



# OKYO PHARMA

## OKYO Pharma Limited Interim results for the six months to 30 September 2021

**OKYO Pharma Limited (LSE: OKYO) a biopharmaceutical company developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain today announces its interim results for the six months ended 30 September 2021.**

### Financial Highlights:

- Total assets decreased to £4.2 million (31 March 2021: £5.1 million)
- Cash on hand of £3.8 million (31 March 2021: £5.0 million)
- During the financial period under review, the Company reported a total comprehensive loss of £1.8 million (restated 30 September 2020: total comprehensive loss £0.5 million).

### Group Focus:

The Group's focus is to develop drugs for inflammatory dry eye diseases and ocular pain by targeting G- protein-coupled receptors (GPCRs). GPCRs comprise the single largest family of membrane proteins and are involved in a variety of biological processes. Identifying and developing molecules that target GPCRs has proven to be a highly successful approach to the discovery and development of a wide range of drugs to treat cardiovascular disease, cancer and diabetes. Approximately one third of all Food and Drug Administration (FDA) approved drugs target members of this family.

### OK-101 Project:

During the past six months the Group's primary focus has been centered around the decision to move OK-101 forward for the filing of an investigational new drug (IND) application with the FDA to treat dry eye disease (DED). The intention is to focus the Company on rapid clinical development of OK-101 to treat DED. To do this, on 29 June 2021, the Group announced that it has retained the services of Ora, Inc., a world-class ophthalmology contract research organization, to guide the company's upcoming product development and lead the regulatory strategy of OK-101 for the treatment of dry eye. OK-101, OKYO's lead pre-clinical drug candidate is a novel long-acting GPCR-based anti-inflammatory drug candidate.

In the Annual Report and Financial Statements for the year ended 31 March 2021, the company stated that based on the results from the DED animal model and ocular tolerance studies, the company would put in place plans to file an IND on OK-101 to treat DED in the third quarter of 2022. This would enable the company to begin clinical trials with OK-101 as early as one month after submission of the IND to the FDA. To support this work, we signed an agreement in June 2021 with Ora, Inc. which specializes in ophthalmic drug development and who will be providing the following services:

- Providing quality oversight for development of topical formulation for OK-101;
- Providing quality oversight for development and qualification of a drug stability analysis method for OK-101 along with conducting stability studies to establish formulated drug product is stable for at least 90 days;
- Support for completing animal toxicology studies in two animal species;
- Preparation of the OK-101 Pre-IND briefing document;
- Support in requesting and preparing for the OK-101 Pre-IND meeting with FDA; and
- Support for regulatory publishing and submission of IND..



# OKYO Pharma Limited

## Chairman's statement

Dear Shareholders,

I am pleased to report on the Group's financial results for the six months ended 30 September 2021.

### Results to 30 September 2021

During the six months ended 30 September 2021, the Group reported a total comprehensive loss of £1.8 million (restated 30 September 2020: £0.5 million).

The Group's shareholders' equity at 30 September 2021 stood at £3.7 million (31 March 2021: £3.9 million).

Cash was £3.8m at the end of the period (31 March 2021: £5.0 million).

### COVID-19

We remain cognisant of the potential impact of coronavirus (COVID-19) on our operations and have taken the steps necessary to maintain the integrity of the Group's assets and the health and wellbeing of our employees. We remain hopeful that COVID-19 will not have a material impact on the capability of our research partners ability to commence the next stage of our pre-clinical pipeline. Although it remains unclear at this stage what the medium and long term impact will be on the wider economy and how this will affect the Group.

The Group is confident it should be able to weather all but the worst financial downturn occurring as a result of the outbreak and any variants thereof. Indeed, the Group has successfully raised additional funds during this pandemic.

### Operations in Review

#### *OK-101 Project*

On 6 December 2021 the Group announced that it anticipates the filing of an IND in Q3 2022 on OK-101 for the treatment of dry eye disease ('DED'), and initiating a Phase 2 human clinical efficacy trial in DED patients in Q4 2022. The trial is anticipated to be conducted in approximately 100 to 200 DED patients and the study is being designed in conjunction with, and will be managed and monitored by Ora, Inc., well known for its expert leadership of clinical trial activities. The Phase 2 trial is expected to be completed in 6-8 months from enrollment of the first patient.

Because the drug is designed to be administered topically to DED patients, and with the help of Ora's deeply knowledgeable team with a proven track record of advancing drug development for dry eye as well as other ophthalmic indications, the Group anticipates skipping standard Phase 1 studies typically expected with orally delivered drug candidates in non-life-threatening conditions and, hence, opening the first human trial with OK-101 as a Phase 2 efficacy trial in DED patients.

On 13 December 2021 the Group announced that its drug candidate OK-101, which was developed to treat DED through its anti-inflammatory mode of action, also shows potent ocular pain reducing property in a mouse model of corneal neuropathic pain, establishing the potential of OK-101 to treat both pain and inflammation, the most common symptoms of DED. This work involved a collaboration with Pedram Hamrah, MD, Interim Chair of Ophthalmology, cornea specialist, and clinician-scientist at Tufts Medical Center, Boston. OK-101 was found to suppress corneal pain in a ciliary nerve ligation mouse model of neuropathic corneal pain developed in Dr. Hamrah's laboratory. OK-101 was topically administered to mice in contrast to the positive control gabapentin which was administered via intraperitoneal injection. Pain relief was evaluated by an eye-wipe count, and OK-101 was shown to reduce corneal pain essentially equivalent to that of gabapentin, a commonly used oral drug for neuropathic pain. Notably, the drug concentration of OK-101 used in this study was identical to that used in mouse models of DED that demonstrated ocular anti-inflammatory activity.

Ocular pain, which can exhibit as a severe, chronic or debilitating condition in patients suffering from a host of ophthalmic conditions, is presently treated by various topical and systemic treatments in an off-label fashion. There are no FDA-approved commercial treatments currently available for this condition. The company is excited about these positive results with OK-101 in our neuropathic corneal pain model of this disease, as it indicates that OK-101's potential to benefit patients with DED may derive from not only its anti-inflammatory activity, but also its pain-reducing potential as well.

### *OK-201 Project*

The company has decided at this time to postpone for the time being further drug development of OK-201 and focus its full resources on the development of its lead drug candidate OK-101 to treat DED patients.

### **Summary**

OKYO is focusing its G-protein coupled technology platform on the development of innovative therapies for inflammatory DED and ocular neuropathic pain management. We have set as our goal the filing of an IND on OK-101 to treat DED by the third calendar quarter of 2022, and the opening of a Phase two efficacy trial in DED patients in the fourth calendar quarter of 2022. To do this, over the past six months the company initiated all of the pre-IND work needed to support the filing of the IND in 2022. A key component of this strategy was retaining the services of Ora Inc., a world-class ophthalmology contract research organization, to guide the company's upcoming product development and lead the regulatory strategy of OK-101 for the treatment of DED.

OKYO believes that obtaining positive clinical data demonstrating potential of OK-101 to treat DED through a successful Phase 2 clinical trial in DED patients will bring considerable value to its shareholders with OKYO's success in the clinic.

