

# ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

SkinBioTherapeutics plc  
COMPANY REGISTRATION NUMBER: 09632164



# SkinBioTherapeutics plc

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024



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# HARNESSING THE POWER OF THE MICROBIOME

## REVENUE

£1.2m

**+815%**

2023: £0.1m

## GROSS MARGIN

£0.7m

**+704%**

2023: £0.1m

## OPERATING EXPENDITURE

£3.6m

**+16%**

2023: £3.1m

## PROFIT BEFORE TAX

£(2.9m)

**-3%**

2023: £(3.0m)

# OUR VISION AND STRATEGY

## OUR VISION

To harness the power of the microbiome and complementary areas of skin care, to improve how skin looks, feels and most importantly, how it repairs itself from injury.

### SkinBiotix Strategic Pillars

**Cosmetics** – Enhancing the skin’s natural barrier to make it look and feel younger. Using the application of proprietary lysate technology to hydrate and tighten the skin.



**Food Supplements** – Exploiting the gut-skin axis via probiotic formulations to reduce symptoms associated with irritable skin conditions such as psoriasis, acne and eczema.



**Medical Devices** – Applying our proprietary lysate technology to enhance the skin’s natural barrier to prevent the spread of infection in hard to heal wounds such as venous leg and diabetic foot ulcers.



**Hospital and Domestic Surface Hygiene** – Creating a lysate barrier to be applied to inert surfaces to block the latching on of the harmful bacteria, Staphylococcus aureus.



**Pharmaceuticals** – Formulating clinically regulated food supplements that would be medically prescribed.



## OUR STRATEGY

The deployment of our original platform technology, SkinBiotix across five clear and specific market sectors. In addition, acting as a consolidator to acquire complementary areas that add new capabilities such as distribution and manufacturing.

### Complementary Acquisition Opportunities

Alongside our in-house strategic pillars strategy, we are accelerating growth via acquisitions in the skin care sector.

**The criteria:** complementary product lines that have the potential to be microbiome-driven, distribution platforms and/or manufacturing capabilities.

**Dermatonics** (acquired FY2024) – is an established topical dermatological player in the skincare and woundcare space. Products are sold through its sales platform and also via a commercial partnership with the Umesh Modi Group, into Africa, the Middle East and Asia.



**Bio-Tech Solutions** – (acquired post year end), Bio-Tech Solutions brings specialist health, hygiene and personal care product manufacturing and packaging. It has potential as a future development platform for advanced topical creams.



# CHAIRMAN'S STATEMENT



Our original five pillars, based on the SkinBiotix technology, have progressed during the year. Notable successes have included the development of our Croda partnership, first with an extension to the contract to enable further research and post year end, the completion of those studies and contract negotiation, to move to a more commercial setting. AxisBiotix has also seen sales growth and new geographical markets in Europe for the psoriasis product, and very positive results from the consumer study for Acne.

We have also started making acquisitions in complementary areas such as skin care and cosmetic applications. These bring new distribution and geographical platforms, and manufacturing capabilities through which we can funnel our in-house pillar products. In the CEO's report, we have provided fuller details on these transactions.

## Financial summary

The acquisition of Dermatronics before the year end has also made a significant change to the financial landscape of the Group, not only in FY2024 but for the longer term. The CFO's statement will provide more detail, but in summary, the revenues grew 815% to £1.21m (FY2023: £132k) reflecting the growth of AxisBiotix-Ps sales and the introduction of sales from Dermatronics products. The operating profit/loss was £2.91m (FY2023: £3.0m), again reflecting the increase in costs of operations and headcount, before and after the acquisition. Cash at the

**Dear Shareholders,**  
**The word 'transformation' can be overused, but this financial year and post year end, we have started to evolve significantly as a Group.**

year end was £0.8m (FY2023: £1.3m), comprising incoming cash balances from Dermatronics and a successful Placing and Retail Offer raising £3.3m. Post year-end there was an investment of £1.56m from new investors alongside a loan and equity placing with a long standing shareholder to support the cash acquisition of Bio-Tech Solutions. For the Dermatronics acquisition, the Group drew funds from a £5.0m convertible bond facility, but this has now been closed in response to shareholders concerns.

## Strategy

In 2019, we laid out our strategy to apply the SkinBiotix technology across multiple pillars – from skin health as an active ingredient to tackling skin conditions to wound care. In 2022 we extended this strategy to look at complementary products and operations, that would accelerate revenue, earnings and technology adoption.

Dermatronics and Bio-Tech Solutions are good examples of the types of company and offerings we are looking to add to the Group. They provide not only new opportunities through the introduction of new products, but also support our in-house products and technology.

## Board and Leadership

During the financial year, Professor Cath O'Neill decided to step down as Chief Scientific Officer and move to a Scientific Advisor role. Since the Company was founded, Cath has combined her academic and corporate roles, but we have always been aware of her eventual desire to return to full time academia. She played an important role at SBTX and we wish her all the best and look forward to retaining a strong connection with her.

Post year end, we welcomed Dr Surinder 'Dass' Chahal, formerly a senior Croda VP, as Cosmetic Science / Customer Alliances Advisor to the Board. We have got to know Dass well since he was a key member of the Croda team that spotted the potential of SkinBiotix as an active ingredient. We're delighted to have him on the SBTX team.

## Outlook

In my opinion, we will look back on financial and calendar year 2024 as the beginnings of the evolution of SBTX, from a one technology company, albeit with multiple pillars, to a more integrated, diverse Group with multinational distribution and manufacturing capabilities. With the addition of Dermatronics and post year end, the acquisition of Bio-Tech Solutions, we have grown dramatically into a very different Group, both operationally and financially.

As a team, we continue to work hard to build value for our shareholders, and we are grateful for their continuing support as we navigate the highs and lows of being a small AIM quoted business in difficult markets. The two acquisitions this year are just the beginning; we have further ambitions to act as a consolidator in the skincare market, so we expect 2025 (CY) to be just as busy.

On behalf of the Board, I would like to take the opportunity to thank everyone at SBTX for the considerable progress achieved by the Group over the course of the year. We look forward to continuing the execution of our strategy in the year ahead.

**MARTIN HUNT**  
**Chairman**

4 December 2024

# STRATEGIC AND FINANCIAL REVIEW

## COMPANY BACKGROUND AND STRATEGY

**SkinBioTherapeutics is a life science company focused on skin health. Our original strategy focuses on our proprietary technology, SkinBiotix, which harnesses the microbiome to promote wound healing and reduce the risk of infection. The second part of the strategy, introduced in 2022, is based on M&A to bring in technological, operational and financial benefits.**

### SkinBiotix platform strategy

Realising the multiple benefits of the SkinBiotix platform, we created five strategic pillars based on market sector: SkinBiotix, AxisBiotix, MediBiotix, CleanBiotix and PharmaBiotix.

The first two pillars are:

- SkinBiotix™, our proprietary technology, is based on a lysate – the fluid resulting from the breaking up of bacterial cells – developed by the translational dermatology team at the University of Manchester. We have a commercial and manufacturing agreement with the multinational Group, Croda plc, developing SkinBiotix as an active ingredient for the skincare / cosmetics industry.
- AxisBiotix™, based on SkinBiotix and formulated into a probiotic supplement. The theory is based on research on the gut-skin axis; calming the gut microbiome with the introduction of 'friendly' bacteria and therefore reducing the inflammatory pathways associated with irritable skin conditions. Our first product is called AxisBiotix-Ps, to

alleviate the symptoms associated with psoriasis. This same approach is also being investigated for acne.

The other pillars – MediBiotix, CleanBiotix and PharmaBiotix – are in earlier stages of development.

Our aim is to commercialise the products ourselves where feasible (e.g. AxisBiotix-Ps), or license out the technology to specialist industry partners (e.g. SkinBiotix to Croda plc.)

### M&A strategy

From 2022, we put in place an accelerated growth strategy looking at acquisition opportunities outside the Group's in-house technology. Our criteria included complementary product lines that had the potential to be microbiome-driven, distribution platforms and/or provide manufacturing capabilities. Any acquisitions should also strengthen and accelerate SkinBioTherapeutics' financial position bringing economies of scale for the day-to-day business, providing scale to aid partnering negotiations and ultimately increase shareholder value.

Our first acquisition, Dermatronics, occurred in FY24 with a second taking place post year end, Bio-Tech Solutions.

- Dermatronics is an established topical dermatological player in the skincare and woundcare space. Its products range from heel balm, treatments for wart and verrucas, and dry skin relief. The products are sold through its sales platform and also via a commercial partnership with the Umesh Modi Group, into Africa, the Middle East and Asia.
- Bio-Tech Solutions is the newest addition to the Group and brings specialist health, hygiene and personal care product manufacturing and packaging. This company also has potential as a future development platform for advanced topical creams.

Into FY25, the Group will continue to drive both strategies together to drive scale and value.



## OPERATIONAL REVIEW

### Biotix division

- **SkinBiotix (skincare/cosmetics)**

We have had a commercial and manufacturing agreement with Croda plc since 2019. Croda is a specialist manufacturer of ingredients which it supplies to the international cosmetics and FMCG industry. It has been investigating the use of SkinBiotix as a novel bioactive ingredient.

Normally, the time taken for an ingredient to be researched and tested by the Croda team is seven years before it enters commercialisation; in our case, the process has taken only five years which is real testament to our technology. During this time, Croda has been investigating the best quality formulations for its customers as well as scaling-up the manufacture of SkinBiotix to commercial levels i.e. 20,000 litres, in order to be able to service the global market.

In October 2023, Croda extended its development agreement in order to explore evidence of additional activity. This study was successfully completed post year end in September 2024, with validation of additional efficacy and marketing claims for Croda's commercialisation team to use with potential customers.

Samples are now being sent out to prospective customers and the formal launch of SkinBiotix as an active ingredient is planned to take place at In-Cosmetics Global, the world's largest cosmetic ingredients exhibition, taking place in Amsterdam (April 8-10, 2025). We are fully confident in Croda's deep experience in launching new products.

Most recently (post year end), we announced that commercial terms had been finalised following the completion of the extended studies. The terms are based on the original agreement with SkinBioTherapeutics i.e. paid tiered royalties based on global sales revenues on any licensed products derived from the partnership.

Under the terms of the agreement, all details about formulation, functionality and Croda's financial expectations remain completely confidential due to the competitiveness of the cosmetics market. Any royalty revenues arising from future sales will be reported to the market at the appropriate time, and we will draw shareholders' attention to any relevant public announcements from the Croda team.

Sales and distribution rights are for the cosmetic sector alone, leaving SkinBioTherapeutics to focus on further applications of its technology in other sectors.

- **AxisBiotix™ (gut/skin axis)**

AxisBiotix is being commercialised as a food supplement to alleviate the symptoms of psoriasis and is in development as a product for acne.

**AxisBiotix-Ps**, the psoriasis food supplement, is being sold in the UK and Europe. Our primary focus for FY24 has been continue to grow sales in the UK whilst maintaining high customer retention, and expanding the sales operation into Europe.

Sales in FY24 reached £25k per month (FY23: £12k) and the monthly retention rate has stayed high at similar levels to FY23, achieving over 80% during the period. The retention rate is measured as the number of subscribers who remain a subscriber at the end of each monthly period,

compared to the same cohort that were in existence at the start of a month period.

The first European channel opened in Spain last year, and new territories in Italy and France commenced trading in FY24. We also started trading on Amazon's UK and French platforms during the year, and the intention is to broaden this into Amazon's Spanish and Italian platforms. Discussions are also underway with two UK national high street retail chains.

During the financial year, we made good progress in preparing for and running a consumer study to look at **AxisBiotix in acne**. The benefit of undertaking another consumer study is the relatively short time and cost compared to a clinical trial. The product is also classified as a food supplement rather than a heavily regulated medical device.

The study involved 98 UK-based participants with acne-prone skin and the results were published post year end in June 2024. In summary, 84% of participants reporting that the appearance of their spots had improved, 77% that the pain caused by their spots had eased, and 62% that the anxiety they felt due to their spots had improved.

Our next step is establishing the best formulation for commercial launch e.g. in gel or gum form. The aim is to commercialise once the optimal version has been created.

The overall result is two very positive consumer studies for the AxisBiotix pillar that validates it as a platform technology from which multiple products can be derived; important evidence for potential partnerships.

- **Research & Development**

MediBiotix is developing SkinBiotix for accelerated wound closure,

# STRATEGIC AND FINANCIAL REVIEW

Continued

a medical device application. During the year, we started Project Epiderm with the aim of developing a technology that promoted wound healing. This work is being undertaken by Professors Cruikshank and McBain at the University of Manchester and is being joint funded by SBTX and grant funding. Due to the complexity, size and level of regulation around medical devices, an experienced multinational partner will be sought for this technology.

We also have two other programmes ongoing with the University of Manchester in oral health and inflammation.

The first extended phase of developing a new lysate for the oral programme is complete and the Company is in discussions with the University to establish next steps, since it will require further funding.

The inflammation study is looking at how the microbiome can influence and balance the body's response to inflammation specifically related to harmful UVR (sunlight) light. The programme will run until June 2025.

In light of the recent acquisitions, the Board is planning to review its whole R&D portfolio to determine which programmes have the greatest potential for future commercialisation.

## Dermatonics

In January 2024, we acquired Dermatonics Limited, a specialist in innovative topical and dermatological products in the skincare/woundcare space, using natural ingredients wherever possible.

The initial consideration was £1.68m plus £1.25m earn-out over three years, in a cash-free and debt-free acquisition. Completion took place on 25 January 2024. The acquisition was funded by a £1.6m draw down of a £5.0m

convertible bond facility which has subsequently been closed.

This acquisition aligned directly with our previously stated strategy to seek accretive inorganic opportunities that provided immediate synergies and accelerated routes to market. It has expanded our product range and customers base, provided a sales platform with senior regulatory and sales expertise, and new sales channels for our in-house strategic pillars.

In addition, the acquisition has provided significant financial benefits; Dermatonics was revenue generating, profitable and cash flow positive. For the 12 months ended 31 January 2024, Dermatonics reported revenues of £1.86m (2023: £1.82m) assisted by the increased sale of products into the NHS and podiatry clinics, at higher price points negotiated in February 2023, as well as growth in key distributor relationships outside of the UK.

