Provexis plc

Annual report and accounts 2022

Company number 05102907

Contents

About Provexis

Provexis Limited was founded in 1999 to commercialise the Fruitflow® anti-thrombotic technology discovered at the Rowett Research Institute by Professor Asim Duttaroy. In 2005 Provexis plc was listed on AIM, the London Stock Exchange's international market for smaller growing companies, with the stock symbol PXS.

Fruitflow is a patented, natural, breakthrough ingredient which helps with platelet aggregation. Fruitflow has been shown in human trials to reduce the propensity for aberrant blood clotting, typically associated with cardiovascular disease, which can lead to heart attack and stroke. The extract is available in two formats, a syrup and a powder, and it can be included in a broad range of food, beverage and dietary supplement formats.

Fruitflow is a highly concentrated form of bioactives which is lycopene-free and contains over 30 known anti-platelet compounds. Published clinical studies have shown that Fruitflow works to maintain healthy blood flow in a similar way to 75mg aspirin but with a milder and reversible action; Fruitflow has a similar antiplatelet effect to a single dose of aspirin - but when taken daily, it has none of aspirin's side effects.

The science behind Fruitflow has been validated by leading peer review publications and regulatory authorities. Fruitflow is the only natural antiplatelet to have a health claim approved by the European Food Safety Authority, stating that 150mg of Fruitflow 'helps maintain normal platelet aggregation, which contributes to healthy blood flow'.

Fruitflow has a number of other specific health benefits which have been reflected in separate patent filings for the use of Fruitflow in:

- mitigating exercise-induced inflammation;
- managing blood pressure; and
- protecting against the adverse effects of air pollution on the body's cardiovascular system. Laboratory work has shown that Fruitflow can reduce the platelet activation caused by airborne particulate matter, such as that from diesel emissions, by approximately one third.

The Company also announced the filing of a new patent application in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. This followed the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits.

Provexis plc entered into a long-term Alliance Agreement with DSM Nutritional Products in 2010 to commercialise Fruitflow through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories. More than 100 regional consumer healthcare brands have now been launched by direct customers of DSM, and a number of further regional brands have been launched through DSM's distributor channels.

The Alliance has seen the partners collaborating to develop Fruitflow in all major global markets, through an effective commercialisation of current formats and through pioneering new and significant applications. DSM has been responsible for manufacturing, marketing and selling via its substantial sales force. Provexis has been responsible for contributing scientific expertise necessary for successful commercialisation, and for maintaining and strengthening the breadth and duration of its patent and trade mark coverage for Fruitflow, seeking to maximise the commercial returns that can be achieved from the technology. Profits from the Alliance have been shared by the parties on an agreed basis, linked to various performance milestones.

The Company announced in September 2021 that the Company and DSM were engaged in constructive negotiations working towards a new agreement for Fruitflow for the period after 31 December 2022 to replace the Alliance Agreement, and in June 2022 the Company announced that the parties had concluded their negotiations and had entered into (i) a Transfer of Business agreement for Fruitflow and (ii) a Premix and Market-Ready Solutions supply agreement for Fruitflow, both to take effect from 1 January 2023.

Provexis sells a dietary supplement product containing Fruitflow and Omega-3 from its separate website www.fruitflowplus.com on a mail order basis. The product is also available to purchase from Amazon.co.uk and from Holland & Barrett.

The Company is working closely with By-Health Co., Ltd, a £4bn listed Chinese dietary supplement business, to support the planned launch of some Fruitflow based products in the Chinese market. The planned launch is progressing well with potential sales volumes remaining at a significant multiple of existing Fruitflow sales.

Key highlights

Key highlights

- Two new agreements secured with DSM in June 2022 for Fruitflow, to replace the Alliance Agreement: (i) a Transfer of Business agreement and (ii) a Premix and Market-Ready Solutions supply agreement, both to take effect from 1 January 2023.

- DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient will transfer to become direct customers of Provexis WEF 1 January 2023, and Provexis will take over the outsourced supply chain / production process for Fruitflow at that time. The customer transfer process from DSM to Provexis is currently ongoing, and thus far it has seen a number of positive interactions with customers for direct sales of Fruitflow by Provexis in 2023 and beyond.

- New patent application filed in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans, following the completion of a successful human study.

- New partnership with DSM has been agreed relating to the gut microbiome patent, subject to certain milestones which have been agreed between the parties. Provexis and DSM are keen to progress this encouraging new technology towards an early commercial launch of products based on it.

- Long term strategic co-operation framework agreement for Fruitflow secured with By-Health in November 2021, with exclusive supply and distribution rights for By-Health to commercialise Fruitflow in China and Australia.

- Planned launch by By-Health, a circa £4bn listed Chinese dietary supplement business, of a number of Fruitflow based products in the Chinese market is progressing well. Potential sales volumes remain at a significant multiple of existing Fruitflow sales.

- By-Health continues to work on an extensive regulatory submission to the Chinese State Administration for Market Regulation (SAMR) for Fruitflow, seeking to establish a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect, addressing the aberrant blood clots which can lead to heart attacks and strokes.

- By-Health has made a significant investment in eight separate studies in China, at its sole expense, in support of the Fruitflow based products which it plans to launch in China. The five studies which have been completed by By-Health showed excellent results in use for Fruitflow, and provide strong evidence for By-Health in its regulatory submissions to the SAMR for Fruitflow.

- Total revenue for the year £426k, 16% behind the prior year (2021: £505k), primarily due to short term lockdowns and other COVID-19 disruptions in some of the growing markets for Fruitflow in the Asia Pacific region.

- Underlying operating loss* reduced to £173k, 23% lower than the prior year (2021: £225k) and another new record low for the Group for the year.

- Cash £864k at 31 March 2022 (2021: £1.077m).

*Loss from operations, adjusted for (i) share-based payments of £67k (2021: £135k), and (ii) R&D tax relief: receivable tax credit of £59k (2021: £2k).

Chairman and CEO's statement

The Company has had another very active year, and it has made some significant progress with the commercial prospects of its innovative, patented Fruitflow® heart-health ingredient.

The Group's total revenue for the year ended 31 March 2022 was £426k, a 16% decrease relative to the prior year (2021: £505k).

The decrease in revenue accruing to the Company for the year reflects:

- A decrease in the net income received from the Company's Alliance Agreement with DSM, which fell by 21% to £282k in the year (2021: £358k);
- An increase in revenue, net of sales rebates, from the Company's Fruitflow+ Omega-3 business, including the Company's website www.fruitflowplus.com, Amazon UK, Holland & Barrett, and the Company's distributor for Fruitflow+ Omega-3 in China through the CBEC channel. This business grew by 4% to £144k, net of sales rebates, in the year (2021: £138k).
- Amounts of £Nil received in the year for Fruitflow+ nitrates development products, compared to amounts of £9k in the prior year.

The decrease in net income received from the Company's Alliance Agreement with DSM was primarily due to short term lockdowns and other COVID-19 disruptions in some of the growing markets for Fruitflow in the Asia Pacific region, leading to more erratic demand in the short term.

An increasing number of further commercial projects have been initiated by DSM with prospective customers, including some prospective customers which are part of global businesses, and the total projected annual sales value of the prospective sales pipeline for Fruitflow continues to stand at a substantial multiple of existing annual sales.

Loss from operations for the year was £299k, 17% lower than the prior year (2021: £362k).

Underlying operating loss for the year (being the loss from operations, adjusted for (i) share-based payments of £67k (2021: £135k), and (ii) R&D tax relief: receivable tax credit of £59k (2021: £2k)) was £173k, 23% lower than the prior year (2021: £225k) and a new record low number for the Group.

DSM Nutritional Products

The Company's Alliance partner DSM Nutritional Products ('DSM') has continued to develop the market for Fruitflow in all global markets. More than 100 regional consumer healthcare brands have now been launched by direct customers of DSM, and a number of further regional brands have been launched through DSM's distributor channels.

The Company's alliance agreement with DSM dates back to June 2010, with a contractual term which runs to 31 December 2022.

The Company announced in September 2021 that the Company and DSM were engaged in constructive negotiations working towards a new agreement for Fruitflow for the period after 31 December 2022 to replace the Alliance Agreement, and in June 2022 the Company announced that the parties had concluded their negotiations and had entered into (i) a Transfer of Business agreement for Fruitflow and (ii) a Premix and Market-Ready Solutions supply agreement for Fruitflow, both to take effect from 1 January 2023.

The Company also announced the filing of a new patent application in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. This followed the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits.

Under the terms of the two new agreements with DSM, and the new patent application:

- DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a Premix or Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023.

- DSM will help facilitate the transfer of its wholly outsourced supply chain / production process for Fruitflow from DSM to Provexis with effect from 1 January 2023.

- A royalty will be payable to DSM on the gross profits generated from Fruitflow sales to customers transferred from DSM over the first four years of the Transfer of Business agreement.

- From 1 January 2023 the net profit accruing to Provexis on sales of Fruitflow in the calendar year - on a pro-forma basis, assuming like for like sales and margins - would be materially ahead of the net share of the profit that would have accrued to Provexis with like for like sales and margins under the existing 2010 Alliance Agreement; on the same pro-forma basis, assuming like for like sales and margins, the net profit accruing to Provexis would further increase in each of the subsequent three calendar years.

- A new partnership with DSM has been agreed relating to the gut microbiome patent. This partnership will give DSM preferential access to the use, marketing, and sale of Fruitflow based products which are based on the patent, subject to certain milestones which have been agreed between the parties. Provexis and DSM are keen to progress this encouraging new technology towards an early commercial launch of products which are based on it.

- The results of the successful gut microbiome human study will be submitted in due course for publication in a peer reviewed scientific journal. The patent application (i) states that the results of the human study strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits, and (ii) sets out some potential new uses for Fruitflow in treating a wide variety of human health conditions, beyond Fruitflow's existing established use in heart-health. The global digestive health market size was US$38 billion in 2019 and it is projected to grow to US$72 billion in 2027 at a high single-digit CAGR in the 2020-2027 period (see www.fortunebusinessinsights.com/digestive-health-market-104750).

- Provexis will sell Fruitflow as a straight ingredient to DSM exclusively for use in DSM's Premix Solutions (www.dsm.com/human-nutrition/en/customized-services/customized-solutions/premix-solutions.html) and Market-Ready Solutions (www.dsm.com/human-nutrition/en/customized-services/customized-solutions/market-ready-solutions.html) businesses, with DSM then looking to sell the resulting Premix and Market-Ready Solutions products on to its customers. DSM's Premix and Market-Ready Solutions businesses are part of DSM's Customized Solutions business which also offers personalised nutrition solutions to customers, a rapidly developing growth area. The Company looks forward to supporting DSM and its Premix and Market-Ready Solutions customers for many years to come.

- A number of DSM's customers for Fruitflow which are set to be transferred to Provexis have been Fruitflow customers for several years, including some distributor customers which sell Fruitflow on to third parties. The Company looks forward to progressing these existing sales relationships, and confirms it will be able to generate new customers for Fruitflow outside the royalty arrangements with DSM, in addition to its existing supply and distribution agreement for Fruitflow with By-Health. The Company is in discussion with a number of third parties seeking to progress new sales and distribution opportunities for Fruitflow.