### **Other items**

#### **Principal risks and uncertainties**

The Group's principal risks and uncertainties, which could impact the Group for the remainder of the current financial year, are identified on page 8 of OKYO Pharma Ltd's Annual Report for the year ended 31 March 2021 which is available on the Company's website. These risks are as follows: clinical studies, ability to scale up, intellectual property, competition, funding and loss of key senior management.

The Directors have reviewed these principal risks and uncertainties and the Directors confirm the risks are still applicable for the remainder of the year.

#### **Important Events**

In May 2021, a large proportion of the outstanding convertible loan notes were converted resulting in the issuance of 149,900,410 ordinary shares.

In May 2021, warrants over 147,969,396 ordinary shares were exercised resulting in cash proceeds of £1,045,333.

In December 2021 the Group announced that it anticipates the filing of an IND in Q3 2022 on OK-101 for the treatment of DED and initiating a Phase 2 human clinical efficacy trial in DED patients in Q4 2022.

In December 2021, Bernard Denoyer was appointed to serve as a non-executive director.

#### **Related party transactions**

Tiziana Life Sciences is a related party as it shares common Directors and officers, resources and premises. Transactions with Tiziana and its subsidiaries are undertaken in the normal course of business and during the period the Group charges for services received were £42,387. The amount owed by the Group at 30 September 2021 is £20,277.

Panetta Partners Limited is a related party as it is a shareholder of the Company and also a vendor. As at 30 September 2021 there was a balance due to the Group of £71,135 for the exercise of warrants belonging to Panetta Partner Ltd. The balance is to be offset against fees earned by Gabriele Cerrone, a director of Panetta Partners Ltd, during the year to March 2022.

### **Going Concern**

The Group is in the early stages of developing its business focusing on drug candidates for the treatment of dry-eye, uveitis, ocular and chronic pain and is in its pre-revenue R&D stage. The Directors expect the Group to incur further losses and to require significant capital expenditure in continuing towards the clinical stage for these candidates. The Group has successfully secured additional investment funds to date.

The Directors have prepared cash flow projections that include the costs associated with the continued clinical trials and additional investment to fund that operation. On the basis of those projections, if additional investment is not obtained, the directors conclude that the company will not be able to meet its liabilities as they fall due for a period beyond the next 12 months from the date when these financial statements are issued. Consequently, in the opinion of the directors there is a material uncertainty that may cause significant doubt about the Group's ability to continue as a going concern. Despite this material uncertainty, the Directors conclude that it is appropriate to continue to adopt the going concern basis of accounting.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable laws and regulations.

The Directors confirm to the best of their knowledge:

- a) The interim consolidated financial statements, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and
- b) The Chairman's statement includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

### **Gabriele Cerrone**

Non-Executive Chairman

25 January 2022

**OKYO Pharma Limited**  
**Consolidated statement of comprehensive income**  
*for the six months ended 30 September 2021*

|   | <i>Notes</i> | <b>Six months ended<br/>30 September 2021<br/>(unaudited)<br/>£</b> | Six months ended<br>30 September 2020<br>(restated and<br>unaudited)<br>£ | Year ended<br>31 March 2021<br>(restated)*<br>£ |
|---|--------------|---|---|---|
| <b>Continuing operations</b>  |              |   |   |   |
| <b>Income</b>   |              | -   | -   | -   |
| <b>Operating expenses</b>   |              |   |   |   |
| Research  |              | <b>(345,778)</b>  | (29,250)  | (132,860)                                       |
| Operating expenses  |              | <b>(1,625,016)</b>  | (402,592)   | (2,440,093)                                     |
| <b>Total operating loss</b>   | 5            | <b>(1,970,794)</b>  | (431,842)   | (2,572,953)                                     |
| Finance costs   |              | <b>(736)</b>  | (392)   | (858)   |
| Impairment of loan  |              | -   | (53,726)  | (8,539)   |
| <b>Loss for the period before taxation</b>  |              | <b>(1,971,530)</b>  | (485,960)   | (2,582,349)                                     |
| Taxation  |              | <b>136,063</b>  | (68)  | 19,104  |
| <b>Loss for the period</b>  |              | <b>(1,835,467)</b>  | (486,028)   | (2,563,245)                                     |
| Other comprehensive (loss) / income:<br><i>Items that may be reclassified to profit or loss</i> |              |   |   |   |
| Exchange differences on translating foreign operations  |              | <b>(11,002)</b>   | 303   | 3,100   |
| <b>Total comprehensive loss for the period</b>  |              | <b>(1,846,469)</b>  | (485,725)   | (2,560,145)                                     |
| Basic and diluted loss per share  | 12           | <b>(0.00)</b>   | (0.00)  | (0.00)  |

The notes on pages 11 to 25 form an integral part of this financial information.

The Directors consider that all results were derived from continuing activities.

\* Refer to Note 4

# OKYO Pharma Limited

## Consolidated statement of financial position

As at 30 September 2021

|  | Notes | At<br>30 September<br>2021<br>(unaudited)<br>£ | At<br>31 September<br>2020<br>(unaudited and<br>restated)<br>£ | At<br>31 March 2021<br>(restated)*<br>£ |
|--|-------|--|--|---|
| <b>Non-Current Assets</b>                        |       |  |  |   |
| Property, plant and equipment                    | 6     | 3,611  | 1,597  | 4,389                                   |
| Right of use asset                               | 11    | 60,288   | 21,948   | 71,425                                  |
| <b>Total non-current assets</b>                  |       | <b>63,899</b>                                  | <b>23,545</b>  | <b>75,814</b>                           |
| <b>Current Assets</b>                            |       |  |  |   |
| Cash and cash equivalents                        |       | 3,849,879                                      | 5,761,714  | 4,991,663                               |
| Trade and other receivables                      | 7     | 36,928   | 31,429   | 31,424                                  |
| Related party receivable                         | 13    | 71,135   | 23,682   | 20,044                                  |
| Taxation receivable                              |       | 155,135  | -  | 19,072                                  |
| <b>Total current assets</b>                      |       | <b>4,113,077</b>                               | <b>5,816,825</b>   | <b>5,062,203</b>                        |
| <b>Total assets</b>                              |       | <b>4,176,976</b>                               | <b>5,840,370</b>   | <b>5,138,017</b>                        |
| <b>Equity</b>                                    |       |  |  |   |
| Share premium                                    |       | 76,371,173                                     | 66,702,597   | 66,713,846                              |
| CLN Reserve                                      | 10    | 89,050   | 6,362,241  | 6,474,832                               |
| Share options reserve                            | 9     | 1,066,001                                      | 76,819   | 462,428                                 |
| Share warrants reserve                           | 9     | 614,227  | 2,314,213  | 2,347,236                               |
| Foreign currency translation reserve             |       | (5,158)  | 3,047  | 5,844                                   |
| Retained deficit                                 |       | (74,453,149)                                   | (69,961,299)   | (72,150,010)                            |
| <b>Shareholders' equity</b>                      |       | <b>3,682,144</b>                               | <b>5,497,618</b>   | <b>3,854,176</b>                        |
| <b>Current Liabilities</b>                       |       |  |  |   |
| Trade and other payables                         | 8     | 413,377  | 285,772  | 1,212,284                               |
| Related party payable                            | 13    | 20,722   | 34,459   | -                                       |
| Lease liability (current)                        | 11    | 25,643   | 3,995  | 24,742                                  |
| <b>Total current liabilities</b>                 |       | <b>459,742</b>                                 | <b>324,226</b>   | <b>1,237,026</b>                        |
| <b>Lease liability (non-current)</b>             | 11    | <b>35,090</b>                                  | <b>18,526</b>  | <b>46,815</b>                           |
| <b>Total current and non-current liabilities</b> |       | <b>494,832</b>                                 | <b>342,752</b>   | <b>1,283,841</b>                        |
| <b>Total equity and liabilities</b>              |       | <b>4,176,976</b>                               | <b>5,840,370</b>   | <b>5,138,017</b>                        |

The notes on pages 11 to 25 form an integral part of this financial information.

