

Annual Report

for the period ended 30 April 2022



About Oxford Cannabinoid Technologies

Established in 2017, OCT aims to become a global leader in developing next generation, non-addictive licensed prescription pain medicines to address significant unmet medical needs.

Our goal is to develop safe and effective prescription medicines to treat serious and life-threatening human diseases and conditions. OCT's primary focus is on severe, chronic pain conditions, that are one of the biggest challenges facing society today.

Contents

Strategic Report

Highlights	1
Chair's Statement	2
Chief Executive Officer's Review	4
Principal Risks and Uncertainties	9
Financial Review	15
Section 172(1) Statement	17
Corporate Governance Report	18

Directors' Report

Board of Directors	26
Audit & Risk Committee Report	30
Nominations Committee Report	32
Remuneration Committee Report	33
Directors' Report	36

Financial Statements

Independent Auditor's Report	39
Consolidated Statement of Comprehensive Income	45
Consolidated Statement of Financial Position	46
Company Statement of Financial Position	47
Consolidated Statement of Changes in Equity	48
Company Statement of Changes in Equity	49
Consolidated Statement of Cash Flows	50
Company Statement of Cash Flows	51
Notes to the Financial Statements	52
Directors and Professional Advisers	74

Highlights

Strong progress in the Group's two lead programmes

Preclinical development continues, with phase 1 trials expected to start on OCT461201 in Q1 2023 and OCT130401 in Q4 2022

Extended Group's network of 'best in class' partners

Agreements were signed with Evotec, Dalriada, Oxford Stemtech, Canopy Growth Corporation, Charles River and Simbec, helping to progress all four programmes

Scientific Advisory Board formed with the inaugural meeting in July 2022

Successful admission to the OTC QB

Trading since December 2021 has increased recognition of the Group in the United States ahead of the next fundraising



Chair's Statement

For the period ended 30 April 2022



Julie Pomeroy

Non-Executive Chair

I am delighted to present my first Annual Report as Chair of Oxford Cannabinoid Technologies Holdings Plc ('OCTP' or the 'Group' or the 'Company').

Since the Company's admission to the Official List and to trading on the Main Market of the London Stock Exchange in May 2021, we have successfully progressed our research into cannabinoid-based prescription medicines, with our two lead programmes (OCT461201 and OCT130401) soon to move forward to the next stage of the development to becoming licensed prescription medicines in the multi-billion US\$ pain market.

We have experienced various challenges over the past 11 month period which the Board and senior management team have dealt with in a positive and professional manner. Whilst the pharmaceutical biotech sector as a whole continues to be impacted by worldwide economic and geo-political events, internally we continue to focus on increasing shareholder value by delivering against the strategic plan which we set out in our prospectus dated 17 May 2021 ('IPO Prospectus'), maximising our research and development and learning from past events, whilst managing the risks that the Group faces.

During the period, we have continued to extend our partnerships with organisations recognised as amongst the "best-in-class", signing new agreements with companies including Aptuit (Verona) SRL (a subsidiary of Evotec SE) and Oxford Stemtech Ltd. In July 2022, we entered into an agreement with Simbec Research Limited for the Group's first-in-human Phase 1 clinical trial for lead compound OCT461201, due to commence in Q1 2023. We also acquired a library of cannabinoid assets from Canopy Growth Corporation ('Canopy') which is opening up opportunities for future programmes. In December 2021, the Company's shares commenced trading on the OTC QB market in the United States, a move designed to enhanced investor benefits, including easier access to trading for investors based in the United States and increased liquidity provided by a broader pool of potential investors. As part of that process, we appointed Harbor Access LLC as our North American investor relations advisers, further assisting in raising interest in the OCTP stock in the United States and in the medium term helping to diversify the Company's shareholder base. Working alongside Harbor Access are Walbrook PR whom we appointed last summer to strengthen our investor and public relations activities. In May this year we were delighted to announce the appointment of Axis Capital Markets Limited as our corporate brokers.

We are now 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 inflection points. Cash remains well-managed and in-line with our IPO Prospectus, with the next round of fundraising due to take place by the end of Q1 of 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 March / April 2023 (if current forecast levels of project expenditure continue, or by December

2023 if certain project costs are curtailed or expenditure on certain projects ceases) and the Group will be unable to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements. As such, the auditors have noted that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. However, the directors are confident that the Group will be able to obtain further debt or equity financing, but there can be no certainty in this respect and a failure to obtain such debt or equity financing would be material to the Group. A reallocation of resources to focus purely on the highest value-adding programme is an alternative option available to the Board to extend resources beyond December 2023, and as with other companies in our sector suitable business combinations are regularly being considered. Further details on this are given in the Directors' Report.

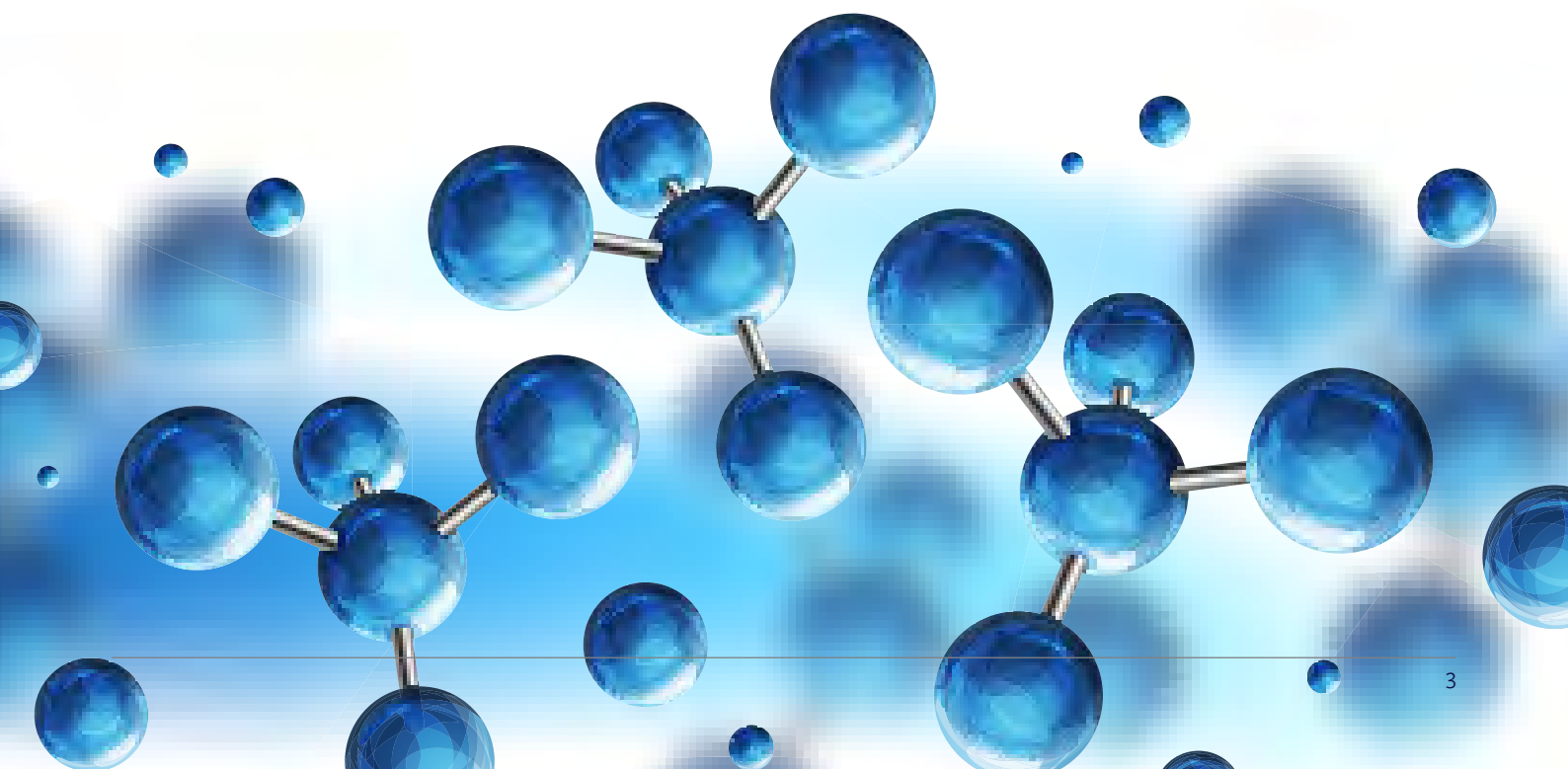
To further support our development we have established a Scientific Advisory Board comprised of experts in their field who will be able to provide independent assurance to the Board that the focus and direction of our programmes remains that which will ultimately maximise shareholder value and deliver on our mission to improve the lives of patients with chronic pain.

As a pharmaceutical company developing prescription cannabinoid medicines, OCTP takes corporate governance very seriously as it is vitally important in maintaining the integrity of our business. I am therefore pleased to report that we are now benchmarking ourselves against the higher standards required under the Corporate Governance Code, published by the Financial Reporting Council ('UK Corporate Governance Code'), superseding the QCA Corporate Governance Code 2018, published by the Quoted Companies Alliance. Notwithstanding general market and sector conditions which have had a disproportionate impact on the Company's share price since IPO last year, the fundamentals of the Group remain strong, and we remain on track to enter phase 1 clinical trials with our two lead programmes, OCT130401 and OCT461201, in Q4 2022 and Q1 2023 respectively. I am proud of the work we are doing and the ambition of our people to really make a difference. I am grateful to the executive team and everyone at the Group for their efforts and I thank you for your continued support and shared belief in the successful future of the Group.

Julie Pomeroy

Non-Executive Chair

22 July 2022



Chief Executive Officer's Review

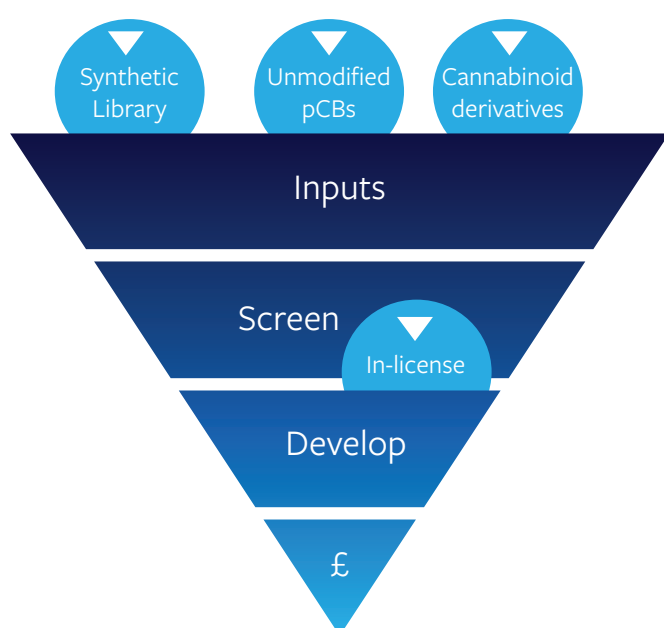
For the period ended 30 April 2022



Dr John Lucas

Chief Executive Officer

I am delighted with the progress we have made in the period, particularly regarding our two lead programmes, with OCT130401 set to begin clinical trials in Q4 this year.



The Group (comprised of OCTP and its wholly owned subsidiary Oxford Cannabinoid Technologies Ltd (“OCT”)) has successfully progressed all four programmes in the period, to develop drug products aimed at the multi-billion dollar pain market. We have continued to expand our capabilities by partnering with world-class providers of products and services in the pharmaceutical drug development industry. We are excited to be working with some of the “best-in-class” partners such as Evotec SE, Oxford Stemtech Ltd and Dalriada Drug Discovery Inc, and we are very much looking forward to seeing two of our lead programmes enter phase 1 clinical trials by Q1 2023.

Following the Company’s admission to the Official List (by way of a Standard Listing) and to trading on the Main Market of the London Stock Exchange in May last year, the Group commenced trading on the OTC QB market in the United States in December 2021 and Harbor Access LLC have supported the Board in raising the Group’s profile amongst investors in the United States. We recently announced the appointment of Axis Capital Markets Limited as our brokers in the UK, joining our network of experienced and knowledgeable external advisers who support the Board in ensuring that we deliver against our strategy. In June 2021, we dissolved the wholly owned Greek subsidiary of OCT (namely OCT Hellas Pharmaceuticals Research & Development Laboratory S.A). Whilst the period to 30 April 2022 saw some challenges for the Group from both internal and external sources, we believe that we are stronger as a result and are committed to increasing shareholder value by delivering against our strategy of developing approved, prescription non-addictive pain medication with market exclusivity.

Our Business Model and Programmes

We aim to develop a portfolio of drug candidates for approval as licensed pain medicines and remain on track to receive approval of our first prescription cannabinoid product anticipated to be in 2027. The combined experience and expertise of the Company’s Board and senior management team has enabled the Company to build a cannabinoid pharmaceutical company with a robust pipeline of drug candidates and a substantial and growing network of commercial and academic partners.

In a cannabis market where unlicensed medicines remain abundant and unproven, our underlying philosophy remains unchanged: that it is only the development of cannabinoid-based medicines through existing channels of licensed drug development that allows the medical community to prescribe drugs with confidence and in volume and which gives us patent protection and market exclusivity.

Our drug development strategy involves the development of three types of compound - novel chemical entities ('NCEs'), proprietary cannabinoid derivatives and phytocannabinoids (plant-based cannabinoids). The NCEs are normally identified using high-throughput screening of pharmaceutical compound libraries. This approach enables the discovery of drug candidates that are highly selective and potent for a single cannabinoid receptor. Our lead product, OCT461201, is an example of an NCE identified using this approach.

Another is to use a phytocannabinoid structure, such as CBD, as a starting basis for creating cannabinoid derivatives. The chemical modifications made to the cannabinoid derivatives are aimed at improving drug-like properties while retaining the safety of the parent phytocannabinoid.

Both NCEs and cannabinoid derivatives may be patentable, thereby providing long-term market exclusivity to an approved drug product. Phytocannabinoids are natural, unmodified compounds. As such, they are generally not patentable. Nevertheless, regulatory exclusivity is available for these compounds if approved as drug products. This regulatory exclusivity can be extended from 5 to 7 years in the United States if the indication has orphan designation. Regulatory exclusivity in Europe is 10 years. This exclusivity is not available to unlicensed medical cannabis. In addition, OCT also in-licenses compounds falling into one of the three categories above.

By utilising three different types of compounds, we are creating a portfolio that balances long-term market value, time to market and risk.

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



1. OCT461201: In-licensed compound

Pre-clinical development underway, initially targeting neuropathic and visceral pain
Aim to begin Phase 1 in Q1 2023 and be Phase 2 ready in Q2 2023
Recent patent application filed. If granted will provide 20 years' exclusivity on drug product

Advanced by
Evotec



2. OCT130401: Natural phytocannabinoid combination

Pre-clinical development underway targeting trigeminal neuralgia
Aim to begin Phase 1 in Q4 2022 and be Phase 2 ready in Q2 2023
Orphan indication market exclusivity 7 yrs US and 10 yrs EU/JP

Advanced by
OzUK & Purisys



3. OCTP + Canopy library: Cannabinoid derivative

Aim to develop up to the pre-clinical stage by Q2 2023
Diversified pCBs-derivatives
Expect pursue patent protection and / or orphan market exclusivity (7yrs US / 10yrs EU)

Advanced by
Dalnada & Oxford StemTech



4. OCTP + Canopy library: Cannabinoid derivative

Undisclosed Target: New target candidate for pain, inflammation neurology and oncology
Aim to progress to Lead Candidate by Q2 2023
Initially targeting neuropathic pain market (additional indications include epilepsy and cancer)

Chief Executive Officer's Review continued

Programme 1: OCT 461201

This programme is a NCE, a cannabinoid-like compound for neuropathic and visceral pain conditions.

