Annual Report 2023

OCT

Annual Report for the year ended 30 April 2023

Oxford Cannabinoid Technologies Holdings Plc

Annual Report 2023

Welcome to our annual report
- year ended 30 April 2023

Our Highlights

MHRA & Wales Research Ethics Committee (REC 2) approval for the Company's first Phase I clinical trial just 2 years after listing. The large unmet medical need in patients suffering from CIPN is forecast to have a global market valued at US$1.17bn by 2028, which, in the view of the Directors, could grow to over US$7bn once combined with other small fibre neuropathies

Completion of pre-clinical research for OCT461201 and OCT130401

Strengthening of existing commercial partnerships across the board:

- **Evotec's successful completion of OCT461201's preclinical package on time and on budget**
- **Dalriada Drug Discovery's work to screen our library of cannabinoid derivatives unlocking value from our proprietary assets**
- **Simbec Orion's work on our Phase I**

First meeting of our Scientific Advisory Board – leveraging the extensive experience of our panel of industry-leading experts to complement our patient-centric strategy

Strengthening of the core team with the appointment of Paul Smalley as Finance Director, Rob Bennett as General Counsel & Company Secretary and Dr Tim Corn as Chief Medical Officer

THE TIMES
THE SUNDAY TIMES

Recognised in the small companies category of The Sunday Times Best Places to Work 2023 Awards

"The unwavering dedication of our team, coupled with the support of our partners and shareholders, has enabled us to make significant progress. We remain focussed on our mission to harness the power of cannabinoid medicines to improve the lives of patients."

Julie Pomeroy, Chair

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Strategic Report

How we create value

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Our Purpose

Our mission is to harness the therapeutic power of cannabinoids for the benefit of humankind.

Our Values - We believe in...

Integrity

We have high standards and stay true to our word; promising ethical, timely, and quality delivery.

Respect

Anchored in respect, we foster genuine dialogue, stimulate curiosity, value authenticity, uphold dignity, actively listen, and stand against discrimination and dishonesty.

Inclusivity

We put people first and are intent on improving quality of life for those who are suffering.

Excellence

Propelled by a relentless pursuit of excellence, we scrutinise every detail and dedicate ourselves to rigorous research and precision.

Unity

United in our purpose, we amplify all voices, share expertise, and celebrate collective strength.

Progress

Pioneering progress, we unleash potential through science and technology, embracing roles, and celebrating achievements.

Our Approach

Robust Medical Research

Employing stringent scientific methodologies, we concentrate on enhancing the structure of cannabinoids and securing regulatory authorisation after thorough clinical trials.

Addressing Unfulfilled Medical Needs

We are continually conducting research and advancing the repository of cannabinoid derivatives to address the unfulfilled needs of patients and establish ourselves as the preferred company in the healthcare sector.

Providing Help For Those Who Are Suffering

We care deeply about people and are passionate about our intention to leverage the potential of cannabinoids to improve quality of life for those who are suffering.

Our Goal

It's our goal to make a positive influence on the lives of those who are suffering and change the narrative about cannabis for good.

Chair's Statement

"After extensive research and development, our lead drug candidate, OCT461201 has now received approval from the Medicines and Healthcare Products Regulatory Agency (MHRA) and the Wales Research Ethics Committee 2 (REC 2) for Phase I clinical trials."

Julie Pomeroy
Chair

A Year of Significant Progress and Transformation

As the Chair of Oxford Cannabinoid Technologies Holdings Plc (**OCT**), it is with a sense of pride and optimism that I present to you the annual report for this year. The unwavering dedication of our team, coupled with the support of our partners and shareholders, has enabled us to make significant progress. We remain focussed on our mission to harness the power of cannabinoid medicines to improve the lives of patients.

This year has been a defining period for OCT, marked by a number of major milestones and achievements. The transition of OCT from a pre-clinical stage pharmaceutical company to a clinical stage one is a testament to the dedication, expertise, and relentless pursuit of excellence by our talented team. We have marked this important milestone with a refresh of our corporate identity, which we believe now better reflects our position as an emerging leader in the sector.

We have seen two of our programmes complete their pre-clinical stages during the year with one of them moving into a Phase I clinical trial in Q2 2023.

After extensive research and development, our lead drug candidate, OCT461201 has now received approval from the Medicines and Healthcare Products Regulatory Agency (**MHRA**) and the Wales Research Ethics Committee 2 (**REC 2**) for Phase I clinical trials. This is not just a procedural milestone; it is a major step towards our core objective of bringing relief to patients suffering from debilitating pain. The global market for chemotherapy-induced peripheral neuropathy (**CIPN**), which OCT461201 targets, is burgeoning. With its value forecast to reach US$1.17 billion by 2028, this market presents a significant opportunity for OCT to make a difference to patients' quality of life.

During the year pre-clinical work on our drug candidate, OCT130401, was completed successfully. This programme is developing synthetic phytocannabinoids (**pCBs**) in combination with a medical device.

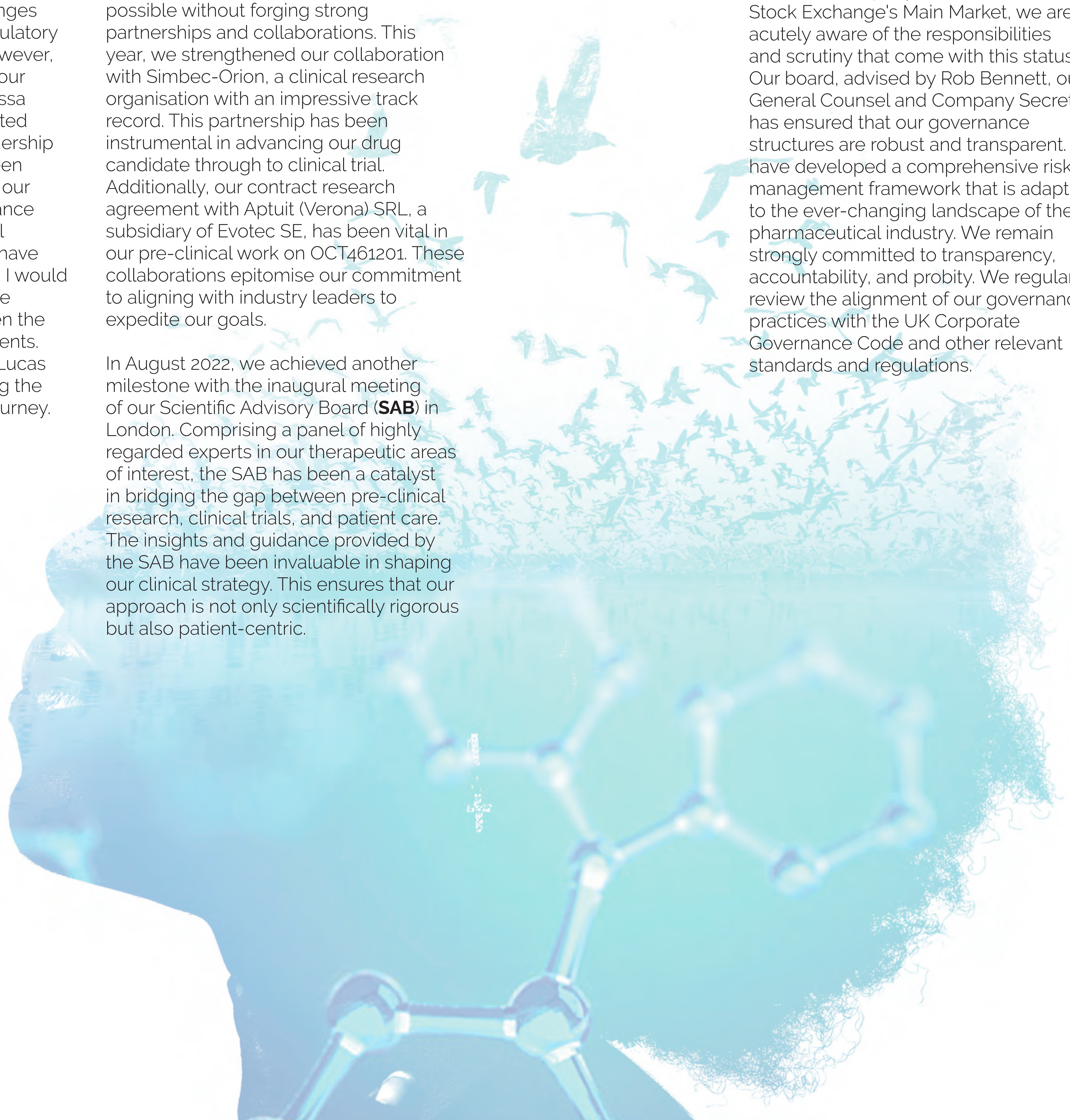
Addressing Challenges with Resilience

The pharmaceutical industry is inherently complex and dynamic. The challenges are multifaceted, ranging from regulatory hurdles to financial constraints. However, our team, under the leadership of our Chief Executive Officer (CEO), Clarissa Sowemimo-Coker, has demonstrated resilience and innovation. The leadership transitions during the year have been smooth, and the new members of our executive team, Paul Smalley, Finance Director, and Rob Bennett, General Counsel and Company Secretary, have brought new insight and expertise. I would like to thank the whole team whose dedication and expertise have been the driving force behind our achievements. I would also like to thank Dr. John Lucas and Karen Lowe, who left us during the year, for their contribution to our journey.

Strengthening Partnerships and Collaborations

Our progress would not have been possible without forging strong partnerships and collaborations. This year, we strengthened our collaboration with Simbec-Orion, a clinical research organisation with an impressive track record. This partnership has been instrumental in advancing our drug candidate through to clinical trial. Additionally, our contract research agreement with Aptuit (Verona) SRL, a subsidiary of Evotec SE, has been vital in our pre-clinical work on OCT461201. These collaborations epitomise our commitment to aligning with industry leaders to expedite our goals.

In August 2022, we achieved another milestone with the inaugural meeting of our Scientific Advisory Board (**SAB**) in London. Comprising a panel of highly regarded experts in our therapeutic areas of interest, the SAB has been a catalyst in bridging the gap between pre-clinical research, clinical trials, and patient care. The insights and guidance provided by the SAB have been invaluable in shaping our clinical strategy. This ensures that our approach is not only scientifically rigorous but also patient-centric.



Corporate Governance

Corporate governance is the backbone of OCT. As a company listed on the London Stock Exchange's Main Market, we are acutely aware of the responsibilities and scrutiny that come with this status. Our board, advised by Rob Bennett, our General Counsel and Company Secretary, has ensured that our governance structures are robust and transparent. We have developed a comprehensive risk management framework that is adaptive to the ever-changing landscape of the pharmaceutical industry. We remain strongly committed to transparency, accountability, and probity. We regularly review the alignment of our governance practices with the UK Corporate Governance Code and other relevant standards and regulations.

Environmental and Sustainability Initiatives

We are also conscious of our environmental impact and are actively seeking ways to reduce our carbon footprint and contribute to a sustainable future. Following COVID-19 lockdowns, we ended our lease on a permanent head office, moving to a modern technology-enabled remote-only approach. This not only reduces the carbon footprint by eliminating daily commutes but also saves time, reduces costs, and allows us to recruit a diverse workforce beyond commuting distance. We supplement this remote-first approach with co-working spaces and periodic get-togethers to build and reinforce culture and team cohesion.

Looking Ahead

We are now starting the clinical phases of our lead compound whilst still continuing with our pre-clinical work on other compounds. Our focus remains on harnessing the power of cannabinoid medicines to make a meaningful difference in the lives of patients. We will continue to innovate, collaborate, and uphold the highest standards of corporate governance. We can only do this with the continued support of our staff, our partners and our shareholders who have all played such an important role in our development so far and for which I offer my sincere thanks. By working together, we have the power to change lives and shape the future of cannabinoid medicine for the benefit of patients worldwide.

Julie Pomeroy
Chair

CEO's Review

"In this past year, our people have continued to be our foundation. We're proud to share that our dedicated focus on enhancing employee engagement has led to our recognition as one of The Sunday Times Best Places to Work in 2023."

Clarissa Sowemimo-Coker
Chief Executive Officer.

I am immensely proud to share my first update as CEO of OCT. We have made significant progress over the year and we believe we are poised for further success in the next year.

Drug Development

Our lead drug candidate, OCT461201, has successfully advanced to its Phase I clinical trial, marking a significant milestone as we transition from a pre-clinical to a clinical-stage pharmaceutical company. This achievement is particularly noteworthy as OCT461201 has demonstrated considerable promise as a potential therapy for CIPN and Irritable Bowel Syndrome (**IBS**). Our dedicated team of scientists and researchers have been working tirelessly to ensure that the development of OCT461201 is based on rigorous scientific principles. The progression to clinical trial is a culmination of extensive research, and it brings us one step closer to providing a much-needed solution for patients suffering from chronic pain conditions. It is a testament to our unwavering commitment to innovation and excellence in developing therapies that can transform lives.

Business Model and Drug Development Strategy

At OCT, our business model is thoughtfully devised to reflect our mission, values, and commitment to excellence. We focus on developing prescription cannabinoid medicines, with a particular emphasis on the significant pain market, whilst ensuring a patient-centred approach.

Our People

In this past year, our people have continued to be our foundation. We're proud to share that our dedicated focus on enhancing employee engagement has led to our recognition as one of The Sunday Times Best Places to Work in 2023. Despite our small team size, we see career growth not just in terms of hierarchy, but in the broadening of skills and responsibilities. This unique approach enables our team members to engage in diverse projects and actively contribute to our Company's direction. Our vibrant and supportive work environment, which encourages both personal and professional growth, is a testament to our employees' unmatched dedication and resilience. As we continue to shape the future of our industry, we thank our teams for their commitment to our mission.

Our patient-centred approach is fundamental to our business model, and the recent appointment of Dr. Tim Corn as Chief Medical Officer (**CMO**) at OCT is a testament to this commitment. Dr. Corn, an esteemed figure in the pharmaceutical industry, has held senior positions in several organisations and has been instrumental in over twenty regulatory approvals in the US and Europe. As CMO, he will oversee clinical research and development activities, providing expert medical guidance. His appointment marks a significant step in strengthening our senior team and aligning our efforts with clinical excellence as we move into our clinical phase and progress our programmes through clinical trials towards commercialisation. In summary, our business model goes beyond financial gains; it's about profoundly impacting lives through innovation, collaboration, and unwavering adherence to our values.

Scientific Advisory Board

In August 2022, OCT held the first meeting of its SAB in London. Hosted by our Chief Scientific Officer (**CSO**), Dr. Valentino Parravicini, the SAB has been instrumental in bridging the gap between pre-clinical research, clinical trials, and patient care. The SAB, comprising esteemed experts, provided advice and guidance on the design of our Phase I clinical trials for OCT461201 and OCT130401. The insights garnered from these meetings have been invaluable in shaping our clinical strategy. Additionally, the establishment of the SAB last year reflects our commitment to cultivating a best-in-class network of scientific, academic, and commercial partners. With the recent appointment of Dr. Corn as CMO, we are further bolstering this network and validating our vision. The SAB has continued to meet on a regular basis, providing critical insights and guidance, ensuring that our drug development programmes are not only scientifically sound but also centred around the needs of the patients.

Financial Risk Management

I would like to emphasise the paramount importance we place on financial risk management. It is essential to our long-term sustainability and our ability to continue making strides in the development of cannabinoid medicines. We are acutely aware that our stakeholders expect judicious management of our financial resources. To this end, we have been meticulously managing our cash and resources, ensuring that we are well-positioned to meet our objectives. Notably, our clinical trial for OCT461201 is being entirely funded from OCT's existing resources, which is a testament to our commitment to prudent financial stewardship.

Moreover, our approach to financial risk management is underpinned by a comprehensive understanding of the various types of risks, including market, credit, and operational risks. We have integrated risk appetite statements into our governance framework, ensuring that decision-making across the organisation is aligned with our risk tolerance levels. This approach supports us in safeguarding OCT's resources and ensuring the stability of our cash flows, which is crucial for capitalising on growth opportunities and delivering value to our shareholders.

In conclusion, financial risk management is not just a function; it is an ethos that permeates every facet of our operations. Through vigilant governance, informed decision-making, and a commitment to transparency, we are fortifying OCT's financial foundations and paving the way for continued innovation and growth.

Note 20 of the notes to the financial statements explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Outlook for the Future

As we look to the future, we feel a sense of modest optimism and hopeful expectation. Our lead drug candidate, OCT461201, is poised to complete its Phase I clinical trial in Q3 2023. This milestone is not just a step in the regulatory process; it is a beacon of hope for countless patients with unmet needs in pain management. The data we expect to gather regarding the safety, tolerability, and pharmacokinetic profile of OCT461201 will be instrumental in shaping the subsequent phases of clinical trials and supporting our indication expansion strategy, enabling us to help even more patients with unmet needs. We have built a strong, dedicated team, and our lean structure and flexibility as a small business has enabled us to remain on target for our stated objective of regulatory approval during 2027 – an incredibly short timeframe made possible by our "fast-track" drug development strategy, which lowers developmental risk, costs, and timeframes.

Furthermore, our pipeline of drug candidates is robust and diverse. With the insights gained from our SAB and the support of our partners, we are well-positioned to explore new therapeutic avenues and further expand our portfolio. Our recent expansion into oncology (Programme 4) is just one example of this approach in action. Our commitment to innovation in cannabinoid medicines remains unwavering, and we will continue to explore the therapeutic potential of cannabinoids in addressing a range of conditions

Additionally, we are acutely aware of the dynamic nature of the pharmaceutical industry and the global healthcare landscape. As such, we are committed to remaining agile and adaptive, ensuring that our strategies and operations are attuned to emerging trends and opportunities. Our collaborations with industry leaders and academic institutions will continue to be a cornerstone of our approach, as we believe that collective wisdom and expertise are critical to driving innovation.

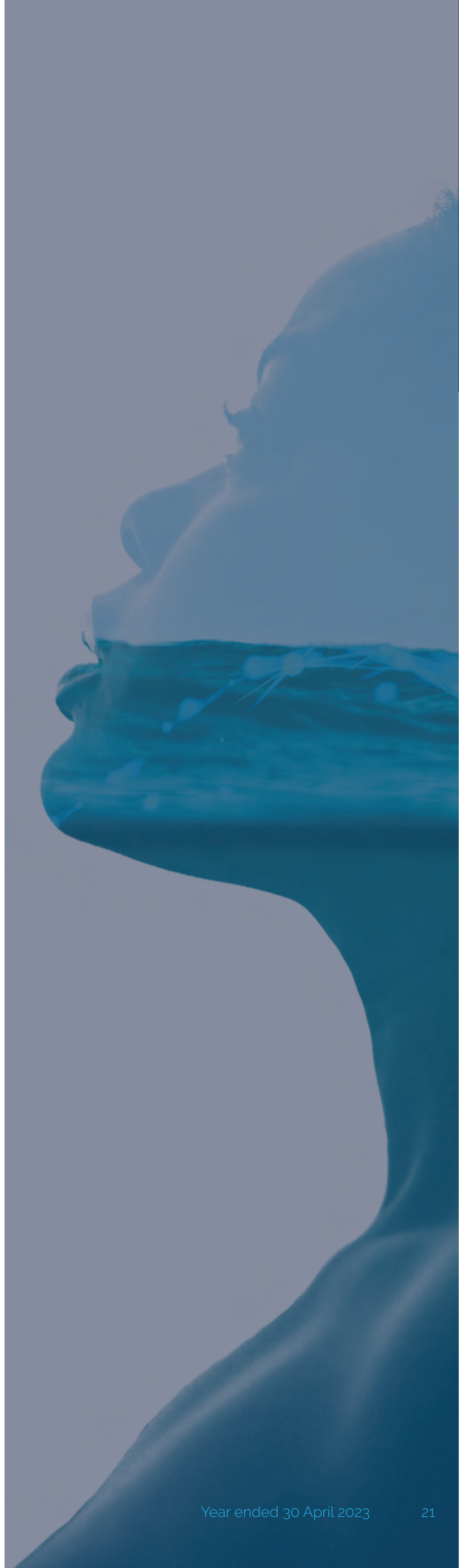
Financial sustainability is also at the forefront of our considerations. As we advance in our drug development programmes, we will continue to exercise prudent financial management, ensuring that we are strategically allocating resources to maximise value for our shareholders and stakeholders.

In conclusion, the Board anticipates a bright future for OCT. With a strong pipeline, a committed team, and a clear vision, we are poised to make significant strides in the realm of cannabinoid medicines. Our focus remains steadfast on improving the lives of patients living with debilitating pain and contributing positively to global healthcare.

Closing Remarks

In closing, I would like to extend my deepest gratitude to our team, partners, and shareholders for your unwavering support and dedication, particularly following my appointment as CEO. Your contributions have been instrumental in our achievements thus far and I am truly grateful for your efforts. I am confident in our mission and goals, and I believe that together, we will continue to make a meaningful impact in the lives of patients and the medical community at large.

Clarissa Sowemimo-Coker
Chief Executive Officer



CSO's Review

"This has been a period of significant progress on all four drug development programmes. We have made exciting breakthroughs and have many reasons to be optimistic about the future. Expanding our remit to include oncology, while continuing with our primary focus on pain, we believe places us at the forefront of cannabinoid research."

Valentino Parravicini
Chief Scientific Officer

The Group currently has four key programmes that can be summarised as follows:

OCT | Pipeline
Expanding pipeline of next generation cannabinoid drugs

Significant value achievable by progressing drug candidates through clinical trials

01 OCT461201
In-licensed compound

- Initial indications: CIPN and IBS
- Phase I commenced Q2 2023
- Phase II ready Q3 2023 (anticipated)
- Potential 20 years' market exclusivity
- CIPN treatment market £1.17bn by 2028 (est. CAGR of 5.4% 2020-2028)
- IBS treatment market £2.1bn in 2021 (est. CAGR of 9.5% 2022-2030)

CIPN: £1.17bn; IBS: £2.1bn

02 OCT130401
Natural phytocannabinoid combination

- Pre-clinical development
- Initial indication: Trigeminal Neuralgia (TN)
- Phase I ready Q1 2023
- Orphan indication market exclusively 7 years US and 10 years EU/JP
- TN treatment market £1.8bn (est. CAGR of 6.0% 2020-2027)

TN: £1.8bn

03 OCT + Canopy library
Cannabinoid derivative

- Undisclosed orphan indication
- Preclinical stage during 2023 (anticipated)
- Pursuit of patent protection and/or orphan market exclusivity (7 years US/10 years EU/JP)

Patent Protection

04 OCT + Canopy library
Cannabinoid derivative

- Oncology
- Lead candidate stage during 2023 (anticipated)
- Pursuit of patent protection and/or orphan market exclusivity (7 years US/10 years EU/JP)

Patent Protection

Programme 1: OCT 461201

This programme is a 'cannabinoid-like' new chemical entity (**NCE**) for neuropathic and visceral pain conditions.

During the year, the Group has carried out a significant number of pre-clinical studies which show that OCT461201 is well positioned for small fibre neuropathies, as it successfully reduced pain in a model of CIPN.

CIPN is the consequence of the damage caused to the nerves by common chemotherapeutic drugs. The hallmarks of CIPN are pain, numbness and tingling in the extremities. On average, up to an estimated 60% of people undergoing chemotherapy are affected by CIPN. CIPN can be progressive and enduring, leading to years of debilitation and suffering.

In response to this encouraging data in CIPN, the Company's strategy in neuropathic pain, is to focus on a clinical development programme aimed to benefit patients with small fibre neuropathies, such as cancer patients suffering from CIPN, and potentially, patients suffering from diabetic neuropathy.

Globally, there is an urgent need for new therapies to treat CIPN as there are currently no approved therapies for this condition. The current standard of care is the off-label use of gabapentinoids (gabapentin and pregabalin) and antidepressants (e.g. duloxetine), drugs associated with serious side effects. Furthermore, in some cases their overall clinical effectiveness is inadequate, leaving cancer patients in pain, with a reduced quality of life and the prospect of having to change or stop their chemotherapy altogether.

The large unmet medical need in patients suffering from CIPN is estimated to have a global market forecast to reach US$1.17bn by the year 2028, which, in the view of the Directors, could grow to over US$7bn once combined with other small fibre neuropathies.

In July 2021, OCT entered into a £2.6 million contract research agreement for the preclinical work on OCT461201 with Aptuit (Verona) SRL, a subsidiary of Evotec SE (together **Evotec**). This work, which was completed in December 2022, used Evotec's INDiGO programme, an integrated drug development process for accelerating early drug candidates to clinical trial stage which aligns with the Company's strategy of accelerating the standard pharmaceutical timelines. The INDiGO programme provided the comprehensive manufacturing, safety, and toxicology packages necessary for regulatory submission to the UK Medicines & Healthcare products Regulatory Agency (MHRA) and the United States Food and Drug Administration (FDA).

In January 2023, OCT submitted a combined clinical trials application for OCT461201, to the MHRA and REC 2 (the **Submission**). The Submission was a pivotal moment for OCT, as it marked the beginning of moving from a pre-clinical stage business to a clinical stage company. Post year end, in May 2023, we received combined approval for the Submission from the MHRA and REC 2, and our first Phase I first-in-human clinical trial commenced in Q2 2023. The trial is being conducted in the UK in healthy volunteers, with a single ascending dose. The trial aims to demonstrate the safety and tolerability of OCT461201, whilst also providing pivotal information on its pharmacokinetic profile, to confirm its value as a potential drug. The clinical trial is anticipated to complete within Q3 2023.

Programme 2: OCT 130401

This programme is developing synthetic phytocannabinoids (pCBs) in combination with a medical device for the effective, safe, and non-addictive treatment of chronic and severe pain conditions. The initial target for OCT130401 is trigeminal neuralgia (**TN**). 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. TN is on the rise with between approximately 10,000 and 15,000 new cases diagnosed each year. We estimate that there are currently over 65,000 people living with the condition in the UK.