EBITDA for the 12 months to 31 January 2024, increased by 77% to £422k (31 January 2023: adjusted EBITDA £230k). The adjustments were for one-off items: £150k stock write off and £123k bad debt in FY2023. The cash balance as at 31 January 2024 was £149k (2023: £213k).

Shortly after the acquisition, in March 2024, Dermatonics signed a manufacturing and distribution agreement with the Umesh Modi Group which focused on Dermatonics Once Heel Balm. The product is being sold by Umesh Modi's 1,200 salespeople across six countries in Asia, the Middle East and Africa. The total addressable market in these regions for dermatology and diabetes management is in excess of £5bn. Discussions are underway regarding other product opportunities, which underlines the benefits of bringing in inorganic acquisitions like Dermatonics to the Group.

**“Management are pleased to have a commercial agreement with Croda plc.”**

## Bio-Tech Solutions

Post year end, in October 2024, we completed our second acquisition of Bio-Tech Solutions Ltd (“BTS”) for a total enterprise consideration of £1.25m payable in cash on closing. BTS is a well-established manufacturer and supplier of health, hygiene and personal care products and brings the capabilities of manufacturing and packaging to the Group, as well as a future development platform for advanced topical creams. The manufacturing facilities are to GMP standards and ISO certified, and the Company has quality control (QC) facilities, including HPLC (high-performance liquid chromatography) analysis service and can also deal with flammables.

The acquisition was funded by a loan of £950,000 with an existing shareholder, David Brierwood, and a subscription for 2,349,624 new Ordinary Shares at 10.64p raising £250,000, as well as utilisation of Group cash reserves. The rationale behind the use of the loan and equity element was to preserve the Group's cash runway, and allows time for integration and realisation of synergies, such as manufacturing products from Dermatonics' pipeline in-house.

For the financial year ended 30 June 2024, BTS reported unaudited revenues of £2.1m and EBITDA of £0.5m. Over the last four financial years, BTS has grown both revenue and EBITDA. Post year end, the business has performed well, and financially, it is expected to reach £3.0m in proforma revenues and £0.9m in proforma EBITDA pre-synergies.

\* Based on unaudited management accounts

## FINANCIAL REVIEW

Prior to the acquisitions, we projected FY24 turnover of c.£240k, but with the acquisition of Dermatronics, that financial picture has changed significantly.

In the year to 30 June 2024, the Group reported sales of £1.2m (2023: £0.1m), reflecting continuing increase in AxisBiotix-Ps™ sales and the addition of Dermatronics revenues. Revenues from AxisBiotix-Ps were £0.2m (2023: £0.1m) following an increase in subscriber numbers and launch into new territories during 2024. Dermatronics contributed £1.0m from January to 30 June 2024, but for its full year, reached c.£1.9m which was pleasing.

Cost of sales were £0.53m (2023: £0.01m), reflecting the impact of the Dermatronics acquisition and financials on the Group.

Gross profits were £0.7m (2023: £0.1m) and resulted in a gross margin of 57% (2023: 65%). The decline in overall gross margin was due to the blended mix of AxisBiotix-Ps™ and Dermatronics revenues.

Overall expenses were £3.6m (2023: £3.1m). Research and development expenditure of £0.6m (2023: £0.9m) for the ongoing oral and inflammation research programmes ongoing and the new EpiDerm programme. Operating expenses were £2.9m (2023: £2.1m) reflecting the impact of Dermatronics into the Group's financials.

The operating loss was in line with prior year at £2.9m (2023: £3.0m).

The cash balance as at 30 June 2024 was £0.8m (2023: £1.3m) which factored in the £0.5m earn-out payment in May 2024 on the Dermatronics acquisition. As stated in the trading update on 29 July 2024, we do not have any short term concerns over cash on the basis that the acquisition of Dermatronics reduced monthly cash burn by 32% and the post period end acquisition of Bio-Tech Solutions further boosted cash balances. In addition, following the completion of the Croda commercial agreement, we have been able to update expectations further to be cash positive in FY 2025 and not to require any further fund raises for working capital in the foreseeable future.

To support the underlying business and future acquisitions, we undertook several financings in the year. In November 2023, we achieved a successful Placing and

Retail offer which raised £3.3m in a very difficult market. In January 2024, management entered into a £5.0m Convertible Bond Facility for the purposes of its acquisition strategy, starting with Dermatronics. Upon review, management decided to close this facility post year end, having drawn down £1.6m in total. Existing investors and some new institutional investors agreed to purchase the remaining shares directly from the holder, Macquarie Bank.

Following the year end, we further raised £1.56m of gross proceeds in August 2024, having been approached by two new institutional investors. And as mentioned above, in order to acquire Bio-Tech Solutions, we raised a loan of £950,000 with an existing shareholder, David Brierwood, and a subscription for 2,349,624 new Ordinary Shares at 10.64p raising £250,000, to enable a cash acquisition.

## Current trading and outlook

The profile of the Group has changed completely this year, and next year's FY25 results will better reflect this with bolstered sales from our in-house strategic pillars with revenues from AxisBiotix-Ps sales and the introduction of Croda royalties, and also 12 months of Dermatronics' and nine months of Bio-Tech Solutions' contributions.



# STRATEGIC AND FINANCIAL REVIEW

Continued

Now that commercialisation by Croda of SkinBiotix has begun, revenues are expected to start gradually. Croda is currently estimating future sales, but due to the highly confidential nature of its business and market, shareholders will only see the impact of these upon our financial results at interims and full year, however, we believe the potential enhanced commercial opportunities could be considerable.

In FY2023, the majority of our focus was on growing sales of AxisBiotix-PS™ in the UK and starting to push into new European territories, beginning with Spain. As stated in the trading update in July 2024, revenues of AxisBiotix-PS are forecasted to be £400k (2024: £248k) reflecting the increase in expansion into Europe, as well as the USA through our partnership with World Products. We may have had limited resources to launch a product ourselves, however we have been pleased with the loyalty and the very positive testimonials we continue to receive. We also look forward to expanding the AxisBiotix product portfolio with the launch of an acne product, following the positive consumer study.

For the two new additions to the SBTX Group, Dermatronics revenue forecast is expected to be £2.91m (2024: £1.90m), and EBITDA at £0.7m (2024: £420k), with growth across all revenue streams in the business, as well as the uplift following the Umesh Modi partnership announced earlier in 2024.

We will have revenues from Bio-Tech Solutions of £2m for the period October 2024 to June 2025. On an annualised basis, this reflects revenue of £3m for the 12 months to June 2025. EBITDA is expected to come in at £0.45m.

In summary, with a firmer financial footing with respect to cash, a scaled up Group infrastructure, we are in a much stronger position for making new consolidating acquisitions and for negotiations with potential industry partners.

## Key performance indicators

The Board recognises the importance of KPIs and their appropriateness to the stage of development of the business. The Group is focused on the development of its technology programmes all of which are cash consuming. The KPIs are therefore

chosen to monitor the progress of the individual programmes, the external market environment and the cash requirements of the Group.

## Financial

The cash position of the Group is monitored on a continual basis with reference to both the ongoing operational costs of the business and more particularly the cash requirements to support its scientific development programmes and IPR strategy. Net cash used in operating activities was £2.73m (2023: £2.65m).

## Non-financial

The Group actively monitors the progress of its development programmes. Timelines exist for each programme with key milestones detailed and these are regularly reviewed and updated accordingly.

In addition, the Group monitors the life science market for; competitive products and technologies, licensing deals within the cosmetic industry, scientific research related to the microbiome and regulatory and policy matters in the major markets.

Further details can be found in the financial review.



## PRINCIPAL RISKS AND UNCERTAINTIES

**Ultimate responsibility for the process by which risk in the business is managed rests with the Board. The principal risks and uncertainties facing the Group, as well as mitigating actions, are set out below. While the list is not exhaustive, it is derived from the Group's detailed risk register. These risks are reviewed by the Audit Committee at least biannually, which reports its findings to the Board.**

The Group's internal risk identification and management process is as follows:

- The Executive Team prepares and reviews on a periodic basis, by function, the risk register for the Group. The risk register details specific risks to the Group, the quantification of those risks in terms of probability and impact, and mitigating actions required to manage these risks.
- The risk register assigns responsibility for each risk and mitigation plan to one or more members of the Executive Team.
- The risk register is circulated to the Board in advance of each board meeting and specific risk items are discussed at board meetings or otherwise as appropriate.
- The risk register is reported to the Audit Committee at least biannually.

As at the date of this report, the Board is satisfied that the risk management and internal control systems in place are adequate for this stage of the Group's development. The Board does not consider it to be necessary to establish a financial internal audit function, but this is kept under review by the Audit Committee.

### Stage of operations

SkinBioTherapeutics is still at an early stage of development in several pillars, however is generating growing revenues in the AxisBiotix pillar through sales of its food supplement AxisBiotix-PS™. The extent to which it can generate material revenue in the near term will be dependent on the market penetration of AxisBiotix-PS™ and the successful commercialisation of its SkinBiotix® platform through Croda plc. In addition, the Group is exploring potential licensing opportunities in the MediBiotix pillar.

### Clinical development risk

The commercialisation of the Group's intellectual property and the potential applications of its technologies requires ongoing preclinical development, formulation, process development and human consumer/clinical studies that exemplify platform claims. There is a risk that one or more of the business's technologies does not perform as expected and fails to perform in the applications identified by the Group.

Furthermore, clinical development and human studies can result in unexpected costs. Agreeing study designs, study endpoints and study recruitment timelines without unforeseen delays with regulatory agencies is key. Regulatory body guidelines leading to market authorisation may be subject to alteration and are divergent in different jurisdictions. In addition,

the need to manufacture clinical grade materials for medical device products may result in further unexpected costs.

### Product development timelines

Development programme delays, inconclusive results, identification of safety issues, manufacture and formulation failures or regulatory challenges may require additional follow-up studies that are not currently envisaged with a consequential impact on development timelines and cash resources.

### Dependence of key personnel

The Group operates with a small team and success is highly dependent on the expertise and experience of its board, management and employees. Retention and incentivisation of these individuals is critical to the Group.

### Formulation

The Group has developed formulations for its initial indications and will need to repeat this process for other indications. There are risks associated with the means and timeline in developing formulations and establishing their long-term stability. It may require a number of iterations before suitable formulations are able to be produced.

# STRATEGIC AND FINANCIAL REVIEW

Continued

## Human studies

SkinBioTherapeutics has invested effort and resources in the development of its technologies. Success in human studies in part hinges on this continuing development activity. It is however possible that the results of these studies may not be predictive of those obtained in more advanced, later-stage, expensive, time consuming and difficult to design human studies.

## Intellectual property and proprietary technology

SkinBioTherapeutics is focused on maintaining and expanding its intellectual property portfolio. The portfolio includes patent applications, trademarks and know-how.

Success of the Group will depend in part on its ability to obtain and maintain effective patent rights. These rights need to be sufficiently broad to protect SkinBioTherapeutics' technology in its chosen markets. The application process is expensive and time-consuming and SkinBioTherapeutics may not be able to file all its patent applications in all jurisdictions.

Some of the Group's patent applications remain pending and have not been given notice of allowance. National patent offices may raise objections in relation to the on-going patent applications. These may result in revised applications or prevent patent applications from being granted.

**"The need for safe and supportive skin health and well-being products is acknowledged by consumers and healthcare providers around the globe."**



## Competitive risk

The Directors believe the skin microbiome to be an innovative area of development and scientific focus. As such this area is subject to significant and rapid technological and consumer change. It is an area of interest to academic institutions, government agencies and private and public companies. Competition from existing companies and new entrants has emerged and maintaining an IP and technology advantage over the competition will require a sustained development focus.

The need for safe and supportive skin health and well-being products is acknowledged by consumers and healthcare providers around the globe. Large multinationals have divisions dedicated to the sector and many have established brands or approved products on the market. These brand owners have greater financial and human resources which can be deployed to build and maintain a brand position. Many also have dedicated R&D units and could therefore choose to develop technologies that compete with those of the Group.

## Regulatory environment

The Group operates in a regulated environment that varies dependent upon the jurisdiction and technology. These regulations are subject to change at short notice and differ according to any proposed product claims, intended use or marketing route. While the Group will take every effort to ensure that it and its partners comply with all applicable regulations, there can be no guarantee of this. Failure to comply with applicable regulations could result in the Group being unable to successfully commercialise its technology or any products that incorporates it and/or result in legal action being taken against the Group which could have a material adverse effect.

## S172 STATEMENT

**The Directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard (amongst other matters) to:**

- **The likely consequences of any decision in the long term**

The Group's strategic objectives and the progress made against these during the year, together with the principal risks, are detailed in the Strategic and Financial Review on pages 6-13.

- **The interests of the Group's employees**

SkinBioTherapeutics is a very small company in terms of its number of employees and recognises these employees are key to its business success. Members of the Board maintain frequent contact with employees and the executive team engage with employees with regards current performance and future plans and ambitions for the Group.

- **The need to foster the Group's business relationships with suppliers, customers and others**

A consideration of the relationship with wider stakeholders and their impact on our long-term strategic objectives is disclosed in Principle 3 of the Corporate Governance Report on pages 16-23.

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

The Group is committed to operating with a high level of corporate social responsibility and environmental sustainability.

Principle 8 of the Corporate Governance Report provides further disclosure on how we promote a corporate culture that is based on ethical values and behaviour.

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

Our intention is to behave in a responsible manner, operating with a high standard of business conduct and corporate governance, as detailed in the Corporate Governance Report.

- **The need to act fairly as between members of the Company**

The Board is fully committed to open and transparent dialogues with all shareholders. A supportive base of investors interested in a long-term holding in the Company provides the stability to allow us to execute our strategy and deliver long term value for all shareholders. We strive to engage with our investor base with meetings and updates to institutional and retail investors through a variety of channels.

### Conclusion

FY2024 has been a year of extraordinary highs in an extremely challenging economic environment for a small growth company with big ambitions requiring funding.