From 1 January 2023 the Group's sales channels for Fruitflow will therefore include:

1. Former DSM customers for Fruitflow;
2. DSM and its Premix and Market-Ready Solutions businesses, which will leverage the resources and relationships of DSM in some of the major global markets;
3. New customers for Fruitflow as a straight ingredient;
4. By-Health and its customers, through the Company's long term supply and distribution agreement for Fruitflow with By-Health; and
5. The Group's Fruitflow+ Omega-3 dietary supplement product which is sold direct to consumers, the Group will also look to serve its Chinese Cross-Border e-commerce distributor for this product in China.

The year ended 31 March 2022 saw a decrease in the net income received from the Company's Alliance Agreement with DSM, which fell by 21% to £282k in the year (2021: £358k). The decrease was primarily due to short term lockdowns and other COVID-19 disruptions in some of the growing markets for Fruitflow in the Asia Pacific region, leading to more erratic demand in the short term. This has continued into the early part of 2022/23, with a 31.5% fall in revenues in the first quarter of the 2022/23 financial year for this business.

The Alliance Agreement business for Fruitflow is effectively now in a period of transition and handover; the customer transfer process from DSM to Provexis, for sales of Fruitflow from 1 January 2023 onwards, is currently ongoing and thus far it has seen a number of very positive interactions with customers for direct sales of Fruitflow by Provexis in 2023 and beyond.

The Company can be contacted for all Fruitflow sales enquiries by email at fruitflow@provexis.com.

Chairman and CEO's statement

By-Health Co., Ltd.
In November 2021 the Company announced it had entered into a supply and distribution agreement (the 'By-Health Agreement') for Fruitflow with By-Health, a listed Chinese dietary supplement business with a market capitalisation of approximately £4 billion.

The By-Health Agreement, which followed the Company's extensive work with By-Health over the last five years, will take full effect from 1 January 2023 and it gives By-Health exclusive supply and distribution rights to commercialise Fruitflow in Mainland China, Hong Kong, Macau, Taiwan and Australia (the 'Territories').

Under the By-Health Agreement Provexis will be responsible for the manufacture, supply and sale of Fruitflow to By-Health, and By-Health will be responsible for the manufacture, marketing, and sale of Fruitflow based functional food and dietary supplement finished products in the Territories, through By-Health's extensive sales network. By-Health will also have exclusive rights to act as the distributor of Fruitflow as an ingredient in the Territories.

Provexis and By-Health will seek to collaborate on research and development projects which may result in the development and approval of Fruitflow as a drug, for potential sale and distribution in the Territories.

Regulatory progress in China - new permitted health function claim
The Company has previously announced it has been working with By-Health to support the planned launch of a number of Fruitflow based products in the Chinese market, with potential volumes at a significant multiple of current Fruitflow sales.

The planned launch of Fruitflow based products in the Chinese market has been progressing well. Clinical studies conducted in China are typically required to obtain the necessary regulatory clearances in China, and a significant investment in eight separate Fruitflow studies has been undertaken at By-Health's expense.

Five studies have been successfully completed in China, and two clinical studies and one animal study are currently ongoing.

The five completed studies showed excellent results in use for Fruitflow, and they provide strong evidence for its efficacy on platelet function. The Chinese regulatory system for functional health food ingredients such as Fruitflow is governed by the State Administration for Market Regulation (SAMR), China's top market regulator, and it is based on a defined list of 27 permitted health function claims which brand owners are permitted to use on product labels.

Health function claims are based on test methods and criteria that have been systematically evaluated and verified, and it is currently envisaged that the existing list of 27 permitted health function claims might be reduced to a revised list of 24 permitted claims. The SAMR provides the possibility of adding new health function claims to the list, as long as the claim can be evaluated and verified by the SAMR.

Under SAMR regulations functional health foods need to indicate a relationship between a food or nutrient and a consequent health improvement which falls under one of the permitted health function claims.

SAMR certified functional health foods are required to use a blue cap / blue hat logo on their product packaging, which identifies products as approved functional health foods.

By-Health's regulatory clearance preparations for Fruitflow were originally focussed on obtaining blue cap health claim status for some Fruitflow based products in China, under the existing 27 permitted health function claim structure.

By-Health is now working on an extensive regulatory submission to the SAMR for Fruitflow, seeking to establish a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect, inhibiting platelet function and conferring beneficial effects for people who are at risk of platelet hyperactivity-associated thrombosis.

By-Health has recently updated its website (see www.by-health.com/en/aboutus) stating that it has completed: 'Research comprehensively in the cardiovascular health area. We have developed a new product made with Fruitflow®, popularly known as 'natural Aspirin'. It helps to maintain normal platelet aggregation.'

Chairman and CEO's statement

By-Health currently expects to be in a position to complete the last of its eight studies in 2022, and it will file its regulatory submission to the SAMR for Fruitflow at the appropriate time seeking to obtain a new permitted health function claim which would be in addition to the currently defined list of 27 (reducing to 24) permitted claims. Subject to the timing the new anti-platelet claim, if approved, would therefore represent the 28th - or the 25th - permitted health function claim in China.

If By-Health is successful in obtaining a new permitted health function claim for functional health foods such as Fruitflow that can demonstrate an anti-platelet effect, it is currently expected that this would result in some significant orders for Fruitflow, potentially at a multiple of current total sales values.

Market opportunity
A study backed by scientists from the National Center for Cardiovascular Diseases in China which was updated in 2020 (www.ncbi.nlm.nih.gov/pmc/articles/PMC7008101/#) stated that:

- the prevalence of Cardiovascular Disease ('CVD') in China has been increasing continuously since 2006, with approximately 290 million patients in China who now have CVD; and
- two in five deaths in China are attributed to CVD, with CVD remaining the leading cause of death in 2016.

In December 2020 the World Health Organisation reported (www.who.int/news/item/09-12-2020-who-reveals-leading-causes-of-death-and-disability-worldwide-2000-2019): 'Heart disease has remained the leading cause of death at the global level for the last 20 years. However, it is now killing more people than ever before. The number of deaths from heart disease increased by more than 2 million since 2000, to nearly 9 million in 2019. Heart disease now represents 16% of total deaths from all causes. More than half of the 2 million additional deaths were in the WHO Western Pacific region.' The WHO Western Pacific region includes China.

By-Health's long-term goal of science-based nutrition is to achieve 'comprehensive intervention for human health' (www.by-health.com/en/aboutus), and Fruitflow is well placed to provide such intervention in the Chinese cardiovascular health market.

Fruitflow+ dietary supplement products
Fruitflow+ Omega-3 is available to purchase from the Company's subscription focussed e-commerce website www.fruitflowplus.com, Amazon UK and Holland & Barrett.

The Fruitflow+ Omega-3 business grew by 4% in the year to £144k, net of sales rebates (2021: £138k), reflecting further growth in subscriber numbers on the www.fruitflowplus.com website.

In November 2020 the Company announced it had entered into a distribution agreement for Fruitflow+ Omega-3 in China, exclusively through the Chinese Cross-Border e-commerce ('CBEC') channel. A first CBEC test order was placed in the year ended 31 March 2021, and a further, larger order was placed in August 2022.

The distribution agreement in China is separate but wholly complementary to the Company's work with By-Health, with the CBEC regulations enabling sales of Fruitflow+ Omega-3 in China now, prior to the health function claim which By-Health is seeking to secure.

The Company's Fruitflow+ Omega-3 direct selling business has been operating largely as normal throughout the COVID-19 pandemic, and a further new production run of Fruitflow+ Omega-3 capsules was completed in July 2021 thus ensuring continued supply of the product.

Fruitflow+ Omega-3 has a social media presence on Facebook www.facebook.com/FruitflowPlus, Instagram www.instagram.com/fruitflowplus and Twitter https://twitter.com/FruitflowPlus.

The Company is seeking to expand further its commercial activities with Fruitflow+ Omega-3 and other Fruitflow+ combination products, and it is currently in dialogue with some other potential international direct selling customers.

Chairman and CEO's statement

Intellectual property
The Company is responsible for filing and maintaining patents and trade marks for Fruitflow, and patent coverage for Fruitflow now includes the following patent families which are all owned outright by Provexis:

Patent family	Developments in the period from Sep-21 to Sep-22
Improved Fruitflow / Fruit Extracts Improved Fruitflow / Fruit Extracts, with patents granted by the European Patent Office in January 2017 and September 2020. Patents have been granted in eleven other major territories to include China and USA; and applications are at a late stage of progression in a further six global territories, with potential patent protection out to November 2029.	Patents have been granted in Japan, South Korea and the Philippines. A third European patent, and a Hong Kong patent based on it, are proceeding to grant (expected H1 2023).
Antihypertensive (blood pressure lowering) effects This patent was originally developed in collaboration with the University of Oslo, and it has now been granted for Fruitflow in Europe, the US and two other major territories. Patent applications are being progressed in a further four major territories to include the US and China, with potential patent protection out to April 2033. In August 2020 the Company announced it had agreed to purchase the background and joint foreground blood pressure lowering IP owned by Inven2 AS, the technology transfer office at the University of Oslo, and Provexis now owns these important patents outright, with the licensing option originally held by Inven2 having been cancelled.	Patent applications are pending in China, Japan and the US.
Fruitflow with nitrates in mitigating exercise-induced inflammation and for promoting recovery from intense exercise Patents have been granted around Europe and in the US, Australia, Brazil, China, Hong Kong, Israel, Japan, South Korea, the Philippines, New Zealand and Mexico. Further patent protection is being sought in six territories, with potential patent protection out to December 2033.	Patent applications are pending in Canada, China, Europe, Hong Kong, India and the US.
Fruitflow for air pollution The use of Fruitflow in protecting against the adverse effects of air pollution on the body's cardiovascular system. Laboratory work has shown that Fruitflow can reduce the platelet activation caused by airborne particulate matter, such as that from diesel emissions, by approximately one third. US, Australian, Indonesian, Israeli and Japanese patents have been secured and there are pending applications in 12 jurisdictions (including the US where a further application has been filed) which extends potential patent protection for Fruitflow out to November 2037.	Australian, Indonesian, Israeli and Japanese patent protection has been secured.
Fruitflow to confer health benefits in modulating the gut microbiome of humans The Company also announced the filing of a new patent application in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. This followed the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits.	

Chairman and CEO's statement

Scientific journal publications
In June 2021 a review article was published in the MDPI journal Nutrients www.mdpi.com/2072-6643/13/7/2184/htm.

The article, titled 'Dietary Antiplatelets: A New Perspective on the Health Benefits of the Water-Soluble Tomato Concentrate Fruitflow®' concluded that: 'Platelets have multifaceted functions which generate a complicated set of interactions with other vascular cells, leading to many roles outside haemostasis. As our understanding of the role of platelet activation in response to - and in complicating - inflammatory and infectious illnesses grow, it becomes more apparent that platelet-targeted treatments are necessary outside the field of CVD. Dietary antiplatelets such as Fruitflow® can help provide suitably gentle and safe yet efficacious treatments to improve public health in response to a wide range of health challenges.'

The publication of this article is a significant opportunity for the Company and DSM to promote Fruitflow further across scientific, trade customer and consumer channels.

Crohn's disease intellectual property
The Group has ceased to maintain the Crohn's disease intellectual property registered in Provexis (IBD) Limited, a company which is 75% owned by Provexis plc and 25% owned by The University of Liverpool.