The pCBs will be delivered to the lungs via inhalation using a simple pressurised metered dose inhaler (**pMDI**) similar to an asthma inhaler. This alternative route of administration bypasses issues associated with oral delivery of cannabinoids (e.g., onset time, poor bioavailability and high first-pass metabolism). Fast onset of the medicine is particularly important for indications where the pain is sudden and severe, as is the case with TN. The low-dosage administration is aimed at achieving a therapeutic effect while controlling side effects and managing the risk of abuse. pMDIs have a long history of use, they take into account the human factor to optimise compliance and have a straightforward regulatory pathway. Doctors and patients alike are familiar with the device and this, together with an easy to carry and easy to use design, is expected to facilitate uptake and compliance.

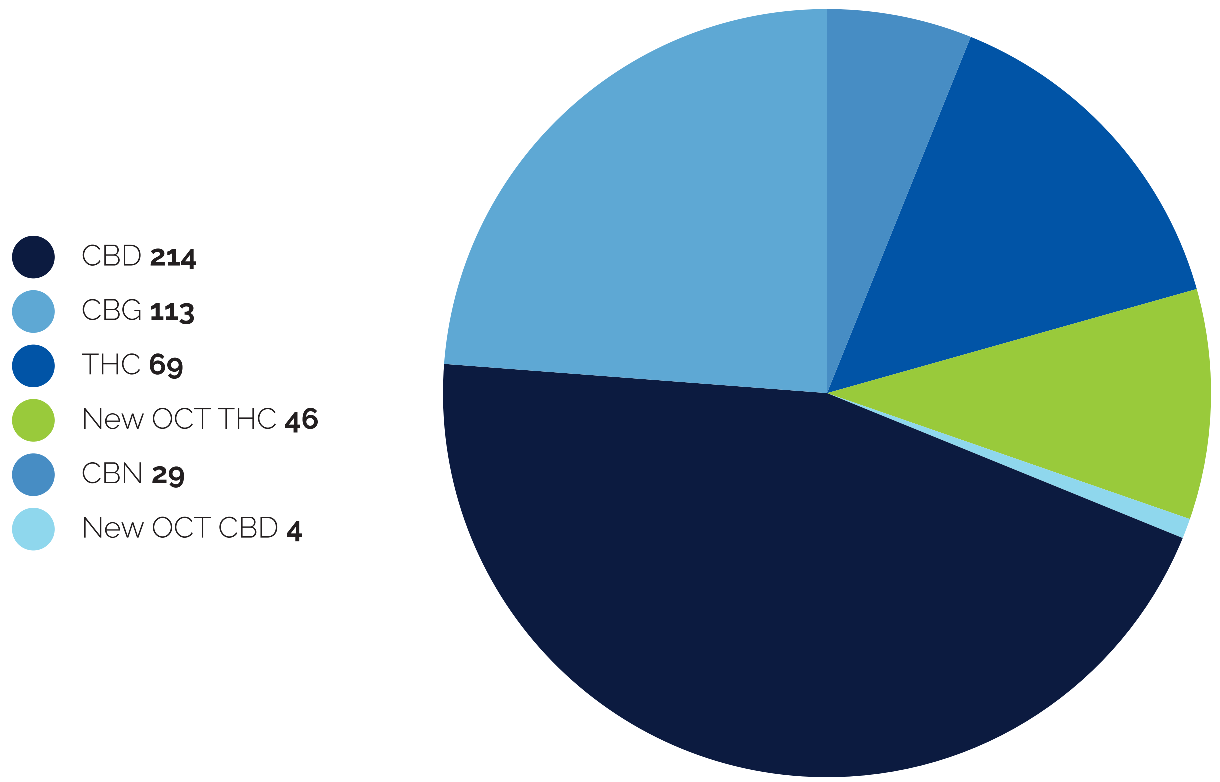
In January 2022, OCT entered into a drug development agreement with Charles Rivers Laboratories Edinburgh Ltd (**Charles Rivers**). The Charles Rivers work package included completing the preclinical safety and pharmacological work for the pMDI developed with Purisys LLC, which provided the current Good Manufacturing Practice active product ingredients, and Oz UK Ltd, which developed the formulation and the device. In December 2022 pre-clinical work on OCT130401 was completed successfully. We were particularly pleased with the 'device through life' with each canister comfortably delivering in excess of 160 actuations, well over the 120 required by the regulator. This programme is now ready to enter Phase I clinical trials, which is subject to a fundraise.

Phytocannabinoid-Derivatives Library

The Group initially held a library of 93 proprietary cannabinoid derivatives, with preliminary data from a selection of these derivatives suggesting that the library contains compounds that could become candidate drug assets for a range of pain indications. To supplement this library, in September 2021 OCT signed an exclusive license agreement with Canopy Growth Corporation (**Canopy**) for their entire pharmaceutical cannabinoid derivative library, including 335 derivatives and intellectual property rights including 14 patent families and associated research data. During the year the Company continued to synthesise new derivatives and the library now includes close to 500 proprietary compounds. The advantage of this approach is that we can make modifications to the compounds' structures to achieve improvements in stability, bioavailability and support the diversification of druggable targets.

This enlarged library of cannabinoid derivatives is at the centre of Programmes 3 and 4. OCT has been working with Dalriada Drug Discovery Inc (**Dalriada**), to screen the expanded library for the drug-like compounds with the aim of targeting multiple therapeutic areas, including pain, neurology, immune-inflammation and oncology.

Dalriada previously designed, synthesised, and experimentally tested all 335 compounds in the Canopy library which means we are able to leverage Dalriada's existing knowledge and experience as it continues its experimental research on our behalf. During the period we have made significant progress on both programmes.



Programme 3

Programme 3, OCT960609, is a dual CB1 and CB2 agonist targeting an undisclosed neuropathic pain indication, which is active at 3mg/kg per os. In our early studies, OCT960609 has demonstrated very good bioavailability via oral administration and displays a better profile than tetrahydrocannabinol (**THC**) (intraperitoneal; absorption bypassed) in terms of analgesia and behavioural alterations.

Programme 4

Programme 4 marks a significant expansion for the Company, as this molecule is a potential "first-in-class" immunotherapy agent for the treatment of solid tumours. Analysis of the initial data shows excellent drug-like potential in terms of in vitro potency and selectivity to target, as well as in vivo availability in blood. This implies substantive potential for the development of a cannabinoid-based medicine that could be taken at home, as a tablet. We are now conducting further studies, including a safety-pharmacology assessment before final candidate selection, which we anticipate will take place in 2024.

As the existing programmes move to the next stages of drug development, the library will continue to provide opportunities to identify potential new candidates to enter the OCT cannabinoid research engine

Closing Remarks

In conclusion, this has been a period of significant progress on all four drug development programmes. We have made exciting breakthroughs and have many reasons to be optimistic about the future. Expanding our remit to include oncology, while continuing with our primary focus on pain, places us at the forefront of cannabinoid research and is noteworthy for a company of our size. Commencing our first clinical trial is a hugely important milestone for the team, our partners, and all our stakeholders and I am tremendously proud of our achievements. We're moving ever closer to our ultimate goal of putting medicines in the hands of patients in need.

Dr Valentino Parravicini
Chief Scientific Officer

Financial Review

"We have advanced all areas of the business, meeting our expectations and goals, both strategic and financial. This has been a well managed process considerate of the stakeholders in the business. We fully intend to maintain this diligent approach, thus allowing our programmes to progress."

Paul Smalley
Finance Director

Finance Strategy

Our financial strategy is to support, and expedite where possible, the overall Group aim of developing and commercialising licensed prescription medicines by maximising the financial resources available for direct investment in our drug programmes. This is achieved by operating cost-effective and risk-based financial and operational controls over all areas of expenditure and investment into research and development.

Financial Performance

Following the Group's admission to the Official List and to trading on the London Stock Exchange's Main Market in May 2021 where £14.8m net of costs was raised, research costs increased in line with budget in the year from £2,891k to £4,304k. These costs mainly relate to OCT461201 where £2,038k was spent on pre-clinical activity, ahead of the clinical trials which commenced in Q2 2023 and OCT130401 where pre-clinical activity also progressed as planned with expenditure of £1,874k. Across the remaining two programmes, £378k was spent on programmes 3 and 4 mainly relating to the development of CB1/CB2 agonists by Dalriada. The remaining spend of £14k related to the SAB.

Alongside the research activity, operational costs increased from £2,320k to £2,670k, with the main costs relating to salaries (£1,306k) and associated expenses.

A complete review of costs was undertaken in the year to identify areas of potential savings to maximise the financial resources available for research. No bonuses have been paid to the executive team in the year, and remuneration for the C-Suite and Non-Executive Directors has been frozen at prior year rates. No new share options have been granted in the year.

Exceptional items of £64k (2022: £292k) in the year relate to share based payment charges being prior year share options (to staff and Board members) and warrants issued to advisers as part of the IPO process.

The Group benefited from a research and development (**R&D**) tax credit of £1,089k in the year, with tax losses surrendered for the R&D tax credit payment. Due to changes in the criteria for R&D tax credits, research costs have been recognised in the Company rather than the subsidiary, Oxford Cannabinoid Technologies Ltd (**OCTL**). There was a receivable of £1,848k at the year end relating to R&D tax credits (2022: £760k). The prior period claim (£760k) was received in August 2023. Both direct and indirect costs are now embedded within the finance systems in order to optimise the claim amount.

Cash absorbed by operations was £7,042k (2022: £5,373k). The loss for the year was £5,945k (2022: £4,712k). Basic and diluted loss per share was 0.619p (2022: 0.491p). Note 20 of the financial statements details the Board's exposure to, and management of, credit, liquidity and cashflow risk.

The Group is not exposed to any significant interest rate or foreign exchange risks and therefore it does not require any formal hedging policies to be in place (as detailed in note 20 of the financial statements).

Other Assets

From the net proceeds raised from the fundraising on IPO in May 2021, cash reserves stood at £2,297k at 30 April 2023 (30 April 2022: £9,166k) and remain forecast to have been fully utilised by April 2024.

The licence agreement for OCT461201 held as an intangible asset by the Group was not impaired in the year (2022: £20k), in addition to an amortisation charge of £39k (2022: £36k) in the year, resulting in a closing net book value (**NBV**) of £7k (30 April 2022: £46k).

Prepayments of £255k (30 April 2022: £1,472k) related to a contract research organisation (**CRO**) invoicing in advance of works to conclude the pre-clinical phase on Programme 1. The majority of these prepayments are for annual insurances.

Trade and Other Payables

Trade payables of £286k (30 April 2022: £1,798k) form the majority of current liabilities of £584k (30 April 2022: £2,025k). Accruals of £286k (30 April 2022: £174k) largely relate to professional services and advisers.

Key Performance Indicators

The Group has three core KPIs:

KPI	2023 Outcome
Non-financial Delivery of milestones detailed in the IPO prospectus for the four core programmes	The lead programme, OCT461201, and Programmes 3 and 4 remain on target. OCT130401 was paused post completion of pre-clinical, in order to extend the Group's cash runway.
Financial Cash runway (i.e. the length of time that the cash balance will last given the current cash burn rate)	The Group has a cash runway until April 2024.
Financial Current ratio (i.e. the ability of the Group to meet its liabilities due within 12 months with its current assets) is calculated by dividing current assets by current liabilities.	At 30 April 2023, the Group's current ratio was 7.9 (30 April 2022: 5.8), as a result of cash and current liabilities reducing.

In addition to these three key performance indicators that are analysed by the Board, wider financial information is reviewed to ensure the most important and relevant aspects of the Group's performance are measured and communicated, including research expenditure (as described under Financial Performance). There is a focus on best value is achieved and costs remain within budget.

Paul Smalley
Finance Director

Managing Risks

Risk Management

At OCT, we understand that risk management is an integral part of our business operations. It is a continuous, proactive process that involves identifying, assessing, responding to, and monitoring risks. Our risk management process is designed to protect our business and help us achieve our objectives. In line with our commitment to constant improvement, we have undertaken a thorough overhaul of our risk management practices. This comprehensive review and subsequent refinements enable us to be more adaptable in an ever-changing environment, bolstering our resilience and supporting the continued achievement of our goals.

Our Approach to Risk

Our approach to risk management is both strategic and comprehensive. We consider internal and external drivers of operational, hazard, financial, and strategic risk areas over short, medium, and long-term timescales. We consider the effects they could have on our business model, our culture, and our strategy. We believe that effective risk management is essential to the successful execution of our strategy and the achievement of our objectives.

Risk Appetite

Our risk appetite is determined by the nature of the risk and how that risk could affect us. We have a higher appetite for risks that present us with a clear opportunity for reward, and we actively seek out those that provide the greatest opportunities. We have some appetite for risks with a possible opportunity for reward. With these risks, we carefully balance our mitigation efforts with our view of the possible rewards. We have a very low appetite or tolerance for risks that only have negative consequences, particularly when they could adversely impact health & safety, our values, culture, or business model. We aim to eliminate these risks with our mitigation efforts. The Board sets and regularly reviews key and principal risks.

The Risk Management Process

Our risk management process involves four key steps:

1 Identification:

We identify risks from both a bottom-up and a top-down perspective. We record these in programme risk registers. We also conduct ad hoc reviews of new and emerging risks throughout the year as they arise.

2 Categorisation & Assessment:

We assess risks using a business-wide scoring mechanism that considers both the likelihood of occurrence and the potential impact. We prioritise them by their risk score, and an assessment of the level of exposure against our risk appetite. The assessment criteria of impact and likelihood, however, is adapted to each risk category to ensure that it is appropriate for the nature and scope of the risks in that category. Risks that exceed our appetite may require additional risk response.

3 Response:

Risks that require a response have additional mitigation strategies agreed and a future action plan drawn up together with a timeframe. We assign responsibility for the implementation of action plans.

4 Monitoring and Reporting:

We provide a consolidated key risks report to the Executive Committee and Board for review, using escalation criteria previously set by them. Mitigation plans and the progress made against them are also reported. The Board considers and agrees on the key risks, appetites, and mitigation strategies which are fed back to risk owners. We conduct this exercise twice yearly and it is used to determine the Group's principal risks.

Reports

Our risk reporting structure includes:

1 Risk Register:

We record risk registers for each programme in our drug development pipeline. In addition to this, there is a business-wide risk register that looks at risks across the business. The registers include all the information required to capture the risk accurately and are maintained on our risk management information system. We identify an owner for each risk register responsible for its maintenance as well as the risks it contains.

2 Key Risk Dashboard:

We consolidate our key risk report from the risk registers. This report outlines the highest-scoring risks, emerging risk issues, the biggest influences on our risk profile, and changes to the risks reported. The key risk dashboard also provides a business-wide perspective on risks.

3 Principal Risks:

We consolidate the principal risks from the key risk report. These are those risks that we consider could have a potentially material impact on our operations and/or achievement of our strategic objectives.

4 In conclusion...

our risk management process is a comprehensive approach that involves identifying, assessing, responding to, and monitoring risks. It requires the active involvement of the Board, senior management, and all employees. It also necessitates the implementation of robust policies and procedures, effective risk reporting, and a culture that encourages the identification and management of risks.

Principal Risks

People

Risk and Impact

OCT's operations could be significantly impacted if we fail to attract, retain, and develop our key personnel or lose a key team member.

Mitigating Factors

We operate share option schemes and offer competitive reward packages to recruit and retain key staff. We have forward planning of staffing needs and recruitment strategies in place. In the post-COVID-19 era, we have adopted a remote-first approach, allowing us to recruit the best talent without geographical constraint, while offering co-working solutions for those who prefer not to or cannot work from home. We continue to focus on leadership development and succession planning.

Mitigation Actions in 2023

We will continue to review and enhance our reward and recognition packages. We will refine our staffing needs and recruitment strategies based on our programme progression and business growth.

Risk Appetite

The success of OCT is driven by our key personnel. We have a low appetite for people risk and strive to ensure our team feels valued, rewarded appropriately, and has opportunities to develop and progress in their OCT career. We understand staff turnover is a part of all organisations, but we strive to minimise this risk through our mitigation strategies.

Delayed Drug Development

Risk and Impact

There is a risk that regulatory agencies may delay our application, impacting our strategic objectives and potentially altering the programme strategy. This could result in a delay in OCT's ability to generate product revenues.

Mitigating Factors

To mitigate this risk, OCT maintains dialogue with clinical sites to ensure flexibility in clinical timelines. We also employ a thorough vendor selection process to ensure high-quality data, choosing to work with Tier 1 drug R&D CROs.

Mitigation Actions in 2023

We will continue to maintain regular interaction with clinical sites and regulatory agencies to ensure we are aligned with their expectations and can adapt quickly to any changes. We will also continue to evaluate our vendor selection process to ensure we are working with high-quality vendors that provide reliable data.

Risk Appetite

OCT understands the inherent risks involved in the regulatory approval process for new drug products. We have a low appetite for risks that could lead to significant delays in our programme strategy. We strive to mitigate this risk through careful planning, regular communication with regulatory agencies and clinical sites, and ensuring the quality of our data through rigorous vendor selection.

Unsuccessful Drug Development

Risk and Impact

In line with other pre-revenue pharmaceutical development companies, there is a risk that OCT fails to develop a drug product that can be approved by the regulatory agencies and marketed. Failure can occur at any stage during the research and development process. Any termination of any phase in development of our drug candidates risks harming the commercial prospects of the drug candidates. The failure to develop an approved drug product could ultimately lead to the cessation of the business.

Mitigating Factors

OCT is running multiple programmes across several value inflection points to diversify risk. An experienced CSO is engaged, and we work with leading specialists in the field to complete testing and screening on our behalf. An SAB of leading specialists has been established to oversee the clinical development plan. We maintain strong communication channels with regulatory bodies, engaging early prior to moving to clinical trials.

Mitigation Actions in 2023

We will continue to look to diversify our portfolio of drug development programmes to mitigate the risk of failure in any single programme. We have recently appointed a CMO to strengthen the team and oversee our clinical trials. We will also continue to engage with leading specialists and our SAB to guide our development efforts. Regular and proactive engagement with regulatory bodies will remain a key focus to ensure we are aligned with regulatory expectations and guidelines.

Risk Appetite

Given the nature of pharmaceutical development, OCT understands that there is a high degree of risk and a high rate of failure amongst companies for drug candidates proceeding through clinical trials. However, we strive to mitigate this risk through careful planning, diversification of programmes, and leveraging the expertise of our team and advisory board. We have a low appetite for risks that could lead to the cessation of the business.

Quality Assurance

Risk and Impact

OCT relies on third parties, including CROs, to perform Good Practice (**GXP**) activities in a satisfactory manner. There is a risk that the quality of this research is below the required standard for the results to be relied on as part of OCT's applications to the regulatory agencies for their drugs to be licensed. If CROs fail to comply with applicable current good practices (**cGXPs**), the clinical data generated in OCT's R&D may be deemed unreliable. The regulatory authorities may require OCT to perform additional activities before approving marketing applications, causing significant delays to commercialisation and requiring significantly greater expenditures.

Mitigating Factors

To mitigate this risk, OCT only uses experienced partners with a successful track record in performing clinical trials to the right cGXPs. The CSO engages with regulatory authorities to confirm the required cGXPs. We establish contractual obligations and penalties for the quality of services with our CRO partners and operate quality assurance processes by the CSO with support from quality assurance and regulatory subject matter experts.

Mitigation Actions in 2023

We will continue to monitor the performance of CRO partners and their adherence to cGXPs. We will review the outcomes of CSO engagement with regulatory authorities and evaluate the effectiveness of quality assurance processes and the support provided by quality assurance and regulatory subject matter experts. We will also assess the enforcement of contractual obligations and penalties with CRO partners.

Risk Appetite

OCT has a very low-risk appetite when it comes to quality assurance. We understand the critical importance of maintaining high standards in our research and development activities, and we strive to ensure that all third-party partners adhere to the highest levels of good practice.

Cash Management

Risk and Impact

As a pre-revenue company investing in drug development, OCT faces the risk of insufficient funds potentially compromising our ability to continue development and operations. OCT's reliance on fundraising and R&D tax credits may result in insufficient funds for operations, causing delays, financial instability, and difficulty in attracting new investors.

Mitigating Factors

To mitigate this risk, OCT implements cash flow forecasting and actively manages cash flow and is fully aware when additional cash is required for its programmes. Our executive team reviews all expenditures to ensure we are making the most effective use of our resources.

Mitigation Actions in 2023

We will continue to implement and refine our cash flow forecasting and active cash management strategies. We will also continue to review all expenditures to ensure we are making the most effective use of our resources.

Risk Appetite

OCT understands the financial risks inherent in pre-revenue pharmaceutical development. We have a low appetite for risks that could lead to financial instability or the inability to continue our operations. We strive to mitigate this risk through careful financial planning, cash flow management, and prudent expenditure.

Fundraising

Risk and Impact

With the funds raised from the IPO expected to be fully utilised by April 2024, there is a risk that OCT will be unable to raise funds at appropriate rates and at the right time for the business's needs. Significant volatility in the Group's share price, unsupportive shareholders, negative news stories, and unfavourable market conditions could impact our ability to raise further funding. This could result in a lack of cash for operations, causing financial instability and difficulty in attracting new investors.

Mitigating Factors

To mitigate this risk, OCT maintains consistent, frequent, and transparent investor relations. We have a crisis communications strategy in place, with detailed specific issue preparedness. Our CEO and board members maintain relationships with current investors and outreach to potential new investors. OCT is actively engaging with shareholders in a variety of ways, including in-person and virtual meetings, regular podcasts, and recorded visual interviews with Proactive Investor, StockBox and Investor Meet Company. We have also been attending and speaking at numerous conferences, releasing articles to keep shareholders updated on the Company's progress. These efforts ensure that our shareholders are kept informed of developments and that their voices are heard.

Mitigation Actions in 2023

We will continue to maintain regular and transparent communication with our investors and the market. We will also continue to refine our crisis communications strategy and investor outreach efforts. Regular and proactive engagement with our current and potential investors will remain a key focus.

Risk Appetite

OCT understands the financial risks inherent in fundraising for pre-revenue pharmaceutical development. We have a low appetite for risks that could lead to financial instability or the inability to continue our operations. We strive to mitigate this risk through careful financial planning, investor relations management, and prudent expenditure.

Leading with Integrity: A Review of Our Commitment to Doing the Right Thing

Our Ethical Approach to Business

Our business model is built on a foundation of integrity and ethical conduct. We believe that doing the right thing is not just a moral obligation but also a key driver of sustainable success.

This year, we have taken significant steps to embed ethical considerations into our decision-making processes, ensuring that our actions align with our values and the expectations of our stakeholders. This commitment is reflected in our adherence to the Animal Welfare Act 2006 and our voluntary ban on testing on great apes, even in countries where it is legal to do so.

We recognise the ethical responsibility to treat all animals respectfully, while striving to minimise their pain or distress, and to avoid it completely whenever possible. To this end, OCT is committed to following the high standards of internationally recognised practices on the humane treatment of animals. We uphold and embrace the "3Rs" of animal research, namely:

- the replacement of animals when possible and/or acceptable;
- the reduction of the numbers of experiments and of animals required by each experiment; and
- the minimisation of pain and distress, by means of refinement of animal studies procedures

All animals used in OCT studies are specifically bred for research. In addition, all facilities where animals are bred, housed, or undergo procedures are accredited by the Association for Assessment and Accreditation of Laboratory Animal Care (i.e., AAALAC-accredited) or are in the process of first accreditation and undergo regular visits by AAALAC. This ensures that all animal staff are competent, trained, continuously educated and assessed. OCT ensures that qualified veterinarians are available at all times for advice and help in the care of animals.

We do not work with or test cosmetics, food, or drink supplements.

Environmental Stewardship

We recognise our responsibility towards the environment and have implemented measures to reduce our carbon footprint. Our transition to a remote-first working model, initiated in response to the COVID-19 lockdowns, has not only improved our operational efficiency but also significantly reduced our contribution to transportation-related emissions. We have also terminated our lease on our traditional office space, further reducing our environmental impact. We are committed to exploring further opportunities to enhance our environmental performance and contribute to a sustainable future.

Task Force on Climate-Related Financial Disclosures (TCFD)

Since its inception, OCT has operated with a streamlined, virtual-centric model, which inherently limits our direct environmental footprint. We have neither acquired physical facilities nor undertaken activities with notable environmental implications, rendering our exposure to climate-related risks minimal. However, as we chart our course beyond 2023, our commitment is unwavering towards comprehending our environmental footprint and crafting sustainability strategies over the forthcoming 5 years, aptly suited to our operational size, and taking steps to address the eleven TCFD recommendations with the four thematic areas detailed below.

While limited in its environmental impact, our operational ethos is underscored by a proactive approach to environmental stewardship. Our core pursuits are anchored in drug research and development. As of now, aside from our sustained drive to minimise travel, no pronounced climate risks have surfaced.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Describe the board's oversight of climate-related risks and opportunities

The Board actively recognises the significance of climate-related risks and opportunities. While the Company does not have a dedicated climate risk committee at present, the Board is mindful that as the business grows there will be need to evaluate how to practically and effectively incorporate the evaluation of climate-related risks and opportunities within Board, sub-committee, and management decision-making and reporting.

Describe management's role in assessing and managing climate-related risks and opportunities.

OCT recognises that the management team has a crucial role in the day-to-day assessment and management of climate-related risks and opportunities. The Directors are aware that there will be a need to explore ways to further to evaluate climate-related matters within both the management's operational procedures and the broader governance structure, including potential sub-committees and reporting mechanisms.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Describe the climate-related risks and opportunities the organisation has identified in the short, medium and long term.

In the short term, OCT's operational model presents minimal direct climate-related risks. As OCT looks toward the medium and long term, especially considering potential expansion, the Board will actively identify opportunities to minimise OCT's carbon footprint and enhance its positive impact on environmental sustainability.

Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy and financial planning.

OCT's remote-first approach has minimised its contribution to transport-related emissions. Beyond the evident environmental benefits, this decision also streamlines our operations, potentially leading to financial efficiencies by reducing overheads and bolstering productivity.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2˚C-or-lower scenario.