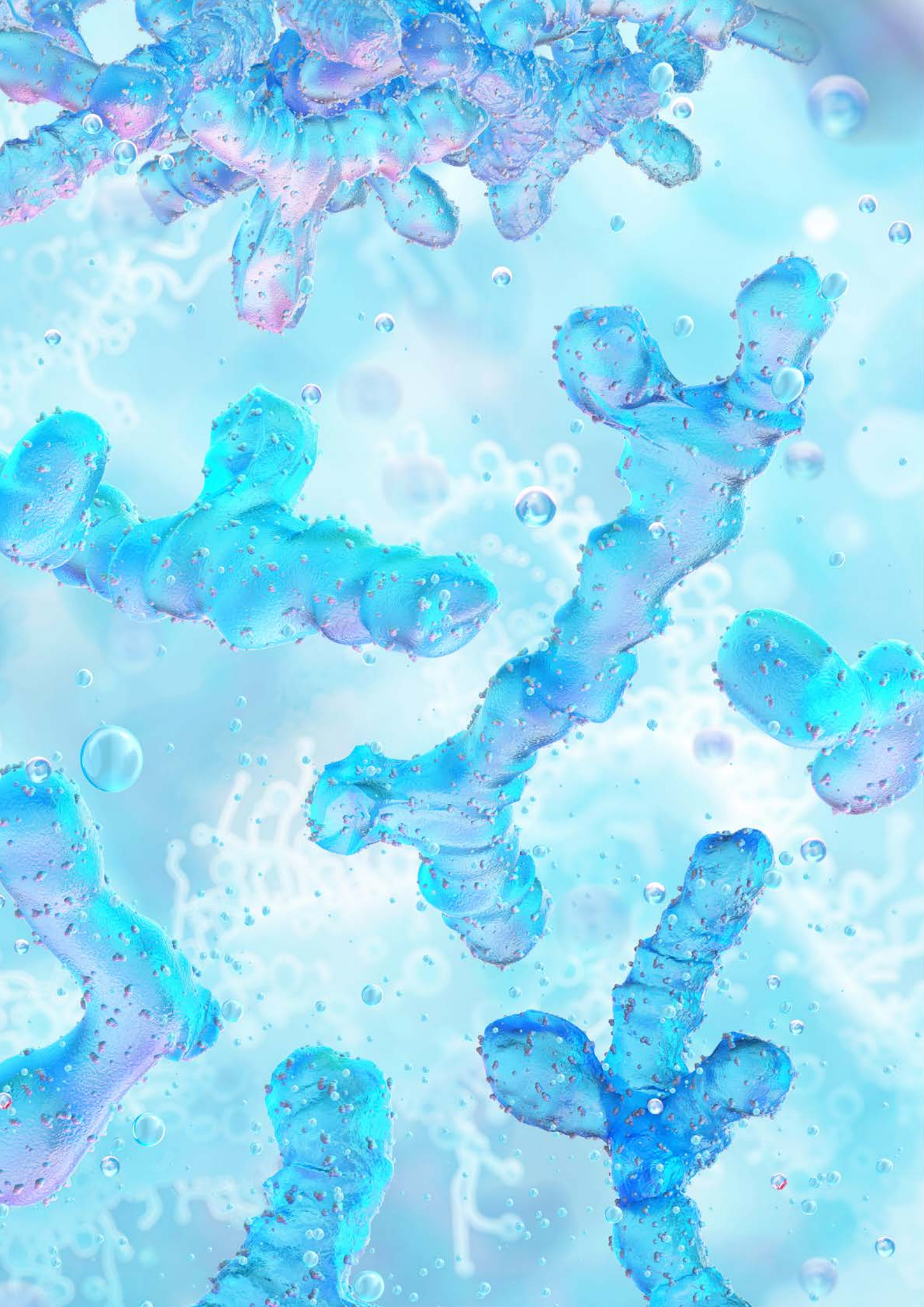
The strategy to grow our business through acquisition at the same time as driving the underlying business has been a deliberate one in order to provide additional products and capabilities, and increasingly importantly, scale-up for negotiations with present partners as well as future ones. Dermatronics and in time, Bio-Tech solutions have completely changed our shape and positioning, and have created additional products, operational and manufacturing infrastructure to complement the SkinBiotix platform.

Our ambition is to build a Group that is a leader in the skincare sector, creating significant value for our shareholders and be an exciting place to work for current and future employees.

Thank you to the internal team for all their hard work, and to our shareholders for their long-standing support.

**STUART ASHMAN**  
CEO

4 December 2024



# GOVERNANCE

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“

**AN ONGOING  
COMMITMENT TO  
PROMOTE A CULTURE  
OF EXCELLENT  
CORPORATE  
GOVERNANCE.**



# DIRECTORS' REPORT

## The Directors present their report and the audited financial statements of the Group for the year ended 30 June 2024.

### Principal activity

The principal activity of the Group is that of research and development focused on harnessing the microbiome for human health, and commercialisation of these technologies, as well as the manufacture and sales of dermatological products through acquired entities.

### DIRECTORS

The directors who served the Company during the year were:

**Stuart J. Ashman**  
**Manprit Randhawa**  
**Martin Hunt**  
**Dr Cathy Prescott**  
**Danielle Bekker**

The Directors of the Company held the following beneficial interests in the share and share options of SkinBioTherapeutics plc at the date of this report:

	ISSUED SHARE CAPITAL		SHARE OPTIONS	
	Ordinary shares of £0.01 each	Percentage held	Ordinary shares of £0.01 each	Options exercise price
Martin Hunt	560,417	0.25%	3,892,082	£0.09
Stuart J. Ashman	276,804	0.12%	5,189,444	£0.09 & £0.18
Manprit Randhawa	153,165	0.07%	-	-
Dr Cathy Prescott	181,112	0.08%	-	-
Danielle Bekker	43,750	0.02%	-	-

Martin Hunt's shareholding is held through Invictus Management Limited, a company controlled by Mr Hunt. Of the 560,417 shares held by Invictus Management Limited 11,112 are held on behalf of Louise Hunt and 11,111 are held on behalf of Oliver Hunt.

### SUBSTANTIAL SHAREHOLDINGS

As at 30 November 2024, the following interests in 3% or more of the issued share capital appear in the register:

	Percentage of issued share capital
OptiBiotix Health Plc	10.92%
Tyndall Investment Management	8.04%
Seneca Partners Limited	6.23%
David Brierwood	4.09%
University of Manchester	3.50%
Unicorn Asset Management	3.46%

## DIRECTORS' REMUNERATION

The Directors received the following remuneration during the year:

	Salaries	Fees	Share-based payments*	Pension contributions	Total remuneration 2024	Total remuneration 2023
<b>EXECUTIVE</b>						
Stuart J. Ashman	£317,503	-	-	£7,139	£324,642	£382,478
Manprit Randhawa	£223,017	-	-	£4,971	£227,988	£261,480
<b>NON-EXECUTIVE</b>						
Martin Hunt	£13,892	£57,123	-	-	£71,015	£68,670
Dr Cathy Prescott	£6,946	£29,153	-	-	£36,099	£41,011
Danielle Bekker	£26,250	-	-	-	£26,250	£25,000
	<b>£587,608</b>	<b>£86,276</b>	<b>-</b>	<b>£12,110</b>	<b>£685,994</b>	<b>£778,639</b>

## FINANCIAL INSTRUMENTS

The Group's exposure to financial risk is set out in note 2r) of the financial statements.

## RESEARCH AND DEVELOPMENT

The Strategic and Financial Review on pages 4-11 gives information of the Group's research and development activities.

## EVENTS AFTER THE REPORTING DATE

Refer to note 26 to the financial statements for further details.

## GOING CONCERN

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have considered the budget for the next 12 months from the date of this report and the cash at bank available as at the date of approval of this report and are satisfied that the Group should be able to meet its financial obligations.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. Please refer to note 2d) on page 42 for further details.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report and 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 the Directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards (IFRSs).

# DIRECTORS' REPORT

Continued

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. 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 the Group and Parent Company financial statements have been prepared in accordance with applicable IFRSs subject to any material departures disclosed and explained in the financial statements; 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 the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the 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 Group's auditor is aware of that information.

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

## AUDITORS

Gravita Audit Limited has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors on 4 December 2024 and signed on its behalf by

**STUART J. ASHMAN**  
Chief Executive Officer

# CORPORATE GOVERNANCE REPORT

## **As Chairman of SkinBioTherapeutics I have overall responsibility for corporate governance and in promoting high standards throughout the Group. As well as leading and chairing the Board my responsibilities are to ensure;**

- Committees are properly structured and operate with appropriate terms of reference
- The performance of individual directors, the Board and its committees are reviewed on a regular basis
- The Company has a coherent strategy and sets objectives against this
- There is effective communication between the Company and its shareholders

All the directors of SkinBioTherapeutics believe strongly in the importance of good corporate governance for the creation of shareholder value over the medium to long-term and to engender trust and support amongst the Company's wider stakeholders. The Board adopted the QCA code in September 2018 and considers that it does not depart from any of the principles of the QCA code.

The QCA code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Directors have considered how they apply each principle to the extent the Board judges these to be appropriate in the circumstances and below we provide an explanation of the approach taken in relation to each. There were no key governance related matters that occurred during the year.

### **MARTIN HUNT**

**Chairman**

#### **Principle**

**Establish a strategy and business model which promotes long-term value for shareholders**

#### **Application**

SkinBioTherapeutics seeks to harness the microbiome for human health and has a particular focus on skin. The Group's proprietary technologies are targeted at a number of health indications and the Company is progressing applications of both its SkinBiotix® and AxisBiotix™ technologies as a route to initial value creation. The Group's programme of research and development is intended to build long-term shareholder value through a reliance on proven, rigorous science and the Group utilises its public listing as a means to source capital to support its R&D programme.

The Group has an ongoing research agreement with the University of Manchester to identify and develop technologies. The Group has also leased laboratory space at the Biosphere in Newcastle upon Tyne to develop its own in-house scientific capability. In doing so the Group intends to avoid a reliance on a single technology and ensure that it has an ongoing pipeline of technologies, all related to the human microbiome, at different stages of development. The Group will seek to licence technologies to large corporates once proof of principle in humans has been established and intends to generate licence revenue through this route. Where it considers it appropriate, the Group will also look to develop and market products. This is the case with AxisBiotix-Ps where the Directors believe the market opportunities in the UK, US and Europe are best developed by selling to consumers directly.

Further information on the Group's strategy and business is set out in the annual accounts.

# CORPORATE GOVERNANCE REPORT

Continued

## Principle

### Seek to understand and meet shareholder needs and expectations

#### Application

The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are clearly understood. Between the Chairman and the executive directors an open and regular dialogue is maintained with the Company's major shareholders which comprise;

Shareholder	Holding 30 November 2024
OptiBiotix Health Plc	10.92%
Tyndall Investment Management	8.04%
Seneca Partners Limited	6.23%
David Brierwood	4.09%
University of Manchester	3.50%
Unicorn Asset Management	3.46%

More generally the Board communicates with shareholders through the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting where the Board encourages investors to participate. The Company also maintains a website, [www.skinbiotherapeutics.com](http://www.skinbiotherapeutics.com), which contains information on the Group's business and corporate information. Following the announcement of the Group's half year and full year results the Chief Executive & CFO make presentations to institutional shareholders, private client brokers and investment analysts. Existing and prospective shareholders are able to separately contact the Chairman and Chief Executive via email as detailed on the Company's website. Periodic meetings are held with existing and prospective institutional and other investors and the Company presents at private investor investment events during the course of the year. The Company's broker also produces periodic research notes on the Group.

## Principle

### Take into account wider stakeholder and social responsibilities and their implications for long-term success

#### Application

As a small company engaged in the early stages of technology development the Group has a limited but important number of stakeholders. Robust science is at the core of the Group's strategy and the Group has a number of key stakeholders, including its employees, involved in the different stages from research, through manufacture, formulation and testing. The Group assesses each of the companies it works with to ensure the requisite standards and values are in place. Ultimately the Group's technology will be used by consumers and ensuring the appropriate development, manufacture and marketing of products will be key to the long-term success of the Group. Throughout the various stages from initial technology identification to eventual product sales the Group is engaged in a continual process of feedback and improvement with its stakeholders, including eventual end users. In addition, the eventual licensees of aspects of its technology will be important stakeholders in the interface with consumers and the longer-term success of the Group.

## Principle

### Embed effective risk management, considering both opportunities and threats, throughout the organisation

#### Application

Ultimate responsibility for the process by which risk in the business is managed rests with the Board. The Group's internal risk identification and management process is as follows:

- The Executive Team prepares and reviews on a periodic basis the risk register for the Company. The risk register details specific risks to the Group, the quantification of those risks in terms of probability and impact, mitigating actions required to manage these risks and the control mechanisms that are in place to monitor the risks.
- The risk register assigns responsibility for each risk and the mitigation plan to one or more members of the Executive Team.
- The risk register is circulated to the Board in advance of each board meeting and specific risk items may be discussed at board meetings or otherwise as appropriate.
- The risk register is reported to the Audit Committee at least biannually.

## Principle

### Maintain the Board as a well-functioning, balanced team led by the chair

#### Application

The Board's primary role is to enhance shareholders' long-term interests by:

- determining the Group's overall strategy and direction
- establishing and maintaining controls, audit processes and risk management policies to ensure they counter identified risks and that the Group operates efficiently
- ensuring effective corporate governance
- approving budgets and reviewing performance relative to those budgets
- approving financial statements
- approving material agreements and non-recurring projects
- approving senior and board appointments

Martin Hunt, Dr Cathy Prescott and Danielle Bekker, all non-executive directors, are considered to be independent of the management and are free to exercise independence of judgement.

The Non-Executive Directors are required to commit sufficient time as is necessary, approximately two days per month, to fulfil their obligations. Routine commitments include preparation for and attendance at board and committee meetings. In addition, the Non-Executive Directors engage in ad-hoc dialogues with members of the Executive Team, shareholders and other stakeholders as required.

All directors are subject to reappointment by shareholders at the first Annual General Meeting following their appointment and at each AGM thereafter.

The table on page 24 details the attendance record of each director at board and committee meetings during the course of the year.

# CORPORATE GOVERNANCE REPORT

Continued

## Principle

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

### Application

As at 30 September 2024 the board comprised an independent non-executive chairman, two executive directors and two independent non-executive directors. Two directors are female and three are male.