During the period, the Group has carried out some pre-clinical studies which show that OCT461201 is well positioned for small fibre neuropathies, as it successfully reduced pain in a model of chemotherapy-induced peripheral neuropathy ("CIPN"), a market valued globally at US\$1.61bn in 2020 and forecasted to reach US\$2.37bn by the year 2027. CIPN is a peripheral neuropathy resulting from the neurotoxic effects of common chemotherapeutic drugs. The hallmarks of CIPN are pain, numbness and tingling in the extremities. On average, an estimated 60% of people undergoing chemotherapy are affected by CIPN at three months. 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 nerve damage caused by treatment with chemotherapy, 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 valued at US\$1.61bn in 2020 and forecast to reach US\$2.37bn by the year 2027, 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 with Aptuit (Verona) SRL, a subsidiary of Evotec SE (together "Evotec"). This work is being completed via Evotec's INDiGO programme, an integrated drug development process for accelerating early drug candidates to clinical trial stage. The INDiGO programme will provide 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"). We believe the INDiGO programme will increase development speed and optimise the chances of successfully progressing OCT461201 through clinical phases. Phase 1 clinical trials are expected to begin in Q1 2023, with phase 2 ready to begin in Q2 2023.

The Group's development work with Voisin Consulting SARL ("VCLS") remains on track. VCLS has generated the risk analysis and the clinical roadmap to support the ongoing pre-clinical package for Programme 1 and preparation for the commencement of phase 1 clinical trials.

Programme 2: OCT 130401

This programme is the development of natural phytocannabinoids ("pCBs") for the effective, safe, and non-addictive treatment of chronic and severe pain conditions. In October 2021, the Group announced trigeminal neuralgia ("TN") as the initial target for OCT130401. TN is a chronic pain condition that causes an excruciating, stabbing, electric shock-like facial pain. It has a fast and unexpected onset and because of this has been difficult to treat. Each episode may only last a few seconds, but some people will suffer multiple (up to 100) episodes during one day. It is on the rise with between approximately 10,000 and 15,000 new cases diagnosed each year. We estimate that in 2021 there were over 65,000 people living with the condition in the UK.

The pCBs will be delivered to the lungs via inhalation - 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.

VCLS is providing the Group with regulatory support to address immediate priorities for filing and registration of OCT130401's pMDI in the UK and US markets. 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"). Charles Rivers is completing the preclinical safety and pharmacological work for the pMDI developed with Purisys LLC, which provides the current Good Manufacturing Practice ("cGMP") active product ingredients, and Oz UK Ltd, which is developing the formulation and the device, as the Company prepares OCT130401 for phase 1 clinical trials anticipated to commence in Q4 2022.

Programmes 3 and 4

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.

This enlarged library of cannabinoid derivatives is at the centre of Programmes 3 and 4. OCTP has started multiple screening programmes for the drug-like compounds with the aim of targeting multiple therapeutic areas, including pain, neurology, immune-inflammation and oncology.

OCTP is working with Dalriada Drug Discovery Inc ("Dalriada"), to screen the expanded library, comprising both the Canopy compounds and OCT's existing proprietary cannabinoid derivatives. Dalriada previously designed, synthesised, and experimentally tested all of the 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. The aim is to develop one programme to the lead compound stage and another to drug candidate selection (ready for pre-clinical development) by the end of 2022.

The drug development agreement signed in September 2021 with Oxford Stemtech Ltd ("Stemtech"), led by Professor Cader of the University of Oxford, is supporting R&D for all the Company's drug development programmes, with a particular focus on Programmes 3 and 4. Stemtech's cutting-edge "pain-in-a-dish" model replicates human pain using stem cells from healthy volunteers that are re-programmed into pain neurons. We are delighted and privileged to be able to continue working with Professor Cader in a commercial capacity and this agreement with Stemtech also marks the important evolution of OCTP's relationship with the University of Oxford.

Managing the Impact of COVID-19

The impact on our business from the COVID-19 pandemic has reduced from the peak of 2020, however repercussions are still being felt across the Group. The work in the laboratories of our collaborators, for example, is still delayed as they continue to recover from the impact of successive lockdowns. There is also still some disruption in the movement of goods that is causing worldwide delays in a number of activities performed by contract research organisations ('CROs') on behalf of many companies, including their abilities to sign large contractual agreements.

To mitigate the risks for our lead programme (OCT461201), rather than engaging in multiple CROs to perform different parallel activities, we decided to sign a single commercial agreement with one top-tier CRO (Evotec) and use their fully integrated developmental INDiGO platform. This agreement helps to ensure the right degree of prioritisation for the Group's activities, but crucially it should also minimise the risk of delays and downsides (compared to splitting the tasks over several different CROs).

Establishment of a Scientific Advisory Board

In April 2022, the Company announced the formation of its Scientific Advisory Board ("SAB"), which underpins the next stage of its development and highlights its commitment to grow a best-in-class network of partners - scientific, academic and commercial.

With the Group's current focus on the treatment of neuropathic pain conditions, the composition of the SAB will initially comprise Professor Robert Dworkin, Professor Anthony Dickenson, and Doctor Giorgio Lambru, who together are a team of innovators and clinicians with an emphasis on linking pre-clinical research, clinical trials and the care of patients.

The SAB will work closely with OCTP's Chief Scientific Officer, Doctor Valentino Parravicini, to provide scientific guidance on the Group's strategy and overall approach to clinical trials. With the SAB's first meeting due to take place in July 2022, its initial focus will be to advise on the design of the upcoming phase 1 clinical trials for OCT130401 and OCT461201, anticipated in Q4 2022 and Q1 2023 respectively, to help the Group best address the needs of patients. The SAB will also help to shape the Group's approach as it looks beyond phase 1, to phase 2 clinical trials, in patients affected by debilitating pain conditions.

Professor Robert Dworkin is a professor in the departments of Anaesthesiology and Perioperative Medicine, Neurology, and Psychiatry at the University of Rochester Medical Center School of Medicine and Dentistry, New York State. He is also a Director of ACTTION

(Analgesic, Anaesthetic, and Addiction Clinical Trial Translations, Innovations, Opportunities, and Networks) a public-private partnership with the FDA. Professor Dworkin's major research interests are the methodologic aspects of analgesic clinical trials and the treatment and prevention of chronic neuropathic and musculoskeletal pain. Through ongoing studies, he is evaluating the research designs and methods, clinical outcome assessments, and statistical analyses used in clinical trials of treatments for acute and chronic pain.

Doctor Giorgio Lambru is a Consultant Neurologist at Guy's & St Thomas' NHS Foundation Trust, London, and Honorary Senior Lecturer at King's College London. An expert in headache and facial pain conditions, including neuropathic pain and general neurology conditions, he has authored a number of scientific publications on these conditions and has a clinic dedicated to complex headache and facial pain disorders.

Professor Anthony Dickenson is Emeritus Professor of Neuropharmacology at University College, London. His research is focused on understanding the mechanisms of pain including how pain can be controlled in both normal and patho-physiological conditions and how to translate basic science to patients. He is an Honorary Member of the British Pain Society, a member of the council of the International Association for the Study of Pain, was a founding member of the London Pain Consortium (Wellcome Trust) and is involved in many advisory boards.

Building Relationships with Patient Advocacy Groups

All of the experts involved in the SAB will have a prominent role in the interaction of their scientific institutions with the Patient Advocacy groups. The Board firmly believe that no one is in a better position to understand the unmet medical needs of people suffering from pain than the patients themselves. Patient Advocacy groups have the in-depth knowledge of the patients they represent and of their disorders. Accordingly, they are in the prime position to support the Group's clinical effort not only in identifying better ways to include the experience of patients in the design of the trials but in the identification and interpretation of outcome measurements, and by actively participating in the recruitment of patients. We are beginning to build the foundations of strong relationships with a number of relevant Patient Advocacy groups who support individuals suffering from neuropathic pain and neuralgias.

Financial Risk Management

Research activities are carried out through commercial and academic partners in an outsourced model that allows the Group to minimise

Chief Executive Officer's Review continued

central costs. Wider discussions are ongoing with other academic and commercial partners about additional future activities. Further details of the Group's Financial Risk Management are detailed in note 22.

Outlook

The Group has continued to deliver against its objective of bringing non-addictive cannabinoid-based licensed prescription medicines to patients who have been left behind by the opioid crisis. The work that's been completed during the period means we will be in phase 1 clinical trials with our two lead programmes by Q1 2023 which is hugely exciting for both the Group and our shareholders.

Whilst successfully delivering against the strategy set out in our IPO Prospectus, the Board believe that the market has not yet fully recognised the true value of the Group. Whilst we appreciate that worldwide economic and political events are impacting the whole of our sector at the moment, we also understand and share the frustrations regarding share price performance since IPO in May 2021, especially in the context of everything that has been delivered by the OCTP team. Internally, we have dealt with the challenges that we have faced in the first 11 months of trading head on, and we have welcomed the opportunity to engage with different groups of shareholders, to hear feedback on our strategy and progress during the period. We are stronger as a result of that work.

We recently announced the appointment of Axis Capital Markets as our new brokers. Trading on the OTC QB market since December 2021 has increased recognition of our name in the United States. With an exceptional team of advisers to support us, and as we rapidly approach value inflection points in two of our programmes, the Board remains confident that the markets will reflect the progress that we make as we reach a time when the Company will need to raise equity funds to carry our programmes forward towards regulatory approval anticipated to be in 2027.

I would like to thank everyone at OCTP, and our advisers and partners, who are all key to our ultimate success. We are hugely grateful to our shareholders for their support and engagement, and it has been an honour to be able to meet some of you in person during the period. I thank you for your constructive feedback and continued confidence in our long-term goal of revenue generation and growth in the multi-billion US\$ pain market.

Dr John Lucas

Chief Executive Officer

22 July 2022

Principal Risks and Uncertainties

The Group identifies, evaluates and manages the principal risks to the Group strategy in accordance with the corporate governance framework set out in the Corporate Governance Report. A bottom-up assessment of principal risks by the senior management team is aggregated and validated to produce an overall assessment of those risks.

We evaluate each principal risk at least twice per year based on the probability of the risk crystallising and the potential impact on the Group level. We consider both the inherent risk (i.e. level of risk before internal controls) and the residual risk (i.e. the remaining risk after the effect of existing controls is considered). Based on that assessment, we then determine whether any further actions are required to reduce the risk to within the risk appetite approved by the Board.

The Board is responsible for the overall stewardship of our system of risk management. The Board has completed its assessment of the Group's principal and emerging risks and concludes that the current risk profile is within its tolerance range.

Below are our principal risks and a summary of key mitigating factors:

Risk	Relevance to our Strategy		Mitigation
Unsuccessful development	Impact	Likelihood	
In common with other pre-revenue pharmaceutical development companies, there is a risk that we fail to develop a drug product that can be approved by the regulatory agencies and marketed. Failure can occur at any time 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 and the Group's ability to generate product revenues will be delayed. The failure to develop an approved drug product could ultimately lead to the cessation of the business.	Problems and delays are frequently encountered in connection with developing and expanding early-stage businesses, especially biopharmaceutical companies. There is a high rate of failure amongst these companies for drug candidates proceeding through clinical trials.	<ul style="list-style-type: none"> • We are running multiple programmes across several value inflection points. • An experienced Chief Scientific Officer ("CSO") is engaged, and we work with leading specialists in the field to complete testing and screening on our behalf. • A Science Advisory Board of leading specialists has been established to oversee the clinical development plan. • There are strong communication channels with the regulatory bodies with early engagement prior to moving to clinical trials.
Delayed development			
There is a risk that the development of one or more drug products is delayed during the research and development process.	Any significant delays would lengthen the time to revenue generation and profitability. Overhead costs would still be incurred whilst delays in a programme were dealt with, and hence also impact the risk of insufficient cash resources to bring drug candidates to market.	As per above.	<ul style="list-style-type: none"> • Contracts with our research partners are drafted to minimise the impact to the Group of any unforeseen delays in the screening and testing process. • We are running multiple programmes across several value inflection points.

Principal Risks and Uncertainties continued

Risk	Relevance to our Strategy		Mitigation
Fund raising	Impact	Likelihood	
<p>With the funds raised from the IPO expected to be fully utilised by March / April 2023, there is a risk that we will be unable to raise funds at appropriate rates.</p> <p>There has been, and continues to be, significant volatility in the Group's share price. In the sector as a whole, market caps have reduced and macro-economic conditions are also contributing to low levels of trading in the sector.</p> <p>Unsupportive shareholders may impact the ability to raise further funding if they sell large quantities of their shares and hence further drive down share price in a relatively flat market.</p>	<p>Raising funds at unfavourable rates and / or at a level that causes significant dilution of value for current shareholders could further reduce the overall value of the Group.</p> <p>A failure to raise sufficient funds at favourable rates could lead to one or more programmes being delayed, if not terminated, thereby ultimately threatening the on-going viability of the Group.</p>	<p>There are certain external factors (eg macro-economic) that cannot be influenced, but strenuous efforts are being made to explore or feasible solutions, and short-term options have been identified to extend existing resources. The Board is confident that funds to progress the next stages of development will be obtainable.</p>	<ul style="list-style-type: none"> • Efforts have been made and are continuing to strengthen engagement with shareholders and potential future investors. • Alternative sources of short- and medium-term financing are being considered. • A new UK broker was recently announced. • Additional resources have been allocated to help strengthen public relations. • The Group's shares are traded on both the LSE and the OTC QB in the US, and we have a dedicated US investor relations adviser to help access funds from the US market where the understanding of the cannabinoid pharmaceutical market is well established. • The Board continues to review the potential for business combinations with entities that will ultimately increase shareholder value. • Financial forecasting is closely monitored by the Board and strong financial controls operate over all areas of spend in efforts to extend existing resources.
Cash management			
<p>Linked to the point above, there is a risk that the Group will fully utilise all of its cash ahead of being able to raise further funding and hence be unable to meet its liabilities as they fall due and to be able to continue as a going concern (see Directors' Report). This in turn could increase the risk of additional funds not being available at favourable rates if there is less time for the Group share price and external market factors to improve from their current position.</p>	<p>As per above.</p>	<p>The probability of this risk crystallising is considered by the Board to be medium due to the amount of mitigating controls that are in operation.</p>	<ul style="list-style-type: none"> • As above with regards to financial forecasting. • Core financial controls are operated over budgeting and procurement to prevent and detect any over-spends. • Scheme of delegation approved by the Board is operated and any breaches of this are reported to and scrutinised by the Audit & Risk Committee. • Alternative short to medium-term funding options are being explored with various third parties and the Board is confident that additional investment could be obtained at short notice if required.

Risk	Relevance to our Strategy		Mitigation
Key staff recruitment and dependency	Impact	Likelihood	
There is a small management team, with the scientific and legal specialists critical in leading the drug development programmes and maintaining its licences. Any growth in the business may place a significant strain on the Group's management, increasing the risk of staff resigning. Equally it may be difficult to find experienced and suitable personnel to fill new key positions as the programmes progress through to clinical trials, particularly if competition between pharmaceutical companies increases.	The loss of one or more key employees and / or the inability to fill new roles on a timely basis could have material adverse consequences for the business operations, prospects and financial stability, impeding the achievements of its research and development objectives.	All organisations experience staff turnover and there can be no absolute guarantee that the Group will be able to retain its key scientific and management personnel, nor guarantee the recruitment into new roles as the lead programmes progress through to clinical trials.	<ul style="list-style-type: none">• The notice period of key staff has been increased from 6 to 9 months.• Share option schemes are operated to help to recruit and retain key staff, and the overall reward and recognition packages are competitive within the sector.• Forward planning of staffing needs and recruitment strategies are in place.
Quality assurance			
We rely on third parties, including CROs, to perform clinical trials 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 the Group's applications to the regulatory agencies for their drugs to be licensed.	If CROs fail to comply with applicable current good clinical practices ("cGCPs"), the clinical data generated in our clinical trials may be deemed unreliable. The regulatory authorities may require the Group to perform additional clinical trials before approving marketing applications, causing significant delays to commercialisation and requiring significantly greater expenditures, thereby increasing the risk of insufficient cash resources.	cGCPs are the industry standard that CROs work to in order to maintain their reputation and standing in the market. CROs have in-house quality assurance processes to make the likelihood of any failure of quality standards extremely low.	<ul style="list-style-type: none">• Only experienced partners with a successful track record in performing clinical trials to the right cGCPs are used to assist the Group in its development programmes.• Quality assurance processes are operated by the CSO over the work performed by CROs.• There is early engagement by the CSO with the regulatory authorities to confirm the required cGCPs.• Contractual obligations and penalties for the quality of services are agreed at the outset of each business relationship with partners.

