Annual Report and Financial Statements
For the year ended 31 March 2022

Registration number: 65220

OKYO Pharma Limited

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OKYO Pharma Limited
Management and Administration

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OKYO Pharma Limited
Strategic report – Chairman's report

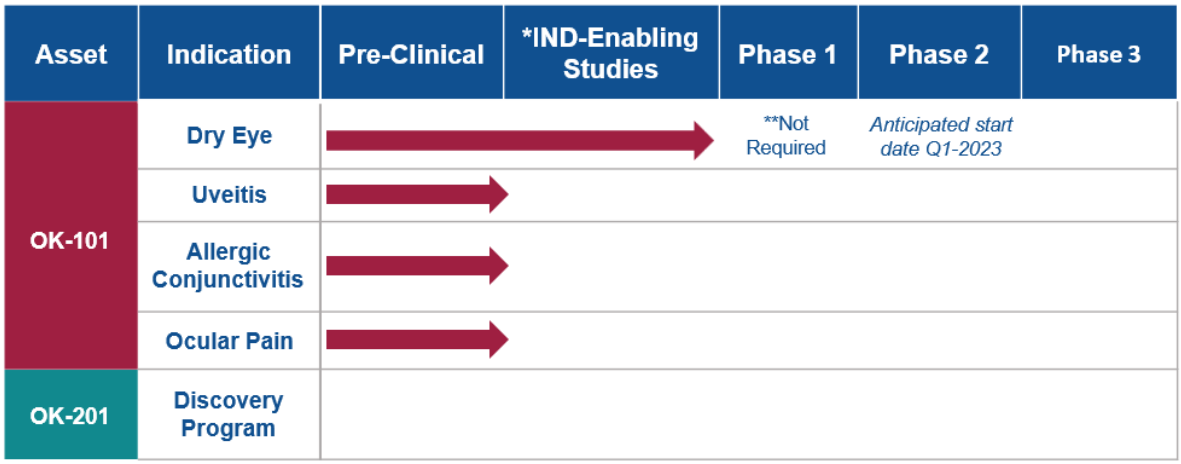
The Directors present their strategic report for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, (together the "Group") for the year ended 31 March 2022.

Introduction

OKYO Pharma Limited (LSE: OKYO, NASDAQ: OKYO) is a preclinical biopharmaceutical company developing next-generation therapeutics to improve the lives of patients suffering from inflammatory eye diseases and ocular pain. Our research program is focused on a novel G protein coupled receptor (GPCR) which we believe plays a key role in the pathology of the inflammatory eye diseases that are the target of this technology. Our therapeutic approach is focused on targeting inflammatory and pain modulation pathways that drive these conditions. We are presently developing OK-101, our lead preclinical product candidate, for the treatment of dry-eye disease. We also plan to evaluate its potential in benefiting patients with ocular neuropathic pain, uveitis and allergic conjunctivitis. We have also been evaluating OK-201, a bovine adrenal medulla, or BAM, lipidated-peptide preclinical analogue candidate for ocular neuropathic pain that is currently in an exploratory preclinical stage.

We have not yet submitted an application to the Food and Drug Administration ("FDA") for any of our product candidates. We have however significantly advanced our ongoing Investigational New Drug ("IND) enabling work on our lead candidate OK-101 during this past year for an IND submission for OK-101 to treat dry eye and are presently on schedule to file an IND on OK-101 to treat dry eye disease in the fourth quarter of 2022. (see Figure 1 below).

Figure 1: OKYO Pipeline



**Anticipated IND Submission date Q4, 2022*

***Topical drug delivery*

OKYO R&D PROGRAMMES

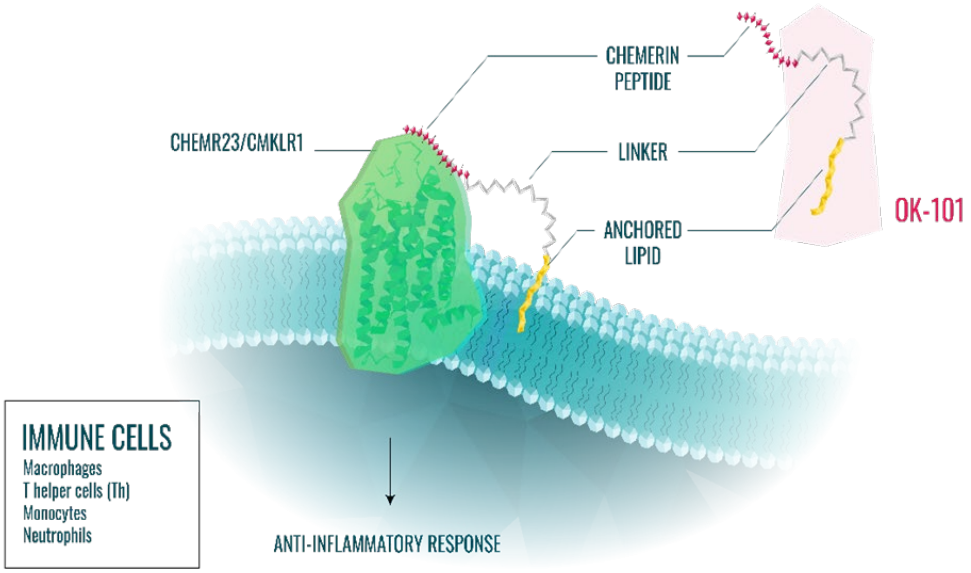
1) OK-101 for Dry Eye Disease (DED)

OK-101, our lead preclinical product candidate, is focused on keratoconjunctivitis sicca, commonly referred to as DED, which is a multifactorial disease caused by an underlying inflammation resulting in the lack of lubrication and moisture in the surface of the eye. DED is one of the most common ophthalmic conditions encountered in clinical practice. Symptoms of DED include constant discomfort and irritation accompanied by inflammation of the ocular surface, visual impairment and potential damage to the ocular surface. There are presently approximately 20 million people suffering from DED in the U.S. alone (Farrand et al. AJO 2017; 182:90), with the disease affecting approximately up to 34% of the population aged 50+ (Dana et al. AJO 2019; 202:47), and with women representing approximately two-thirds of those affected (Matossian et al. J Womens Health (Larchmt) 2019; 28:502–514). Prevalence of DED is anticipated to increase substantially in the next 10-20 years due to aging populations in the U.S., Europe, Japan and China and use of contact lenses in the younger population. We believe this increase in prevalence of dry eye syndrome represents a major expanding economic burden to public healthcare. According to Market Research Report, Dry Eye Syndrome, December 2020, the global DED market in 2019 was approximately $5.22 billion, with the market size expected to reach $6.54 billion by 2027. In addition, DED causes approximately $3.8 billion annually in healthcare costs and represents a major economic burden to public healthcare, accounting for more than $50 billion to the U.S. economy annually.

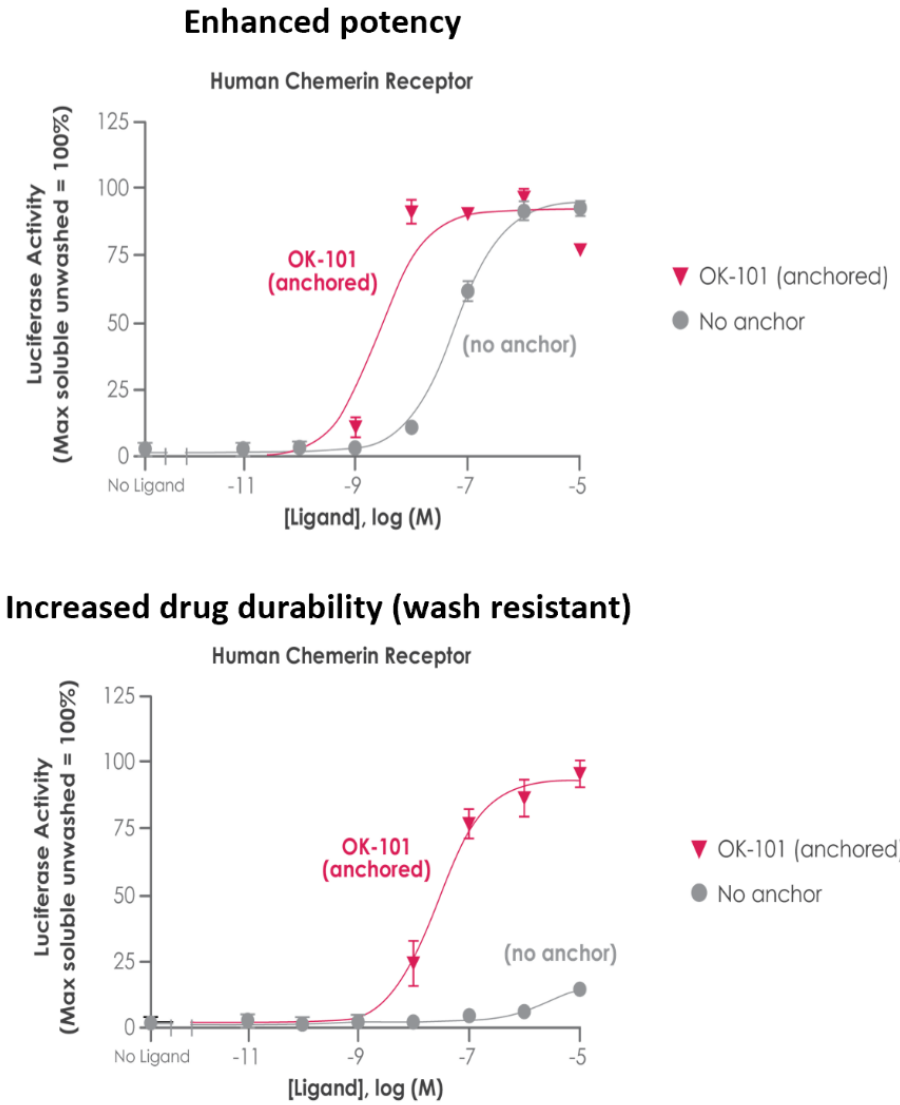
At present, there are three major prescription drugs used to treat DED: 1) Restasis (cyclosporin), 2) Xiidra (lifitigrast) and 3) Tyrva (varenicline). However, DED continues to be a major unmet medical need due to the large number of patients not well served by present-day treatments due to their lack of adequate efficacy, slow onset of action and poor side effect profile. The development of new drugs to treat DED has been particularly challenging due to the heterogeneous nature of the patient population suffering from DED, and due to the difficulties in demonstrating an improvement in both signs and symptoms of the disease in well-controlled clinical trials. The evidence from over 40 years of scientific literature, however, suggests inflammation as the most common underlying cause of DED. Consequently, development of new therapeutic agents that target inflammatory pathways is crucial in improving symptoms in DED patients. OK-101 is focused on an anti-inflammatory pathway for treating dry eye.

OK-101 is designed to target a chemokine-like receptor 1, or CMKLR1, which is a G protein-coupled receptor, or GPCR, expressed on macrophages, monocytes, plasmacytoid/myeloid dendritic cells, natural killer cells and nonhemopoietic cell types, such as endothelial and epithelial cells. Activation of CMKLR1 by its endogenous peptide ligand chemerin is known to modulate inflammation, but natural ligands for CMKLR1 have short half-lives due to rapid inactivation. Discovery of OK-101, a stable, high potency CMKLR1 agonist by On Target Therapeutics (technology licensed to OKYO Pharma Limited) provided an important step toward the development of a new class of anti-inflammatory therapeutics that can be applied to the treatment of ophthalmic diseases including DED, uveitis and ocular pain. (see Figure 2)

Figure 2. OK-101 binds to CHEMR23 receptor producing an anti-inflammatory response



A key driver in the development of OK-101 to treat DED, uveitis and other ocular conditions was an analysis of the inherent advantages and difficulties associated with the treatment of ocular conditions. One of the major issues with topical administration of any drug designed for treating DED is the requirement that the drug have adequate drug 'residence' time at the ocular site to afford a pharmacologic benefit before being washed out through natural processes of tear enhancement and lacrimal tear drainage. The drug candidates we have developed are designed to combat washout by including a lipid 'anchor' within the candidate drug molecule to enhance the residence time of the drug in the eye. We refer to our candidates for DED as "lipidated-chemerin" analogues to highlight this pharmacologic characteristic. Figure 3 shows the significance of including a lipid anchor in the "chemerin" molecule on drug potency and wash resistance conducted in a series of in vitro studies.



The potential efficacy of OK-101 to treat DED has previously been tested in mouse models of acute dry eye disease using the measure of corneal permeability of scopolamine-treated animals to evaluate effectiveness of drug candidates to treat dry eye disease. OK-101 demonstrated a clear reduction of DED-induced corneal permeability ($p \leq 0.001$) in scopolamine-treated animals. OK-101's effect in reducing DED-induced corneal permeability was virtually identical to that of the cyclosporine positive control animals included in the study and close to the baseline corneal permeability observed in control animals.

Figure 3 shows the significance of including a lipid anchor in the "chemerin" molecule on drug potency and wash resistance conducted in a series of in vitro studies. HEK293 cells were transiently transfected with cDNAs encoding human chemerin receptor CMKLR1. Twenty-four hours after transfection, cells were stimulated with increasing concentrations of OK-101 for 15 min and luciferase activity was determined as described (Doyle J et al, J. Biol. Chem. 2014). Data points represent the mean S.E. from at least three independent experiments, each performed in triplicate. The lipidated stable chemerin analog OK-101 showed a 50-fold higher potency against human chemerin receptor than the corresponding non-lipidated peptide (Figure 3 top panel). Signaling of the lipidated stable chemerin analog OK-101 persisted despite serial washes, whereas activity of the non-lipidated peptide was markedly diminished (Figure 3 bottom panel).

The potency of OK-101 was first determined in a cell-based PathHunter® β-Arrestin assay. This assay monitors the activation of a GPCR in a homogenous, non-imaging assay format using a technology developed by DiscoverX called Enzyme Fragment Complementation (EFC) with β-galactosidase (β-Gal) as the functional reporter. The enzyme is split into two inactive complementary portions (EA for Enzyme Acceptor and PK for ProLink) expressed as fusion proteins in the cells. EA is fused to β-Arrestin and PK is fused to human Chemokine-like receptor 1, CMKLR1. Activation of CMKLR1-PK induces β-Arrestin-EA recruitment, forcing complementation of the two β-galactosidase enzyme fragments (EA and PK). The resulting functional enzyme hydrolyzes substrate to generate a chemiluminescent signal, which is measured using chemiluminescent PathHunter® Detection Reagents.

Assay Design: PathHunter cell lines co-expressing the ProLink™ (PK) tagged GPCR (human Chemokine-like receptor 1, CMKLR1) and the Enzyme Acceptor (EA) tagged β-Arrestin were expanded from freezer stocks according to standard procedures. Cells were seeded in a total volume of 20 µL into white walled, 384-well microplates and incubated at 37°C for the appropriate time prior to testing. For agonist potency determination, cells were treated with various concentrations of peptide to induce response and incubated at 37°C for 90 minutes. Assay signal was generated through a single addition of 12.5 or 15 µL (50% v/v) of PathHunter Detection reagent cocktail, followed by a one-hour incubation at room temperature. Microplates were read following signal generation with a PerkinElmer EnvisionTM instrument for chemiluminescent signal detection. Compound activity was analyzed using CBIS data analysis suite (ChemInnovation, CA). Figure 4 below shows the agonist activity of OK-101 against human chemerin receptor CMKLR1 determined using PathHunter® β-Arrestin assay. OK-101 was shown to have a sub-nanomolar EC50 potency.

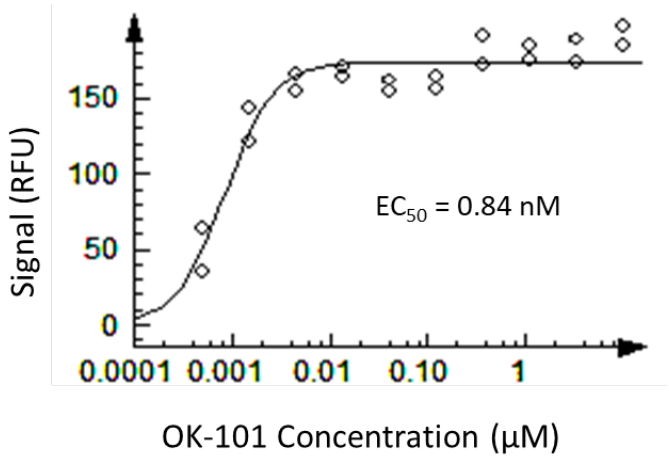


Figure 4. Agonist activity of OK-101 using PathHunter® β-Arrestin assay

To further characterize the potential efficacy of OK-101 to treat DED, OK-101 was tested in a mouse model of acute DED. Animals were divided into five separate cohorts that included: 1) non-stressed control animals untreated throughout the study, 2) animals treated with scopolamine to induce acute DED, 3) animals treated with scopolamine to induce acute DED and treated with 0.1% cyclosporine as a positive control, 4) animals treated with scopolamine to induce acute DED and treated with phosphate buffer solution (the vehicle used for OK-101 delivery), and 5) animals treated with scopolamine to induce acute DED and treated with OK-101 in phosphate buffered solution.

Animals in cohorts 1) and 2) were left untreated with test agents throughout the 5-day period, whereas animals in cohorts 3), 4) and 5) were treated with either cyclosporine, or CS, vehicle or OK-101, respectively, twice a day during the 5-day period via bilateral topical administration of the respective agents. On the fifth day, all of the animals were assessed for efficacy by evaluating corneal permeability, a measure of dry-eye effectiveness, in live animals, as well as by exploring the impact of respective treatments on immune response.

Figure 5 shows the results from this animal study. Animals induced with scopolamine to generate acute DED showed a dramatic, statistically significant increase in corneal permeability relative to naïve non-stressed animals. The addition of cyclosporine to scopolamine-induced DED animals showed a statistically significant reduction of permeability ($p \leq 0.001$). Notably, OK-101 demonstrated a dramatic reduction of DED-induced corneal permeability as well ($p \leq 0.001$). OK-101's effect in reducing DED-induced corneal permeability was virtually identical to that of the cyclosporine positive control and close to the baseline corneal permeability observed in non-stressed control animals.

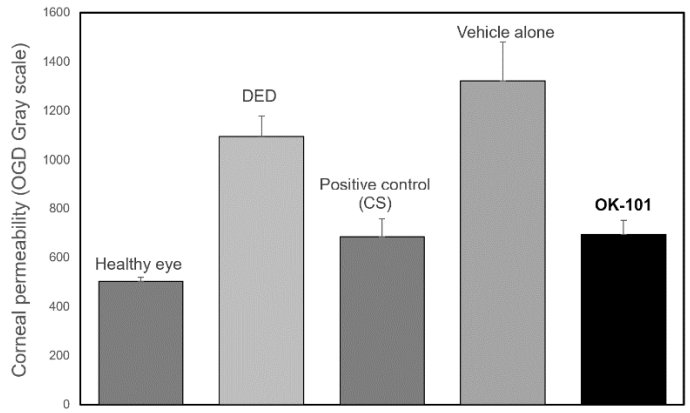


Figure 5. Effect of various treatments on mouse corneal permeability. Corneal permeability was measured using Oregon Green Dextran (OGD) staining followed by imaging. CS was positive control.