**MARTIN HUNT**

Independent Non-Executive Chairman

**Appointed as a director & Chairman in October 2016; Chair of the Remuneration Committee and member of the Audit and Insider Committees.**

Martin has had a long executive career in the medtech and life science sectors including sales and general management roles with large corporations in Europe and the US. He was previously CEO of biomaterials company Tissue Science Laboratories plc taking it from start-up through an AIM listing and eventual sale to Covidien. More recently he has held a number of non-executive roles with both private and public companies. Martin is well versed in the early and growth stages of companies in the life science sector as well as bringing experience of corporate governance and shareholder communications.

Martin is currently Non-Executive Chairman of Videregen Limited and Non-Executive Chairman of MediMusic Limited.

Time commitment of at least two days per month.



**STUART J. ASHMAN**

CEO

**Appointed as a director in April 2019 and CEO in July 2019 and member of the Remuneration Committee.**

Stuart is an experienced commercial chief executive with considerable experience in the medtech and life science sectors.

Prior to joining the Company, Stuart served as CEO of Onbone Oy ("Onbone"), a Finnish private equity-backed medical device company. In this role, he successfully established a global sales force and distribution network and led the growth of a multi-million pound business.

Prior to Onbone, Stuart was President/CEO of Andover Healthcare Inc., a US-based wound management manufacturer, and before then, was President/CEO of TI Group, a UK-based medical/engineering company. Stuart also served as Senior VP, Global Sales & Strategic Marketing, BSN Medical (Biersdorf, Smith and Nephew) and was Director of Sales & Marketing at Smith & Nephew Plc, in its Woundcare, Casting & Bandaging division. In these roles, Stuart gained extensive experience of both direct sales management across multiple geographies, and of business to business selling. He has also been involved in M&A transactions and has achieved considerable commercial success in both small and large companies.

Stuart is a full-time employee of the Company.



**MANPRIT RANDHAWA**

CFO

**Appointed as company secretary, director and CFO in June 2022; Member of the audit committee and Chair of the insider committees.**

Manprit has been involved in early-stage companies as CFO for over 10 years.

Manprit joined SkinbioTherapeutics plc from PE-backed SaaS business Juniper Education where he was CFO and instrumental in executing a successful buy-and-build strategy as well as refinancing.

Prior to this Manprit was CFO of Finnish med-tech growth stage business Onbone Oy, helping to scale and lead significant international growth of the business.

Manprit was Group Financial Controller of AIM-listed technology business Kromek Group plc, where he played a key role in its successful IPO in 2013.

Manprit is a qualified chartered accountant (ICAEW) and began his career in audit in London with Deloitte before moving to UNW in Newcastle upon Tyne.

Manprit is a full-time employee of the Company.



#### DR CATHERINE PRESCOTT

Independent Non-Executive Director

**Appointed as a director in March 2017; Chair of the Audit Committee and member of the Remuneration Committee.**

Cathy has over two decades of experience in research and management in the biotech, pharmaceutical and venture capital sectors. Cathy was a visiting professor at Kings College London, teaching on the MSc programme 'Cellular Therapies from bench to market'. Cathy brings a broad range of scientific and strategic sector expertise and experience.

Time commitment of two days per month.



#### DANIELLE BEKKER

Independent Non-Executive Director

**Appointed as a director in April 2022.**

Danielle Bekker is a Senior Executive with international experience in FMCG Innovation and Supply Chain. She held Global Innovation Director roles in two FTSE 10 organisations. She brings strong direct to consumer, supply chain management and governance skills having worked with big corporates and having launched her own business in the drinks industry. She advises medium-sized businesses on their innovation and commercialisation strategy.

Danielle is non-executive director of Blossom. LGBT and a trustee of the Sophie Hayes Foundation.

Time commitment of two days per month.

The Board has not, at this stage in its development, established a Nominations Committee. The Board as a whole continues to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board believes that its blend of relevant experience, skills, personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. The Board is additionally cognisant that with the recent changes to the Board and as the Company seeks to commercialise its technology, this may require additions to the Executive Team and wider board.

Directors attend seminars and other trade events to ensure that their knowledge remains current.

On the formation of the Board, the Directors considered the composition of the Audit Committee. Manprit Randhawa is an executive director and CFO but a member of the Committee due to his experience in this area. All independent directors have direct access to the auditors with the exclusion of Manprit and vice versa and he is excused from any discussions where there is a potential conflict of interest.

From time to time the Board may require third party advice on various matters pertaining to its business, for example in relation to the competitive landscape. Appropriate relationships to source such advice have been established.

The Directors also receive regular briefings from the Company's NOMAD in respect of continuing compliance with the AIM Rules.

# CORPORATE GOVERNANCE REPORT

Continued

## Principle

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

### Application

The Board designed and implemented an internal board evaluation exercise in 2020. The exercise was led by the Chairman and topics covered included the balance of skills, experience and independence, understanding of the business and its strategy together with engagement with shareholders. Each director completed a questionnaire, and this formed the basis for a subsequent discussion by the Board as a whole.

Having repeated the process in 2021, the Board considers an internal evaluation appropriate and intends to repeat this process annually, acting on its findings as appropriate.

The Board's approach to succession planning is based upon identifying the medium to long term objectives of the Group and matching these against the competence of directors and senior managers. The Board will seek to identify potential gaps and recruit to fill these allowing a sufficient lead time.

## Principle

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

### Application

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Board considers this particularly relevant to the Group in light of the partners with which it works, for example the University of Manchester, Croda Plc and Winclove Probiotics B.V., and recognising the intended end use of its technology in products to be marketed to and purchased by consumers. The Executive team engenders open and positive interactions with a key focus on; scientific rigour, innovation, creative solutions and collective responsibility. As the Group expands its human capability it will look to formalise its culture through an agreed set of values and standards.

The Group's policies set out its zero-tolerance approach towards any form of modern slavery, discrimination or unethical behaviour relating to bribery, corruption or business conduct.



## Principle

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

#### Application

Alongside setting the vision and strategy for the Group the Board is responsible to ensure that the business is managed for the long-term benefit of all shareholders whilst having regard for internal and external stakeholders, including employees, customers and suppliers.

The Board defines a series of matters reserved for its decision and has approved terms of reference for its Audit, Remuneration and Insiders Committees to which certain responsibilities are delegated. The chair of each committee reports to the Board on the activities of that committee.

*The Audit Committee is responsible for:*

- reviewing the annual financial statements and interim reports prior to approval
- reviewing and considering reports on internal financial controls, including reports from the auditors
- considering the appointment of and reviewing the relationship with the auditors, including reviewing and monitoring of independence and objectivity
- reviewing the consistency of accounting policies
- considering any proposed related party transaction

The Audit Committee can call for information from the Executive Team and consults with the external auditors directly when appropriate or when they are required to do so.

The Remuneration Committee reviews and determines on behalf of the Board the pay, benefits and other terms of service of the Executive Directors of the Company. In addition, the Committee oversees the creation and implementation of all employee share plans.

*The Insider Committee is responsible for:*

- monitoring and ensuring compliance with the Company's MAR dealing policy
- reviewing the classification of employees, directors and key consultants as regards clearance requirements
- reviewing and approving or rejecting as appropriate all requests for dealings in shares in the Company

*Matters reserved for the Board are;*

- determining the Group's overall strategy and direction
- establishing and maintaining controls, audit processes and risk management policies to ensure they counter identified risks and that the Group operates efficiently

- ensuring effective corporate governance
- approving budgets and reviewing performance relative to those budgets
- approving financial statements
- approving material agreements and non-recurring projects
- approving senior and board appointments

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Group. As well as leading and chairing the Board, the Chairman's responsibilities are to ensure;

- committees are properly structured and operate with appropriate terms of reference
- the performance of individual directors, the Board and its committees are reviewed on a regular basis
- the Company has a coherent strategy and sets objectives against this
- there is effective communication between the Company and its shareholders

The CEO provides coherent leadership and management of the Group, leads the development of objectives, strategies and performance standards as agreed by the Board, ensures that the assets of the Group are maintained and safeguarded, leads on investor relations activities to ensure communications and the Company's standing with shareholders and financial institutions is maintained.

The Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the Group is operating within the governance and risk framework approved by the Board.

The Company Secretary is responsible for providing clear and timely information flow to the Board and its committees and supports the Board on matters of corporate governance and risk. This role is currently filled by the Group's CFO. The Board acknowledges the QCA guidelines on this matter and consider the joint roles appropriate for the Company's size. The Company Secretary has direct access to the Chairman on matters of corporate governance.

# CORPORATE GOVERNANCE REPORT

Continued

## Principle

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

### Application

In addition to the investor relations activities described above the following committee reports are provided;

The Audit Committee, which comprises Dr Cathy Prescott (Chair), Martin Hunt and Manprit Randhawa, met twice during the course of the year. The Committee met with the external auditors prior to the approval of the annual accounts. Consideration was given to the auditors' pre and post audit reports and these provided opportunities to review the accounting policies, internal controls and the financial information contained within both the annual and interim reports. The Committee engaged the external auditors for a review of the interim statement prior to its release.

The Remuneration Committee, which comprises Martin Hunt (Chair), Dr Cathy Prescott and Stuart J. Ashman met three times during the course of the year.

Remuneration packages for the executive directors comprise a basic salary and performance related bonus. There is a defined pension contribution scheme in place for all directors and employees. In addition, executive directors and senior employees participate in a share option long term incentive plan.

The Committee (minus Stuart J. Ashman) reviewed the structure of remuneration packages for the executive directors and agreed they remained appropriate.

In setting remuneration, the committee took into consideration the compensation packages of comparable AIM listed companies.

The committee (including Stuart J. Ashman) reviewed the structure of remuneration packages for the remaining members of staff and agreed they remained appropriate.

The Insiders Committee, comprised of Manprit Randhawa (Chair) and Martin Hunt, met once during the course of the year to review the Company's insider lists and review and approve requests for dealing in shares in the Company.

For information regarding the voting of shareholders at general meetings of the Company please see the Shareholder Information section of the website.

### Plc board meetings

### Committee meetings

	Plc board meetings		Committee meetings					
	Eligible to attend	Attended	Audit		Remuneration		Insider	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Stuart Ashman	10	10	-	-	3	3	-	-
Manprit Randhawa	10	10	2	2	-	-	1	1
Martin Hunt	10	10	2	2	3	3	1	1
Dr Cathy Prescott	10	10	2	2	3	3	-	-
Danielle Bekker	10	10	-	-	-	-	-	-

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKINBIOTHERAPEUTICS PLC

## OPINION

We have audited the financial statements of SkinBioTherapeutics Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of financial position, the company statement of cash flows and the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards (IFRSs) and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 30 June 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards (IFRSs);
- the Parent Company financial statements have been properly prepared in accordance with UK adopted IFRSs and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- a review of management's budgets and cashflow forecasts for the 12 months from proposed sign off date;
- a review of the inputs and assumptions utilised in the budgets and cashflow forecasts taking into account our knowledge of the Group and its levels of operating cashflows;
- stress testing of the forecasted cashflows;
- a review of the cash balances held by the Group at year end date and at sign-off date.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKINBIOTHERAPEUTICS PLC

Continued

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><b>Going concern</b></p> <p>The Group incurred a loss of £2.9m and had net cash outflows from operating activities of £2.8m for the year ended 30 June 2024. The cash balance of the group is amounting to £0.8m (2023: £1.3m). There is a risk that the Group may not be able to continue as going concern in the next 12 months from signing the accounts.</p> <p>The Directors have assessed that going concern assumption is appropriate for the year ended 30 June 2024.</p>	<p>Our evaluation and our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• we assessed the Director's base cash flow forecasts against our understanding of the business, including considering potential risks and uncertainties associated with the current and future trading at the Group's cash generating units;</li> <li>• assessment of the reliability of forecasts to date by agreeing historical actuals to budgets, and challenging the current forecasts;</li> <li>• tested the clerical accuracy of management's forecast;</li> <li>• challenged management's forecast assumptions, and inputs including reviewing the forecast revenue and corroborated the assumptions over the conversion of new contracts and the levels of costs that are forecast;</li> <li>• we reviewed the latest management accounts to gauge the financial position;</li> <li>• we performed sensitivity analysis on the cash flow forecasts prepared by the directors; we compared recent expenses in the management accounts to the Directors' forecast to assess the reasonableness of the expected cash burn;</li> <li>• considered the appropriateness of the Group and Company's disclosures in relation to going concern in the financial statements; and</li> <li>• considered known and planned acquisitions and commitments post year end.</li> </ul> <p>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.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Intangible assets</b></p> <p>The Group had capitalised intangible assets amounting to £1,388,959 (2023: £700,331). During the year, the Group and Company capitalised a further £169,996 (2023: £75,483) relating to intellectual property costs and the Group also acquired £577,000 and £25,000 of Customer relationship and Brands, respectively from the Dermatronics acquisition. The intellectual property costs are not yet being amortised as the products are in development stage except for AxisBiotix Limited where amortisation has started because of the start of its selling activities.</p> <p>The Directors have assessed whether the costs meet the criteria for capitalisation and whether there are any indicators of impairment.</p> <p>The risk is that the costs may not qualify for capitalisation or technological advancements may render the market value of the capitalised costs below its carrying value.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>considered whether the nature of the costs met the necessary criteria under IAS 38 for the costs to be allowed for capitalisation;</li> <li>reviewed the underlying calculations and assumptions of management that support valuation of the Customer relationship and Brands acquired from the Dermatronics acquisition to confirm its compliance with IFRS 3 requirements.</li> <li>vouched a sample of the costs capitalised to invoices, to confirm that they relate to intellectual property and have been accurately recorded;</li> <li>considered whether the Directors' policy for the treatment of such costs was reasonable and assessed whether the costs included in the reconciliation were in line with the Directors' policy;</li> <li>confirmed the directors' assessment that no amortisation is necessary is accurate for the intellectual property costs; and</li> <li>reviewed cash flow forecasts for the foreseeable future to assess the potential future economic benefit from ownership of the intangible assets.</li> </ul> <p>Based on the audit work performed we are satisfied, that although there are inherent uncertainties associated with the forecast and estimation of useful economic life of intangible assets, the directors have made reasonable assumptions about the valuation and useful economic life of intangible assets, based on past experience and expected future revenues. We are also satisfied that all necessary disclosures have been made in the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKINBIOTHERAPEUTICS PLC

Continued

Key audit matter	How our audit addressed the key audit matter
<p><b>Investment in subsidiaries and carrying value of intercompany receivables – parent company financial statements only</b></p> <p>We identified a risk that the investments and inter-company receivables of the parent company (SkinBioTherapeutics Plc) in its subsidiaries (AxisBiotix Limited and Dermatronics Limited) may be impaired.</p> <p>At the end of each reporting period, the directors are required to assess whether there is any indication that the investment in subsidiary undertakings and amounts receivable from subsidiary undertakings as shown in the parent company may be impaired.</p> <p>Management's assessment of the recoverable amount of investments/ inter-company receivables in/with subsidiaries requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiaries/ amounts receivable from subsidiaries and impairment charges.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• reviewed management's assessment of future operating cashflows and indicators of impairment;</li> <li>• compared the carrying value of the investment at the year end to the net assets and expected future profits of the subsidiaries;</li> <li>• assessed the methodology used by management to estimate the future profitability of its subsidiaries and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate;</li> <li>• assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with the economic and industry statistics relevant to the business;</li> <li>• challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at these;</li> <li>• assessed the reasonability of cash outflows; and</li> <li>• considered the appropriateness of the Parent Company's disclosures in relation to any impairment in the Company only financial statements.</li> </ul>
<p><b>Carrying value of goodwill</b></p> <p>The acquisition of Dermatronics Limited during the year resulted in a recognition of goodwill amounting to £2m. Goodwill represents the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Due to the estimates involved, there is a risk that the amounts calculated, and fair value disclosed are incorrect.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• reviewed management's impairment workings such as forecasts of the cash generating units which included their approach and methodology as well as inputs and significant assumptions, namely: <ul style="list-style-type: none"> <li>o Future revenue, operating costs and overall net cash outflows;</li> <li>o Discount rates;</li> <li>o Current and ongoing research projects;</li> </ul> </li> <li>• considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared;</li> <li>• reviewed their key assumptions and obtained support to corroborate them where necessary; and</li> <li>• performed a sensitivity analysis.</li> </ul> <p>Based on work performed, we deem that the carrying value of the assets is considered reasonable and not materially misstated.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group had revenues amounting to £1.2m (2023: £132k). Revenue consists exclusively of internet sales. Revenues are recorded net of an appropriate deduction for actual and expected returns, sales discounts and sales taxes when goods are dispatched. Based on this, reports are generated from online platform such as Shopify for sales details and revenue earned.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• reviewed sales register for unusual items;</li> <li>• reviewed a sample of invoices and credit notes from the sales register;</li> <li>• carried out sales cut-off procedures to verify that the invoices are recorded in the correct period;</li> <li>• analysed the list of top 10 customers and queried unusual variances;</li> <li>• reviewed invoices sequence to ensure sales are complete; and</li> <li>• reviewed post year end sales register and credit notes to ensure the same have been accounted in the correct period</li> </ul> <p>Based on audit work, we conclude that revenue has been properly recognized in the correct period as and when the obligation of the Company has been satisfied in accordance with the standard.</p>
<p><b>Carrying value of inventory</b></p> <p>Inventory is measured at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to completion and disposal. There is a risk that inventory is overstated in quantity and value.</p> <p>The Group had inventories amounting to £472k (2023: £33k) after accounting for an allowance for inventory write-down. Of this balance, £90k relates to Axisbiotix inventory, with the remainder attributed to Dermatronics. In the prior year, an allowance of £35k was recognised for near-expiring products. Management has confirmed that these products were disposed of during the year, resulting in a £nil balance for the allowance.</p> <p>To mitigate the risk of near-expiring stock, management has implemented a purchasing policy aligned with forecasted sales.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• attended on site inventory counts near the year end and compared this to stock listings;</li> <li>• agreed a reconciliation of stock listing per site verses values recorded with the trail balance;</li> <li>• performed sales and purchases inventory cut-off testing;</li> <li>• obtained and reviewed the management's inventory provision assessment; and</li> <li>• performed inventory valuation testing to ensure stock is measured at the lower of cost and net realisable value</li> </ul> <p>Based on work performed, we agreed with the management not to provide allowance for inventory obsolescence.</p>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKINBIOTHERAPEUTICS PLC

Continued

## 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 in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group Financial statements	Company Financial Statements
Overall materiality	£79,000 (2023: £52,000).	£68,000 (2023: £49,000)
How we determined it	Based on 1.5% of gross assets (2023: 2% gross assets)	Based on 1.0% of gross assets (2023: 2% gross assets)
Rationale for benchmark applied	We believe that gross assets is the primary measure used by the shareholders in assessing the performance of the Group as stable revenue is yet to be generated.	We believe that gross assets is the primary measure used by the shareholders in assessing the performance of the Company as stable revenue is yet to be generated.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £14,000 and £68,000.

We set performance materiality at an amount less than materiality for the financial statements as a whole 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. Performance materiality was set at 75% of the overall materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit for the Group £3,950 (2023: £2,600) and for the Company above £3,400 (2023: £2,450) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

## HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 3 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of SkinbioTherapeutics Plc, AxisBiotix Limited and Dermatronics Ltd reporting units, which were individually financially significant and accounted for 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of the Group's assets and liabilities. We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group at the 3 reporting units.

We have audited all components within the Group, and no unaudited components remain.

## OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report nor the Directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on pages 15–16 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKINBIOTHERAPEUTICS PLC

Continued

## 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.

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the entity's activities.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing legal expenditure; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

## USE OF THIS REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken 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.

## JAN CHARLESWORTH

### Senior Statutory Auditor

For and on behalf of  
Gravita Audit Limited, Statutory Auditor  
Aldgate Tower  
2 Lemn Street  
London  
E1 8FA

4 December 2024

# FINANCIAL STATEMENTS

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2024

	Notes	2024 £	2023 £
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	3	1,208,669	132,057
Cost of Sales		(525,631)	(46,867)
<b>Gross Profit</b>		<b>683,038</b>	<b>85,190</b>
Selling and distribution costs		(170,597)	(81,294)
Research and development		(562,911)	(930,636)
Operating expenses		(2,854,662)	(2,072,612)
<b>Total operating expenses</b>	<b>4</b>	<b>(3,588,170)</b>	<b>(3,084,542)</b>
<b>Loss from operations</b>		(2,905,132)	(2,999,352)
Finance costs	5	(43,760)	(8,886)
<b>Loss before taxation</b>		(2,948,892)	(3,008,238)
Taxation	7	72,902	173,089
<b>Loss for the year</b>		(2,875,990)	(2,835,149)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(2,875,990)</b>	<b>(2,835,149)</b>
Basis and diluted loss per share (pence)	8	(1.54)	(1.72)

The notes on pages 42 to 64 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 £	2023 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	44,357	78,658
Right-of-use assets	11	72,012	94,502
Goodwill	12	2,038,325	–
Intangible assets	13	1,388,959	700,331
<b>Total non-current assets</b>		<b>3,543,653</b>	<b>873,491</b>
<b>Current assets</b>			
Inventories	15	472,419	33,497
Trade and other receivables	16	398,088	192,885
Corporation tax receivable	16	–	182,545
Cash and cash equivalents		800,904	1,311,834
<b>Total current assets</b>		<b>1,671,411</b>	<b>1,720,761</b>
<b>Total assets</b>		<b>5,215,064</b>	<b>2,594,252</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Capital and reserves</b>			
Called up share capital	22	2,022,552	1,731,390
Share premium	22	14,507,673	10,947,874
Share based payment reserves	23	438,589	438,589
Accumulated deficit		(13,998,933)	(11,122,943)
<b>Total equity</b>		<b>2,969,881</b>	<b>1,994,910</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	18	39,861	69,601
Deferred consideration	20	250,000	–
Deferred tax	20	150,624	–
<b>Total non-current liabilities</b>		<b>440,485</b>	<b>69,601</b>
<b>Current liabilities</b>			
Trade and other payables	17	498,560	498,696
Corporation tax payable	17	27,257	–
Lease liabilities	18	38,881	31,045
Convertible loan	19	740,000	–
Deferred consideration	20	500,000	–
<b>Total current liabilities</b>		<b>1,804,698</b>	<b>529,741</b>
<b>Total liabilities</b>		<b>2,245,183</b>	<b>599,342</b>
<b>Total equity and liabilities</b>		<b>5,215,064</b>	<b>2,594,252</b>

These financial statements were approved and authorised for issue by the Board of Directors on 4 December 2024 and were signed on its behalf by:

Manprit Singh Randhawa  
Director

Company Registration No. 09632164

The notes on pages 42 to 64 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2024

	2024 £	2023 £
<b>Cash flows from operating activities</b>		
Loss before tax for the period	(2,948,892)	(3,008,238)
Net interest	36,816	–
Depreciation of property, plant and equipment	49,260	11,136
Right-of-use assets depreciation and interest	43,345	41,287
Amortisation of IP	83,368	656
Share-based payments charge	–	1,273
	<b>(2,736,103)</b>	<b>(2,953,886)</b>
<b>Changes in working capital</b>		
Decrease/(increase) in inventories	96,419	89,074
(Increase)/decrease in trade and other receivables	166,842	(54,735)
(Decrease)/increase in trade and other payables	(436,019)	16,954
<b>Cash generated by operations</b>	<b>(172,758)</b>	<b>51,293</b>
Taxation received	182,545	257,458
<b>Net cash used in operating activities</b>	<b>(2,726,316)</b>	<b>(2,645,135)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(14,959)	(89,794)
Purchase of IP	(169,996)	(75,485)
Purchase of right-of-use assets	(13,214)	–
Cash consideration	(1,598,423)	–
Deferred consideration	(500,000)	–
<b>Net cash used in investing activities</b>	<b>(2,296,592)</b>	<b>(165,277)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of shares	3,119,553	2,353,425
Net amounts raised from convertible loan	1,472,000	–
Interest paid	(36,816)	–
Lease payments made	(42,759)	(36,102)
<b>Net cash generated by/(used in) financing activities</b>	<b>4,511,978</b>	<b>2,317,323</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(510,930)</b>	<b>(493,089)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,311,834</b>	<b>1,804,923</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>800,904</b>	<b>1,311,834</b>

The notes on pages 42 to 64 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2024

	Share capital £	Share premium £	Share based payment reserves £	Retained earnings £	Total £
<b>As at 1 July 2022</b>	<b>1,567,802</b>	<b>8,758,037</b>	<b>437,316</b>	<b>(8,287,794)</b>	2,475,361
Loss for the period	–	–	–	(2,835,149)	(2,835,149)
Issue of shares	163,588	2,453,793	–	–	2,617,381
Cost of share issue	–	(263,956)	–	–	(263,956)
Share-based payments	–	–	1,273	–	1,273
<b>As at 30 June 2023</b>	<b>1,731,390</b>	<b>10,947,874</b>	<b>438,589</b>	<b>(11,122,943)</b>	<b>1,994,910</b>
Loss for the period	–	–	–	(2,875,990)	(2,875,990)
Issue of shares	291,162	3,841,413	–	–	4,132,575
Cost of share issue	–	(281,614)	–	–	(281,614)
<b>As at 30 June 2024</b>	<b>2,022,552</b>	<b>14,507,673</b>	<b>438,589</b>	<b>(13,998,933)</b>	<b>2,969,881</b>

Share capital is the amount subscribed for shares at nominal value.

Share premium is the amount subscribed for share capital in excess of nominal value.

Retained earnings represents accumulated profit or losses to date.

Share based payment reserve represents the share option charges.

The notes on pages 42 to 64 form part of these financial statements.

# COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 £	2023 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	44,357	78,658
Right-of-use assets	11	72,012	94,502
Intangible assets	13	801,850	694,402
Investments	14	3,642,860	482,434
Other receivables	16	1,593,553	1,445,801
<b>Total non-current assets</b>		<b>6,154,632</b>	<b>2,795,797</b>
<b>Current assets</b>			
Trade and other receivables	16	89,054	149,157
Corporation tax receivable	16	68,425	182,545
Cash and cash equivalents		524,854	1,124,961
<b>Total current assets</b>		<b>682,333</b>	<b>1,456,663</b>
<b>Total assets</b>		<b>6,836,965</b>	<b>4,252,460</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Capital and reserves</b>			
Called up share capital	22	2,022,552	1,731,390
Share premium	22	14,507,673	10,947,874
Share based payments reserves	23	438,589	438,589
Accumulated deficit		(11,943,918)	(9,441,596)
<b>Total equity</b>		<b>5,024,896</b>	<b>3,676,257</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	18	39,861	69,601
Deferred consideration	20	250,000	–
<b>Total non-current liabilities</b>		<b>289,861</b>	<b>69,601</b>
<b>Current liabilities</b>			
Trade and other payables	17	243,327	475,557
Lease liabilities	18	38,881	31,045
Convertible loan	19	740,000	–
Deferred consideration	20	500,000	–
<b>Total current liabilities</b>		<b>1,522,208</b>	<b>506,602</b>
<b>Total liabilities</b>		<b>1,812,069</b>	<b>576,203</b>
<b>Total equity and liabilities</b>		<b>6,836,965</b>	<b>4,252,460</b>

No Statement of Comprehensive Income is presented in these financial statements for the Parent Company as provided by Section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the Parent Company was £2,502,322 (2023: £2,289,815).