The Company has been conducting some research on a 'contrabiotic' in collaboration with Prof Barry Campbell at the University of Liverpool. A new scientific paper was completed and submitted in 2021, focussing on a type of polysaccharide which show efficacy against pathogens such as E coli, C difficile and S typhimurium.

Capital structure and funding
The Company is seeking to maximise the commercial returns that can be achieved from its Fruitflow technology, and the Company's cost base and its resources continue to be very tightly managed. The Company remains keen to minimise dilution to shareholders and it is focussed on moving into profitability as Fruitflow revenues increase, but while the Company remains in a loss-making position it may need to raise funds to support working capital on occasions.

Under the terms of the DSM Transfer of Business agreement which was announced in June 2022, DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a DSM Premix or DSM Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023.

The Company will need to hold Fruitflow in stock from 1 January 2023 onwards, to sell to new and existing customers, and the Company has therefore agreed to purchase from DSM the remaining stocks of Fruitflow which DSM holds on 31 December 2022. It is intended that the Company will pay DSM for this inventory over the course of a three month sale back period commencing on 1 January 2023, with payments due equally (amounting to one third of DSM's 31 December 2022 inventory) on 31 January 2023, 28 February 2023 and 31 March 2023. The amount of inventory which DSM will hold at 31 December 2022 will depend primarily on DSM's sales of Fruitflow over the remainder of 2022, hence it is not currently possible to state with any certainty how much inventory will remain at 31 December 2022, or therefore the amount which the Company would need to pay DSM for this inventory on 31 January 2023, 28 February 2023 and 31 March 2023.

Under the terms of the DSM Transfer of Business agreement, the Company can elect in the first quarter of 2023 to purchase some but not all of DSM's remaining stocks of Fruitflow at 31 December 2022, being a decision which the Company will seek to make in the first quarter of 2023 once the Company has a clearer understanding of (i) the amount of stock remaining at 31 December 2022, (ii) the best before dates of this inventory, which are currently estimated to be favourable / long dated in light of recent production runs of new Fruitflow material in 2022, (iii) likely customer demand in 2023 and beyond and (iv) the Company's financial resources at that time.

The amount of stock which will remain at 31 December 2022 clearly remains uncertain as set out above, although it is currently expected to be in excess of €1m (one million Euros), an amount which - if the Company elected in the first quarter of 2023 to purchase this inventory in its entirety, which is likely to be in the Company's best interests - would require further equity or loan finance. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of this stock on a consignment basis, only paying for the stock when it was required for sale.

Based on its current level of cash it is expected that the Group will therefore need to raise further equity finance, or potentially new loan finance, in the coming four months, a situation which is deemed to represent a material uncertainty related to going concern.

Considering the success of previous fundraisings and the current performance of the business, the Directors have a reasonable expectation of raising sufficient additional equity capital or new loan finance to continue in operational existence for the foreseeable future. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of its future stock requirements on a consignment basis, only paying for the stock when it was required for sale. For these reasons the Directors continue to adopt the going concern basis in preparing the Group's and Parent Company's financial statements.

Annual General Meeting
The Company intends to hold its Annual General Meeting at the offices of Allenby Capital Limited, 5th Floor, 5 St Helen's Place, London EC3A 6AB at 12:30pm on 27 October 2022.

People
The Board would like to thank the Company's small team of sales, marketing, e-commerce, PR and scientific consultants for their professionalism, enthusiasm and dedication in driving the business forward over the last year. The Company would also like to thank its key professional advisers for their valuable help and support.

Outlook
The Company is pleased to report on another strong year of progress.

The Company was delighted to announce the completion of two significant agreements with DSM in June 2022, which will position the Company extremely well for the next stage of its development.

The Company was pleased to announce the filing of a new patent application for Fruitflow in June 2022, relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. The patent application follows the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits. It is particularly encouraging to note that some potential new uses for Fruitflow were identified in the study, and have been highlighted in the patent application, looking to treat some major health conditions which are beyond Fruitflow's long established and proven use in heart-health.

The Company and DSM have had a strong long-term relationship over the past twelve years, with the shared interest of both companies always having been to maximise the commercial returns that can be achieved from Fruitflow. The Company remains appreciative of DSM's past help and support, and it looks forward to building on this relationship in the coming years through the new gut microbiome partnership, and through ongoing sales of Fruitflow to DSM's Premix and Market-Ready Solutions businesses.

The Company looks forward to welcoming and serving the majority of DSM's existing customers for Fruitflow from January next year, and is pleased to be taking over control of the supply chain / production process for Fruitflow at the same time. There will be some clear synergies from January 2023 as the Company will be looking to sell Fruitflow to: (i) former DSM customers for Fruitflow; (ii) DSM and its Premix and Market-Ready Solutions businesses; (iii) new customers for Fruitflow as a straight ingredient; and (iv) By-Health and its customers, through the Company's long term supply and distribution agreement for Fruitflow with By-Health. Provexis will continue to sell its Fruitflow+ Omega-3 dietary supplement product direct to consumers, and serve its Chinese Cross-Border e-commerce distributor for this product in China.

The Alliance Agreement business for Fruitflow is effectively now in a period of transition and handover; the customer transfer process from DSM to Provexis, for sales of Fruitflow from 1 January 2023 onwards, is currently ongoing and thus far it has seen a number of very positive interactions with customers for direct sales of Fruitflow by Provexis in 2023 and beyond.

The Company was also delighted to announce a supply and distribution agreement for Fruitflow with By-Health in November 2021, which follows our extensive work with By-Health over the last five years. The agreement will take full effect from 1 January 2023.

By-Health currently expects to be in a position to complete the last of its eight studies in 2022, and it will file its regulatory submission to the SAMR for Fruitflow at the appropriate time, seeking to obtain a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect. If By-Health is successful in obtaining a new permitted health function claim, it is currently expected that this would result in some significant orders for Fruitflow, potentially at a multiple of current total sales values.

Fruitflow is well placed to play an important role in the Chinese cardiovascular health market under the permitted health function claim legislation, and we look forward to working closely with By-Health seeking to maximise the commercial success of this agreement for the benefit of both companies.

The Company has developed a strong, long lasting and wide-ranging patent portfolio for Fruitflow, and it owns outright four existing patent families for Fruitflow. The new microbiome patent application takes this to a potential total of five patent families, with potential patent protection now running out to 2042. The four existing patent families have a truly global footprint, and the Company also holds other valuable intellectual property and trade secrets for Fruitflow. The intellectual property for Fruitflow is of fundamental importance to the Company and its current and future commercial partners, to include DSM and By-Health, and it underpins the numerous commercial opportunities which the Company and its partners are pursuing for Fruitflow.

The Company expects that the new gut microbiome patent application, and the other significant changes announced in June 2022 to the sales and supply chain structure for Fruitflow, will have a strongly beneficial effect on the current and future commercial prospects for Fruitflow and the business worldwide.

The Company would like to thank its customers and shareholders for their continued support, and the Board remains positive about the outlook for Fruitflow and the Provexis business for the coming year and beyond.

Dawson Buck	**Ian Ford**
Chairman	CEO
29 September 2022	

Strategic report

The strategic report should be read in conjunction with the Chairman and CEO's statement on pages 3 to 10, the Group's financial statements and the Notes to the Group's financial statements set out on pages 36 to 54.

Group strategy
The Group strategy has historically focused on the discovery, development and commercialisation of functional foods, medical foods and dietary supplements, and in particular the Group's Fruitflow technology.

In June 2010 the Company announced it had entered into a long-term Alliance Agreement with DSM Nutritional Products to commercialise Fruitflow, through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories.

The establishment of the Alliance Agreement was a significant milestone in the history of the Company. The Alliance has seen the partners collaborating to develop Fruitflow in all major global markets, through an effective commercialisation of current formats and through pioneering new and significant applications. DSM has been responsible for manufacturing, marketing and selling via its substantial sales force. Provexis has been responsible for contributing scientific expertise necessary for successful commercialisation, and for maintaining and strengthening the breadth and duration of its patent and trade mark coverage for Fruitflow, seeking to maximise the commercial returns that can be achieved from the technology. Profits from the Alliance have been shared by the parties on an agreed basis, linked to various performance milestones.

The Company announced in September 2021 that the Company and DSM were engaged in constructive negotiations working towards a new agreement for Fruitflow for the period after 31 December 2022 to replace the Alliance Agreement, and in June 2022 the Company announced that the parties had concluded their negotiations and had entered into (i) a Transfer of Business agreement for Fruitflow and (ii) a Premix and Market-Ready Solutions supply agreement for Fruitflow, both to take effect from 1 January 2023.

The Company also announced the filing of a new patent application in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. This followed the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits.

Under the terms of the two new agreements with DSM, and the new patent application:

- DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a Premix or Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023.

- DSM will help facilitate the transfer of its wholly outsourced supply chain / production process for Fruitflow from DSM to Provexis with effect from 1 January 2023.

- A royalty will be payable to DSM on the gross profits generated from Fruitflow sales to customers transferred from DSM over the first four years of the Transfer of Business agreement.

- From 1 January 2023 the net profit accruing to Provexis on sales of Fruitflow in the calendar year - on a pro-forma basis, assuming like for like sales and margins - would be materially ahead of the net share of the profit that would have accrued to Provexis with like for like sales and margins under the existing 2010 Alliance Agreement; on the same pro-forma basis, assuming like for like sales and margins, the net profit accruing to Provexis would further increase in each of the subsequent three calendar years.

- A new partnership with DSM has been agreed relating to the gut microbiome patent. This partnership will give DSM preferential access to the use, marketing, and sale of Fruitflow based products which are based on the patent, subject to certain milestones which have been agreed between the parties. Provexis and DSM are keen to progress this encouraging new technology towards an early commercial launch of products which are based on it.

Group strategy (continued)

- The results of the successful gut microbiome human study will be submitted in due course for publication in a peer reviewed scientific journal. The patent application (i) states that the results of the human study strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits, and (ii) sets out some potential new uses for Fruitflow in treating a wide variety of human health conditions, beyond Fruitflow's existing established use in heart-health. The global digestive health market size was US$38 billion in 2019 and it is projected to grow to US$72 billion in 2027 at a high single-digit CAGR in the 2020-2027 period (see www.fortunebusinessinsights.com/digestive-health-market-104750).

- Provexis will sell Fruitflow as a straight ingredient to DSM exclusively for use in DSM's Premix Solutions (www.dsm.com/human-nutrition/en/customized-services/customized-solutions/premix-solutions.html) and Market-Ready Solutions (www.dsm.com/human-nutrition/en/customized-services/customized-solutions/market-ready-solutions.html) businesses, with DSM then looking to sell the resulting Premix and Market-Ready Solutions products on to its customers. DSM's Premix and Market-Ready Solutions businesses are part of DSM's Customized Solutions business which also offers personalised nutrition solutions to customers, a rapidly developing growth area. The Company looks forward to supporting DSM and its Premix and Market-Ready Solutions customers for many years to come.

- A number of DSM's customers for Fruitflow which are set to be transferred to Provexis have been Fruitflow customers for several years, including some distributor customers which sell Fruitflow on to third parties. The Company looks forward to progressing these existing sales relationships, and confirms it will be able to generate new customers for Fruitflow outside the royalty arrangements with DSM, in addition to its existing supply and distribution agreement for Fruitflow with By-Health. The Company is in discussion with a number of third parties seeking to progress new sales and distribution opportunities for Fruitflow.