Following the in-life portion of the study, immunohistochemistry was performed on frozen sections of enucleated mouse eyes to measure CD4+ T-cell infiltration into the conjunctival epithelium of the eye (Figure 6). Animals induced to develop acute DED and not treated with drug (Vehicle animals) showed significant infiltration of CD4+ T cells within the conjunctival epithelium, whereas OK-101 demonstrated a statistically significant ($p \leq 0.01$) reduction in dry-eye-induced enhancement of CD4+ T-cells. In fact, the level of CD4+ T cells observed in OK-101 treated animals was equivalent to the CD4+ T cell level observed in naïve untreated animals.

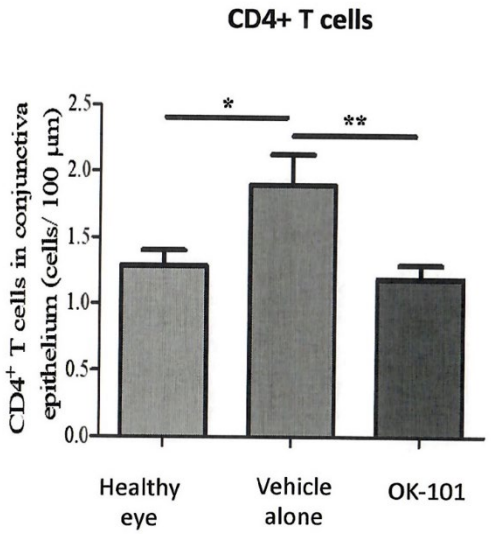


Figure 6. CD4+ T cells in the conjunctival epithelium after acute DED induction.

Immunohistochemistry was also performed on enucleated intact conjunctiva of mouse eyes fixed in 10% formalin, embedded in paraffin, and sectioned and stained. DED typically leads to a loss of goblet cell density as was observed following induction of DED in the mice administered Vehicle (Figure 7). Whereas administration of OK-101 significantly rescued the DED-induced loss of Goblet Cells.

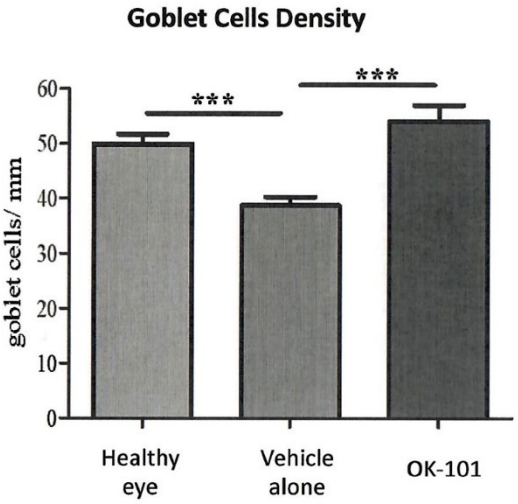


Figure 7. Goblet Cell density following acute DED induction.

In addition, in a separate set of animal model experiments, we evaluated pain-reducing activity of OK-101 in a ciliary nerve ligation mouse model of corneal neuropathic pain. Neuropathic corneal pain is a severe, chronic and debilitating disease with no FDA approved commercially available treatments currently available for this condition. In collaboration with Pedram Hamrah, MD, Professor of Ophthalmology, cornea specialist, and clinician-scientist at Tufts Medical Center, Boston, we demonstrated that OK-101 suppresses neuropathic corneal pain in a mouse model of neuropathic corneal pain developed in Dr. Hamrah's laboratory. OK-101 was topically administered to mice in comparison 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 similar to that of gabapentin (Figure 8), 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. OK-101 had no effect on corneal epithelial integrity compared to gabapentin or balanced salt solution.

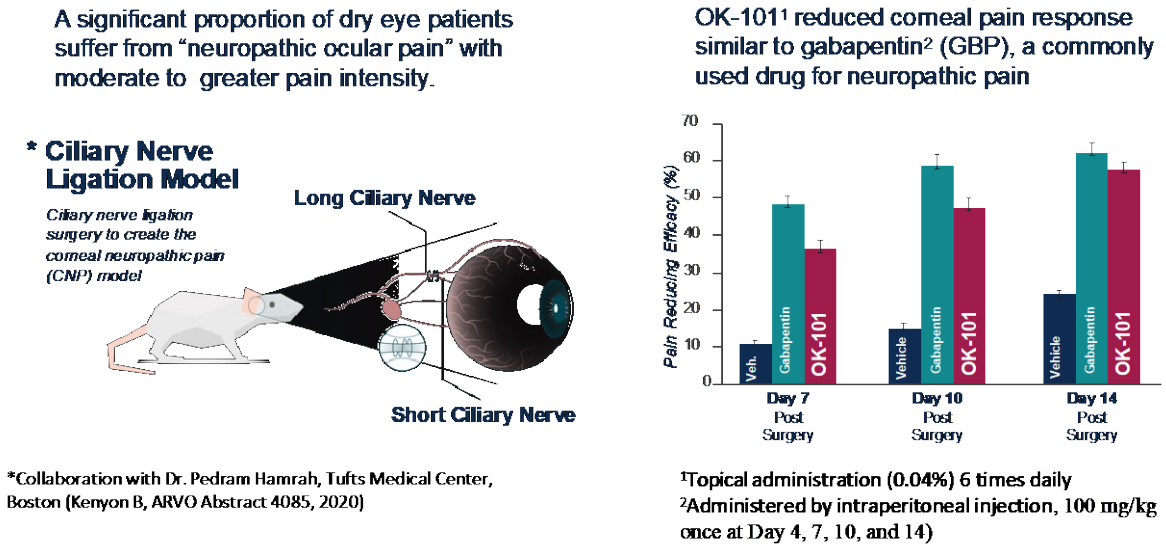


Figure 8. OK-101 ameliorates neuropathic corneal pain in a mouse model of ciliary nerve ligation

A separate series of experiments was also performed to evaluate ocular tolerance of OK-101 in rabbits via repeated ocular instillation followed by clinical ophthalmic observations. Rabbit ocular tolerance tests on OK-101 showed no adverse signs such as inflammation, chemosis or hyperemia and no signs of local irritation.

Based on the results from earlier DED animal model studies that have been performed with OK-101 as well as the additional animal study illuminating the potential of OK-101 to reduce corneal neuropathic pain, we are moving forward with plans to file an IND in the fourth quarter of 2022 on OK-101 to treat DED to enable us to begin clinical trials soon

thereafter. To support this work, we signed an agreement on April 13, 2021 with Ora, Inc., or Ora, a major clinical research organization ("CRO"), specializing in ophthalmic drug development. During the fourth quarter of 2021 we successfully manufactured a 200-gram batch of OK-101 drug substance needed for the IND-enabling studies. Ora Inc. provided us the following consulting services:

- Preparation of the OK-101 Pre-IND briefing document
- Support in requesting and preparing for the OK-101 Pre-IND meeting with the FDA
- Support for regulatory publishing and submission of IND in Electronic Common Technical Document ("eCTD") format
- 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 that the formulated drug product is stable for at least 90 days
- Support for completing animal toxicology studies in two animal species

During 2022 we have significantly advanced our efforts to finish all IND-enabling activities and are presently on track to file the IND on OK-101 to treat DED in the fourth quarter of 2022. These ongoing activities have included:

- Completing topical formulation of the OK-101 drug product and initial stability studies
- Finalizing the bioanalytical method development to support the OK-101 clinical program
- Completing batch manufacture of current good manufacturing practices ("cGMP"), of OK-101 for clinical trials
- Completing toxicokinetic method development
- Completing toxicology studies in rabbits and dogs
- Completing stability studies of formulated OK-101

Based on recent consultations with Ora and subject to sufficient funding, we plan to commence the first human study with OK-101 in the first quarter of 2023, and because the drug is designed to be administered topically, we plan to skip the standard Phase 1 studies typically expected with orally delivered or injectable drug candidates in non-life-threatening conditions. Consequently, this first trial is planned to be a Phase 2 efficacy clinical trial in DED patients and is anticipated to be conducted in approximately 200 to 250 DED patients. The study is being designed in conjunction with, and will be managed and monitored by Ora, well known for its leadership of ophthalmic clinical trial activities. The Phase 2 trial is expected to be completed in 6-8 months from enrollment of the first patient.

On February 15, 2022, we announced the successful completion of the pre-IND meeting facilitated by Ora with the FDA regarding development plans for OK-101 to treat DED. Both nonclinical and clinical development milestones were covered in the pre-IND meeting, with the FDA agreeing that our first human trial would be a Phase 2 safety and efficacy trial in DED patients. The FDA also provided guidance on the planned protocol for this trial in DED patients, concurring with our decision to designate co-primary efficacy endpoints covering both a sign and a symptom of DED in the clinical protocol of the trial. The decision to designate efficacy endpoints as primary endpoints in this trial is highly significant as should this trial meet its prespecified primary endpoints, this result could accelerate the timeline to a new drug application, or NDA, filing with the FDA. We are presently still on track with our pre-IND work on OK-101 and are planning to file the IND to treat DED in the fourth quarter of 2022, followed by the planned commencement of a Phase 2 trial in DED patients in the first quarter of 2023, subject to sufficient funding.

Additional Applicable Disease Indications for OK-101

A second related ophthalmic disease indication that is the target of our chemerin-based technology is uveitis. Uveitis is the third leading cause of blindness worldwide. The most common type of uveitis is an inflammation of the iris called iritis (anterior uveitis). Uveitis can damage vital eye tissue, leading to permanent vision loss. Uveitis is currently treated with corticosteroid eyedrops and injections that reduce inflammation, however, the long-term use of corticosteroids causes risk of cataract and glaucoma, requiring close monitoring for their potential side effects.

Once we are in the clinic evaluating OK-101 to treat dry eyeDED, we will also undertake the clinical plan to explore the drug candidate's potential to suppress the inflammation associated with uveitis. In support of this plan, we will also be exploring preclinical development of OK-101 for the uveitis indication by first establishing 'proof-of-concept' for this indication utilizing animal model studies of anterior uveitis to evaluate the potential of OK-101 to suppress the inflammation associated with uveitis.

A third related ophthalmic disease indication that is the target of our chemerin-based technology is allergic conjunctivitis. Allergic conjunctivitis is inflammation of the conjunctiva caused by an allergic reaction that affects about 20% of the global population and is typically treated with antihistamines, mast cell stabilizers and corticosteroids. Although there are effective drugs for the treatment of ocular allergies, about one third of patients do not respond adequately to the currently marketed drugs. Further, patients who display poor response to antihistamines appear to suffer from chronic and seasonal allergies. There is a lack of an optimal treatment for the perennial and severe forms of ocular allergies. We plan on conducting 'proof-of-concept' studies using OK-101 for the treatment of chronic and seasonal allergic conjunctivitis using a conjunctival allergen challenge animal model to investigate the potential of OK-101 to suppress the inflammation associated with allergic conjunctivitis.

2) OK-201 preclinical discovery program

Our focus is to develop first-in-class drug candidates as non-opioid analgesics for ocular pain management without side effects and the potential abuse associated with opioid medications. Ocular pain occurs in several ophthalmic conditions including DED, uveitis, diabetic retinopathy (DR), accidental trauma, surgery, and is typically treated with oral steroids, non-steroidal anti-inflammatory drugs (NSAIDs), neurotransmitters and oral gabapentin and opioids in severe cases. There is no FDA approved drug yet for ocular pain in the form of eye drops. Damage to the ocular surface (nociceptive pain in response to inflammation) or to the somatosensory nervous system (chronic neuropathic pain) due to the underlying pathogenesis of eye disease is the main cause of pain.

A lipidated BAM analogue (OK-201), a promising candidate for the treatment of neuropathic and inflammatory pain, was licensed from Tufts Medical Center (TMC), Boston, MA on May 1, 2018. OK-201 is designed to activate a human MAS-Related G Protein-coupled Receptor (MRGPR), which is a promising analgesic target. This receptor is expressed mainly in sensory neurons and is involved in the perception of pain. Activation of MRGPR by BAM peptide inhibits pain by modulating Ca2+ influx.

On August 6, 2019, we signed a collaborative agreement with TMC and Pedram Hamrah, MD, Professor of Ophthalmology at Tufts University School of Medicine, Boston, MA as Principal Investigator to evaluate OK-201 and other proprietary lead compounds to suppress corneal neuropathic pain using a mouse ocular pain model recently developed in Dr. Hamrah's laboratory. Our goal was to further develop this lipidated peptide, as well as explore additional analogues, for their potential use in treating ocular pain, and for potentially treating long-term chronic pain.

On April 28, 2021, we announced positive results of OK-201, a non-opioid analgesic drug candidate delivered topically in Dr. Hamrah's mouse neuropathic corneal pain model, as a potential drug to treat acute and chronic ocular pain. Importantly, OK-201 demonstrated a reduced corneal pain response equivalent to that of gabapentin, a commonly used oral drug for neuropathic pain. These observations demonstrated preclinical 'proof-of-concept' for the topical administration of OK-201 as a potential non-opioid analgesic for ocular pain.

Although the results with OK-201 were encouraging, due to subsequent success obtained with OK-101 (see section on OK-101) in follow-on animal model studies utilizing the same mouse neuropathic corneal pain model as for OK-201, we have decided to maintain this drug candidate at the exploratory level while we focus our primary energy on the OK-101 program to treat DED, based on OK-101's combination of anti-inflammatory and ocular pain-reducing activities in animal models of these conditions.

Financial summary

Consolidated Statement of Comprehensive Income

The Group reported a loss for the year ended March 31, 2022, of £3,976k (2021 restated: £2,563k). The loss is detailed in the consolidated statement of comprehensive income on page 44.

The Group's expenditure on research and development was £953k for the year ended March 31, 2022, as compared to £133k for the year ended March 31, 2021. The increase in expenditure was due to the progress being made towards filing an IND with FDA for OK-101.

Other operating expenses were £3,600k for the year ended March 31, 2022 as compared to £2,440k for the year ended March 31, 2021, an increase of £1,160k. The increase in cost is a result of additional fair value charges of £882k relating to the issuance of additional options, an increase in salaries of £187k due to a full year of expense for the Chief Scientific Officer plus an additional hire, additional compliance, professional fees, legal and foreign exchange costs of £662k due to increased activity in the Company, increased directors fees of £316k due to the full year of expense for the Chief Executive Officer, offset by a lower bonus than that awarded for the year ended March 31, 2021 to the Non-Executive Chairman for £887k, (on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a Director or employee of the Company (now the subject of a patent application); work carried out in procuring,

backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path).

Liquidity and cash

As at 31 March 2022, the Group's cash balance stood at £2,056k (31 March 2021: £4,992k).

The Group successfully raised £1.05k to further progress its pre-clinical pipeline during the year ended March 31, 2022, via the exercise of warrants. In May 2022, post period end, the Group successfully raised £1.7m ($2.0m) after expenses, as part of an IPO in conjunction with a dual listing on NASDAQ.

Other Balance Sheet items

Other receivables increased by £588k to £619k at the end of March 31, 2022 (2021: £31k). This was driven by increased prepaid CRO costs due to ramp up in activities associated with our OK101 clinical development programmes.

Going Concern

The Group has experienced net losses and significant cash outflows from cash used in operating activities over the past years, and as of March 31, 2022, had an accumulated deficit of £76.8m (£64m of this accumulated loss relates to a discontinued business prior to the reorganisation in 2018), a net loss for the year ended March 31, 2022, of £4.0m and net cash used in operating activities of £4.0m.

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, the directors conclude that the company will not be able to meet its liabilities as they fall due within the next 12 months from the date when these financial statements are issued. The cash balance as at 1 August 2022 is approximately £1.5m, with current liabilities of £978k. The cash burn rate until from the beginning of August to the end of December 2022 is projected at £2.4m, and the company projects that without additional financing facilities it will run out of cash in October 2022. 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.

The Directors are however aware, through their own extensive experience in the sector, that this position is not uncommon in the context of a pre-revenue life sciences company principally involved in cash consuming research and development activity. The Directors took strategic advantage of the opportunity to dual list the Company on NASDAQ in May 2022 in order to be able to access potential liquidity in the US, which is generally a more favorable environment for life sciences companies to raise money and where there are more specialist investors focused on early-stage opportunities. The Directors are also confident that the nature of the OK101 clinical program is such that various inflection points arise over a relatively short period of time which should provide financing opportunities, for example the FDA approval of the IND in December 2022 for OK101 in DED and the return of headline data from the Phase II registration trial to be held between July and December 2023; these pivotal events in the primary clinical program for OK101 have the benefit of being relatively near term events (which is unusual in the context of the normal timeframes for Phase II clinical programs to deliver meaningful data points. The Directors have also consulted the Company's investment bankers with a view to planning a number of alternative financing strategies to ensure the Company has access to sufficient capital to finance its planned R&D activity in the coming 18 months.

To meet the Company's short-term liquidity needs, the Company has secured a $2m (approximately £1.6m) short-term credit facility with a related party in order to bridge any delays in the occurrence of the anticipated clinical milestones for the OK-101 program. The loan is available for a period of 6 months upon first draw-down and carries an interest rate of 16% per annum, with additional default interest of 4% if the loan is not repaid after the 6-month period. The loan will extend the Company's fixed cost cash burn to April 2023 without the need to raise additional funds. The Directors believe that this facility together with additional working capital management measures will be sufficient to complete the IND application in mid-November 2022. The Directors also considered any risks to the short-term cash position of the company such as delay in IND filing, and they identified that the risk would be highly unlikely and could be managed within the cash resources including financing facilities.

On completion of the IND application the company will be in a position to raise funds on the market, via the financing strategies being discussed with the Company's investment bankers. The necessary steps are being taken to affect such a fundraise.

Until and unless the Group and Company secures sufficient investment to fund their clinical pipeline, there is a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern, and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Despite this material uncertainty, the Directors conclude that it is appropriate to continue to adopt the going concern basis of accounting as the Directors are confident, based on the previous fund-raising history as well as additional measures already put in place and being planned, that sufficient funds will be forthcoming and accordingly they have prepared these financial statements on a going concern basis.

OKYO Pharma Limited
Strategic report – Chairman's report

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.

Remote working and outsourcing of research and development activities has meant that progression of the project pipeline is minimally impacted by the pandemic.

Russia – Ukraine conflict

Our global operations may be impacted by certain factors in the global economic environment including impacts of political or civil unrest or military action, including the conflict between Russia and Ukraine. To date, there has been minimal impact of the conflict in the Group.

While we are monitoring the effects of the armed conflict between Russia and Ukraine, the broader economic consequences of the conflict, including its potential future impact on our business, are currently difficult to predict. Regional instability, geopolitical shifts, potential additional sanctions and other restrictive measures against Russia, neighbouring countries or allies of Russia, and any retaliatory measures taken by Russia, neighbouring countries or allies of Russia, in response to such measures could adversely affect the global macroeconomic environment, currency exchange rates and financial markets, which could in turn adversely impact our business.