The notes on pages 42 to 64 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 4 December 2024 and were signed on its behalf by:

Manprit Singh Randhawa  
Director

Company Registration No. 09632164

# COMPANY STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2024

	2024 £	2023 £
<b>Cash flows from operating activities</b>		
Loss before tax for the period	(2,570,747)	(2,471,551)
Depreciation of property, plant and equipment	49,260	11,136
Right-of-use assets depreciation and interest	43,345	41,287
Impairment of financial assets	7,608	16,573
Share-based payments charge	–	1,273
	<b>(2,470,534)</b>	<b>(2,401,282)</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	(95,256)	(57,731)
(Decrease)/increase in trade and other payables	(232,232)	14,456
<b>Cash (used)/generated by operations</b>	<b>(327,488)</b>	<b>(43,275)</b>
Taxation received	182,545	229,581
<b>Net cash used in operating activities</b>	<b>(2,615,477)</b>	<b>(2,214,976)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(14,959)	(89,794)
Purchase of IP	(107,448)	(70,147)
Investment in subsidiaries	(312,003)	(378,847)
Cash consideration	(1,598,423)	–
Deferred consideration	(500,000)	–
<b>Net cash used in investing activities</b>	<b>(2,532,833)</b>	<b>(538,788)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of shares	3,118,962	2,353,425
Net amounts raised from convertible loan	1,472,000	–
Lease payments made	(42,759)	(36,102)
<b>Net cash generated by/(used in) financing activities</b>	<b>4,548,203</b>	<b>2,317,323</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(600,107)</b>	<b>(436,441)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,124,961</b>	<b>1,561,402</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>524,854</b>	<b>1,124,961</b>

The notes on pages 42 to 64 form part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2024

	Share capital £	Share premium £	Share based payments reserves £	Retained earnings £	Total £
<b>As at 1 July 2022</b>	<b>1,567,802</b>	<b>8,758,037</b>	<b>437,316</b>	<b>(7,151,781)</b>	<b>3,611,374</b>
Loss for the period	-	-	-	(2,289,815)	(2,289,815)
Issue of shares	163,588	2,453,793	-	-	2,617,381
Cost of share issue	-	(263,956)	-	-	(263,956)
Share-based payments	-	-	1,273	-	1,273
<b>As at 30 June 2023</b>	<b>1,731,390</b>	<b>10,947,874</b>	<b>438,589</b>	<b>(9,441,596)</b>	<b>3,676,257</b>
Loss for the period	-	-	-	(2,502,322)	(2,502,322)
Issue of shares	291,162	3,841,413	-	-	4,132,575
Cost of share issue	-	(281,614)	-	-	(281,614)
<b>As at 30 June 2024</b>	<b>2,022,552</b>	<b>14,507,673</b>	<b>438,589</b>	<b>(11,943,918)</b>	<b>5,024,896</b>

Share capital is the amount subscribed for shares at nominal value.

Share premium is the amount subscribed for share capital in excess of nominal value.

Retained earnings represents accumulated profit or losses to date.

Share based payment reserve represents the share option charges.

The notes on pages 42 to 64 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 1 GENERAL INFORMATION

SkinBioTherapeutics plc ('the Company') is a public company limited by shares incorporated in England under the Companies Act and quoted on the AIM market of the London Stock Exchange (AIM: SBTX). The address of its registered office is given on page 65.

The principal activity of the Group is that of research and development focused on harnessing the microbiome for human health, and commercialisation of these technologies, as well as the manufacture and sales of dermatological products through acquired entities.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

### a) Statement of compliance

The consolidated and company financial statements of SkinBioTherapeutics plc have been prepared in accordance with UK-adopted International Accounting Standards ('IFRS') and the Companies Act 2006 applicable to companies reporting under IFRS.

### b) Basis of preparation

The consolidated and company financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial instruments. The accounting policies have been applied consistently in all material respects.

The consolidated and company financial statements are presented in Sterling (£) as this is the predominant functional currency of the Group and Company, and is the currency of the primary economic environment in which it operates. Foreign transactions are accounted in accordance with the policies set out below.

### c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all the Company's subsidiary undertakings is provided in note 14 and for the business combination details, refer to note 20.

### d) Going concern

These financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board has considered the Group's projections for the twelve months from the date of approval of this financial information, including cash flow forecasts. The directors are confident that based on the Group's forecasts and the recently completed capital raise of approximately £1.56m (before costs) the Group will have enough funds to continue in operation for at least 12 months from the date of signing these financial statements. The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis of accounting in preparing these financial statements.

### e) Estimates and judgements

The preparation of financial statements requires the Board to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets and liabilities as at each balance sheet date and the reported amounts of revenues and expenses during each reporting period. Any estimates and assumptions are based on experience and any other factors that are believed to be relevant under the circumstances and which the Board considers to be reasonable. Actual outcomes may differ from these estimates. Any revisions to accounting estimates will be recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change will be recognised over those periods.

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### Estimation of the lifetime of intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets recognised are reviewed against the criteria for capitalisation with useful life determined by reference to the underlying product being developed. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives could have a significant impact on the reported amounts.

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Group does not have any intangible assets with indefinite lives.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intellectual property	-	20% straight line
Patents & Trademarks	-	10% straight line
Trade Name	-	10% straight line
Customer Relationships	-	25% straight line

### Capitalisation of development costs

During the year £169,996 (2023: £75,483) of development costs were capitalised, bringing the total amount of development costs capitalised, as intangible assets, as at 30 June 2024, to £860,391 (2023: £700,331), net of amortisation. Management has reviewed the balances by project, compared the carrying amount to expected future revenues and is satisfied that no impairment exists and that the costs capitalised will be fully recovered as the products are launched to market. New product projects are monitored regularly and should the technical or market feasibility of a new product be in question, the project would be cancelled and capitalised costs to date will be removed from the balance sheet and charged to the statement of comprehensive income.

### Inventory valuation

Inventory is carried at the lower of cost and net realisable value, using the first in first out method. Appropriate provisions for estimated irrecoverable amounts due to slow-moving or obsolete inventory are recognised in the income statement where there is objective evidence that the assets are impaired.

The provision is £nil at 30 June 2024 (2023: £35,386).

### Recoverability of goodwill, customer relationships and trade name intangible assets

As noted above, part of the Company's strategy is to grow through acquisitions which has led to material goodwill, customer relationships and trade name intangible assets being recognised on the balance sheet. Goodwill, which is allocated across CGUs, is tested annually to determine if there is any indication of impairment by comparing the carrying amount of the goodwill to the recoverable amount of the CGU to which it has been allocated. Assumptions and estimates are used to determine the recoverable amount of each CGU, principally based on the present value of estimated future cash flows. Actual performance may differ from management's expectations. The estimates and assumptions used in performing impairment testing are described in note 12.

Customer relationships and trade name intangible assets are also reviewed annually for indicators of impairment and if an indicator of impairment exists then similar recoverability testing, involving the use of estimates and assumptions, is performed for the business to which the customer relationships and trade name intangible assets relate. The useful economic lives of customer relationships and trade name intangible assets are also reviewed at least annually, with any revisions to the original estimated useful economic lives accounted for prospectively.

### Refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect The Board's latest best estimates. The Board do not believe that the difference between the accrual estimate and actual returns will be material.

The accrual for net refunds totalled £255 at 30 June 2024 (2023: £82). The expected returns rate would need to differ to actual returns by 10% to have an impact of +/- £1,945 on reported revenue and on operating profit. The choice of a 10% change for the determination of sensitivity represents an extreme variation in the return rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. The judgments made and the model used are further specified in note 23.

### Estimation of incremental borrowing rate in accounting for leases under IFRS16

In recognising a lease liability and right-of-use asset under IFRS 16 the Group has used an estimated incremental borrowing rate of 8%. The Group does not have any borrowings, so in order to apply IFRS 16 it was necessary to estimate the incremental borrowing rate that would be faced by the Group. The rate of 8% was determined by looking at a range of loans available on the market. If the interest rate used in the calculation were higher, this would have the effect of reducing the size of both the lease liability and right-of-use asset, reducing the depreciation charge and increasing the interest charge in the consolidated income statement. The overall change to the Company Income Statement and the Company Statement of Financial Position would be immaterial. There would be no change to operating cash flows or lease payments as a result of a change in the estimate of the incremental interest rate.

### f) Application of new and revised International Financial Reporting Standards (IFRSs)

The Group has adopted all of the new or amended Accounting Standards and interpretations issued by the International Accounting Standards Board ('IASB') or the IFRS Interpretations Committee ('IFRIC') that are mandatory and relevant to The Group's activities for the current reporting period.

The following standards, amendments and interpretations are new and effective for the year ended 30 June 2024 and have been adopted. None of the pronouncements had a material impact on the Group's consolidated results, assets and liabilities.

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IAS 1	Disclosure of Accounting Policies	Amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.	1 January 2023
IAS 8	Definition of Accounting Estimates	Amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.	1 January 2023

### New and revised IFRSs in issue but not yet effective

There are a number of new and revised IFRSs that have been issued but are not yet effective that the Group has decided not to adopt early. The most significant of these are as follows:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IAS1	Presentation of Financial Statements	Amendments regarding the classification of liabilities as current or non-current	1 January 2024
		Amendments regarding non-current liabilities with Covenants	1 January 2024

The adoption of these Standards and Interpretations is not expected to have a material impact on the financial information of the Group in the period of initial application when they come into effect.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### g) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

### h) Revenue recognition

Revenue consists of internet sales, in addition to postage receipts, as well as sales to a range of distributors, national pharmacy chains and wholesalers, with the Group acting as the Principal in all arrangements. Revenues are recorded net of an appropriate deduction for actual and expected returns, sales discounts and sales taxes.

Revenue is recognised on the satisfaction of performance obligations and an assessment of when control is transferred to the customer. This is on dispatch of goods to the customer.

### i) Research and development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred.

Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Group is expected to benefit.

### j) Inventories

Inventory is carried at the lower of cost and net realisable value. Cost is determined using the first in, first out method and represents the purchase cost, including transport, handling costs and duties.

Appropriate provisions for estimated irrecoverable amounts due to slow-moving or obsolete inventory are recognised in the income statement where there is objective evidence that the assets are impaired.

### k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

- Plant & machinery 50%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the asset is derecognised.

### l) Impairment testing of intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### m) Business combinations and goodwill

Business combinations are accounted for under IFRS 3 Business Combinations (Revised) using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in the income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate from the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable IFRSs. Identifiable intangible assets, meeting either the contractual-legal or separability criterion, are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition-date fair value can be measured reliably.

Brands and customer relationships arising on the acquisition of business combinations, are measured at cost less accumulated amortisation and accumulated impairment losses. The acquired brand is a well-know brand which is registered, has a good track record and has a finite useful life. Customer relationships are measured at the time of the business combination and have finite useful lives.

### n) Leasing

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether each of the following criteria apply:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### Measurement and recognition of leases as a lessee

At the commencement date of a lease, the Group recognises a right-of-use asset and a lease liability on the balance sheet. 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 right-of-use assets 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 indicators of impairment exist.

At the commencement date of a lease, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate. Details of this borrowing rate are given in note 2e.

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 any residual value guarantees and payments arising from options reasonably certain to be exercised.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. If a lease liability is remeasured, a corresponding adjustment is reflected in the value of the right-of-use asset, or, if the carrying value of the right-of-use asset is already reduced to zero, the income statement.

The Group has elected to account for short-term leases (with a term of up to 12 months) and leases of low-value assets using the practical expedients available in IFRS 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to such leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

### o) Tax

#### Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's current tax is calculated using rates that have been enacted during the reporting period.

#### Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

### p) Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

### q) Share-based compensation

The Group issues share based payments to certain directors and others providing similar services. The fair value of the employee and suppliers services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Nonmarket vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

### r) Financial assets and liabilities

Financial assets and liabilities are recognised when the Group unconditionally becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are considered by the directors to be a reasonable estimate of their fair values at each balance sheet date.

Financial assets include trade and other receivable; these are classified as loans and receivables. Financial liabilities include trade and other payables, convertible loan notes and borrowings; these are classified as other financial liabilities carried at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

### Derecognition

Financial assets are derecognised when rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the terms of a financial liability are renegotiated and result in the Group issuing equity instruments to a creditor of the Group to extinguish all or part of the financial liability, the Group recognises the issue of equity instruments at their fair values. Any difference between the fair value of the equity instruments and the carrying amount of the financial liability to be extinguished is recognised in the income statement.

### Trade and other receivables

Trade and other receivables are recognised initially at their fair value and subsequently at their amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the recoverability of the asset is at risk, appropriate allowances for any estimated irrecoverable amounts are recognised in the income statement.

### Intercompany receivables

Amounts owed by subsidiary undertaking represent loans made to the Company's main subsidiary on an interest-free basis. No repayment terms have been mandated.

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for 'Stage 1' financial instruments, while 'lifetime expected credit losses' are recognised for 'Stage 2' financial instruments. Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

The Group considers that the current intercompany loan should be recognised as Stage 1, and 12-month expected credit losses have been calculated.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments with maturities of three months or less at inception that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Trade and other payables

Trade and other payables are recognised initially at their fair value, net of transaction costs, and subsequently at their amortised cost using the effective interest method.

### Financial risk management

#### Risk management objectives

Management identify and evaluate financial risks on an on-going basis. The principal risks to which the Group is exposed are market risk (including interest rate risk, and cash flow risk), credit risk, and liquidity risk.

#### Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) interest-bearing assets and liabilities, and (b) foreign currencies; to the extent that these are exposed to general and specific market movements (see details below).

#### Interest rate risk

The Group's interest-bearing assets comprise of only cash and cash equivalents. As the Group's interest-bearing assets do not generate significant amounts of interest; changes in market interest rates do not have any significant direct effect on the Group's income.

#### Currency risk

The Group is exposed to movement in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of the Group. The Group does not have a policy to hedge its exposure to foreign currency exchange risk as currently overseas transactions are only a small percentage of total transactions and fluctuations in foreign currencies are not expected to significantly affect the Group's total transactions. In future the Group may consider hedging its exposure to foreign currency exchange risk.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade receivables. The Group's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade receivables. Credit risk is managed by monitoring clients and performing credit checks before accepting any customers.

#### Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Group seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs.

### s) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remained unchanged during the period.

The capital structure of the Group consists of cash and cash equivalents, issued capital, the share premium account, the share-based compensation reserve resulting from the grant of equity-settled share options to selected directors and others providing similar services, and retained earnings.

The Group is not subject to any externally imposed capital requirements.