Culture, Values and Ethics

We are passionate about our mission to improve lives using cannabinoids and know that our people are the key to unlocking success. We encourage and celebrate diversity and have established an open and collaborative culture that allows great people to do what they do best. Our values, listed below, were created by our people, for our people.

Respect

- We treat each other with dignity
- We demonstrate high regard for everyone – each other, our stakeholders and the wider community
- We ensure our company is a safe space, where we can take risks and be vulnerable

Integrity

- We do the right thing, even when no one is watching
- We are reliable – we get things done on time without compromising quality
- We keep our promises
- If something has gone wrong, we put our hands up and work together to resolve it

Collaboration

- We believe we're better together
- We are generous with our time, care and expertise
- We are happy to help each other
- We learn from our mistakes

Fairness

- Our company is free of discrimination and dishonesty
- We value authenticity – we are real
- We look out for each other's health and wellbeing
- We listen and evolve together

Excellence

- We pay attention to the details, and strive to get things right the first time
- We own our contributions and celebrate our successes
- We care deeply about our company's mission

Animal Care and Welfare

Our purpose is to research, develop and manufacture innovative pharmaceutical products. Due to scientific and regulatory requirements, animal studies remain a small but crucial part of our work to deliver safe and efficacious therapies, which benefit patients' health and wellbeing.

The Group is actively engaging with partners, which develop and validate experimental methods that can provide alternatives to the use of animals in research. However, even though the Group, its scientific and business partners, and affiliates are eagerly adopting cutting-edge technology and coordinating efforts with legislators, regulators, and scientific institutions to completely eliminate the need for animal studies in their work, at present this is not possible, either due to lack of suitable alternatives, or because animal studies are required by regulatory authorities.

The Group ensures that any collaborator follows international and local legislation and regulatory guidelines and does not perform procedures which are deemed unethical or illegal under The Animal Welfare Act 2006. The Group also enforces a voluntary ban on the testing on great apes (i.e., chimpanzees) in research, 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 when possible. To this end, we are 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;
- reduction of the numbers of experiments and of animals required by each experiment; and
- minimisation of pain and distress, by means of refinement of animal studies procedures.

All animals used in the Group's 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. The Group 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, Social and Governance Considerations

Environmental

During the period all staff continued to work from home, and with the closure of the leased London office in March 2022, all staff will be permanently home based. Staff are encouraged to use renewable energy sources in their homes and, where practical, we are adopting energy efficient and low carbon technologies with all new applicable purchases.

The Group paid a service charge for the office space which included a space-apportioned charge for the overall energy usage in the shared building. Based on actual headcount and energy consuming devices and using guidance from industry experts it is estimated that the Group's total actual energy usage over the period was between 15,000kWh - 20,000kWh. As this is below the 40,000kWh threshold of the Streamlined Energy and Carbon Reporting (SECR) requirements, we are considered to be a low energy user.

Despite falling below the reporting threshold, as a Group researching the use of natural products for pain relief, we are committed to supporting the Government's net-zero carbon targets. As our environmental, social and governance ("ESG") strategy for the Group evolves, we are proactively taking positive steps such as revising the travel policy with a greater emphasis on prioritising the use of public transport over private cars, and minimising all travel (particularly overseas) wherever possible by using alternative technologies instead. We donated £1,500 to the Woodland Trust in the period as part of the Board's support for efforts to conserve the UK's woodland.

Social

We recognise the benefits that creating an inclusive and diverse workforce brings. Having a diverse range of experiences and identities within our team helps us to better understand and cater for the needs of a wider stakeholder base. Having staff and directors with roots in other countries or cultures helps us build better cross-cultural relations with diverse range of partners, shareholders and other stakeholders. Furthermore, we appreciate that encouraging equality and diversity in our workplace will help to attract, motivate and retain our team members.

We are proud that our Board of eight members is diverse, with an equal split by sex and a rich ethical mix. This is reflective of the team of six staff in the Group too. Our equality and diversity policy is aligned to our values as detailed on page 12.

Culture, Values and Ethics continued

The Board is committed to promoting equality of opportunity for all employees and job applicants. We aim to create an environment, free from discrimination and harassment in which cultural diversity and individual differences are positively valued and where 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. These principles of non-discrimination and equality of opportunity also apply to the way in which we treat partners, shareholders and stakeholders.

As part of the closure of the London office, we donated office furniture to the British Heart Foundation, our chosen charity for the financial period.

Governance

We are committed to high ethical standards and compliance with all applicable laws, regulations and our own internal policies. Our partners are members of industry associations including ABPI, AAALAC, AALAS, Bioindustry Association, CDP, DA4S, NC3Rs and the Scottish Lifesciences Association, and adhere to their professional codes and have the relevant regulatory approvals and licences (inc. MHRA and AIFA).

Details of our Anti-Slavery and Human Trafficking Policy can be found on the Group website www.oxcantech.com. We do not tolerate bribery or any other form of corruption. As an operational risk, bribery and corruption form part of our third-party risk management process and our business development due diligence procedures.

Governance matters form part of the annual training plan for Board members. More details on our governance framework can be found on page 18 of this report.

Clarissa Sowemimo-Coker

Chief Operating Officer and General Counsel

22 July 2022



Financial Review

For the period ended 30 April 2022

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 in May 2021 where £14.8m net of costs was raised, research costs increased in line with budget in the period from £445k to £2.9m. These costs mainly relate to OCT461201 where £1.5m was spent on pre-clinical activity, ahead of the clinical trials due to commence by the end of Q1 2023. Across the remaining three programmes, £783k was spent on programme 3 mainly relating to the acquisition of the cannabinoid library from Canopy Growth Corporation and the screening of the subsequently enlarged cannabinoid library. A further £473k was spent on OCT130401 and £56k was spent on programme 4.

Alongside the additional research activity, operational costs increased from £1.5m to £2.3m, with the main costs relating to salaries and associated expenses (£1.1m).

A complete review of costs was undertaken in the period to identify areas of potential savings to maximise the financial resources available for research. The closure of the London office in March 2022 and a move to virtual-office working generates savings of over £130k p.a. The move from a London-centric approach has extended to professional advisers, generating further actual and potential savings in the next financial year. No bonuses have been paid to the executive team in the period, 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 period.

Exceptional items of £292k (2021: £1.4m) in the period relate to share based payment charges (2021: £1m) 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 £760k in the period, 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. There was a debtor of £930k at the period end relating to R&D tax credits (2021: £169k). A granular review of the initial 2021 claim resulted in a £31k uplift in the submission, improving recognition of eligible spend. Both direct and indirect costs are now embedded within the finance systems in order to optimise the claim amount.

Cash absorbed by operations was £5.4m (2021: £1.9m). The loss for the period was £4.7m (2021: £3.2m). Basic and diluted loss per share was 0.491p (2021: 0.504p). Note 22 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 22 of the financial statements).

Assets

From the net proceeds raised from the fundraising on IPO in May 2021, cash reserves stood at £9.2m at 30 April 2022 (31 May 2021: £14.6m) and remain forecast to have been fully utilised by March / April 2023. The Group repaid a £50k government Bounce-Back loan in November 2021 and is now debt-free.

The licence agreement for OCT461201 held as an intangible asset by the Group was impaired by £20,000 in the period (2021: £nil), in addition to an amortisation charge of £35,577 (2021: £39,042) in the period, resulting in a closing net book value ("NBV") of £46,080 (31 May 2021: £101,657).

The lease on the London office (held as a right-of-use asset) was terminated in the period and all property, plant and equipment disposed of, generating a total loss on disposal of £32,183 (2021: £nil).

Prepayments of £1.472m (31 May 2021: £85k) largely relate to a CRO invoicing in advance of works to conclude pre-clinical phase on Programme 1.

On 9 June 2021, the dormant Greek subsidiary (OCT Hellas Pharmaceuticals Research & Development Laboratory S.A) was formally dissolved.

Trade and Other Payables

Trade payables of £1.8m (31 May 2021: £500k) form the majority of current liabilities of £2m (31 May 2021: £951k). Accruals of £174k (31 May 2021: £193k) largely relate to professional services and advisers.

Financial Review continued

Key Performance Indicators

The Group has three core KPI's:

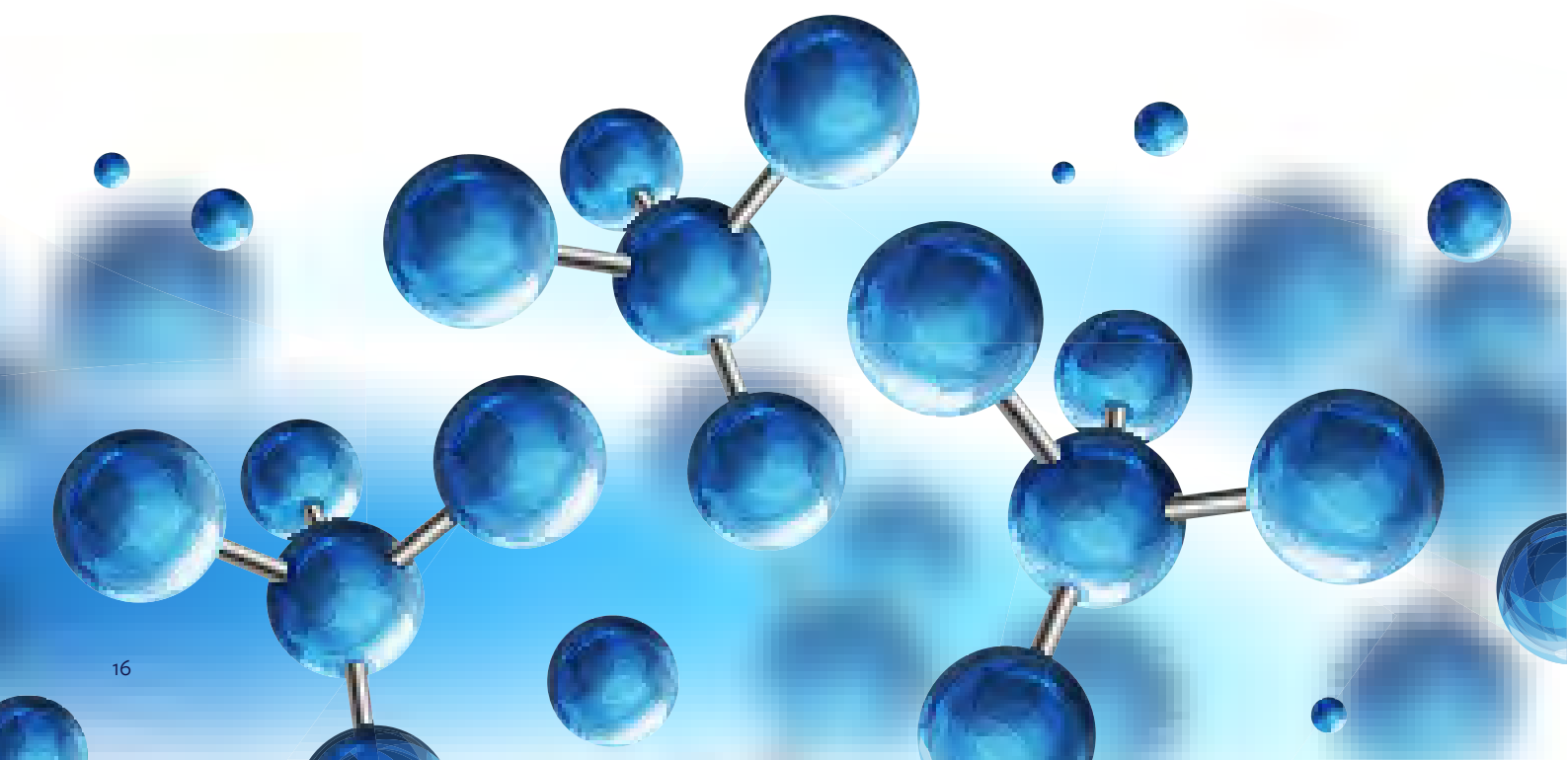
KPI	2022 Outcome
<i>Non-financial</i>	
Delivery of milestones detailed in the IPO prospectus for the four core programmes	The timescales set out for all four programmes remain on target, with regulatory approval expected to be achieved in 2027.
<i>Financial</i>	
Cash runway (i.e. the length of time that the cash balance will last given the current cash burn rate)	The Group has a cash runway until March / April 2023, which is consistent with that detailed in the IPO prospectus.
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 2022, the Group's current ratio was 5.8 (31 May 2021: 15.8), as a result of a £9.2m cash balance and current liabilities more than doubling.

In addition to these three key performance indicators 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 above under Financial Performance with a focus on best value is achieved and costs remain within budget).

Karen Lowe

Finance Director

22 July 2022



Section 172(1) Statement

The directors are required to include a separate statement in the annual report that explains how they have had regard to wider stakeholder needs when performing their duty under Section 172(1) of the Companies Act 2006. This duty requires that a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the:

- likely consequences of any decision in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with consultants, research partners, suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

The Board recognises that its primary role is the representation and promotion of shareholders' interests. The Board makes every effort to understand the interests and expectations of the Group's shareholders and other stakeholders, and to reflect these in the choices it makes in its effort to create long-term sustainable value. Governed by the Companies Act 2006, the Company has adopted the Corporate Governance Code, published by the Financial Reporting Council, as amended from time to time ("UK Corporate Governance Code") as set out on page 18. The Board recognises the importance of maintaining a good level of corporate governance, which, together with the requirements of a main market listing, ensures that the interests of the Company's stakeholders are safeguarded.

The Board made three key decisions during the period ended 30 April 2022. The first was to admit the Company to the OTC QB

trading platform in the United States in December 2021 as described in the CEO's Review. Second was to enter into a service agreement with Aptuit (Verona) SRL, a subsidiary of Evotec SE, to use Evotec's technology platform to expedite the development of one of the Group's lead compounds (OCT461201) towards phase 1 clinical trials. The third key decision was to enter into a licensing agreement with Canopy Growth Corporation for its entire cannabinoid derivative library.

Our employees are one of the critical assets of the business. The Group is passionate about its mission to improve lives using cannabinoids and knows its people are key to unlocking success. We encourage and celebrate diversity (with half of the Board members female, and 55% of the total workforce female). The Group has established an open and collaborative culture that allows great people to do what they do best. An experienced and highly skilled team has been formed, balancing deep technical and sector knowledge with experience brought from wider fields. In addition to annual pay and benefit reviews, a bonus scheme and share option scheme are in place to attract and retain the very best candidates. As detailed on page 33, a Remuneration Committee oversees and makes recommendations of executive remuneration and option awards and a Nominations Committee oversees the appointment of new members to the Board.

The Board values the strategic partnerships that it forms with "best-in-class" organisations that can drive quality and shareholder value as they work towards the delivery of the Group's strategy and goals. The University of Oxford was the first strategic partnership when OCT was established in 2017. Since then, agreements have been signed with international organisations who are amongst the leaders in their field.

Underpinning all of these key areas are the Group's values of respect, integrity, collaboration, fairness and excellence. These values form the foundation of all actions and decisions across the Group and whilst created by our people, for our people, they also form the basis of our successful relationships with all of our highly valued stakeholders.

Corporate Governance Report

The Board recognises its responsibility for the proper management of the Company and is fully committed to maintaining a high standard of corporate governance. Good governance is a fundamental of the Group's culture and business values, and with the intention of further strengthening the corporate framework that exists at present, the Board has elected to voluntarily move from following the Quoted Company Alliance (QCA) Corporate Governance Code, which is aimed at growing companies, to the more demanding UK Corporate Governance Code as followed by premium listed companies. A copy of the UK Corporate Governance Code can be found on the Financial Reporting Council's website, www.frc.org.uk. The UK Corporate Governance Code is compulsory for all premium listed companies.