Outlook and Strategy

The development of new drugs to treat DED has been particularly challenging due to the heterogeneous nature of the patient population suffering from DED, and due to the difficulties in demonstrating an improvement in both signs and symptoms of the disease in well-controlled clinical trials. The evidence from over 40 years of scientific literature, however, suggests inflammation as the most common underlying cause of DED. Consequently, development of new therapeutic agents that target inflammatory pathways is looking to be an attractive approach in improving symptoms in DED patients.

During the next 12 months, OKYO plans to achieve a major step by moving from preclinical-stage to clinical-stage, with the planned filing of an IND on OK-101 to treat DED in fourth quarter of 2022, and the subsequent initiation of a Phase 2 trial of OK-101 to treat DED patients in the first quarter of 2023.

With the successful filing of the IND on OK-101 to treat DED, the virtue of OK-101 being formulated as a topical drug that can be administered to patients in the form of eye drops, means that our first clinical trial after IND submission is planned to be a Phase 2 trial in DED patients, potentially providing an early indication of drug efficacy in DED patients. This plan was validated by a successful pre-IND meeting with FDA that occurred in February of 2022. On February 15, 2022, we announced the successful completion of the pre-IND meeting facilitated by Ora with the FDA regarding development plans for OK-101 to treat DED. Both nonclinical and clinical development milestones were covered in the pre-IND meeting, with the FDA agreeing that our first human trial would be a Phase 2 safety and efficacy trial in DED patients. The FDA also provided guidance on the planned protocol for this trial in DED patients, concurring with our decision to designate co-primary efficacy endpoints covering both a sign and a symptom of DED in the clinical protocol of the trial. The decision to designate efficacy endpoints as primary endpoints in this trial is highly significant as should this trial meet its prespecified primary endpoints, this result could accelerate the timeline to a new drug application, or NDA, filing with the FDA. We are presently still on track with our pre-IND work on OK-101 and are planning to file the IND to treat DED in the fourth quarter of 2022, followed by the planned commencement of a Phase 2 trial in DED patients in the first quarter of 2023, subject to sufficient fundraising.

Should drug efficacy be borne out in this first human trial with OK-101, we will have validated proof-of-concept in this very first human study. With this success in hand, we believe that rapid further clinical development of OK-101 to treat DED will be in order. We anticipate that OK-101, in addition to its potential to treat DED, can then also be evaluated to treat uveitis and allergic conjunctivitis. Hence, once we are clinically evaluating OK-101 to treat dry eye, we will also undertake the plan to explore the drug candidate's potential to suppress the inflammation associated with uveitis and allergic conjunctivitis. In support of this plan, we will be exploring preclinical development of OK-101 for the uveitis indication by first establishing 'proof-of-concept' for this indication utilizing animal model studies of anterior uveitis to evaluate the potential of OK-101 to suppress the inflammation associated with uveitis. We also plan on conducting 'proof-of-concept' studies using OK-101 for the treatment of chronic and seasonal allergic conjunctivitis using a conjunctival allergen challenge animal model to investigate the potential of OK-101 to suppress the inflammation associated with allergic conjunctivitis.

Gabriele Cerrone

Non - Executive Chairman

15 August 2022

OKYO Pharma Limited
Directors' report

Business review

A review of the business, its results and strategic outlook is included in the Strategic Report – Chairman's report on pages 3 to 12.

Key performance indicators

The Board monitors the Key Performance Indicators (KPIs) that it considers appropriate for the industry and stage of development of the Group. The Group is a research and development ("R&D") based biotechnology Group concerned with a number of pre-clinical projects. These projects require sufficient investment to reach defined milestones by which the Group and its investors can judge the chances of ultimate success and thereby the value of the Group. At this stage of Group development significant sources of revenue generation are unlikely, and due to the needs of an R&D based biotechnology-based program, the Group is cash consuming. The Group KPIs are therefore chosen to monitor the progress of the individual scientific programmes, the external market environment for the potential drugs being developed and the cash requirements of the Group.

Financial KPIs

Cash consumption

The cash position of the business is measured on a continual basis with reference both to the general and administrative expenses required to run the Group, and more particularly to the cash required for ongoing research, development and acquisition of the Group's scientific assets. During the year ended 31 March 2022, the main use of the Group's funds was progressing the animal model trials for OK-101. The cash consumption, which refers to cash used in operating activities of the Group, during the year ended 31 March 2022 was £4.0m. Management monitors its cash consumption on a monthly basis and a cash projection is presented at every board meeting. The cash balance at year end was £2.1m which will not be sufficient to meet the Group's cash requirements for the next 12 months. Refer to the going concern assessment in Note 2 to the financial statements and to the Funding Risk in the Principal Risks and Uncertainties on pages 14 and 15.

The Group monitors current and projected cash consumption to ensure that there are sufficient funds available to develop the Group's scientific assets. The Group maintains a virtual operating model resulting in low cash consumption for general and administrative expenses during the period.

Non-financial KPIs for 2022

Develop appropriate formulation of OK-101 for animal studies, and conduct stability studies to ensure that the formulation is stable for at least 90 days

The Group is working towards this KPI. Additional preclinical IND-enabling studies have been performed and peptide manufacturing process has been scaled up to produce larger quantities of OK-101 for stability studies. We have completed the production of a large quantity of Good Laboratory Practice ("GLP") OK-101 drug substance needed for initiating a number of further IND-enabling studies, including:

- OK-101 assay method development and validation
- Development of OK-101 topical formulation along with conducting stability studies to ensure the formulated drug product is stable for at least 90 days
- Animal toxicology studies in two animal species

Other Considerations

External (life sciences) market environment

The Group monitors the life sciences market for a number of factors:

- New developments in drug research and development
- New medical treatment paradigms
- Patent filings by third parties pertinent to the Group's programmes
- Existing and novel drugs in development by third parties
- Healthcare regulation and policy in the major territories
- Private and public financings of life science companies to indicate investor appetite for life science risk

The Group is developing its scientific assets within the European and US territories, but for potential global application. The environment for life science companies was positive throughout the year.

Principal risks and uncertainties

The Group assesses and monitors the inherent risks in the life sciences industry, as well as other micro and macro-economic factors that may present risk to the Group's progression. The Group also considers Group-specific risks such as research progress, personnel and operational facilities and collaborations.

There are significant risks associated with any life science business. The Board believes that the following risks are the most significant, however, the risks listed do not necessarily comprise all those associated with an investment in the Group. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and / or tax requirements. The risks listed are not set out in any particular order of priority and this is not an exhaustive list of risks.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the Group's share price may decline and an investor may lose part or all of their investment.

The Board considers that the principal risks and uncertainties facing the Group may be summarised as follows:

- ***Clinical studies fail to generate encouraging data***
  The Group's product candidates have not been evaluated in clinical trials and results in the clinic may not be reproduced in human trials. There is a high degree of failure for product candidates as they progress through clinical trials and clinical trial data may be interpreted in varying ways which may delay, limit or prevent future regulatory approvals.

- ***Ability to scale up the Group***
  Growth may place significant demands on the Group's management and resources. The Group expects to experience growth in the number of its employees and the scope of its operations in connection with the continued development and, in due course, the potential commercialisation of its products. This potential growth could place a significant strain on its management and operations, and the Group may have difficulty managing this future potential growth.

- ***Intellectual property risk***
  The commercial success of the Group depends on its ability to obtain patent protection for its pharmaceutical discoveries and to preserve the confidentiality of its know-how. There is no guarantee that patent applications will succeed or be broad enough to provide protection for the Group's intellectual property rights and exclude competitors with similar pharmaceutical products. The success of the Group is also dependent on non-infringement of patents, or other intellectual property rights, held by third parties. Competitors and third parties may hold intellectual property rights which the Group may not be able to license upon favourable terms, potentially inhibiting the Group's ability to develop and exploit its own business. Litigation may be necessary to protect the Group's intellectual property, which may result in substantial costs. The Group seeks to reduce this risk by seeking patent attorney advice that patent protection will be available prior to investing in a project, by seeking patent protection where appropriate, and by minimising disclosure to third parties.

- ***Competition risk***
  The Group faces significant competition from pharmaceutical companies. The Group has competitors internationally, including major multinational pharmaceutical companies, universities and research institutions. In respect of Chemerin as an indication for the treatment of DED, there are a number of established companies engaged in the development and marketing of preparations addressing the DED market. In addition, there is a wide range of products addressing the DED market currently approved and marketed by a number of large and small pharmaceutical companies.

- ***Funding risk***
  The Group continues to consume cash resources. The Group only recently committed to its new business and its chosen product candidates are in the early stages of development and it may be some years until the Group generates revenue, if at all. The Group remains dependent upon securing funding through the injection of capital from share issues. The Group may not be able to generate positive net cash flows in the future or attract such additional funding required at all, or on suitable terms. In such circumstances, the Group's pre-clinical programmes may be delayed or cancelled and the business operations curtailed. The Group seeks to reduce this risk through tight financial control, prioritising programmes which will generate the best returns, and keeping shareholders informed on progress. Post period-end, the Group raised $2.5 million (before expenses) to fund its pre-clinical activities and strengthen its balance sheet.

- ***Dependence on key personnel***
  The loss of one or more of its key personnel could have an adverse impact on the business of the Group. Furthermore, it may be particularly difficult for the Group to attract and retain suitably qualified and experienced people, given the competition from other industry participants and the relative size of the Group. The Group has deliberately pursued a lean headcount policy to conserve financial resources. Failure to continue to attract and retain such individuals could adversely affect the Group's ability to conduct and grow its operations effectively. The Group seeks to reduce this risk by recruiting additional personnel and additionally appropriate incentivisation of personnel through participation in long term equity incentive schemes.

Gender of Directors and employees

We recruit individuals who have the skills, experience and integrity needed to perform the roles to make the Group a success. We note that there are no women on the board but that we recruit without regard to sex or ethnic origin, appointing and thereafter promoting staff based upon merit.

The profile of the Group's directors, officers and employees at March 31, 2022, was as follows:

	March 31, 2022		
	Male	Female	Total
Number or persons who were Directors or officers of the Group	5	1	6
Number of persons who were employees of the Group	2	-	2
Total Directors, officer and employees at March 31, 2022	7	1	8

The lean staffing structure is supported by the outsourcing of some administrative functions and the use of contract research organisations (CROs).

Directors' duties in relation to stakeholder engagement

The Board of Directors have considered the matters set out in section 172 of the United Kingdom's Companies Act 2006 as a proxy for a standard for stakeholder engagement analysis.

The directors consider, that they have acted in the way they believe, in good faith, 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 decisions in the long-term,

• the interests of the Company's employees,

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

• the impact of the Company's operations on the community and environment,

• the desirability of the Company maintaining a reputation for high standards of business conduct, and

• the need to act fairly between the shareholders of the Company.

Key Stakeholders and concerns	Board Considerations	Key Outcomes
Employees Our present and future employees are key for the future success of the business.	The Executive Director updates the Board with details of employee changes, concerns and recruitment prospects. An open, collaborative working environment with attractive remuneration packages aligns employees' with shareholders' goals. Communication with employees is informal and collaborative.	We have maintained a high level of continuity of the team .
Investors and shareholders OKYO is a pre-revenue Company and is dependent upon existing and future investors to fund its research and development products.	Business Strategy clearly setting out the progress with projects in development and cash requirement.	Use of PR consultants; interviews with Proactive investors; the release of information through the Group's website; meeting individual shareholders at AGM; holding calls with investor groups.
Suppliers OKYO has a wide range of suppliers for consumable items and a few key suppliers who are key to the manufacturing of product.	Management of supplier relationships ensuring consumable and other items are delivered on time and at right price.	Key suppliers are managed in-house with regular meetings being held with OKYO management.
Contract Research Organisations (CROs) CROs are key to managing OKYO's pre-clinical trial programmes.	Management of clinical trials and recruitment of patients; Regulatory and pre-clinical services.	Rigorous selection process before engaging CROs, and then regular project meetings.
Environment The Group is conscious of the need to protect the environment.	OKYO's operations are relatively low in their impact on the environment.	During the year, employees reduced their travel wherever reasonably practical, using virtual and telephone conferencing facilities instead.
Reputation Maintaining a strong reputation and acting within laws and regulations impacts the Group's relationships with all stakeholders.	Policies and procedures approved by the Board are concentrated on maintaining the strong reputation of the Group within its employees, Shareholders, suppliers, regulators and other key stakeholders.	OKYO continuously monitors and assesses all regulatory developments to ensure that any issues are being addressed in decision making.

Principal decisions in 2022

We have considered the decisions taken by the Board which will have an impact on the longer-term performance and prospects for the Group. The Board believes that the following decisions taken during the year and since the year end fall into this category and were made with full consideration of both internal and external stakeholders. The Group's aim is to meet the needs of the key stakeholders who ultimately wish for us to progress our pipeline of drugs to treat dry eye disease and ocular pain to commercial deployment.

Significant events/decisions	Key stakeholder matter(s) affected	Actions and impact
Raised £1.0m through the exercise of warrants and (subsequent to year end) £1.7m (post expenses) of investment from existing and new investors, to enable Group to progress its pre -clinical trials through a dual listing on NASDAQ	Shareholders	Decisions were made by the Board to raise additional funds enabling the company to pursue its R&D objectives thereby meeting core stakeholder requirements. The cash funding requirement offsets any dilution experienced by the existing shareholders.
Approval received from FDA to skip a Phase 1 clinical trial of OKYO's lead drug candidate OK-101 and open first clinical trial as a Phase 2 efficacy trial	Staff ,CROs and Shareholders	The executive team proposed to FDA skipping a Phase 1 clinical trial on OK-101 as the drug is topically administered and not systemically available. Agreement from FDA enables the executive team to accelerate clinical development of OK-101 which has a direct impact on existing staff resources and funding needs for clinical program

Environmental matters

We currently outsource our research, development, testing and manufacturing activities. These activities are subject to various environmental, health and safety laws and regulations, which govern, among other things, the controlled use, handling, release and disposal of and the maintenance of a registry for hazardous materials and biological materials. If we or our partners fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

As with other companies engaged in activities similar to ours, we face a risk of environmental liability inherent in our current and historical activities, including liability relating to releases of or exposure to hazardous or biological materials. Environmental, health and safety laws and regulations are becoming more stringent. We may be required to incur substantial expenses in connection with future environmental compliance or remediation activities, in which case, our production and development efforts may be interrupted or delayed.

Gabriele Cerrone
Non-Executive Chairman
15 August 2022

Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB

OKYO Pharma Limited
Directors' report

The Directors' present their report and the audited financial statements for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, (together the "Group") for the year ended March 31, 2022.

OKYO is a company domiciled in Guernsey and listed with a standard listing on the main market of the London Stock Exchange and on the NASDAQ Capital Market (LON: OKYO, NASDAQ: OKYO).

The ultimate parent of the group is Panetta Partners Limited, incorporated in the British Virgin Islands.

Principal activity

The Group's is focused on developing an innovative approach to dry eye care and ocular pain, is developing a lipidated chemerin-peptide drug candidate OK-101, designed to target a key ocular receptor controlling inflammation and ocular pain. The drug, developed by a unique proprietary membrane anchored technology, is designed to increase agonist potency and ocular residence time.

Results and transfers to reserves

The results and transfers to reserves for the period are set out in the financial statements on pages 44 to 76.

The Group made a total comprehensive loss for the year ended March 31, 2022 after taxation of £3,983,110 (March 31, 2021 (restated): loss £2,560,145).

Dividend

No dividends were declared or paid in the year ended March 31, 2022. (2021: £nil).

Directors

The Directors who served during the period and to date are:

Gabriele Cerrone	Non- Executive Chairman
Gary Jacob	Chief Executive Officer and Executive Director
Willy Simon	Senior Non-Executive Director
Dr Kunwar Shailubhai	Non-Executive Director (resigned June 17, 2021)
John Brancaccio	Non-Executive Director
Bernard Denoyer	Non-Executive Director (appointed December 1, 2021)

Substantial shareholdings

Gabriele Cerrone has a total interest of 39.52% of the ordinary share capital of the company at March 31, 2022 (including his holding via Panetta Partners Ltd).

The following shareholders hold an interest of 3% or more in the Company:

	No of Shares	% Holding
Panetta Partners Ltd (Gabriele Cerrone)	511,166,362	37.19%

Appointments

Non-Executive Directors

On 1 December 2021, the Group announced the appointment of Mr. Bernard Denoyer to its Board as a Non-executive Director. Mr Denoyer will Chair the Nomination Committee of the Board.

Mr Denoyer has over 50 years of financial management experience including his service as Senior Vice President, Finance and Secretary of development stage Synergy Pharmaceuticals, Inc. (NASDAQ: SGYP) from July 2008 until FDA approval and his retirement in June 2017.

From January 2004 until January 2013. Mr. Denoyer concurrently served as Principal Financial Officer of Synergy's former parent company, Callisto Pharmaceuticals, Inc., (OTCMKTS: CLSP). While with SGYP and CLSP he supported over $500M of public and PIPE financings with related due diligence, SEC registrations and market listings.

From October 2000 to December 2003, Mr. Denoyer was an independent consultant, providing interim CFO and other services to emerging businesses, including Callisto and certain portfolio companies of Marsh & McLennan Capital, LLC. From October 1994 until September 2000, Mr. Denoyer served as Chief Financial Officer and Senior Vice President of META Group, Inc., (NASDAQ: METG), an information technology research company.

Mr. Denoyer earned his CPA with Ernst & Young in 1975. He received a Masters Certificate of Accounting from the Kellogg Graduate School of Management in 1974, an MBA in Finance with honors from Columbia Business School in 1972, and a BA in Economics from Fairfield University in 1969.

Mr. Denoyer is fluent in French and studied in Paris at The Paris Institute of Political Studies in 1968. He served in U.S. Army in Vietnam from 1969 to 1971 and has been an adjunct accounting professor at Fairfield University and the Marymount College. He is currently serving on the Board of Trustees for two 501(c)3 not-for-profits, St. Edmunds Retreat, Inc. and Midwestern Connecticut Council on Alcoholism, Inc.

Resignations

Non-Executive Directors

On 17 June 2021, the Group announced that Mr. Kunwar Shailubhai was standing down as a Director of the Company with immediate effect to concentrate on his other executive appointments.

Pensions

The Group operates a defined contribution pension scheme open to all salaried Executive Directors, Non-Executive Directors and employees. There is currently one Director participating in the Defined Contribution Scheme.

Political donations and charitable contributions

There were no political donations or charitable contributions made by the Group during the year ended March 31, 2022 (2021: £nil)

Staff policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Group's policy, wherever possible, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Employment

The Group endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop, incentivise and retain staff. The Board recognises its legal responsibility to ensure the well-being, safety and welfare of the Group's employees and maintain a safe and healthy working environment for them and our visitors. If an employee has a concern about unsafe conditions or tasks, they are encouraged to report their concerns immediately to their manager.

Diversity Policy

The Group is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. The Group endeavours to not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. The Group will undertake an annual review of its policies and procedures to establish its position about compliance and best practice and monitor and promote a healthy corporate culture.