OCT's strategy is inherently resilient, crafted to accommodate a spectrum of climate-related scenarios. OCT's present operational model intrinsically curtails its environmental impact, positioning it favourably even under stringent climate scenarios, such as the 2˚C-or-lower target. The Board is committed to reviewing and refining its strategy in light of evolving climate-related insights as it becomes appropriate to do so.

Risk Management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Describe the organisation's processes for identifying and assessing climate-related risks.

OCT employs a rigorous risk management process, central to our business operations. This involves a continuous cycle of identifying, assessing, responding to, and monitoring risks, including those related to climate. While climate change was not highlighted as a principal risk for the fiscal year ending 30 April 2023, our comprehensive approach ensures that we remain vigilant to emerging climate trends and their potential implications. We identify risks from both bottom-up and top-down perspectives, recording them in programme risk registers and conducting ad hoc reviews as new risks emerge.

Describe the organisation's processes for managing climate-related risks.

Once identified, we categorise and assess risks using a business-wide scoring mechanism, considering both their likelihood and potential impact. Risks that exceed our appetite or those that present clear opportunities for reward are given special attention. For such risks, mitigation strategies are developed, action plans are drawn up, and responsibilities are assigned for their implementation. Our transition to a remote-first working model, for instance, was in part a strategic response to potential climate-related risks associated with transportation emissions.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The Board consistently reviews key risks, ensuring a comprehensive approach that addresses both traditional and climate-related challenges. The Executive Committee and Board is updated with consolidated risk reports, enabling informed strategic decisions. Our robust risk management involves the Board, management, and staff, supported by solid policies and proactive risk identification. As we progress, we'll adapt our strategies to emerging climate insights, prioritising sustainability and resilience.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk-management process.

OCT recognises the importance of metrics in understanding and managing its carbon footprint. Given our distinctive operational model, where we neither own laboratories nor have a centralised office, our direct environmental impact is inherently limited. We monitor our operations to ensure alignment with best practices in sustainability.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.

Our Scope 1 and Scope 2 GHG emissions are minimal due to our remote operational model. We are vigilant about potential Scope 3 emissions, ensuring that our broader supply chain also prioritises environmental sustainability. While OCT is not currently subject to GHG reporting requirements, we understand the need in the future as it becomes relevant to assess our environmental impact and are aware of the challenges in quantifying the complete carbon footprint of our supply chain.

Describe the targets used by the organisation to manage climate-related risks, opportunities and performance against targets.

While we've already made progress in minimising our carbon footprint, we intend to define clear targets for further reductions when it becomes appropriate to do so. We commit to regularly reviewing and reporting our performance against these targets in annual disclosures, ensuring transparency and accountability.

In conclusion, OCT is deeply committed to a sustainable future, continuously assessing its environmental impact and adapting its strategies to ensure minimal carbon emissions, even as we consider potential expansion in the future.

Social Responsibility

We are dedicated to creating a diverse and inclusive workplace where everyone is treated with respect and dignity. We believe that our commitment to social responsibility extends beyond our organisation to the wider community. Further details of our stakeholder engagement can be found in our s172 Statement on page 72.

Governance

We understand the importance of strong governance in maintaining the trust of our stakeholders. We have implemented robust governance structures and processes to ensure transparency, accountability, and compliance with all relevant laws and regulations. Our commitment to doing the right thing is reflected in our zero-tolerance approach to bribery and corruption, as well as our adherence to the professional codes of industry associations including ABPI, AAALAC, AALAS, Bioindustry Association, CDP, DA4S, NC3Rs and the Scottish Lifesciences Association. Further details of our governance can be found in our Governance Report starting on page 62.

In conclusion, doing the right thing is at the heart of our business. We are committed to acting with integrity, respecting the environment, contributing positively to society, and maintaining strong governance. We believe that this commitment will drive our sustainable success and make a meaningful difference in the world.

Going Concern and Viability Statement

Going Concern

The Directors have reviewed the Group's financial position for the 12 months following the approval of these financial statements. The Group's business activities, financial standing, and factors likely to influence its future development, performance, and position are detailed in the CEO's Review and Financial Review.

A

Principal Risks Assessment

The Group's capital management objectives, policies, and processes, financial risk management objectives, financial assets and liabilities details, and its exposure to credit and liquidity risks are elaborated in notes 20 and 21 of the financial statements.

B

Trading Results, Future Trading Forecasts, and Financial Scenario Modelling Review

The Group prepares budgets and cash flow forecasts to ensure it can meet its liabilities as they fall due, with stringent controls in place to manage cash going forward. However, the Directors have identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern without raising additional funds. The Group's cash runway extends only 8 months beyond the signing of these accounts, assuming that the planned programme research remains unchanged. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

C

Funding and Cash Reserves

The Board is planning for the next round of funding, previously signalled, to support our current drug development programmes through to their next stage of development and key value inflexion points. Cash remains well-managed with the next round of fundraising due to take place by the end of Q4 2023, market permitting. In the absence of, or delay in obtaining any further debt or equity funding, the existing cash funds will be fully utilised by April 2024.

D

Results of Scenario Testing

The uncertainty as to the future impact on the Group of the ongoing global situation has been considered as part of the Group's adoption of the going concern basis. The Directors are confident that the Group is working in alignment with the development plan. Several key partners have been onboarded and drug development work continues in earnest, with Programme 1 (OCT461201) having started its clinical trial in Q2 2023.

E

Conclusion on Going Concern

After considering the Group's current financial position, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. This conclusion is based on the Group's current cash position, the planned future fundraising, and the ongoing development of its drug discovery programmes.

However, it is acknowledged that the Group's ability to continue as a going concern is dependent on successful future fundraising and the progression of its drug development programmes. The Directors are actively managing these risks and uncertainties and are confident in the Group's ability to raise the necessary funds and progress its drug development programmes as planned.

Therefore, the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

The Directors will continue to monitor the Group's going concern status, particularly in light of the ongoing global situation and its potential impact on the Group's operations and financial position. They are committed to taking appropriate actions as necessary to ensure the continued viability of the Group.

Long-term Prospects and Viability

A

Assessment of Long-term Prospects

The Directors have assessed the prospects of the Company over a longer period than the 12 months minimum required by the 'Going Concern' provision. The Directors anticipate the regulatory approval of the first drug produced by OCT in 2027. This milestone will mark a significant shift in the Group's financial position and is a key factor in the Directors' assessment of the Group's viability. The Group's strategy is well documented and, in addition to Programme 1 which is in clinical trials, includes medium-term targets of developing Programmes 2, 3 and 4, each targeting different therapeutic areas and each at different stages of development. The Group currently generates no revenue and relies on its cash reserves and future fund raising exercises to fund its clinical trials.

B

Current Position

The Group's current position is characterised by a strong focus on drug development, with several key partners onboarded and drug development work continuing in earnest, supported by the Group's current financial position of £2,297k cash in the bank as of 30 April 2023. The Group's cash runway extends 8 months beyond the signing of these accounts, assuming that the planned programme research remains unchanged. Therefore, the Group may be unable to continue its research and discharge its liabilities in the normal course of business. However, the Board is planning for the next round of funding, previously signalled, to support our current drug development programmes through to their next stage of development and key value inflexion points.

C

Strategy and Business Model

The Group's strategy involves the development of Programme 1 (OCT461201), a patent-protected new chemical entity targeting CIPN and IBS and Programme 2 (OCT130401), which is the development of synthetic pCBs for the effective, safe, and non-addictive treatment of chronic and severe pain conditions. The Group is also working on expanding its portfolio with the development of Programmes 3 and 4, which involve screening an expanded library of cannabinoid derivatives with the aim of targeting multiple therapeutic areas, including pain, neurology, immune-inflammation, and oncology

D

Robust Assessment of Principal Risks

The Group is faced with several principal risks, including the potential failure of significant drug development programmes, the inability to secure additional funding, and the ongoing global situation. To manage these risks, the Group has set clear objectives and policies and has implemented processes for managing its capital and financial risk. Detailed information about the Group's financial assets and liabilities, as well as its exposure to credit risk and liquidity risk, can be found in note 20 of the financial statements. The Group also prepares budgets and cash flow forecasts to ensure it can meet its liabilities as they fall due and has strict controls in place to manage cash effectively. Despite the risks and uncertainties, the Directors are actively managing these issues and remain confident in the Group's ability to secure the necessary funds and advance its drug development programmes as planned.

E

Assessment of Viability

The Directors have acknowledged a significant uncertainty that may impact the Group's sustainability, but they are confident in the Group's alignment with the development plan. They have successfully partnered with key stakeholders, and the Group is actively engaged in drug development, with a clinical trial for OCT461201 commenced in Q2 2023. It is important to note that the Group's viability does not solely rely on the success of a single drug development programme. The Group has a library of almost 500 proprietary cannabinoid derivatives, which serves as a robust pipeline for future development.

Furthermore, the Group's long-term viability is supported by its broader drug development lifecycle, which includes Programmes 2, 3, and 4. These programmes offer potential future value for the Group and are at different stages of development, targeting various therapeutic areas. The diversification of these programmes helps mitigate the risks associated with any single drug development project and provides multiple opportunities for future success.

F

Time Period and Scenario Modelling

The time horizon for the viability assessment extends to 2027, which is when the Directors anticipate that Programme 1 will achieve regulatory approval.. Scenario modelling includes potential adverse or unsatisfactory results from clinical trials resulting in programmes being terminated and lack of equity raising. However, the Group's viability is not solely dependent on the success of a single drug development programme but is supported by a library of almost 500 proprietary cannabinoid derivatives, providing a robust pipeline for future development.

G

Results of Scenario Testing

Our viability testing takes into account the potential impact of significant failures in drug development. While such failures could pose challenges, they do not fundamentally alter the Company's overall drug development potential. This is due to the robustness of our portfolio, providing a range of opportunities for discovery and development.

While a failure in a particular drug development programme could have specific negative impacts, it does not change the overall outcome of the viability testing. This is because the Group has multiple strategies in place to generate additional capital if needed. These strategies include the potential sale of existing programmes in the current drug development portfolio, licensing of intellectual property rights, raising equity financing in the public markets, or exploring other private financing options. These measures provide the Group with a degree of resilience and flexibility, enabling it to navigate potential challenges and continue its operations even in the face of adverse outcomes in specific drug development programmes.

H

Conclusion on Viability

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its obligations as they fall due over the period to 2027. This conclusion is based on the Group's current cash position, the planned future fundraising, the ongoing development of its drug discovery programmes, and the robustness of its cannabinoid library. However, it is acknowledged that the Group's viability is dependent on successful future fundraising, the progression of its drug development programmes, and the management of principal risks. The Directors will continue to monitor the Group's viability status, particularly in light of the ongoing global political, economic, social, technological, legal and environmental situation and its potential impact on the Group's operations and financial position. They are committed to taking appropriate actions as necessary to ensure the continued viability of the Group.

Other Directors' Statements

Our Ethical Approach to Business

The Directors are responsible for preparing the Directors' Report, Strategic Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are also required to prepare Group financial statements in accordance with UK adopted International Accounting Standards under the Listing Rules of the Financial Conduct Authority for companies trading on the Main Market. Under the Listing Rules, the Directors have also elected to prepare the Company financial statements in accordance with UK adopted International Accounting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for that period. In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report Review Process for the Annual Report

The consolidated financial statements are drafted by appropriate members of the reporting and leadership teams and co-ordinated by the Finance Director to ensure consistency. A series of planned reviews is undertaken by the reporting team and Executive Directors. In advance of final consideration by the Board, they are reviewed by the Audit Committee.

The Board's review of the system of internal control

The Board is responsible for the Group's overall approach to risk management and internal control and has reviewed the Group's risk management and internal controls systems for the period 1 May 2022 to the date of this Annual Report and Financial Statements and is satisfied that they are effective.

Section 172(1) statement

The Board reviews all matters and decisions through the consideration and discussion of reports which are sent in advance of each of their meetings and through presentations to the Board. When the Directors discharge their duty as set out in section 172 of the Companies Act 2006 ('**section 172**' or '**s.172**').

The Directors are required to include a statement of how they have had regard to stakeholders and the other factors set out in section 172(1)(a) to (f) when performing their duty. The full s.172(1) statement may be found on pages 72 to 76. On pages 72 to 76, we have set out examples of how the Directors have had regard to the matters in s.172(1)(a) to (f) when engaging with stakeholders

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Report of Directors confirm that so far as each Director is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Future developments

The Directors consider that the continued investment in the development of the Group's four core development programmes will allow the business to obtain regulatory approval for its first programme during 2027. Continued progress towards Phase I clinical trials for two of the four drug development programmes post period end provide further assurance to the Board that the Group is on target to deliver the key stages in the four programmes as outlined in the Chair's Statement and the Strategic Report.

Directors' responsibility statement

The Directors whose names and functions are set out on page 184 of this Annual Report and Accounts confirm to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings included in the consolidation taken as a whole;
- the Management Report which comprises the CEO's Review, the CSO's Review, the Financial Review and the Principal Risk Section of this Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Company takes responsibility for all of the information drawn up and made public in this Annual Report and Accounts.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Clarissa Sowemimo-Coker
Chief Executive Officer

Paul Smalley
Finance Director

Governance Report

How we preserve value

2

Introduction

"Our journey so far has been marked by significant milestones and achievements, and we are poised to continue this trajectory with renewed vigour and determination. Our focus remains on harnessing the power of cannabinoid medicines to make a meaningful difference in the lives of patients."

Rob Bennett
General Counsel and Company Secretary

In line with the Chair's statement at the beginning of this annual report, we at OCT are committed to upholding the highest standards of integrity and trustworthiness in the modern business world. These principles are the bedrock of our corporate governance practices. I am pleased to be part of a Board that is not only highly experienced and high-performing but also dedicated to achieving the best outcomes for all our stakeholders. Our Chair, Julie Pomeroy, has expressed pride and optimism in her statement, highlighting our transition from a pre-clinical to a clinical-stage pharmaceutical company, a testament to our team's dedication and expertise.

Strategic Initiatives

Our strategic initiatives are designed to align with our mission and business objectives. They encompass a range of activities, including research and development, partnerships and collaborations, and financial strategies. These initiatives are crucial in driving our growth, enhancing our competitiveness, and ensuring we deliver on our commitment to our stakeholders.

Stronger Governance

As a pre-revenue company, our focus has been on programme and risk management together with cash flow management. These aspects are deeply embedded in our culture and are the first items on the agenda at all Board meetings. Our commitment to these areas has been instrumental in navigating the complexities of the pharmaceutical industry and achieving our operational targets.

Financial Governance

Our financial governance practices are designed to ensure the effective management and control of our financial resources. This includes the development and implementation of financial policies and procedures, budgeting and forecasting, financial risk management, and compliance with relevant financial regulations and standards.

Stakeholder Engagement

Our stakeholder engagement practices are aimed at building and maintaining strong relationships with all our stakeholders, including our shareholders, employees, partners, and the communities in which we operate. We believe in open and transparent communication and actively seek feedback from our stakeholders to inform our decision-making and strategic planning processes. We utilise a variety of different methods to engage our stakeholders including: in-person and virtual meetings; site visits; broadcast investor updates with interactive Q&A sessions; video interviews; podcasts; and other social media channels where we operate and monitor #AskOCT as a direct line of communication to the Company.

Conclusion

As we look to the future, we are filled with optimism. Our journey so far has been marked by significant milestones and achievements, and we are poised to continue this trajectory with renewed vigour and determination. Our focus remains on harnessing the power of cannabinoid medicines to make a meaningful difference in the lives of patients. We will continue to innovate, collaborate, and uphold the highest standards of corporate governance. Together, we have the power to change lives and shape the future of cannabinoid medicine.

Rob Bennett
General Counsel and Company Secretary

Board and Executive Committee Structure

Board of Directors

Julie Pomeroy
Chairman
Cheryl Dhillon
Senior Independent Director
Richard Hathaway
Non-Executive Director
Neil Mahapatra
Non-Executive Director
Bishrut Mukherjee

Clarissa Sowemimo-Coker
CEO
Paul Smalley
Finance Director

Dr. Valentino Parravicini
Chief Scientific Officer
Dr. Tim Corn
Chief Medical Officer
Rob Bennett
General Counsel and Company Secretary

Executive Committee and Company Secretary

SAB
(scientific advisory board)

Rob Bennett
General Counsel and Company Secretary

Executive Committee and Company Secretary

Executive Committee

		
Dr. Valentino Parravicini Chief Scientific Officer	**Dr. Tim Corn** Chief Medical Officer	**Rob Bennett** General Counsel and Company Secretary
Joined Executive Committee		
2020	2023	2022
Contribution to the long-term sustainable success of the Company		
Dr. Parravicini brings a distinguished career in oncology, inflammation, and immunology to OCT. His extensive experience leading groundbreaking projects and his award-winning work in pharma and biotech are significant assets to the company. As Chief Scientific Officer, Dr. Parravicini oversees all of OCT's ongoing drug discovery and development studies, including the pre-clinical development of OCT461201, the company's lead CB2 agonist. His role involves close collaboration with OCT's lead business and research partners, as well as the development of new research partnerships globally. His expertise and leadership are helping to advance OCT's objective to become a global leader in developing cannabinoid-based prescription medicine.	Dr. Corn brings a wealth of experience from his previous senior roles in various pharmaceutical organisations, including Jazz Pharmaceuticals, EUSA Pharma Inc and Confo Therapeutics SA. His extensive knowledge of the regulatory environment and his track record of contributing to over twenty regulatory approvals in the US and Europe are invaluable assets to OCT. In his role as Chief Medical Officer, Dr. Corn is responsible for overseeing OCT's clinical research and development activities. His guidance and advice are crucial as OCT navigates through all stages of clinical development towards commercialisation, further strengthening the Company's vision for future growth.	Rob Bennett brings over 15 years of UK and international experience across multiple sectors, including retail, fast-moving consumer goods, manufacturing, innovation, and FinTech. His expertise in legal, risk, and compliance, honed through senior roles at listed and large private companies, including General Counsel and Company Secretary roles, is a significant asset to OCT. As General Counsel and Company Secretary, Rob plays a pivotal role in OCT's operations. His expertise in mergers and acquisitions, coupled with his recognition in Legal 500's GC Powerlists in 2021 and 2022, underscores his value to the team. In his role, Rob serves as the link between the Executive Committee and the Board, managing a number of external stakeholder relationships. He heads the legal function and oversees corporate governance responsibilities. His international experience and legal knowledge are crucial to OCT's growth and long-term success.

Clarissa Sowemimo-Coker
Age: 42
Chief Executive Officer

Paul Smalley
Age: 49
Finance Director

Board of Directors

Board of Directors						
						
Julie Pomeroy Age: 67 Chair	**Clarissa Sowemimo-Coker** Age: 42 Chief Executive Officer	**Cheryl Dhillon** Age: 64 Senior Independent Director	**Richard Hathaway** Age: 56 Non-Executive Director	**Neil Mahapatra** Age: 43 Non-Executive Director	**Paul Smalley** Age: 49 Finance Director	**Bishrut Mukherjee** Age: 35
Appointed to the Board						
2021	2021	2021	2022	2021	2022	2021
Contribution to the long-term sustainable success of the Company						
Julie brings over 20 years' experience as a plc Board director and accordingly she has an in-depth knowledge of UK listed companies and the corporate governance standards required for such companies. She is a Chartered Accountant and a Chartered Director. She was Finance Director and Company Secretary of AIM listed Dillistone Group Plc for over 10 years and brings strong finance credentials to the Company. Julie has also had over 10 years' experience as a non-executive director of various NHS organisations where she has chaired or been a member of their audit committees	Clarissa's multi-sector professional experience in law, compliance, operations, and investor relations are essential to the long-term sustainable success of OCT. She has over 15 years' experience in the legal and regulatory field and is a qualified solicitor in England and Wales. She has a strong governance background and a proven track record of implementing compliance programmes to help companies meet their legal and regulatory obligations. Clarissa is a strong leader and communicator with an entrepreneurial mindset. She is able to build relationships with shareholders, motivate teams, and clearly articulate the Company's vision and strategy. She is committed to ensuring OCT is a diverse and inclusive workplace, which will be essential to its long-term success.	Cheryl has over 30 years' pharmaceutical industry experience spanning across companies from start up to large global enterprises in positions ranging from SVP of Finance to CEO. Her skill set encompasses hands on management of many of the functions critical to successful development and commercialisation of specialty pharmaceutical products, particularly into EU markets. Since taking semi-retirement in 2020, she has focused her expertise helping innovative healthcare related companies at Board level. Along with being a Fellow of ACCA she has an MBA from University of Hertfordshire specialising in strategy and has a coaching qualification from the University of Strathclyde.	Richard brings a breadth of financial experience as a former adviser to a range of international businesses, both public and private, across a range of sectors, as well as from his senior finance and corporate development roles at Imperial Brands. In particular, he has extensive transactions, financing and capital raising experience that is highly relevant to OCT as it pursues further investment rounds to support the delivery of its strategy. As a former auditor of a wide range of UK listed companies and former head of risk management at Imperial, he also contributes extensive corporate governance experience. He is a Chartered Accountant with extensive recent and relevant financial experience.	As a co-founder of OCT, Neil brings to bear valuable executive leadership and a proven ability to cultivate companies with robust growth potential. His deep understanding of the cannabinoid sector, enriched by his considerable expertise in managing investor relations, contributes significantly to the strategic depth of the Company. His achievements include the establishment of the influential investment firm, Kingsley Capital Partners (KCP), and the initiation of the ground-breaking 'End our Pain' campaign, a testament to his strategic acumen and forward-thinking approach. In addition, his diverse portfolio of experience and impactful contributions, which range from healthcare corporate finance to private equity, underline his role in promoting the long-term sustainable success of the Company.	Paul brings more than 25 years' UK and international financial experience to the Board including strategic management capabilities gained across a wide range of market sectors, with expertise extending to IT, HR and procurement. Most recently he was the Finance Director and Company Secretary of Panthera Biopartners Ltd, a clinical trials management company overseeing financial, operational and treasury management, as well as assisting with mergers and acquisitions. Paul has worked in a variety of organisations, from SMEs to quoted companies including as Finance Director of JOST UK Ltd, which was a UK subsidiary of JOST Werke AG, a company quoted on the Frankfurt Stock Exchange. Paul holds a BA in Accounting and Finance from Lancaster University and is also a chartered global management accountant and Chartered Management Accountant.	Bishrut has a wide range of experience within operational delivery, M&A, corporate venturing and Innovation, principally across regulated industries including those of pharmaceuticals, manufacturing, energy, and FMCG. Bishrut's background in business development and operations leadership is valuable to the company as it reviews new opportunities and looks to deliver its drug candidate pipeline. He is a Chartered Engineer and has an MBA from London Business School.
Other public appointments:						
Dillistone Group plc	None	None	Compania de Distribucion Integral Logista Holdings SA	Odyssean Investment Trust plc	None	None
Committee:						
Audit (Chair), Remuneration and Nominations		Audit, Remuneration (Chair), and Nominations (Chair)	Audit.	None	None	Remuneration and Nominations

Key Activities of the Board During 2022/23

Board meeting attendance

1. Julie Pomeroy (Chair) (10/10)
2. Richard Hathaway[1] (9/10)
3. Paul Smalley (6/6) Appointed 17 October 2022
4. Karen Lowe (4/4) Resigned 17 October 2022
5. John Lucas (5/5) Resigned 2 December 2022
6. Cheryl Dhillon (10/10)
7. Bishrut Mukherjee[2] (8/10)
8. Clarissa Sowemimo-Coker (10/10)
9. Neil Mahapatra (10/10)

1. Richard was unable to attend the July Board meeting due to a pre-existing commitment. The July Board meeting comprised a sign-off on the Annual Report and updates from the CEO and CFO. Richard received the Annual Report in advance of the meeting and was able to review and provide feedback on the Annual Report to the Chair before the meeting. The Company Secretary updated Richard following the meeting.

2. Bishrut was unable to attend the August Board meeting due to a conflicting work commitment. Bishrut received the Board papers in advance of the meeting and was able to feed back his views to the Chair before the meeting. Bishrut could not attend the April Board meeting at short notice due to unexpected personal reasons. The Company Secretary updated Bishrut following the meeting.

A Overview

The Board of OCT convened 10 times during the year, including the Annual General Meeting. Additional meetings were organised as necessary to ensure the Board could effectively fulfil its responsibilities. At each meeting, the Board received strategic, operational, and financial updates from the CEO, CFO and CSO. The Board also considered aspects of Group culture and strategy at various points during the year.

B Drug Development and Clinical Trials

MAR 2022

In March 2022, OCT signed a five-year Master Service Agreement with Benuvia Manufacturing Inc. for OCT 130401, OCT's drug-device combination for the treatment of TN.

JUL 2022

In July 2022, OCT entered into a Master Service Agreement and Work Order with Simbec Research Limited for its first-in-human Phase I clinical trial for its lead compound, OCT461201, that commenced in Q2 2023.

JAN 2023

In January 2023, OCT submitted a combined clinical trials application for its lead programme, OCT461201, to the MHRA and REC 2.

MAY 2023

In May 2023, OCT received approval from the MHRA and REC 2 for the combined Phase I clinical trial application for OCT461201.

C Strategic Objectives and Financing

The Board received ongoing updates from the Executive Directors and CSO on the implementation of strategy throughout the year.

D Risk Management and Internal Control

- The Board initiated a root and branch review of the risk management and internal controls.
- The Board made the strategic decision to pause the clinical phase of OCT130401 in order to extend the cash runway.
- The Board routinely considered its conflict of interests.
- The Board received an update on Cyber & IT Security.
- The Board reviewed the compliance training completion rates

E Corporate Reporting and Performance Monitoring

- The Board reviewed the rolling forecasts and approved the 2023 budget.
- The Board approved the year-end and interim results.
- The Board approved monthly business updates.
- The Board reviewed the 2022 Report & Accounts to ensure it is fair, balanced, and understandable.