The UK Corporate Governance Code places greater emphasis on relationships between companies, shareholders and stakeholders. It also promotes the importance of establishing a corporate culture that is aligned with the Group's purpose, business strategy, promotes integrity and values diversity.

Under the Listing Rules, all companies with a Premium Listing of equity shares in the UK are required to report in their annual report and accounts on how they have applied the UK Corporate Governance Code. The UK Corporate Governance Code focusses on the application of the UK Corporate Governance Code's principles ("Principles") and reporting on outcomes achieved. With a Standard Listing on the Main Market of the LSE, the Group is not obliged to follow the UK Corporate Governance Code but has elected to do so on a voluntary basis, recognising that whilst not all of the optional provisions below may yet be suitable for the Group to implement, the Board should strive to implement all of the Principles.

Our first statement of compliance against this higher standard describes how we applied the Principles set out in the UK Corporate Governance Code for the period ended 30 April 2022. The Board believe that all of the Principles contained within the Code are being complied with, other than the requirement to have an internal audit function which the Group has not adopted, given its size. Some further work is required to fully embed the Principles within the Group going forward and various work streams are planned for implementing more of the provisions in the UK Corporate Governance Code that are proportionate to the growth and development of the Group.

All shareholders holding 3% or more of the issued share capital of the Company are listed in the Directors' Report. No shareholder's securities carry special rights and none of the shares granted under the employee share-option scheme (as detailed in note 26 to the financial statements) have rights with regards to control of the

Company that are not exercisable directly by the employees. There are no restrictions on voting rights.

Directors may be appointed and replaced by the Company by ordinary resolution or by the Board (as delegated to the Nominations Committee). If appointed by the Board, a Director holds office only until the next annual general meeting where they shall automatically retire and be eligible for re-election. At each annual general meeting of the Company, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation. If there are fewer than three Directors, one Director shall retire from office.

Any changes to the Articles of Association require the approval of shareholders by way of a special resolution.

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.

For completeness, compliance against the QCA code is detailed on pages 23 to 25.

This Corporate Governance Report forms part of the Directors' Report.

The Company's Corporate Governance Practices can be found at www.oxcantech.com.

1. Board leadership and company purpose

A. Board's role

The Board's role is to promote the long-term sustainable success of the Group and Company. To ensure an effective and entrepreneurial Board, there is a diverse range of skills, knowledge and experience across the Directors, and a common ability to exercise independent and objective judgement. The Board maintain oversight of the delivery of the Group's strategy, with the aim of generating shareholder value and contributing to the wider society.

The Board are aware that as the programmes move closer to commercialisation, the required skill set of the Board will change in order to ensure the ultimate delivery of the strategy.

Underpinning the Board's effective operation is a sound governance structure, as detailed on pages 30 to 33. The Board and Committees meet regularly throughout the year to ensure that the strategy is delivered and that risks that could impact the success of that delivery are effectively managed and adequate resources are appropriately allocated. The Directors regularly receive information on progress of the four drug development programmes, financial performance and any key risks.

B. Purpose, culture and strategy

The purpose of the Group is to develop cannabinoid-based medicines that will radically improve the quality of life of people across the globe who currently live with chronic pain, positioning the Group for long-term and sustainable success. Details of our culture, values and ethics can be found on page 12.

The Board is responsible for setting the strategy and key policies, ensuring strong corporate governance is operated, and that risks are effectively identified and managed, whilst continuing to monitor progress in relation to the achievement of our objectives and plans. The strategy is reviewed at least twice per year by the Board.

Regular training is delivered to Board members on corporate governance related matters throughout the year, and there are candid discussions at Board level when events highlight that there are lessons to be learned in this area. Action plans are developed and followed up to minimise the risk of a reoccurrence.

C. Resources and controls

The Board ensures that the necessary resources are in place to help the Company meet its objectives and the Board measures performance against them. Additional resources in the form of a Scientific Advisory Board being established have recently been announced and the Board are reviewing the assurance provided over the key risks to identify where potential additional, or reallocated, resources may be required. The Board recognise the risk of having a small management team (see page 11) and there are plans to increase those resources as programmes enter clinical trials.

The Audit & Risk Committee meet frequently throughout the period, and are provided with information on front line controls and assurance from the external auditor. A half yearly probity report is taken to the Committee to report any known key breaches of the control framework. See page 30 for more information on the Audit & Risk Committee. There is a formal system for declarations of interest and for gifts and hospitality.

D. Stakeholder engagement

The Board recognises the importance of effective engagement with shareholders and stakeholders, and have sought to strengthen this engagement during the period, as demonstrated by the recent Investor Meet Company Q&A webinar on our programmes update and resourcing plans. Increasing engagement with our shareholders and wider stakeholder groups is a key objective of the Group in 2022/23.

E. Workforce policies

The Group has a portfolio of workforce policies and practices reflecting the Group's values (as detailed on page 12), with key policies requiring Board approval. All three Committees (Audit &

Risk, Remuneration, and Nominations as detailed on page 30 to 33) play a key part in ensuring that those practices are being embedded, and plans for 2022/23 include reviewing how well the Group's values are being actioned via the workforce policies and practices that are currently in place. As the Group grows in line with the programmes' progression, this area will become of increasing importance and be subject to regular scrutiny. An online 'speak up' facility has recently been created, offering a further channel for the workforce (or external parties) to raise any matters of concern.

2 Division of responsibilities

F. Chair

The transition from an Executive to a Non-Executive Chair (Julie Pomeroy) in February 2022 demonstrates the Board's desire to ensure complete objectivity of the Chair, and allows the Group to further embed a culture of openness and debate. Julie was initially engaged as a Non-Executive Director in April 2021 and is considered to be independent. Having initially chaired the Audit Committee and Remuneration Committee, a change to Remuneration Committee Chair is planned for 2022/23 to further strengthen the independence of her position whilst recognising the size of the Company and Board.

The first annual internal evaluation process was held during the period, with the aim of widening and strengthening the process in 2022/23 and commissioning an external review of the entire Board performance within the next two years. Lessons identified from the initial internal review continue to be implemented, including for example, allocation of time to strategic issues and skills mix of Board membership as clinical trials progress.

G. Board composition, independence and division of responsibilities

The composition of the Board is set out on page 26. During the period, the number of Non-Executive Directors on the Board of eight, increased from four to five, and within those figures the number of independent Non-Executive Directors increased from two to three. One of the two founding members of OCT left the Group during the period.

A skills matrix is used to help ensure an appropriate combination of specialist knowledge exists across the Board. The composition of the Board is expected to change as the programmes move towards commercialisation and different Board knowledge and experience is required.

The Directors are collectively responsible for the success of the Group. The roles of the Board, Board Committees, Chair and CEO are documented, as are the Board's reserved powers and delegated authorities. The Board's responsibilities and the governance structure by

Corporate Governance Report continued

which it delegates authority are outlined on page 24. Further efforts are being made to operate a clearer division between the leadership of the Board and the executive leadership of the Group's operations.

The Scheme of Delegation sets out matters that are reserved to, and can only be approved by, the Board. These include approval of the annual budget, risk appetites, budgeted expenditure over £200k, changes to and the remuneration of Directors, any merger or acquisition proposals, and key policies. The key matters delegated to the Committees of the Board are detailed on pages 30 to 33.

H. Non-Executive directors' role and time commitment

Other commitments of the Non-Executive Directors were considered when the Group listed and remain under constant review by the Company Secretary. When considering taking up additional appointments, Non-Executive Directors consult the Chair and Company Secretary to ensure thought is given to any potential impact on their time commitment to the Group and any conflict of interest. Executive Directors may accept external appointments as non-executive directors of other companies, provided that such appointments are not considered by the Board to prevent or reduce the ability of the Executive to perform his or her role within the Group to the required standard.

Commitments of new Non-Executive Directors are considered prior to any appointment. Attendance across all Board and Committee meetings during the period averaged 99%.

As well as their work in relation to formal Board and Board Committee meetings, the Non-Executive Directors commit time throughout the year to meetings and telephone calls with various levels of executive management and other key stakeholders. Therefore the Board members' actual time commitments exceed the minimum expectation of 12 days a year, particularly for the Chair and Chairs of Board Committees.

The Non-Executive Directors offer strategic guidance and constructive challenge. They bring objective judgement in respect of Board decisions, providing scrutiny and challenge so as to hold management to account. Non-Executive Directors regularly meet without the Executive Directors or management present, and Executive Directors' performance was reviewed for the first time as part of an internal review process during the period. This process will become more rigorous in the new financial year, both for Non-Executive and Executive Directors.

I. Company Secretary

The Company Secretary is responsible to the Chair for ensuring that all Board and Committee meetings are properly conducted,

that the Board receive appropriate information prior to meetings to enable them to make an effective contribution and that governance requirements are considered and implemented. This area was considered in the period as part of the first internal review as referred to above, and initial feedback was positive noting an improvement during the period.

3. Composition, succession and evaluation

J. Appointments and succession planning

Having formed in May 2021, the Board reviewed its composition for the first time during the period and compared it to those of its peers including those at a similar stage of research and development, and those who had advanced to commercialisation. The output of, and learnings from, the review are currently being considered by the Board, with no immediate changes expected beyond those that have already been announced.

The Nominations Committee met once during the period as detailed on page 32, and there is a formal and transparent procedure for Board appointments, including enhanced due diligence being carried out by external specialists on all new Board and C-Suite appointments. Details of changes in the Board membership can be found at page 36.

The Committee recognises the importance of diversity when considering any potential appointments, and there is a diversity policy to support that as detailed on page 13. The Committee encourages and celebrates diversity (with half of the Board members female, and 55% of the total workforce female). The Committee does 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. The equality and diversity policy requires role profiles to be to the requirements that are necessary for the effective performance of the job, with objective assessment of candidates against those criteria and making any reasonable adjustments that may be required for those with a disability. The policy helps the Company to ensure that there is no discrimination in the workplace and that diversity is celebrated.

A corporate risk of operating with a small C-Suite has been recognised by the Board and is included in the corporate risk register detailed on page 9. Whilst there is a natural successor to the CEO, there are no succession plans for the other Executive Directors or C-Suite members due to the small size of the team.

In line with the Company's Articles of Association, at each annual general meeting ("AGM") of the Company, one-third of the Directors

retire from office (by rotation) and may offer themselves for re-election by shareholders. The Notice of AGM will be issued shortly (and will be made available at www.oxcantech.com) providing details of those Directors seeking election or re-election.

K. Skills, experience and knowledge

The composition of the Board was considered ahead of the Company's listing on 21 May 2021. Full biographical details of the Directors are detailed on pages 26 to 29 and are detailed on the Group website www.oxcantech.com.

During the period, an internal review of both the skills matrix and current Board composition of knowledge and experience was completed. There is a recognition that cannabinoid experience needs to be strengthened across the Board and further refocussing of required skill sets will be needed as the programmes progress through to commercialisation. The Board are currently reviewing the transition plan to adapt the Board composition over the next 2-3 years.

Directors are encouraged to keep their skills up to date by attending appropriate courses or by being members of other boards where new skills and ideas can be learned. The Board also keep under review the strength and depth of its senior management.

L. Board evaluation

The Group is still 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, and how effectively members work together to achieve objectives. An initial internal review was completed with no external input towards the period end. Based on individual Directors' responses to a skills self-assessment questionnaire and questions on opportunities for improvement, together with 360 degree assessments on Board members by their peers and, for the Executive Directors, the full operational team, responses were collated and analysed. Actions identified from the review included opportunities to broaden the range of regular training topics for Board members (extending to technical updates as well as general pharmaceutical sector changes) as well as strengthening the format and changing the timing of Board papers and meetings. The actions from the review are still being considered and a more rigorous review will be completed in the next financial year, with an external review due to be completed within the next two years. Individual evaluations were completed on the Executive Directors and Chair. A wider evaluation of individual performance is planned for the year ending 30 April 2023.

4 Audit, risk and internal control

M. Internal and external audit

Given the small size of the Group, there is no internal audit function at present although the potential need for this is regularly considered by the Audit & Risk Committee as part of the overall review of the assurance framework over the Group's strategy and key risks.

The Audit & Risk Committee is responsible for reviewing the relationship and independence of our external auditor, Moore Kingston Smith LLP. As part of the Scheme of Delegation, in order to ensure that the independence of the external auditor is not impaired, the Committee is responsible for the pre-approval of all audit and audit-related services undertaken by them.

The terms of reference of the Audit & Risk Committee are detailed on page 30.

N. Fair, balanced and understandable assessment

The Board considers this Annual Report, taken as a whole, to be fair, balanced and understandable, and are satisfied that it provides the information necessary for shareholders to assess the Group's strategy, business model, and position and performance in the first 11 months since listing on the London Stock Exchange. The Board's overall assessment is detailed on page 36.

The Board and the Audit & Risk Committee review the Group's annual and interim financial results announcements to ensure that they present a fair and balanced and understandable assessment of the Company's position and prospects to shareholders.

O. Risk management

The Board is responsible for the Group's risk management system and internal control framework. Whilst the risk register is regularly brought to the Board, the Board delegates some responsibilities for risk management oversight to the Audit & Risk Committee, including more detailed consideration of the composition of the risk register and the overall risk ratings, as well as reviewing the assurance map against corporate risks. It is recognised that risk management should be more embedded within the Group, and this is a particular area of focus for the Executive Directors in the new financial year.

The Directors believe that the Group maintains an effective, system of internal controls, and is working towards full compliance with the FRC's guidance document on this area ('Guidance on Risk Management, Internal Control and Related Financial and Business Reporting').

Corporate Governance Report continued**5 Remuneration****P. Remuneration policies and practices**

The Remuneration Committee is responsible for determining, approving and reviewing the Group's remuneration procedures to ensure that they support the Group's strategy and support long-term sustainable success. More details of the Executive and Non-Executive remuneration can be found on pages 33 to 35.

Q. Developing executive remuneration policy

The Remuneration Committee routinely reviews the Directors' Remuneration Policy to ensure they continue to promote the delivery of the long-term strategy and support the Group's ability to recruit and retain executive talent to deliver against that strategy. No Director is involved in determining their own remuneration arrangements or outcomes. The wider workforce pay and overall remuneration is considered by the Board as part of the annual budget process.

R. Remuneration outcomes and independent judgement

In order to maintain independent judgement and discretion when determining remuneration outcomes, the Remuneration Committee considers a range of data including the business and individual performance information and 360 degree feedback from all Board members and the wider workforce.



Compliance Against the QCA Code of Governance

Below is a summary of the Group's statement of compliance against the QCA's Corporate Governance Code, linked to the UK Corporate Governance Code above where appropriate.