The Directors believed at the time of signing the two new agreements with DSM in June 2022, and still retain the belief, that it will be advantageous for the Group to commercialise Fruitflow from 1 January 2023 by way of selling Fruitflow to:

1. Former DSM customers for Fruitflow;
2. DSM and its Premix and Market-Ready Solutions businesses, which will leverage the resources and relationships of DSM in some of the major global markets;
3. New customers for Fruitflow as a straight ingredient;
4. By-Health and its customers, through the Company's long term supply and distribution agreement for Fruitflow with By-Health.

Provexis will also continue to sell its Fruitflow+ Omega-3 dietary supplement product direct to consumers, and serve its Chinese Cross-Border e-commerce distributor for this product in China.

It has been a key strategic priority for the Group to develop a strong, long lasting and wide-ranging patent portfolio for Fruitflow. The Group now owns outright four patent families for Fruitflow which have a truly global footprint. The company filed a new patent application in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. This followed the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits.

The Company also holds other valuable intellectual property and trade secrets for Fruitflow. The intellectual property for Fruitflow is of fundamental importance to the Company and its current and future commercial partners, to include DSM and By-Health, and it underpins the numerous commercial opportunities which the Company and its partners are pursuing for Fruitflow.

At the same time, the Board remains committed to keeping regular and fixed costs restricted to an appropriate level, thereby maximising the Group's profit potential and minimising cash utilised in operations.

One of the Group's other key strategic priorities is its relationship with By-Health Co., Ltd, a £4bn listed Chinese dietary supplement business.

In November 2021 the Company announced it had entered into a supply and distribution agreement for Fruitflow with By-Health. The Agreement, which followed the Company's extensive work with By-Health over the last five years, will take full effect from 1 January 2023 and it gives By-Health exclusive supply and distribution rights to commercialise Fruitflow in Mainland China, Hong Kong, Macau, Taiwan and Australia.

Group strategy (continued)
Under the agreement Provexis will be responsible for the manufacture, supply and sale of Fruitflow to By-Health, and it will contribute scientific expertise necessary for successful commercialisation.

By-Health will be responsible for the manufacture, marketing, and sale of Fruitflow based functional food and dietary supplement finished products in the agreed territories (as above), through By-Health's extensive sales network. Dietary supplement products such as Fruitflow are required to be authorised by the relevant Government authorities in each of the agreed territories in respect of health claims.

By-Health will also have exclusive rights to act as the distributor of Fruitflow as an ingredient in the agreed territories, selling Fruitflow as an ingredient to other businesses in the territories which wish to use Fruitflow to manufacture and sell their own Fruitflow based finished products in the territories.

Provexis and By-Health will seek to collaborate on research and development projects which may result in the development and approval of Fruitflow as a drug, for potential sale and distribution in the territories.

The Agreement with By-Health, which will take full effect from 1 January 2023, commenced on 4 November 2021 and it has a term of ten years, subject to extension and termination clauses.

By-Health regulatory progress in China - new permitted health function claim
The Company has previously announced it has been working with By-Health to support the planned launch of a number of Fruitflow based products in the Chinese market, with potential volumes at a significant multiple of current Fruitflow sales.

The planned launch of Fruitflow based products in the Chinese market has been progressing well. Clinical studies conducted in China are typically required to obtain the necessary regulatory clearances in China, and a significant investment in eight separate Fruitflow studies has been undertaken at By-Health's expense.

Five studies have been successfully completed in China, and two clinical studies and one animal study are currently ongoing.

The five completed studies showed excellent results in use for Fruitflow, and they provide strong evidence for its efficacy on platelet function. The Chinese regulatory system for functional health food ingredients such as Fruitflow is governed by the State Administration for Market Regulation (SAMR), China's top market regulator, and it is based on a defined list of 27 permitted health function claims which brand owners are permitted to use on product labels.

Health function claims are based on test methods and criteria that have been systematically evaluated and verified, and it is currently envisaged that the existing list of 27 permitted health function claims might be reduced to a revised list of 24 permitted claims. The SAMR provides the possibility of adding new health function claims to the list, as long as the claim can be evaluated and verified by the SAMR.

Under SAMR regulations functional health foods need to indicate a relationship between a food or nutrient and a consequent health improvement which falls under one of the permitted health function claims.

SAMR certified functional health foods are required to use a blue cap / blue hat logo on their product packaging, which identifies products as approved functional health foods.

By-Health's regulatory clearance preparations for Fruitflow were originally focussed on obtaining blue cap health claim status for some Fruitflow based products in China, under the existing 27 permitted health function claim structure.

By-Health is now working on an extensive regulatory submission to the SAMR for Fruitflow, seeking to establish a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect, inhibiting platelet function and conferring beneficial effects for people who are at risk of platelet hyperactivity-associated thrombosis.

By-Health has recently updated its website (see www.by-health.com/en/aboutus) stating that it has completed: 'Research comprehensively in the cardiovascular health area. We have developed a new product made with Fruitflow®, popularly known as 'natural Aspirin'. It helps to maintain normal platelet aggregation.'

Group strategy (continued)

By-Health regulatory progress in China - new permitted health function claim (continued)

By-Health currently expects to be in a position to complete the last of its eight studies in 2022, and it will file its regulatory submission to the SAMR for Fruitflow at the appropriate time seeking to obtain a new permitted health function claim which would be in addition to the currently defined list of 27 (reducing to 24) permitted claims. Subject to the timing the new anti-platelet claim, if approved, would therefore represent the 28th - or the 25th - permitted health function claim in China.

If By-Health is successful in obtaining a new permitted health function claim for functional health foods such as Fruitflow that can demonstrate an anti-platelet effect, it is currently expected that this would result in some significant orders for Fruitflow, potentially at a multiple of current total sales values.

Market opportunity

Fruitflow is a patented natural extract from tomatoes which has been shown in human trials to reduce the propensity for aberrant blood clotting, typically associated with cardiovascular disease, which can lead to heart attack and stroke. The extract is available in two formats, a syrup and a spray-dried powder and can be included in a broad range of food, beverage and dietary supplement formats.

In May 2009, the Company's Fruitflow technology was the first to be substantiated by the European Food Safety Authority ('EFSA') under the new Article 13(5) for proprietary and emerging science. In December 2009 the European Commission authorised the health claim 'Helps maintain normal platelet aggregation, which contributes to healthy blood flow', which was the first wording to be authorised under Article 13(5).

The global functional food market is estimated to be in excess of US$170 billion per year, and it is forecast to reach US$276 billion by 2025, with products addressing cardiovascular disease forming the largest segment of the market (source: www.grandviewresearch.com/press-release/global-functional-foods-market). Global awareness of heart health is increasing and a rising number of people are taking a proactive approach to improving heart health. The Directors believe that products addressing blood flow and circulation issues continue to represent a long-term opportunity in the expanding cardiovascular sector.

Financial review

The financial review has been prepared on the basis of Group's continuing operations, as further detailed in the consolidated statement of comprehensive income on page 36.

Revenue

The Company's long-term Alliance Agreement with DSM Nutritional Products for Fruitflow includes a financial model which is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales.

In June 2016 the Company announced the launch of its Fruitflow+ Omega-3 dietary supplement product, which was sold initially from a separate, dedicated website www.fruitflowplus.com on a mail order basis, particularly focussed on subscription orders.

In August 2018 Fruitflow+ Omega-3 was launched in more than 660 Holland & Barrett stores across the UK and Ireland, giving Fruitflow+ Omega-3 widespread consumer exposure, with all of the revenue and costs attributable to this listing accruing to the Company.

Fruitflow+ Omega-3 is also available to purchase from Amazon UK, and the product has a Facebook page at www.facebook.com/FruitflowPlus and an Instagram page at www.instagram.com/fruitflowplus.

Fruitflow+ Omega-3 is expected to provide the Company with an additional long-term income and profit stream, and the fruitflowplus.com website will be able to accommodate further potential Fruitflow combination product derivatives. Further sales channel opportunities for the product are currently being explored.

Revenue (continued)
The Group's total revenue for the year ended 31 March 2022 was £426k, a 16% decrease relative to the prior year (2021: £505k).

The decrease in revenue accruing to the Company for the year reflects:
- A decrease in the net income received from the Company's Alliance Agreement with DSM, which fell by 21% to £282k in the year (2021: £358k);
- An increase in revenue, net of sales rebates, from the Company's Fruitflow+ Omega-3 business, including the Company's website www.fruitflowplus.com, Amazon UK, Holland & Barrett, and the Company's distributor for Fruitflow+ Omega-3 in China through the CBEC channel. This business grew by 4% to £144k, net of sales rebates, in the year (2021: £138k).
- Amounts of £Nil received in the year for Fruitflow+ nitrates development products, compared to amounts of £9k in the prior year.

Underlying operating loss
Underlying operating loss for the year was £173k (2021: £225k), a £52k year on year improvement which reflects a year on year £76k decrease in gross profit, a £4k decrease in selling and distribution costs, a £54k reduction in research and development costs, a £57k increase in R&D tax relief and a £13k reduction in administrative costs.

A reconciliation of the underlying operating loss to statutory operating loss is provided below:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Revenue	**426,168**	505,330
Cost of goods	**(46,119)**	(49,136)
Gross profit	**380,049**	456,194
Selling and distribution costs	**(45,268)**	(48,689)
Research and development costs	**(249,694)**	(303,898)
Administrative costs - share-based payment charges	**(67,119)**	(134,700)
Administrative costs - other	**(317,173)**	(330,823)
Loss from operations	**(299,205)**	(361,916)
Adjust loss from operations for:		
Administrative costs - share-based payment charges	**67,119**	134,700
Taxation - R&D tax relief: receivable tax credit	**58,905**	2,460
Underlying operating loss for the year	**(173,181)**	(224,756)

The Group has chosen to report underlying operating loss as the Directors believe that the operating loss before share-based payments, and including R&D tax relief, provides additional useful information for shareholders on underlying trends and performance. This measure is used for internal performance analysis. The Group's cost base and its resources have been and will continue to be tightly managed within budgets approved and monitored by the Board.

Research and development costs
Research and development costs are primarily composed of patent, trade mark and other research agreement costs, with the Group seeking to maintain and strengthen the breadth and duration of its patent and trade mark coverage for Fruitflow. Research and development costs have decreased by 21% to £250k (2021: £304k).

R&D tax relief: payable tax credit
A current tax credit of £59k (2021: £2k), in respect of research and development tax relief has been recognised in the financial statements, £30k of which (2021: £Nil) relates to prior years.

Taxation
The current tax charge is £Nil (2021: £Nil) due to the loss made in the year. No amounts in respect of deferred tax were recognised in profit and loss from continuing operations or charged / credited to equity for the current or prior year.

Results and dividends
The loss attributable to equity holders of the parent for the year ended 31 March 2022 was £224k (2021: £341k) and the basic loss per share was 0.01p (2021: 0.02p). The Directors are unable to recommend the payment of a dividend (2021: £Nil).

Consideration of section 656 of the Companies Act 2006
On 28 August 2014 it was noted in the Company's Notice of Annual General Meeting that Section 656 of the Companies Act 2006 ('section 656') had been brought to the attention of the Directors as part of the 31 March 2014 year end accounts and audit. Section 656 states that where the net assets of a public company are half or less of its called-up share capital, the Directors must call a general meeting of the company to consider whether any, and if so what, steps should be taken to deal with the situation.