F Stakeholder Engagement

- The Board hosted the Annual General Meeting (AGM) on 28 September 2022.
- The Board received updates on our investor engagement programmes and regular investor relations activity.
- Employee engagement was another significant focus for the Board during the year. We are proud to have been recognised in The Sunday Times Best Places to Work in 2023 and Living Wage accreditation, a testament to our efforts in creating a supportive and engaging work environment.

G Governance

- The Board performed an evaluation of the Board's effectiveness, led by the Chair and internally facilitated by the Company Secretary.
- The Board received regular governance updates from the Company Secretary.
- The Board reviewed OCT's vision, purpose, and values.
- The Board reviewed Executive Team succession planning.

In addition to the matters listed, the Board received governance, legal, and regulatory updates at regular intervals from the Company Secretary and the Board's advisers. Risk remains a matter reserved for the Board, and a detailed review of our risk management processes and principal risks was conducted. There have been no reports to our whistleblowing helpline.

Section 172(1) statement

Our Directors, in accordance with the Companies Act 2006 (**the Act**), are committed to fostering the success of OCT for the collective benefit of our shareholders, while also considering our other key stakeholders. We firmly believe that to advance our strategy and achieve enduring success, the Board must take into account all relevant stakeholders in decision-making and ensure that every decision aligns with our culture of 'doing the right thing'.

The challenge lies in balancing the competing priorities of stakeholders, as it is not always feasible to yield positive outcomes for all. Our stakeholder engagement provides our Board with a deep understanding of stakeholder concerns, enabling them to carefully weigh all relevant factors and select the course of action that best fosters high standards of business conduct and the long-term success of OCT. The principles of s.172 are not merely considerations at the Board level; they are ingrained in our culture and influence all our company activities.

The diverse interests of stakeholders are taken into account in the business decisions we make across the Company, at all levels. This is reinforced by our Board setting the right tone from the top. All significant decisions by the Board are subject to a s.172 evaluation to identify the likely long-term consequences of any decision and the impact of the decision on our stakeholders.

In carrying out their duties during 2022-2023, the Directors have considered the matters set out in s.172 of the Act.

In performing their duties during 2022-2023, the Directors have acted in a way they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, they have had regard (amongst other matters) to:

A

The likely consequences of any decisions in the long term:

The Board has made strategic decisions to advance the Company's lead compound, OCT461201, into clinical trials, a significant milestone for the Company. This compound has shown potential as an effective therapy for CIPN and IBS. The decision to advance into clinical trials is a significant step towards achieving our core aim of providing a much-needed safe and effective treatment for patients, while also generating value for shareholders.

Like all early-stage drug discovery businesses, this process is complex. Each phase of clinical trials brings us closer to commercialisation, reducing failure risk and increasing shareholder value. While the benefits of today's decisions may not be immediately apparent, we are confident that our strategic choices will yield significant future rewards.

B

The interests of the Company's employees:

The Board recognises the importance of employee engagement and the significant contributions made by all employees to the Company's ongoing success. We have maintained open lines of communication with our employees through regular 'all hands' meetings and updates, fostering a positive and supportive work environment. Our commitment to employee engagement and creating a conducive work environment was recognised when OCT was listed in The Sunday Times Best Places to Work 2023.

In response to the evolving work environment, we have adopted a 'remote-first' approach, offering flexible work arrangements such as remote working. This approach contributes to a better work-life balance for our employees and is a testament to our adaptability. Despite being a fully remote company, we are mindful of the need to nurture the Company's culture. Therefore, we ensure that we make time for in-person engagement, regularly convening at shared office spaces for face-to-face interaction and team building.

We also respect individual preferences and circumstances, understanding that the ability to work from home is a privilege not available to all. To support all team members, we provide access to coworking spaces for those who prefer this arrangement, ensuring they have the resources they need to thrive in their roles.

In addition to these flexible work arrangements, OCT is committed to the continuous development of its workforce. We offer regular training opportunities, ensuring that employees have the skills and knowledge necessary to excel in their roles. In the relevant period, Paul Smalley completed his ESG (Environmental, Social, and Governance) certification, reinforcing our commitment to sustainable and responsible operations.

The Board is pleased with the consistent progress and the fact that we remain on track to meet our financial and operational targets. This achievement is a testament to the adaptability, skill, and 'can do' attitude of our team, which has been further enhanced by our flexible and inclusive work environment.

C

The need to foster the Company's business relationships with suppliers, customers, and others:

The Board, through its digital-first approach, has empowered the Executive Team to cultivate strategic alliances with a variety of suppliers. This strategy has led to the establishment of robust relationships with a broad spectrum of businesses, propelling our drug development process significantly forward. Key partners, such as Aptuit (Verona) SRL, part of Evotec SE, and Simbec Research Limited, part of Simbec-Orion Group Ltd, have played instrumental roles in the progression of our first-in-human Phase I clinical trial. These partnerships, fortified by our digital-first strategy, are indispensable for the successful advancement of our drug candidates.

In addition to fostering relationships with partners, OCT has built strong connections with all its suppliers, including Simbec Research Limited, Evotec, ProPharma Group, Charles River, and Dalriada Drug Discovery. This has been achieved through regular communication and update meetings, as well as site visits and in-person meetings where appropriate. This open dialogue has enabled us to promptly address any concerns and collaboratively find solutions that are mutually beneficial.

Furthermore, OCT has proactively engaged with regulators to ensure our operations meet all necessary standards. We have worked closely with the MHRA during the filing of our first Clinical Trial Application (CTA), tailoring our strategy to meet the MHRA's specific requirements for a successful submission. We have maintained a transparent and open dialogue with the MHRA, promptly addressing any queries or concerns they may have. As one of the few companies licensed to possess and supply class one substances under the Misuse of Drugs Act 1971, we have also continued our engagement with the Home Office, including conducting an in-person site visit to the licensed premises as part of the successful license renewal process.

Our digital-first strategy not only optimises our operations but also enhances communication efficiency with our partners and regulators. This approach bolsters our collaborative efforts and innovation in our shared mission of healthcare advancement. These relationships and engagements are vital in fostering the Company's business relationships with suppliers, customers, and others, contributing to the long-term success of OCT.

D

The impact of the Company's operations on the community and the environment:

The Board acknowledges our significant role within the community and the broader implications of our operations. We are dedicated to conducting our business responsibly and sustainably. In line with this commitment, we made a strategic decision in October 2021 to transition to a fully remote business model, terminating the lease on our head office.

Adopting a remote-first approach has not only transformed the way we work but has also significantly reduced our carbon footprint. By minimising commuting, we have lessened our contribution to transportation-related emissions, demonstrating our commitment to environmental stewardship.

Furthermore, our digital-first strategy has enabled us to reduce the environmental impact associated with paper usage and printing. By leveraging digital tools and platforms for our operations, we are minimising waste and promoting sustainability.

These strategic decisions reflect our dedication to reducing our environmental impact, contributing positively to our community, and leading by example in sustainable business practices.

E

The desirability of the Company maintaining a reputation for high standards of business conduct:

The Board is steadfast in its commitment to uphold high standards of business conduct. As part of this commitment, we have voluntarily adopted the UK Corporate Governance Code, a step up from the QCA Code. This move signifies our dedication to adhere to a significantly higher standard of corporate governance, reflecting our belief in the importance of good governance for the successful and ethical operation of our business.

During the relevant period and whilst in her roles as Company Secretary, Clarissa Sowemimo-Coker completed the Corporate Governance Diploma, further enhancing our governance capabilities and demonstrating our commitment to continuous learning and improvement in this critical area.

In addition, we have undertaken a comprehensive 'root and branch' risk review. This rigorous process allows us to identify, assess, mitigate, and control risks across our business, ensuring we are well-prepared to navigate any challenges that may arise.

We have implemented robust governance structures and processes, ensuring that we operate in a transparent, ethical, and responsible manner.

Our adherence to these high standards of business conduct not only enhances our reputation but also contributes to our long-term success and sustainability.

F

The need to act fairly between members of the Company:

The Board is deeply committed to equitable treatment of all Company members, with a focus on open and transparent communication with our shareholders, ensuring that their interests are always at the forefront of our decisions.

In August 2022, when we made the strategic decision to pause the clinical phase of OCT130401, we made sure to extensively engage with our shareholders. We collected their views and feedback through consultations with shareholders and took them into serious consideration, demonstrating our commitment to an inclusive and respectful decision-making process.

Our CEO, Clarissa, and CSO, Valentino, have been actively engaging with shareholders in a variety of ways, including in-person and virtual meetings, regular podcasts, and recorded visual interviews with Proactive Investor, StockBox and Investor Meet Company. They have also been attending and speaking at numerous conferences and releasing articles to keep shareholders updated on the company's progress. These efforts ensure that our shareholders are kept informed of developments and that their voices are heard.

In all our actions, we strive to uphold the principles of corporate governance: fairness, accountability, transparency, and responsibility. This commitment guides our interactions with shareholders and shapes our approach to conducting business, reinforcing our dedication to acting fairly between all members of the company.

This approach to stakeholder engagement has enabled us to make balanced and informed decisions that promote the long-term success of OCT. We will continue to engage with our stakeholders in this manner in the future.

Our stakeholder engagement approach, which emphasises open communication and active feedback, has been key in making balanced decisions that foster OCT's long-term success. The Board is confident that these actions have bolstered OCT's sustainability and success. We will persist in this approach, continuing to consider the matters set out in Section 172(1)(a) to (f) of the Act in all future decisions, ensuring our actions align with the interests of our shareholders, employees, suppliers, customers, and the communities we impact.

2018 UK Corporate Governance Code: application and compliance

The Financial Reporting Council (FRC) released the latest version of the UK Corporate Governance Code (referred to as the 'Code') in 2018. A copy of the Code can be accessed via www.frc.org.uk. This Code is applicable to accounting periods commencing on or after 1 January 2019. We are delighted to announce that our Company has successfully applied all the Principles of the Code throughout the relevant period. The following summary provides an overview of how we have achieved this application.

Section 1: Board leadership and Company purpose

A

A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

The Board of OCT promotes the long-term sustainable success of the Group and Company by maintaining oversight of the delivery of the Group's strategy, aiming to generate shareholder value and contribute to wider society. The Board has a diverse range of skills, knowledge, and experience, and exercises independent and objective judgment. They also recognise that as the programmes move closer to commercialisation, the required skill set of the Board will change. The Board and Committees meet regularly to ensure that the strategy is delivered and that risks are effectively managed.

B

The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

OCT has a clearly defined purpose, which is to develop cannabinoid-based medicines with the aim of improving the quality of life for patients with unmet medical needs. The Board of OCT plays a pivotal role in establishing the Company's purpose, values, and strategy. It is responsible for setting the strategy and key policies, ensuring robust corporate governance, and monitoring progress towards the achievement of objectives and plans. The Board is also vigilant in ensuring that OCT's unique culture is aligned with its purpose, values, and strategy.

Furthermore, the Board places significant emphasis on workforce engagement as an integral part of its agenda. It recognises that the workforce is a critical stakeholder, and engaging with them is vital for the Company's success.

The methods and mechanisms through which the Board engages with the workforce are detailed on page 92 specific pages within the Company's documents.

The strategy of OCT is subject to regular review by the Board, at least twice per year, to ensure that it remains relevant and effective in guiding the Company towards its goals. Additionally, the Company's culture, values, and ethics are documented and can be found in the strategic report section, starting on page 8.

This structured approach ensures that the Company remains focused on its core purpose while aligning its culture and values with its strategic objectives. Through regular reviews and engagement with the workforce, the Board ensures that the Company is adaptable and responsive to the evolving needs of its stakeholders and the market.

C

The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

OCT takes a proactive and comprehensive approach to ensure that the Company has the necessary resources in place to meet its objectives and to measure its performance against these objectives. This includes not only financial resources but also human capital and expertise. For instance, OCT has established an SAB, which brings in additional expertise and insights that are crucial for the Company's focus on developing cannabinoid-based medicines.

Recognising the risks associated with having a small management team, the Board has plans to expand resources, particularly as the Company's programmes progress towards clinical trials. This is indicative of the Board's forward-looking approach in resource planning, ensuring that the Company is well-prepared to handle the increasing complexities and demands as it grows.

In addition to resource allocation, the Board places a strong emphasis on establishing a robust framework of controls. The Audit Committee, a sub-committee of the Board, plays a significant role in this regard. The Committee reviews and assesses the Company's risk management processes, including the identification and management of principal and emerging risks. The Committee is also provided with information on front-line controls and receives assurance from the external auditor.

Key Performance Indicators (**KPIs**) are used to measure the Company's performance against its objectives. Information on the KPIs and the Company's performance against them can be found on page 31.

Furthermore, the Audit Committee report includes a summary of the internal control framework, highlighting the mechanisms in place to ensure that the Company's operations are aligned with its strategy and objectives.

D

In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

OCT acknowledges the significance of maintaining an active and effective engagement with its shareholders and a broader group of stakeholders. The Board of OCT is cognisant of the diverse interests and concerns of its stakeholders and actively engages with them on a regular basis.

The Company has a broad group of clearly defined stakeholders, which may include shareholders, employees, customers, suppliers, and the communities in which it operates. The Board members are actively involved in engaging with these groups, and this engagement is instrumental in informing the Board's decision-making processes.

One of the key objectives of OCT for the year 2022/23 was to strengthen and increase engagement with shareholders and the wider stakeholder base. This reflects the Company's commitment to transparency and responsiveness to the needs and expectations of its stakeholders.

In addition to engagement, the Board is also diligent in fulfilling its statutory duties as outlined in section 172 of the Companies Act. This section requires directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, directors must have regard to various factors including the interests of the Company's employees, the need to foster business relationships with suppliers and customers, and the impact of the Company's operations on the community and the environment.

Detailed explanations of how OCT engages with its shareholders and wider stakeholder base, and how this engagement informs the Board's decision-making processes, can be found on pages 73 to 76 which provides insights into how the Board members have discharged their 'section 172' statutory directors' duties.

E

The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

OCT places a high emphasis on creating a positive and supportive work environment for its workforce. The Company recognises that its employees are one of its most valuable assets and is committed to implementing policies and practices that align with its values and contribute to its long-term sustainable success.

One of the notable achievements of OCT in this regard is its recognition in The Sunday Times Best Places to Work 2023. This recognition is a testament to the Company's commitment to employee engagement and creating a conducive work environment. The Sunday Times Best Places to Work awards are known for their rigorous criteria, and only companies that meet strict engagement standards are recognised. OCT's inclusion in this list is a significant achievement and reflects the Company's dedication to its workforce.

Furthermore, OCT is proactive in offering flexible work arrangements, such as remote working, which contributes to a better work-life balance for its employees. This flexibility is particularly important in the modern work environment and demonstrates the Company's adaptability and responsiveness to the needs of its employees.

In addition to flexible work arrangements, OCT is committed to the continuous development of its workforce. The Company offers regular training opportunities, ensuring that employees have the skills and knowledge necessary to excel in their roles. This not only contributes to the personal and professional development of the employees but also ensures that the Company has a skilled and competent workforce that can contribute to its objectives.

Moreover, OCT takes pride in being a supportive employer that recognises success at every level. This culture of recognition and support fosters a sense of belonging and motivation among the employees, which in turn contributes to higher productivity and engagement.

In summary, through flexible work arrangements, continuous training opportunities, a culture of recognition, and a supportive work environment, OCT ensures that its workforce policies and practices are consistent with the Company's values and support its long-term sustainable success.

Section 2: Division of responsibilities

F

The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The Board confirms that Julie Pomeroy was independent on appointment when assessed against the circumstances set out in Provision 10 of the Code. The roles of Chief Executive and Chair are not held by the same individual and the Chair has never held the position of Chief Executive of the Company. These factors help ensure that the Chair demonstrates objective judgement throughout her tenure. The Chair is mindful of her role in facilitating constructive Board relations and promoting a culture of openness and debate amongst the Board. This in turn encourages the effective contribution of all the Non-Executive Directors. The 2023 Board evaluation concluded that the Board was effective, supportive and doing well. The Chair is supported in this by the Company Secretary, who ensures the effective flow of information in a timely manner between the Board and senior management.

G

The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

OCT recognises the importance of having an effective board that is led by a Chair who is committed to ensuring the overall effectiveness of the Board in directing the Company. The Chair of OCT plays a pivotal role in leading the Board and is responsible for ensuring that the Board functions effectively in setting and implementing the Company's direction and strategy.

The Chair demonstrates objective judgement throughout their tenure, ensuring that decisions made by the Board are in the best interest of the Company and its stakeholders. By promoting a culture of openness and debate, the Chair ensures that all board members, including Non-Executive Directors, are encouraged to voice their opinions and contribute to discussions. This culture is essential for ensuring that a range of perspectives is considered in the Board's decision-making process.

In addition to fostering an open culture, the Chair facilitates constructive relations among board members. This involves ensuring that the Board operates cohesively and that the contributions of Non-Executive Directors are effectively integrated into the Board's discussions and decisions.

Another critical responsibility of the Chair is to ensure that the Board members receive accurate, timely, and clear information. This is essential for enabling the Board members to make informed decisions. The Chair, therefore, works closely with the Company Secretary and other relevant personnel to ensure that the Board is well-informed and has access to all the necessary information.

H

Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Non-Executive Directors are actively engaged and commit sufficient time to fulfil their board responsibilities. They are involved in meetings and calls with executive management and key stakeholders throughout the year.

Non-Executive Directors at OCT provide constructive challenge and strategic guidance, contributing their expertise and offering specialist advice. They play a critical role in holding the management accountable and bringing objective judgment to board decisions.

The Board ensures that Non-Executive Directors have the capacity to allocate enough time to their roles. When appointing new Directors or authorising existing Directors to take on additional appointments, the Board assesses the time commitment required and ensures that it does not conflict with their responsibilities at OCT.

When reviewing the Nominations Committee's recommendation to appoint a new Director, the Board will always assess whether the candidate is able to allocate enough time to the role. Similarly, when assessing the acceptability of an existing Director's wish to take on external appointments, the Board will assess the additional demand on that Director's time before authorising the appointment. This occurs within the Board's agreed existing protocol whereby any significant appointments taken on whilst serving as a Director of the Company must be approved by the Board before they are entered into. This is set out in the Schedule of Matters Reserved for the Board which may be found on the Company's website. During the reporting period, Neil Mahapatra's appointment as Non-Executive Director of the London Stock Exchange traded company, Odyssean Investment Trust plc, was authorised by the Board. Prior to the appointment, the Board considered whether Neil could allocate enough time to his role as a Non-Executive Director of OCT. The Board was satisfied that Neil had the requisite time to fulfil the new role as well as his current role with OCT.

The number of Board and Committee meetings held, as well as attendance, is documented and reviewed to ensure active participation by Non-Executive Directors. This information can be found on pages 70, 90, 99 and 108 of the Annual Report.

I

The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

All of the Directors of the Company have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. The Board has implemented a Group policy framework which is considered by the Board on an annual basis. Individual policies and associated practices are considered alongside the framework review process. As stated in the Schedule of Matters Reserved for the Board (which may be found on the Company's website) the appointment and removal of the Company Secretary is a decision for the Board as a whole.

Section 3: Composition, succession and evaluation

J

Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Board reviewed its composition and has a formal and transparent procedure for Board appointments. The Nominations Committee met three times during the year and there is a formal and transparent procedure for Board appointments. The Committee recognises the importance of diversity when considering potential appointments.

K

The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

The composition of the Board was considered ahead of the Company's IPO. During the year, an internal review of both the skills matrix and current Board composition of knowledge and experience was completed. Directors are encouraged to keep their skills up to date.

L

Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

The Group is transitioning to the specific requirement of the UK Corporate Governance Code with regard to having an annual evaluation of the Board's composition and diversity. An initial internal review was completed with no external input. Actions identified from the review included opportunities to broaden the range of regular training topics for Board members.

Section 4: Audit, risk and internal control

M

The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board has established formal and transparent policies and procedures, which ensure the external auditor and internal audit function are independent and effective and are accountable to the Audit Committee. The Board also monitored the integrity of the annual and interim financial statements of the Company through the Audit Committee. Further information about the work of the Audit Committee, including the subjects above, may be found in the Audit Committee report, which begins on page 108.

N

The board should present a fair, balanced and understandable assessment of the company's position and prospects

A statement regarding the Directors' responsibility for preparing the Annual Report and Accounts and the Directors' assessment of the Annual Report and Accounts, taken as a whole, as being fair, balanced and understandable and providing the necessary information for shareholders to assess the Company's position, performance, business model and strategy, may be found on pages 58 to 60.

O

The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

The Board is responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. The Board is assisted with these responsibilities by the Audit Committee. Such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, as well as to help the business take appropriate opportunities. The Board has conducted reviews of the effectiveness of the system of internal controls through the processes described within the 'Risk management' and 'Principal risks and uncertainties' sections (see pages 32 to 42) and are satisfied that it accords with the Code and with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. As described in the Audit Committee report on page 108, a key controls project is ongoing across the Group to focus and further strengthen our overall control framework. This work to further enhance internal controls will lead to better assurance and efficiencies through opportunities to formalise and automate controls and improve visibility to the Executive Committee and Board in a consistent way across the Group. The assessment of the principal and emerging risks, the uncertainties facing the Group, and the ongoing process for identifying, evaluating and managing the significant risks faced by the Group is set out in the 'Risk management' and 'Principal risks and uncertainties' sections (see pages 32 to 42). The Board confirms that it has conducted a robust assessment of the principal and emerging risks.

Section 5: Remuneration

O

Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

The way the Remuneration Committee has ensured our remuneration policies and practices are aligned with our culture, our strategy and risk management is discussed in the Remuneration Committee report, which starts on page 99.

Q

A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

The way the Remuneration Committee has ensured our remuneration policies and practices are aligned with our culture, our strategy and risk management is discussed in the Remuneration Committee report, which starts on page 99.

The Remuneration Committee has delegated responsibility for setting the Executive Directors' remuneration under the shareholder-approved Directors' remuneration policy. The Remuneration Committee also has delegated responsibility for setting the Chair of the Board's remuneration and the remuneration of senior management (i.e. the members of the Executive Committee and the Company Secretary). No Director is able to determine their own remuneration outcome. The Remuneration Committee reviews workforce remuneration and related policies when setting Executive Director remuneration. Ensuring these factors are always considered means our remuneration policies are clear and as predictable as possible. Further information may be found in the Remuneration Committee report on page 99.

R

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The Remuneration Committee membership is made up of only independent Non-Executive Directors. Details of whether the Remuneration Committee exercised its discretion during the year may be found in the Remuneration Committee report on page 99.

UK Corporate Governance Code Provisions

The UK Corporate Governance Code, as published by the Financial Reporting Council, provides a comprehensive set of standards for corporate governance, accounting, and actuarial work in the UK. It underscores the significance of good corporate governance for the long-term sustainable success of a company. The Code includes principles and provisions that address board leadership, company purpose, division of responsibilities, composition, succession and evaluation, audit, risk and internal control, and remuneration. Applicable to all companies with a premium listing, the Company has voluntarily adopted the code and the Code encourages high-quality reporting on the application of its principles and provisions. It also offers guidance on board effectiveness and promotes engagement with shareholders and other key stakeholders.

As for the compliance with the provisions of the Code, it is important to note that the Code operates on a 'comply or explain' basis. This means that while we strive to adhere to all provisions, there may be instances where we choose not to comply, but we will always provide a clear explanation for such decisions. The Code acknowledges that an alternative to complying with a provision may be justified in particular circumstances based on a range of factors, including the size, complexity, history, and ownership structure of a company.

As a pre-revenue small cap business engaged in drug discovery and clinical trials, complying in full with some provisions of the Code is not appropriate and we have explained why in each instance below.

Provision 5: For engagement with the workforce, one or a combination of the following methods should be used: a director appointed from the workforce; a formal workforce advisory panel; a designated non-executive director. If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.

The Company acknowledges that it has not adopted any of the methods outlined in Provision 5 of the Governance Code for workforce engagement. Given the small size of our workforce, the Board has determined that the prescribed methods are not appropriate. Instead, the Company has implemented an alternative arrangement wherein the CEO conducts weekly all-hands meetings to maintain robust engagement with the entire workforce. This approach ensures that the Board effectively considers the interests of the workforce in its discussions and decision-making. The Board believes that this alternative arrangement is effective in the current context of the Company. Further details on workforce engagement can be found on page 92 of the Annual Report.

Provision 11: At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.

The Company acknowledges that it is currently not in compliance with Provision 11 of the UK Corporate Governance Code. This provision stipulates that at least half of the Board members, excluding the Chair, should be non-executive directors considered independent by the Board. Our board's current composition includes a higher proportion of Non-Executive Directors who are not deemed independent according to the circumstances outlined in Provision 10.

This deviation primarily stems from our strategic decision to grant share options to our Non-Executive Directors (excluding Bishrut and Richard) at the time of our IPO in May 2021. This decision was based on our belief in the transformative power of personal investment in the Company, as it incentivises, motivates, and aligns the Directors with the long-term prosperity of the Company. It also demonstrates their confidence and commitment to the Company's mission, which is a trust factor when attracting investors and funding. However, we understand that this approach may be seen as compromising the independence of our Non-Executive Directors according to the provisions of the UK Corporate Governance Code.

The deviation is also due to our transitional phase, wherein key Non-Executive Directors representing significant shareholders are playing a vital role in driving strategic initiatives. We are committed to achieving compliance with Provision 11 in the medium term and have identified that our succession planning must include actively seeking qualified independent Non-Executive Directors to join the Board. The Nomination Committee is overseeing this process and will ensure that the Board composition aligns with the provision in due course.

We believe that our approach to Non-Executive Director remuneration, including share options granted on IPO, is a balanced one that aligns the interests of our Non-Executive Directors with those of our shareholders and the long-term success of the Company. We will continue to monitor and review our practices in light of evolving best practice and regulatory requirements.

Further details regarding the Board composition and the steps being taken to address this non-compliance can be found on page 94 of the Annual Report.

Provision 12: The board should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders.