Corporate governance

The Group is firmly committed to business integrity, high ethical values, and professionalism in its activities and operations. The Board is committed to maintaining the highest standards of corporate governance and is accountable to the Company's shareholders. The role of the Board is to provide strategic leadership to the Group within a framework of sensible and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives, and reviews executives' performance. The Board make certain that its obligations to its shareholders and others are understood and met.

OKYO Pharma Limited
Directors' report

As a Guernsey registered Company, OKYO is not under an obligation to adopt a Governance Code on a 'comply or explain' basis. However, given its status as a standard listed company on the main market for listed securities of the London Stock Exchange plc, the directors recognise the importance of sound corporate governance and have opted to comply with the QCA Corporate Governance Code, as published by the Quoted Companies Alliance, to the extent they consider appropriate in light of the Company's size, stage of development and resources. The code can be found at www.theqca.com.

The Company's corporate governance is reviewed on a regular basis by the Directors of the company. OKYO operates within the life science sector in an effective and efficient way, with integrity and due regard for the interests of shareholders and applies principles of general governance applicable to the size and stage of development of the Group.

How does the Board apply the ten principles set out in the QCA Code?

1. Establish a strategy and business model which promote long-term value for shareholders
The Board has a clear strategy, which is set out in the Chairman's statement on pages 3 to 12. To support the execution of this strategy, the Board performs the following key tasks:

- setting the Company's values and standards;
- approval of long-term objectives and strategy;
- approval of revenue, expense and capital budgets and plans;
- approval for therapeutic candidate progression through key development and clinical stages; and
- oversight of operations ensuring that adequate systems of internal controls and risk management are in place, ensuring maintenance of accounting and other records, and compliance with statutory and regulatory obligations.

2. Seek to understand and meet shareholder needs and expectations
Contact with major shareholders has been principally maintained by the CEO and the Non-Executive Chairman during the reporting period, and they have ensured that their views are communicated to the Board as a whole. The Board believes that appropriate steps have been taken during the reporting period to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of major shareholders about the Company. We are holding our Annual General Meeting in Q3 2022. A Notice of Annual General Meeting will be issued in due course and will be available on our website. Separate resolutions will be provided on each issue so that they can be given proper consideration. Proxy votes are counted and the level of proxies lodged on each resolution reported after it has been dealt with by a show of hands.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
OKYO is committed to engaging with and maintaining good relations with all of our stakeholders (employees, investors, participants in clinical trials, collaboration partners and suppliers).

OKYO is also compliant with safety and other regulations in its laboratories and in treating patients on Clinical Trials.

OKYO has annual appraisals for all staff and regular meetings between staff and senior management to discuss business related issues.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
A Risk Register is maintained for regular review by the Audit and Risk Committee and the Board. Principal risks are set out on page 14-15, where mitigating activities are also explained.

Audit, Risk and Disclosure Committee

The Audit, Risk and Disclosure Committee of the Board comprises of John Brancaccio, Bernard Denoyer and Willy Simon. It is chaired by John Brancaccio, and is responsible for:

i. Monitoring the quality of internal controls and ensuring the financial performance of the Group is properly measured and reported on;
ii. Consideration of the Directors' risk assessment and suggesting items for discussion at the full Board;
iii. Receipt and review of reports from the Group's management and external auditors relating to the interim and annual accounts, including a review of accounting policies, accounting treatment and disclosures in the financial reports;
iv. Consideration of the accounting and internal control systems in use throughout the Company and its subsidiaries; and
v. Overseeing the Company's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The committee meets not less than twice in each financial year and has unrestricted access to the Company's auditors.

5. Maintain the Board as a well-functioning, balanced team led by the Chairman
The Board is currently comprised of five directors, the Non-Executive Chairman, an Executive Director and three Non-Executive Directors. The directors of the Company have all been selected for their extensive experience in their specialised fields, making the Board well rounded and balanced. The composition of the Board is regularly reviewed through the Nomination committee. The wide range of skills among the directors helps to further the business and strategic development of the Company as well as address any anticipated issued in the foreseeable future. To ensure the Company's future growth, all directors are subject to re-election at least once every three years, confirming the current directors all have the necessary experience and skills. The skills of each Director complement one another guaranteeing a well-functioning balanced Board, led by the Non-Executive Chairman. The Company maintains its governance structure through the Nomination Committee, Audit, Risk and Disclosure Committee and the Remuneration Committee. These Committees also support the Board in making the best decisions in the interest of the Company, shareholders and employees. The Board follow a formal schedule of matters and meet quarterly every year. All Directors are expected to provide a sufficient amount of time to the Company to fully exhibit and fulfil their duties. Each Directors time spent is reviewed annually prior to recommending their re-election to the shareholders.

The Board is responsible to the shareholders and to ensure acceptable management to the group.

The roles of the directors differ between Executive and Non-Executive Directors, while both have fiduciary duties towards the Group. The Board is made up of the Non-Executive Chairman, Gabriele Cerrone, who has extensive experience in the financing and restructuring of micro-cap biotechnology companies and has successfully taken several companies onto the NASDAQ, AIM and LSE markets, the CEO, Gary S. Jacob who has considerable prior experience as CEO of a number of public biotechnology companies, and three additional Non-Executive Directors. The Non-Executive Chairman and Executive Director CEO are responsible for the operation and business development of the company. The three other Non-Executive Directors, Willy Simon, Bernard Denoyer and John Brancaccio, who have many years of experience in the finance industry, all who act as independent Directors providing objective judgment, and constructively challenge the management to ensure all strategies are completely considered. For the Board to carry out their duties in their entirety, they have full and timely access to all the relevant information they need. Directors, if necessary, are also permitted to take independent professional advice to further their roles at the expense of the Group. All Board members have access to the advice of the Company Secretary.

The Company does not have an Independent Chairman given the substantial shareholding of the Chairman. It is the Board's opinion that the current arrangements are appropriate to the Company at this stage of development and that there are sufficient compliance structures within the Company to ensure that the governance functions that would be part of an independent Chairman's responsibility are met. The Board is satisfied with the balance between Executive and Non-Executive Directors which allows it to exercise objectivity in decision making and proper control of the Group's business. The Board considers its composition appropriate in view of the size and requirements of the Group's business and the need to maintain a practical and efficient balance between Executive and Non-Executive Directors.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors, to the Nomination Committee.

The Nomination Committee of the Board comprises of Bernard Denoyer, John Brancaccio and Willy Simon. It is chaired by Bernard Denoyer, and is responsible for:

i. drawing up selection criteria and appointment procedures for directors;

ii. recommending nominees for election to our board of directors and its corresponding committees;

iii. assessing the functioning of individual members of our board of directors and executive officers and reporting the results of such assessment to the board of directors; and

iv. developing corporate governance guidelines.

With regard to the re-election of Directors, the Company is governed by its Articles of Association (the Articles). Under the Articles, the Board has the power to appoint a Director during the year, but any person so appointed must stand for election at the next Annual General Meeting, along with the rest of the Board.

The Board understands the value in having directors of diverse gender, race and ethnicity, along with varied skills, perspectives and experiences. We are constantly looking for opportunities to improve our diversity and inclusion practices.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
The Group's Board remains mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that Board evaluation is a useful tool for enhancing a Board's effectiveness.
The Remuneration Committee of the Board comprises of Willy Simon, Bernard Denoyer and John Brancaccio. It is chaired by Willy Simon, and is responsible for:

i. The review of the performance of the Executive Directors;
ii. Recommendations to the Board on matters relating to the remuneration and terms of service of the Executive Directors; and
iii. Recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Company.

8. Promote a corporate culture that is based on ethical values and behaviours
The Group is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. The Group endeavours to not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex, or sexual orientation. The Group will undertake an annual review of its policies and procedures to establish its position about compliance and best practice and monitor and promote a healthy corporate culture.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board
The Board is supported by the Committees, explained above, in the task of maintaining governance processes and structures. Furthermore, the following governance matters support good decision-making by the Board.

The Directors are responsible for the Group's internal control and reviewing its effectiveness. The Directors confirm that the Board has acknowledged this responsibility. The Directors confirm that there is an ongoing informal process for reviewing internal controls and effectiveness as well as identifying, evaluating, and managing the significant risks facing the Group and its subsidiary. This practice has been in place from 1 January 2017 and continues to be in place, the internal controls are reviewed on a regular basis. The Director's acknowledge that the Company did not maintain effective internal controls over financial reporting over the period ended March 31, 2022 due to the following material weakness. The material weakness identified below did not result in a material misstatement of our financial statements, and the Directors believe that the consolidated financial statements present fairly the consolidated financial position, results of operations and cash flows for the periods covered. However, the Directors recognise that the failure of the internal control over financial reporting to operate effectively as described below could have resulted in a material misstatement which may not have been detected by our controls that the limited resources within the Group contribute to limitations in the control environment. Due to the limited financial resources available for expenditure other than research and development, the Company had a lack of accounting resources resulting in over reliance on key staff, professional opinions, a weakness in monitoring controls and other oversight procedures, which resulted in corrected misstatements. The Directors (via Management) intend to remediate this item in the following manner:

i. Additional funds have been made available to enable the Company to address its lack of accounting resources and additional resources have been hired and formalized review controls have been implemented.

ii. Periodic assessments will be performed to evaluate the sufficiency of the Company's accounting resources and needs for recruiting additional personnel, in addition to providing our accounting personnel with regular training over applicable IFRS accounting standards, complex accounting and financial reporting subject matters, and SEC reporting.

The Group's system of internal control is designed to provide the Directors with reasonable assurance that the Group's assets are safeguarded, that transactions are authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the internal control system in operation are:

- The Board meets regularly with an agenda of matters reserved for their decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority. The Board receives periodic updates from both the Audit and Remuneration Committees.
- The management team is responsible for the identification and evaluation of significant risks and for the design, implementation and monitoring of appropriate internal controls, including, but not limited to, financial and computer systems, business operations, and compliance.

- Management regularly reports to the Board on the key risks inherent in the business and on the way in which these risks are managed.
- There are established procedures for planning, approving, and monitoring large expenditures, including capital expenditures, as well as processes for monitoring the Group's financial performance.
- A comprehensive forecasting process is completed four times a year, prior to each board meeting, which is reviewed and approved by the Board. Detailed management accounts are produced on a monthly basis, with all significant variances investigated promptly. The management accounts are reviewed and commented on a monthly basis by the management team.
- The Group maintains appropriate insurance cover, including in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on an annual basis.

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

Contact with major shareholders is principally maintained by the Non-Executive Chairman and CEO, and additionally the Non-Executive Directors are available to discuss governance and other matters directly with major shareholders, both private and institutional.

The Company uses its corporate website (www.okyopharma.com) to communicate with institutional shareholders and private investors, and the website also contains the latest announcements, press releases, published financial information, current projects and other information about the Company. The annual report which includes the financial statements is a key communication document and is available on the Company's website.

Whistleblowing

The Group has arrangements in place to facilitate 'whistle-blowing' by employees. If a complaint is made, the content is sent anonymously by email to the Company's Compliance Officer, so that appropriate action can be taken.

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable law.

Under Companies (Guernsey) Law 2008 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 of the Company and of the Group and the financial performance and cash flows of the Group for that year. In preparing these 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 applicable accounting standards have been followed, subject to any material departures; disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in the applicable accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

OKYO Pharma Limited
Directors' report

Responsibility statement of the Directors in respect of the annual financial statements

Each of the Directors, whose names and functions are listed on page 2 confirm that, to the best of their knowledge and belief:

- the financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Annual Report and financial statements, including the Strategic report and Directors' report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Directors indemnity

The Group's Articles of Association provide, subject to the provisions of Companies (Guernsey) Law 2008, an indemnity for Directors and officers of the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Group.

Appropriate Directors and officer's liability insurance cover is in place in respect of all Group Directors.

Disclosures required by publicly traded companies under rule 7.2.6R of the UK Listing Authority's disclosure guidance and transparency rules

The following disclosures are made pursuant to Rule 7.2.6.R of the UK Listing Authority's Disclosure Guidance and Transparency Rules (DTR). As at 31 March 2021:

a) Details of significant direct or indirect holdings of securities of the Company are set out in the Directors' report outlined in this document. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

b) There are no persons who hold securities carrying special rights regarding control of the Company.

c) All ordinary shares carry one vote per share without restriction.

d) The Company's rules about the appointment and replacement of Directors are contained in the Company's constitution and accord with the Companies (Guernsey) Law 2008 and best practice for UK quoted companies. Amendments to the Company's constitution must be approved by the Company's shareholders by passing a special resolution.

e) The Company may exercise in any manner permitted by the Companies (Guernsey) Law 2008 any power which a public company limited by shares may exercise under the Companies (Guernsey) Law 2008. The business of the Company is managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the Companies (Guernsey) Law 2008 or the constitution requires the Company to exercise.

f) Subject to any rights and restrictions attached to a class of shares and in compliance with the Companies (Guernsey) Law 2008, the Company may allot and issue unissued shares and grant options over unissued shares, on any terms, at any time and for any consideration, as the Directors resolve. This power of the Company can only be exercised by the Directors. The Company may reduce its share capital and buy-back shares in itself on any terms and at any time. However, the Companies (Guernsey) Law 2008 sets out certain procedures which must be followed in relation to reductions in share capital and the buy-back of shares.

Assessment of the impact of COVID-19

The COVID-19 virus has swept the globe and has claimed many thousands of lives. It is clear that the pandemic has had a far more severe impact on markets than previous virus outbreaks, with governments having taken strict measures to contain the virus.

Despite the risks of a global recession with associated volatility in world stock markets, the Company believes that healthcare as a defensive sector should fare better than other parts of the economy. Indeed, the Company has raised funds during the pandemic through the issuance of convertible loan notes and the exercise of warrants to enable it to continue its pre-clinical pipeline, which includes the use of potential use of OK 101 analogues for prophylaxis against and treatment of symptoms associated with COVID-19.

OKYO Pharma Limited
Directors' report

Disclosure of information to the auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Mazars LLP have indicated their willingness to continue in office as auditor for another year. In accordance with section 257 of the Companies (Guernsey) Law 2008, a resolution proposing that Mazars LLP be reappointed as auditors of the Group will be put to the Annual General Meeting.

Future developments

The Strategic Report on pages 3 to 12 provides a summary of future developments of the Group.

Research and development activities

The research and development activities of the Group are described in Strategic Report on pages 3 to 12.

Financial instruments

The use of financial instruments is considered by the Board and the exposure of the Group to price, credit, liquidity and cash flow risks are considered. Details of the risks and mitigation can be found in note 18 to the financial statements.

Greenhouse Gas Emissions

We are a company with a small number of employees. We have serviced offices and we currently outsource our research, development, testing and manufacturing activities. As a result, we do not emit greenhouse gases from our own activities, nor do we purchase electricity, heat or steam for our own use. (Scope 1 and scope 2 disclosures).

Accordingly, there are no greenhouse gas emissions to report from the Company's operations, nor does it have responsibility for any other emissions. Further, for the same reason, the Company considers that it is a 'low energy user' under the Streamlined Energy & Carbon Reporting regulations and therefore a disclosure on energy and carbon emissions is not required.

Post balance sheet events

Events after the year end are outlined in note 25 to the financial statements.

By order of the Board

Willy Simon
Director
15 August 2022

Martello Court
Admiral Park
St. Peter Port
Guernsey
GY1 3HB

OKYO Pharma Limited
Directors' remuneration report

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Remuneration Committee, I am pleased to present our Directors' remuneration report for the year ended March 31, 2022 which will be subject to an advisory vote under a resolution to be proposed at the 2022 Annual General Meeting ("AGM"). Shareholders will also approve the Remuneration Policy at the 2022 AGM.

I hope that you will be supportive of our remuneration approach and will vote in favour of the Directors' remuneration report.

Key activities and decisions in the year ended March 31 2022:

Since April 1, 2021, the Committee has undertaken the following key decisions and activities:

- Additional options were granted to the Chief Executive Officer and other key management personnel and directors.

The Group has made progress during the financial year in the pre-clinical development on OK-101 and OK-201.

Yours faithfully,

Willy Simon
Chair of the Remuneration Committee
15 August, 2022

OKYO Pharma Limited
Directors' remuneration report

Single total figure of remuneration of each Director (Audited)

The Directors received the following remuneration for the years ended 31 March 2022 and 31 March 2021:

Year Ended March 31, 2022 £'000	Base Fee/Salary	Bonus	Share-based payment [7]	Other [8]	2022 Total	Total fixed renumeration	Total variable renumeration
Executive							
Gary Jacob	256	55	1,156	-	1,467	256	1,211
Non - Executive							
Gabriele Cerrone	120	-	-	-	120	120	-
Willy Simon	32	-	1	2	35	34	1
John Brancaccio	31	-	24	-	54	31	24
Kunwar Shailubhai [1]	13	-	(11)	-	2	13	(11)
Bernard Denoyer [2]	11	-	3	-	14	11	3
Total	463	55	1,173	2	1,693	465	1,228

Year Ended March 31, 2021 £'000	Base Fee/Salary	Bonus	Share-based payment [7]	Other [8]	2021 Total	Total fixed renumeration	Total variable renumeration
Executive							
Gary Jacob [3]	61	30	358	-	449	61	388
Non – Executive							
Gabriele Cerrone [4]	27	887	-	-	914	27	887
Willy Simon	32	-	2	2	36	34	2
John Brancaccio [5]	24	-	12	-	36	24	12
Kunwar Shailubhai	28	-	13	-	41	28	13
Gregor MacRae [6]	10	-	-	2	12	12	-
Total	182	917	385	4	1,488	186	1,302

[1] Kunwar Shailubhai resigned as Director on 17 June 2021

[2] Bernard Denoyer was appointed as Director on 1 December 2021

[3] Gary Jacob became an employee and Director of the Company on 7 January 2021 and has elected not to take healthcare benefits

[4] Gabriele Cerrone's bonus awarded for £887k was awarded on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a Director or employee of the Company (now the subject of a patent application); work carried out in procuring, backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path to the clinic.

[5] John Brancaccio was appointed as Director on 10 June 2020

[6] Gregor Macrae was appointed as Director on 18 December 2019 and resigned on 10 June 2020

[7] Share based payments represent the fair value of options that vested during the years ended March 31, 2022 and 2021. A negative number represents a forfeiture of unvested options.

[8] Other benefits represent healthcare benefits and pension contributions.

OKYO Pharma Limited
Directors' remuneration report

No payments were made towards a pension plan for our Executive Director, £1,920 was made for Willy Simon, who is paid via payroll and receives the same pension benefit as the UK based employees, namely a matching contribution of 6% of salary, if a 3% minimum contribution is made.