\* Refer to Note 4

# OKYO Pharma Limited

## Consolidated statement of changes in equity

for the six months ending 30 September 2021 and restated 30 September 2020

| (unaudited)  | Notes | Share premium<br>£ | CLN Reserve<br>£ | Share options reserve<br>£ | Share warrants reserve<br>£ | Foreign currency translation reserves<br>£ | Retained deficit<br>£ | Total shareholders' equity<br>£ |
|--|-------|--------------------|------------------|----------------------------|-----------------------------|--|-----------------------|---------------------------------|
| <b>Balance at 1 April 2021 (Restated)*</b>                   |       | <b>66,713,846</b>  | <b>6,474,832</b> | <b>462,428</b>             | <b>2,347,236</b>            | <b>5,844</b>                               | <b>(72,150,010)</b>   | <b>3,854,176</b>                |
| <b>Total comprehensive loss for the period</b>               |       |                    |                  |                            |                             |  |                       |                                 |
| Loss for the period  |       | -                  | -                | -                          | -                           | -  | (1,835,467)           | (1,835,467)                     |
| Exchange differences on translating foreign operations       |       | -                  | -                | -                          | -                           | (11,002)                                   | -                     | (11,002)                        |
| <b>Transactions recorded directly in equity</b>              |       |                    |                  |                            |                             |  |                       |                                 |
| Options forfeiture   |       | -                  | -                | (14,220)                   | -                           | -  | -                     | (14,220)                        |
| Options charge   | 9     | -                  | -                | 617,793                    | -                           | -  | -                     | 617,793                         |
| Warrants charge  | 9     | -                  | -                | -                          | 25,532                      | -  | -                     | 25,532                          |
| Exercise of warrants   | 9     | 1,652,009          | -                | -                          | (606,677)                   | -  | -                     | 1,045,332                       |
| Transfer between equity reserves                             | 10    | 1,584,230          | (364,111)        | -                          | (1,220,119)                 | -  | -                     | -                               |
| Conversion of CLN  | 10    | 6,421,088          | (6,421,088)      | -                          | -                           | -  | -                     | -                               |
| CLN and warrant interest                                     | 10    | -                  | 399,417          | -                          | 68,255                      | -  | (467,672)             | -                               |
| <b>Balance at 30 September 2021</b>                          |       | <b>76,371,173</b>  | <b>89,050</b>    | <b>1,066,001</b>           | <b>614,227</b>              | <b>(5,158)</b>                             | <b>(74,453,149)</b>   | <b>3,682,144</b>                |
| <b>Balance at 1 April 2020</b>                               |       | <b>67,518,700</b>  | <b>-</b>         | <b>68,233</b>              | <b>1,721,625</b>            | <b>2,744</b>                               | <b>(69,424,317)</b>   | <b>(113,015)</b>                |
| <b>Total comprehensive loss for the period</b>               |       |                    |                  |                            |                             |  |                       |                                 |
| Loss for the period (restated)*                              |       | -                  | -                | -                          | -                           | -  | (486,028)             | (486,028)                       |
| Exchange differences on translating foreign operations       |       | -                  | -                | -                          | -                           | 303  | -                     | 303                             |
| <b>Transactions with owners, recorded directly in equity</b> |       |                    |                  |                            |                             |  |                       |                                 |
| <b>Contributions by and distributions to owners</b>          |       |                    |                  |                            |                             |  |                       |                                 |
| Shares issued (private placement)                            |       | 181,347            | -                | -                          | -                           | -  | -                     | 181,347                         |
| CLN Issued (restated)*                                       | 10    | (434,183)          | 6,311,287        | -                          | -                           | -  | -                     | 5,877,104                       |
| CLN Interest   | 10    | -                  | 50,954           | -                          | -                           | -  | (50,954)              | -                               |
| Options charge   | 9     | -                  | -                | 8,586                      | -                           | -  | -                     | 8,586                           |
| Warrants charge  | 9     | (563,267)          | -                | -                          | 592,588                     | -  | -                     | 29,321                          |
| <b>Balance at 30 September 2020 (Restated)*</b>              |       | <b>66,702,597</b>  | <b>6,362,241</b> | <b>76,819</b>              | <b>2,314,213</b>            | <b>3,047</b>                               | <b>(69,961,299)</b>   | <b>5,497,618</b>                |

The notes on pages 11 to 25 form an integral part of this financial information

\* Refer to Note 4



# OKYO Pharma Limited

## Consolidated statement of changes in equity

for the year ended 31 March 2021

|  | Notes | Share premium<br>£ | CLN Reserve<br>£ | Share options reserve<br>£ | Share warrants reserve<br>£ | Foreign currency translation reserves<br>£ | Retained deficit<br>£ | Total shareholders' equity<br>£ |
|--|-------|--------------------|------------------|----------------------------|-----------------------------|--|-----------------------|---------------------------------|
| <b>Balance at 1 April 2020</b>                               |       | <b>67,518,700</b>  | -                | <b>68,233</b>              | <b>1,721,625</b>            | <b>2,744</b>                               | <b>(69,424,318)</b>   | <b>(113,015)</b>                |
| <b>Total comprehensive loss for the period</b>               |       |                    |                  |                            |                             |  |                       |                                 |
| Loss for the period (restated)*                              |       | -                  | -                | -                          | -                           | -  | (2,563,245)           | (2,563,245)                     |
| Exchange differences on translating foreign operations       |       | -                  | -                | -                          | -                           | 3,100                                      | -                     | 3,100                           |
| <b>Transactions with owners, recorded directly in equity</b> |       |                    |                  |                            |                             |  |                       |                                 |
| <b>Contributions by and distributions to owners</b>          |       |                    |                  |                            |                             |  |                       |                                 |
| Shares issued  |       | 181,346            | -                | -                          | -                           | -  | -                     | 181,346                         |
| CLN Issued (restated)*                                       | 10    | -                  | 6,311,287        | -                          | -                           | -  | -                     | 6,311,287                       |
| CLN Interest   | 10    | -                  | 163,545          | -                          | -                           | -  | (163,545)             | -                               |
| CLN Fee reclass  | 4     | (434,183)          | -                | -                          | -                           | -  | -                     | (434,183)                       |
| Options charge   | 9     | -                  | -                | 399,460                    | -                           | -  | -                     | 399,460                         |
| Options exercised  | 9     | 11,250             | -                | (1,098)                    | -                           | -  | 1,098                 | 11,250                          |
| Options forfeiture   | 9     | -                  | -                | (4,167)                    | -                           | -  | -                     | (4,167)                         |
| Warrants charge  |       | (563,267)          | -                | -                          | 625,611                     | -  | -                     | 62,344                          |
| <b>Balance at 31 March 2021 (Restated)*</b>                  |       | <b>66,713,846</b>  | <b>6,474,832</b> | <b>462,428</b>             | <b>2,347,236</b>            | <b>5,844</b>                               | <b>(72,150,010)</b>   | <b>3,854,176</b>                |

The notes on pages 11 to 25 form an integral part of this financial information.