As part of the Group's management of capital structure, consideration is given to the cost of capital.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 3 SEGMENTAL INFORMATION

IFRS 8 'Operating Segments' requires operating segments to be determined based on The Group's internal reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been determined to be The Board of Directors which receives information on the basis of the Group's operations in key geographical territories, based on the Group's management and internal reporting structure. Based on this assessment the Group consider there to be 4 operating segments. Despite there being 4 operating segments, it is not currently feasible to allocate assets and liabilities to the operating segments. As these operating segments grow, we expect that allocation of assets and liabilities will be possible. Administrative expenses are not segmented for accounting purposes as the Board do not review these by segment currently.

	Year ended 30 June 2024				
	UK £	US £	EU £	RoW £	Total £
Sales of products	990,350	35,363	102,676	80,280	1,208,669
Cost of sales	(444,616)	(8,238)	(39,862)	(32,915)	(525,631)
Gross profit	545,734	27,125	62,814	47,365	683,038

	Year ended 30 June 2023				
	UK £	US £	EU £	RoW £	Total £
Sales of products	118,921	9,275	3,861	–	132,057
Cost of sales	(42,205)	(3,292)	(1,370)	–	(46,867)
Gross profit	76,716	5,983	2,491	–	85,190

Due to the nature of its activities, the Group is not reliant on any individual major customers.

## 4 EXPENSES – ANALYSIS BY NATURE

	Group	
	2024 £	2023 £
Other income	(15,726)	(3,292)
Selling and distribution costs	170,597	81,294
Depreciation of right-of-use asset	35,704	32,401
Depreciation of plant and equipment	49,260	11,136
Research and development	562,911	930,636
Directors remuneration (including share-based compensation)	685,994	778,639
Staff costs	341,425	214,606
Foreign exchange differences	1,041	(51)
Auditors remuneration		
– audit fees	66,400	34,450
– other services	4,025	3,000
Inventory write down	–	35,386
Lease interest on ROU	7,641	8,886
Other operating costs	1,678,898	957,451
<b>Total operating expenses</b>	<b>3,588,170</b>	<b>3,084,542</b>

## 5 FINANCE COSTS

	Group	
	2024 £	2023 £
Interest payable	6,944	8,886
Other interest charges	7,762	–
Convertible loan interest	29,054	–
	<b>43,760</b>	<b>8,886</b>

Interest payable represents amounts arising on leases accounted for under IFRS 16.

## 6 EMPLOYEES AND DIRECTORS

### Group and company

The average monthly number of employees and senior management was:

	2024 Number	2023 Number
Executive directors	2	2
Non-executive directors	3	3
Employees	9	7
<b>Average total persons employed</b>	<b>14</b>	<b>12</b>

As at 30 June 2024 the Company had 15 employees (2023: 11).

### Group and company

Staff costs in respect of these employees were:

	2024 £	2023 £
Wages and salaries	922,275	873,637
Social security costs	108,419	118,510
Defined contribution pensions	18,867	17,124
Share-based payments (see note 23)	–	1,273
<b>Total remuneration</b>	<b>1,049,561</b>	<b>1,010,544</b>

Some of these staff costs are included within research and development and some in share issue costs.

All the directors above can be considered to be key management and have the responsibility for planning, directing and controlling, directly or indirectly, the activities of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The Company operates a defined contribution pension scheme for employees and directors. The assets of the scheme are held separately from those of the Company in independently administered funds. The amounts outstanding at 30 June 2024 are £2,911 (2023: £3,326).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 6 EMPLOYEES AND DIRECTORS (CONTINUED)

### Group and company

Directors remuneration:

	2024 £	2023 £
Stuart J. Ashman	324,642	382,478
Manprit Randhawa	227,988	261,480
Martin Hunt	71,015	68,670
Dr Cathy Prescott	36,099	41,011
Danielle Bekker	26,250	25,000
<b>Total remuneration</b>	<b>685,994</b>	<b>778,639</b>

Which is made up of:

	2024 £	2023 £
Remuneration	673,884	755,258
Amounts receivable under long term incentive schemes	–	11,375
Company contributions to pension schemes	12,110	12,006
<b>Total remuneration</b>	<b>685,994</b>	<b>778,639</b>

The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined contribution pension schemes is 2 (2023: 2). The highest paid director received total emoluments of £324,642 (2023: £382,478) during the year.

## 7 TAXATION

Income taxes recognised in profit or loss

	Group	
	2024 £	2023 £
<i>Current tax</i>		
Current period – UK corporation tax	(4,476)	–
R&D tax credit	(68,426)	182,547
R&D tax credit – prior year	–	(9,458)
<b>Tax credit for the year</b>	<b>72,902</b>	<b>173,089</b>

## 7 TAXATION (CONTINUED)

The tax charge for each period can be reconciled to the loss per the statement of comprehensive income as follows:

	Group	
	2024 £	2023 £
Taxable losses	(2,948,892)	(3,008,238)
Normal applicable rate of tax	25.00%	19.00%
Loss on ordinary activities multiplied by normal rate of tax	(737,223)	(571,565)
Effects of:		
Depreciation	31,015	2,116
Disallowables	85,165	3,752
Capital allowances	(3,740)	(17,061)
R&D enhanced deductions	(78,927)	(137,215)
R&D tax credit	(68,426)	(173,089)
Losses surrendered	201,594	248,189
Unused tax losses carried forward	497,640	471,784
<b>UK tax charge/(credit)</b>	<b>(72,902)</b>	<b>(173,089)</b>

The Group has an unrecognised deferred tax asset of £2,648,809 (2023: £1,637,470) at the period end, which has not been recognised in the financial statements due to uncertainty of future profits. The Group has an estimated tax loss of £10,595,235 (2023: £8,618,261) available to be carried forward against future profits.

## 8 LOSS PER SHARE

	Group	
	2024 £	2023 £
<i>Basic and diluted loss per share</i>		
Total comprehensive loss for the year	(2,875,990)	(2,835,149)
Weighted average number of shares	186,287,360	164,713,045
<b>Basic and diluted loss per share (pence)</b>	<b>(1.54)</b>	<b>(1.72)</b>

As the Group and Company are reporting a loss from continuing operations for the year 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 income statement are therefore identical.

## 9 COMPANY'S RESULT FOR THE PERIOD

The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement account.

The loss for the Parent Company for the period was £2,502,322 (2023: £2,289,815).

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 10 PROPERTY, PLANT AND EQUIPMENT

	Group £	Company £
Cost		
At 1 July 2022	10,200	10,200
Additions	89,794	89,794
At 30 June 2023	99,994	99,994
Additions	14,959	14,959
<b>At 30 June 2024</b>	<b>114,953</b>	<b>114,953</b>
Accumulated depreciation		
At 1 July 2022	10,200	10,200
Charge for the year	11,136	11,136
At 30 June 2023	21,336	21,336
Charge for the year	49,260	49,260
<b>At 30 June 2024</b>	<b>70,596</b>	<b>70,596</b>
Net book value		
At 1 July 2022	–	–
At 30 June 2023	78,658	78,658
<b>At 30 June 2024</b>	<b>44,357</b>	<b>44,357</b>

## 11 RIGHT-OF-USE ASSETS

	Group £	Company £
Cost		
At 1 July 2022	158,754	158,754
Additions	–	–
At 30 June 2023	158,754	158,754
Additions	13,214	13,214
<b>At 30 June 2024</b>	<b>171,968</b>	<b>171,968</b>
Accumulated amortisation		
At 1 July 2022	31,851	31,851
Charge for the year	32,401	32,401
At 30 June 2023	64,252	64,252
Charge for the year	35,704	35,704
<b>At 30 June 2024</b>	<b>99,956</b>	<b>99,956</b>
Net book value		
At 1 July 2022	126,903	126,903
At 30 June 2023	94,502	94,502
<b>At 30 June 2024</b>	<b>72,012</b>	<b>72,012</b>

## 12 GOODWILL

### Net Book Value

	£
Cost	
At 1 July 2023	–
Acquired through business combinations	2,038,325
<b>At 30 June 2024</b>	<b>2,038,325</b>

During the year an amount of £2.0m (2023: nil) has been acquired through business combinations.

Goodwill represents the excess of consideration over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

### Impairment testing

The carrying amount of goodwill is allocated across CGUs and is tested annually for impairment by comparing the recoverable amount of each CGU with its carrying value.

The identification of CGUs reflects the way the business is managed and monitored on a business by business basis, taking into account the generation of cash flows and the sharing of synergies. Given the similar nature of the activities of each CGU, a consistent methodology is applied across the Group in assessing CGU recoverable amounts.

The recoverable amount is the higher of the value in use and the fair value less the costs of disposal. The value in use is the present value of the cash flows expected to be generated by the CGU over a projection period together with a terminal value. The projection period is the time period over which future cash flows are predicted. The Group's methodology is to use a projection period of four years consisting of detailed cash flow forecasts for the first two years and CGU specific growth assumptions for years three and four. For periods after this four year period, the methodology applies a long term growth rate specific to the CGU to derive a terminal value.

The value in use calculations are principally sensitive to revenue growth, including any significant changes to the customer base, achievability of future profit margins and the discount rates used in the present value calculation. The information used for valuation purposes takes into consideration past experience and the current economic environment with regard to customer attrition rates and additions to the customer base, the ability to introduce price increases and new products and experience in controlling the underlying cost base. This information is used to determine a long term growth rate which is consistent with the geographic segments in which the Group operates and management's assessment of future operating performance and market share movements. The discount rates used are determined with assistance provided by external valuation specialists.

The weighted average long term growth rate used in 2024 was in the range of 8%–15% (2023: nil) reflecting the anticipated revenue and profit growth. A pre-tax discount rate of 40% (2023: nil) has been applied to the value in use calculations reflecting market assessments of the time value of money at the balance sheet date.

Based on our impairment testing, no impairments were identified to the carrying value of goodwill within the Group. As for the impairment testing for the Group's CGUs noted above, value in use calculations were prepared based on management's latest expectations of the performance of the relevant business over a five year projection period and appropriate long term growth and discount rates.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 13 INTANGIBLE ASSETS

### Group

	Patents & trademarks £	Customer relationships £	Brands £	Total £
Cost				
At 1 July 2022	625,754	–	–	625,754
Additions	75,483	–	–	75,483
At 30 June 2023	701,237	–	–	701,237
Additions	169,996	577,000	25,000	771,996
<b>At 30 June 2024</b>	<b>871,233</b>	<b>577,000</b>	<b>25,000</b>	<b>1,473,233</b>
Accumulated amortisation				
At 1 July 2022	250	–	–	250
Charge for the year	656	–	–	656
At 30 June 2023	906	–	–	906
Charge for the year	9,936	72,179	1,253	83,368
<b>At 30 June 2024</b>	<b>10,842</b>	<b>72,179</b>	<b>1,253</b>	<b>84,274</b>
Net book value				
At 1 July 2022	625,504	–	–	625,504
At 30 June 2023	700,331	–	–	700,331
<b>At 30 June 2024</b>	<b>860,391</b>	<b>504,821</b>	<b>23,747</b>	<b>1,388,959</b>

### Company

	Patents & trademarks £	Customer relationships £	Brands £	Total £
Cost				
At 1 July 2022	624,255	–	–	624,255
Additions	70,147	–	–	70,147
At 30 June 2023	694,402	–	–	694,402
Additions	107,448	–	–	107,448
<b>At 30 June 2024</b>	<b>801,850</b>	<b>–</b>	<b>–</b>	<b>801,850</b>
Accumulated amortisation				
At 1 July 2022	–	–	–	–
Charge for the year	–	–	–	–
At 30 June 2023	–	–	–	–
Charge for the year	–	–	–	–
<b>At 30 June 2024</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net book value				
At 1 July 2022	624,255	–	–	624,255
At 30 June 2023	694,402	–	–	694,402
<b>At 30 June 2024</b>	<b>801,850</b>	<b>–</b>	<b>–</b>	<b>801,850</b>

Intellectual property is to be amortised over the expected period that the asset generates income. A small part of the IP belonging to the active subsidiary, AxisBiotix Limited, commenced amortisation in the year ending 30 June 2023.

## 14 INVESTMENTS

### Company: Investments in subsidiary undertakings

	£
Cost	
At 1 July 2022	423,072
Additions	59,362
At 30 June 2023	482,434
Additions	3,160,426
<b>At 30 June 2024</b>	<b>3,642,860</b>

As at 30 June 2024, the Company directly owned the following subsidiaries:

Name of company	Country of incorporation	Proportion of equity interest
SkinBiotix Limited	United Kingdom	100% of ordinary shares
AxisBiotix Limited	United Kingdom	100% of ordinary shares
MediBiotix Limited	United Kingdom	100% of ordinary shares
CleanBiotix Limited	United Kingdom	100% of ordinary shares
PharmaBiotix Limited	United Kingdom	100% of ordinary shares
Dermatonics Limited (acquired 25 January 2024)	United Kingdom	100% of ordinary shares

## 15 INVENTORIES

	Group	
	2024 £	2023 £
Inventories	472,419	33,497
	<b>472,419</b>	<b>33,497</b>

The cost of inventories recognised as an expense during the year was £525,631 (2023: £82,252).

The cost of inventories recognised as an expense includes £nil (2023: £35,386) in respect of write-downs of inventory to net realisable value.

## 16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 £	2023 £	2024 £	2023 £
<i>Current</i>				
Trade debtors	279,806	816	–	–
Corporation tax	–	182,545	68,425	182,545
Sales taxes recoverable	–	108,720	24,348	96,240
Other receivables	61,348	12,693	11,589	12,891
Prepayments	56,934	70,656	53,117	40,026
	<b>398,088</b>	<b>375,430</b>	<b>157,479</b>	<b>331,702</b>
<i>Non-current</i>				
Amounts due from group undertakings	–	–	1,593,553	1,445,801
	<b>–</b>	<b>–</b>	<b>1,593,553</b>	<b>1,445,801</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 16 TRADE AND OTHER RECEIVABLES (CONTINUED)

The fair values of the Company's current trade and other receivables are considered to equate to their carrying amounts. The maximum exposure to credit risk for trade receivables is represented by their carrying amount. There are no financial assets which are past due but not impaired. No current financial assets are impaired.