Statement of Directors' shareholding and share interests (Audited)

The table below details the total number of shares owned (including their beneficial interests), the total number of share options held and the number of share options vested but not yet exercised as at March 31, 2022:

Year ended March 31, 2022	Shares	Options – not yet vested	Options – vested not yet exercised	Total (Shares and options)
Executive				
Gary Jacob	-	43,000,000	10,000,000	53,000,000
Non - Executive				
Gabriele Cerrone	543,181,215	-	-	543,181,215
Willy Simon	307,100	500,000	1,500,000	2,307,100
John Brancaccio	-	1,337,500	112,500	1,450,000
Bernard Denoyer	-	1,000,000	-	1,000,000
Total	543,488,315	45,837,500	11,612,500	600,938,315

The interests of the Directors in the Company's share options are as follows:

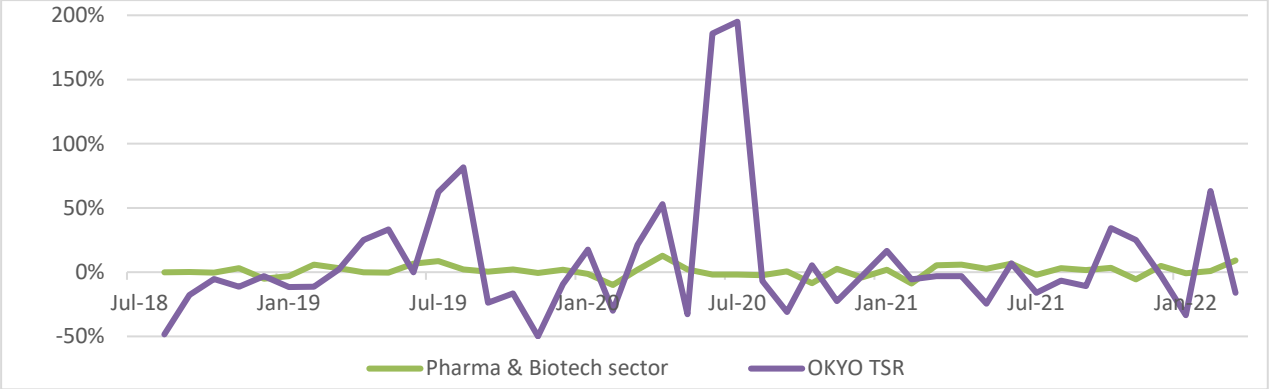
Director	**Granted**	**Date of grant**	**Price per share £**	**Vesting Criteria**	**Vested as at March 31, 2022**	**Expiry Date**
Gary Jacob	40,000,000	6 January 2021	0.05	25 per cent. Will vest on each anniversary of appointment.	10,000,000	5 January 2031
Gary Jacob	13,000,000	31 August 2021	0.049	25 per cent. Will vest on each anniversary of appointment.	-	31 August 2031
Willy Simon	2,000,000	6 July 2018	0.045	25 per cent. Will vest on each anniversary of appointment.	1,500,000	6 July 2025
John Brancaccio	450,000	20 August 2020	0.155	25 per cent. Will vest on each anniversary of appointment.	112,500	19 August 2028
John Brancaccio	900,000	31 August 2021	0.049	25 per cent. Will vest on each anniversary of appointment.	-	31 August 2031
John Brancaccio	100,000	31 January 2022	0.08	vest in equal tranches over three years beginning on the date of grant.	-	31 January 2032
Bernard Denoyer	1,000,000	31 January 2022	0.08	vest in equal tranches over three years beginning on the date of grant.	-	31 January 2032

OKYO Pharma Limited
Directors' remuneration report

Total Shareholder Return

The graph below shows the Company's performance, measured by total shareholder return, of the Company's movement in share price compared to the FTSE All share pharmaceuticals and Biotechnology index for the three years ended March 31, 2022.

Total Shareholder Return
(Source: Investing.com)



Payments to past Directors

In the period there were no payments to past Directors.

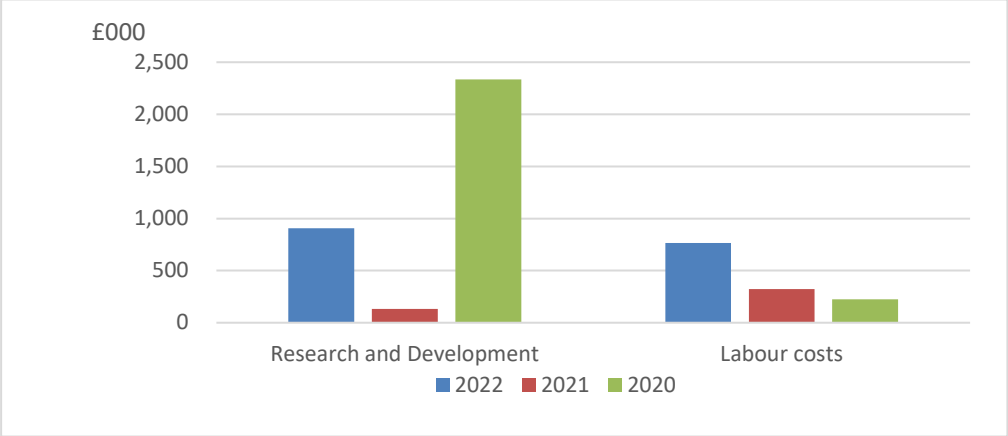
Payments for loss of office

No payments were made to Directors for loss of office in the period.

OKYO Pharma Limited
Directors' remuneration report

Relative Importance of spend on pay

The Committee considers the company's research and development expenditure relative to salary expenditure for all employees, directors and officers, to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the company's business. Dividend distribution and share buy-back comparators have not been included as the company has no history of such transactions. The graph below illustrates the gross pay to all employees per year as compared to research and development expenditure and illustrates the year-on-year change.



Employment conditions across the Group

The Committee is kept regularly updated on pay and conditions across the Group, although when setting the Directors' remuneration policy, the wider employee group is not formally consulted. In determining any adjustments to the pay of the Executive Director and Officers salaries, the Committee considers the increases to pay levels across the broader employee population.

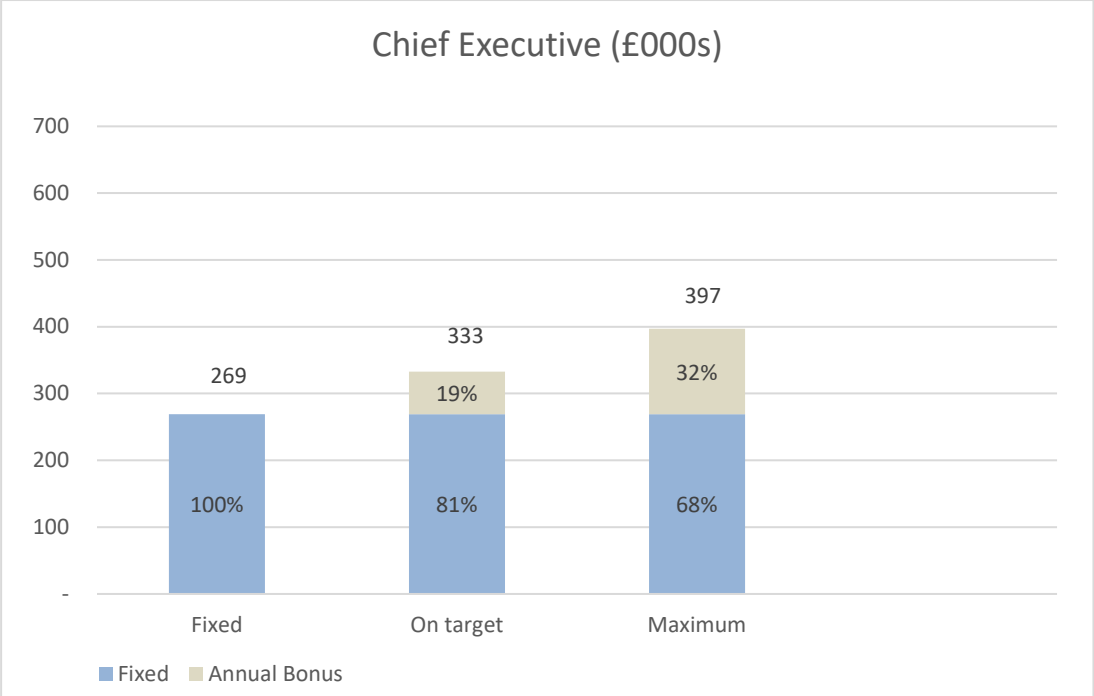
Consideration of shareholder views

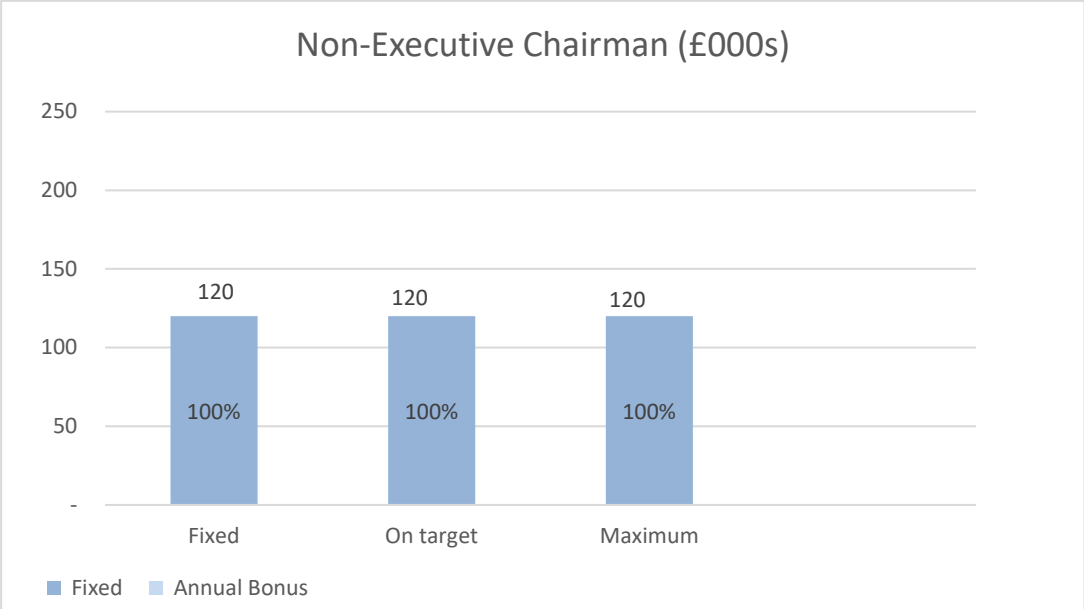
The committee considers shareholder feedback received in relation to the Annual General Meeting each year at its first meeting following the Annual General Meeting. This feedback, as well as any additional feedback received during other meetings with shareholders and representative bodies, is then considered when reviewing remuneration policy. When any material changes are proposed by the Group to the remuneration policy, the Committee will consult major shareholders.

Illustration of application of remuneration policy

The charts below set out the minimum (i.e. 'fixed') remuneration receivable by the Executive Director and the Non-Executive Chairman as at the date of this Annual Report, as well as the potential remuneration for 'on-target' and 'maximum' performance, as a result of the remuneration paid in or awarded for the year ending March 31, 2022.

OKYO Pharma Limited
Directors' remuneration report





The scenarios set out in the above charts reflect or assume the following:

- 'Fixed' remuneration comprises:
  - Base salary to be provided in 2021/22
  - A base salary of £120,000 for the Non – Executive Chairman for the full financial year to March 31,2022
- The 'on-target' remuneration assumes an annual bonus payment of 50% of the maximum opportunity.
- The 'maximum' remuneration assumes maximum performance is achieved and therefore awards under the annual bonus pay out at their maximum levels.
- Option awards are excluded as they are not issued on a multiyear basis.

Executive remuneration is not directly linked to share price so this metric cannot be illustrated.

The following table sets out the Company's performance objectives for the next 12 months to 31 March 2023:

Objective Weighting	Weighting
Work towards filing an IND in the third/fourth quarter of 2022 on OK-101 to treat DED	60%
Commence the first human Phase 2 efficacy trial in dry eye disease patients; first patient to be enrolled by March 2023	30%
Secure additional funding	10%
	100%

Structure and role of Remuneration Committee

The Remuneration Committee of the Board comprises of Willy Simon and John Brancaccio. It is chaired by Willy Simon, and is responsible for:

i. the review of the performance of the Executive Directors;
ii. recommendations to the Board on matters relating to the remuneration and terms of service of the Executive Directors; and
iii. recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Group.

Directors' remuneration policy

The Group's policy is to maintain levels of remuneration sufficient to attract, motivate and retain senior executives of the highest calibre who can deliver growth in shareholder value. Executive Director remuneration currently consists of basic salary, bonus and benefits. The Group will seek to strike an appropriate balance between fixed and performance-related reward so that the total remuneration package is structured to align a significant proportion to the achievement of performance targets, reinforcing a clear link between pay and performance. The performance targets for staff, Officers and the Executive Director will be aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between staff, the Executive Director and shareholders.

The Remuneration Committee will continue to review the Group's remuneration policy and make amendments, as and when necessary, to ensure it remains fit for purpose and continues to drive high levels of executive performance and remains both affordable and competitive in the market.

The policy, as outlined below, was approved by shareholders at the 2019 AGM. Upon approval, the Group will continue to put forward the remuneration policy to be approved every three years, however the Group will update it when necessary and will be sent for approval before the three-year approval.

OKYO Pharma Limited
Directors' remuneration report

Policy Table

Element of reward - Base Salary

Purpose and Link to Strategy	To provide fixed remuneration to ▪ help recruit and retain key individuals; ▪ reflect the individual's experience, role and contribution within the Group.
Operation	The Remuneration Committee considers a number of factors when setting salaries, including: ▪ scope and complexity of the role ▪ the skills and experience of the individual ▪ salary levels for similar roles within the industry ▪ pay elsewhere in the Group Salaries are reviewed, but not necessarily increased, annually.
Performance conditions	None.
Maximum opportunity	Salary increases are normally made with reference to the average increase for the wider Group. The Board retains discretion to make higher increases in certain circumstances, for example, following an increase in the scope and/or responsibility of the role or the development of the individual in the role or by benchmarking.

Element of reward- Other benefits

Purpose and Link to Strategy	To provide a basic benefits package.
Operation	The Group provides Executive Directors with medical insurance for themselves and their family.
Performance conditions	None.
Maximum opportunity	Maximum opportunity will be whatever it costs to provide the benefit.

OKYO Pharma Limited
Directors' remuneration report

Element of reward - Annual Bonus

Purpose and Link to Strategy	To incentivise and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Group's short-term strategy.
Operation	• The Executive Director and staff are eligible to participate in a discretionary bonus plan. • The Remuneration Committee will determine on an annual basis the level of deferral, if any, of the bonus payment into Company shares. • Maximum bonus levels and the proportion payable for on target performance are considered in the light of market bonus levels for similar roles among the industry sector. • Bonuses are not pensionable. • The Remuneration Committee sets targets which require appropriate levels of performance, considering internal and external expectations of performance. • As soon as practicable after the year-end, the Remuneration Committee meets to review performance against objectives and determines payout levels. • From 2019 a balanced scorecard approach is operated in terms of bonus targets, which focuses on a mixture of strategic, operational, financial and non-financial metrics.
Performance conditions	• At least 50% of the award will be assessed against Group metrics including operational, financial and non-financial performance. The remainder of the award will be based on performance against individual objectives. • A scale between 0% and 100% of the maximum award is paid dependent on the level of performance.
Maximum opportunity	The maximum potential bonus entitlement for the Executive Director under the plan will be equal to 50% of the base salary.

Element of reward - Long Term Incentive Plan (LTIP)

Purpose and Link to Strategy	• To incentivise and reward the creation of long-term shareholder value. • To align the interests of the Executive Directors with those of shareholders.
Operation	Under the terms of the non-tax advantaged share option plan (the "Share Option Plan"), the Remuneration Committee may issue options over shares up to 15% of the issued share capital of the Company from time to time. Directors and employees are eligible for awards. • The exercise of options may be subject to the satisfaction of such performance conditions, if any, as may be specified and subsequently varied and/or waived by the Remuneration Committee. • The Remuneration Committee determines on an annual basis, and from time to time as needed (i.e., new employee or promotion), the type of awards to be granted to executives and other employees under the plan.
Performance conditions	Vesting of the awards is dependent on financial, operational and/or share price measures, as set by the Remuneration Committee, which are aligned with the long-term strategic objectives of the Group. The relevant performance conditions will be set by the Remuneration Committee on the award of each grant but will include a mixture of strategic, operational, financial and non-financial metrics.

Notes on Table

The Remuneration Committee may make minor amendments to the Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment. Any major changes will be put to a shareholder vote at the next AGM or an EGM.

The Policy was approved by shareholders at the 2019 AGM and, will remain in force until the AGM in 2022 with no requirement to vote again on the Policy in the intervening years provided that no changes are proposed.

Policy on payment for loss of office

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Notice periods are set at up to a maximum of twelve months by either party.

The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss (for example by gaining new employment) and other relevant circumstances (e.g. ill health).

If the Executive Director's employment is terminated by the Company, the Executive Director may receive a time pro-rated bonus to the period worked subject to performance in that period, subject to the Remuneration Committee's discretion.

The treatment of outstanding share awards is governed by the relevant share plan rules. The following table summarises the leaver provisions of share plans under which Executive Directors may currently hold awards.

Leaving Event	Time period	Conditions
Injury, disability, ill-health, redundancy	Option may be exercised within 3 months of leaving.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Death	Option may be exercised by personal representatives within 12 months of death.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Resignation or any other reason not mentioned above.	Lapse of option unless Board exercises discretion to allow exercise of option in which case within 3 months of leaving/notice.	If allowed to exercise; Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.

OKYO Pharma Limited
Directors' remuneration report

Annual report on approach to remuneration on recruitment

In determining remuneration for new appointments to the Board, the Board will consider all relevant factors including, but not limited to, the calibre of the individual and their existing package, the external market and the existing arrangements for the Company's current Executive Directors, with a view that any arrangements offered are in the best interests of the Company and shareholders and without paying any more than is necessary.

Where the new appointment is replacing a previous Executive Director, salaries and total remuneration opportunity may be higher or lower than the previous incumbent. If the appointee is expected to develop into the role, the Board may decide to appoint the new Executive Director to the Board at a lower than typical salary. Larger increases (above those of the wider Group) may be awarded over time to move closer to the market level as their experience develops.

Benefits and other elements of remuneration will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Board considers it reasonable and necessary to do so.

It is expected that the structure and various pay elements would reflect those set out in the policy table above. However, the Board recognises that, as an independent life sciences company, it is competing with global firms for its talent. As a result, the Board considers it important that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires to grow a successful business. The Company recognises that in many cases, an external appointee may forfeit significant cash bonuses and/or share awards from a prior employer. The Board believes that it needs the ability to compensate new hires for bonuses and/ or incentive awards lost on joining the Company. The Board will use its discretion in settling any such compensation, which will be decided on a case-by-case basis, provided that in no event shall such compensation exceed the value of compensation forfeited by the external appointee, as confirmed by the appointee in a written agreement with the Company.

OKYO Pharma Limited

Independent auditor's report to the members of OKYO Pharma Limited

Opinion

We have audited the financial statements of OKYO Pharma Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the:

Group
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; and
- Notes to the financial statements, including a summary of significant accounting policies.