Further details of the issue were provided in the Company's AGM notice of 28 August 2014 which is available to download from the Company's website here www.provexis.org/wp-content/uploads/Provexis-plc-notice-of-22-Sep-14-AGM-FINAL.pdf

A resolution was not put to the 2014 Annual General Meeting in connection with section 656 and it was noted that the Directors' view in August 2014 was that the most appropriate course of action was to continue to maintain tight control over the running costs of the Company and to wait for revenues from its core Fruitflow product to increase. Subsequent to the Company's AGM on 22 September 2014 the net assets of the Company and Group have remained less than half of the Company's called-up share capital and a further general meeting of the Company is not required under section 656.

The annual financial statements of the Company for the year ended 31 March 2022 and the reports of the Directors thereon include a going concern statement which concludes that the necessity to raise additional equity or loan finance represents a material uncertainty that may cast significant doubt upon the Group's and Parent Company's ability to continue as a going concern and that should it be unable to raise further funds, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, considering the success of previous fundraisings and the current performance of the business, the Directors have a reasonable expectation of raising sufficient additional equity capital or new loan finance to continue in operational existence for the foreseeable future. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of its future stock requirements on a consignment basis, only paying for the stock when it was required for sale. For these reasons the Directors continue to adopt the going concern basis in preparing the Group's and Parent Company's financial statements.

It remains the Directors' view on 29 September 2022 that the most appropriate course of action in respect of section 656 is to continue to seek to maximise the commercial returns that can be achieved from the Company's Fruitflow technology, and continue to maintain very tight control over the running costs of the Company.

Capital structure and funding
The Company is seeking to maximise the commercial returns that can be achieved from its Fruitflow technology, and the Company's cost base and its resources continue to be very tightly managed. The Company remains keen to minimise dilution to shareholders and it is focussed on moving into profitability as Fruitflow revenues increase, but while the Company remains in a loss-making position it may need to raise funds to support working capital on occasions.

Under the terms of the DSM Transfer of Business agreement which was announced in June 2022, DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a DSM Premix or DSM Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023.

Capital structure and funding (continued)
The Company will need to hold Fruitflow in stock from 1 January 2023 onwards, to sell to new and existing customers, and the Company has therefore agreed to purchase from DSM the remaining stocks of Fruitflow which DSM holds on 31 December 2022. It is intended that the Company will pay DSM for this inventory over the course of a three month sale back period commencing on 1 January 2023, with payments due equally (amounting to one third of DSM's 31 December 2022 inventory) on 31 January 2023, 28 February 2023 and 31 March 2023. The amount of inventory which DSM will hold at 31 December 2022 will depend primarily on DSM's sales of Fruitflow over the remainder of 2022, hence it is not currently possible to state with any certainty how much inventory will remain at 31 December 2022, or therefore the amount which the Company would need to pay DSM for this inventory on 31 January 2023, 28 February 2023 and 31 March 2023.

Under the terms of the DSM Transfer of Business agreement, the Company can elect in the first quarter of 2023 to purchase some but not all of DSM's remaining stocks of Fruitflow at 31 December 2022, being a decision which the Company will seek to make in the first quarter of 2023 once the Company has a clearer understanding of (i) the amount of stock remaining at 31 December 2022, (ii) the best before dates of this inventory, which are currently estimated to be favourable / long dated in light of recent production runs of new Fruitflow material in 2022, (iii) likely customer demand in 2023 and beyond and (iv) the Company's financial resources at that time.

The amount of stock which will remain at 31 December 2022 clearly remains uncertain as set out above, although it is currently expected to be in excess of €1m (one million Euros), an amount which - if the Company elected in the first quarter of 2023 to purchase this inventory in its entirety, which is likely to be in the Company's best interests - would require further equity or loan finance. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of this stock on a consignment basis, only paying for the stock when it was required for sale.

Based on its current level of cash it is expected that the Group will therefore need to raise further equity finance, or potentially new loan finance, in the coming four months, a situation which is deemed to represent a material uncertainty related to going concern.

Considering the success of previous fundraisings and the current performance of the business, the Directors have a reasonable expectation of raising sufficient additional equity capital or new loan finance to continue in operational existence for the foreseeable future. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of its future stock requirements on a consignment basis, only paying for the stock when it was required for sale. For these reasons the Directors continue to adopt the going concern basis in preparing the Group's and Parent Company's financial statements.

Key performance indicators
The principal financial KPIs monitored by the Board relate to underlying operating loss and cash and cash equivalents.

The table below shows the Group's underlying operating loss, calculated as loss from operations adjusted for share-based payment charges and R&D tax relief, for the two years ended 31 March 2022:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Loss from operations	**299,205**	361,916
Adjust loss from operations for:		
Administrative costs - share-based payment charges	**(67,119)**	(134,700)
Taxation - R&D tax relief: receivable tax credit	**(58,905)**	(2,460)
Underlying operating loss	**173,181**	224,756

The trading results are further detailed in this strategic report on pages 11 to 21.

Key performance indicators (continued)
The table below shows the Group's cash position at 31 March 2022 and 31 March 2021:

	31 March 2022 £	31 March 2021 £
Cash and cash equivalents	**863,873**	1,077,410

The monitoring of cash gives due consideration to anticipated future spend required to prioritise development opportunities and to plan the resources required to achieve the goals of the business. The £213,537 decrease in cash and cash equivalents during the financial year is further detailed in the consolidated statement of cash flows on page 38.

Principal risks and uncertainties
In the course of its normal business the Group is exposed to a range of risks and uncertainties which could impact on the results of the Group.

The Board considers that risk-management is an integral part of good business process and, it maintains a register of risks across several categories including consultants, clients, competition, finance, technical and legal. For each risk the Board estimates the impact, likelihood as well as identify mitigating strategies.

This register is reviewed periodically as the Company's situation changes. During such reviews, each risk category is considered by the Directors with a view to understanding (i) whether the nature, impact or likelihood of any risks has changed, (ii) whether the mitigating actions taken by the Company should change as a result and (iii) whether any new risks or categories of risk have arisen since the last review.

The Company announced in September 2021 that the Company and DSM were engaged in constructive negotiations working towards a new agreement for Fruitflow for the period after 31 December 2022 to replace the Alliance Agreement, and in June 2022 the Company announced that the parties had concluded their negotiations and had entered into (i) a Transfer of Business agreement for Fruitflow and (ii) a Premix and Market-Ready Solutions supply agreement for Fruitflow, both to take effect from 1 January 2023.

Under these new agreements the Company is seeking to expand its Fruitflow direct selling business from 1 January 2023 and thereby reduce its commercial reliance on the Alliance Agreement with DSM, as further outlined above. For some time the Company has been seeking to expand its Fruitflow+ Omega-3 dietary supplement business. The Company is therefore seeking to increase its opportunities for growth and decrease the risk inherent in its commercial reliance on the Alliance Agreement with DSM.

The Directors have identified the following principal risks and uncertainties that could have the most significant impact on the Group's long-term value generation.

Funding and other risks
Provexis has experienced operating losses from continuing operations in each year since its inception. Accordingly until Provexis has sufficient commercial success with Fruitflow to be cash generative it will continue to rely on its existing cash resources and further funding rounds to continue its activities. While Provexis aims to generate licensing and sales revenues from Fruitflow, there is no certainty that such revenues will be generated. Furthermore, the amount and timing of revenues from Fruitflow is uncertain and will depend on numerous factors, most of which have in the past been outside Provexis' control due to the terms of the Alliance Agreement. It is therefore difficult for the Directors to predict with accuracy the timing and amount of any further capital that may be required by the Provexis Group.

Factors that could increase Provexis' funding requirements include, but are not limited to: higher operational costs; slower progress than expected in attracting customers to purchase Fruitflow; unexpected opportunities to develop additional products or acquire additional technologies, products or businesses; costs incurred in relation to the protection of Provexis' intellectual property, and the additional working capital (in particular: inventory) which Provexis will be required to hold as a result of the June 2022 (i) Transfer of Business agreement for Fruitflow with DSM and (ii) Premix and Market-Ready Solutions supply agreement for Fruitflow with DSM, both to take effect from 1 January 2023.

Principal risks and uncertainties (continued)
Funding and other risks (continued)
Any additional share issues may have a dilutive effect on Provexis Shareholders. Further, there can be no guarantee or assurance that additional equity funding will be forthcoming when required, nor as to the terms and price on which such funds would be available, nor that such funds, if raised, would be sufficient to enable Provexis to meet its working capital requirements.

Brexit
The long term impact of the UK leaving the EU remains uncertain.

The trade deal announced in December 2020 removed key tariffs which were the main potential impact identified for the business.

For the purposes of the Group's Fruitflow+ Omega-3 business the Group has registered for the Import One-Stop Shop (IOSS), an electronic portal which businesses have been able to use since 1 July 2021 to comply with their VAT e-commerce obligations on distance sales to the EU. The Group has a number of manufacturing options available to it for this business, and it is also exploring some alternative sales and fulfilment options available to it outside the UK for the delivery of finished goods in the EU.

Under the terms of the June 2022 (i) Transfer of Business agreement for Fruitflow with DSM and (ii) Premix and Market-Ready Solutions supply agreement for Fruitflow with DSM, both to take effect from 1 January 2023, DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a Premix or Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023, and DSM will help facilitate the transfer of its wholly outsourced supply chain / production process for Fruitflow from DSM to Provexis with effect from 1 January 2023.

The outsourced supply chain / production process for Fruitflow is based solely in the EU, and the Group expects to maintain its principal stocks of Fruitflow in the EU, which should mitigate against any significant Brexit risks for this business.

Covid-19
The full impact of the Covid-19 pandemic remains uncertain.

Scientific research into Covid-19 is being undertaken at considerable scale, and it is already clear that in many patients the virus is having a significant adverse effect on circulation, and is causing wider issues with inflammation. Fruitflow is a natural, breakthrough ingredient that helps with platelet aggregation, supporting normal blood flow and circulation which in turn benefits cardiovascular health.

Some of the growing markets for Fruitflow in the Asia Pacific region have been affected in the short term by further lockdowns and other COVID-19 disruptions, leading to more erratic demand for Fruitflow.

The Company's Fruitflow+ Omega-3 direct selling business has been operating largely as normal throughout the pandemic.

Commercialisation
For the past twelve years, due to the terms of the Alliance Agreement, Provexis has been largely dependent on DSM in respect of the development, production, marketing and commercialisation of Fruitflow, and Provexis' long-term success has been largely dependent on the ability of DSM to sell Fruitflow.

It has been noted in prior years that Provexis' negotiating position with DSM could have been affected by its size and limited cash resources relative to DSM which has substantial cash resources and established levels of commercial success. An inability to enter into any discussions with DSM on equal terms could have led to reduced revenue from the Alliance Agreement which may have had a significant adverse effect on Provexis' business, financial condition and results.

The loss of, or changes affecting, Provexis' relationships with DSM could adversely affect Provexis' results or operations as Provexis has limited input on the sales strategies of Fruitflow adopted by DSM. Furthermore, although Provexis has sought to include performance obligations on DSM in the Alliance Agreement, there has been a risk that DSM may reprioritise Fruitflow within their product portfolio resulting in Provexis achieving sales below that which it expects. Any such situation may have a material and adverse effect on Provexis' business, financial condition and results of operations.