The amounts owed by subsidiary undertakings include loans to AxisBiotix Limited and Dermatronics for £1,976,870 (2023: £1,788,549) which was discounted to £1,687,877 and then impaired by £7,608, in addition to earlier years impairment of £86,716 to give a current value of £1,593,553 (2023: £1,445,801) under IFRS 9, as set out in note 2. Although the loan has no repayment terms, it is anticipated to be repaid in 2 years from the date of these financial statements.

## 17 TRADE AND OTHER PAYABLES

	Group		Company	
	2024 £	2023 £	2024 £	2023 £
<i>Current</i>				
Trade creditors	281,062	194,274	119,116	176,176
Corporation Tax	27,257	–	–	–
Accruals	175,712	236,837	115,812	233,839
Sales taxes payable	23,943	505	–	–
Other taxes	14,103	62,815	6,095	61,636
Other payables	3,740	4,265	2,304	3,906
	<b>525,817</b>	<b>498,696</b>	<b>243,327</b>	<b>475,557</b>

Trade and other payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30-day terms. The directors consider that the carrying value of trade and other payables approximates to their fair value. All trade and other payables are denominated in Sterling. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

The fair value of trade and other payables approximates their current book values.

## 18 LEASE LIABILITIES

### Group and company

	2024 £	2023 £
<i>Maturity analysis</i>		
Year 1	43,485	37,770
Year 2	41,254	39,029
Year 3	–	35,777
Year 4	–	–
Year 5	–	–
	84,739	112,576
Less future interest charges	(5,997)	(11,930)
	<b>78,742</b>	<b>100,646</b>
<i>Analysed as</i>		
Current	38,881	31,045
Non-current	39,861	69,601
	<b>78,742</b>	<b>100,646</b>

## 19 CONVERTIBLE LOAN NOTE

On 25<sup>th</sup> January 2024, the Company entered into a £5m convertible bond facility with Macquarie Bank Limited and CLG Capital LLC, from which a tranche of £1.6m was drawn down on that date in order to finance the upfront cash consideration for the acquisition of Dermatronics Limited.

The issue price of each bond was 92% of the principal amount (£10,000 per bond), with the conversion price set a the higher of (i) 93% of the 5-day Volume Weighted Average Price of the Shares on one trading day selected by the holder in its sole discretion out of the 5 trading days immediately preceding the date of the conversion notice, and (ii) the minimum conversion price (£0.0475 for the first tranche). The convertible bonds shall have a maturity of two years from issuance.

In addition, under the first tranche 2,349,244 warrants were issued with an exercise price of £0.204321 per share; the warrants expire 3 years after issuance.

### Group and company

	2024 £	2023 £
Proceeds of issue of convertible loan notes	1,600,000	–
Transaction costs	(128,000)	–
<b>Net proceeds from issue of convertible loan notes</b>	<b>1,472,000</b>	<b>–</b>

	2024 £	2023 £
As at 1 July 2023	–	–
Drawdown	1,600,000	–
Conversions into equity during the year	(860,000)	–
<b>Liability at 30 June 2024</b>	<b>740,000</b>	<b>–</b>

The interest expensed for the year is calculated by applying an effective interest rate of 1% per annum over the 3-month term SONIA rate and payable quarterly in cash. The interest expense during the year was £29,054 (2023: £0).

## 20 BUSINESS COMBINATIONS

This note details acquisition transactions carried out in the current period. For accounting policies see 'Business combinations and goodwill' in note 2.

The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations' as revised. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed.

The consideration paid or payable in respect of acquisitions comprises amounts paid on completion and deferred consideration. All consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Transaction costs and expenses such as professional fees are charged to the income statement. The acquisitions provide opportunities for further development of the Group's activities and to create enhanced returns.

On 25th January 2024, SkinBioTherapeutics Plc acquired 100% of Dermatronics Ltd for an initial sum of £1.75m plus £1.25m earn out over three years. £0.5m earn out was paid on 20th May 2024, £0.5m is due within 1 year and £0.25m is due after 1 year. This gives a total consideration £2.99m. The deferred consideration is based on Dermatronics Ltd achieving an EBITDA target in the 12 months to 31st January 2025 and again in the 12 months to 31st January 2026.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 20 BUSINESS COMBINATIONS (CONTINUED)

### Aggregate net assets at the date of acquisition:

	£
Property, plant and equipment	9,367
Intangible assets	35,354
Cash and cash equivalent	147,222
Trade and other receivables	191,047
Inventories	535,341
Trade and other payables	(411,577)
<b>Net assets</b>	<b>506,754</b>
Deferred tax liability	(150,624)

### Fair Value of Asset at acquisition:

Trade Name	25,000
Customers	577,000
Goodwill	2,038,325
<b>Total consideration</b>	<b>2,996,455</b>

Goodwill of £2.04m (2023: nil) reflects certain intangibles that cannot be individually separated and reliably measured due to their nature. These items include value of expected synergies arising from business combination and the experience and skill of the acquired workforce. The fair value of the acquired trademark, brand and customer base was identified and included in intangible assets detailed in note 13.

Acquisition costs of £318k (2023: nil) have been expensed through operating costs, £226k of these relate to the acquisition with further expenses relating to the convertible loan raise of £92k.

The acquisition of Dermatronics contributed £960k to the Group's revenue and £124k to the Group's operating loss.

The estimated contribution from the Dermatronics acquisition to the results of the Group for the year ended 30 June 2024 if such an acquisition had been made at the start of the financial year are £1.9m to revenue and £202k to operating losses.

## 21 FINANCIAL INSTRUMENTS

### Maturity analysis

A summary table with maturity of financial assets and liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the following tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not material.

The maturity analysis of financial instruments at 30 June 2024 is as follows:

#### Group

	Carrying amount	On demand and less than			
		3 months	3 to 12 months	1 to 2 years	2 to 5 years
<i>Assets</i>					
Cash and cash equivalents	800,904	800,904	–	–	–
Trade and other receivables	341,155	341,155	–	–	–
	<b>1,142,059</b>	<b>1,142,059</b>	–	–	–
<i>Liabilities</i>					
Trade and other payables	460,743	460,743	–	–	–
Lease liabilities	84,739	10,871	32,614	41,254	–
Convertible loan note	740,000	–	–	740,000	–
Deferred consideration	750,000	–	500,000	250,000	–
Deferred tax	150,624	–	–	–	150,624
	<b>2,186,106</b>	<b>471,614</b>	<b>532,614</b>	<b>1,031,254</b>	<b>150,624</b>

#### Company

	Carrying amount	On demand and less than			
		3 months	3 to 12 months	1 to 2 years	2 to 5 years
<i>Assets</i>					
Cash and cash equivalents	524,854	524,854	–	–	–
Trade and other receivables	11,588	11,588	–	–	–
Amounts due from group undertakings	1,593,553	1,593,553	–	–	–
	<b>2,129,995</b>	<b>2,129,995</b>	–	–	–
<i>Liabilities</i>					
Trade and other payables	237,231	237,231	–	–	–
Lease liabilities	84,739	10,871	32,614	41,254	–
Convertible loan note	740,000	–	–	740,000	–
Deferred consideration	750,000	–	500,000	250,000	–
	<b>1,811,970</b>	<b>248,102</b>	<b>532,614</b>	<b>1,031,254</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 21 FINANCIAL INSTRUMENTS (CONTINUED)

The maturity analysis of financial instruments at 30 June 2023 was as follows:

### Group

	Carrying amount	On demand and less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years
<b>Assets</b>					
Cash and cash equivalents	1,311,834	1,311,834	–	–	–
Trade and other receivables	13,509	13,509	–	–	–
	<b>1,325,343</b>	<b>1,325,343</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Liabilities</b>					
Trade and other payables	435,881	435,881	–	–	–
Lease liabilities	112,576	8,498	29,272	39,029	35,777
	<b>548,457</b>	<b>444,379</b>	<b>29,272</b>	<b>39,029</b>	<b>35,777</b>

### Company

	Carrying amount	On demand and less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years
<b>Assets</b>					
Cash and cash equivalents	1,124,961	1,124,961	–	–	–
Trade and other receivables	12,892	12,892	–	–	–
Amounts due from group undertakings	1,445,801	1,445,801	–	–	–
	<b>2,583,654</b>	<b>2,583,654</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Liabilities</b>					
Trade and other payables	413,923	413,923	–	–	–
Lease liabilities	112,576	8,498	29,272	39,029	35,777
	<b>526,499</b>	<b>422,421</b>	<b>29,272</b>	<b>39,029</b>	<b>35,777</b>

## 22 SHARE CAPITAL

Company – Issued and fully paid	Number of shares	Share capital	Share premium
As at 1 July 2022	156,780,236	1,567,802	8,758,037
As at 30 June 2023	173,138,854	1,731,390	10,947,874
Ordinary share issued at 1p per share	17,224,087	172,240	3,100,336
Costs related to shares issued	–	–	(281,614)
Shares issued from convertible loan	11,892,282	118,922	741,077
<b>As at 30 June 2024</b>	<b>202,255,223</b>	<b>2,022,552</b>	<b>14,507,673</b>

On 22 November 2023 17,224,087 ordinary shares were issued by way of a placing at a price of 19p per share to raise finance.

On 13 February 2024 487,659 ordinary shares were issued by way of conversion at a price of 10.25p per share.

On 29 February 2024 836,825 ordinary shares were issued by way of conversion at a price of 9.559935p per share.

On 14 March 2024 1,108,524 ordinary shares were issued by way of conversion at a price of 7.2168p per share.

On 8 April 2024 7,583,958 ordinary shares were issued by way of conversion at a price of 6.592863p per share.

On 30 May 2024 1,875,316 ordinary shares were issued by way of conversion at a price of 7.998651p per share.

Share capital is the amount subscribed for shares at nominal value, issued and fully paid.

Share premium is the amount subscribed for share capital in excess of nominal value.

## 23 SHARE-BASED PAYMENTS

### Share Options

The Group operates share-based payment arrangements to remunerate directors and others providing similar services in the form of a share option scheme. The exercise price of the option is normally equal to the market price of an ordinary share in the Group at the date of grant. Each share option converts into one ordinary share of the Group on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

#### Group and company

	2024		2023	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 July	16,729,343	0.11	17,379,343	0.12
Granted during the year	–	–	–	–
Forfeited/cancelled during the year	–	–	(650,000)	0.38
<b>Outstanding at 30 June</b>	<b>16,729,343</b>	<b>0.11</b>	<b>16,729,343</b>	<b>0.11</b>

No share options were issued in the year. The charge recognised for the year ended 30 June 2024 for share options is £nil (2023: £1,274). The following assumptions were used in the calculations:

Deed pool	1	2	3a	3b	3c
Grant date	05/04/17	05/04/17	05/04/17	05/04/17	05/04/17
Exercise price	9p	9p	9p	9p	9p
Share price at grant date	9p	9p	9p	9p	9p
Risk-free rate	0.24%	0.24%	0.16%	0.16%	0.16%
Volatility	60%	60%	60%	60%	60%
Expected life	3.5 years	3.5 years	2.75 years	2.75 years	2.75 years
Fair value	2.58p	1.85p	2.30p	2.30p	2.30p
Deed pool	4	5	6	7	8
Grant date	18/04/19	18/04/19	18/04/19	03/03/20	08/04/20
Exercise price	18p	18p	18p	9.5p	9p
Share price at grant date	18p	18p	18p	9.5p	7p
Risk-free rate	0.75%	0.75%	0.75%	0.29%	0.12%
Volatility	60%	60%	60%	80%	80%
Expected life	3.5 years	3.5 years	3.5 years	0 years	2 years
Fair value	2.85p	3.99p	3.48p	9.50p	0.87p

The closing share price per share at 30 June 2024 was 8.75p (30 June 2023: 12.5p).

Expected volatility is based on a conservative estimate for an AIM listed entity. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

## 24 RELATED PARTY TRANSACTIONS

### Group and company

#### Key management personnel compensation

	2024 £	2023 £
Short-term employee benefits including social security costs	749,202	934,467
Post-employment benefits	12,110	13,218
Share-based payments	–	11,375
	<b>761,312</b>	<b>959,060</b>

Compensation figures above include directors and key management personnel. Detailed remuneration disclosures for directors are provided in the employees and directors note on page 52, and in the Directors Report.

#### Transactions with other related parties

During the period ended 30 June 2024, the Company was charged fees of £57,123 (2023: £55,440) by Invictus Management Ltd, a company in which Martin Hunt, a director of the Company, is also a director. These fees relate to Martin Hunt's consultancy services to the Company. As at 30 June 2024 £5,557 (2023: £5,292) was outstanding.

During the period ended 30 June 2024, the Company was charged fees of £28,550 (2023: £28,096) by Biolatris Ltd, a company in which Dr Cathy Prescott, a director of the Company, is also a director. These fees relate to Dr Cathy Prescott's consultancy services to the Company. As at 30 June 2024 £nil (2023: £nil) was outstanding.

## 25 ULTIMATE CONTROLLING PARTY

No one shareholder has control of the Company.

## 26 EVENTS AFTER THE REPORTING DATE

The Company has evaluated all events and transactions that occurred after 30 June 2024 up to the date of signing of the financial statements.

On 7 August 2024 the Company completed a fundraise through a placing raising £1.56m of gross proceeds.

On 10 October 2024 SkinBioTherapeutics signed an agreement to acquire 100% of Bio-Tech Solutions Limited for an enterprise value consideration of £1.25m. The purchase price was settled in cash and financing of the transaction was arranged through a combination of debt and equity with an existing long-term shareholder in SkinBioTherapeutics plc.

No other material subsequent events have occurred that would require adjustment to or disclosure in the financial statements.

# STATUTORY AND OTHER INFORMATION

## DIRECTORS

**Martin Hunt** Non-Executive Chairman

**Stuart J. Ashman** Chief Executive Officer

**Manprit Randhawa** Chief Financial Officer

**Dr Cathy Prescott** Non-Executive Director

**Danielle Bekker** Non-Executive Director

## SECRETARY

**Manprit Randhawa**

## REGISTERED OFFICE

**The Core**

Newcastle Helix

Newcastle upon Tyne

NE4 5TF

## AUDITOR

**Gravita Audit Limited**

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E1 8FA

## REGISTRARS

**Share Registrars Limited**

3 The Millennium Centre

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Farnham

GU9 7XX

## NOMINATED ADVISER AND BROKER

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