The Company acknowledges that during the reporting period, it was not in compliance with Provision 12 of the Governance Code, which requires the appointment of a Senior Independent Director. However, Cheryl Dhillon informally assumed the role. The Board has recently taken steps to formally recognise Cheryl Dhillon as the Senior Independent Director, effective from the May 2023 board meeting. This appointment is aimed at enhancing the governance structure and ensuring compliance with Provision 12.

Provision 24: The board should establish an Audit & Risk Committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. The chair of the board should not be a member. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee as a whole shall have competence relevant to the sector in which the company operates.

The Company acknowledges that it is not in full compliance with Provision 24 of the UK Corporate Governance Code, which stipulates the formation of an Audit Committee consisting of independent non-executive directors, with the Chair of the Board not being a member. Currently, Julie Pomeroy, the Chair of the Board, also holds the position of the Chair of the Audit Committee. This decision was made in light of the Chair's substantial financial expertise and the necessity for consistent leadership.

In addition to this, it is important to note that Karen Lowe, an Executive Director/CFO, was a member of the Audit Committee from the start of the relevant period until her resignation on 31 October 2022. This was a carryover from the previous period when the Company adopted the QCA code before voluntarily transitioning to the Corporate Governance Code.

Following Karen's departure, the Company decided that her successor, Paul Smalley, should not be a member of the Audit Committee, further aligning the company's governance with the provisions of the UK Corporate Governance Code.

While Richard Hathaway's ties to Imperial Brands might impact perceptions of his independence, his extensive background in auditing and risk management is invaluable. His experience as an auditor for UK listed companies and leadership in risk management at Imperial Brands greatly enhances the Audit Committee. The Board believes Richard's expertise significantly enriches the committee's efficacy.

To address potential conflicts of interest and independence issues, the Board has ensured the inclusion of independent Non-Executive Directors on the Audit Committee and has established regular reviews of the Chair's dual role by the Board. The Board is of the belief that this structure, while not strictly adhering to Provision 24, serves the best interest of the company at this juncture. The situation will be continually reviewed, and adjustments will be made as deemed necessary.

Provision 26: The annual report should describe the work of the Audit Committee, including:

- **the significant issues that the Audit & Risk Committee considered relating to the financial statements, and how these issues were addressed;**
- **an explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;**
- **in the case of a board not accepting the Audit Committee's recommendation on the external auditor appointment, reappointment or removal, a statement from the Audit & RISK Committee explaining its recommendation and the reasons why the board has taken a different position (this should also be supplied in any papers recommending appointment or reappointment);**
- **where there is no internal audit function, an explanation for the absence, how internal assurance is achieved, and how this affects the work of external audit; and**
- **an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.**

The Company acknowledges non-compliance with Provision 26 due to the absence of an internal audit function. The Board, after annual reviews, considers an internal audit function to be disproportionate given the size, complexity and risk profile of OCT during the year. Instead, internal assurance is maintained through robust governance, risk management, and internal controls. The Audit Committee plays a key role in overseeing risks, evaluating controls, and ensuring the external audit's independence and effectiveness. The Committee also liaises with the Remuneration Committee to incorporate risk considerations in remuneration policies.

Nominations Committee report

Nominations Committee Meeting Attendance

- Cheryl Dhillon (Chair) (3/3)
- Julie Pomeroy (3/3)
- Bishrut Mukherjee (3/3)

Cheryl Dhillon
Chair, Nominations Committee

Introduction from the Committee Chair

I am pleased to present this report covering the work of the Nominations Committee in 2023. The Nominations Committee continues to be one of the core governance safeguards for OCT. This report details how the Committee seeks to avoid governance issues by engaging in transparent processes and adopting best practice guidance.

The purpose of this report is to provide a comprehensive overview of the Nominations Committee's work in 2023 for OCT. The Nominations Committee plays a critical role in ensuring good governance practices within the Company. This report will outline the Committee's commitment to transparency and adherence to best practices.

Board Evaluation

One of the key activities carried out by the Nominations Committee in 2023 was a thorough evaluation of the Board. This evaluation was conducted internally, with the assistance of the Company Secretary. The evaluation process involved the use of a detailed self-assessment questionnaire and separate surveys. These tools were specifically designed to identify any skills gaps within the Board, assess the overall effectiveness of the Board, and gather feedback from each Director on their own individual performance and that of their fellow Directors.

The Board evaluation yielded valuable insights for each Director. These insights provide Directors with actionable information that they can use to enhance their contributions to the Board. Additionally, the evaluation process aims to improve the overall effectiveness of the Board as a whole.

Succession

In September 2022 the Committee oversaw the process of appointing the new Group Finance Director ensuring that the process was rigorous and thorough. Paul Smalley joined the Company in October 2022. Paul's strong background in strategic management spans various market sectors, including IT, HR, and procurement. His diverse experience, ranging from small and medium-sized enterprises to publicly quoted companies, will be a valuable asset to our Company. The Committee also appointed Clarissa Sowemimo-Coker, a highly qualified internal candidate, as the new CEO. Clarissa, who joined the Company in 2018 and who previously held the positions of Chief Operating Officer and General Counsel, assumed the role of CEO on an interim basis in December before the Committee made the appointment permanent in April 2023. Both appointments were accompanied by a handover period with the outgoing CEO and Finance Director, ensuring a smooth transition of leadership within the Board.

The Committee also played a significant role in the appointment of two new members of the executive team. Our new General Counsel and Company Secretary, Rob Bennett, joined OCT in December 2022 and assumed the role of Company Secretary on 12 January 2023. Rob brings a wealth of experience and expertise to the Company, having previously served as General Counsel and Company Secretary at Bestway Retail. His professional journey spans over 15 years, during which he has gained extensive experience in the UK and international markets across various sectors. His expertise in legal, risk, and compliance matters has been honed through his work with SMEs and quoted companies.

Rob's exceptional work has been recognised in the Legal 500's GC Powerlists in 2021 and 2022, and he was a finalist for the Team of the Year at The Lawyer Awards in 2021.

Dr Tim Corn has been appointed to the newly created position of CMO. Dr Corn is an independent pharmaceutical consultant who brings a wealth of experience from his senior roles in both large and small pharmaceutical organisations. He currently holds the position of CMO at Nodenza Inc and serves as a Medical Adviser to Confo Therapeutics SA. In addition, he is a non-executive director on the Board of Physiomics plc. In his new role as CMO, Dr Corn will be tasked with overseeing the Company's clinical research and development activities and providing expert medical guidance and advice to the team. These appointments, which were made following a rigorous process, have significantly strengthened the leadership of OCT.

Composition and Diversity

The Nominations Committee remains mindful of the importance of diversity within leadership and senior management teams. Based on the key findings and recommendations from the FTSE Women Leaders Review and the Parker Review, it's clear that diversity, particularly gender and ethnic diversity, is a crucial aspect of effective board composition. The FTSE Women Leaders Review highlights significant progress in gender diversity, with the FTSE 100 surpassing the 40% target for women on boards three years ahead of schedule, reaching 40.5% representation. However, challenges remain, particularly in CEO roles and the achievement of the 33% target for women in leadership positions. The composition of the OCT Board reflects a commitment to diversity and inclusion. As at 30 April 2023, out of the seven board members, three are women, including the Non-Executive Chair, Senior Independent Director and the CEO, constituting approximately 43% of the Board. This representation surpasses the Hampton- Alexander Review's 33% target and aligns with the 40% achieved by FTSE 100 companies. Furthermore, as at 30 April 2023, three members of the Board are of colour, including the Senior Independent Director, representing approximately 43% ethnic diversity, in line with the Parker Review's recommendations. Diverse boards, encompassing both gender and ethnic diversity, are known to encourage varied perspectives, foster innovation, and enhance decision-making. OCT's board exhibits this positive indicator. To maintain and enhance diversity, this committee is ensuring diversity is integral to succession planning and recruitment strategies. Moreover, fostering an inclusive culture that values and respects diversity in all forms is essential. We believe that by fully embracing diversity, OCT can tap into a broader range of experiences, knowledge, and networks, leading to comprehensive discussions, well-informed decisions, and a more inclusive corporate culture.

Employee Engagement

Our Company has placed a significant emphasis on employee engagement, which has been recognised by our inclusion in The Sunday Times' prestigious list of the Best Places to Work in 2023. This acknowledgement demonstrates our commitment to fostering a supportive and captivating work environment.

In response to the COVID-19 lockdowns, we made a strategic decision to terminate our lease on traditional office space and transition to a fully remote working model supported by advanced technology. This shift not only helps us reduce our carbon footprint by eliminating the need for daily commuting but also provides time and cost savings. Additionally, it allows us to hire a diverse workforce from beyond our immediate commuting radius.

To complement our remote-first approach, we utilise shared coworking spaces and organise regular gatherings to foster strong company culture and enhance team unity.

Looking Ahead

In order to enhance the effectiveness and long-term sustainability of OCT, the Committee plans to allocate more time in 2024 to evaluate the composition of the Board. While the current Board possesses a diverse range of skills and experience, it is recognised that a more comprehensive succession plan needs to be developed. With the exception of Richard Hathaway, all Non-Executive Directors (**NEDs**) were appointed in 2021 and have equal terms. However, the Committee acknowledges the importance of implementing a succession plan that encompasses short-term, medium-term, and long-term contingencies, based on the outcomes of a thorough board-effectiveness assessment. Throughout this process, it is crucial to retain the necessary expertise required to support the Company's continuous growth, strategic initiatives, and commitments to all our stakeholders.

Cheryl Dhillon

Chair, Nominations Committee

Composition

A Board Skills and Experience Matrix

Key

Limited	Little to no experience or knowledge in this area.
Basic	Some experience or knowledge, but may require guidance or support to contribute effectively
Moderate	Solid experience and knowledge, able to actively contribute and make informed decisions.
Strong	Significant experience and knowledge, able to provide strategic guidance and leadership in this area.
Extensive	Demonstrates mastery or expertise, able to drive initiatives and provide expert advice in this area

B Diversity

EQUALITY & Diversity Policy

OCT is dedicated to promoting equal opportunities for all employees and job applicants. We aim to create an environment that is free from discrimination and harassment, where cultural diversity and individual differences are positively valued, and decisions are based on merit. We do not discriminate against employees on the basis of age, disability, gender reassignment, gender identity, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

We encourage and celebrate diversity and have established an open and collaborative culture that allows great people to do what they do best. We seek to avoid any form of unlawful discrimination in all aspects of employment including recruitment, promotion, opportunities for training, pay and benefits, discipline and selection for redundancy.

We are committed to ensuring equal pay for employees undertaking equal work, operating a rewards system that is transparent, based on objective criteria and free from gender bias. We annually review existing pay and reward mechanisms for all our employees and analyse and identify reasons for any significant gender variations.

We monitor the ethnic and gender composition of the existing workforce and of applicants for jobs, and the number of people with disabilities within these groups. We take appropriate action to address any problems which may be identified as a result of the monitoring process.

Gender diversity and ethnic origin[1]	**Number of board members**[2]	**Percentage of the board**	**Number of senior positions on the board**[3]	**Number in executive management (including direct reports)**	**Percentage of executive management (including direct reports)**
Gender[4]					
Men	4	**57.1%**	1	3[(4)]	**75% (67%)**
Women	3	**42.9%**	3	1[(2)]	**25% (33%)**
Not specified/prefer not to say	-	**-**	-	-	**-**
Ethnicity[4]					
White British or other White (including minority-white groups)	4	**57.1%**	3	4[(5)]	**100% (83%)**
Mixed/Multiple Ethnic Groups	3	**42.9%**	1	-	**-**
Asian/Asian British	-	**-**	-	-	**-**
Black/African/Caribbean/Black British	-	**-**	-	(1)	**0% (17%)**
Other ethnic group, including Arab	-	**-**	-	-	**-**
Not specified/prefer not to say	-	**-**	-	-	**-**

We may use appropriate lawful methods, including positive action, to address the underrepresentation of any group which we identify as being underrepresented in particular types of job. We may choose to favour a candidate from an under-represented minority in cases where two candidates for a job or for promotion are equally well qualified.

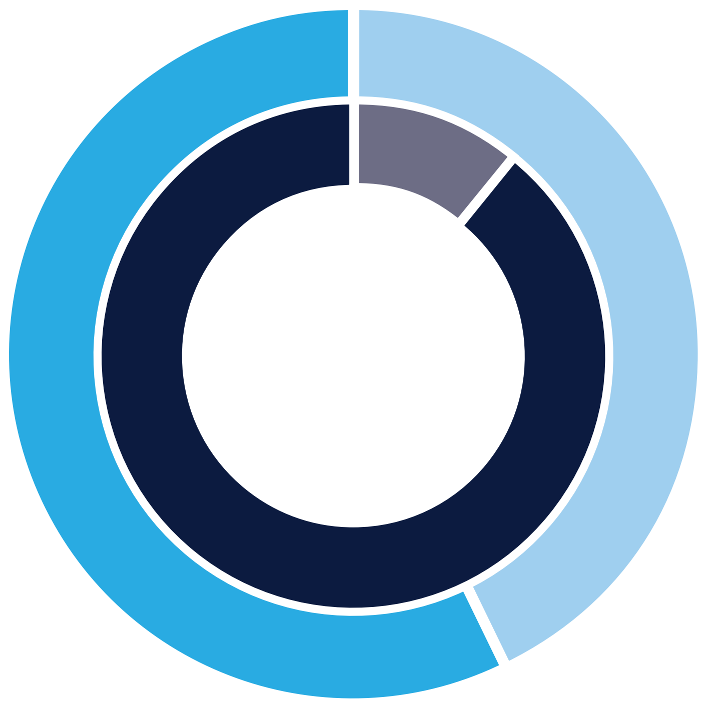
As of now, our board does not have a specific target for female membership or members from an ethnic minority. However, we are mindful of the recommendations of both the Parker Review and FTSE Women Leaders Review and are committed to increasing diversity at all levels within the organisation. We will continue to review this policy on an annual basis to ensure it remains appropriate.

1. Data gathered from Employee and Board Survey (July 2023)
2. The Board includes the Chair, Executive Directors and Non-Executive Directors.
3. Senior positions on the Board include the CEO, CFO, Chair and Senior Independent Director.
4. The information disclosed, and the format of the table, is prescribed by Listing Rule 14.3.33R

Board Gender Split

OCT[5]
Females 42.9%
Males 57.1%

FTSE 350[6]
Females 40.2%
Males 59.8%



Board Ethnicity Split

OCT[5]
Ethnic minority 42.9%
White 57.1%

FTSE 250[7]
Ethnic minority 11%
White 89%

5. As at 30 April 2023
6. Figures derived from the February 2023 FTSE Women Leaders Review.
7. Figures derived from the 2022 Parker Review update, improving the Ethnic Diversity of UK Boards.

Succession

A crucial aspect of the Nominations Committee's responsibilities is the establishment and preservation of a consistent leadership structure, as well as the proactive management of changes and their effects on the Company's future leadership requirements. This applies to both Executive and Non-Executive roles. Having the right leaders in place allows the Company to compete effectively in the market and fulfil its obligations to its stakeholders.

As outlined in the rest of this report, the Nominations Committee has successfully managed succession plans for both the Board and senior management, ensuring that the necessary skills, expertise, and experience are present in the Company's leadership.

Board Succession

The Nominations Committee assesses the skills and expertise present on the Board, comparing them to the skills and expertise it deems necessary given the Company's strategy, business priorities, and culture. Since the Company's inception, our core strategy has remained largely consistent. However, changes in the market, the size of our organisation, and its maturity stage shall necessitate an evolution of our Board through thoughtful and well-managed succession planning that does not compromise the Board's stability.

The process typically used for Non-Executive Director appointments is outlined below. We shall introduce a phased succession programme for Non-Executive Directors and are satisfied with the balance of tenure length, as well as diversity, background, and perspective of our current Non-Executive Directors.

Appointment

When Board succession planning identifies the need for a Non-Executive appointment to the Board, the Nominations Committee will engage an external search consultancy to carry out the recruitment process for a new Non-Executive Director.

The external search consultancy will be informed of our Equality and Diversity Policy (if they are not already aware) and the Nominations Committee will specifically instruct them to produce a diverse shortlist of candidates for the position. The skills matrix, along with the collective knowledge, experience, and diversity of the Board and the Directors' length of service, will be used by the Committee to identify opportunities for a new Non-Executive Director to enhance the Board's skillset. This will guide the search undertaken by the external search consultancy.

Following the longlisting and shortlisting processes, and before the Nominations Committee makes any recommendation to the Board, the preferred candidate will meet with existing members of the Board.

Induction

It was highlighted in this year's Board Evaluation that there is an opportunity for improvement in this regard. In collaboration with the Company Secretary, new Directors shall undergo an induction programme tailored to their individual needs. This typically includes meetings with members of the Executive Committee, key employees, and advisers. New Directors will also receive a variety of documentation, including Company publications, Board materials, and formal information on the role and responsibilities of UK-listed company directors.

Remuneration Committee report

Remuneration Committee Meeting Attendance

- Cheryl Dhillon (Chair) (3/3)
- Julie Pomeroy (3/3)
- Bishrut Mukherjee (3/3)

Cheryl Dhillon
Chair

Remuneration Committee Chair's statement

As the Chair of the Remuneration Committee, I am delighted to present the Annual Remuneration Report for OCT for the financial year ended 30 April 2023.

Remuneration Policy and Executive Compensation

This year, we have continued to uphold our commitment to aligning executive remuneration with the long-term interests of our shareholders and the strategic objectives of our company. We firmly believe that a well-structured remuneration policy is pivotal to attracting, retaining, and motivating the high-calibre talent that underpins our success.

Balancing Attraction and Financial Prudence

Being a pre-revenue business, we are keenly aware of the need to balance the attraction of the best possible external candidates with the demands of cashflow challenges. This delicate balance has been a key consideration in our remuneration decisions this year, and we have strived to ensure that our compensation packages are both competitive and sustainable.

Looking Ahead

In the coming year, a key focus will be reviewing our remuneration policies to ensure they continue to support our strategic objectives and align with the long-term sustainable success of our business. We will also aim to extend the principles of these policies to all levels of the business, ensuring that our commitment to strategic success permeates every layer of our organisation.

We intend to review how we can strengthen the alignment between executive remuneration and our strategic objectives by introducing performance metrics within and enhancing the Long-Term Incentive Plan (**LTIP**).

Commitment to Fairness and Transparency

Our remuneration policy continues to be guided by principles of fairness, transparency, and market competitiveness even during a challenging global cost of living crisis. We have maintained a balanced approach to remuneration, ensuring that rewards reflect individual performance, the performance of the business, and the interests of our shareholders

Conclusion

We thank our shareholders for their ongoing support and constructive engagement on remuneration matters.
We look forward to continuing our dialogue in the year ahead.

Cheryl Dhillon

Chair, Remuneration Committee

Summary of the Directors' remuneration policy

Our remuneration policy is designed to support the strategic objectives of OCT and align the interests of our Executive Directors and senior management with those of our shareholders. The policy is based on the following key principles:

- **Competitiveness:** Our remuneration packages are designed to attract, retain, and motivate high-calibre individuals who will contribute to the long-term success of the Company.
- **Alignment with shareholders:** A significant proportion of executive remuneration is performance-related and linked to the achievement of strategic objectives that drive shareholder value.
- **Performance linkage**: We believe in rewarding success. Therefore, a substantial part of our remuneration packages is linked to individual and Company performance.
- **Prudence:** Given our status as a pre-revenue business, we are mindful of our cashflow challenges. Therefore, our remuneration policy is designed to balance the need for competitiveness with financial prudence.

A

Executive Directors' Remuneration Policy

The remuneration package of the Executive Directors (including the previous Executive Chairman) includes the following elements:

Basic salary

Salaries are normally reviewed annually, and take into account inflation, market conditions and salaries paid to directors of comparable companies. Pay reviews also take into account Group and personal performance. The Board as a whole decides the remuneration of the Executive Directors, informed by the recommendation of the Remuneration Committee. There were no increases in the current period due to the share price performance.

Performance related pay scheme

There are two performance related pay schemes for Executive Directors. The first is an annual bonus scheme which is based upon the achievement of certain targets by the Group, as appropriate. The Executive Directors' bonus recognised in the 2023 financial year is £nil (2022: £nil)[3]. Bonus is capped at 20% of base salary.

The second scheme is a share option scheme, with 34,121,581 options granted to Directors (and 35,462,775 to senior employees, four of whom have subsequently left the Group) as part of the replacement of options previously granted in OCTL, and a further 62,427,016 options at a strike price of £0.065 granted in May 2021 to Directors (and 24,010,392 to senior employees) under a new scheme. No share options were issued in the current year. Full details on the schemes can be found in note 24. Variable remuneration cannot exceed 50% of an Executive Director's base salary.

B

Non-Executive Directors' Remuneration Policy

The fees for the Non-Executive Directors are determined by the Board, with the Non-Executive Directors excluded from any discussions or decisions about their own remuneration. The Non-Executive Directors do not receive bonuses or pension contributions and are not entitled to participate in any of the Group's share schemes other than the options granted on IPO in May 2021.

A total of 7,203,117 share options were granted at a strike price of £0.065 to three Non-Executive Directors in May 2021, with no further options issued since then. Reasonable expenses incurred in carrying out their duties as Directors of the Group are reimbursed.

[1] The figure of £0 for the annual bonuses of our executive directors in 2023 requires further explanation. Despite the team's exceptional operational performance and their meeting of key strategic objectives, which would typically qualify them for a bonus, the Remuneration Committee made the difficult decision not to issue bonuses this year. This decision was influenced by several factors, including the current share price of the Company, wider market conditions, and the Company's cash runway.

Directors' Remuneration Report

Executive Director Remuneration

The Board's policy is that service contracts of Executive Directors are not fixed term and should provide for termination by the Group on nine months' notice. The service contracts of each of the current Executive Directors provide for such a period of notice (having been increased from six months in January 2022). The independent Non-Executive Directors have letters of appointment providing fixed three-year service periods, which may be terminated by giving six months' notice. Directors in post during the period were as follows:

			Date Appointed to OCT	Date Appointed to OCTL	Date Resigned from OCT	Date Resigned from OCTL
Executive Directors						
Dr John Lucas	CEO	Director	23-Apr-21	21-May-21	02-Dec-22	02-Dec-22
Clarissa Sowemimo-Coker	COO and General Counsel (until Dec 22 then CEO)	Director	04-Feb-21	25-Jun-19	-	-
Karen Lowe	Finance Director	Director	23-Apr-21	21-May-21	17-Oct-22	17-Oct-22
Paul Smalley	Finance Director	Director	17-Oct-22	17-Oct-22	-	-
Non-Executive Directors						
Neil Mahapatra		Director	04-Feb-21	10-Mar-17	-	-
Julie Pomeroy		Director	23-Apr-21	-	-	-
Cheryl Dhillon		Director	23-Apr-21	-	-	-
Bishrut Mukherjee		Director	23-Apr-21	26-Feb-20	-	21-May-21
Gavin Sathianathan		Director	23-Apr-21	21-Jun-18	24-Nov-21	21-May-21
Richard Hathaway		Director	01-Feb-22	-	-	-

Directors' Remuneration (audited)

Details of the remuneration of the Directors for the financial year are set out below. This excludes share options which are shown separately.

	Salaries & Fees £		Pension £		Other Benefits £		Total Fixed £		Bonus £		Total Variable £	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Executive Directors												
Neil Mahapatra [1]	-	116,875	-	13,136	-	-	-	130,011	-	-	-	-
Dr John Lucas [2]	258,263	183,333	26,597	19,544	-	-	284,860	202,877	-	-	-	-
Clarissa Sowemimo-Coker [3]	194,167	174,167	20,738	18,627	764	796	215,669	193,590	-	-	-	-
Karen Lowe [4]	159,590	149,375	11,244	12,754	1,388	964	172,222	163,093	-	-	-	-
Paul Smalley [5]	90,733	-	8,511	-	568	-	99,812	-	-	-	-	-
Non-Executive Directors												
Julie Pomeroy [6]	45,000	27,083	-	-	-	-	45,000	27,083	-	-	-	-
Cheryl Dhillon [7]	25,000	22,917	-	-	-	-	25,000	22,917	-	-	-	-
Bishrut Mukherjee [8]	25,000	14,583	-	-	-	-	25,000	14,583	-	-	-	-
Gavin Sathianathan [9]	-	25,694	-	-	-	-	-	25,694	-	-	-	-
Richard Hathaway [10]	-	-	-	-	-	-	-	-	-	-	-	-
Neil Mahapatra [11]	25,000	5,208	-	-	-	-	25,000	5,208	-	-	-	-
Total	822,753	719,235	67,090	64,061	2,720	1,760	892,563	785,056	-	-	-	-

1. Neil Mahapatra was paid a base salary of £150,000 and £15,000 for Directors' responsibilities, this was paid pro rata 1 June 2021 to 14 February 2022. He received 10% pension benefit and 3% of qualified earnings for Auto-Enrolment pensions. From 14 February 2022 onwards he received an annual fee of £25,000 in his role as Non-Executive Director.
2. Dr John Lucas (CEO) was paid a base salary of £185,000 and £15,000 for Directors' responsibilities, He received 10% private pension and 3% of qualified earnings for Auto-Enrolment pensions. The maximum that he could have received under the bonus system is £40,000 (2022: £40,000). As detailed in the table above he received no bonus in the period or the prior year.
3. Clarissa Sowemimo-Coker was paid a base salary £175,000 pro rata as COO/General Counsel and £185,000 as CEO and £15,000 for Directors' responsibilities. She receives 10% private pension and 3% of qualified earnings for Auto-Enrolment pensions.
4. Karen Lowe was remunerated in line with time spent which exceeded the contractual basis, this was based on the base salary of £175,000 FTE and £15,000 for Directors' responsibilities. She received 10% private pension and 3% of qualified earnings for Auto-Enrolment pensions.
5. Paul Smalley was paid a base salary of £130,000. He receives 10% private pension and 3% of qualified earnings for Auto-Enrolment pensions.
6. Julie Pomeroy received a fee of £25,000 as a Non-Executive Director, this was paid on a pro-rata basis from 1 June 2021 to 14 February 2022. As Chair she receives a fee of £45,000, this was paid on a pro-rata basis from 15 February 2022.
7. Cheryl Dhillon receives a fee of £25,000.
8. Until 1 September 2021 Bishrut Mukherjee was a representative of Imperial Brands Plc (a significant shareholder of the Group via its subsidiary Imperial Brands Ventures Ltd) and received no remuneration. Since 1 October 2021 he has been an independent member of the Board and receives a fee of £25,000 per annum.
9. Gavin Sathianathan received an annual fee of £25,000 pro-rated up to his resignation on 24 November 2021.
10. Richard Hathaway joined the Board on 1 February 2022 as a representative of Imperial Brands Plc and receives no remuneration.