Principal risks and uncertainties (continued)
Commercialisation (continued)
In June 2022 the Company announced that the Company and DSM had concluded their negotiations to replace the Alliance Agreement and had entered into (i) a Transfer of Business agreement for Fruitflow and (ii) a Premix and Market-Ready Solutions supply agreement for Fruitflow, both to take effect from 1 January 2023.

Under these new agreements the Company is seeking to expand its Fruitflow direct selling business from 1 January 2023 and thereby reduce its commercial reliance on the Alliance Agreement with DSM, as further outlined above. For some time the Company has been seeking to expand its Fruitflow+ Omega-3 dietary supplement business. The Company is therefore seeking to increase its opportunities for growth and decrease the risk inherent in its commercial reliance on the Alliance Agreement with DSM.

The success of Provexis will depend on the market's acceptance and valuing of Fruitflow and there can be no guarantee that this acceptance will be forthcoming or that Provexis' technologies will succeed. The development of a market for Fruitflow will be affected by many factors, some of which are beyond Provexis' control, including the emergence of newer, more successful food IP and products and the cost of Fruitflow. Notwithstanding the health claims made in respect of Fruitflow, there can be no guarantee that Provexis' targeted customer base for the product will purchase or continue to purchase the product. If a market fails to develop or develops more slowly than anticipated, Provexis may be unable to recover the losses it may have incurred in the development of Fruitflow and may never achieve profitability.

Limited product offering
Provexis has only one product, Fruitflow, and any problems with the commercial success of Fruitflow will impact the financial performance of Provexis.

Intellectual property protection
Provexis is heavily dependent on its intellectual property and, in particular, its patents. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any copyright or patent protection will exclude competitors or provide competitive advantages to Provexis, that any of Provexis' patents will be held valid if challenged, or that third parties will not claim rights in or ownership of the copyright, patents and other proprietary rights held by Provexis.

Further, there can be no assurance that others have not developed or will not develop similar products, duplicate any of Provexis' products or design around any patents held by Provexis. Others may hold or receive patents which contain claims having a scope that covers products developed by Provexis (whether or not patents are issued to Provexis).

Provexis may rely on patents to protect its assets. These rights act only to prevent a competitor copying and not to prevent a competitor from independently developing products that perform the same functions. No assurance can be given that others will not independently develop or otherwise acquire substantially equivalent functional food IP or otherwise gain access to Provexis' unpatented proprietary technology or disclose such technology or that Provexis can ultimately protect meaningful rights to such unpatented technology.

Once granted, a patent can be challenged both in the patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

A substantial cost may be incurred if Provexis is required to assert its intellectual property rights, including any patents or trade marks against third parties. Litigation is costly and time consuming and there can be no assurance that Provexis will have, or will be able to devote, sufficient resources to pursue such litigation. Potentially unfavourable outcomes in such proceedings could limit Provexis' intellectual property rights and activities. There is no assurance that obligations to maintain Provexis' know how would not be breached or otherwise become known in a manner which provides Provexis with no recourse.

Principal risks and uncertainties (continued)
Intellectual property protection (continued)
Any claims made against Provexis' intellectual property rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on Provexis' resources. A third party asserting infringement claims against Provexis could require Provexis to cease the infringing activity and/or require Provexis to enter into licensing and royalty arrangements. The third party could also take legal action which could be costly. In addition, Provexis may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims will not have a material adverse effect on Provexis' business, financial condition or results.

Future development
The future development of the Company is discussed in the Chairman and CEO's statement on pages 3 to 10.

Other statutory disclosures
Directors
At the end of the financial year Provexis plc had four Directors, three male and one female.

Employees
At the end of the financial year Provexis plc had two employees, who are both Directors of the Company. The Company does not discriminate between prospective employees on grounds of age, race, religion or gender. Every effort is made to provide the same opportunities to disabled persons as to others.

The Board recognises its obligation to provide a safe and healthy working environment. The Company complies with relevant health and safety legislation.

Directors duties in relation to s172 Companies Act 2006
The Directors of the Company have a duty to promote the success of the Company. A Director of the Company must act in a way they consider, in good faith, to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term,
- the interests of the Group's employees,
- the need to foster the Group's business relationships with suppliers, customers and others,
- the impact of the Group's operations on the community and environment,
- the desirability of the Group maintaining a reputation for high standards of business conduct, and
- the need to act fairly between the shareholders of the Group.

The Directors give careful consideration to these factors in discharging their duties under section 172 of the Companies Act 2006, and consider that these requirements are further addressed in this Strategic Report (pages 11 to 21) and in the Group's Corporate governance report on pages 25 to 28.

Information this report does not contain
As a result of the size and nature of the Company's operations it has not been deemed necessary to provide information about:

- Environmental matters and the impact of the Company's business on the environment.
- Social, community and human rights issues.

This strategic report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board

Ian Ford
Director
29 September 2022

Directors' report

The Company has chosen, in accordance with Section 414 C(11) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its strategic report that would otherwise be required to be disclosed in this Directors' report. The strategic report can be found on pages 11 to 21.

Provexis plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 05102907). The address of the registered office is 2 Blagrave Street, Reading, Berkshire RG1 1AZ, UK. Provexis plc has two wholly owned subsidiaries, Provexis Nutrition Limited ('PNL') and Provexis Natural Products Limited ('PNP') which are registered in England and Wales. Provexis plc also owns 75% of Provexis (IBD) Limited ('IBD') which is also registered in England and Wales.

Board of Directors
The Board of Directors has overall responsibility for the Group.

The Directors of the Company during the year and up to the date that the financial statements were approved are shown below.

Executive Directors
I Ford
N A O'Kennedy

Non-executive Directors
F Boned
C D Buck

DSM is classified as a related party of the Group because F Boned, a Non-executive Director, is also a senior employee of DSM.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year.

Going concern
The directors have prepared projected cash flow information for a period of more than twelve months from the date of approval of these financial statements and have reviewed this information as at the date of these financial statements.

The Group is seeking to maximise the commercial returns that can be achieved from its Fruitflow technology, and the Group's cost base and its resources continue to be very tightly managed.

The Company is seeking to maximise the commercial returns that can be achieved from its Fruitflow technology, and the Company's cost base and its resources continue to be very tightly managed. The Company remains keen to minimise dilution to shareholders and it is focussed on moving into profitability as Fruitflow revenues increase, but while the Company remains in a loss-making position it may need to raise funds to support working capital on occasions.

Under the terms of the DSM Transfer of Business agreement which was announced in June 2022, DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a DSM Premix or DSM Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023.

The Company will need to hold Fruitflow in stock from 1 January 2023 onwards, to sell to new and existing customers, and the Company has therefore agreed to purchase from DSM the remaining stocks of Fruitflow which DSM holds on 31 December 2022. It is intended that the Company will pay DSM for this inventory over the course of a three month sale back period commencing on 1 January 2023, with payments due equally (amounting to one third of DSM's 31 December 2022 inventory) on 31 January 2023, 28 February 2023 and 31 March 2023. The amount of inventory which DSM will hold at 31 December 2022 will depend primarily on DSM's sales of Fruitflow over the remainder of 2022, hence it is not currently possible to state with any certainty how much inventory will remain at 31 December 2022, or therefore the amount which the Company would need to pay DSM for this inventory on 31 January 2023, 28 February 2023 and 31 March 2023.

Going concern (continued)
Under the terms of the DSM Transfer of Business agreement, the Company can elect in the first quarter of 2023 to purchase some but not all of DSM's remaining stocks of Fruitflow at 31 December 2022, being a decision which the Company will seek to make in the first quarter of 2023 once the Company has a clearer understanding of (i) the amount of stock remaining at 31 December 2022, (ii) the best before dates of this inventory, which are currently estimated to be favourable / long dated in light of recent production runs of new Fruitflow material in 2022, (iii) likely customer demand in 2023 and beyond and (iv) the Company's financial resources at that time.

The amount of stock which will remain at 31 December 2022 clearly remains uncertain as set out above, although it is currently expected to be in excess of €1m (one million Euros), an amount which - if the Company elected in the first quarter of 2023 to purchase this inventory in its entirety, which is likely to be in the Company's best interests - would require further equity or loan finance. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of this stock on a consignment basis, only paying for the stock when it was required for sale.

Based on its current level of cash it is expected that the Group will therefore need to raise further equity finance, or potentially new loan finance, in the coming four months, a situation which is deemed to represent a material uncertainty related to going concern.

Considering the success of previous fundraisings and the current performance of the business, the Directors have a reasonable expectation of raising sufficient additional equity capital or new loan finance to continue in operational existence for the foreseeable future. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of its future stock requirements on a consignment basis, only paying for the stock when it was required for sale. For these reasons the Directors continue to adopt the going concern basis in preparing the Group's and Parent Company's financial statements.

Auditors
The Group's External Auditor, James Cowper Kreston, is engaged to provide its independent opinion on the Group's financial statements. A scope of their work for the year ended 31 March 2022 is included within the Independent auditor's report on pages 32 to 35.

James Cowper Kreston have expressed their willingness to continue in office and a resolution to re-appoint them as the Company's auditor will be proposed at the next annual general meeting.

Each Director has taken all reasonable steps to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Directors' responsibilities
The Directors are responsible for preparing the strategic report, 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Directors' responsibilities (continued)
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 financial statements have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board

Ian Ford
Secretary
29 September 2022

Corporate governance report

Corporate governance
The Board is led by the Non-executive Chairman, Dawson Buck, who is responsible for the Group's corporate governance arrangements and who ensures that all members of the Board are able to contribute to Board discussions and decision-making.

The Board of Directors of Provexis plc is collectively accountable to the Company's shareholders for the good corporate governance of the Group. The Board recognises the importance of sound corporate governance and it has adopted the Quoted Companies Alliance ('QCA') Corporate Governance Code (to the extent practical given the Group's size and stage of development), in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code.

A copy of the Group's report setting out in broad terms how the Group currently complies with the QCA code can be found on the Company's website investor pages www.provexis.org/aim26.

The Company is subject to the UK City Code on Takeovers and Mergers.

The Company's business model and strategy, including key challenges in their execution, are set out in the strategic report.

The Board's approach to embedding effective risk management, in order to execute and deliver strategy, is also set out in the strategic report.

Corporate culture
The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is important to maximise shareholder value.

The culture of the Group is to be entrepreneurial and innovative, developing viable technologies and functional food and dietary supplement products which are underpinned by high quality scientific intellectual property.

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the working practices adopted by all of the Group's consultants and they are consistent with the Group's strategy, reflecting the high ethical and regulatory compliance required of a functional foods and dietary supplements business.

The Directors believe that the Company culture encourages collaborative, ethical behaviour which benefits consultants, clients and shareholders. The Directors further believe that the Company's small team of sales, marketing, e-commerce, PR and scientific consultants have worked and continue to work in line with the Company's values.

Board of Directors
The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities is set out on page 23.