\* Refer to Note 4

# OKYO Pharma Limited

## Consolidated statement of cash flows

for the six months ended 30 September 2021

|   |       | Six months<br>ended 30<br>September 2021<br>(unaudited) | Six months<br>ended 30<br>September 2020<br>(unaudited and<br>restated) | Year ended 31<br>March 2021<br>(restated)* |
|---|-------|---|---|--|
|   | Notes | £   | £   | £  |
| <b>Cash flows from operating activities</b>               |       |   |   |  |
| Loss for the period before taxation                       |       | (1,971,530)   | (485,960)   | (2,582,349)                                |
| <i>Adjusted for non-cash and non-operating items:</i>     |       |   |   |  |
| Share options charge                                      | 9     | 617,793   | 8,586   | 399,460                                    |
| Options Forfeiture  |       | (14,220)  | -   | (4,167)                                    |
| Warrants charge   | 9     | 25,532  | 29,321  | 62,345                                     |
| Depreciation of property, plant and equipment             | 6     | 778   | 414   | 1,154                                      |
| (Gain)/ Loss on foreign exchange                          |       | (11,002)  | 303   | 3,100                                      |
| Depreciation of right-of-use asset                        | 11    | 11,137  | 2,330   | 8,867                                      |
| Impairment of loan to West African Minerals Ltd           |       | -   | 53,726  | 8,539                                      |
| Loss on disposal of right of use asset                    |       | -   | -   | (593)                                      |
| Net (increase) in related party receivables               |       | (51,091)  | (6,590)   | (2,952)                                    |
| Net (decrease) in related party payables                  |       | 20,722  | (939)   | (35,398)                                   |
| Net (increase)/ decrease in trade and other receivables   | 7     | (5,504)   | 159,124   | 159,695                                    |
| Net (decrease)/increase in trade and other payables       | 8     | (798,908)   | (248,953)   | 677,282                                    |
| Cash inflow from taxation                                 |       | -   | 59,932  | 60,032                                     |
| <b>Cash used in operating activities</b>                  |       | <b>(2,176,293)</b>                                      | <b>(428,706)</b>  | <b>(1,244,985)</b>                         |
| <b>Cash flows from investing activities</b>               |       |   |   |  |
| Addition of property, plant and equipment                 | 6     | -   | (1,499)   | (5,031)                                    |
| <b>Cash used in investing activities</b>                  |       | <b>-</b>  | <b>(1,499)</b>  | <b>(5,031)</b>                             |
| <b>Cash flows from financing activities</b>               |       |   |   |  |
| Proceeds from issuance of ordinary shares                 |       | -   | 181,346   | 181,346                                    |
| Proceeds from issuance of convertible loan notes          | 10    | -   | 5,877,104   | 5,877,104                                  |
| Loan to West African Minerals Ltd                         |       | -   | (53,726)  | (8,539)                                    |
| Repayment of leasing liabilities                          | 11    | (10,824)  | (2,746)   | (9,426)                                    |
| Processed from options exercised                          |       | -   | -   | 11,250                                     |
| Proceeds from exercise of warrants                        | 9     | 1,045,333   | -   | -  |
| <b>Cash generated from financing activities</b>           |       | <b>1,034,509</b>  | <b>6,001,978</b>  | <b>6,051,736</b>                           |
| <b>(Decrease) / Increase in cash and cash equivalents</b> |       | <b>(1,141,784)</b>                                      | <b>5,571,773</b>  | <b>(4,801,720)</b>                         |
| Cash and cash equivalents at beginning of period          |       | 4,991,663   | 189,941   | 189,941                                    |
| <b>Cash and cash equivalents at end of period</b>         |       | <b>3,849,879</b>  | <b>5,761,714</b>  | <b>4,991,663</b>                           |

The notes on pages 11 to 25 form an integral part of this financial information.

\* Refer to Note 4

## 1. Reporting Entity

OKYO Pharma Limited (the “Company” or “OKYO”) is a company domiciled in Guernsey and listed on the standard market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (the “Group”) are to next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain. Our goal is to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneering scientists in the field.

The ultimate parent of the group is Planwise Group Limited, incorporated in the British Virgin Islands.

## 2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the periods presented unless otherwise stated.

### Basis of preparation

These interim consolidated financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies (Guernsey) Law 2008 as applicable to companies reporting under IFRS. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 March 2021 Annual Report and Financial Statements. The financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. The annual consolidated financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The comparative financial information for the year ended 31 March 2021 included within this report does not constitute the full statutory Annual Report for that period.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements, as set out in Note 2 of that document.

### Basis of measurement

#### *Functional and Presentation Currency*

The financial statements of the Group are presented in Pounds Sterling (£) which is the parent Company’s functional currency. All financial information presented in Pounds Sterling has been rounded to the nearest pound.

### Going Concern

The Group incurred losses during the period and has net liabilities at the period end.

The Group is in the early stages of developing its business focusing on drug candidates for the treatment of dry-eye, uveitis, ocular and chronic pain and is in its pre-revenue R&D stage. The Directors expect the Group to incur further losses and to require significant capital expenditure in continuing towards the clinical stage for these candidates.

The Directors have prepared cash flow projections that include the costs associated with the continued clinical trials and additional investment to fund that operation. On the basis of those projections, if additional investment is not obtained, the directors conclude that the company will not be able to meet its liabilities as they fall due for a period beyond the next 12 months from the date when these financial statements are issued. Consequently, in the opinion of the directors there is a material uncertainty that may cause significant doubt about the Group’s ability to continue as a going concern. Despite this material uncertainty, the Directors conclude that it is appropriate to continue to adopt the going concern basis of accounting.

The financial statements do not include the adjustments that would be required if the going concern basis of preparation was considered inappropriate.

### Basis of consolidation

Subsidiary undertakings are all entities over which the Group exercises control. The Group has control when it can demonstrate all of the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its

involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's return.

The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains control and are de-consolidated from the date at which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board allocates resources to and assess the performance of the segments. The Board considers there to be only one operating segment being the research and development of biotechnological and pharmaceutical products.

## **Foreign currency translation**

Foreign currency transactions are translated using the rate of exchange applicable at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the period-end of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into Pound Sterling at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

## **Research and development**

All on-going research and development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory environment inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38 'Intangible Assets', are not met until a product has been granted regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no qualifying expenditure.

## **Financial instruments**

The Group classifies a financial instrument, or its component parts, as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

The Group evaluates the terms of the financial instrument to determine whether it contains an asset, a liability or an equity component. Such components shall be classified separately as financial assets, financial liabilities or equity instruments.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **(a) Financial assets, initial recognition and measurement and subsequent measurement**

The initial recognition and measurement of financial assets depends on their classification. Financial assets such as receivables and deposits are subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group does not hold any financial assets at fair value through profit or loss or fair value through other comprehensive income.

### **(b) Financial liabilities, initial recognition and measurement and subsequent measurement**

The initial recognition and measurement of financial liabilities depends on their classification. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities include trade and other payables.

