Basic loss per share attributable to the ordinary equity holders of the Company	(0.00211)	(0.00124)	(0.00504)
6(b) Diluted loss per share			
From continuing operations attributable to the ordinary equity holders of the Company	(0.00211)	(0.00124)	(0.00504)
Total diluted loss per share attributable to the ordinary equity holders of the Company	(0.00211)	(0.00124)	(0.00504)

6(c) Reconciliations of loss used in calculating loss per share

	6 months to 30 Nov 2021 £ Unaudited	6 months to 30 Nov 2020 £ Unaudited	12 months to 31 May 2021 £ Audited
<i>Basic loss per share</i>			
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:	<u>(2,031,045)</u>	(783,557)	<u>(3,227,986)</u>
Diluted loss per share			
Loss from continuing operations attributable to the ordinary equity holders of the Company:			
Used in calculating basic loss per share	<u>(2,031,045)</u>	(783,557)	<u>(3,227,986)</u>
Used in calculating diluted loss per share	<u>(2,031,045)</u>	(783,557)	<u>(3,227,986)</u>
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	<u>(2,031,045)</u>	(783,557)	<u>(3,227,986)</u>

6(d) Weighted average number of shares used as the denominator

	30 Nov 2021 Number	30 Nov 2020 Number	31 May 2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	<u>960,415,644</u>	630,415,444	<u>640,378,738</u>
Adjustments for calculation of diluted loss per share:	-	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	<u>960,415,644</u>	630,415,444	<u>640,378,738</u>

The prior six-month period calculation has been based on the shares issued in respect of the share for share exchange that took place between OCTP and OCT in May 2021 as part of the Group restructuring.

7 Events Occurring After the Reporting Period

On 1 December 2021 the Company's shares were admitted to trading on the OTC QB market in the United States, providing more efficient access for US investors and increased liquidity for all shareholders. At the same time, Harbor Access LLC were appointed as its US investor relations adviser.

As outlined in the CEO's Interim Management Statement, in January 2022, the Group entered into a drug development agreement with Charles Rivers, who will complete the preclinical safety and pharmacological work for the metered dose inhaler developed with Purisys LLC and Oz UK Ltd as OCT prepares OCT130401 for phase 1 clinical trials anticipated in Q4 2022.

Also in January 2022, the notice periods for Chief Financial Officer, Karen Lowe, Chief Scientific Officer, Valentino Parravicini, Chief Executive Officer, John Lucas and Chief Operating Officer, Clarissa Sowemimo-Coker were extended from six to nine months to better allow for succession planning.

Following his exit from Imperial Brands Ventures Limited in September 2021, non-executive Director, Bishrut Mukherjee, has been paid the commensurate non-executive director fee of £25,000 per year as from October 2021.

8 Related Party Transactions

There were no related party transactions in the period or changes in the related party transactions

described in the last annual report that have had or could have a material effect on the financial position or performance of the Group.

During the period, notice was given on the management services agreement with Kingsley Capital Partners LLP ("KCP") which was terminated on 31 December 2021.

9 Share based payments

During the six-month period ended 30 November 2021, no new options or warrants were issued and none of the existing options and warrants were exercised.

As detailed in the Annual Report, the Group operates an equity-settled share-based remuneration scheme for employees. On 21 May 2021, OCTP issued a total of 33,307,275 warrants all with an exercise price of £0.05 and a five-year exercise period, vesting on the day of issue.

During the period, the Group recognised share-based payment expense of:

- £96,763 (31 May 2021: £924,926) in relation to options; and
- £107,554 (31 May 2021: £96,650) in relation to the warrants.

10 Accounting for group reconstruction

As detailed in the Annual Report on 17 May 2021 OCTP unconditionally acquired the shares of OCT in a share for share exchange, prior to the admission of the Group on the main market of the London Stock Exchange on 21 May 2021. The transaction did not meet the definition of a business combination as the Company was not a business and therefore fell outside the scope of IFRS 3 (Revised) Business Combinations (IFRS 3). However although the transaction was not a reverse acquisition as defined in IFRS 3, the Directors accounted for the transaction on a similar basis as detailed in guidance issued by the IFRS Interpretation Committee.

As the transaction was not a business combination, no fair value adjustments were made and no goodwill was recognised. The difference on consolidation, between the value of the shares issued and the value of shares acquired, has been included as an other reserve of £643,455. The prior year results have been presented on a similar basis to a reverse acquisition method of accounting, with the share capital and share premium of the legal acquiror being presented rather than that of the accounting acquiror.

Directors and Professional Advisers

Directors

Julie Pomeroy
Dr John Lucas
Clarissa Sowemimo-Coker
Karen Lowe
Neil Mahapatra
Bishrut Mukherjee
Charanjit Cheryl Dhillon
Gavin Sathianathan (resigned 24 November 2021)
Richard Hathaway (appointed 1 February 2022)

Secretary

Clarissa Sowemimo-Coker

Company number

13179529

Registered office

Maddox House
1 Maddox Street
London W1S 2PZ

Auditor

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Financial Advisers

Cairn Financial Advisers LLP
107 Cheapside
London EC2V 6DN

Principal Bankers

Metro Bank Plc
247-249 Cromwell Road
London SW5 9GA

Co Operative Bank Plc
St Pauls House
10 Warwick Lane
London EC4M 7BP

Public Relations Advisers

Walbrook PR Limited
75 King William Street
London EC4N 7BE

Brokers

States Bridge Capital Ltd (until 30 November 2021)
Blackwell House
Guildhall Yard
London EC2V 5AE

Harbor Access LLC (appointed 1 December 2021)
283 Tresser Blvd 9th floor
Stamford
Connecticut 06901
USA