Corporate governance report

The Board of Provexis plc currently comprises:

Director	**Dawson Buck**	**Ian Ford**	**Dr Niamh O'Kennedy**	**Frederic Boned**
Role	Non-executive Chairman	Chief Executive Officer	Chief Scientific Officer	Non-executive director
Appointed	June 2005	July 2007	April 2019	July 2018
Time commitment	Sufficient time as required to fulfil his duties.	Full time	Full time	Sufficient time as required to fulfil his duties.
Experience, skills, personal qualities and capabilities	Dawson has over twenty years' senior international experience within the electronic security, property, retail and IT industries. Dawson was a founder and the CEO of Automated Loss Prevention Ltd, which he led from its inception to its sale to the Sensormatic Electronic Corporation Inc in 1992. Until 2005 Dawson was Deputy Chief Executive of ANGLE plc.	Ian is a Chartered Accountant who trained with PwC and its predecessor firms in London, qualifying in 1991. Ian has over 25 years' post qualification experience, with more than 20 years in senior financial roles with UK and US listed growth companies, to include Rubicon Group plc and SITEL Europe plc, the latter as Group Finance Director. Ian played key roles in the rapid growth of these businesses, including extensive merger and acquisition activity. Ian joined the Company as Finance Director in 2007 and he has been very closely involved with the Company's relationships and contracts with DSM, By-Health and the Company's investors over that time.	Niamh is a research chemist, specialising in the field of natural products chemistry, who has been working with Provexis since 2000. Niamh's experience in isolating and characterising plant-derived compounds and understanding the roles these play in complex biological systems has been pivotal in the development of Provexis' lead product, Fruitflow®, and the health claim for Fruitflow® which was adopted by the European Food Safety Authority ('EFSA'). Niamh holds an honorary position at The University of Aberdeen.	Frederic is North American Vice President of DSM's Human Nutrition & Health business, a part of the Company's Alliance Agreement partner DSM Nutritional Products. Frédéric has previously held a variety of senior roles in DSM's Personal Care & Aroma Ingredients business including Director of Personal Care EMEA and Senior Director of Global Marketing and Innovation. Prior to DSM, Frédéric held several sales and marketing positions for over ten years at Givaudan. Frédéric has a chemical engineering degree from the Engineering School in Geneva, and an EMBA from the Business School of Lausanne.
Brings to the Board	Extensive commercial operations experience in growth businesses and listed companies.	Extensive commercial and financial experience in growth businesses and listed companies.	Extensive scientific experience and expertise, particularly in the field of isolating and characterising plant-derived compounds and understanding the roles these play in complex biological systems.	Extensive sales and marketing knowledge and expertise.
Committee	Audit Committee.	-	Member of the Company's Scientific Advisory Board.	Audit Committee.
Board meetings held during the year	3	3	3	3
Board meetings attended during the year	3	3	3	1
Considered to be independent	No - more than ten years' service	No - Executive Director	No - Executive Director	No - connected to DSM

Corporate governance report

The Company notes that under the QCA Code best practice is to have half of its board be independent, and specifically a minimum of two independent non-executive directors.

The Board is aware that Provexis does not currently comply with the QCA code in this respect, but due to the Company's small size and currently limited resources the Board is comfortable that the current Board composition does enable it to fulfil its obligations. The Directors regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. The Company's Non-executive Chairman Dawson Buck, although not considered independent under the QCA code, does bring independent judgement to the Board due to him now having a Non-executive role.

The experience, personal qualities and skills of the Directors are as set out in the table above.

The Chairman and Non-Executive director maintain their skillsets through a combination of other executive, non-executive and advisory roles. In addition, knowledge is kept up to date on key issues and developments pertaining to the Group, and corporate governance matters, through updates from the Executive Directors and various external advisers.

Executive Directors maintain their skillsets through practice in day-to-day roles, enhanced by updates from external advisers and by attending specific training and external courses where required.

Board effectiveness and evaluation
The Company supports the concept of an effective Board leading and controlling the Company. The effectiveness of the Board is kept under review by the Directors, who assess the individual contributions of each of the members of the team to ensure that their contribution is relevant and effective and that they are suitably committed to the business. Where necessary, specific actions are identified to improve certain areas.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience in the scientific, operational and financial development of functional food and dietary supplement companies, as further detailed in the table above.

Board training and advice
There is an induction process for new Directors. The Company has periodically held briefings for the Directors covering regulations that are relevant to their role as directors of an AIM-quoted company, typically to coincide with significant changes in regulations. The Company Secretary, supported by the Company's Nominated adviser and broker, informs the Board in the first instance of any material changes to the AIM Rules and other relevant laws and regulations.

All Directors are able to take training and/or independent professional advice in the furtherance of their duties if necessary. All Directors also have access, at the Company's expense, to experienced legal advice through the Company's legal advisors and other independent professional advisors as required. The Company maintains appropriate insurance in the event of legal action being taken against a Director. No individual Director or Committee of the Board received external advice in relation to their Board duties in the year.

The Board is in very regular dialogue, and it meets physically on an ad-hoc basis when necessary.

All of the Directors are subject to election by shareholders at the first AGM after their appointment to the Board and will continue to seek re-election at least once every three years.

Audit Committee
The Audit Committee comprises the Non-executive Chairman Dawson Buck and Frederic Boned, a Non-executive Director. The Committee is chaired by Dawson Buck, and it meets as required and specifically to consider the suitability and monitor the effectiveness of the internal control processes. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.

The independence of the auditors is considered by the Audit Committee. As well as providing audit related services, the auditors provide taxation compliance and advisory services and iXBRL compliance services and undertake work in relation to the interim report. The fees in respect of the non-audit services provided are £5,100 for the year ended 31 March 2022 (2021: £4,850).

Internal control and risk management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material loss and misstatement.

The Audit Committee continues to monitor and review the effectiveness of the system of internal control and report to the Board when appropriate with recommendations. There have been no significant changes to the system of internal control throughout the year.

The key control procedures operating within the Group include, but are not limited to:

1. a comprehensive system of financial budgeting, forecasting and then reporting and reviewing actual monthly results for the current year against these expectations;
2. a system of operational and financial Key Performance Indicators ('KPIs'), which are reviewed on a monthly basis;
3. procedures for appraisal, review and authorisation of capital expenditure;
4. properly authorised treasury procedures and banking arrangements;
5. regular review of materials and services supply agreements; and
6. regular review of tax, insurance and health and safety matters.

At this stage in the Group's development, the Board does not consider it appropriate to establish an internal audit function.

Environmental, social and community matters

As noted in the strategic report given the size and nature of the Company's operations, the impact of the Company's operations on the local community and the environment is not considered to be significant. Recycling of office supplies is undertaken where possible.

Relationship with shareholders

The Directors seek to build a mutual understanding of objectives between the Company and its shareholders. The Group reports formally to shareholders in its interim and annual reports setting out details of its activities. In addition, the Group keeps shareholders informed of events and progress through the issue of regulatory news in accordance with the AIM rules of the London Stock Exchange. The Directors seek to consult with significant shareholders following interim and final results. The Group also maintains investor relations pages and other information regarding the business, its products and activities on its website www.provexis.com.

Where possible the Annual Report is sent to shareholders at least 21 working days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Dawson Buck
Chairman
29 September 2022

Remuneration report

Remuneration Committee: composition and terms of reference
In 2013 it was agreed with some of the Company's larger shareholders that given the small size of the Board the Group's Remuneration Committee would be disbanded, with future remuneration issues to include share options to be primarily determined in dialogue between the Company and its larger shareholders.

Policy on Executive Directors' remuneration
Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Company successfully but avoiding paying more than is necessary. Direct benchmarking of remuneration is not possible given the specialised nature and size of the Company.

The full Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission is only granted where a role is on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles are not disclosed nor paid to the Group.

Service contracts
The Chairman Dawson Buck, and CSO Dr Niamh O'Kennedy are engaged under contracts for services requiring six months' notice by either party, and the CEO Ian Ford is engaged under a contract for services requiring twelve months' notice by either party.

Frederic Boned, a Non-executive Director and senior employee of DSM, joined the Board in July 2018. Frederic Boned is not paid by Provexis, and is not specifically remunerated by DSM for his services to Provexis.

Gains made on exercise of Directors' share options
No Directors' share options were exercised during the year (2021: Nil).

Details of Directors' remuneration
The emoluments of the individual Directors for the year were as follows:

	Year ended 31 March 2022				Year ended 31 March 2021
	Salary and Directors' fees	**Benefits in kind**	**Pension**	**Total**	Total
	£	**£**	**£**	**£**	£
Executive Directors					
I Ford	127,008	-	6,350	133,358	130,208
Dr N A O'Kennedy	83,040	-	4,152	87,192	84,042
Non-executive Directors					
F Boned	-	-	-	-	-
C D Buck	25,698	-	-	25,698	32,332
	235,746	-	10,502	246,248	246,582

The above fees and emoluments exclude reimbursed expenditure incurred in the conduct of Group business.

Remuneration report

Share-based payment expense
The share-based payment expenses of the individual Directors recognised for the year were as follows:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Executive Directors		
I Ford	**22,370**	22,370
Dr N A O'Kennedy	**22,370**	22,370
Non-executive Directors		
F Boned	**-**	-
C D Buck	**7,158**	7,158
	51,898	51,898

Directors' interests in shares	**Ordinary shares of 0.1 pence each**	Ordinary shares of 0.1 pence each
	Beneficial interests	
	31 March 2022	1 April 2021
I Ford and family	**10,000,000**	10,000,000
Dr N A O'Kennedy	**-**	-
C D Buck and family	**27,083,334**	27,083,334
	37,083,334	37,083,334

Other than as shown in the table and as further disclosed in respect of share options in note 16, no Director had any interest in the shares of the Company or its subsidiary companies at 31 March 2022.

Remuneration report

Directors' interests in share options
The Board uses share options to align Directors and employees' interests with those of shareholders in order to provide incentives and reward them based on improvements in Company performance.

The share options held by the Directors and not exercised at 31 March 2022 are summarised below.

	31 March 2022	31 March 2021
I Ford	**42,000,000**	50,000,000
Dr N A O'Kennedy	**38,000,000**	38,000,000
C D Buck	**25,000,000**	25,000,000
	105,000,000	113,000,000

The unapproved share options at 31 March 2022 of the Directors who served during the year are set out below:

	Grant date	**Number awarded**	**Exercise price/share**	**Earliest exercise date**	**Expiry date**
I Ford	September 2019	25,000,000	0.30p	April 2022	September 2029
N A O'Kennedy	September 2019	25,000,000	0.30p	April 2022	September 2029
C D Buck	September 2019	8,000,000	0.30p	April 2022	September 2029
I Ford	December 2017	10,000,000	0.55p	April 2020	December 2027
N A O'Kennedy	December 2017	1,500,000	0.55p	April 2020	December 2027
C D Buck	December 2017	10,000,000	0.55p	April 2020	December 2027
N A O'Kennedy	July 2017	2,500,000	0.52p	April 2020	July 2027
N A O'Kennedy	December 2016	4,000,000	0.92p	April 2019	December 2026
N A O'Kennedy	November 2014	5,000,000	0.67p	April 2017	November 2024
C D Buck	June 2013	7,000,000	0.972p	April 2016	June 2023
		98,000,000			

The EMI share options at 31 March 2022 of the Directors who served during the year are set out below:

	Grant date	**Number awarded**	**Exercise price/share**	**Earliest exercise date**	**Expiry date**
I Ford	June 2013	7,000,000	0.972p	April 2016	June 2023
		7,000,000			

All options were granted with an exercise price at or above market value on the date of grant.