## **Impairment**

### ***Impairment of financial assets measured at amortised cost***

At each reporting date the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

#### ***General approach***

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash and cash and cash equivalents.

Under the general approach the Group recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

#### ***Simplified approach***

The simplified approach is applied to the impairment assessment of trade receivables.

Under the simplified approach the Group always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

### ***Impairment of non financial assets***

- i) Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
- ii) Non-financial assets are impaired when its carrying amount exceed its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

## **Investments**

Investments are held as non-current assets and comprise investments in subsidiary undertakings and are stated at cost less provision for any impairment.

## **Share capital**

Ordinary shares of the Company are classified as equity.

## **Property, plant and equipment**

### ***(i) Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

### ***(ii) Depreciation***

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful lives for the current period and the comparative period are as follows.

Fixtures and fittings **5 years**

IT and equipment **3 years**

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is allocated to the operating expenses line of the statement of comprehensive income.

## **Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The Group has leases for its offices. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group does not have any short-term leases or leases of low value assets. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11).

### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

## **Fair Value Measurement**

Management have assessed the categorisation of the fair value measurements using the IFRS 13 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows;

- Level 1 - valued using quoted prices in active markets for identical assets;
- Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1;
- Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

### **Share based payments**

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Where employees, Directors or advisers are rewarded using share based payments, the fair value of the employees', Directors' or advisers' services are determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the date of grant and excludes the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets). Warrants issued in association with the issue of Convertible Loan Notes or private placements are also considered as share based payments and a payment charge is calculated for these too.

In accordance with IFRS 2, a charge is made to the statement of comprehensive income for all share-based payments including share options based upon the fair value of the instrument used. A corresponding credit is made to a share based payment reserve - options, in the case of options awarded to employees, Directors, advisers and other consultants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of comprehensive income.

Where share options are forfeited prior to the completion of the vesting or service period to which they relate, the forfeiture results in the reversal of the previously recognised share-based payment cost.

All goods and services received in exchange for the grant of any share based payment are measured at their fair value.

### **Warrants**

Warrants are issued by the Group in return for services and as part of a financing transaction.

#### *Warrants issued in return for services.*

Warrants issued in return for services fall within scope of IFRS 2. The financial liability component is measured at fair value and charged to the Consolidated Statement of Income. There is no remeasurement of fair value.

#### *Warrants issued as part of a financing transaction.*

Warrants issued as part of a financing transaction fall outside the scope of IFRS 2. These are classified as equity instruments because a fixed amount of cash is exchanged for a fixed amount of equity. The relative fair value is recognised within equity and is not remeasured.

Classification of these instruments is governed by the so-called 'fixed' test for non-derivatives, and the 'fixed for fixed' test for derivatives. Under the fixed test, a non-derivative contract will qualify for equity classification only where there is no contractual obligation for the issuer to deliver a variable number of its own equity instruments. Under the fixed for fixed test, a derivative will qualify for equity classification only where it will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Warrants issued by the Group are classified as equity instruments because a fixed amount of cash is exchanged for a fixed amount of equity of the Group. No other features exist that would result in financial liability classification.

## Convertible loan notes

*Where there is no option to repay in cash or the Company has the choice of settlement, and the interest rate is fixed*

The Group considers these to be convertible equity instruments and records the principal of the loan note as an equity in a Convertible loan note reserve. The accrued interest on the principal amount, for which there is no obligation to settle in cash, is also recorded in the Convertible loan note reserve. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the convertible loan note reserve to share capital and share premium.

*Where the above conditions are not met*

The Group considers these to be convertible debt instruments and records the principal of the loan note as a debt liability in the liabilities section of the statement of financial position. The accrued interest on the principal amount is recorded in the income statement and as an increase in the debt liability. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the debt liability to share capital and share premium.

Under IAS 32 the liability and equity components of convertible loan notes must be presented separately on the statement of financial position. The Group has examined the terms of each issue of convertible loan notes and determined their accounting treatment accordingly.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

The following are considered to be key sources of estimation uncertainty:

#### *Share-based payments*

The Group accounts for share-based payment transactions for employees in accordance with IFRS 2 Share-based Payment, which requires the measurement of the cost of employee services received in exchange for the options on our ordinary shares, based on the fair value of the award on the grant date.

The Directors selected the Black-Scholes-Merton option pricing model as the most appropriate method for determining the estimated fair value of our share-based awards without market conditions. For performance-based options that include vesting conditions relating to the market performance of our ordinary shares, a Monte Carlo pricing model was used in order to reflect the valuation impact of price hurdles that have to be met as conditions to vesting.

The resulting cost of an equity incentive award is recognised as expense over the requisite service period of the award, which is usually the vesting period. Compensation expense is recognised over the vesting period using the straight-line method.

The assumptions used for estimating fair value for share-based payment transactions are disclosed in note 9 to our consolidated interim financial statements.

#### *Warrants*

The Directors selected the Black-Scholes-Merton option pricing model as the most appropriate method for determining the estimated fair value of warrants.

The assumptions used for estimating fair value for warrants are disclosed in note 9 to our consolidated interim financial statements.

The following are considered to be critical accounting judgments:

#### *Research and development costs*

Research and development costs are charged to expense as incurred and are typically made up of clinical and preclinical activities, drug development and manufacturing costs, and third-party service fees, including for clinical research organizations and investigative sites. When entering into agreements with third parties which provide the rights to conduct research into specific biological processes the Group accounts for these agreements as an expense if the agreements are 'milestone' in nature and relate to the Group's own research and development costs. Such agreements involve periodic payments and are evaluated as representing payments made to fund research.

#### *Leases*



IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. This will take into account the length of time remaining before the option is exercisable, current trading, future trading forecasts as to the ongoing profitability of the organisation and the level and type of planned future capital investment. The judgement is reassessed at each reporting period. A reassessment of the remaining life of the lease could result in a recalculation of the lease liability and a material adjustment to the associated balances.

#### *Warrants*

The Group accounts for warrants based on whether they are issued in return for a service (within IFRS 2) or as part of a financing transaction (outside the scope of IFRS 2).

For warrants issued as part of a financing transaction, the classification of these instruments is governed by the so-called 'fixed' test for non-derivatives, and the 'fixed for fixed' test for derivatives.

## 4. PRIOR PERIOD ADJUSTMENTS

### Accounting for commission Convertible Loan Notes

During the period, the Group reviewed its accounting treatment for commission Convertible Loan Notes that were issued as part of a Convertible Loan Note offering. The Group issued the commission Convertible Loan Notes in lieu of cash as commission for identifying investors to participate in the offering.

In the prior periods, the face value of the commission Convertible Loan Notes had been expensed to the Statement of Income. The Group recognises that the face value of the commission Convertible Loan Notes should have been recognised as a cost of fundraising and treated as a reduction to equity. The impact is an decrease in operating expenses of £434,183 in the six months to 30 September 2020 and the year ending 31 March 2021.