	QCA Code Requirements	How the Group complies
1	Establish a strategy and business model which promote long-term value for shareholders	<p>As outlined in the CEO's review, the Group aims to develop a portfolio of drug candidates for approval as licensed medicines, with the commercialisation of its first drug currently anticipated to be in 2027. The Group's drug development strategy includes the development of proprietary cannabinoid derivatives, phytocannabinoids and novel chemical entities.</p> <p>Further details of the strategy and progress made in the period are outlined in the Chair's Statement and CEO's review. The principal risks of delivering the strategy, and how they are managed, are detailed in the CEO's Review. There is regular reporting to Board on progress against the strategy.</p> <p>Through the CEO, the Executive Directors have responsibility for the execution of the strategy approved by the Board.</p>
2	Seek to understand and meet shareholder needs and expectations	<p>The Board is accountable to shareholders for the long-term performance and success of the Group, having as its primary role the representation and promotion of shareholders' interests.</p> <p>The CEO and other members of the Board meet with shareholders throughout the period to discuss the Group's performance in delivering its strategy. The Non-Executive Directors are also available to meet with shareholders. The feedback from those meetings is invaluable in helping to shape the future of the business. The Board has sought to strengthen this engagement during the period, as demonstrated by the recent Investor Meet Company Q&A webinar on our programmes update and resourcing plans. Increasing engagement with our shareholders and wider stakeholder groups is a key objective of the Group in 2022/23.</p>
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>The Board recognises its primary responsibility under UK corporate law is to promote the success of the Group for the benefit of its members as a whole. Engaging with our stakeholders improves our relationships and helps us to make more informed decisions in order to fulfil that responsibility.</p> <p>Aside from our shareholders, research partners and the medical community, our small team of employees is one of our most important groups. Consequently, the Board encourages engagement and feedback through both formal and informal channels. We hold regular meetings to ensure that all staff are aware of the direction of the business, results and any key matters. With such a small team, communication is frequent and often informal. We give our team a say in the selection of our chosen charity, this year the British Heart Foundation. We are a Living Wage Employer.</p> <p>Our research partners are critical to the success of the business, and regular communication is maintained with them throughout the year, both on current performance and also future requirements and direction of the four core programmes. We continue to seek out best-in-class suppliers.</p> <p>We are at the early stages of engaging with Patient Advocacy groups which will be critical as the programmes advance through to clinical trials. As part of our planned engagement with patients and the wider community we redesigned our website to provide more accessible information about our programmes. We have also appointed a Scientific Advisory Board ("SAB") to help OCTP best address the needs of patients. The SAB will also help to shape the Company's approach as it looks beyond phase 1, to phase 2 clinical trials, in patients affected by debilitating pain conditions as well as assist with patient engagement.</p> <p>The Board also understands that it has a responsibility to consider, wherever practical, the social, environmental and economic impact of its approach. More details on this can be found on page 13.</p>
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>Risk management is a core part of the business, with the activities of the Group subject to a number of risks (as set out in the CEO's Review). If any of these risks were to materialise there could be a materially adverse effect to the Group's business, financial condition and the results of future operations.</p> <p>The Board of Directors is responsible for, and regularly reviews, the main risks that the Group is currently exposed to and any potential future risks that need to be considered. The discharge of this responsibility is intended to occur through an ongoing systematic review of the risk management framework, including the operational effectiveness of internal controls and procedures, designed to identify, manage and monitor all areas involving material risks to the Group.</p> <p>See item 4 (O) under the UK Corporate Governance Code for more details of risk management by the Board.</p>

Corporate Governance Report continued

5

Maintain the board as a well-functioning, balanced team led by the Chair

The Board is responsible for the Group's objectives and business strategy and its overall supervision. To fulfil these responsibilities the Group has a team of highly skilled and experienced Board members, with five of the eight members being Non-Executive Directors at the period end, three of whom are considered to be 'independent' (using the definition set out in the UK Corporate Governance Code²), namely Cheryl Dhillon, Bishrut Mukherjee and Julie Pomeroy. Prior to September 2021, Bishrut Mukherjee was an employee and representative of Imperial Brands Venture Limited (a subsidiary of Imperial Tobacco) and hence not independent.

Share options were granted in May 2021 to employees and Non-Executive Directors (including Cheryl Dhillon and Julie Pomeroy) as detailed in note 26 to the financial statements.

There is a formal schedule of matters reserved specifically for the Board's decisions, relating to strategy, finance, risk, operations and governance. Certain functions are delegated by the Board to three sub-committees (Audit & Risk, Remunerations and Nominations Committee). All three committees have formal terms of reference approved by the Board, and are chaired by an independent Non-Executive Director and other Board members may attend these meetings by invitation.

The Chair leads the Board, while the Chief Executive Officer is charged with managing the Group's business. The Board have met frequently throughout this first period since IPO, and with the initial issues of any newly listed company now largely resolved the Board will meet at least six times per year going forward.

Details of the number of, and attendance at, Board and Committee meetings can be found at pages 30 to 33. The Board reviews operational and financial performance regularly, with any divergences from expected performance probed and followed up promptly. The time commitment required for both Non-Executive and Executive Directors to attend to Board matters has averaged 15-20 days per annum.

6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

See the response provided under 3(K) of the UK Corporate Governance Code on page 21, and the background provided on each of the Board members on page 26.

A skills matrix is maintained and used to inform Board appointments. It is a contractual commitment of both Executive and Non-Executive Directors to have and maintain the relevant skills for their roles. Regular refresher training is provided to Board members, which during the period covered corporate governance matters, in addition to risk management training being provided to the Executive Directors. All Directors are supported in maintaining their skillsets through the provision of training resources and professional membership budgets for Executive Directors. The output of the internal assessment of individual Board members during the period is being used to shape the training programme for the new financial year.

The Company Secretary is available to advise the Board members on regulatory and corporate governance issues, and can refer to external advisers when required.

7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

See the response provided under 3(L) of the UK Corporate Governance Code on page 21.

The strength and depth of its senior management is also kept under review.

8

Promote a corporate culture that is based on ethical values and behaviours

See the response provided under 1 (B) of the UK Corporate Governance Code on page 19.

The Board set the tone for the Group's ethical values of respect, integrity, collaboration, fairness and excellence, further details on which can be found on page 13. Our highly valued stakeholders are located across the globe and the Group is mindful that respect of individual cultures is critical to corporate success.

The Board has an anti-slavery and human trafficking policy, as well as an anti-bribery policy and has implemented adequate procedures described by the UK Bribery Act 2010. Controls are operated to prevent the facilitation of tax evasion. More recently the Group has established an online 'speak up' facility where stakeholders can raise any concerns (anonymously if they desire) directly to the General Counsel and a Non-Executive Director.

The Group is aware of its responsibilities under the General Data Protection Regulation and has implemented appropriate policies, procedures and safeguards to ensure it is compliant.

9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

See the response provided under 1(C), 2(G) and 2(I) of the UK Corporate Governance Code on pages 19 to 20.

The Board sets the Group's strategic aims and ensures that necessary resources are in place for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Group and all decisions are taken in the interest of the Group.

The Chair leads the Board, and the CEO manages the Group's business, two very distinct roles. The CEO is supported by a COO who also performs the General Counsel and Company Secretary roles, and the Finance Director.

There are three sub-committees supporting the Board to fulfil their responsibilities, an Audit & Risk, a Nominations and a Remuneration Committee with further details of their remit shown on pages 30 to 33. Matters reserved for the Board can be found on page 19.

Weekly management meetings are held and are attended by the Executive Directors and full operational team, including the Chief Science Officer, Finance Manager and Programme Manager/Pharmaceutical Analyst.

The overall governance framework is regularly being reviewed and developed to support the Company growth.

10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises its primary role of representing and promoting the interests of the Group's shareholders. The Board is accountable to shareholders for the long-term performance and success of the Group.

The CEO and other Board members offer regular meetings with shareholders and brokers to review the Group's progress in delivering its ambitious strategy. The Board are actively engaged in ensuring that there is regular communication to the shareholders and wider stakeholders with material information about the Group's progress.

Details of RNS announcements and copies of annual reports can be found on our website www.oxcantech.com. Social media is also used to provide regular updates to our stakeholders, and a number of webinars have been held throughout the period in an effort to keep shareholders informed about the Group's progress.

See also the response provided under 1 (D) of the UK Corporate Governance Code on page 19.

Matters covered by the Audit Committee during the period included risk management and internal control framework, in addition to the Annual Report for 2020/2021 and Interim Report for November 2021, and the Audit Scoping Report for the audit of the financial statements contained within this Annual Report. Their main responsibilities are detailed in section 1C (page 19) and 4M and 4N (page 21), with further details on page 32.

The Nominations Committee met once in the period to consider the appointment of Richard Hathaway to the Board as a Non-Executive Director. Further details are on page 32.

The Remuneration Committee met twice in the period to discuss extending the notice periods for the Executive Directors and the Chief Scientific Officer. Its main responsibilities are shown in section 5 on page 22, and further details are provided on pages 33 to 35.

The Management Report as required by the Disclosure and Transparency Rules of the Financial Conduct Authority is covered by the preceding Strategic and Corporate Governance Reports.

Board of Directors

Board Composition

The composition and size of the Board is considered by the Board to be well-balanced and diverse, with a good mix of international skills, experience, background, independence and knowledge. An internal review of the Board members' skill sets and performance was completed in the period, and more details in this can be found in the Corporate Governance Report on page 18.

During the period, the Board of eight switched from a 50/50 split of Executive and Non-Executive directors to having three Executive and five Non-Executive directors, three of whom are considered to be independent (an increase of one from May 2021). With half the Board members being female, the Group exceeds the Hampton-Alexander review target for 33% female representation on FTSE 350 Boards by 2020.

The Board members at 30 April 2022 are as follows:



Julie Pomeroy

Non-Executive Chair since February 2022
(previously Non-Executive Director) Independent member

Audit & Risk Committee Chair and member of the Nominations and Remuneration Committees

age 66

An experienced finance director of quoted and private companies, Julie is a chartered accountant and chartered director, and also holds tax and treasury qualifications. She is a Non-Executive Director at Dillistone Group Plc, an AIM quoted software business, having been the Group Finance Director and Company Secretary until September 2021 after joining in 2010.

Julie has significant executive leadership experience in delivering strategies, as well as financial and risk management, and dealing with mergers and acquisitions. She is also knowledgeable in corporate governance and investor relations.

Julie's previous director roles prior to joining Dillistone include Finance Director of AIM quoted Biofutures International plc, Group Finance Director of Carter & Carter Group plc, Chief Financial Officer of Weston Medical Group plc and Director of Corporate Finance at East Midlands Electricity plc. Julie also spent over 12 years as a non-executive director of Nottingham University Hospitals NHS Trust and Nottinghamshire Healthcare NHS Trust.

Other appointments include From July 2022 Julie became a NED at the NHS Lincolnshire Integrated Care Board.



Dr. John Lucas

Chief Executive Officer

Member of the Nominations Committee

age 56

With over 20 years of experience in the pharmaceutical industry, John became the Group's Chief Executive Officer in January 2021. He began his executive career in biopharma at Genset S.A. (Paris) and Genset Corporation (San Diego, California) where he served as Vice President, Worldwide Intellectual Property. He also held the position of Vice President, Intellectual Property at Transform Pharmaceuticals Inc. of Lexington Massachusetts, a company specialising in small molecule drug form and formulation and at Metabasis Therapeutics Inc., a biopharmaceutical company in California. In 2007, John became the General Counsel and Vice President of Intellectual Property at Silence Therapeutics plc. John was also Chief Executive Officer of Cizzle Biotechnology Limited, a company developing diagnostic tests for the detection of lung cancer.

In addition to his pharmaceutical knowledge, John is experienced in the scientific and regulatory matters concerning cannabinoids. John is skilled in intellectual property issues and brings valuable experience to the Board in growing pharmaceutical business through to regulatory approval.

John holds a law degree (JD) from George Washington University, a PhD in molecular genetics from The Ohio State University and a Master's in microbiology from Ohio University.

Other appointments: none



Clarissa Sowemimo-Coker

Chief Operating Officer, General Counsel and Company Secretary

age 41

Clarissa has worked for many years as a solicitor and commercial consultant to companies in the retail, telecoms, and pharmaceutical sectors. As well as her valuable legal and regulatory experience, Clarissa brings significant knowledge and expertise in the development and execution of strategies as well as investor and public relations. In addition to risk management and corporate governance, she is experienced in dealing with mergers and acquisitions.

Following an early career with Penningtons Manches Cooper LLP in London, where she spent time seconded to a range of clients including London Underground Limited and All Saints Retail Limited, she held posts as senior in-house counsel in established corporations including Hutchison 3G UK Limited (Three) and Virgin Media Limited, a subsidiary of Liberty Global plc.

Clarissa is a qualified solicitor in England and Wales and is a student member of ICSA, The Chartered Governance Institute where she is studying for an advanced certificate in corporate governance. She is also a management coach and has worked with Google LLC, Biogen Inc. and McDonald's Corporation across the EMEA and APAC regions to deliver compliance training and management coaching. She is a Legal Geek mentor. Legal Geek connects mentors and mentees across the legal industry, with a particular focus on supporting underrepresented groups.

Other appointments include: An elected member of the Parochial Church Council of St John the Evangelist, Notting Hill.



Karen Lowe

Finance Director

Member of the Audit & Risk Committee

age 52

A Big 4 qualified chartered accountant and qualified risk management specialist, Karen has over 25 years' experience in advising organisations on financial risk management, internal controls and governance frameworks. She also brings her experience in the development and execution of Board strategies, and supporting business growth, as well as mergers and acquisitions, forensic accountancy and corporate governance.

She has worked internationally for the majority of her career including in senior finance roles at Johnson & Johnson and DHL International GmbH. Whilst at Mazars LLP, she was the outsourced Chief Internal Auditor for several listed companies as well as providing advisory services on risk management.

Karen is an Accredited Counter Fraud Specialist and has been a member of the Association of Certified Fraud Examiners for the last 22 years. She runs her own risk management consultancy firm and is training to become an executive coach.

Other appointments include Board member of Avela Housing, and independent member of the Audit Committee of South Liverpool Homes. Founder and Director of Elgol Consultancy Ltd.

Board of Directors continued

**Richard Hathaway**

Non-Executive Director and member of the Audit & Risk Committee

age 55

Richard is the Corporate Development Director at Imperial Brands plc, the ultimate holding company of Imperial where he is responsible for leading M&A activity and other strategic initiatives and projects across the business.

In addition to this experience, Richard brings financial and risk management knowledge and expertise to the Board as well as the delivery of strategies.

Prior to joining Imperial, he was a partner at KPMG LLP where he gained extensive experience of auditing and advising public and private companies across a wide range of sectors, including transactions such as financing and restructuring, acquisitions and disposals. He is a fellow of the ICAEW and holds an MA in Mathematics from the University of Oxford.

Other appointments include: A Director of Imperial Brands Ventures and a non-executive director and member of the Audit Committee at Logista, Imperial's Spanish listed logistics subsidiary.

**Bishrut Mukherjee**

Non-Executive Director (Independent Member)

Member of the Remuneration and Nominations Committees

age 34

Bishrut was a Corporate Development Manager at Imperial Brands plc until September 2021, when he joined Harsco plc, a US listed environmental technology provider, as an Innovation Investment Manager. He has a wide range of experience within operational delivery, mergers and acquisitions and investment analysis, principally across regulated industries including those of manufacturing, energy and fast-moving consumer goods. He also brings experience in developing business with strong growth potential.

Prior to joining Imperial Brands plc, Bishrut was a portfolio manager at VAR Capital Limited, a multi-family office with over £500 million of assets under management. Bishrut trained as a chartered engineer at BP Plc including holding multiple operational delivery roles across BP's global assets.

Bishrut holds a Master's in Chemical Engineering from Imperial College London, where he was awarded a BP scholarship and an MBA from the London Business School, where he was the recipient of a scholarship funded by the Gatsby Foundation.

Other appointments: None



Cheryl Dhillon

Non-Executive Director (Independent Member)

Chair of the Nominations and Remuneration Committees and member of the Audit & Risk Committee

age 63

Cheryl is a senior executive with extensive experience in a variety of sectors, the last 30 years of which have been focussed on pharmaceuticals in companies including Ares Serono Group, Elan Corporation Plc, Lorantis Ltd and a tenure of over 15 years with Otsuka Pharmaceutical Europe Ltd; part of the Otsuka family of companies.

With demonstrable achievements in business strategy and profit and loss account optimisation in start-up, growth phase and major transformations, Cheryl has proven expertise in finance, procurement, IT, supply chain, quality, business development, corporate governance and alliance management; using these varied skills to maximise business value.

Cheryl has a keen interest in the development of people and to this end has trained as an executive coach with the University of Strathclyde. Cheryl is a fellow of the Association of Chartered Certified Accountants and holds an MBA from the University of Hertfordshire.

Other appointments include: Director of Techion (UK) Ltd and Dalriada International Consulting Ltd.



Neil Mahapatra

Executive Chair until February 2022 and then Non-Executive Director thereon in

age 42

A co-founder of OCT, Neil has two decades of experience in business and the investment industry. He began his career in investment banking at Morgan Stanley International plc, in healthcare corporate finance and UK equity capital markets before becoming a private equity executive at J. Rothschild Capital Management Limited, where he led private investments for the family office of Lord Rothschild and RIT Capital Partners plc.