Parent company
- Company Statement of Financial Position;
- Company Statement of Changes in Equity;
- Company Statement of Cash Flows; and
- Notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In our opinion, the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with IFRS as issued by the IASB; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

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 group and the parent 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 entities and 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.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which states that the group and parent company are pre-revenue, and its business model requires significant ongoing expenditure on research and development. For the year ended 31 March 2022, the group incurred a total comprehensive loss of £3,983k. Although the net assets of the group at 31 March 2022 are £2,243k, with a cash position of £2,056k, the forecast prepared by management indicates that the current cash held will be exhausted by October 2022 without additional financing facilities in place. The group is in the final stages of its Investigational New Drug (IND) application for OK101, due to be filed with the U.S. Food and Drug Administration (FDA) in mid-November after which there is a 30 day period for the FDA to raise questions or issue a clinical hold. On completion of the IND application process management state they intend to raise sufficient funds to enable the group to complete Phase II clinical trials for OK101. As management's forecasts indicate current cash held is not sufficient to complete the IND application process and cover working capital requirements until further funds are raised for the Phase II clinical trials, to meet the short-term need, on 2 August 2022 the company secured a US$2 million short-term credit facility with a related party, Tiziana Life Sciences Limited, which must be repaid six months after the first draw-down is made. After taking this facility into consideration, the available cash position will be extended to approximately April 2023. If further funds for the Phase II clinical trials are not raised before then, to continue operating, the group will need to raise additional finance sufficient to meet its ongoing working capital requirements as well as repay the US$2 million short-term credit facility plus accrued interest. These conditions indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern.

As stated in note 2, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Material uncertainty related to going concern (continued)

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included, but was not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Making enquiries about and assessing the adequacy of management's going concern assessment period to 31 August 2023;
- Obtaining management's cash flow forecast models to 31 August 2023 used in their going concern assessment, determining the arithmetical accuracy, ascertaining whether they have been approved by the Board of Directors, evaluating the appropriateness of the key assumptions and considering management's historical forecasting accuracy;
- Obtaining management's going concern assessment to the Board of Directors setting out management's conclusions on the appropriateness of using the going concern basis of accounting in the preparation of the financial statements along with their assessment of material uncertainties related to events or conditions that may cast significant doubt upon the group's and parent company's ability to continue as a going concern. We considered the robustness of management's going concern assessment, ascertained whether the assessment had been approved by the Board of Directors, corroborated assertions made by management within the assessment and evaluated the effect of the risks, management's strategies and plans to mitigate those risks and the overall conclusions reached by management;
- Obtaining the loan facility agreement with related party Tiziana Life Sciences Limited and considering the assessment of this within management's cash flow forecasts, assessing the terms of the facility and evaluating the appropriateness of the directors' disclosures in the financial statements in the context of IAS 24;
- Considering the events or conditions that may cast significant doubt upon the group's and parent company's ability to continue as a going concern, being:
    - the need to complete and file the IND application with the FDA in mid-November 2022 and for this to pass the 30-day window without a clinical hold being put in place. We considered whether there was a realistic prospect of the group achieving this. Our audit procedures included enquiries with the CRO, Ora, Inc.; and
    - the need to raise funds by April 2023 in order to cover the costs of the IND and operations to that date, repay the short-term credit facility of US$2 million and accrued interest to Tiziana Life Sciences Limited, to continue operations and enter Phase II clinical trials. We assessed whether there was a realistic prospect of the Group achieving this. Our audit procedures included enquiries with the Audit Committee, reviewing minutes of meetings of the Board of Directors with their investment bank advisers and reviewing supporting papers presented by their investment bank; and
- Evaluating the appropriateness of the directors' going concern disclosures in the financial statements describing the risks associated with the group and parent company's ability to continue as a going concern.

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

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 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures. The matters set out below are in addition to the "Material uncertainty related to going concern" above which, by its nature, is also a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter	How our audit responded to the key audit matter
Valuation, accuracy and presentation and disclosure of share-based payments *Refer to the Accounting Policies (page 53-59); Critical Accounting Judgements and Key Sources of Estimation Uncertainty (page 58); and Note 16 of the Consolidated Financial Statements (page 68-71)* The group operates share-based payments arrangements to remunerate directors and employees in the form of share options. Due to the complexity in the calculation and underlying assumptions for the valuation of share options, we considered the valuation and accuracy to be a judgmental area. We therefore concluded that the likelihood of misstatement was higher. Additionally, as the volume of options is increasing year on year, the likelihood of a material impact was also considered to be higher. The disclosure requirements for share based payments is equally complex and therefore this was also considered to be a risk. **Key figures (Group and Company)** **£1,295k** Options charge (2021: £399.5k) **£14k** Options forfeiture (2021: £4k) **£nil** Options exercised (2021: £1k) **Audit coverage** All of these transactions and balances are within the parent company which was subject to a full scope audit.	— We obtained from management, the calculations for the share options (i.e. the Black-Scholes-Merton option pricing model),and engaged our internal valuations experts to review the reasonableness of the assumptions used in the valuation and accuracy of the calculations of the valuation model. — The audit team reviewed and tested the completeness of the information and concluded on the accounting treatment of the instruments. — We obtained and reviewed the option agreements for all current year issuances and determined whether they were to be accounted for under IFRS 2 Share-Base Payments. — We utilised our Accounting Technical Services (ATS) team in the review of the financial statement disclosures along with our disclosure checklist and other levels of review within the audit team. **Key observations** Having carried out the procedures outlined above, we are satisfied that management's estimation including assumptions and judgements made and methodology applied in carrying out the valuation of share options granted in the year are appropriate. We are also satisfied with the presentation and disclosure within the Consolidated Financial Statements.

Key audit matters (continued)

Key audit matter	How our audit responded to the key audit matter
Occurrence, presentation and disclosure and accuracy of accounting for warrants and convertible loan notes *Refer to the Accounting Policies (page 53-59); and Note 16 and 17 of the Consolidated Financial Statements (page 68-71 and 72)* The group has granted warrants as part of incentives attached to convertible loan notes and the warrants are exercisable over a certain number of years according to the agreement. In the current year there has been no new warrants or convertible loan notes issued so we do not consider classification a risk and similarly as equity instruments are not subject to revaluation, we do not consider valuation to be a risk. The accounting for warrants and convertible loan notes is, however, complex. This is primarily due to the legal form of these instruments, the use of the relative fair value method, complex conversions (for example cashless conversions) and accretion of interest. The timing of events within these instruments is also complex due to the complex legal arrangements and therefore occurrence of the transactions relating to these instruments is also considered a risk. The disclosure requirements for these instruments is equally complex and accounting within equity is also an area that lacks authoritative guidance or consensus. **Key figures (Group and Company)** **CLN Reserve** **£nil** CLNs Issued (2021: £6,311k) **£6,279k** Conversion of CLNs (2021: £nil) **£331k** CLN Interest (2021: £164k) **£(425)k** Transfers within reserves (2021: £nil) **Warrant reserve** **£46k** Warrants Charge (2021: £62k) **£1,561k** Exercise of Warrants (2021: £nil) **£391k** Warrant interest (2021: £nil) **£(1,159)k** Transfers within reserves (2021: £nil) **£nil** Issue costs of equity settled by warrants (2021: £563k) **Audit coverage** All of these transactions and balances are within the parent company which was subject to a full scope audit.	— We obtained calculations and accounting entries prepared by management along with legal documents, agreements and certificates to determine whether the accounting had been reflected accurately and at the correct point in time. — We utilised our Accounting Technical Services (ATS) team to assist us in the review of such transactions and events occurring in the year in respect of these instruments to ensure that the accounting was done correctly and in line with the legal arrangements. — We also utilised our Accounting Technical Services (ATS) team in the review of the financial statement disclosures along with our disclosure checklist and other levels of review within the audit team. **Key observations** Having carried out the procedures outlined above, we are satisfied with the occurrence and accuracy of accounting for warrants and convertible loan notes. We are also satisfied with the presentation and disclosure within the Consolidated Financial Statements.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£228k (2021: £151k)	£231k (2021: £146k), however, we capped this at the level of group materiality, being £228k.
How we determined overall materiality	We calculated materiality at 5% (2021: 5%) of the group's losses before taxation of £4.55m (2021: £3.02m).	We calculated materiality at 5% (2021: 5%) of the parent company's losses before taxation of £4.63m (2021: £2.95m).
Rationale for benchmark applied	Losses before taxation has been used as the users of the financial statements are likely to be most interested in the annual and accumulated losses of the group and the group's ability to continue as a going concern. Losses are also representative of the group's investment into research and development to deliver its objectives.	Losses before taxation has been used as the users of the financial statements are likely to be most interested in the annual and accumulated losses of the parent company and the parent company's ability to continue as a going concern. Losses are also representative of the parent company's investment into research and development to deliver its objectives.

As part of our audit we determined performance materiality being an amount set by us that is less than overall materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Based on our professional judgement, we determined performance materiality as follows:

	Group financial statements	Parent company financial statements
Performance materiality	£114k (2021: 106k)	£116k (2021: 103k), however, we capped this at the level of group performance materiality, being £114k.
How we determined performance materiality	50% (2021: 70%) of overall materiality. We set performance materiality at this level taking into account the material prior period error, significance of manual journals, prior errors identified and limitations in the control environment.	50% (2021: 70%) of overall materiality. We set performance materiality at this level taking into account the material prior period error, significance of manual journals, prior errors identified and limitations in the control environment.

We agreed with the Audit, Risk and Disclosure Committee that we would report to them all audit differences in excess of £7k for both the group and parent company (2021: £5k and £4k respectively), as well as differences below those thresholds that, in our view, warranted reporting for qualitative reasons. We also reported to the Audit, Risk and Disclosure Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, only the parent company (which represents approximately 102% of the consolidated total comprehensive loss) within the group was subject to full scope audit which was performed by the group audit team. For the parent company's subsidiary (which represents approximately -2% of the consolidated total comprehensive loss), the group audit team performed analytical procedures to respond to any potential risks of material misstatement to the group financial statements using group materiality.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

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. 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.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the parent company financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 23, 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 the parent 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 parent 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment laws and regulations (including health and safety), unethical and prohibited business practices, intellectual property law and laws and regulations pertaining to the biopharmaceutical industry.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the Financial Conduct Authority, the London Stock Exchange and the US Securities and Exchange Commission (SEC);
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

Auditor's responsibilities for the audit of the financial statements (continued)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Companies (Guernsey) Law, 2008, UK and overseas tax legislation, listing rules of the London Stock Exchange and SEC rules.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, related party transactions and directors' remuneration, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to share based payments, convertible loan notes and warrants, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report. A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Robert Neate
For and on behalf of Mazars LLP
Chartered Accountants and Recognised Auditor
London, United Kingdom

15 August 2022

OKYO Pharma Limited

Consolidated statement of comprehensive income

for the year ended 31 March 2022

	Notes	**Year ended 31 March 2022 £**	Year ended 31 March 2021 (restated)* £
Operating expenses			
Research and development		**(952,683)**	(132,860)
Operating expenses		**(3,599,629)**	(2,440,093)
Total operating loss	*5*	**(4,552,312)**	(2,572,953)
Finance expense	*10*	**-**	(858)
Impairment of loan	*19*	**-**	(8,539)
Loss before income tax		**(4,552,312)**	(2,582,350)
Taxation	*9*	575,867	19,104
Loss for the year		**(3,976,445)**	(2,563,246)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**(6,665)**	3,100
Total comprehensive loss for the period attributable to the owners of the parent		**(3,983,110)**	(2,560,146)
Basic and diluted loss per share	*20*	**(0.00)**	(0.00)

The notes on pages 53 to 76 form an integral part of these financial statements.

* Refer to Note 4

OKYO Pharma Limited

Consolidated statement of financial position

As at 31 March 2022

	Notes	**At 31 March 2022 £**	At 31 March 2021 (restated)* £
Property, plant, and equipment	*11*	**3,977**	4,389
Right of use asset	*21*	**-**	71,425
Total non-current assets		**3,977**	75,814
Cash and cash equivalents	*23*	**2,055,508**	4,991,663
Other receivables	*12*	**618,737**	31,424
Related party receivable	*19*	**-**	20,044
Current taxation receivable		**594,939**	19,072
Total current assets		**3,269,184**	5,062,203
Total assets		**3,273,161**	5,138,017
Equity			
Share capital	*14*	**-**	-
Share premium	*14*	**77,183,263**	66,713,846
CLN reserve	*17*	**-**	6,474,832
Share options reserve	*16*	**1,743,391**	462,428
Warrants reserve	*16*	**166,216**	2,347,236
Foreign currency translation reserve		**(821)**	5,844
Retained deficit		**(76,848,795)**	(72,150,010)
Shareholders' equity		**2,243,254**	3,854,176
Trade and other payables	*13*	**994,104**	1,212,284
Related party payable	*19*	**35,803**	-
Lease Liability current	*21*	**-**	24,742
Total current liabilities		**1,029,907**	1,237,026
Lease liability non-current	*21*	**-**	46,815
Total current and non-current liabilities		**1,029,907**	1,283,841
Total equity and liabilities		**3,273,161**	5,138,017

The notes on pages 53 to 76 form an integral part of these financial statements.

These financial statements were approved by the board of Directors on xx August 2022 and were signed on their behalf by:

Willy Simon

Director

* Refer to Note 4

OKYO Pharma Limited

Company statement of financial position

for the year ended 31 March 2022

	Notes	At 31 March 2022 £	At 31 March 2021 (restated)* £
Property, plant and equipment	*11*	**2,235**	1,894
Investment in subsidiary	*15*	**-**	-
Total non-current assets		**2,235**	1,894
Cash and cash equivalents	*23*	**1,858,258**	4,837,723
Intercompany receivable	*15*	**11,547**	91,552
Other receivables	*12*	**613,029**	25,990
Related party receivable	*19*	**-**	20,044
Current taxation receivable		**594,939**	19,072
Intercompany receivable	*15*	**1,204**	-
Total current assets		**3,078,977**	4,994,381
Total assets		**3,081,212**	4,996,275
Equity			
Share capital	*14*	**-**	-
Share premium	*14*	**77,183,263**	66,713,846
CLN Reserve	*17*	**-**	6,474,832
Share options reserves	*16*	**1,743,391**	462,428
Warrants reserve	*16*	**166,216**	2,347,236
Retained deficit		**(76,950,957)**	(72,174,735)
Shareholders' equity		**2,141,913**	3,823,607
Current Liabilities			
Trade and other payables	*13*	**903,495**	1,172,668
Related party payable	*19*	**35,803**	-
Total liabilities		**939,298**	1,172,668
Total equity and liabilities		**3,081,212**	4,996,275

The Company reported a loss for the financial year ended 31 March 2022 of £4,053,882 (2021 restated*: £2,582,349).

These financial statements were approved by the board of Directors on 15 August 2022 and were signed on their behalf by:

Willy Simon

Director

* Refer to Note 4

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2022

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Translation reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2021 (restated)*		**66,713,846**	**6,474,832**	**462,428**	**2,347,236**	**5,844**	**(72,150,010)**	**3,854,176**
Loss for the period		-	-	-	-	-	(3,976,445)	(3,976,445)
Exchange differences on translating foreign operations		-	-	-	-	(6,665)	-	(6,665)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(6,665)**	**(3,976,445)**	**(3,983,110)**
Contributions by and distributions to owners								
Transfer between equity reserves	*14*	1,584,230	(425,164)	-	(1,159,066)	-	-	-
CLN and warrant interest		-	331,430	-	390,910	-	(722,340)	-
Conversion of CLN	*14*	6,381,098	(6,381,098)	-	-	-	-	-
Options charge	*16*	-	-	1,295,183	-	-	-	1,295,183
Options forfeiture	*16*	-	-	(14,220)	-	-	-	(14,220)
Exercise of warrants	*14*	2,504,089	-	-	(1,458,757)	-	-	1,045,332
Warrant's charge	*16*	-	-	-	45,893	-	-	45,893
Balance at 31 March 2022		**77,183,263**	**-**	**1,743,391**	**166,216**	**(821)**	**(76,848,795)**	**2,243,254**

The notes on pages 53 to 76 form an integral part of these financial statements.

*Refer to Note 4

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2021

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Translation reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**2,744**	**(69,424,317)**	**(113,015)**
Loss for the period (restated)*			-	-	-	-	(2,563,246)	(2,563,245)
Exchange differences on translating foreign operations		-	-	-	-	3,100	-	3,100
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**3,100**	**(2,563,246)**	**(2,560,145)**
Shares issued	*14*	181,346	-	-	-	-	-	181,346
CLN Issue	*17*	-	6,311,287	-	-	-	-	6,311,287
CLN Interest		-	163,545	-	-	-	(163,545)	-
Issue costs of equity settled by CLN (restated)*	*4*	(434,183)						(434,183)
Options charge	*16*	-	-	399,460	-	-	-	399,460
Options forfeiture	*16*	-	-	(4,167)	-	-		(4,167)
Options exercised	*16*	11,250	-	(1,098)	-	-	1,098	11,250
Warrants charge**	*16*	-	-	-	62,344	-	-	62,344
Issue costs of equity settled by warrants**		(563,267)	-	-	563,267	-	-	-
Balance at 31 March 2021 (Restated)*		**66,713,846**	**6,474,832**	**462,428**	**2,347,236**	**5,844**	**(72,150,010)**	**3,854,176**

The notes on pages 53 to 76 form an integral part of these financial statements.

*Refer to Note 4

**These were presented net in the prior year and have been separated in the current year for clearer presentation

OKYO Pharma Limited

Company statement of changes in equity

for the year ended 31 March 2022

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2021 (restated) *		**66,713,846**	**6,474,832**	**462,428**	**2,347,236**	**(72,174,735)**	**3,823,607**
Loss for the period		-	-	-	-	(4,053,882)	(4,053,882)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(**4,053,882**)**	**(**4,053,882**)**
Contributions by and distributions to owners							
Transfer between equity reserves	*14*	1,584,230	(425,164)	-	(1,159,066)	-	-
CLN and warrant interest		-	331,430	-	390,910	(722,340)	-
Conversion of CLN	*14*	6,381,098	(6,381,098)	-	-	-	-
Options charge	*16*	-	-	1,295,183	-	-	1,295,183
Options forfeiture	*16*	-	-	(14,220)	-	-	(14,220)
Exercise of warrants	*14*	2,504,089	-	-	(1,458,757)	-	1,045,332
Warrant's charge	*16*	-	-	-	45,893	-	45,893
Balance at 31 March 2022		**77,183,263**	**-**	**1,743,391**	**166,216**	**(76,950,957)**	**2,141,913**

The notes on pages 53 to 76 form an integral part of these financial statements.

*Refer to Note 4

OKYO Pharma Limited

Company statement of changes in equity

for the year ended 31 March 2021

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**(69,430,027)**	**(121,469)**
Loss for the period (restated)*		-	-	-	-	(2,582,261)	(2,582,261)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(2,582,261)**	**(2,582,261)**
Shares issued	*14*	181,346	-	-	-	-	181,346
CLN Issue	*17*	-	6,311,287	-	-	-	6,311,287
CLN Interest		-	163,545	-	-	(163,545)	-
Issue costs of equity settled by CLN (restated)*		(434,183)	-	-	-	-	(434,183)
Options charge	*16*	-	-	399,460	-	-	399,460
Options forfeiture	*16*	-	-	(4,167)	-		(4,167)
Options exercised	*16*	11,250	-	(1,098)	-	1,098	11,250
Warrants charge**	*16*	-		-	62,344	-	62,344
Issue costs of equity settled by warrants**		(563,267)	-	-	563,267	-	-
Balance at 31 March 2021 (restated)*		**66,713,846**	**6,474,832**	**462,428**	**2,347,236**	**(72,174,735)**	**3,823,607**

The notes on pages 53 to 76 form an integral part of these financial statements.