## 5. OPERATING LOSS

Operating loss is stated after charging:

| <u>Group</u>                     | <b>Period ended<br/>30 September<br/>2021<br/>(unaudited)</b> | Period ended<br>30 September<br>2020<br>(unaudited) | Year ended<br>31 March 2021 |
|----------------------------------|---|---|-----------------------------|
|                                  | £   | £   | £                           |
| Director fees including bonus    | <b>284,858</b>  | -   | 212,660                     |
| Chairman's bonus                 | -   | -   | 886,909                     |
| Audit fees                       | -   | -   | 45,000                      |
| Audit-related assurance services | <b>24,000</b>   | 17,170  | 55,520                      |
| Depreciation                     | <b>840</b>  | 2,519   | 1,156                       |
| Foreign exchange losses          | <b>(29,017)</b>   | 10,340  | 152,916                     |
|                                  | <b>=====</b>  | <b>=====</b>  | <b>=====</b>                |

## 6. PROPERTY, PLANT AND EQUIPMENT

Details of the Groups property, plant and equipment are as follows:

**Group (Unaudited)**

|  | <b>IT equipment</b> |
|--|---------------------|
|  | £                   |
| <b>Cost</b>                            |                     |
| At 1 April 2021                        | 6,045               |
| Additions                              | -                   |
| At 30 September 2021                   | <u>6,045</u>        |
| <b>Depreciation</b>                    |                     |
| At 1 April 2021                        | 1,656               |
| Charge in period                       | 778                 |
| At 30 September 2021                   | <u>2,434</u>        |
| Net book value as at 30 September 2021 | <u><u>3,611</u></u> |

|  |                     |
|--|---------------------|
| <b>Cost</b>                            |                     |
| At 1 April 2020                        | 1,014               |
| Additions                              | 1,499               |
| At 30 September 2020                   | <u>2,513</u>        |
| <b>Depreciation</b>                    |                     |
| At 1 April 2020                        | 502                 |
| Charge in period                       | 414                 |
| At 30 September 2020                   | <u>916</u>          |
| Net book value as at 30 September 2020 | <u><u>1,597</u></u> |

**Group**

|                                    | <b>IT equipment</b> |
|------------------------------------|---------------------|
|                                    | £                   |
| <b>Cost</b>                        |                     |
| At 1 April 2020                    | 1,014               |
| Additions                          | 5,031               |
| At 31 March 2021                   | <u>6,045</u>        |
| <b>Depreciation</b>                |                     |
| At 1 April 2020                    | 502                 |
| Charge in year                     | 1,154               |
| At 31 March 2021                   | <u>1,656</u>        |
| Net book value as at 31 March 2021 | <u><u>4,389</u></u> |

**7. TRADE AND OTHER RECEIVABLES**

| <u>Group</u>      | 30 September<br>2021<br>£<br>(unaudited) | 30 September<br>2020<br>£<br>(unaudited) | 31 March<br>2021<br>£ |
|-------------------|--|--|-----------------------|
| Security deposit  | 3,342                                    | 1,186                                    | -                     |
| Other receivables | -  | -  | 3,260                 |
| VAT receivable    | 8,528                                    | 15,296                                   | 12,896                |
| Prepayments       | 25,058                                   | 14,947                                   | 15,268                |
|                   | <b>36,928</b>                            | <b>31,429</b>                            | <b>31,424</b>         |

## 8. TRADE AND OTHER PAYABLES

| <u>Group</u>    | 30 September<br>2021<br>£<br>(unaudited) | 30 September<br>2020<br>£<br>(unaudited) | 31 March<br>2021<br>£ |
|-----------------|--|--|-----------------------|
| Trade payables  | 160,541                                  | 257,772                                  | 152,874               |
| Accruals        | 252,836                                  | 28,000                                   | 172,501               |
| Other creditors | -  | -  | 886,909               |
|                 | <b>413,377</b>                           | <b>285,772</b>                           | <b>1,212,284</b>      |

The other creditors balance of £886,090 at 31 March 2021 related to the Chairman's bonus accrual.

## 9. SHARE OPTIONS AND WARRANTS

### Options

The Parent Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. It also issues options in lieu of fees to key suppliers and collaborators. The exercise price of the option is normally equal to the market price of an ordinary share in the Parent Company at the date of grant.

|                           | 30 September 2021<br>(unaudited) |   | 30 September 2020<br>(unaudited) |   | 31 March 2021     |   |
|---------------------------|----------------------------------|---|----------------------------------|---|-------------------|---|
|                           | Options                          | Weighted<br>Average<br>exercise<br>price<br>(pence) | Options                          | Weighted<br>Average<br>exercise<br>price<br>(pence) | Options           | Weighted<br>Average<br>exercise<br>price<br>(pence) |
| Outstanding at 1 April    | 60,750,000                       | 5.0   | 19,500,000                       | 4.5   | 19,500,000        | 4.5   |
| Granted                   | 19,400,000                       | 5.7   | 750,000                          | 15.5  | 42,250,000        | 5.3   |
| Forfeited                 | (16,500,000)                     | (4.5)   | (750,000)                        | (4.5)   | (750,000)         | (4.5)   |
| Exercised                 | -                                | -   | -                                | -   | (250,000)         | (4.5)   |
| Outstanding at period end | <u>63,650,000</u>                | <u>5.4</u>  | <u>19,500,000</u>                | <u>4.9</u>  | <u>19,500,000</u> | <u>5.0</u>  |
| Exercisable at period end | <u>2,187,500</u>                 | <u>6.2</u>  | <u>9,500,000</u>                 | <u>4.5</u>  | <u>9,250,000</u>  | <u>4.5</u>  |

No options were exercised during the six months ended 30 September 2021 and 30 September 2020. 250,000 options were exercised during the year ended 31 March 2021.

The total outstanding fair value charge of the share option instruments is deemed to be approximately £2,019,165 (March 2021: £1,963,721). A share based payment charge for the six-month period ended 30 September 2021 of £617,793 (30 September 2020: £8,586) has been expensed in the statement of comprehensive income.

The weighted average contractual life of options outstanding at 30 September 2021 is 7.99 years. (31 March 2021: 8.97 years).

Share options outstanding at 30 September 2021 have the following expiry dates and exercise prices:

| Grant Date      | Expiry Date     | Exercise Price | Share Options as at<br>30 September 2021<br>(‘000) |
|-----------------|-----------------|----------------|--|
| 6 July 2018     | 6 July 2025     | 4.5p           | 2,000  |
| 20 August 2020  | 19 August 2028  | 15.5p          | 750  |
| 6 January 2021  | 5 January 2031  | 5p             | 40,000   |
| 12 January 2021 | 11 January 2031 | 7.9p           | 1,500  |
| 15 April 2021   | 15 April 2031   | 7.88p          | 5,000  |
| 31 August 2021  | 31 August 2031  | 4.9p           | 14,400   |
| Total           |                 |                | 63,650   |

#### *Fair value of options granted*

The Directors have used the Black-Scholes option pricing model to estimate the fair value of most of the options applying the assumptions below.

Historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to the Company.

The Company has not paid any dividends on share capital since its inception and does not anticipate paying dividends on its share capital in the foreseeable future.

The Company has estimated a forfeiture rate of zero.