Neil brings valuable experience in executive leadership and developing companies with high growth potential. He is knowledgeable of the cannabinoid sector, and is experienced in investor relations.

Neil founded London-based multi-family private investment firm Kingsley Capital Partners LLP ('KCP'), in 2013 where he is Managing Partner. He is a known and respected leader in the European cannabis industry. Through KCP, Neil sponsored and launched the End our Pain campaign, a prominent campaign that was instrumental in effecting the UK government reforms to medical cannabis legislation in 2018. A graduate of the University of Oxford, with a BA in Biological Sciences, Neil has an MBA from the Harvard Business School, where he was a Fulbright Scholar.

Other appointments include: A non-executive director for telecoms businesses Atlas Tower Group Limited and Spring Fibre Limited, consumer businesses McQueens Flowers Limited and Equinox International Holdings Limited, and a designated LLP member of Kingsley Capital Partners LLP.

Audit & Risk Committee Report

The Audit & Risk Committee is responsible for monitoring and challenging the quality of internal controls and ensuring that the financial performance of the Group is properly managed, risk-assessed and reported on. It receives and reviews reports from the Group's management and external auditor relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Audit & Risk Committee is comprised of two independent Non-Executive Directors (Julie Pomeroy (Chair) and Cheryl Dhillon) as well as Richard Hathaway, with key attendees including the Finance Director (Karen Lowe), external auditor and other Executive Directors as and when required.

The Audit & Risk Committee meets a minimum of four times in each financial year and has unrestricted access to the Group's external auditor. The Audit & Risk Committee is able to instruct independent reviews on specific areas of focus to provide any additional assurance that the Committee require.

During the period there were 5 meetings, with attendance of 100% at each one. Matters covered by the meetings during the period included:

- Risk management
- Annual Report for 2020/2021
- Interim Report for November 2021
- Audit Scoping Report for the audit of the financial statements contained within this Annual Report
- Internal control framework

The main duties of the Committee are set out in the terms of reference, which are available on the Group's website (www.oxcantech.com). These include the following:

Internal control and risk assessment

The Audit & Risk Committee review legal compliance and the adequacy of the Group's financial reporting and internal financial control policies and procedures for the identification, assessment and reporting of risks; making from time-to-time appropriate recommendations to the Board. The Audit & Risk Committee also considers the major findings or internal investigations.

Internal audit and review of third-party service providers

The Group does not currently have an internal audit function. The decision of whether or not to set up an internal audit function will be considered annually by the Board, on the recommendation of the Audit & Risk Committee, and will be based on the growth of the Group, the scale, diversity and complexity of the Group's activities and the number of employees, as well as cost/benefit considerations.

External audit

The Audit & Risk Committee considers and makes recommendations to the Board, to be put to shareholders for approval at each annual general meeting of the Company, as regards the appointment and re-appointment of the Company's external auditor, as well as any questions relating to their resignation or removal, or any questions relating to the remuneration and terms of engagement of the external Auditor, and shall ensure that key partners within the appointed firm are rotated from time-to-time. The Audit & Risk Committee oversees the selection process for a new auditor and if an auditor resigns, the Audit & Risk Committee investigates the issues leading to this and decides whether any action is required. The Audit & Risk Committee oversees the relationship with the external auditor including the approval of remuneration and terms of engagement, and assessing annually the external auditor's independence, objectivity, and the effectiveness of the audit process.

Financial statements

The Audit & Risk Committee, in discussion with the auditors, monitors the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results' announcements/or statements and any other formal announcement/statement relating to its financial performance, reviewing significant financial reporting issue and judgements which they contain. The Audit & Risk Committee keeps under review the consistency of accounting policies and practices both on a year-to-year basis and across the Group.

The Audit & Risk Committee reviews and challenges, where necessary, the Group's financial statements before submission to the Board, and reviews arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangement are in place for the proportionate and independent investigation of such matters with appropriate follow-up action.

Reporting responsibilities

The Audit & Risk Committee, or the Audit & Risk Committee Chair, meets formally with the Board at least once a year (and more frequently if necessary) to discuss such matters as the annual report and the relationship with the external auditor.

Other matters

The Audit & Risk Committee oversees any investigation of activities, which are within its terms of reference, and acts as a court of the last resort. The Audit & Risk Committee ensures that a periodic evaluation of the committee's performance is carried out, and considers such other matters as the Board may from time-to-time refer to it.

Nominations Committee Report

The Nominations Committee is chaired by an independent Non-Executive Director (Cheryl Dhillon) with the CEO (John Lucas), COO & General Counsel (Clarissa Sowemimo-Coker) and Chair (Julie Pomeroy) also in attendance. Membership will be reviewed in the new financial year.

The Committee assists the Board in the process of selection and appointment of any new director, as and when required, and recommends to the Board the appointment of any new director. As such, the Committee met once in the period to consider the appointment of Richard Hathaway to the Board as a Non-Executive Director. There was full member attendance at that meeting.

Remuneration Committee Report

Remuneration Committee

The Remuneration Committee is comprised of three independent Non-Executive Directors (Cheryl Dhillon (Chair), Julie Pomeroy (Chair until February 2022) and Bishrut Mukherjee).

The Remuneration Committee reviews the remuneration policy and the performance of the Executive Directors, making recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any executive, non-executive or employee share option scheme or equity incentive plans in operation from time to time.

In exercising this role, the Directors have regard to the recommendations put forward by the QCA Guidelines and, where appropriate, the UK Corporate Governance Code guidelines (as detailed on pages 18 to 25).

The Remuneration Committee met twice in the period to discuss extending the notice periods for the Executive Directors and the Chief Scientific Officer. There was full attendance at both meetings.

At the invitation of the Committee Chair, Executive Directors may attend the proceedings. Two of the Committee members are free from personal financial interests (other than as shareholders). The Committee has access to professional advice from internal and external advisers where relevant.

Service Contracts

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 OCTP	Date Appointed to OCT	Date Resigned from OCTP	Date Resigned from OCT
Executive Directors						
<i>Chair (until Feb 2022 and then Non-Executive)</i>	Neil Mahapatra	Director	4 February 2021	10 March 2017	–	–
<i>CEO</i>	Dr John Lucas	Director	23 April 2021	21 May 2021	–	–
<i>COO and General Counsel</i>	Clarissa Sowemimo-Coker	Director & Secretary	4 February 2021	25 June 2019	–	–
<i>Finance Director</i>	Karen Lowe	Director	23 April 2021	21 May 2021	–	–
Non-Executive Directors						
	Julie Pomeroy	Director	23 April 2021	–	–	–
	Cheryl Dhillon	Director	23 April 2021	–	–	–
	Bishrut Mukherjee	Director	23 April 2021	26 February 2020	–	21 May 2021
	Gavin Sathianathan	Director	23 April 2021	21 June 2018	24 November 2021	21 May 2021
	Richard Hathaway	Director	1 February 2022	–	–	–

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.

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.

Remuneration Committee Report continued

• 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 2022 financial period is £nil (2021: £nil). 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, two of whom have subsequently left the Group) as part of the replacement of options previously granted in OCT, 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 period. Full details on the schemes can be found in note 26. Variable remuneration cannot exceed 50% of an Executive Director's base salary.

Directors' Remuneration (audited)

Details of the remuneration of the Directors for the financial period are set out below. The salaries include the salary paid to them through OCT as directors of that company prior to the acquisition by OCTP in May 2021. This excludes share options which are shown separately.

No payments were made for loss of office during the period and no payments were made to past directors during the period.

As the Group has only been in existence since May 2021, the table below shows the full history of each Directors remuneration since incorporation.

	Salaries & Fees £				Pension £		Other Benefits £		Total Fixed £		Bonus £		Total Variable £	
	2022		2021		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	OCTP	OCT	OCTP	OCT	OCTP	OCT	OCTP	OCT	OCTP	OCT	OCTP	OCT	OCTP	OCT
Executive Directors														
Neil Mahapatra ¹	116,875	–	17,257	–	13,136	–	–	–	130,011	17,257	–	–	–	–
Dr John Lucas ²	183,333	–	15,833	91,667	19,544	12,023	–	–	202,877	119,523	–	–	–	–
Clarissa Sowemimo-Coker ³	174,167	–	15,000	100,833	18,627	12,896	796	753	193,590	129,482	–	–	–	–
Karen Lowe ⁴	149,375	–	14,375	–	12,754	–	964	–	163,093	14,375	–	–	–	–
Non-Executive Directors														
Julie Pomeroy ⁵	27,083	–	694	–	–	–	–	–	27,083	694	–	–	–	–
Cheryl Dhillon ⁶	22,917	–	694	–	–	–	–	–	22,917	694	–	–	–	–
Bishrut Mukherjee ⁷	14,583	–	–	–	–	–	–	–	14,583	–	–	–	–	–
Gavin Sathianathan ⁸	25,694	–	12,838	–	–	–	–	–	25,694	12,838	–	–	–	–
Richard Hathaway ⁹	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Neil Mahapatra ¹	5,208	–	–	–	–	–	–	–	5,208	–	–	–	–	–
TOTAL	719,235	–	76,691	192,500	64,062	24,919	1,760	753	785,056	294,863	–	–	–	–

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 new 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 receives 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 (2021: £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 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 receives 10% private pension and 3% of qualified earnings for Auto-Enrolment pensions.
5. 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.
6. Cheryl Dhillon receives a fee of £25,000.
7. Until 1 September 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.
8. Gavin Sathianathan received an annual fee of £25,000 pro-rated up to his resignation on 24 November 2021.
9. 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 their 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 OCT		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
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 period, and no options that vested. See note 26 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 period as at 30 April 2022 (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	189,594
Karen Lowe	340,010
Julie Pomeroy	200,000
Neil Mahapatra	199,355,382
Gavin H Sathianathan	78,146,151
Bishrut Mukherjee	111,111
Cheryl Dhillon	–
Richard Hathaway	–

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

Karen Lowe

Finance Director

22 July 2022

Directors' Report

The Directors present their report and financial statements for the period ended 30 April 2022.

Principal activity

The principal activity of the Group is the research, and ultimately the development and commercialisation, of a range of cannabinoid-based prescription medication targeting the pain market.

Results and dividends

The consolidated Statement of Comprehensive Income for the period is set out on page 45. No final dividend is proposed (2021: £nil).

Research activities

The Group continues its research programme as detailed in the CEO's Review. The Directors consider the investment in research to be fundamental to the success of the business in the future.

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 June 2021 to the signing of the financial statements:

Julie Pomeroy	Non-Executive Director, and appointed as Non-Executive Chair from 14 February 2022
Neil Mahapatra	Executive Chair, and appointed as Non-Executive Director from 14 February 2022
Dr John Lucas	Chief Executive Officer
Clarissa Sowemimo-Coker	Company Secretary and Chief Operating Officer
Karen Lowe	Finance Director
Bishrut Mukherjee	Non-Executive Director
Cheryl Dhillon	Non-Executive Director
Gavin Sathianathan	Non-Executive Director (resigned 24 November 2021)
Richard Hathaway	Non-Executive Director (appointed 1 February 2022)

The interests of the Directors (including family interests) in the share capital of the Company are listed on page 35.

Substantial shareholdings

As at 30 April 2022, 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%
Imperial Brands Ventures Limited	104,376,988	10.87%
Gavin H Sathianathan (GHS Capital Limited)	78,146,151	8.14%
Jim Nominees Limited	73,492,370	7.65%
Aurora Nominees Limited	46,656,243	4.86%
Hargreaves Lansdown (Nominees) Limited	41,368,752	4.31%
Bank of New York (Nominees)	33,056,111	3.44%

Financial risk management

Details of the Group's financial risk management are set out in the Chief Executive Officer's Review and in note 22.

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 by 2027. Continued progress towards phase 1 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.

Going Concern and Viability Statement

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the CEO's Review and Financial Review. In addition, notes 22 and 23 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial assets and liabilities; and its exposures to credit risk and liquidity risk. Two of the corporate risks relate to fundraising and cash management (as detailed in Principal Risks and Uncertainties).

The Group prepares budgets and cashflow forecasts to ensure that the Group can meet its liabilities as they fall due, and there are strict controls in place to manage cash going forward.

The Directors have, however, identified that a material uncertainty exists that is likely to impact on the Group's ability to continue as a going concern without raising additional funds. The Group's cash

runway will only extend 9 months beyond signing these accounts, assuming that the planned programme research remains unchanged, and therefore, the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

As set out in the IPO Prospectus, the Board expects to carry out an equity fund raise within the next nine months to provide further financial resources in order to progress with the next stages of the research programmes. Planning is underway, a new broker was appointed in May 2022, and various other mitigating actions to support a successful fundraise are in progress as detailed in Principal Risks and Uncertainties. The Board has considered various options (involving delaying one or more programmes) 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 March/April 2023. However, no such funding has been unconditionally committed at the date of approval of these financial statements.

The uncertainty as to the future impact on the Group of the COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. As set out in more detail in the CEO's Review, the Directors are confident that the Group is working in alignment with the development plan set out in the prospectus. Several key partners have been onboarded and drug development work continues in earnest, with OCT461201 and OCT130401 due to start clinical trials in Q1 2023 and Q4 2022 respectively.

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of Penningtons Manches Cooper LLP at 125 Wood Street, London on 28 September 2022 at 11.30am. 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 to shareholders which accompanies this report.

Subsequent events

On 16 May 2022 the Group announced the appointment of Axis Capital Markets Limited as the Company's brokers. On 19 July 2022 OCTP entered

into a master service agreement and work order with Simbec Research Limited for its first-in-human Phase 1 clinical trial for lead compound OCT461201, due to commence in Q1 2023.

Directors' responsibilities

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;
- 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.

Responsibility statement

The Directors, whose names and functions are set out in this Directors' Report under the sub-heading 'Directors' with the

Directors' Report continued

registered office located at Prama House, 267 Banbury Road, Oxford OX2 7HT, accept responsibility for the information contained in this annual report and accounts for the period ended 30 April 2022. To the best of the knowledge of the Directors:

- the financial statements are prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of OCTP and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of OCTP and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

OCTP acknowledges that it is responsible for all information drawn up and made public in this report and accounts for the period ended 30 April 2022.

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 & Risk 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 June 2021 to the date of this Annual Report and Financial Statements and is satisfied that they are effective.

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.

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 auditors at the AGM on 28 September 2022.

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.

On behalf of the Board

Karen Lowe

Finance Director

22 July 2022

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Oxford Cannabinoid Technologies Holdings Plc ('the Company') and its subsidiaries ('the Group') for the period ended 30 April 2022 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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 30 April 2022 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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, revenue and gross profit, which allowed the Group audit team to assess the significance of each component and determine the planned audit response.

Only one component, Oxford Cannabinoid Technologies Ltd, was evaluated as a significant component. A full scope audit was performed on the financial statements of this component by the group audit team. We evaluated the controls in place at that 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. A full scope audit comprising a similar control evaluation and substantive testing approach was performed on the financial statements of the parent company.

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 period 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.

Independent Auditor's Report continued

Key audit matter – Group	How the key audit matter was addressed in the audit – Group
<p>Going concern</p> <p>The Group is pre revenue and has incurred a loss for the period of £4.712m (2021: £3.228m loss).</p> <p>Whilst the Group has no outstanding borrowings as at 30 April 2022 (31 May 2021: £0.050m) its cash funds have decreased in the period to £9.166m at 30 April 2022 (31 May 2021: £14.630m).</p> <p>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 March / April 2023 (if current forecast levels of project expenditure continue) or by December 2023 if certain project costs are curtailed or expenditure on some projects ceases.</p> <p>Given the trading performance in the period, including the decrease in cash funds, and the absence of any further debt or equity financing, the ability of the company to continue in business as a going concern was considered to be a key audit risk area.</p>	<p>Our audit work and conclusions in respect of going concern have been detailed in the 'Material uncertainty related to going concern section of our audit report'.</p>
Key audit matter – Company	How the key audit matter was addressed in the audit – Company
<p>Valuation of investments and amounts owed by subsidiary undertakings</p> <p>The carrying value of investments at 30 April 2022 was £7.226m and the total amount owed by subsidiary undertakings recognised in the Company Statement of Financial Position at 30 April 2022 was £5.447m (31 May: £14,893,075)</p> <p>The directors are required to make an assessment to determine whether the carrying value of investments and amounts owed by 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 considered to be key risk areas for the audit of the Company.</p> <p>The Company's disclosures in respect of investments and amounts owed by subsidiary undertakings are shown in notes 13 and 15 to the financial statements.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> – 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 2022; – 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 taking into consideration management's base and downside scenarios;

Key audit matter – Company	How the key audit matter was addressed in the audit – Company
	<ul style="list-style-type: none"> – 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. <p>Key observations</p> <p>Based on our audit testing we concluded that we agreed with management's assertion that no impairment of the carrying value of investments was required and that a provision of £0.678m (31 May 2021: £nil) was required against amounts owed by subsidiary undertakings.</p> <p>We consider the disclosures in the financial statements to be acceptable.</p>

Our application of materiality

The scope and focus of our audit 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 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 total expenditure to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £111,000 based on a percentage of expenditure (2%). Based on our professional judgement, we determined materiality for the Company to be £108,000 based on a percentage of total expenditure (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 £55,500 and £54,000 respectively.