Pension

The Group has one pension scheme (a defined contribution scheme), which all new employees (excluding Non-Executive Directors) are eligible to join. The Company contribution rate for new-hire Executive Directors is set at the same rate as the wider workforce, 10%.

Benefits

The Group offers private medical cover for Executive Directors and immediate family, this policy extends to the wider workforce as promoting health and well-being is in keeping with the ethos of the Company.

Directors' Share Options

	Number of options granted in the prior year under the replacement share option scheme for Directors previously employed by OCTL		Number of options granted in the prior year under the new scheme for Directors of the Group
	At £0.0416 price	At £0.05 price	At £0.065 price
Neil Mahapatra	-	-	2,401,039
Dr John Lucas	11,597,393	9,870,797	26,411,430
Clarissa Sowemimo-Coker	5,798,696	6,854,695	26,411,430
Karen Lowe	-	-	7,203,117
Paul Smalley	-	-	-
Gavin Sathianathan	-	-	2,401,039
Cheryl Dhillon	-	-	2,401,039
Julie Pomeroy	-	-	2,401,039
Bishrut Mukherjee	-	-	-
Richard Hathaway	-	-	-
	17,396,089	16,725,492	69,630,133

There were no new options granted in the current year, and no options that vested. See note 24 for details of the Group's Share Option Schemes.

Directors' Shareholdings and Interests (audited)

The interests of each person who has served as a Director of the Company during the year as at 30 April 2023 (together with interests held by his or her persons closely associated) are shown in the table below:

	Number of Ordinary Shares held
Dr John Lucas	-
Clarissa Sowemimo-Coker	1,189,594
Karen Lowe	340,010
Paul Smalley	-
Julie Pomeroy	200,000
Neil Mahapatra	199,355,382
Bishrut Mukherjee	111,111
Cheryl Dhillon	-
Richard Hathaway	-

There is no requirement for Directors or Non-Executive Directors to hold shares in the Company.

Non-Executive Director Remuneration

Our Non-Executive Directors are compensated with a fixed fee for their services. Unlike other roles, they do not receive bonuses or pension contributions. However, in alignment with our belief in the value of personal investment and commitment to the Company's mission, all Non-Executive Directors, with the exception of Bishrut Mukherjee and Richard Hathaway, were granted share options at the time of our Initial Public Offering (**IPO**) in May 2021

A total of 7,203,117 share options were granted at a strike price of £0.065. This decision was made to incentivise and align our Non-Executive Directors with the long-term prosperity of the Company, transforming their relationship with the business from being purely transactional to becoming active participants in the continuing success of the Company. This approach does not compromise their independence and objectivity in decision-making.

It's important to note that no new share options have been granted since the IPO. This is in line with our commitment to maintaining the independence of our Non-Executive Directors and ensuring that their decisions are not influenced by the prospect of additional share options.

For the year 2023, the fees for our Non-Executive Directors were £120,000. We believe that this remuneration structure, combining fixed fees with share options, is a balanced approach that aligns the interests of our Non-Executive Directors with those of our shareholders and the long-term success of the Company.

Audit Committee report

Audit Committee Report Attendance

- Julie Pomeroy (Chair) (4/4)
- Richard Hathaway (4/4)
- Karen Lowe (3/3)
  Resigned 17 October 2022
- Cheryl Dhillon (3/4)[1]

1 Cheryl was unable to attend the January Audit Committee meeting due to conflicting work commitments. The January meeting was to review the 2023 interim results. Cheryl received the Committee papers in advance of the meeting and was able to feed back her views to the Chair before the meeting.

Julie Pomeroy
Chair, Audit Committee
Oxford Cannabinoid Technologies

Introduction from the Committee Chair

As the Chair of the Audit Committee for Oxford Cannabinoid Technologies, I am pleased to present our 2023 Audit Report.

Risk Management and Internal Controls Review

At the request of the board, the Company Secretary conducted a 'root and branch' review of the Company's risk management. As a pre-revenue business involved in complex and costly drug development and clinical trials, we believe it is crucial for us to have a thorough understanding of how uncertainty affects our business objectives. While we had a good understanding of these effects before, we now significantly improved our focus and comprehension which enhances the board's strategic thinking and decision-making process.

Looking Ahead

Next year, we are looking to continue our work on risk management, particularly focusing on identifying, assessing, and mitigating potential risks that could impact our strategic objectives.

Conclusion

We are proud of the progress we have made over the past year and remain committed to maintaining the highest standards of corporate governance. We believe that our robust governance structure and risk management processes will continue to serve the best interests of our shareholders and other stakeholders.

Thank you for your continued support.

Julie Pomeroy

Chair, Audit Committee

Financial Reporting

One of the Committee's principal responsibilities is to review and report to the Board on the clarity and accuracy of the Group's financial statements, including the annual Report & Accounts and interim statement.

The Audit Committee reviewed OCT's 2023 Annual Report and Accounts and the half-yearly financial report published in January 2023. As part of these reviews, the Committee received papers from management on accounting policy, areas of significant judgement, the Group's key risks, going concern considerations, and longer-term viability. The Committee also discussed reports from Moore Kingston Smith LLP (**MKS**) on their audit of the Annual Report and Accounts and review of the half-yearly financial report.

The Committee considered whether the Annual Report and Accounts were fair, balanced, and understandable and contained the information necessary for shareholders to assess the Company's position, performance, business model, and strategy.

Julie Pomeroy

Chair, Audit Committee

A

R&D Tax Credit

The committee recognises that R&D tax credits are an important source of income for the Company whilst in pre-revenue phase. In order to ensure the validity of tax credits, the Company engages a 3rd party R&D tax specialist to provide a detailed R&D report to support the tax submission that is made on an annual basis.

B

Governance Updates

Updates on the latest governance practices for audit committees and changes in reporting requirements were provided by the external auditor. The Committee received regular updates on the proposed corporate governance reforms as set out in the Government's White paper 'Restoring trust in audit and corporate governance'.

C

Committee Effectiveness

An effectiveness review was carried out on the Committee and its members as part of the wider external Board evaluation process. The review concluded that the current mix of financial, commercial and relevant sector experience of the Audit Committee, and that of its advisers, was such that the Committee could effectively exercise its responsibilities to the Group in relation to risk and controls.

D

Policies and Conflicts

The Committee reviewed its policies in relation to allocation of non-audit work and employment of ex-audit firm personnel. It also reviewed the Directors' conflicts of interest register.

E

Committee Composition and Performance

Throughout the year under review, the Audit Committee was comprised of two independent Non-Executive Directors and a non-independent Non-Executive Director, each bringing a wealth of diverse experience to the table. The Board is confident that the Committee, including its Chair, Julie Pomeroy, possesses an appropriate level of recent and relevant financial expertise to effectively discharge its duties.

We acknowledge that the Company's current structure does not fully comply with Provision 24 of the UK Corporate Governance Code. This provision stipulates that an Audit Committee should consist of independent Non-Executive Directors, with the chair of the board not being a member. However, Julie Pomeroy, the Chair of the Board, also serves as the Chair of the Audit Committee. This decision was made in light of Julie's extensive financial expertise and the need for consistent leadership. Richard Hathaway is regarded as a non-independent Non-Executive Director but is a member of the Audit Committee in view of his strong audit and financial background.

The Board conducts regular reviews of Julie's dual role. While this arrangement does not strictly adhere to Provision 24 of the UK Corporate Governance Code, the Board believes it is in the best interest of OCT at this time. This situation will continue to be reviewed, and adjustments will be made as necessary.

Julie Pomeroy was appointed as the Audit Committee Chair in 2021. She is responsible for setting the Committee's agenda and maintaining key relationships between the Executive Committee, the Company Secretary, and senior representatives of the external auditor. Julie ensures that key audit issues are reported to the Board in a timely and effective manner and that these issues are communicated to shareholders in the Annual Report. At the 2023 AGM, Julie will present a summary of the Audit Committee's work to shareholders.

F

Recent and Relevant Financial Experience

Julie, our Audit Committee Chair, brings a wealth of experience to the role, with over two decades serving as a Board director for public limited companies. As a Chartered Accountant and a Chartered Director, she possesses a deep understanding of the corporate governance standards required for UK-listed companies. Julie served as the Finance Director and Company Secretary of AIM-listed Dillistone Group Plc for over a decade, providing her with robust financial credentials. Furthermore, her tenure as a non-executive director for various NHS organisations, where she either chaired or was a member of their audit committees, has enriched her experience in governance and oversight roles.

Richard, offers a broad range of financial experience, having previously advised a variety of international businesses, both public and private, across multiple sectors. His senior finance and corporate development roles at Imperial Brands have equipped him with extensive transaction, financing, and capital-raising experience, which is particularly relevant to OCT as we seek further investment rounds to support our strategic objectives. As a former auditor of numerous UK-listed companies and the former head of risk management at Imperial, Richard also contributes extensive corporate governance experience. He is a Chartered Accountant with substantial recent and relevant financial experience.

G Competence Relevant to the Sector

Cheryl, another integral member of our team, brings over 30 years of pharmaceutical industry experience, spanning start-ups to large global enterprises. She has held various positions, from Senior Vice President of Finance to CEO, and has hands-on management experience in many of the functions critical to the successful development and commercialisation of specialty pharmaceutical products, particularly in EU markets. Since transitioning to semi-retirement in 2020, Cheryl has focused her expertise on assisting innovative healthcare-related companies at the Board level. In addition to being a Fellow of the Association of Chartered Certified Accountants (**ACCA**), she holds an MBA from the University of Hertfordshire, specialising in strategy, and a coaching qualification from the University of Strathclyde.

H External Auditor

The Committee has primary responsibility for managing the relationship with the external Auditor, MKS, including assessing their performance, effectiveness, and independence annually and recommending to the Board their reappointment or removal.

The Company has complied with the provisions of the UK Corporate Governance Code for the financial year under review in respect to audit tendering and the provision of non-audit services.

I Annual Review of the External Auditor

The Committee conducts an effectiveness review of the external Auditor on an annual basis which aims to ensure a robust audit is performed, auditor performance is optimised, and encourages candid feedback and communication between the Auditor and the Committee.

After taking all of these matters into account, the Committee concluded that MKS had performed their audit effectively, efficiently, and to a high quality. Accordingly, the Committee has recommended to the Board that MKS be reappointed as Auditor to the Group for the year ending 30 April 2024.

J External Auditor Independence

Auditor independence is an essential part of the audit framework and the assurance it provides. The Committee therefore undertook a comprehensive review of auditor independence prior to appointment and during 2022, which included:

- A review of the independence of the external auditor and the arrangements which they have in place to restrict, identify, report and manage conflicts of interest.
- A review of the changes in key external audit staff for the current year and the arrangements for the day-to-day management of the audit relationship.
- Consideration of the overall extent of non-audit services provided by the external auditor, in addition to case-by-case approval of the provision of non-audit services as appropriate.
- Deliberation of the likelihood of a withdrawal of the auditor from the market and note taken of the fact that there are no contractual obligations to restrict the choice of external auditor.

At the year end, the external auditor formally confirmed that they had complied with the requirements of the FRC Ethical Standard as well as internal requirements and their independence and objectivity had been maintained.

K External Auditor Effectiveness

To assess the effectiveness of the external auditor, the Committee reviewed:

- The proposed plan of work presented by the external auditor, including audit risks, materiality, terms of engagement and fees prior to commencement of the 2022 audit.
- The external auditor's fulfilment of the agreed audit plan and any variations from the plan.
- Evaluation from key management personnel and members of the Committee of the external auditor's exercise of professional scepticism and challenge.
- Robustness and perceptiveness of the auditor in their handling of the key accounting and audit judgements.
- Internal control and risk content of the external auditor's report.
- Independence of thought and potential for conflict.

L

External Auditor Fees

All relevant fees proposed by the external auditor must be reported to and approved by the Audit Committee. Details of external audit fees may be found in note 8 to the consolidated financial statements (page 158).

Policy for Non-Audit Services Provided by the External Auditor

The main aims of this policy are to:

- Ensure the independence of the auditor in performing the statutory audit; and
- Avoid any conflict of interest by clearly detailing the types of work that the auditor can and cannot undertake.

The Audit Committee has reviewed the policy for non-audit services to ensure that it is in line with the FRC's Revised Ethical Standards 2019 (which took effect from 15 March 2020) and the FRC's Audit Quality Practice Aid 2019. The policy, in line with regulation, substantially limits the non-audit services which can be provided by the external auditor. The policy provides:

- A 70% cap of the value of the audit fee for all non-audit services calculated on a rolling three-year basis.
- Categories of service that are prohibited from being carried out by the auditor.

The policy specifies a de minimis limit as well as the type of non-audit work that the auditor may be engaged in without the matter first being referred to the Audit Committee, which considers each referral on a case-by-case basis. The policy ensures that the auditor does not audit its own work or make management decisions for the Company or any of its subsidiaries. The policy also clarifies responsibilities for the agreement of fees payable for non-audit work. No non-audit services were provided by MKS during the year.

M

Annual Review of the Internal Audit Function

The Company acknowledges non-compliance with Provision 26 due to the absence of an internal audit function. The Board, after annual reviews, considers an internal audit function to be disproportionate given the size, complexity, and risk profile of OCT during the period. Instead, internal assurance is maintained through robust governance, risk management, and internal controls. The Audit Committee plays a key role in overseeing risks, evaluating controls, and ensuring the external audit's independence and effectiveness. The Committee also liaises with the Remuneration Committee to incorporate risk considerations in remuneration policies.

N

Fraud Risk

The Company recognises internal fraud risk that with such a small team there is limited segregation of duties that can be operated. External fraud risk comes mainly from our R&D suppliers and the Company operates a reasonable set of controls to ensure goods and services have been received prior to payment, and any changes in supplier details are checked before payments are made. Fraud risk is not considered to be a corporate risk, but it is considered at an operational risk level.

O

Cyber and Information Security Risk

Together with hardware and software installation, maintenance and management, the Company engages a 3rd party that holds ISO270001 accreditation, to provide basic controls and mechanisms to mitigate the likelihood and impact of a cyber security attack.

P

Whistleblowing

The Audit Committee is responsible for handling complaints related to accounting, risk issues, internal controls, and auditing matters. Reports are made to the Committee as necessary. The Board oversees the Company's whistleblowing policy. It is noteworthy that, to date, there have been no reports made to the whistleblowing line. This reflects our commitment to maintaining a transparent and accountable work environment where employees feel safe and secure.

Q

Conflicts of Interest

In accordance with the Companies Act 2006, Directors are obligated to avoid situations where there may be a conflict, or potential conflict, between their duties to the Company and their personal interests or other duties they owe to a third party.

Should a Director become aware that they, or a connected party, have an interest in an existing or proposed transaction with the Company, they are required to notify the Board as soon as practicable. The Board has the authority to authorise such a conflict if it is determined that doing so would be in the best interests of the Company.

The Audit Committee reviews the output of this process annually to ensure that conflicts of interest are appropriately monitored and managed. This process is part of our commitment to maintaining the highest standards of corporate governance and ensuring the integrity of our operations.

Directors' report

The Directors have the pleasure of submitting their report and the audited financial statements for the year ended 30 April 2023. Comparative figures relate to the previous financial period.

To make our Annual Report and Accounts more accessible, a number of the sections traditionally found in this report can be found in other sections of this Annual Report and Accounts where it is deemed that the information is presented in a more connected and accessible way. The Directors' report comprises the sections detailed below, including the statement on political donations and R&D. Any sections that have been moved have been cross-referenced for ease of reference.

Located in the strategic report:

Principal Group activities, business review and results:

The principal activities of Oxford Cannabinoid Technologies and its subsidiary can be found in this section.

Research and Development:

The Group also has undertaken research and development activities during the financial period and these are detailed in the CSO's Review on page 22. The Directors consider the investment in research to be fundamental to the success of the business in the future.

Directors' statement of disclosure of information to the auditor:

This statement may be found on page 58.

Internal control and risk management arrangements:

Internal control arrangements information may be found in the Audit Committee report. Risk management arrangements information may be found in this section on page 32 and in the Principal risks and uncertainties section on page 36.

Located in the governance section:

2018 UK Corporate Governance Code (the 'Code'):

Information on how the Company applied the Principles and complied with the provisions of the Code may be found in this section, pages 77 to 89. A copy of the Code can be accessed via www.frc.org.uk.

Diversity policies:

The Group's Equality & Diversity Policy are available in the Nominations Committee report.

Stakeholder engagement:

Details regarding the engagement with suppliers, regulators and others in business relationships with the Company may be found in this section on page 72.

Employees:

Information about the total number of employees and gender diversity statistics are located in this section. The average number of employees and their remuneration are shown in note 7. The methods of engaging with the workforce may be found in this section.

Located in the additional information section:

Dividend:

The consolidated Statement of Comprehensive Income for the year is set out on page 132. No final dividend is proposed (2022: £nil).

Annual General Meeting (AGM):

Information about the AGM can be found on page 186. The recommendation to reappoint MKS as the Group's auditor, can be found on page 187.

Share capital and substantial shareholdings:

Information in this regard can be found on page 185.

Overseas subsidiaries:

Information in this regard can be found on page 183.

Indemnity and Insurance:

Details of Directors' Indemnity and Insurance is located on page 188.

Significant agreements:

There are no significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Political donations

The Group made no political donations during the current year and previous financial period. Nor has it made any contributions to any non-UK political party during the current year or previous financial period.

Non-financial reporting

Non-financial measures are an important part of our business and we have consistently recognised the importance of non-financial information in our annual reports. The Board is committed to acting responsibly and working with our stakeholders to manage the social and ethical impact of our activities. We aim to treat all our stakeholders fairly and with integrity, as we explain in the introduction to our sustainability matters report.

We have a number of Group policies to provide guidance to our employees. The policies are designed to be easily understood and they generally include examples of acceptable and unacceptable behaviours.

By order of the Board

Rob Bennett

Company Secretary

30 August 2023

Financial Statements

Our Financial Performance

3

Independent Auditor's Report

A Independent Auditor's Report to the members of Oxford Cannabinoid Technologies Holdings Plc

Disclaimer of opinion
We were engaged to audit the financial statements of Oxford Cannabinoid Technologies Holdings Plc ('the Company') and its subsidiary ('the Group') for the year ended 30 April 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

We do not express an opinion on the financial statements of the Group or the Company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for disclaimer of opinion
As disclosed in note 1 to the financial statements, the financial statements of the Group and Company are prepared on the assumption that the Group and Company will continue as a going concern.

Whilst the Group is planning for the next round of funding, this is not due to take place until the fourth quarter of 2023, market conditions permitting. In the absence of, or in the event of a delay in, obtaining any further debt or equity funding, the existing cash funds held by the Group will be fully utilised by April 2024. Whilst we acknowledge the Group remains on target with the timescales set out for all four of its drug research and development programmes, the Group's cash runway therefore extends only 8 months beyond the date of approval of the financial statements, assuming that the planned programme research remains unchanged. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business for at least twelve months from the date of approval of the financial statements.

The ability of management to raise further financing and to successfully progress its drug research and development programmes are key assumptions supporting the Directors' conclusions that it is appropriate to prepare the financial statements of the Group and Company on a going concern basis. Whilst we understand a financial broker has been engaged to support the company and to proceed with a transaction for an equity financing for the Company's cash requirements, and the broker determines they have the capacity to arrange the financing to an order of magnitude to allow the Group and Company to continue to operate as a going concern based on current cash flow projections, there has been no significant progress as at the date of approval of the financial statements towards actively identifying commitments from investors and the ability to do so will be dependent on market conditions and programme development at the time of the equity fund raise.

As a result, we have not been able to obtain sufficient appropriate audit evidence to support the assumption that a fundraising of sufficient magnitude is achievable within the necessary timeframe to allow the Group and Company to continue to operate as a going concern for at least twelve months from the date of approval of the financial statements, Consequently we were unable to obtain sufficient appropriate audit evidence to enable us to form an audit opinion on these financial statements.

The financial statements do not reflect any adjustments that would be required should the Group and Company be unable to continue as a going concern.

Our approach to the audit
Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment, and its risk profile. We conducted substantive audit procedures and evaluated the Group's internal control environment. The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's total assets, current assets, and gross profit, which allowed the Group audit team to assess the significance of each component and determine the planned audit response.

We have evaluated two significant components – both the parent Company and its subsidiary. A full scope audit was performed on the financial statements of both components by the audit team. We evaluated the controls in place at each component by performing walkthroughs over the financial reporting systems identified as part of our risk assessment. We also reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant classes of transactions and material account balances.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the audit engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Group	How our scope addressed the matter - Group
Going concern The Group is pre revenue and has incurred a loss for the year of £5.945m (2022: £4.712m loss). Whilst the Group has no outstanding borrowings as at 30 April 2023 (2022: nil), its cash funds have decreased in the year to £2.297m (2022: £9.166m). The directors have prepared cash flow forecasts that show that, in the absence of further debt or equity funding, the existing cash funds will be fully utilised by April 2024 (if current forecast levels of project expenditure continue). Given the trading performance in the year, including the decrease in cash funds, and the absence of any further debt or equity financing, the ability of the Group and Company to continue in business as a going concern was considered to be a key audit risk area.	Our conclusions in respect of going concern have been detailed in the Basis for Disclaimer of Opinion section of our audit report.

Key audit matter - Company	How our scope addressed the matter - Company
Valuation and classification of investments in subsidiary undertakings and valuation of amounts owed by subsidiary undertakings The carrying value of investments in subsidiary undertakings recognised in the Parent Company Statement of Financial Position at 30 April 2023 was £7.226m (2022: £7.226m) and the total amount owed by the Company's subsidiary undertakings recognised in the Parent Company Statement of Financial Position at 30 April 2023 was £1.917m (2022: £5.446m). The directors are required to make an assessment to determine whether the carrying value of investments and amounts owed by the subsidiary undertakings are recoverable. Due to the size of the amounts in question in the context of the Company Statement of Financial Position, the carrying value of investments and the recoverability of these amounts were key risk areas for the audit of the Company. The directors are also required to consider the classification of investments at the year end given the novation of contracts from the subsidiary undertaking in the year to the parent company. The Company's disclosures in respect of investments, goodwill and amounts owed by the subsidiary undertakings are shown in notes 10, 13 and 15 to the financial statements.	The scope of our work included, but was not restricted to: • Critically assessing management's assessment of impairment including critically assessing the external valuation used by management to support their assessment; • Critically assessing the competence and independence of the third party valuation expert; • Critically assessing the key underlying assumptions used in the valuation and obtaining and assessing documentation to support the assumptions; • Performing sensitivity analysis on the valuation taking into consideration management's base and downside scenarios; • Critically assessing management's intercompany matrix to confirm that all intercompany balances have been included and materially reconciled at 30 April 2023; • Critically assessing the cash flow model and the judgements and estimates applied in the model which support the ability of the subsidiary to generate sufficient profits and cash flows to enable them to repay the amounts owed to the Company; • Performing sensitivity analysis on the cash flow model prepared by management taking into consideration management's base and downside scenarios; • Critically assessing the factors which determine whether the investments should be reclassified as goodwill following the novation of contracts to the Parent Company; • Challenging key assumptions as to why management consider the amounts owed by subsidiary undertakings to be recoverable; • Critically assessing post year end trading and the liquidity position of the subsidiary; and • Evaluating the accounting policy and detailed disclosures included in the financial statements to confirm whether information provided in the financial statements is compliant with the requirements of UK adopted International Accounting Standards. **Key observations** Based on the work performed we concluded that we agreed with management's assertion that no provision or impairment was required against amounts owed by the subsidiary undertaking following a provision of £0.678m that was recognised in the prior financial year ended 30 April 2022. We further concluded that we agreed with management's assertion that the investments should be reclassified as goodwill at 30 April 2023 as a result of the novation of contracts referred to above. We also concluded that we agreed with management's assertion that no impairment was required against the carrying value of goodwill. We consider the disclosures in the financial statements to be acceptable.

Our application of materiality
The scope and focus of our audit engagement was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit engagement and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group, we considered the loss for the year to be the main focus for the readers of the financial statements, and accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £117,000 based on a percentage of loss for the year (2%). Based on our professional judgement, we determined materiality for the Company to be £115,000 based on a percentage of loss for the year (2%).

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group and Company was 50% of materiality, namely £58,500 and £57,500 respectively.

We agreed to report to the Audit Committee all audit differences in respect of the Group and Company in excess of £5,800 and £5,700 respectively and, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion whether, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
Notwithstanding our disclaimer of opinion on the financial statements, in the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, performed subject to the pervasive limitation described above, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Arising from the limitation of our work referred to above:

- we have not received all the information and explanations we require for our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the Company.

Corporate governance statement
We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's voluntary compliance with the provisions of the UK Corporate Governance Code.