The model inputs for options granted during the six months ended 30 September 2021 valued under the Black Scholes Valuation model included:

| (unaudited)            | Grant Date     |               |
|------------------------|----------------|---------------|
|                        | 31 August 2021 | 15 April 2021 |
| Grant date share price | 4.9p           | 7.65p         |
| Exercise share price   | 4.9p           | 7.88p         |
| Vesting periods        | 25% each year  | 25% each year |
| Risk free rate         | 0.30%          | 0.35%         |
| Expected volatility    | 77.9%          | 80.2%         |
| Option life            | 5 years        | 5 years       |

#### **Warrants**

As part of the acquisition of the Chemerin project, the underlying scientific founders of the Chemerin Project (Inukshuk Holdings), who will continue to be involved in the development of the Project, received 35,000,000 warrants as consideration. The warrants are exercisable at a price of 4.5 pence each and are split into four distinct tranches and each tranche becomes exercisable upon satisfaction of a specific developmental milestone. The warrants are exercisable until 17 July 2023.

In May 2019, warrants were granted over 36,363,636 shares at an exercise price of 1.35p per share in connection with a private placement. The warrants were exercised in May 2021.

In March 2020, warrants were granted over 40,000,000 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants are exercisable until 23 March 2025.

In March 2020, warrants were granted over 35,825,130 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants were exercised in May 2021.

In April 2020, warrants were granted over 36,174,870 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants were exercised in May 2021.

In May 2020, warrants were granted over 909,090 shares at an exercise price of 2.75p per share in lieu of professional fees. The warrants are exercisable until 21 May 2023.

In July 2020, warrants were granted over 750,000 shares at an exercise price of 14p per share in lieu of broker fees. The warrants are exercisable until 20 July 2022.

In May 2021, warrants were granted over 76,605,760 shares at an exercise price of 0.4p per share in connection with the conversion of convertible loan notes. 39,605,760 were exercised immediately and the remaining 37,000,000 are exercisable until 7 May 2024

|                           | 30 September 2021<br>(unaudited) |   | 30 September 2020<br>(unaudited) |   | 31 March 2021      |   |
|---------------------------|----------------------------------|---|----------------------------------|---|--------------------|---|
|                           | Warrants                         | Weighted<br>Average<br>exercise<br>price<br>(pence) | Warrants                         | Weighted<br>Average<br>exercise<br>price<br>(pence) | Warrants           | Weighted<br>Average<br>exercise<br>price<br>(pence) |
| Outstanding at 1 April    | 185,022,726                      | 1.5   | 147,188,766                      | 1.5   | 147,188,766        | 1.5   |
| Granted                   | 76,605,760                       | 0.4   | 37,083,960                       | 0.6   | 37,833,960         | 0.9   |
| Forfeited                 | -                                | -   | -                                | -   | -                  | -   |
| Exercised                 | (147,969,396)                    | (0.71)  | -                                | -   | -                  | -   |
| Outstanding at period end | <u>113,659,090</u>               | <u>1.82</u>   | <u>184,272,726</u>               | <u>1.5</u>  | <u>185,022,726</u> | <u>1.5</u>  |
| Exercisable at period end | <u>78,659,090</u>                | <u>0.63</u>   | <u>149,272,726</u>               | <u>0.8</u>  | <u>149,568,181</u> | <u>0.8</u>  |

The Directors have estimated the fair value of the warrants in services provided using the Black-Scholes valuation model based on the assumptions below.

The model inputs for warrants granted during the six months ended 30 September 2021 valued under the Black Scholes Valuation model included:

| (unaudited)            | 7 May 2021                            |
|------------------------|---------------------------------------|
| Grant date share price | 7.25p                                 |
| Exercise share price   | 0.4p                                  |
| Vesting periods        | Vesting market performance conditions |
| Risk free rate         | 0.36%                                 |
| Expected volatility    | 80.6%                                 |
| Expected life          | 3 years                               |

The remaining fair value of the warrant instruments is deemed to be approximately £53,352 (March 2021: £78,814).

## 10. CONVERTIBLE INSTRUMENTS CLASSIFIED AS EQUITY

On 29 May 2020, the Company decided to raise convertible equity finance, £440,000 was raised from the issuance of Convertible Loan Notes. The Loan Notes are short term instruments and carry a coupon of 20% per annum and are convertible (together with all accrued interest) into ordinary shares of nominal value £0.00 each in the capital of the Company at a conversion price of 0.4p, they are not convertible into cash. The Loan Notes are convertible on the fourth anniversary of the date of issue of the Notes, or at the election of the noteholder on completion of the next non-qualifying equity financing or on the making of a takeover offer for the Company (as defined in the City Code on Takeovers and Mergers), and such election may be made on an immediate basis or conditional on any such takeover offer being declared, or becoming, unconditional. When converted, the shares will be issued with a warrant attached at an exercise

price of 0.4p with a maximum life of 5 years from the date of the conversion of the loan note. Fees of 6% of the value of the loan notes were settled in kind through the issue of additional CLNs.

On 27 July 2020, additional convertible equity finance of £3,500,000 was raised from the issuance of Convertible Loan Notes. All terms of the notes remained the same except that these notes carry a coupon of 2.15% per annum and have a conversion price of 8.5p.

On 17 August 2020, a further convertible equity finance of £1,437,104 was raised from the issuance of Convertible Loan Notes under the same terms as those above.

On 3 September 2020, a further convertible equity finance of £500,000 was raised from the issuance of Convertible Loan Notes under the same terms as those above.

Fees of 7.5% of the value of these loan notes were settled in kind through the issue of additional CLNs.

All noteholders were offered the option to convert during this interim period and any conversions took place on 7 May 2021. Loan note holders were offered conversions including the full interest that would have been accrued had the note reached its full term.

The amount of the Convertible Equity Instrument that was recorded in the convertible loan note reserve as at 30 September 2021 is as follows:

|   | September 2021<br>(unaudited)<br>£ | September<br>2020<br>(unaudited)<br>£ | March 2021<br>(restated)<br>£ |
|---|------------------------------------|---------------------------------------|-------------------------------|
| <b>Par value of Convertible loan notes issued</b>   | <b>5,877,104</b>                   | <b>5,877,104</b>                      | 5,877,104                     |
| <b>Plus: Par value of Convertible loan notes issued<br/>in lieu of fees</b>   | <b>434,183</b>                     | <b>434,183</b>                        | 434,183                       |
|   | <b><u>6,311,287</u></b>            | <b><u>6,311,287</u></b>               | <u>6,311,287</u>              |
| <b>Accrued interest</b>   | <b>562,962</b>                     | <b>50,954</b>                         | 163,545                       |
| <b>Par value of Convertible Loan Notes Converted</b>  | <b>(5,992,682)</b>                 | -                                     | -                             |
| <b>Interest on Convertible Loan Notes Converted</b>   | <b>(543,787)</b>                   | -                                     | -                             |
| <b>Relative fair value of warrants issued upon<br/>issuance of the Convertible Loan Note, not yet<br/>exercised</b> | <b>(248,730)</b>                   | -                                     | -                             |
| <b>Total Convertible Loan Note Reserve</b>  | <b><u>89,050</u></b>               | <b><u>6,362,241</u></b>               | <u>6,474,832</u>              |

#### Transfer between equity reserves

The group has affected a transfer between reserves to reflect a change in the basis of estimation in connection with Convertible Loan Notes.