We agreed to report to the Audit Committee all audit differences in respect of the Group and Company in excess of £5,500 and £5,400 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.

Material uncertainty relating to going concern

We draw attention to note 2(d) to the financial statements, which indicates that the Group will need to raise additional debt or equity funding in order to continue in business and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

The Group incurred a loss of £4.712m (31 May 2021: £3.228m loss) for the period ended 31 April 2022 and cash funds have decreased from £14.630m at 31 May 2021 to £9.166m at 30 April 2022.

The directors have prepared cash flow forecasts that show that, in the absence of any further debt or equity funding, the existing cash funds will be fully utilised by March / April 2023 if current forecast levels of project expenditure continue or by December 2023 if certain project costs are curtailed or expenditure on certain projects ceases.

Although the directors are confident that the Group will be able to obtain further debt or equity financing, there can be no certainty in this respect and a failure to obtain such debt or equity financing would be material to the Group.

Independent Auditor's Report continued

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to the Viability Statement in the Directors' Report on page 36, where the Viability Statement is made on the assumption that the Group will be able to obtain further debt or equity financing. The directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the Group and Company should the finance not be obtained. Our opinion is not modified in respect of this.

In auditing the financial statements, we have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included a critical assessment of the detailed cash flow projections prepared by the directors, including the appropriateness of the assumptions underpinning them. The cash flow projections are based on the directors' current expectations of the level of expenditure required for the Group's ongoing projects. We also obtained an understanding of all relevant uncertainties, including those arising as a result of the ongoing COVID-19 pandemic and the measures taken by the UK and overseas governments to contain it. We have factored the ongoing impact of COVID-19 into our analysis of the risks affecting the ability of the Group to continue in business and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in respect of the directors' identification in the financial statements of the material uncertainty over obtaining further debt or equity financing, for the going concern review period to the end of July 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

In our opinion, 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 period 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

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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:

- adequate accounting records have not been kept by the Company, or 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
- we have not received all the information and explanations we require for our audit; 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.

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:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 36;
- 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 37;
- 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 36;
- Directors' statement on fair, balanced and understandable set out on page 38;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 9;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and
- Section describing the work of the Audit & Risk Committee set out on page 30.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 38, 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>

This description forms part of our auditor's report.

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.

Independent Auditor's Report continued

- 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

We were appointed by the Audit & Risk Committee on 15 June 2021 to audit the financial statements for the period ended 31 May 2021. Our total uninterrupted period of engagement is two years, covering the 31 May 2021 and 30 April 2022 periods only.

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.

Our audit opinion is consistent with the additional report to the Audit & Risk 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

Consolidated Statement of Comprehensive Income

Period ended 30 April 2022

	Notes	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Revenue		–	–
Research costs		(2,891,497)	(445,400)
Gross loss		(2,891,497)	(445,400)
Administrative expenses		(2,320,292)	(1,518,596)
Exceptional items	4	(291,598)	(1,381,949)
Operating loss	5	(5,503,387)	(3,345,945)
Finance income	6	–	47,021
Finance costs	6	–	(67,713)
Loss before taxation		(5,503,387)	(3,366,637)
Income tax	9	791,058	138,651
Loss for the period		(4,712,329)	(3,227,986)
Other comprehensive income			
Items that may be reclassified to profit or loss		–	–
Total comprehensive income for the period attributable to owners of the parent company arising from continuing operations		(4,712,329)	(3,227,986)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share from continuing and total operations	27	(0.491p)	(0.504p)
Diluted loss per share from continuing and total operations	27	(0.491p)	(0.504p)

Consolidated Statement of Financial Position

At 30 April 2022

	Notes	30 April 2022 £	31 May 2021 £
Non-current assets			
Intangible assets	10	46,080	101,657
Property, plant and equipment	11	–	46,826
Right-of-use assets	12	–	10,565
		46,080	159,048
Current assets			
Trade and other receivables	15	2,606,616	421,909
Cash and cash equivalents	16	9,165,596	14,630,801
		11,772,212	15,052,710
Total assets		11,818,292	15,211,758
Current liabilities			
Trade and other payables	17	2,025,264	824,114
Lease liabilities	19	–	123,885
Borrowings	18	–	3,136
Total current liabilities		2,025,264	951,135
Non-current liabilities			
Borrowings	18	–	46,864
Total non-current liabilities		–	46,864
Total liabilities		2,025,264	997,999
Net assets		9,793,028	14,213,759
Equity			
Called up share capital	20	9,604,156	9,604,156
Share premium account	20	11,877,466	11,877,466
Share based payment reserve	26	1,449,608	1,158,010
Other reserve	20	643,455	643,455
Retained earnings		(13,781,657)	(9,069,328)
Total equity		9,793,028	14,213,759

The financial statements were approved and authorised for issue by the Board of Directors on 22 July 2022 and were signed on behalf by:

Karen Lowe

Finance Director

Company Registration No. 13179529

Company Statement of Financial Position

At 30 April 2022

	Notes	30 April 2022 £	31 May 2021 £
Non-current assets			
Intangible assets	10	46,080	–
Investment in subsidiary	13	7,226,164	7,226,164
		7,272,244	7,226,164
Current assets			
Cash and cash equivalents	16	2,122,992	–
Trade and other receivables	15	7,819,642	15,002,961
		9,942,634	15,002,961
Total assets		17,214,878	22,229,125
Current liabilities			
Trade and other payables	17	195,687	136,274
Total current liabilities		195,687	136,274
Net assets		17,019,191	22,092,851
Equity			
Called up share capital	20	9,604,156	9,604,156
Share premium account	20	11,877,466	11,877,466
Share based payment reserve	26	1,313,074	1,021,476
Retained earnings		(5,775,505)	(410,247)
Total equity		17,019,191	22,092,851

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 £5,365,258 (2021: £410,247).

The financial statements were approved and authorised for issue by the Board of Directors on 22 July 2022 and were signed on behalf by:

Karen Lowe

Finance Director

Company Registration No. 13179529

Company Statement of Changes in Equity

Period ended 30 April 2022

	Notes	Share Capital £	Share Premium Account £	Share Based Payment Reserve £	Retained Earnings £	Total £
Loss for the period		–	–	–	(410,247)	(410,247)
Total comprehensive loss for the period		–	–	–	(410,247)	(410,247)
Transactions with owners						
Shares issued on incorporation		2	–	–	–	2
Share issue on Admission		3,300,000	13,200,000	–	–	16,500,000
Share for share exchange with OCT		6,304,154	–	–	–	6,304,154
Share issue costs		–	(1,322,534)	–	–	(1,322,534)
Share-based payment charge (options)	26	–	–	924,926	–	924,926
Share-based payment charge (warrants)	26	–	–	96,550	–	96,550
Total transactions with owners		9,604,156	11,877,466	1,021,476	–	22,503,098
Total equity at 31 May 2021		9,604,156	11,877,466	1,021,476	(410,247)	22,092,851

	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)
Other comprehensive income		–	–	–	–	–
Total comprehensive loss		–	–	–	(5,365,258)	(5,365,258)
Transactions with owners						
Share-based payment charge (warrants)	26	–	–	202,953	–	202,953
Share-based payment charge (options)	26	–	–	88,645	–	88,645
Total transactions with owners		–	–	291,598	–	291,598
Balance at 30 April 2022		9,604,156	11,877,466	1,313,074	(5,775,505)	17,019,191

Consolidated Statement of Cash Flows

Period ended 30 April 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash absorbed from operations	21a	(5,373,021)	(1,936,955)
Interest paid	6	–	(67,713)
Tax refunded	9	–	225,726
Net cash inflow / (outflow) from operating activities		(5,373,021)	(1,778,942)
Cash flows from investing activities			
Payments for property, plant and equipment	11	–	(769)
Proceeds from disposal of property, plant and equipment	11	2,500	571
Interest received	6	–	47,021
Net cash inflow from investing activities		2,500	46,823
Cash flows from financing activities			
Proceeds from issues of shares on IPO in May 2021	20	–	16,500,000
Proceeds from issues of shares in January 2020		–	250,000
Proceeds from borrowings		–	650,000
Repayment of borrowings	18	(50,000)	–
Share issue transaction costs	20	–	(1,322,534)
Lease liability payments	12	(44,684)	(23,698)
Net cash generated from financing activities		(94,684)	16,053,768
Net (decrease)/increase in cash and cash equivalents		(5,465,205)	14,321,649
Cash and cash equivalents at the beginning of the period	16	14,630,801	309,152
Cash and cash equivalents at end of the period	16	9,165,596	14,630,801

The share-based payment charge of £291,598 (2021: £1,021,476) is a significant non-cash transaction.

Company Statement of Cash Flows

Period ended 30 April 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash absorbed from operations	21a	2,122,992	(15,177,466)
Net cash inflow/(outflow) from operating activities		2,122,992	(15,177,466)
Cash flows from investing activities			
Interest paid		–	–
Net cash outflow from investing activities		–	–
Cash flows from financing activities			
Proceeds from issues of shares		–	16,500,000
Share issue transaction costs		–	(1,322,534)
Net cash generated from financing activities		–	15,177,466
Net increase in cash and cash equivalents		2,122,992	–
Cash and cash equivalents at the beginning of the period		–	–
Cash and cash equivalents at end of the period		2,122,992	–

The share option charge of the Company, as detailed in note 26, is a significant non-cash transaction in the period.

Notes to the Financial Statements

For the period ended 30 April 2022

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.

The accounting period for the Company and Group is from 1 June 2021 to 30 April 2022, the financial year having been shortened during the period with the aim of delivering efficiencies in the financial reporting and audit process. As a consequence of this change, the prior year amounts are not comparable with the 2021 figures covering 12 months and the 2022 figures covering 11 months.

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 (having previously been to 31 May in the prior year). 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 OCT shareholders entered into a Share Exchange Agreement with OCTP, with OCTP becoming the legal acquirer of OCT. 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. The Company's cash runway will only extend nine 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 nine months. As set out in the IPO Prospectus, 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 timescale detailed within the IPO prospectus have been considered. The signing of the agreement with Evotech 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 continued impact of the COVID-19 pandemic and the impact of the measures taken to contain it, on the Group. Due to the nature of the Group's activities, there has not been a significant on-going impact on the business (as detailed in the CEO's Review). 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. The Directors have therefore successfully taken steps to safeguard the assets of the Group during the pandemic.

After making enquiries including detailed consideration of the Group's cashflow, solvency and liquidity position, the Board has a reasonable expectation that OCTP, OCT and the Group as a whole have adequate resources to continue in operational existence for at least twelve months (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;

Notes to the Financial Statements

For the period ended 30 April 2022

- 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 are as such 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.

The 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 5.31% (2021: 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.

Notes to the Financial Statements

For the period ended 30 April 2022

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 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.

Notes to the Financial Statements

For the period ended 30 April 2022

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 OCT 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;
- 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 by the Group in the period.

New standards and interpretations not yet adopted

A number of new accounting standards, amendments to accounting standards and interpretations have been issued by the International Accounting Standards Board with an effective date after the date of these financial statements. The Directors have chosen not to early adopt these standards and interpretations, 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
IFRS 3	Reference for conceptual framework	1 January 2022
IFRS 9	Financial Instruments - <i>amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the "10 per cent" test for derecognition of financial liabilities)</i>	1 January 2022
IAS 16	Proceeds before intended use	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – <i>amendments regarding the costs to include when assessing whether a contract is onerous</i>	1 January 2022
IAS 1	Presentation of Financial Statements – <i>amendments regarding the classification of liabilities</i>	1 January 2023
IAS 1	Presentation of Financial Statements – <i>amendments regarding the disclosure of accounting policies</i>	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – <i>amendments regarding the definition of accounting estimates</i>	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 March / April 2023. The forecasts are based on various assumptions including a successful fundraising within the next 9 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 9 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 CEO's Review. During the period all of the £2,891,497 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 £929,709 is detailed in note 15.

Impairment of intangible fixed assets

Judgement is involved in determining the useful economic life and potential impairment of the licence intangible asset held by the Group at a net book value of £46,080 (31 May 2021: £101,657). This includes consideration of the continuing likelihood of the asset to generate value to the Group and the adherence to the terms of the agreement or any other event which may have a detrimental effect on the carrying value of the asset. The Directors have carried out an impairment review of the asset during the period with a £20,000 impairment charge considered necessary.

Notes to the Financial Statements

For the period ended 30 April 2022

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.

4 Exceptional Items

The Consolidated Statement of Comprehensive Income includes exceptional items totalling £291,598 (2021: £1,381,949) comprised of:

	Note	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Share-based payment charge	26	291,598	1,021,476
IPO costs		–	360,473
		291,598	1,381,949

Share-based payment charge

As detailed in note 26, the Group operates two share option schemes for its Directors and senior employees one relating to options transferred from OCT and a new scheme for OCTP. In addition, warrants were issued as part of the listing in May 2021, a charge of £202,953 (2021: £96,550) which is included within the total charge for the current period.

IPO costs

A total of £1,683,007 costs were incurred in respect of the OCTP IPO in May 2021, of which £1,322,534 were set off against the share premium account and £360,473 were expensed in the prior period.

5 Operating Loss

Operating loss is stated after charging / (crediting):

	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Depreciation of property, plant and equipment	12,143	15,463
Amortisation of right-of-use assets	10,565	110,189
Amortisation of intangible assets	35,577	39,042
Impairment of intangible assets	20,000	–
Gain on release of right-of-use assets	(79,202)	–
Operating lease rentals	2,494	889
Share based payment charge	291,598	1,021,476
Foreign exchange loss / (gain)	25,694	(6,295)

6 Finance Income and Finance Costs

	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Finance income	–	(47,021)
Finance costs	–	67,713
	–	20,692

Finance income

This relates to lease interest on the right-of-use asset held in relation to the leased London office (that was terminated on 2 April 2022). During the period no COVID-19 rent rebates were received (2021: £55,537).

7 Employees

The monthly average number of employees was 7 (2021: 6), which excludes Non-Executive Directors.

	2022 Number	2021 Number
Research	2	2
Management	5	4
Total number of employees	7	6

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

	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Wages and salaries	817,671	444,636
Pension	85,634	45,917
Social security costs	121,564	56,115
Share based payments	88,645	924,926
	1,113,514	1,471,594

The Group has received the benefit of payments under the furlough scheme of £3,125 (2021: £34,369) which has been netted against the above figures. Details of Directors' emoluments, share options and pension entitlements are given in the Directors' Remuneration Report.

Employee Benefit Obligations

	30 April 2022 £	31 May 2021 £
Leave obligations	11,731	13,617
Total employee benefit obligations	11,731	13,617

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 £85,634 (2021: £45,917).

Medical insurance is provided to all current employees. The expense recognised in the current period in relation to these costs was £4,970 (2021: £5,661).

There are no post-employment obligations.