*Refer to Note 4

**These were presented net in the prior year and have been separated in the current year for clearer presentation

OKYO Pharma Limited

Consolidated statement of cash flows

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 (restated)* £
Cash flows from operating activities			
Loss for the year before taxation		**(4,552,312)**	**(2,582,350)**
Adjusted for non-cash and non-operating items:			
Share options charge	*16*	**1,295,183**	**399,460**
Warrants charge	*16*	**45,893**	**62,345**
Forfeiture of options	*16*	**(14,220)**	**(4,167)**
Depreciation of property, plant, and equipment	*11*	**1,774**	**1,154**
Amortisation of right-of-use asset	*21*	**-**	**8,867**
Gain on disposal of right of use asset	*21*	**(131)**	**(592)**
Impairment on loan to West African Minerals Ltd		**-**	**8,539**
(Gain)/ Loss on foreign exchange		**(6,758)**	**3,100**
Net decrease/(increase) in related party receivables		**20,044**	**(2,952)**
Net increase/(decrease) in related party payables		**35,803**	**(35,398)**
Net (increase)/decrease in other receivables		**(587,313)**	**159,696**
Net (decrease)/ increase in trade and other payables		**(218,180)**	**677,283**
Cash used in operating activities		**(3,980,217)**	**(1,305,015)**
Cash inflow from taxation		**-**	**60,032**
Net Cash Used in Operating Activities		**(3,980,217)**	**(1,244,983)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	*11*	**(1,270)**	**(5,031)**
Loan to West African Minerals Ltd	*19*	**-**	**(8,539)**
Cash used in investing activities		**(1,270)**	**(13,570)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**-**	**181,346**
Proceeds from issuance of convertible loan notes	*17*	**-**	**5,877,104**
Proceeds from options exercised	*16*	**-**	**11,250**
Repayment of leasing liabilities		**-**	**(9,425)**
Interest on leasing liabilities		**-**	**-**
Proceeds from exercise of warrants		**1,045,332**	**-**
Cash generated from financing activities		**1,045,332**	**6,060,275**
(Decrease) in cash and cash equivalents		**(2,936,155)**	**(4,801,722)**
Cash and cash equivalents at beginning of period		**4,991,663**	**189,941**
Cash and cash equivalents at end of period		**2,055,508**	**4,991,663**

The notes on pages 53 to 76 form an integral part of these financial statements.

*Refer to Note 4

OKYO Pharma Limited

Company statement of cash flows

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 (restated)* £
Cash flows from operating activities			
Loss for the year before taxation		**(4,629,749)**	**(2,601,365)**
Adjusted for non-cash and non-operating items:			
Share options charge	*16*	**1,295,183**	**399,460**
Warrants charge	*16*	**45,893**	**62,345**
Forfeiture of options		**(14,220)**	**(4,167)**
Impairment on loan to West African Minerals Ltd		**-**	**8,539**
Depreciation of property, plant, and equipment	*11*	**929**	**1,117**
Net (increase) in intercompany receivables		**-**	**(91,552)**
Net decrease in intercompany payables		**78,800**	**-**
Net decrease/ (increase) in related party receivables		**20,044**	**(2,952)**
Net increase/(decrease) in related party payables		**35,803**	**(35,398)**
Net (increase)/ decrease in other receivables		**(587,039)**	**164,795**
Net (decrease)/ increase in trade and other payables		**(269,171)**	**655,930**
Cash used in operating activities		**(4,023,527)**	**(1,443,248)**
Cash inflow from taxation		**-**	**60,032**
Net Cash Used in Operating Activities		**(4,023,527)**	**(1,383,216)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	*11*	**(1,270)**	**(2,499)**
Loan to West African Minerals Ltd	*19*	**-**	**(8,539)**
Cash used in investing activities		**(1,270)**	**(11,038)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**-**	**181,346**
Proceeds from issuance of convertible loan notes	*17*	**-**	**5,877,104**
Proceeds from options exercised	*16*	**-**	**11,250**
Proceeds from exercise of warrants		**1,045,332**	**-**
Cash generated from financing activities		**1,045,332**	**6,069,700**
(Decrease)/increase in cash and cash equivalents		**(2,979,465)**	**4,675,446**
Cash and cash equivalents at beginning of period		**4,837,723**	**162,277**
Cash and cash equivalents at end of period		**1,858,258**	**4,837,723**

The notes on pages 53 to 76 form an integral part of these financial statements.

*Refer to Note 4

1. Reporting Entity

OKYO Pharma Limited (the "Company" or "OKYO") is a company domiciled in Guernsey and listed with a standard listing on the main market of the London Stock Exchange and on the NASDAQ Capital Market (LON: OKYO, NASDAQ: OKYO).

The Company is developing 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 pioneer 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 years presented unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRIC interpretations and the Companies (Guernsey) Law 2008 as applicable to companies reporting under IFRS. These accounts have been prepared under the historical cost convention, except for share based payments and other financial instruments, which are initially recorded at fair value.

Basis of measurement

Functional and Presentation Currency

The financial statements of the Group and Company are presented in Pound Sterling (£) which is the Parent Company's functional currency. All financial information presented in Pound Sterling has been rounded to the nearest pound unless stated otherwise.

Going Concern

The Group has experienced net losses and significant cash outflows from cash used in operating activities over the past years, and as of March 31, 2022, had an accumulated deficit of £76.8m (£64m of this accumulated loss relates to a discontinued business prior to the reorganisation in 2018), a net loss for the year ended March 31, 2022, of £4.0m and net cash used in operating activities of £4.0m.

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, the directors conclude that the company will not be able to meet its liabilities as they fall due within the next 12 months from the date when these financial statements are issued. The cash balance as at 1 August 2022 is approximately £1.5m, with current liabilities of £978k. The cash burn rate from the beginning of August to the end of December 2022 is projected at £2.4m, and the company projects that without additional financing facilities it will run out of cash in October 2022. 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.

The Directors are however aware, through their own extensive experience in the sector, that this position is not uncommon in the context of a pre-revenue life sciences company principally involved in cash consuming research and development activity. The Directors took strategic advantage of the opportunity to dual list the Company on NASDAQ in May 2022 in order to be able to access potential liquidity in the US, which is generally a more favorable environment for life sciences companies to raise money and where there are more specialist investors focused on early-stage opportunities. The Directors are also confident that the nature of the OK101 clinical program is such that various inflection points arise over a relatively short period of time which should provide financing opportunities, for example the FDA approval of the IND in December 2022 for OK101 in DED and the return of headline data from the Phase II registration trial to be held between July and December 2023; these pivotal events in the primary clinical program for OK101 have the benefit of being relatively near term events (which is unusual in the context of the normal timeframes for Phase II clinical programs to deliver meaningful data points. The Directors have also consulted the Company's investment bankers with a view to planning a number of alternative financing strategies to ensure the Company has access to sufficient capital to finance its planned R&D activity in the coming 18 months.

To meet the Company's short-term liquidity needs, the Company has secured a $2m (approximately £1.6m) short-term credit facility with a related party in order to bridge any delays in the occurrence of the anticipated clinical milestones for the OK-101 program. The loan is available for a period of 6 months upon first draw-down and carries an interest rate of

16% per annum, with additional default interest of 4% if the loan is not repaid after the 6-month period. The loan will extend the Company's fixed cost cash burn to April 2023 without the need to raise additional funds. The Directors believe that this facility together with additional working capital management measures will be sufficient to complete the IND application in mid-November 2022. The Directors also considered any risks to the short-term cash position of the company such as delay in IND filing, and they identified that the risk would be highly unlikely and could be managed within the cash resources including financing facilities.

On completion of the IND application the company will be in a position to raise funds on the market, via the financing strategies being discussed with the Company's investment bankers. The necessary steps are being taken to affect such a fundraise.

Until and unless the Group and Company secures sufficient investment to fund their clinical pipeline, there is a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern, and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Despite this material uncertainty, the Directors conclude that it is appropriate to continue to adopt the going concern basis of accounting as the Directors are confident, based on the previous fund-raising history as well as additional measures already put in place and being planned, that sufficient funds will be forthcoming and accordingly they have prepared these financial statements on a going concern basis.

New and Revised Standards

Standards in effect in 2022

There are no new IFRS standards, amendments to standards or interpretations that are mandatory for the financial year beginning on April 1, 2021, that are relevant to the Group or that have had any material impact in the year to March 31, 2022. New standards, amendments to standards and interpretations that are not yet effective, have been deemed by the Group as currently not relevant, and not likely to have a material impact on the Group, and hence are not listed here.

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.

Taxation

The tax credit for the year represents the total of current taxation and deferred taxation. The credit in respect of current taxation is based on the estimated taxable loss for the year. Taxable profit or loss for the year is based on the profit or loss as shown in the statement of comprehensive income, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax asset for the year is calculated using tax rates which have either been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred tax is realised, or the deferred liability is settled. Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Research and Development tax credits are provided for in the year that the costs are incurred. These are estimated based on eligible research and development expenditure. Any difference rebated are recognized when the cash is received from the UK tax authorities.

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 year 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.

License fees

Payments related to the acquisition of rights to a product or technology are capitalised as intangible assets if it is probable that future economic benefits from the asset will flow to the Group and the cost of the asset can be reliably measured.

Payments made which provide the right to perform research are carefully evaluated to determine whether such payments are to fund research or acquire an asset. Licence fees expenses are recognised as incurred.

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 such 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

At initial recognition financial assets are measured at their fair value. Subsequent measurement depends on their classification. Financial assets such as receivables, cash and cash equivalents 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

At initial recognition, financial liabilities are measured at their fair value minus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

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 other 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 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 21).

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.

Short term leases exempt from IFRS 16 are classified as operating leases. Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

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).

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 and warrants issued in return for services. 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. A corresponding credit is made to a share based payment reserve – warrants, in the case of warrants issued in return for services.

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 and are classified as a share-based payment. The share-based payment is measured at fair value and charged to the Statement of comprehensive 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. Any increase in the fixed amount related to the passage of time is deemed not to have an impact on the classification. Upon exercise of the instrument and the issue of share capital, the amount is reclassified from the warrant reserve to share capital and share premium.

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

Convertible loan notes

The Group issues Convertible loan notes which can be classified as equity or a liability depending on whether the fixed for fixed condition is met or not.

Where the fixed for fixed condition is met

The Group classifies convertible loan notes that meet the fixed for fixed condition as equity instruments and records the principal of the loan note as equity in a Convertible loan note reserve. The accrued interest on the principal amount is also recorded in the Convertible loan note reserve as it is convertible into equity. 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.

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.

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 IFRS as issued by the IASB , 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 the 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 Group makes estimates as to the useful life of an option or warrant award, the expected price volatility of the underlying share, risk free interest rate for the term of the award and correlations and volatilities of the shares of peer group companies. The Group also makes estimates as to the vesting period for awards that have performance based criteria.
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 16 to our consolidated financial statements.

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 comprehensive 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 a decrease in operating expenses of £434,183 in the year ended 31 March 2021.

The following tables summarise the impacts on the group's consolidated financial statements:

Consolidated statement of financial position

As at 31 March 2021	As Previously reported	Adjustment	As restated
	£	£	
Total assets	5,138,017	-	5,138,017
Total Liabilities	1,283,841	-	1,283,841
Share Premium	67,148,029	(434,183)	66,713,846
Retained deficit	(72,584,193)	434,183	(72,150,010)
Other	9,290,340	-	9,290,340
Total Equity	3,854,176	-	3,854,176

Consolidated statement of comprehensive income

Year ending 31 March 2021	As Previously reported	Adjustment	As restated
	£	£	
Research	(132,860)	-	(132,860)
Operating expenses	(2,874,276)	434,183	(2,440,093)
Total operating loss	(3,007,135)	434,183	(2,572,953)
Loss for the period	(2,997,429)	434,183	(2,563,246)
Total Comprehensive loss for the period	(2,994,329)	434,183	(2,560,146)
Basic and diluted loss per share	0.00		0.00

5. OPERATING LOSS

Operating loss is stated after charging:

Group	31 March 2022	31 March 2021
	£	£
Director fees including bonuses (excluding Chairman's bonus)	517,926	212,660
Chairman's bonus	-	886,909
Auditor's Remuneration (refer to Note 22)*	256,014	100,520
FX (Gains) and losses	(9,941)	152,916
(Gain)/loss on disposal of leases	(131)	-
Legal and Professional fees	837,089	262,494
Depreciation	1,774	1,156

*This has been restated for presentational purposes only to include audit-related assurance services in addition to fees payable to the company's auditors for the audit of the parent company and consolidated financial statements. Refer to note 22 where details of auditor remuneration has been disclosed. This has no impact on the primary financial statements.

6. SEGMENTAL REPORTING

During the year under review management identified the Group's only operating segment as the research and development of biotechnological and pharmaceutical products. This one segment is monitored, and strategic decisions are made based upon it and other non-financial data collated from industry intelligence. The form of financial reporting reported to the Board is consistent with those presented in the annual financial statements.

7. EMPLOYEES INCLUDING OFFICERS

Group and Company	**2022**	**2021**
Staff costs comprised:	£	£
Directors' salaries (including bonuses)	517,926	1,099,569
Wages and salaries (including bonuses)	236,627	93,023
Social security costs	61,831	7,294
Recruitment expenses	10,440	9,877
	826,824	1,209,763

The average monthly number of employees, including Directors and officers, of the Group during the year was:		
Research and development	2	1
Corporate and administration	5	5
	7	6

The Group and Company made £1,920 (2021: £2,220) of payments to a defined contribution pension schemes on behalf of Directors or employees.

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Directors of the Group and Company received the following remuneration during the period:

	31 March 2022				31 March 2021			
Director	**Directors' fee £'000**	**Bonus £'000**	**Salary £'000**	**Share based payments £'000**	**Directors' fee £'000**	**Bonus £'000**	**Salary £'000**	**Share based payments £'000**
G. Cerrone (1)	120	-	-	-	27	887	-	-
G Jacob (2)	-	55	256	1,156	-	30	61	358
W Simon	32	-	-	1	32	-	-	2
K. Shailubhai (6)	13	-	-	(11)	28	-	-	13
J Brancaccio (3)	31	-	-	24	24	-	-	12
G Macrae (4)	-	-	-	-	10	-	-	-
B Denoyer (5)	11	-	-	3	-	-	-	-
	207	55	256	1,173	121	917	61	385

(1) Gabriele Cerrone's bonus awarded for £887k in the year ended 31 March 2021 was awarded on the basis of the co-invention of the use of Chemerin in the COVID-19 indication when he was not a Director or employee of the Company (now the subject of a patent application); work carried out in procuring, backing and completing the refinancing the Company in 2020 and actions taken to make new executive appointments and scientific advisory appointments to the Board with the result that the Company now has a clear and accelerated path to the clinic.
(2) Gary Jacob became an employee and Director of the Company on 7 January 2021
(3) John Brancaccio was appointed as Director on 10 June 2020
(4) Gregor Macrae was appointed as Director on 18 December 2019 and resigned on 10 June 2020
(5) Bernard Denoyer was appointed as Director on 1 December 2021
(6) K Shailubhai resigned as Director on 17 June 2021

The following share options were granted to Directors in the year:

Director	**2022 Number of options**	**2021 Number of options**
J Brancaccio	1,000,000	450,000
G Jacob	13,000,000	40,000,000
B Denoyer	1,000,000	-
	15,000,000	40,450,000

No Director has yet benefitted from any increase in the value of share capital since issuance of the options and no Director exercised share options in the year.

The Key Management Personnel of the Group are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. They include all Directors of the Board (executive and non-executive). Key Management Personnel compensation is set out below.

	2022 £'000	**2021 £'000**
Short-term employee benefits	751	1,112
Share based payments	1,338	394
	2,089	1,506

9. TAXATION

	2022 £	2021 £
Group		
Current year tax (credit)	(372,881)	(19,072)
Adjustments in respect of prior periods	(202,986)	(32)
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax (credit) for period	(575,867)	(19,104)
The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 19%. The difference can be reconciled as follows:		
Loss before taxation	(4,552,312)	(3,016,532)
Loss charged at standard rate of corporation tax 19%	(864,939)	(573,141)
Tax losses arising in the year not recognised	384,294	587,418
Tax losses surrendered for R&D	488,602	-
Expenses not deductible for taxation	271,127	-
Tax increase from effect of capital allowances and depreciation	(2)	(255)
Research and Development tax claim	(372,881)	(33,197)
Research and development enhancement expenditure	(276,165)	-
Research and development credits claimed in respect of previous periods	(202,987)	(32)
Consolidation adjustment in relation to foreign exchange movements	(2,916)	103
	(575,867)	(19,104)

No deferred tax asset has been recognised in respect of trading losses carried forward because of uncertainty as to when these losses will be recoverable.

The Group has tax losses of £11,619,914 (2021: £7,193,677) to carry forward for use against future profits.

10. FINANCE INCOME AND COSTS

Group	**2022** **£**	2021 £
Finance Expenses		
Interest expense on lease liabilities	-	(858)
Total finance expenses	-	(858)

11. PROPERTY, PLANT AND EQUIPMENT

Details of the Group and Company's property, plant and equipment are as follows:

Group	IT equipment
	£
Cost	
At 1 April 2021	6,045
Additions	1,270
FX adjustments	128
Disposals	-
At 31 March 2022	7,443
Depreciation	
At 1 April 2021	1,656
Charge in year	1,774
FX adjustment	36
At 31 March 2022	3,466
Net book value as at 31 March 2022	3,977
Cost	
At 1 April 2020	1,014
Additions	5,031
Disposals	-
At 31 March 2021	6,045
Depreciation	
At 1 April 2020	502
Charge in year	1,154
At 31 March 2021	1,656
Net book value as at 31 March 2021	4,389

The Group's property, plant and equipment is located in the following geographical segments:

Group	Net Book Value March 31 2022
	£
UK	2,235
US	1,742
Total	**3,977**

Company	IT equipment
	£
Cost	
At 1 April 2021	3,513
Additions	1,270
Disposals	-
At 31 March 2022	4,783
Depreciation	
At 1 April 2021	1,619
Charge in year	929
At 31 March 2022	2,548
Net book value as at 31 March 2022	2,235
Cost	
At 1 April 2020	1,014
Additions	2,499
Disposals	-
At 31 March 2021	3,513
Depreciation	
At 1 April 2020	502
Charge in year	1,117
At 31 March 2021	1,619
Net book value as at 31 March 2021	1,894

12. OTHER RECEIVABLES

	31 March 2022 £	31 March 2021 £
Group		
Other receivables	14,560	3,260
VAT receivable	62,879	12,896
Prepayments	541,298	15,268
	618,737	**31,424**

	31 March 2022 £	31 March 2021 £
Company		
Other receivables	11,136	-
VAT receivable	62,879	12,895
Prepayments	539,014	13,095
	613,029	**25,990**

There are no differences between the carrying amount and fair value of any of the other receivables above.