## 11. LEASES

| <b>Right-of-use assets<br/>Group</b> | <b>30 September 2021<br/>(unaudited)</b> | <b>30 September 2020<br/>(unaudited)</b> | <b>31 March 2021</b> |
|--------------------------------------|--|--|----------------------|
|                                      | £  | £  | £                    |
| At 1 April                           | 71,425                                   | 24,278                                   | 24,278               |
| Additions                            | -  | -  | 75,627               |
| Depreciation                         | (11,137)                                 | (2,330)                                  | (4,202)              |
| Depreciation early terminated lease  | -  | -  | (4,665)              |
| Early termination write off          | -  | -  | (19,613)             |
| <b>Total right-of-use asset</b>      | <b>60,288</b>                            | <b>21,948</b>                            | <b>71,425</b>        |

| <b>Lease Liabilities<br/>Group</b> | <b>30 September 2021<br/>(unaudited)</b> | <b>30 September 2020<br/>(unaudited)</b> | <b>31 March 2021</b> |
|------------------------------------|--|--|----------------------|
|                                    | £  | £  | £                    |
| At 1 April                         | 71,557                                   | 25,560                                   | 25,560               |
| Additions                          | -  | -  | 75,627               |
| Interest expense                   | 758                                      | 392                                      | 858                  |
| Lease payments                     | (11,582)                                 | (3,431)                                  | (10,283)             |
| <b>Total lease liability</b>       | <b>60,733</b>                            | <b>22,521</b>                            | <b>71,557</b>        |

Lease liabilities are presented in the statement of financial position as follows:

| <b>Group</b> | <b>30 September 2021<br/>(unaudited)</b> | <b>30 September 2020<br/>(unaudited)</b> | <b>31 March 2021</b> |
|--------------|--|--|----------------------|
|              | £  | £  | £                    |
| Current      | 25,643                                   | 3,995                                    | 24,742               |
| Non Current  | 35,090                                   | 18,526                                   | 46,815               |
|              | <b>60,733</b>                            | <b>22,521</b>                            | <b>71,557</b>        |

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 30 September 2021 were as follows:

| <b>Group (unaudited)</b>  | <b>Minimum lease payment due</b> |                  |                  |                     | <b>Total</b>  |
|---------------------------|----------------------------------|------------------|------------------|---------------------|---------------|
|                           | <b>Within 1 year</b>             | <b>1-2 years</b> | <b>2-5 years</b> | <b>Over 5 years</b> |               |
| <b>30 September 2021</b>  |                                  |                  |                  |                     |               |
| Lease payments            | 26,734                           | 26,734           | 8,913            | -                   | 62,381        |
| Finance Charges           | (1,091)                          | (515)            | (42)             | -                   | (1,648)       |
| <b>Net Present Values</b> | <b>25,643</b>                    | <b>26,219</b>    | <b>8,871</b>     | <b>-</b>            | <b>60,733</b> |

## 12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

|   | 6 months to<br>30 September<br>2021<br>(unaudited) | 6 months to<br>30 September<br>2020<br>(restated and<br>unaudited) | 12 months<br>to<br>31 March<br>2021<br>(restated) |
|---|--|--|---|
| <b>(Loss) attributable to equity holders of the Company (£)</b> | <b>(1,835,467)</b>                                 | <b>(486,028)</b>   | <b>(2,563,245)</b>                                |
| <b>Weighted average number of ordinary shares in issue</b>      | <b>910,469,043</b>                                 | <b>659,485,588</b>   | <b>672,767,629</b>                                |
| <b>Basic loss per share</b>                                     | <b>(0.00)</b>                                      | <b>(0.00)</b>  | <b>(0.00)</b>                                     |

As the Group is reporting a loss from continuing operations for the period then, in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have an anti-dilutive effect. The basic and diluted earnings per share as presented on the face of the statement of comprehensive income are therefore identical. All earnings per share figures presented above arise from continuing and total operations and therefore no earnings per share for discontinued operations are presented.

### 13. RELATED PARTY TRANSCATIONS

All related party transactions occurred in the normal course of operations.

#### West African Minerals Limited (“WAML”)

WAML is a related party of the Company as it shares a common director, Willy Simon. In 2018, the Company disposed of its Cameroon operations by way of an in-specie distribution of all of its shares in Ferrum Resources Limited (renamed West African Minerals Limited) to shareholders. As part of this transaction, the Group had agreed to a deed of release with WAML whereby it agreed to write off \$17,056,070 of loans in exchange for shares in WAML to be distributed as part of the in-specie distribution. A remaining amount of \$3,400,000 is still outstanding from WAML, however, after careful consideration of the operations of WAML and its subsidiaries, the Company decided to impair this receivable down to £nil in 2018 as it does not expect to recover any of this outstanding debt. In addition to the \$3,400,000 outstanding was a working capital loan advance of \$600,000.

As at 30 September 2021, no further amounts were payable or funded under the working capital loan facility as the loan had been fully drawn down upon in the year to 31 March 2021. As the Company does not expect to recover any of this outstanding debt, it has been impaired as incurred.

#### Tiziana Life Sciences PLC

Tiziana Life Sciences PLC is a related party as it shares common Directors and officers. The Company share premises and other resources with Tiziana Life Sciences PLC and there is a shared services agreement in place between Company and Tiziana Life Sciences PLC. As at 30 September 2021, the Company had incurred £42,387 (30 September 2020: £42,055) worth of costs in relation to this agreement and at 30 September 2021, £20,722 (30 September 2020: £10,775) was due to Tiziana Life Sciences PLC.

#### Panetta Partners Limited

Panetta Partners Limited is a related party as it is a shareholder of the Company and also a vendor. The Company has entered into a Deed of Assignment with Panetta Partners whereby the Company has the licence and sub-licence of certain research and development assets in relation to the Chemerin product, assigned to it.

#### Directors



Gabriele Cerrone, the Company's non-executive Chairman is also a director of Panetta Partners Ltd. As at 30 September 2021, there is a balance due to the Group by the Non-Executive Chairman of £71,135 for the exercise of warrants belonging to Panetta Partner Ltd. The balance is to be offset against fees earned by Gabriele Cerrone during the year to March 2022. As at March 31, 2021, £886,909 was owed to Gabriele Cerrone due to a Chairman's bonus.

#### **14.COMMITMENTS AND CONTINGENCIES**

The Group's main financial commitments relate to the contractual payments in respect of its licensing agreements. Due to the uncertain nature of scientific research and development and the length of time required to reach commercialisation of the products of this research and development, pre-clinical, clinical and commercial milestone obligations are not detailed until there is a reasonable certainty that the obligation will become payable. Contractual commitments are detailed where amounts are known and certain.

- OK-101 – The Group has retained the services of Ora, Inc., a world-class ophthalmology contract research organization (“CRO”) to work with the Group towards an IND submission for OK-101. As yet, there are no firm financial commitments for this contract
- OK-201 – The Group are committed to paying an annual license maintenance fee until the first commercial sale. The annual license maintenance fee is \$15,000 until May 2021, and \$10,000 thereafter.

The Group also has a commitment to issue warrants when the remaining Convertible Loan Notes entered into in May 2020 are converted into shares. The shares will be issued with a warrant attached at an exercise price of 0.4p (with a maximum life of 5 years from the date of issue of the CLN, regardless of the conversion date).

#### **15. POST BALANCE SHEET EVENTS**

On 1 December 2021, the Group announced that Bernard Denoyer has been appointed as a non-executive director of the Company with immediate effect.