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to report as to whether the following statements are appropriate:

- The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 50;
- The Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 50;
- The Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 50;
- The Directors' statement on fair, balanced and understandable set out on page 60;

Notwithstanding our disclaimer of opinion on the Group and Company financial statements, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 84;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 32; and
- The section describing the work of the Audit Committee set out on page 108.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 60, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements
Our responsibility is to conduct an audit of the Group's and Company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, the Listing Rules, the Disclosure Guidance and Transparency Rules, and UK taxation legislation.
- We obtained an understanding of how the Company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.
- We evaluated managements' incentives to fraudulently manipulate the financial statements and determined that the principal risks related to management bias in accounting estimates and judgemental areas of the financial statements. We challenged the assumptions and judgements made by management in respect of the significant areas of estimation, as described in the key audit matters section.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matters which we are required to address
Following the recommendation of the Audit Committee, we were reappointed by the Company's Annual General Meeting (AGM) on 28 September 2022 as auditor of the Company to hold office until the conclusion of the next AGM of the Company. We were originally appointed by the Audit Committee on 15 June 2021 to audit the financial statements for the year ended 31 May 2021, and our total uninterrupted period of engagement is three years covering periods from our appointment through to the year ended 30 April 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or Company and we remain independent of the Group and the Company in conducting our audit engagement.

Our disclaimer of opinion is consistent with the additional report to the Audit Committee.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

Matthew Banton
(Senior Statutory Auditor)
For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
6th Floor
9 Appold Street
London
EC2A 2AP

B Consolidated Statement of Comprehensive Income

	Notes	Year ended 30 April 2023 £	Period ended 30 April 2022 £
Revenue		-	-
Research costs		(4,303,608)	(2,891,497)
Gross loss		(4,303,608)	(2,891,497)
Administrative expenses		(2,670,151)	(2,320,292)
Exceptional items	4	(63,850)	(291,598)
Operating loss	5	(7,037,609)	(5,503,387)
Finance income	6	3,838	-
Finance costs	6	-	-
Loss before taxation		(7,033,771)	(5,503,387)
Income tax	9	1,088,721	791,058
Loss for the year/period		(5,945,050)	(4,712,329)
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Total comprehensive loss for the year/period attributable to owners of the Parent Company arising from continuing operations		(5,945,050)	(4,712,329)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share from continuing and total operations	5	(0.619p)	(0.491p)
Diluted loss per share from continuing and total operations	25	(0.619p)	(0.491p)

C Consolidated Statement of Financial Position

	Notes	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Non-current assets		-	-
Intangible assets	10	7,272	46,080
Property, plant and equipment	11	-	-
Right-of-use assets	12	-	-
		7,272	46,080
Current assets			
Trade and other receivables	15	2,191,133	2,606,616
Cash and cash equivalents	16	2,297,343	9,165,596
		4,488,476	11,772,212
Total assets		4,495,748	11,818,292
Current liabilities			
Trade and other payables	17	583,920	2,025,264
Lease liabilities		-	
Borrowings		-	
Total current liabilities		583,920	2,025,264
Non-current liabilities			
Borrowings		-	-
Total non-current liabilities		-	-
Total liabilities		583,920	2,025,264
Net assets		3,911,828	9,793,028
Equity			
Called up share capital	18	9,604,156	9,604,156
Share premium account	18	11,877,466	11,877,466
Share based payment reserve	24	1,513,458	1,449,608
Other reserve	18	643,455	643,455
Retained earnings		(19,726,707)	(13,781,657)
Total equity		3,911,828	9,793,028

The financial statements were approved and authorised for issue by the Board of Directors on 30 August 2023 and were signed on behalf by:
Paul Smalley, Finance Director, Company Registration No. 13179529

D Company Statement of Financial Position

	Notes	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Non-current assets			
Intangible assets	10	**7,233,436**	46,080
Investment in subsidiary	13	**–**	7,226,164
		7,233,436	7,272,244
Current assets			
Cash and cash equivalents	16	**104,569**	2,122,992
Trade and other receivables	15	**4,073,139**	7,819,642
		4,177,708	9,942,634
Total assets		**11,411,144**	17,214,878
Current liabilities			
Trade and other payables	17	**261,781**	195,687
Total current liabilities		**261,781**	195,687
Net assets		**11,149,363**	17,019,191
Equity			
Called up share capital	18	**9,604,156**	9,604,156
Share premium account	18	**11,877,466**	11,877,466
Share based payment reserve	24	**1,376,924**	1,313,074
Retained earnings		**(11,709,183)**	(5,775,505)
Total equity		**11,149,363**	17,019,191

As permitted by section 408 of the Companies Act 2006, the Parent Company's income statement has not been included in these financial statements. The loss for the Parent Company was £5,933,678 (2022: £5,365,258).
The financial statements were approved and authorised for issue by the Board of Directors on 30 August 2023 and were signed on behalf of the Board by:
Paul Smalley, Finance Director, Company Registration No. 13179529

E Consolidated Statement of Changes in Equity

	Notes	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		-	-	-	-	(4,712,329)	**(4,712,329)**
Other comprehensive income		-	-	-	-	-	**-**
Total comprehensive loss		-	-	-	-	(4,712,329)	**(4,712,329)**
Transactions with owners		-	-	-	-	-	**-**
Share-based payment charge (warrants)	24	-	-	202,953	-	-	**202,953**
Share-based payment charge (options)	24	-	-	88,645	-	-	**88,645**
Total transactions with owners		-	-	291,598	-	-	**291,598**
Balance at 30 April 2022		9,604,156	11,877,466	1,449,608	643,455	(13,781,657)	**9,793,028**
At 1 May 2022		9,604,156	11,877,466	1,449,608	643,455	(13,781,657)	**9,793,028**
Loss for the period		-	-	-	-	(5,945,050)	**(5,945,050)**
Other comprehensive income		-	-	-	-	-	**-**
Total comprehensive loss		-	-	-	-	(5,945,050)	**(5,945,050)**
Transactions with owners		-	-	-	-	-	**-**
Share-based payment charge (warrants)	24	-	-	12,154	-	-	**12,154**
Share-based payment charge (options)	24	-	-	51,696	-	-	**51,696**
Total transactions with owners		-	-	63,849	-	-	**63,850**
Balance at 30 April 2023		9,604,156	11,877,466	1,513,458	643,455	(19,726,707)	**3,911,828**

F Company Statement of Changes in Equity

	Notes	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total
At 1 June 2021		9,604,156	11,877,466	1,021,476	(410,247)	**22,092,851**
Loss for the period		-	-	-	(5,365,258)	**(5,365,258)**
Total comprehensive loss for the period		-	-	-	(5,365,258)	**(5,365,258)**
Transactions with owners						
Share-based payment charge (options)	24	-	-	202,953	-	**202,953**
Share-based payment charge (warrants)	24	-	-	88,645	-	**88,645**
Total transactions with owners		-	-	291,598	-	**291,598**
Total equity at 30 April 2022		9,604,156	11,877,466	1,313,074	(5,775,505)	**17,019,191**

	Notes	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total
At 1 May 2022		9,604,156	11,877,466	1,313,074	(5,775,505)	**17,019,191**
Loss for the period		-	-	-	(5,933,678)	**(5,933,678)**
Total comprehensive loss		-	-	-	(5,933,678)	**(5,933,678)**
Transactions with owners						
Share-based payment charge (warrants)	24	-	-	12,154	-	**12,154**
Share-based payment charge (options)	24	-	-	51,696	-	**51,696**
Total transactions with owners		-	-	63,850	-	**63,850**
Balance at 30 April 2023		9,604,156	11,877,466	1,376,924	(11,709,183)	**11,149,363**

G Consolidated Statement of Cash Flows

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash absorbed from operations	19a	**(7,042,074)**	(5,373,021)
Interest received	6	**3,838**	-
Tax refunded	9	**169,983**	-
Net cash outflow from operating activities		**(6,868,253)**	(5,373,021)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	11	**-**	2,500
Net cash inflow from investing activities		**-**	2,500
Cash flows from financing activities		**-**	-
Repayment of borrowings		**-**	(50,000)
Lease liability payments	12	**-**	(44,684)
Net cash outflow from financing activities		**-**	(94,684)
Net decrease in cash and cash equivalents		**(6,868,253)**	(5,465,205)
Cash and cash equivalents at the beginning of the period	16	**9,165,596**	14,630,801
Cash and cash equivalents at end of the period	16	**2,297,343**	9,165,596

Company Statement of Cash Flows

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash absorbed from operations	19a	**(2,018,423)**	2,122,992
Net cash (outflow)/inflow from operating activities		**(2,018,423)**	2,122,992
Net (decrease)/increase in cash and cash equivalents		**(2,018,423)**	2,122,992
Cash and cash equivalents at the beginning of the period		**2,122,992**	-
Cash and cash equivalents at end of the period		**104,569**	2,122,992

Notes to the 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 Prama House, 267 Banbury Road, Oxford OX2 7HT. 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 and other information are available at our Shareholder Centre on our website: **www.oxcantech.com.**

The consolidated financial statements are presented in Pound Sterling (£) and have been rounded to the nearest pound.

2 Summary of Significant Accounting Policies

2(a) Basis of preparation

Compliance with IFRS

The consolidated and company financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared on a historical cost basis, unless stated otherwise in the accounting policies below.

2(b) Principles of consolidation and equity accounting

The consolidated financial statements consolidate the Company and its subsidiary undertakings drawn up to 30 April . Subsidiaries are all entities over which the Company has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group as detailed in note 2(c), except as otherwise detailed. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2(c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

On 17 May 2021, in connection with the pre-IPO group restructuring, the existing OCTL shareholders entered into a Share Exchange Agreement with OCT, with OCT becoming the legal acquirer of OCTL. The Group restructuring does not constitute a business combination and consequently it is not a reverse acquisition as defined in IFRS 3. However, although the transaction is outside of the scope of IFRS 3 it has been accounted for on a similar basis, as detailed in guidance issued by the IFRS Interpretations Committee. Other reserves represent the value of shares obtained in excess of the par value under the share for share exchange agreement.

2(d) 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 Chair's Statement, the CEO's Review and Financial Review. Budgets and detailed cashflow forecasts that look beyond twelve months from the date of these consolidated financial statements have been prepared and used when considering the Group's ability to meet its liabilities as they fall due, without raising further funding. 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.

As detailed in the Directors' Report, the Board have, however, identified that a material uncertainty exists on the Company's ability to continue as a going concern in relation to working capital. The Company's cash runway will only extend eight months beyond signing these financial statements and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business without a further fundraise within the next eight months. The Board is planning on raising additional funds within this period to provide further financial resources in order to progress with the next stages of the research programmes. Whilst preparations are in progress for this fundraise, alternative options for short to medium term financing are also being considered. Further controls over discretionary spend will be implemented to extend the current cash resources if required. Given the mitigating controls that are in place for a successful fundraise and the strength of controls that exist over cash management (as detailed in Principal Risks and Uncertainties), the Board are confident that preparing the financial statements on a going concern basis remains appropriate.

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 timescales previously presented have been considered. The signing of the agreement with Evotec for one of the Group's leading drug candidates (OCT 461201) is an example of where the Directors have actively managed some key external risk factors by selecting a partner who offers an integrated drug development process, with acceleration through to clinical trial stage.

The Directors have also considered the impact of the COVID-19 pandemic. Due to the nature of the Group's activities, there has not been a significant on-going impact on the business. Nonetheless, the Directors have taken steps to mitigate the impact including entering into agreements with CROs that, where possible, place responsibility for any delays with the other party.

After making enquiries including detailed consideration of the Group's cashflow, solvency and liquidity position, the Board has a reasonable expectation that OCT, OCTL and the Group as a whole have adequate resources to continue in operational existence for at least twelve months (with significant changes to the programme spend or with further fundraising) from the date of signing of these financial statements. As such, the Board continues to adopt the going concern basis in preparing the consolidated financial statements and annual report.

2(e) Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using Pound Sterling, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates, are generally recognised in the Statement of Comprehensive Income.

2(f) Research & development costs

Prior to achieving regulatory approval, all expenditure on research activities is recognised as an expense in the period in which it is incurred. Once such approval is obtained, expenditure can then be recorded as an internally generated intangible asset arising from the Group's development activities if the following conditions can be demonstrated, in accordance with IAS 38 Intangible Assets:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

2(g) Tax

Income tax

Current tax payable is based on taxable profit for the period. The Group's liability for current tax is calculated using the main corporation tax rate for the period.

The Group is entitled to claim special tax deductions for qualifying expenditure (i.e. the Research and Development Tax Incentive regime in the UK). The Group accounts for such allowances as tax credits, which reduces income tax payable and current tax expense.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Given the Company and Group are several years away from generating a taxable profit, no deferred tax asset is recognised in respect of trading losses. Deferred tax liabilities are always provided for in full and are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

2(h) Leases

Until 2 April 2022, the Group leased the head office in London under a five year lease period and office equipment. The latter are short term leases of low value assets and as such were accounted for as operating leases, all of which had ended by 31 March 2022.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for the lease of premises for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead has accounted for this as a single lease component.

Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

Lease payments are discounted using the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate the Group:

- uses the monthly average of UK resident banks' sterling weighted interest rate on 'other loans, new advances to SMEs' as a basis;
- uses a build-up approach adjusting for credit and any currency risk, economic factors and property yields for commercial property in the local area;
- benchmarks against similar companies that are also pre-revenue, of a similar scale and sector; and
- makes adjustments specific to the lease, e.g. term and currency.

An incremental borrowing rate of nil (2022: 5.31%) was calculated and applied in determining right-of-use costs and asset value.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has chosen not to revalue right-of-use assets held by the Group.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

2(i) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, and is recorded as an exceptional item. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. There are no bank overdraft arrangements.

2(k) Other financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

2(l) 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost (or, if applicable, 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:

Leasehold improvements	**5 years**
Office equipment	**5 years**
Computer equipment	**5 years**

Each year, the difference between depreciation based on the cost (or, if applicable, revalued carrying amount) of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2(m) Intangible assets

Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Intangible assets are comprised of licence fees paid for the use of trademarks on compounds being developed. Such assets are defined as having finite useful lives and the Group amortises the costs using the straight-line method over the estimated useful life of five years. The charge for amortisation is included within administrative expenses.

2(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non- cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2(p) Provisions

Provisions for any legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2(q) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Leave obligations are calculated by multiplying the average days of outstanding leave at the period end by the daily salary rate of the employee concerned. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

There are no other long-term employee benefit obligations.

Post-employment obligations

The Group operates one post-employment scheme, a defined contribution pension plan available to all employees. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Share-based compensation benefits are provided to employees via the Group Employee Option Plan, an employee share scheme, the executive short-term incentive scheme and share appreciation rights. Information relating to these schemes is set out in note 26.

Employee options

The fair value of options granted under the Group Employee Option Plan is recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Option Plan is accounted for as detailed in note 26. When the options are exercised, the appropriate amount of shares are transferred to the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

Bonus plans

Where contractually obliged or where there is a past practice that has created a constructive obligation to give staff bonuses, the Group recognises a liability and an expense for bonuses based on a formula that takes into consideration certain financial and operational objectives.

2(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The excess of the proceeds from share issues over the par value is classified as a share premium account. The other reserve represents the difference on consolidation between the value of the shares issued and the value of shares acquired by the Company in its acquisition of OCTL in May 2021. The shared-based payment reserve represents the fair value of equity-settled share-based payment transactions as detailed in note 26.

2(s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2(u) Exceptional items

Exceptional items comprise costs that are considered by the Directors not to relate to the day to day financial performance of the Group. These are costs incurred by the Group that are considered by the Directors to be material in size and are unusual or infrequent in occurrence which require separate disclosure within the consolidated financial statements. They include one-off transactions and non-cash items such as the share-based payment charge.

2(v) Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance, has been identified as the Board of Directors. The Directors consider that, as the Group is non-revenue generating, there is only one operating segment and consequently no segmental analysis is required.

2(w) Government grants

Government grants are recognised in the Consolidated Statement of Comprehensive Income so as to match with the related expenses that they are intended to compensate. It is considered whether there are any conditions for the funding to be refunded. The amount allocated as a government grant (in the form of a tax credit) is determined by reference to the specific agreed costs and activities identified as meeting the criteria under the government scheme for research and development expenditure. Government grants are recorded as an offset to the relevant expense in the Consolidated Statement of Comprehensive Income and are capped to match the relevant costs incurred.

2(x) New and forthcoming standards and interpretations

There were no new or amended standards adopted in the year that were relevant to the Group.

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, and 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.

		Effective date
IAS 1	Presentation of Financial Statements – amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 & 9	Comparative Information	1 January 2023
IAS 1	Presentation of Financial Statements – amendments regarding the classification of liabilities	1 January 2024
IAS 1	Presentation of Financial Statements – amendments regarding the non- current liabilities with covenants	1 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

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(d), 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 cashflows, solvency and liquidity, particularly with regard to the cash resources expected to be fully utilised by April 2024. The forecasts are based on various assumptions including a successful fundraising within the next 8 months, charges from research partners, rate of progression through to commercialisation, and external economic conditions.

There is a material uncertainty over the Group's ability to realise its assets and discharge its liabilities in the normal course of business, without a further fundraise within the next 8 months. Given the level of mitigating controls in place over the risks involving fundraising and cash management (as detailed in Principal Risks and Uncertainties), the Board currently believe that preparing the financial statements on a going concern basis remains appropriate.

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 CSO's Review. During the year all of the £4,303,608 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 (and hence having a measurable future economic benefit).

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. The tax credit receivable of £1,848,447 is detailed in note 15.

Impairment of intangible fixed assets

Judgement is involved in determining the useful economic life and potential impairment of the goodwill. This includes consideration of the continuing likelihood of the asset to generate value to the Group or any other event which may have a detrimental effect on the carrying value of the asset.

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. In the financial year the charge was £63,850 (2022: £291,598) as shown in note 4.

4 Exceptional Items

The Consolidated Statement of Comprehensive Income includes exceptional items totalling £63,850 (2022: £291,598) comprised of:

	Notes	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Share-based payment charge	24	**63,850**	291,598
		63,850	291,598

Share-based payment charge

As detailed in note 24, the Group operates two share option schemes for its Directors and senior employees one relating to options transferred from OCTL and a new scheme for OCT. In addition, warrants were issued as part of the listing in May 2021, a charge of £51,696 (2022: £202,953) which is included within the total charge for the current period.

5 Operating Loss

Operating loss is stated after charging / (crediting):

	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Depreciation of property, plant and equipment	**-**	12,143
Amortisation of right-of-use assets	**-**	10,565
Amortisation of intangible assets	**38,808**	35,577
Impairment of intangible assets	**-**	20,000
Gain on release of right-of-use assets	**-**	(79,202)
Operating lease rentals	**-**	2,494
Share based payment charge	**63,850**	291,598
Foreign exchange loss	**22,594**	25,694

6 Finance Income and Finance Costs

The Consolidated Statement of Comprehensive Income includes exceptional items totalling £63,849 (2022: £291,598) comprised of:

	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Finance income	**3,838**	-
Finance costs	**-**	-
	3,838	-

Finance income

This relates to interest received on bank accounts.

7 Employees

The monthly average number of employees was 7 (2022: 7), which excludes Non-Executive Directors

	2023 Number	2022 Number
Research	**2**	2
Management	**5**	5
Total number of employees	**7**	7

Their aggregate remuneration, including Executive Directors' remuneration, comprised:

	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Wages and salaries	**1,058,240**	817,671
Pension	**98,727**	85,634
Social security costs	**149,317**	121,564
Share based payments	**51,696**	88,645
	1,357,980	**1,113,514**

Details of Directors' emoluments, share options and pension entitlements are given in the Directors' Remuneration Report.

Employee Benefit Obligations

	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Leave obligations	**15,043**	11,731
Total employee benefit obligations	**15,043**	11,731

The leave obligations cover the Group's liabilities for annual leave which are classified as short-term benefits, as explained in note 2(q). The liability comprises all of the accrued annual leave, with the entire amount of the provision presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The Group operates a defined contribution pension plan which receives fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was £98,727 (2022: £85,634).

Medical insurance is provided to all current employees. The expense recognised in the current period in relation to these costs was £6,138 (2022: £4,970).

There are no post-employment obligations.

8 Auditor's Remuneration

During the period, the Group incurred the following costs in respect of services provided by the auditor:

	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Fees payable to the Company auditor for the audit of the parent company	**79,553**	72,500
Fees payable to the Company auditor for further services:		
- audit of Company's subsidiaries pursuant to legislation	**12,650**	12,500
- other services pursuant to legislation	**6,122**	10,475

9 Income Tax

The Group is pre-revenue generating, but on target to gain regulatory approval of its first product during 2027. The Group benefits from research and development corporation tax relief in both the current year and prior periods claimed
on allowable research expenditure.

A deferred tax asset of approximately £3,884,180 (2022: £2,124,737) relating to carried forward losses of £15,536,719 (2022: £8,502,949) has not been recognised due to the uncertainty of the timing of future taxable profits.

The deferred tax assets have been calculated at 25% (2022:25%).

Current tax credit	Year ended 30 April 2023 £	Year ended 30 April 2022 £
UK corporation tax on loss for the current period	**(1,088,721)**	(759,726)
Adjustment from previous periods	**-**	(31,332)
UK corporation tax on loss	**(1,088,721)**	(791,058)
The income tax credit differs from the theoretical credit arising from applying UK corporate tax rates to the losses for the reasons below:		
Loss before taxation	**(7,033,771)**	(5,503,387)
Expected tax based on a corporation tax rate of 19% (2022: 19%)	**(1,336,416)**	(1,045,644)
Effect of expenses not deductible in determining taxable profit	**24,821**	94,423
Effect of income not taxable in determining taxable profit	**-**	(16,265)
Depreciation in excess of capital allowances	**-**	13,165
Losses carried forward	**659,179**	403,865
Enhanced research and development relief utilised	**(996,603)**	(550,456)
Losses surrendered for R&D tax credit	**1,500,557**	973,884
Research and development tax credit	**(1,088,721)**	(759,726)
Adjustment from previous periods	**-**	(31,332)
Rate difference between CT rate and R&D repayment rate	**148,462**	127,028
Taxation credit for the period	**(1,088,721)**	(791,058)

10 Intangible Assets

During the period, the Group incurred the following costs in respect of services provided by the auditor:

Group	Licences £	Total £
Cost		
At 1 June 2021	155,245	**155,245**
Additions	–	**–**
At 30 April 2022	155,245	**155,245**
Additions	–	**–**
At 30 April 2023	155,245	**155,245**
Amortisation		
At 1 June 2021	53,588	**53,588**
Charge in year	35,577	**35,577**
Impairment	20,000	**20,000**
At 30 April 2022	109,165	**109,165**
Charge in year	38,808	**38,808**
At 30 April 2023	147,973	**147,973**
Net book value at 30 April 2022	46,080	**46,080**
Net book value at 30 April 2023	7,272	**7,272**

Company	Goodwill £	Licences £	Total £
Cost			
At 1 June 2021	–	–	**–**
Transfer from subsidiary	–	155,245	**155,245**
At 30 April 2022	–	155,245	**155,245**
Transfers from investments (note 13)	7,226,164	–	**7,226,164**
At 30 April 2023	7,226,164	155,245	**7,381,409**
Amortisation			
At 1 June 2021	–	–	**–**
Transfer from subsidiary	–	53,588	**53,588**
Charge in year	–	35,577	**35,577**
Impairment	–	20,000	**20,000**
At 30 April 2022	–	109,165	**109,165**
Charge in year	–	38,808	**38,808**
At 30 April 2023	–	147,973	**147,973**
Net book value at 30 April 2022	–	46,080	**46,080**
Net book value at 30 April 2023	7,226,164	7,272	**7,233,436**

The Directors have undertaken a detailed impairment review of licences in the current period and as a result of this process no impairment has been identified as being required as at 30 April 2023. In addition, the Directors have undertaken a review of investments and as a result of this process and valuation, the investment has been reclassified as goodwill. No impairment has been identified as being required as at 30 April 2023.

11 Property, Plant and Equipment

Group	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 June 2021	57,182	14,201	7,929	79,312
Disposals	(57,182)	(14,201)	(7,929)	(79,312)
At 30 April 2022	-	-	-	-
At 30 April 2023	-	-	-	-
Depreciation				
At 1 June 2021	22,413	6,519	3,554	32,486
Charge in period	8,812	2,142	1,189	12,143
Disposals	(31,225)	(8,661)	(4,743)	(44,629)
At 30 April 2022	-	-	-	-
At 30 April 2023	-	-	-	-
Net book value at 30 April 2023/30 April 2022	-	-	-	-

The Company held no fixed assets at 30 April 2023 or 30 April 2022.

All fixed assets were disposed of as part of the termination of the lease on the London office on 2 April 2022, with a net loss on disposal of £32,183.

12 Right-of-Use Assets

This note provides information for leases where the Group is a lessee. The Group does not act as a lessor in any capacity.

	Licences	
Group	30 April 2023 £	30 April 2022 £
Cost		
At 1 May 2022/ 1 June 2021	-	174,116
Adjustment to IFRS 16 recognition	-	-
Disposals	-	(174,116)
At 30 April 2023 / 30 April 2022	-	-
Amortisation		
At 1 May 2022/ 1 June 2021	-	163,551
Charge in period	-	10,565
Disposals	-	(174,116)
At 30 April 2023 / 30 April 2022	-	-
Net book value at 30 April 2023 / 30 April 2022	-	-

The right-of-use asset was comprised of one lease on the head office building, which commenced in April 2019 for five years and was terminated on 2 April 2022.

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	Notes	30 April 2023 £	30 April 2022 £
Amortisation charge of right-of-use assets			
Leased head office	5	-	10,565
Interest expense (included in finance costs)	6	-	-

The total cash outflow for leases in the period was £nil (2022: £44,684).

Short term and low value leases

Under IFRS 16 short term and low value leases can be accounted for as operating leases. As such, costs for short term leases for low value office equipment have therefore been expensed in the year, as detailed in note 5.

13 Investments

This note provides information for leases where the Group is a lessee. The Group does not act as a lessor in any capacity.

	Investments	
Company	30 April 2023 £	30 April 2022 £
At 1 May 2022/ 1 June 2021	7,226,164	7,226,164
Transfer to goodwill (note 10)	(7,226,164)	-
At 30 April 2023 / 30 April 2022	–	7,226,164

The Group's subsidiary at 30 April 2023 is set out below. The share capital consists of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership		
Name and address of Entity	**Place of business / country of incorporation**	**Interest held by Group %**	**Indirect or Indirect**	**Principal Activity**
Oxford Cannabinoid Technologies Ltd	England and Wales	100	Direct	Pharmaceutical research
Prama House, 267 Banbury Rd, Oxford OX2 7HT				

The Directors have undertaken a detailed impairment review in the current period and as a result of this process and assessment of valuation, the investment has been reclassified as goodwill. No impairment has been identified as being required as at 30 April 2023.