Notes to the Financial Statements

For the period ended 30 April 2022

8 Auditor's Remuneration

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

	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Fees payable to the Company auditor for the audit of the parent company	72,500	75,000
Fees payable to the Company auditor for further services:		
– audit of Company's subsidiaries pursuant to legislation	12,500	10,000
– other services pursuant to legislation	10,475	–
– corporate finance services	–	64,000

The corporate finance services in the prior period were provided as part of the IPO process prior to the appointment of Moore Kingston Smith LLP as auditor.

9 Income Tax

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

A deferred tax asset of approximately £2,215,737 (2021: £1,453,000) relating to carried forward losses of £8,502,949 (2021: £5,810,000) has not been recognised due to the uncertainty of the timing of future taxable profits.

The deferred tax assets have been calculated at 25% (2021:25%).

	Period ended 30 April 2022 £	Year ended 31 May 2021 £
Current tax credit		
UK corporation tax on loss for the current period	(759,726)	(138,651)
Adjustment from previous periods	(31,332)	–
UK corporation tax on loss	(791,058)	(138,651)

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	(5,503,387)	(3,366,637)
Expected tax based on a corporation tax rate of 19% (2021: 19%)	(1,045,644)	(677,292)
Effect of expenses not deductible in determining taxable profit	94,423	309,519
Effect of income not taxable in determining taxable profit	(16,265)	–
Depreciation in excess of capital allowances	13,165	–
Losses carried forward	403,865	245,751
Enhanced research and development relief utilised	(550,456)	(102,689)
Losses surrendered for R&D tax credit	973,884	181,681
Research and development tax credit	(759,726)	(138,651)
Adjustment from previous periods	(31,332)	–
Rate difference between CT rate and R&D repayment rate	127,028	43,030
Taxation credit for the period	(791,058)	(138,651)

10 Intangible Assets

Group	Licences	
	30 April 2022 £	31 May 2021 £
Cost		
At 1 June 2021/ 1 June 2020	155,245	155,245
Additions	–	–
At 30 April 2022 / 31 May 2021	155,245	155,245
Amortisation		
At 1 June 2021/ 1 June 2020	53,588	14,546
Charge in year	35,577	39,042
Impairment	20,000	–
At 30 April 2022 / 31 May 2021	109,165	53,588
Net book value at 30 April 2022 / 31 May 2021	46,080	101,657

Company	Licences	
	30 April 2022 £	31 May 2021 £
Cost		
At 1 June 2021 / 1 June 2020	–	–
Transfer from subsidiary	155,245	–
Additions	–	–
At 30 April 2022 / 31 May 2021	155,245	–
Amortisation		
At 1 June 2021 / 1 June 2020	–	–
Transfer from subsidiary	53,588	–
Charge in year	35,577	–
Impairment	20,000	–
At 30 April 2022 / 31 May 2021	109,165	–
Net book value at 30 April 2022 / 31 May 2021	46,080	–

The intangible asset was transferred from the subsidiary to the Company at the beginning of the period.

The Directors have undertaken a detailed impairment review in the current period. Having considered the work undertaken on the assets accessible to the Group under the terms of the licence that the intangible asset covers, an impairment of £20,000 has been made as at 30 April 2022.

Notes to the Financial Statements

For the period ended 30 April 2022

11 Property, Plant and Equipment

Group	Leasehold Improvements £	Office Equipment £	Computer Equipment £	Total £
Cost				
At 1 June 2020	57,182	14,772	7,160	79,114
Additions	–	–	769	769
Disposals	–	(571)	–	(571)
At 31 May 2021	57,182	14,201	7,929	79,312
Disposals	(57,182)	(14,201)	(7,929)	(79,312)
At 30 April 2022	–	–	–	–
Depreciation				
At 1 June 2020	11,041	3,886	2,096	17,023
Charge in year	11,372	2,633	1,458	15,463
At 31 May 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	–	–	–	–
Net book value at 31 May 2021	34,769	7,682	4,375	46,826
Net book value at 30 April 2022	–	–	–	–

The Company held no fixed assets at 30 April 2022 or 31 May 2021.

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 (2021: £nil).

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.

Group	30 April 2022 £	31 May 2021 £
Cost		
At 1 June 2021/ 1 June 2020	174,116	141,029
Adjustment to IFRS 16 recognition	–	33,087
Disposals	(174,116)	–
At 30 April 2022 / 31 May 2021	–	174,116
Amortisation		
At 1 June 2021/ 1 June 2020	163,551	53,362
Charge in period	10,565	110,189
Disposals	(174,116)	–
At 30 April 2022 / 31 May 2021	–	163,551
Net book value at 30 April 2022 / 31 May 2021	–	10,565

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 2022 £	31 May 2021 £
Amortisation charge of right-of-use assets			
Leased head office	5	10,565	110,189
Interest expense (included in finance costs)	6	–	4,258

The total cash outflow for leases in the period was £44,684 (2021: £23,698).

COVID-19-related rent concessions

During the period the Group received no rent concessions (2021: £55,537) as a direct consequence of the COVID-19 pandemic.

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 period, as detailed in note 5.

13 Investments

	Company	
	30 April 2022 £	30 May 2021 £
Cost and net book value at 1 June 2021/ 1 June 2020	7,226,164	–
Additions	–	6,304,154
Share option charge of subsidiary	–	922,010
Cost and net book value at 30 April 2022 / 31 May 2021	7,226,164	7,226,164

The Group's subsidiaries at 30 April 2022 are 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. All subsidiaries are tax resident in their country of residence.

Name and address of Entity	Place of business / country of incorporation	Ownership		Principal Activity
		Interest held by Group %	Indirect or Indirect	
Oxford Cannabinoid Technologies Ltd	UK	100	Direct	Pharmaceutical drug research

Prima 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 no impairment has been identified as being required as at 30 April 2022.

Notes to the Financial Statements

For the period ended 30 April 2022

14 Financial Assets and Financial Liabilities

The Group holds the following financial instruments:

	Notes	30 April 2022 £	31 May 2021 £
Financial assets at amortised cost			
Cash and cash equivalents	16	9,165,596	14,630,801
Other receivables		35,996	6,998
		9,201,592	14,637,799
Liabilities at amortised cost			
Trade and other payables	17	2,025,264	824,114
Lease liabilities	19	–	123,885
Borrowings	18	–	50,000
		2,025,264	997,999

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 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Prepayments and accrued income	1,472,316	85,323	1,472,310	57,360
Tax credit receivable (note 3)	929,709	138,651	759,726	–
VAT recoverable	168,595	190,937	105,313	52,524
Amounts due from group undertakings	–	–	5,446,307	14,893,075
Other receivables	35,996	6,998	35,986	2
	2,606,616	421,909	7,819,642	15,002,961

The inter-company balance between OCTP and its subsidiary OCT is unsecured, interest free and repayable on demand. The balance includes a provision as detailed in note 25.

16 Cash and Cash Equivalents

	Group		Company	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Cash at bank and in hand	9,165,596	14,630,801	2,122,992	–

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

17 Trade and Other Payables

	Group		Company	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Trade payables	1,798,291	500,390	9,146	50,900
Accruals and deferred income	174,088	192,953	134,438	47,702
Other taxation and social security	52,885	47,830	52,103	37,672
Other payables	–	82,941	–	–
	2,025,264	824,114	195,687	136,274

18 Borrowings

	Group		Company	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
<i>Unsecured:</i>				
Government 'Bounce Back' Loan				
Current	–	3,136	–	–
Non-current	–	46,864	–	–
	–	50,000	–	–

In November 2021, the Group repaid the Bounce Back Loan obtained by OCT from Metro Bank Plc ahead of the repayments that were scheduled to commence on 14 February 2022.

19 Lease Liabilities

	Group		Company	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Current	–	123,885	–	–
Non-current	–	–	–	–
	–	123,885	–	–

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the rate implicit in the lease, or if that rate cannot be readily determined, at the Group's calculated incremental borrowing rate (5.31%).

20 Equity

Share Capital

	30 April 2022 Number	31 May 2021 Number	30 April 2022 £	31 May 2021 £
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.

Notes to the Financial Statements

For the period ended 30 April 2022

Reconciliation of Ordinary Shares

	Number of Shares	Par Value £	Share Premium £	Total £
Opening balance 1 June 2021	960,415,644	9,604,156	11,877,466	21,481,622
Balance 30 April 2022	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, OCTP unconditionally acquired the shares of OCT, 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 (2021: £643,455). This reserve is not distributable.

21 Cash Flow Information

21(a) Cash used in operations

	Note	Group		Company	
		30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Loss after income tax from:					
Continuing operations		(4,712,329)	(3,227,986)	(5,365,258)	(410,247)
Loss after income tax		(4,712,329)	(3,227,986)	(5,365,258)	(410,247)
Adjustments for:					
Research and Development tax credit	9	(791,058)	(138,651)	(759,726)	–
Release of Greek subsidiary assets		49,653	–	–	–
Depreciation and amortisation	5	78,285	164,694	55,577	–
Loss on disposal of property, plant and equipment		32,183	–	–	–
Share-based charge	26	291,598	1,021,476	291,598	99,466
Finance costs – net	6	–	20,692	–	–
(Increase) / decrease in trade receivables		(1,393,649)	31,437	7,943,045	(15,002,959)
Increase in trade and other payables		1,072,296	191,383	(42,244)	136,274
Cash used in operations		(5,373,021)	(1,936,955)	(2,122,992)	(15,177,466)

21(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 OCT Employee Option Plan and warrants issued to advisers (see note 26).

21(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	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Net debt				
Cash and cash equivalents (note 16)	9,165,596	14,630,801	2,122,992	–
Borrowings (note 18)	–	(50,000)	–	–
Lease liabilities (note 19)	–	(123,885)	–	–
Net cash and cash equivalents	9,165,596	14,456,916	2,122,992	–

22 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 at bank of £9,165,596 as at 30 April 2022. The Group does not operate a bank overdraft facility, and was debt free at 30 April 2022.

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 March / April 2023. 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 March / April 2023. However, no such funding has been unconditionally committed at the date of approval of these financial statements.

As set out in the Prospectus, following the IPO in May 2021 the Group are able to issue a further 5% of ordinary shares without having to seek additional shareholder consent. As at the 30 April 2022, 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 period-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 £9,165,596 (31 May 2021: £14,630,801).

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.

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

Notes to the Financial Statements

For the period ended 30 April 2022

Contractual maturities at 31 May 2021	<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	824,114	–	–	–	824,114
Lease liabilities	68,424	55,461	–	–	123,885
Borrowings	–	3,136	10,614	36,250	50,000
Total non-derivatives	892,538	58,597	10,614	36,250	997,999

Despite the £50,000 Bounce Back Loan disclosed in borrowings having a term of 72 months, with the first repayment due in February 2022, the Group repaid this debt in full in November 2021.

23 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 21(c) divided by Total 'Equity' (as shown in the Consolidated Statement of Financial Position).

	30 April 2022 £	31 May 2021 £
Debt	–	(173,885)
Cash	9,165,596	14,630,801
Net cash	9,165,596	14,456,916
Total equity	9,793,028	14,213,759
Gearing	93.6%	101.7%

The movement in gearing is as a result of the draw down of the £14.8m net proceeds raised from the IPO in May 2021. 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 (2021: £nil).

24 Events Occurring After the Reporting Period

On 16 May 2022, the Group announced the appointment of Axis Capital Markets Limited as its new brokers. On 19 July 2022, OCTP entered into a master service agreement and work order with Simbec Research Limited for its first-in-human Phase 1 clinical trial for lead compound OCT461201, due to commence in Q1 2023.

25 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 33 to 35. The Directors received dividends paid by the Company of £nil (2021: £nil).

The amounts outstanding at the period end due to key management was £nil (2021: £nil).

The following transactions occurred with other related parties:

	2022 £	2021 £
Purchase of management services from related party (a)	35,000	196,067
Amounts owed by a related party (b)	35,994	–
Intercompany loan (c) (d)	5,446,307	14,893,075
Payments by OCT on behalf of OCTP (c)	2,122,789	79,197
Payments by OCTP on behalf of OCT (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 was included as a receivable in the Statement of Financial Position at the period end.
- (c) Due to a delay in the opening of a bank account for OCTP, until November 2021 all cash was held in the bank account of OCT, who made payments on behalf of OCTP during the period. That position was reversed from December 2021.
- (d) A provision of £678,325 has been made against the intercompany loan, representing the net liabilities balance in OCT as at 30 April 2022.

26 Share-Based Payments

Share-based payment reserve:

	Group		Company	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Share Options				
As at 1 June 2021 / 1 June 2020	1,061,460	136,534	924,926	–
Share options: Old Scheme (OCT)	–	922,010	–	922,010
Share options: New Scheme (OCTP)	88,645	2,916	88,645	2,916
As at 30 April 2022 / 31 May 2021	1,150,105	1,061,460	1,013,571	924,926
	Group		Company	
	30 April 2022 £	31 May 2021 £	30 April 2022 £	31 May 2021 £
Warrants				
As at 1 June 2021 / 1 June 2020	96,550	–	96,550	–
Warrants issued May 2021	202,953	96,550	202,953	96,550
As at 30 April 2022 / 31 May 2021	299,503	96,550	299,503	96,550
Total share-based payment reserve	1,449,608	1,158,010	1,313,074	1,021,476

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 share-based payment expense of £88,645 (2021: £924,926) in relation to options.

Share Options Issued

OCT 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 OCT Option Scheme.

On 14 May 2021, the Board adopted the Group's Replacement Option Scheme to facilitate the grant of replacement options in OCTP by the Company to option holders who held options over shares of OCT under the original OCT 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

Notes to the Financial Statements

For the period ended 30 April 2022

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 period, no options were exercised, forfeited or expired. Share options issued under the Replacement Option Scheme, all of which were outstanding at the end of the period, have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 April 2022
14 May 2021	24 February 2030	£0.042	40,590,874
14 May 2021	24 February 2030	£0.05	28,993,482
Vested and exercisable at 30 April 2022			69,584,356

The assessed fair value at grant date of options converted or granted during the period ended 30 April 2022 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 £88,645 for the New Employee Share Option Scheme was recognised during the period ended 30 April 2022 (2021: £2,916). Expenses for the Old Employee Share Option Scheme recognised during the period were £nil (2021: £922,010).

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, OCTP 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 2022.

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 £202,953 (2021: £96,550).

The inputs into the warrants pricing model are as follows:

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.

27 Loss Per Share

	Period ended 30 April 2022 £	Year ended 31 May 2021 £
27(a) Basic loss per share		
Basic loss per share attributable to the ordinary equity holders of the Company	(0.00491)	(0.00504)
27(b) Diluted loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	(0.00491)	(0.00504)
Total diluted loss per share attributable to the ordinary equity holders of the Company	(0.00491)	(0.00504)
27(c) Reconciliations of loss used in calculating loss per share		
<i>Basic loss per share</i>		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:	(4,712,329)	(3,227,986)
<i>Diluted loss per share</i>		
Loss from continuing operations attributable to the ordinary equity holders of the Company:		
Used in calculating basic loss per share	(4,712,329)	(3,227,986)
Used in calculating diluted loss per share	(4,712,329)	(3,227,986)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	(4,712,329)	(3,227,986)
27(d) Weighted average number of shares used as the denominator		
	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	960,415,644	640,378,738
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	640,378,738

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

Directors and Professional Advisers

Directors

- Cheryl Dhillon
- Richard Hathaway (appointed 1 February 2022)
- Karen Lowe
- Dr John Lucas
- Neil Mahapatra
- Bishrut Mukherjee
- Julie Pomeroy
- Clarissa Sowemimo-Coker

Company Secretary

Clarissa Sowemimo-Coker

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

Co Operative Bank plc
1 Balloon Street
Manchester M60 4EP

Public Relations Advisers

Walbrook PR Ltd
75 King William Street
London EC4N 7BE

US Investor Relations Advisers

Harbor Access LLC
107 Elm St. 4th Floor
Stamford
CT 06902 USA

Brokers

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

Axis Capital Markets Ltd (since 10 May 2022)
St Clements House
27 St Clements Lane
London EC4N 7AE

Financial Advisers

Cairn Financial Advisers LLP
80 Cheapside
London EC2V 6EE



www.oxcantech.com