Prepayments include £486,823 of prepaid invoices relating to the OK-101 project.

13. TRADE AND OTHER PAYABLES

Group	31 March 2022 £	31 March 2021 £
Trade payables	564,586	152,874
Accruals	348,408	51,511
Bonus accrual	81,110	1,007,899
	994,104	**1,212,284**

Company	31 March 2022 £	31 March 2021 £
Trade payables	550,087	143,679
Accruals	348,408	142,080
Bonus accrual	5,000	886,909
	903,495	**1,172,668**

14. CAPITAL AND RESERVES (GROUP AND COMPANY)

Capital Management

For the purpose of the Company's capital management, capital includes called up share capital, share premium, share based payments for options, share based payments for warrants and all other equity reserves attributable to the equity holders of the parent as reflected in the statement of financial position.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maximise shareholder value through the optimisation of the debt and equity balance.

The Company manages its capital to maximise the return to the shareholders through the optimisation of equity. The capital structure of the Company as at 31 March 2022 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained deficit as disclosed.

The Company manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during the year ended 31 March 2022 and 31 March 2021.

Share capital and premium

The Company is authorized to issue an unlimited number of nil par value shares of a single class. The Company may issue fractional shares and a fractional share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares. Shares may be issued in one or more series of shares as the Directors may by resolution determine from time to time.

Each share in the Company confers upon the shareholder:
- the right to one vote at a meeting of the shareholders or on any resolution of shareholders;
- the right to an equal share in any dividend paid by the Company; and
- the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

The Company may by resolution of the Directors redeem, purchase or otherwise acquire all or any of the shares in the Company subject to regulations set out in the Company's Articles of Incorporation.

Authorised

The Company is authorised to issue an unlimited number of nil par value shares of a single class.

Issued ordinary shares of £0.00 each	Shares Number	Share capital £	Share premium £
At 31 March 2021 (Restated, see note 4)	**672,816,302**	**-**	**66,713,846**
Exercise of warrants	386,512,756	-	2,504,089
Conversion of CLN	315,086,410	-	6,381,098
Transfer between equity reserves	-	-	1,584,230
At 31 March 2022	**1,374,415,468**	**-**	**77,183,263**

Issuance of ordinary shares

In May 2019, 36,363,636 ordinary shares were issued at an issue price of 1.1p per ordinary share by way of a placing of ordinary shares to raise finance.

In March 2020, 75,825,130 ordinary shares were issued at an issue price of 1.1p per ordinary share by way of a further placing of ordinary shares to raise finance.

In June 2020, 36,269,253 ordinary shares were issued at an issue price of 0.005p per ordinary share by way of a placing of ordinary shares to raise finance.

In March 2021, 250,000 ordinary shares were issued in relation to an exercise of options at an issue price of 0.045p per ordinary share.

In May 2021, 36,363,636 ordinary shares were issued in relation to an exercise of warrants at an issue price of 0.0135p per ordinary share.

In May 2021, 72,000,000 ordinary shares were issued in relation to an exercise of warrants at an issue price of 0.0055p per ordinary share.

In May 2021, 76,605,760 ordinary shares were issued in relation to a conversion of loan notes at an issue price of 0.004p per ordinary share.

In May 2021, 73,304,650 ordinary shares were issued in relation to a conversion of loan notes at an issue price of 0.085p per ordinary share.

In May 2021, 39,605,760 ordinary shares were issued in relation to an exercise of warrants at an issue price of 0.004p per ordinary share.

In February 2022, 165,176,000 ordinary shares were issued in relation to a conversion of loan notes at an issue price of 0.004p per ordinary share.

In February 2022, 238,543,360 ordinary shares were issued in relation to a cashless exercise of warrants.

Share options reserve
The share-based payment reserve for options represents the cost to issue share-based compensation, primarily share options, based on their grant date fair value.

Warrants reserve
The share-based payment reserve for warrants represent the cost to issue warrants based on their grant date fair value.

Convertible Loan Note reserve
The convertible loan note reserve represents the proceeds received on issuance of convertible loan notes classified as equity instruments and accrued interest.

Retained Deficit reserve
Retained earnings represent the cumulative profits/(losses) of the entity which have not been distributed to shareholders.

Translation reserve
The translation reserve represents the unrealised gains or losses from the foreign currency translation of Companies within the Group.

Dividends
The Directors paid no dividend during the year to 31 March 2022 and 31 March 2021.

Transfer between equity reserves

The company affected a transfer between reserves in equity in order to align the values of the equity reserves with the Company's SEC reporting on a relative fair value basis. The total amount recorded in equity remains unaltered.

15. INVESTMENT IN SUBSIDIARY

Company	Capital Contribution
	£
Cost	
At 1 April 2021	128,102
Additions	-
At 31 March 2022	128,102
Accumulated impairment	
At 1 April 2021	(128,102)
Charge in year	-
At 31 March 2022	(128,102)
Net book value as at 31 March 2022	-
Cost	
At 1 April 2020	128,102
Additions	-
At 31 March 2021	128,102
Accumulated impairment	
At 1 April 2020	(128,102)
Charge in year	-
At 31 March 2021	(128,102)
Net book value as at 31 March 2021	-

The capital contribution represents the funding of operations of the subsidiary by the parent, with the Company acting as the Group's holding company. The parent has 20 shares in the group's undertakings.

During the year, the Company was party to a transfer pricing agreement with its subsidiary whereby all costs incurred by the subsidiary were recharged back to the Company who paid a 10% mark up. Any excess in funding is recognised as an intercompany receivable in the Company and will be used to cover expenses in future years.

The Company's interest in subsidiary undertakings is as follows:

Name	Principal activity	Registered Address	Percentage shareholding	Country of incorporation
OKYO Pharma US Inc	Clinical stage biotechnology company	108 West 13th Street, Wilmington Delaware 19801	100%	USA

OKYO Pharma US Inc was incorporated on 2 July 2018. This entity was set up to house the Company's US operations.

The Company had been funding its subsidiary operations from funds raised by the Company for the development of its project portfolio. The subsidiary's activities had all been to support the Company in achieving its goals for progression of the project portfolio. The funding provided to the subsidiary prior to 2020 had been recognised in the Company as investment in its subsidiary, and the Company did not expect the amounts to be repaid. The IP relating to the project portfolio belongs to the Company and hence any future benefits will also belong to the Company. It is highly unlikely that these benefits would be distributed to the subsidiary.

16. SHARE OPTIONS AND WARRANTS

Group and Company

Options

The 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 Company at the date of grant.

	2022		2021	
	Options	Weighted Average exercise price (pence)	Options	Weighted Average exercise price (pence)
Outstanding at 1 April	60,750,000	5.0	19,500,000	4.5
Granted	28,150,000	6.4	42,250,000	5.3
Forfeited	(16,500,000)	4.5	(750,000)	4.5
Exercised	-	-	(250,000)	4.5
Outstanding at 31 March	72,400,000	5.7	60,750,000	5.0
Exercisable at 31 March	14,437,500	5.6	9,250,000	4.5

During the year ending 31 March 2022, no options were exercised. During the year ending 31 March 2021, 250,000 options were exercised.

The total outstanding fair value charge of the share option instruments is deemed to be approximately £1,577,381 (2021: £1,963,721). A share-based payment charge for the year of £1,280,963 (2021: £399,460) has been expensed in the statement of comprehensive income. The share based payment charge in the year to March 31, 2022 includes a forfeiture of £14,220.

The weighted average contractual life of options outstanding at March 31, 2022 is 7.77 years. (2021: 8.07 years).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price	Share Options as at 31 March 2022 ('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	14 April 2031	7.9p	5,000
31 August 2021	30 August 2031	4.9p	14,400
31 January 2022	30 January 2032	8.0p	8,750
Total			72,400

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 for the outstanding options.

The model inputs for options granted during the year ended 31 March 2022 valued under the Black Scholes Valuation model are:

	15 April 2021	**31 August 2021**	**31 January 2022**
Grant date share price	7.7p	4.9p	4.8p
Exercise share price	7.9p	4.9p	8.0p
Vesting periods	25% each year	25% each year	1.25m options vest 33% each year and 7.5m options have developmental milestone performance conditions
Risk free rate	0.35%	0.30%	0.97%
Expected volatility	80.20%	77.7%	83.0%
Expected option life	5 years	5 years	5 years

The model inputs for options granted during the year ended 31 March 2021 valued under the Black Scholes Valuation model were:

	20 August 2020	**6 January 2021**	**12 January 2021**
Grant date share price	15.5p	0.8p	0.79p
Exercise share price	15.5p	0.5p	0.79p
Vesting periods	25% each year	25% each year	33% in 6 months and 67% in 1 year
Risk free rate	0.15%	-0.01%	0.4%, 0.6%
Expected volatility	77.4%	77.5%	66.7%, 83.7%
Expected option life	5 years	5 years	6 months to 1 year

Warrants

As part of the acquisition of the OK-101 project, the underlying scientific founders of the OK-101 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. These 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. These warrants were exercised on a cashless basis in February 2022 (post a price reduction offer to 0.012p), resulting in the issuance of 39,400,000 shares.

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. These 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. These 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 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 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 were exercised on a cashless basis in February 2022 (post a price reduction offer to 0.012p), resulting in the issuance of 36,445,000 shares.

In February 2022, warrants were granted over 165,176,000 shares at an exercise price of 0.4p per share in connection with the conversion of convertible loan notes. 165,176,000 were exercised on a cashless basis in February 2022(post a price reduction offer to 0.012p), resulting in the issuance of 162,698,360 shares.

In summary, during the year, 147,969,396 warrants were exercised for proceeds of £1,045,332, resulting in the issuance of 147,969,396 shares. 242,716,000 warrants were also exercised on a cashless basis resulting in the issuance of 238,543,360 shares.

	31 March 2022		31 March 2021	
	Warrants	**Weighted Average exercise price (pence)**	**Warrants**	**Weighted Average exercise price (pence)**
Outstanding at 1 April	185,022,726	0.8	147,188,766	1.5
Granted	241,781,760	0.4	37,833,960	0.9
Exercised	(390,145,396)	0.5	-	-
Outstanding at 31 March	36,659,090	4.65	185,022,726	1.5
Exercisable at 31 March	1,659,090	7.84	149,568,181	0.8

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

No warrants were granted in the year ended 31 March 2022.

The model inputs for warrants granted during the year ended 31 March 2022 valued under the Black Scholes Valuation model included:

	29 May 2020
Grant date share price	1.75p
Exercise share price	0.4p
Risk free rate	0.25%
Expected volatility	79.6%
Option life	3 years

The model inputs for warrants granted during the year ended 31 March 2021 valued under the Black Scholes Valuation model included:

	July 2020	May 2020	April 2020
Grant date share price	8.3p	2.8p	1.8p
Exercise share price	14p	2.8p	0.5p
Vesting periods	Fully vested	50% of these warrants shall only vest if the 5-day VWAP of the Company exceeds a 100% premium o the Exercise Price, and the remainder shall only est if the 5-day VWAP of the Company exceeds a 200% premium to the Exercise Price (conditions have been met)	Fully vested
Risk free rate	0.68%	0.95%	0.22%
Expected volatility	88.1%	79.6%	82.4%
Option life	2 years	3 years	5 years

The remaining fair value of the warrant instruments is deemed to be approximately £32,992 (2021: £78,884). For the consideration warrants, the charge has been expensed over the vesting period. For all other warrants, the charge has been expensed over the service period. A share-based payment charge for the year of £45,893 (2021: £62,344) relating to consideration and service warrants has been expensed in the statement of comprehensive income.

17. CONVERTIBLE INSTRUMENTS CLASSIFIED AS EQUITY

The Company has raised convertible equity finance via the issuance of convertible loan notes as per the table below. All notes are not convertible into cash and 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.

Date	Terms	Amount £
29 May 2020	• 20% coupon per annum • Conversion price of 0.4p • Upon conversion 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	440,000
Fees relating to equity fundraise 29 May 2020 issued as CLN	• 20% coupon per annum • Conversion price of 0.4p • Upon conversion 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	26,400
27 July 2020	• 2.15% coupon per annum Conversion price of 8.5p	3,500,000
17 August 2020	• 2.15% coupon per annum • Conversion price of 8.5p	1,437,104
3 September 2020	• 2.15% coupon per annum • Conversion price of 8.5p	500,000
Fees relating to all other equity fundraise issued as CLN	• 2.15% coupon per annum • Conversion price of 8.5p	407,783
		6,311,287

All noteholders were offered the option to convert during the year and any conversions took place on May 7, 2021 and February 21, 2022. Loan note holders were offered conversions including the full interest that would have been accrued had the note reached its full term.

18. FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are liquidity risk, interest rate and credit risk. The Directors regularly review and agree policies for managing each of these risks which are summarised below.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group ordinarily finances its activities through cash generated from by private and public offerings of equity and debt securities.

The table below summarises the maturity profile of the Group and Company's financial liabilities based on contractual undiscounted payments:

Group

	2022		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	494,426	70,160	564,586
Related party payables	35,803	-	35,803
	530,229	70,160	600,389

Group

	2021		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	79,830	73,044	152,874
Related party payables	-	-	-
	79,830	73,044	152,874

Company

	2022		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	480,110	69,977	550,087
Related party payables	35,803	-	35,803
	515,913	69,977	585,890

Company

	2021		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	72,464	71,215	143,679
Related party payables	-	-	-
	72,464	71,215	143,679

Credit risk

Credit risk is managed on a Group basis. Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions as well as outstanding receivables. The Group reviews its banking arrangements carefully to minimise such risks and currently has no customers and therefore this risk is viewed as minimal. Management monitor loans between members of the Group as part of their internal reporting as well as have regular communication with suppliers and assess outstanding receivables for ability to be repaid. The maximum exposure to credit risk equates to the carrying value on the statement of financial position.

Interest rate risk

The Group has limited exposure to interest-rate risk arising from its bank deposits. Bank deposit accounts are held at variable interest rates based on Barclays bank & Penn base rates.

The Directors do not consider the impact of possible interest rate changes based on current market conditions to be material to the net result for the year or the equity position at the year-end for either the year ended 31 March 2022 or 31 March 2021.

19. RELATED PARTY TRANSACTIONS

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

West African Minerals Limited ("WAML")

In 2018, the Company disposed of its Cameroon operations by way of an in specie distribution of all of its shares in West African Minerals Limited (formerly Ferrum Resources 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 was 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 did not expect to recover any of this outstanding debt. In addition to the $3,400,000 outstanding was a working capital loan facility of $600,000 which was fully drawn down by March 31, 2021. During the year ended March 31, 2022, the Group had funded £0 (2021: £8,539) towards this $600,000 loan facility. The amounts funded under this facility have been immediately written off in the year advanced as the Group has no reasonable expectation of recovering the contractual cash flows of the loan in its entirety.

Tiziana Life Sciences Ltd

Tiziana Life Sciences Ltd is a related party as the entity is controlled by a person that has significant influence over the Group. The Company share premises and other resources with Tiziana Life Sciences Ltd and there is a shared services agreement in place between Company and Tiziana Life Sciences Ltd as at March 31, 2022, the Company had incurred £81,538 (2021: £66,167) worth of costs in relation to this agreement and at March 31, 2022, £35,803 was due to Tiziana Life Sciences Ltd. At 31 March 2021, £20,044 was receivable from Tiziana Life Sciences Ltd.

20. BASIC AND DILUTED LOSS PER SHARE

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

	2022	2021 (restated)
(Loss) attributable to equity holders of the Group (£)	**(3,983,110)**	**(2,530,146)**
Weighted average number of ordinary shares in issue	**979,212,888**	**672,767,629**
Basic loss per share (pence per share)	**(0.00)**	**(0.00)**

As the Group is reporting a loss from continuing operations for the year ended March 31, 2022 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.

21. LEASES

The Group is a lessee and does not have any leases as a lessor.

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 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.

For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

During the year to March 31, 2022, the Group entered into a new lease agreement on its existing office. The new lease has a term shorter than 12 months, so the Group has applied the exemption allowed by paragraph 5a in IFRS 16 in respect of short term leases and therefore has derecognised the previous lease agreement that was accounted for under IFRS 16.

Right-of-use assets	**31 March 2022**
	£
At 1 April 2021	71,425
Derecognition of right of use asset	(71,425)
	-

Lease Liabilities	**31 March 2022**
	£
At 1 April 2021	71,557
Derecognition of lease liability	(71,557)
	-

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

	31 March 2022	**31 March 2021**
	£	**£**
Current	-	24,742
Non-current	-	46,815
	-	71,557

The total net cash outflow for leases in the year to 31 March 2022 was £26,358 (2021: £10,283).

Operating Leases

At March 31, 2022 and March 31, 2021, the company had annual commitments under non-cancellable operating leases:

Operating leases which expire:	**31 March 2022**	**31 March 2021**
	£	**£**
Within one year	13,701	-
	13,701	-

22. AUDITOR'S REMUNERATION

During the period, the group obtained the following services from the company's auditors:

	31 March 2022	31 March 2021
	£	£
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	147,000	45,000
Fees payable to the company's auditors for other services:		
Audit-related assurance services	109,014	55,520
	256,014	100,520

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Group	31 March 2022 £	31 March 2021 £
Cash at bank and in hand:		
GBP	1,827,250	3,147,981
USD	228,258	1,843,682
	2,055,508	4,991,663

Company	31 March 2022 £	31 March 2021 £
Cash at bank and in hand:		
GBP	1,827,250	3,147,981
USD	31,008	1,689,742
	1,858,258	4,837,723

24. 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 – We are obligated to pay to On Target Therapeutics the following additional amounts in respect of the first licensed product or service which achieves the stated development milestones:
  (a) First Patient Enrolled in a Phase I Human Clinical trial $300,000
  (b) First Patient Enrolled in a Phase II Human Clinical trial $600,000
  (c) First Patient Enrolled in a Phase III Human Clinical trial $1,500,000

- 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.

25. POST BALANCE SHEET EVENTS

On May 19, 2022, OKYO announced the closing of its underwritten public offering of 625,000 American Depository Shares (the "ADSs") at a public offering price of $4.00 per ADS, for gross proceeds of $2.5 million, before deducting underwriting discounts and offering expenses. As a result, the Company is now listed on the NASDAQ stock exchange and is therefore a dual listed Company with its existing listing on the London Stock Exchange.

On May 19, 2022, the Remuneration committee awarded the Non-Executive Chairman a bonus of $150,000. The committee noted that in order to support the NASDAQ offering on May 19, 2022, the Non-Executive Chairman made a late subscription for ADSs totalling $150,000. It was noted that the offering may have failed without this subscription, so it was agreed to compensate Mr Cerrone for the successful dual listing of the Company and funds raised.

In August 2022, the Group secured a short-term credit facility from Tiziana Life Sciences Ltd, a related party, for $2m in order to support short term liquidity. The loan is available for a period of 6 months upon first draw-down and carries an interest rate of 16% per annum, with additional default interest of 4% if the loan is not repaid after the 6-month period.