14 Financial Assets and Financial Liabilities

The Group holds the following financial instruments:	Notes	30 April 2023 £	30 April 2022 £
Financial assets at amortised cost			
Cash and cash equivalents	16	2,297,343	9,165,596
Other receivables	15	46,475	35,996
		2,343,818	**9,201,592**
Liabilities at amortised cost			
Trade and other payables	17	583,920	2,025,264
		583,920	**2,025,264**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

15 Trade and Other Receivables

	Group		Company	
	30 April 2023 £	30 April 2022 £	30 April 2023 £	30 April 2022 £
Prepayments and accrued income	254,676	1,472,316	254,676	1,472,310
Tax credit receivable (note 3)	1,848,447	929,709	1,848,447	759,726
VAT recoverable	41,535	168,595	6,259	105,313
Amounts due from group undertakings	-	-	1,917,293	5,446,307
Other receivables	46,475	35,996	46,464	35,986
	2,191,133	**2,606,616**	**4,073,139**	**7,819,642**

The inter-company balance between OCT and its subsidiary OCTL is unsecured, interest free and repayable on demand. The balance includes a provision as detailed in note 23.

16 Cash and Cash Equivalents

	Group		Company	
	30 April 2023 £	30 April 2022 £	30 April 2023 £	30 April 2022 £
Cash at bank and in hand	2,297,343	9,165,596	104,569	2,122,992

Neither the Group nor the Company have a bank overdraft facility.

17 Trade and Other Payables

	Group		Company	
	30 April 2023 £	30 April 2022 £	30 April 2023 £	30 April 2022 £
Trade payables	286,249	1,798,291	4,449	9,146
Accruals and deferred income	286,425	174,088	246,776	134,438
Other taxation and social security	11,246	52,885	10,556	52,103
Other payables	-	-	-	-
	583,920	**2,025,264**	**261,781**	**195,687**

18 Equity

Share Capital

	30 April 2023 Number	30 April 2022 Number	30 April 2023 £	30 April 2022 £
Ordinary Shares				
Issued and fully paid of £0.01 each	960,415,644	960,415,644	9,604,156	9,604,156
Total	**960,415,644**	**960,415,644**	**9,604,156**	**9,604,156**

Authorised share capital is £10,084,364.

Reconciliation of Ordinary Shares	Number of Shares	Par Value £	Share Premium £	Total £
Opening balance 1 May 2022	960,415,644	9,604,156	11,877,466	21,481,622
Balance 30 April 2023	960,415,644	9,604,156	11,877,466	21,481,622

Other Reserve

On 17 May 2021, pursuant to a share for share exchange, OCT unconditionally acquired the shares of OCTL, prior to the admission of the Group onto the Official List and to trading on the main market of the London Stock Exchange on 21 May 2021. 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. The value of shares obtained in excess of the par value under the share for share exchange agreement has been included as an other reserve of £643,455 (2022: £643,455). This reserve is not distributable.

19 Cash Flow Information

19(a) Cash used in operations

		Group		Company	
	Note	30 April 2023 £	30 April 2022 £	30 April 2023 £	30 April 2022 £
Loss after income tax from:					
Continuing operations		**(5,945,050)**	(4,712,329)	**(5,933,678)**	(5,365,258)
Loss after income tax		**(5,945,050)**	(4,712,329)	**(5,933,678)**	(5,365,258)
Adjustments for:					
Research and Development tax credit	9	**(1,088,721)**	(791,058)	**(1,088,721)**	(759,726)
Release of Greek subsidiary assets		**-**	49,653	**-**	-
Depreciation and amortisation	5	**38,808**	78,285	**38,808**	55,577
Loss on disposal of property, plant and equipment		**-**	32,183	**-**	-
Share-based charge	24	**63,850**	291,598	**63,850**	291,598
Finance costs – net	6	**(3,838)**	-	**-**	-
Decrease / (increase) in trade receivables		**1,334,220**	(1,393,649)	**4,835,224**	7,943,045
(Decrease)/Increase in trade and other payables		**(1,441,343)**	1,072,296	**66,094**	(42,244)
Cash used in operations		**(7,042,074)**	(5,373,021)	**(2,018,423)**	(2,122,992)

19(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are the options and shares issued to employees under the OCTL Employee Option Plan and warrants issued to advisers (see note 26).

19(c) Net debt reconciliation

The analysis of net debt and the movements in net debt for each of the periods presented is detailed below:

	Group		Company	
Net funds	**30 April 2023 £**	**30 April 2022 £**	**30 April 2023 £**	**30 April 2022 £**
Cash and cash equivalents (note 16)	2,297,343	9,165,596	104,569	2,122,992
Borrowings	-	-	-	-
Lease liabilities	-	-	-	-
Net cash and cash equivalents	2,297,343	9,165,596	104,569	2,122,992

20 Financial Risk Management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

As a pre-revenue Group, the core financial risks that the Group are exposed to are credit and liquidity risks. The Group's financial risk management is predominantly controlled by the finance team under policies approved by the Board of Directors. Financial risks are identified, evaluated and managed in close co-operation with the Executive Directors.

Liquidity risk

The Group has cash and cash equivalents £2,297,343 as at 30 April 2023. The Group does not operate a bank overdraft facility, and was debt free at 30 April 2023.

The Group manages liquidity risk through rolling cash flow forecasts and budgetary controls, ensuring sufficient cash is available to meet obligations when due, predominantly those relating to the research of the four drug programmes. Rolling cash flow forecasts and liquidity performance indicators are monitored by management and reported to and overseen by the Board of directors on a quarterly basis, as part of the overall risk management framework.

As detailed in note 2(d) and in the Directors' Report, the current cash reserves are expected to be fully utilised by April 2024. The Board have considered various options that would allow the Group to extend its cash a further three months beyond that in the event that there was a delay in the next round of fundraising. The Board has taken into consideration the level and timing of the Group's working capital requirements (which takes into account reductions in overhead costs and controls over discretionary spending to preserve cash flow). Consideration has been given to ongoing discussions around further third-party investment on a short to medium term basis, and the extent to which these discussions are advanced. The Board remains confident that it will be able to raise funds to progress its strategy beyond the end of April 2024. However, no such funding has been unconditionally committed at the date of approval of these financial statements.

As per the resolutions passed at the Group's last Annual General Meeting, the Group is able to issue a further 5% of ordinary shares without having to seek additional shareholder consent. As at the 30 April 2023, none of this headroom had been used.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy counterparties, principally involving banks and their wholly-owned subsidiaries with a credit rating in excess of B (as defined by at least one credit rating agency) when placing cash on deposit. In addition, at the year-end there were no trade receivables in the Statement of Financial Position. The other receivables relate to R&D tax credit, VAT receivable from HMRC and related parties (see note 25). The exposure to credit risk is therefore currently limited to the carrying amount of cash and cash equivalents of £2,297,343 (30 April 2022: £9,165,596).

Foreign currency exchange risk

All assets are held in Pound Sterling and the main foreign currencies used to pay suppliers are Euro and US Dollar. Consequently, foreign exchange risk is not considered to be material to the Group. Whilst the loss on foreign currency transactions rose in the period (albeit still immaterial), this was partly due to the change in foreign currency payment facilities and overall the foreign exchange risk is not considered to be material to the Group.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities (the Group does not hold any derivative financial instruments at the current or prior financial period end).

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of the discounting is not significant.

Contractual maturities at 30 April 2023	**<6 months** £	**6 to 12 months** £	**1 to 2 years** £	**2 to 5 years** £	**Total contractual cash flows and carrying amounts** £
Trade and other payables	583,920	-	-	-	583,920
Total non-derivatives	583,920	-	-	-	583,920

Contractual maturities at 30 April 2022	**<6 months** £	**6 to 12 months** £	**1 to 2 years** £	**2 to 5 years** £	**Total contractual cash flows and carrying amounts** £
Trade and other payables	2,025,264	-	-	-	2,025,264
Total non-derivatives	2,025,264	-	-	-	2,025,264

21 Capital Management

The Group's objectives when managing capital are to: safeguard its ability to continue as a going concern, and maintain an optimal capital structure to reduce the cost of capital, in order that the Group can continue to research and develop the four drug programmes that could ultimately be commercialised and generate profits available for distribution to the shareholders.

In order to achieve this, the Group may issue new shares and sell assets. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt as per note 19(c) divided by Total 'Equity' (as shown in the Consolidated Statement of Financial Position).

	30 April 2023 £	**30 April 2022** £
Debt	-	-
Cash	2,297,343	9,165,596
Net cash	2,297,343	9,165,596
Total equity	3,911,828	9,793,028
Gearing	58.7%	93.6%

The movement in gearing is as a result of the utilisation of cash funds during the financial year. There remain no financial covenants in place over the Group.

No dividends are proposed for the current financial period as the Group remains pre-revenue (2022: £nil).

22 Events Occurring After the Reporting Period

On 17 May 2023, the Group announced that the MHRA and REC 2 had approved its Phase I clinical trial application for OCT461201. On 8 June 2023, the Group announced the appointment of Dr Tim Corn as Chief Medical Officer. On 17 July 2023, the Group announced its expansion into oncology, having identified a potential "first-in-class" immunotherapy agent for the treatment of solid tumours. On 27 July 2023, the Group announced the successful administration of the first-in-human dose of OCT461201, as part of its Phase I clinical trial.

23 Related Party Transactions

The Group is headed by Oxford Cannabinoid Technologies Holdings Plc, the ultimate parent entity. There is no ultimate controlling party.

Key management personnel compensation

Detailed remuneration disclosures are provided in full in the Directors' Remuneration Report on pages 103 to 107. The Directors received dividends paid by the Company of £nil (2022: £nil).

The amounts outstanding at the year end due to key management was £nil (2022: £nil).

The following transactions occurred with other related parties:

	Transactions in year ended 30 April 2023 £	Transactions in period ended 30 April 2022 £	Balance at 30 April 2023 £	Balance at 30 April 2022 £
Purchase of management services from related party (a)	**-**	35,000	**-**	–
Amounts owed by a related party (b)	**-**	–	**35,994**	35,994
Inter-company loan (d)	**3,529,014**	9,532,376	**1,917,293**	5,446,307
Payments by OCTL on behalf of OCT (c)	**-**	2,122,789	**-**	–
Payments by OCT on behalf of OCTL (c)	**-**	2,071,983	**-**	–

a. Until 31 December 2021 a management service agreement was in place between the Group and Kingsley Capital Partners LLP (**KCP**), with the Executive Chair of the Group (Neil Mahapatra, until 11 February 2022) also being the Managing Partner of KCP.

b. Between December 2021 and January 2022, the Group paid £35,994 for professional services, which KCP agreed to reimburse the Group for. This is included as a receivable in the Statement of Financial Position at the year end.

c. Due to a delay in the opening of a bank account for OCT, until November 2021 all cash was held in the bank account of OCTL, who made payments on behalf of OCT during the period. That position was reversed from December 2021. No payments were made on the behalf of OCT by OCTL in the year ended 30 April 2023.

d. A provision of £678,325 has been made in the period ended 30 April 2022 against the inter-company loan, with the provision remaining as at 30 April 2023.

24 Share-Based Payments

Share-based payment reserve:	Group		Company	
Share Options	**30 April 2023 £**	**30 April 2022 £**	**30 April 2023 £**	**30 April 2022 £**
As at 1 May 2022/ 1 June 2021	1,150,105	1,061,460	1,013,571	924,926
Share options: Old Scheme (OCTL)	-	-	-	-
Share options: New Scheme Issued 2022 (OCT)	51,696	88,645	51,696	88,645
As at 30 April 2023 / 30 April 2022	1,201,801	1,150,105	1,065,267	1,013,571

	Group		Company	
Warrants	**30 April 2023 £**	**30 April 2022 £**	**30 April 2023 £**	**30 April 2022 £**
As at 1 May 2022 / 1 June 2021	299,503	96,550	299,503	96,550
Warrants issued May 2021	12,154	202,953	12,154	202,953
As at 30 April 2023 /30 April 2022	311,657	299,503	311,657	299,503
Total share-based payment reserve	1,513,458	1,449,608	1,376,924	1,313,074

Employee Option Plan

The Group operates an equity-settled share-based remuneration scheme for employees. The only vesting condition is that the individual remains an employee of the Group over the vesting period.

During the period, the Group recognised a share-based payment expense of £51,696 (2022: £88,645) in relation to options.

Share Options Issued

OCTL issued 89,523 share options to four employees on 24 February 2020, that were exercisable at a price of £18.88 per share under the original OCTL Option Scheme.

On 14 May 2021, the Board adopted the Group's Replacement Option Scheme to facilitate the grant of replacement options in OCT by the Company to option holders who held options over shares of OCTL under the original OCTL Option Scheme. No new grants or options will take place under the Replacement Option Scheme and all of the options vested on 21 May 2021 when the Group listed. A total of 69,584,356 options were issued to three current and two previous employees, with an expiry date of 10 years from the original grant date. Two of the employees (both of whom are Directors) given replacement options are subject to a lock-in period of one year as part of the IPO (expired 21 May 2022).

On 17 May 2021, the Board adopted the Group's New Employee Share Option Scheme to incentivise certain of the Group's employees and Directors. This new scheme provides for the grant of both Enterprise Management Incentives (**EMI**) options and non-tax advantaged options. Options granted under the new scheme are subject to certain conditions, the key elements of which are as follows:

- The Remuneration Committee may grant options to any employee, executive or Non-Executive Director of the Group;
- No consideration will be payable for the grant of options;
- The Remuneration Committee determines the exercise price of options before they are granted, which shall be 30% above the 10-day volume-weighted average price (**VWAP**) of the Ordinary Shares at the date of grant of the option; and
- Options can normally only be exercised on satisfaction of the exercise conditions determined by the Remuneration Committee at grant, including any performance conditions which may be set.

On 21 May 2021, 86,437,408 options were granted to 5 employees (4 of whom were Directors, 1 who switched to a Non-Executive Director role on 11 February 2022) and 7,203,117 were granted to three Non-Executive Directors under the new scheme. Each of the options have an exercise price equal to 30% over the placing price, being £0.065. They are exercisable from May 2022, on a straight line basis over a period of 3 years. There are no vesting conditions.

During the year, 22,409,698 options were exercised, forfeited or expired. Share options issued under the Replacement Option Scheme, all of which were outstanding at the end of the year, have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 April 2023
14 May 2021	24 February 2030	£0.042	32,859,279
14 May 2021	24 February 2030	£0.05	22,412,951
Vested and exercisable at 30 April 2023			55,272,230

The assessed fair value at grant date of options converted or granted during the year ended 30 April 2023 was £0.019 for £0.05 replacement options, £0.0209 for £0.042 replacement options, and £0.003 for the new options. The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share (informed by the volatilities of peer group companies), the expected dividend yield and the risk-free interest rate for the term of the option.

An expense of £51,696 for the New Employee Share Option Scheme was recognised during the year ended 30 April 2023 (2022: £88,645). Expenses for the Old Employee Share Option Scheme recognised during the year were £nil (2022: £nil).

The inputs into the option pricing model, calculated using the model described above, for the options issued under the new scheme in May 2021 included:

Share price (trading price as at 28 May 2021 on LSE)	**£0.04**
Exercise price	**£0.065**
Expected volatility	**32.28%**
Expected life	**3 years**
Risk free interest rate	**0.4638%**

Warrants

On 21 May 2021, OCT issued a total of 33,307,275 warrants all with an exercise price of £0.05 and a 5 year exercise period, vesting on the day of issue. None of the warrants had been exercised by 30 April 2023.

The Black-Scholes model is used to calculate the appropriate charge for the warrants. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as 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. During the period, the Group recognised total share- based payment expenses for warrants of £12,154 (2022: £202,953).

Share price (trading price as at 28 May 2021 on LSE)	**£0.04**
Exercise price	**£0.05**
Expected volatility	**34.43%**
Expected life	**5 years**
Risk free interest rate	**0.5353%**

Volatility was based on that of a company in the same sector as the Group, experienced at a similar stage in the Group's development, and is within the average banding for the Western European pharmaceutical sector.

25 Loss Per Share

25(a) Basic loss per share

	Year ended 30 April 2023 £	Period ended 30 April 2022 £
Basic loss per share attributable to the ordinary equity holders of the Company	(0.00619)	(0.00491)

25(b) Diluted loss per share

	Year ended 30 April 2023 £	Period ended 30 April 2022 £
From continuing operations attributable to the ordinary equity holders of the Company	(0.00619)	(0.00491)
Total diluted loss per share attributable to the ordinary equity holders of the Company	(0.00619)	(0.00491)

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

	Year ended 30 April 2023 £	Period ended 30 April 2022 £
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:	(5,945,050)	(4,712,329)
Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company:		
Used in calculating basic loss per share	(5,945,050)	(4,712,329)
Used in calculating diluted loss per share	(5,945,050)	(4,712,329)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	(5,945,050)	(4,712,329)

25(d) Weighted average number of shares as denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	960,415,644	960,415,644
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	960,415,644	960,415,644

The conditions relating to the issued share options and warrants are such that they are anti-dilutive.

Additional Information

4

Directors and Professional Advisers

Directors

Cheryl Dhillon
Richard Hathaway
Neil Mahapatra
Bishrut Mukherjee
Julie Pomeroy
Paul Smalley
(Appointed 17 October 2022)
Clarissa Sowemimo-Coker

Company Secretary

Robin Bennett (Appointed 12 January 2023)

Company number

13179529

Registered office

Prama House
267 Banbury Road
Oxford OX2 7HT

Auditor

Moore Kingston Smith LLP
6th Floor
9 Appold Street
London EC2A 2AP

Principal Bankers

Barclays Bank
1 Churchill Place
Canary Wharf
London, E14 5HP

Public Relations Advisers

Acuitas Communications ltd
33 Foley Street
London, W1W 7TL

Brokers

Axis Capital Markets Ltd
St Clements House
27 St Clements Lane
London EC4N 7AE

Financial Advisers

Cairn Financial Advisers LLP
9th Floor, 107 Cheapside
London EC2V 6DN

Overseas subsidiary operations

Details of all subsidiaries and their locations are detailed in note 13. OCT Hellas Pharmaceuticals Research & Development Laboratory S.A, a non-trading subsidiary in Greece was dissolved in June 2021.

Directors

The following Directors have held office in the Company in the period from 1 May 2022 to the signing of the financial statements:

Julie Pomeroy	Non-Executive Chair
Neil Mahapatra	Non-Executive Director
Dr John Lucas	Chief Executive Officer (Resigned 2 December 2022)
Clarissa Sowemimo-Coker	CEO from 02 December 2022 (Chief Operating Officer until 02 December 2022 and Company Secretary until 12 January 2023)
Karen Lowe	Finance Director (Resigned 17 October 2022)
Bishrut Mukherjee	Non-Executive Director
Cheryl Dhillon	Non-Executive Director
Richard Hathaway	Non-Executive Director
Paul Smalley	Finance Director (Appointed 17 October 2022)

The interests of the Directors (including family interests) in the share capital of the Company are listed on page 106.

Substantial shareholdings

As at 30 April 2023, the Company has been notified of, or is aware of, the shareholders holding 3% or more of the issued share capital of the Company, as detailed below:

Name of holder		Number of shares
Neil Mahapatra (Kingsley Capital Partners LLP)	198,466,493	**20.66%**
Hargreaves Lansdown (Nominees) Limited	134,276,472	**13.98%**
Imperial Brands Ventures Limited	104,376,988	**10.87%**
Aurora (Nominees) Limited	47,394,377	**4.93%**
Vidacos (Nominees) Limited	46,346,328	**4.83%**
Bank of New York (Nominees) Limited	45,926,796	**4.78%**
Hsdl (Nominees) Limited	45,013,469	**4.69%**
Interactive Investor Services (Nominees) Limited	44,366,166	**4.62%**
Jim (Nominees) Limited	41,378,224	**4.31%**

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of Penningtons Manches Cooper LLP, 125 Wood Street, EC2V 7AW on 28 September 2023 at 11.00 am. The Notice convening the Annual General Meeting (**AGM**) and an explanation of the business to be put to the meeting is contained in the separate document which accompanies this report.

Auditor

During the period, Moore Kingston Smith LLP was re-appointed as the Group's auditor. The Board recommend that Moore Kingston Smith LLP be reappointed as auditor at the AGM on 28 September 2023.

Directors' and officers' insurance

The Group maintains insurance cover for all Directors and officers of Group companies against liabilities which may be incurred by them while acting as Directors and officers.

Subsequent events

On 17 May 2023, the Group announced that the MHRA and REC 2 had approved its Phase I clinical trial application for OCT461201. On 8 June 2023, the Group announced the appointment of Dr Tim Corn as Chief Medical Officer. On 17 July 2023, the Group announced its expansion into oncology, having identified a potential "first-in-class" immunotherapy agent for the treatment of solid tumours. On 27 July 2023, the Group announced the successful administration of the first-in-human dose of OCT461201, as part of its Phase I clinical trial.

Glossary of Annual Report Terms and Abbreviations

Annual General Meeting (AGM)

Aptuit (Verona) SRL
A subsidiary of Evotec SE (together "Evotec")

Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC)
A private, non-profit organisation that promotes the humane treatment of animals in science through voluntary accreditation and assessment programmes.

Association of Chartered Certified Accountants (ACCA)

Charles Rivers Laboratories Edinburgh Ltd (Charles Rivers)

Chemotherapy-induced Peripheral Neuropathy (CIPN)
Neurological condition triggered by certain cancer treatments, causing symptoms such as tingling, pain, and weakness in the hands and feet due to chemotherapy's damaging effects on the peripheral nerves, with debilitating effects on the patient.

Chief Executive Officer (CEO)

Chief Medical Officer (CMO)

Chief Operating Decision-Maker (CODM)
The individual or group responsible for strategic decisions that affect the Company's operations and performance.

Chief Scientific Officer (CSO)

Companies Act 2006 (the Act)

Environmental, Social, and Governance (ESG)

Fair Value Through Other Comprehensive Income (FVOCI)
A classification of financial assets that are held with the objective of collecting contractual cash flows and selling financial assets.

Fair Value Through Profit or Loss (FVTPL)
A classification for financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis.

Financial Reporting Council (FRC)

Good x Practice (GxP)
A set of guidelines that industries must follow to produce products that are safe and of high quality.

Quality guidelines and regulations applied in the pharmaceutical industry. GxP is the abbreviation of "Good x Practice". The "x" in GxP stands for the field the guidelines and regulations applied to.

Some examples of GxPs include:

GMP – Good Manufacturing Process

GLP – Good Laboratory Practice

GDP – Good Distribution Practice

GCP – Good Clinical Practice

GxP are often referred to as current (cGxP).

IFRS Interpretations Committee (IFRIC)
A committee that interprets the application of International Financial Reporting Standards (IFRS).

Initial Public Offering (IPO)

International Accounting Standards Board (IASB)
An independent group that sets accounting standards accepted as a basis for financial reporting in many countries.

Irritable Bowel Syndrome (IBS)
A chronic gastrointestinal disorder characterised by recurring abdominal pain, discomfort, and changes in bowel habits such as diarrhoea, constipation, or a mix of both.

Long-Term Incentive Plan (LTIP)
A reward system designed to improve employees' long-term performance by providing rewards that may not be tied to the Company's share price.

Medicines and Healthcare Products Regulatory Agency (MHRA)
The UK government agency responsible for ensuring that medicines and medical devices and other healthcare products are effective and acceptably safe.

Moore Kingston Smith LLP (MKS)
The Company's Auditors

Net Book Value (NBV)

New Chemical Entity (NCE)
A drug molecule that has a unique chemical structure and has not been previously approved or marketed as a pharmaceutical compound or as an active ingredient in any investigational or approved drug product.

Oxford Cannabinoid Technologies Holdings Plc (OCT)

Oxford Cannabinoid Technologies Limited (OCTL)

Phytocannabinoids (pCBs)
Chemical compounds that occur naturally in the cannabis plant. The term 'natural' is often added to differentiate them from synthetically produced cannabinoids.

Pressurised Metered Dose Inhaler (pMDI)
A device that delivers a specific amount of medication to the lungs, in the form of a short burst of aerosolised medicine.

Research and Development (R&D)
Involves the process of discovering, designing, testing and developing new drugs and medical treatments.

Scientific Advisory Board (SAB)
A group of experts, usually external to an organisation or institution, who provide guidance, recommendations, and expertise on scientific, technical, or research-related matters.

Task Force on Climate-related Financial Disclosures (TCFD)
A market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings.

Tetrahydrocannabinol (THC)
The main psychoactive compound in cannabis that produces the 'high' or euphoric effects. It interacts with the brain's cannabinoid receptors (e.g., CB1) to produce various physiological and psychological effects.

Tier 1 Drug R&D CROs
Top-level contract research organisations that provide support to the pharmaceutical, biotechnology, and medical device industries in the form of research services.

Trigeminal Neuralgia (TN)
Trigeminal neuralgia is a severe chronic neurological disorder characterised by sudden, intense pain, often triggered by even mild stimuli such as touching, talking, or chewing. Triggered by damage to the trigeminal nerve, the pain is localised in the head and in the face.

United States Food and Drug Administration (FDA)
The federal agency of the United States Department of Health and Human Services responsible for protecting and promoting public health through the control and supervision of food safety, prescription and over-the-counter medications, vaccines, and other biological products.

Wales Research Ethics Committee 2 (REC 2)
An independent research committee that reviews new or revised study protocols and gives an opinion on ethical aspects and acceptability of the proposed activity. The committees can be based in different parts of the UK, including Wales.

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Annual Report 2023

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Oxford Cannabinoid Technologies Holdings Plc