Independent auditor's report to the members of Provexis plc

Opinion
We have audited the financial statements of Provexis plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of cash flows, Consolidated statement of changes in equity, Parent company statement of financial position, Parent 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 Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 of Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further discussed 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 Standards as applied to listed entities, and we have fulfilled our ethical responsibilities with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in note 1 to the financial statements concerning the directors' use of the going concern basis of accounting in the preparation of the financial statements.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the success of the directors in raising additional debt or equity funding as described in note 1, which is inherently uncertain. This uncertainty indicates the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include adjustments that would be necessary if the Group was unable to continue as a going concern.

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.

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

Overview of the scope of our audit
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)'). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 our understanding of the group and its environment, the accounting processes and controls, and the industry in which the group operates. The group operates within the parent company and a number of operating subsidiaries. We performed full scope statutory audits in respect of the parent company and the subsidiaries to enable us to provide an opinion on the consolidated financial statements.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified in the Key audit matters section below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing 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.

Independent auditor’s report to the members of Provexis plc continued

Key audit matter	How we addressed the Key audit matter in the audit
Revenue Revenue is a significant driver of the business and there is a risk that management might overstate revenue to meet targets or market expectations as well minimising losses. We therefore identified revenue recognition as a significant risk.	Our procedures included: • Agreement of revenue recognised under the DSM Alliance Agreement to appropriate evidence; • Testing a sample of sales of physical product to supporting evidence • Considering the appropriateness and application of the group’s revenue recognition policies. **Key observations** Based on the procedures we performed, we noted no material issues in respect of revenue.

Key audit matter	How we addressed the Key audit matter in the audit
Share-based payments The group has recognised significant amounts in respect of share-based payments during the period. Accounting for share based payments is complex and requires the exercise of judgement. We therefore identified revenue recognition as a significant risk.	Our procedures included: • Reviewing the methodology and assumptions used in calculating the share-based payment charge • Checking the arithmetic accuracy of the calculations • Considering the appropriateness and application of the group’s accounting policy • Reviewing the relevant disclosures **Key observations** Based on the procedures we performed, we noted no material issues in respect of share-based payments.

Key audit matter	How we addressed the Key audit matter in the audit
Going concern Management are required to prepare the financial on a going concern basis unless they intend to liquidate the company or have no reasonable alternative but to do so. In assessing the appropriateness of using the going concern basis, management make estimates and judgements relating to the future which are inherently uncertain. Management is required to consider a period of at least twelve months in making their assessment.	Our procedures included: • Discussing with management their expectations for key elements of the business, their strategy, the resulting cash requirements and their expectations in respect of the company’s ability to raise additional finance. • Reviewing management’s forecasts and considering their reasonableness and the appropriateness of key assumptions used in their preparations. • Reviewing the relevant disclosures. **Key observations** Management have concluded that the going concern basis remains appropriate, but subject to material uncertainty as outlined in note 1 to the financial statements. Based on our procedures, we are satisfied that this conclusion and the related disclosures are reasonable.

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decision of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgements we determined materiality for the consolidated financial statements as a whole, and the parent company financial statements, to be £15,000, being approximately 6% of the reported consolidated loss for the year.

We agreed with the directors that we would report all audit difference in excess of £2,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information included in the annual report
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 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 misstated. If we identify such material inconsistencies or apparent material misstatement, we are required to determine whether there is a material misstatement in the financial statement or a material misstatement in 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 this fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Provexis plc continued

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 Group strategic report and the directors' report for the financial year for which the financial statements are prepared are consistent with the financial statements; and

- The Group strategic report and the directors' report have been prepared in accordance with the 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 or the directors' report.

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

- Adequate accounting records have not been kept, or returns adequate for the 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 page 23 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

Auditors' 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 auditors' 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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. This description forms part of our auditors' report.

Independent auditor’s report to the members of Provexis plc continued

Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an Auditors’ 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.

Alan Poole BA (Hons) FCA (Senior Statutory Auditor)
For and on behalf of
James Cowper Kreston
Chartered Accountants and Statutory Auditors

Reading

29 September 2022

Consolidated statement of comprehensive income

	Notes	**Year ended 31 March 2022** £	Year ended 31 March 2021 £
Revenue	1,3	**426,168**	505,330
Cost of goods sold		**(46,119)**	(49,136)
Gross profit		**380,049**	456,194
Selling and distribution costs		**(45,268)**	(48,689)
Research and development costs	4	**(249,694)**	(303,898)
Administrative costs - share-based payment charges	4,16	**(67,119)**	(134,700)
Administrative costs - other		**(317,173)**	(330,823)
Loss from operations	4	**(299,205)**	(361,916)
Finance income	7	**73**	113
Loss before taxation		**(299,132)**	(361,803)
Taxation - R&D tax relief: receivable tax credit	8	**58,905**	2,460
Loss and total comprehensive loss for the year		**(240,227)**	(359,343)
Attributable to:			
Owners of the parent		**(224,250)**	(341,007)
Non-controlling interest		**(15,977)**	(18,336)
Loss and total comprehensive loss for the year		**(240,227)**	(359,343)
Loss per share to owners of the parent			
Basic - pence	9	**(0.01)**	(0.02)
Diluted - pence	9	**(0.01)**	(0.02)

Consolidated statement of financial position

Company number 05102907	Notes	**As at 31 March 2022 £**	As at 31 March 2021 £
Assets			
Current assets			
Inventories	11	**85,808**	60,576
Trade and other receivables	12	**104,443**	140,923
Corporation tax asset	8	**72,865**	13,960
Cash and cash equivalents		**863,873**	1,077,410
Total current assets		**1,126,989**	1,292,869
Total assets		**1,126,989**	1,292,869
Liabilities			
Current liabilities			
Trade and other payables	13	**(157,909)**	(150,681)
Total current liabilities		**(157,909)**	(150,681)
Total liabilities		**(157,909)**	(150,681)
Total net assets		**969,080**	1,142,188
Capital and reserves attributable to owners of the Parent company			
Share capital	15	**2,210,822**	2,210,822
Share premium	17	**18,675,221**	18,675,221
Merger reserve	17	**6,599,174**	6,599,174
Retained earnings	17	**(25,986,138)**	(25,829,007)
		1,499,079	1,656,210
Non-controlling interest		**(529,999)**	(514,022)
Total equity		**969,080**	1,142,188

These consolidated financial statements were approved and authorised for issue by the Board on 29 September 2022. The notes on pages 40 to 54 form part of these consolidated financial statements.

Ian Ford
Director - On behalf of the Board of Provexis plc

Consolidated statement of cash flows

	Notes	**Year ended 31 March 2022**	Year ended 31 March 2021
		£	£
Cash flows from operating activities			
Loss after tax		**(240,227)**	(359,343)
Adjustments for:			
Finance income	7	**(73)**	(113)
Tax credit receivable	8	**(58,905)**	(2,460)
Share-based payment charges - share options	16	**67,119**	55,925
Share-based payment charges - blood pressure IP	15	**-**	78,775
Changes in inventories		**(25,232)**	(50,492)
Changes in trade and other receivables		**36,475**	(1,374)
Changes in trade and other payables		**7,228**	604
Net cash flow from operations		**(213,615)**	(278,478)
Tax credits received		**-**	16,202
Total cash flow from operating activities		**(213,615)**	(262,276)
Cash flow from investing activities			
Purchase of blood pressure IP - cash element		**-**	(250)
Interest received		**78**	201
Total cash flow from investing activities		**78**	(49)
Cash flow from financing activities			
Proceeds from issue of share capital	15	**-**	1,048,400
Total cash flow from financing activities		**-**	1,048,400
Net change in cash and cash equivalents		**(213,537)**	786,075
Opening cash and cash equivalents		**1,077,410**	291,335
Closing cash and cash equivalents		**863,873**	1,077,410

Consolidated statement of changes in equity

	Share capital	Share premium	Merger reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	£	£	£	£	£	£	£
At 31 March 2020	**2,059,322**	**17,699,796**	**6,599,174**	**(25,543,925)**	**814,367**	**(495,686)**	**318,681**
Share-based charges - share options	-	-	-	55,925	55,925	-	55,925
Share-based charges - purchase of blood pressure IP	-	-	-	78,775	78,775	-	78,775
Issue of shares 19 August 2020 - blood pressure IP	11,500	67,025	-	(78,775)	(250)	-	(250)
Issue of shares - placing 23 December 2020	133,333	865,417	-	-	998,750	-	998,750
Issue of shares - placing 25 February 2021	6,667	42,983	-	-	49,650	-	49,650
Total comprehensive loss for the year	-	-	-	(341,007)	(341,007)	(18,336)	(359,343)
At 31 March 2021	**2,210,822**	**18,675,221**	**6,599,174**	**(25,829,007)**	**1,656,210**	**(514,022)**	**1,142,188**
Share-based charges - share options	-	-	-	67,119	67,119	-	67,119
Total comprehensive loss for the year	-	-	-	(224,250)	(224,250)	(15,977)	(240,227)
At 31 March 2022	**2,210,822**	**18,675,221**	**6,599,174**	**(25,986,138)**	**1,499,079**	**(529,999)**	**969,080**

Notes to the consolidated financial statements

1. Accounting policies

General information

Provexis plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 05102907). The address of the registered office is 2 Blagrave Street, Reading, Berkshire RG1 1AZ, UK. The functional and presentational currency is pounds sterling and the financial statements are rounded to the nearest £1.

The main activities of the Group are those of developing, licensing and selling the proprietary, scientifically-proven Fruitflow heart-health functional food ingredient for the global functional food sector.

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the United Kingdom ('adopted IFRS') and those parts of the Companies Act 2006 that are applicable to financial statements prepared in accordance with IFRS.

The Company has elected to prepare its Parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice - Financial Reporting Standard 102 ('UK GAAP'), and these are set out on pages 55 to 59.

The accounting policies set out below have been applied to all periods presented in these Group financial statements and are in accordance with IFRS, as adopted by the United Kingdom, and International Financial Reporting Interpretations Committee ('IFRIC') interpretations that were applicable for the year ended 31 March 2022.

These accounting policies are consistent with those applied in the year ended 31 March 2021, as amended to reflect any new Standards, amendments to Standards and interpretations which are mandatory for the year ended 31 March 2022. The adoption of these revised standards and interpretations has not had an impact on the current and comparative figures recorded.

The IASB has issued a number of standards and interpretations with an effective date after the date of these financial statements, none of which are expected to have a material impact on the Group's reported financial performance or position.

Going concern

The Group's business activities together with the factors likely to affect its future development, and the financial position of the Group, its cash flows and liquidity position are set out in the strategic report on pages 11 to 21. In addition note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Group made a loss for the year of £240,227 (2021: £359,343), which includes non-cash share-based payment charges of £67,119 (2021: £134,700) and expects to make a further loss during the year ending 31 March 2023. The total cash outflow from operations in the year was £213,615 (2021: £262,276). At 31 March 2022 the Group had cash balances of £863,873 (2021: £1,077,410).

The directors have prepared projected cash flow information for a period of more than twelve months from the date of approval of these financial statements and have reviewed this information as at the date of these financial statements.

The Company is seeking to maximise the commercial returns that can be achieved from its Fruitflow technology, and the Company's cost base and its resources continue to be very tightly managed. The Company remains keen to minimise dilution to shareholders and it is focussed on moving into profitability as Fruitflow revenues increase, but while the Company remains in a loss-making position it may need to raise funds to support working capital on occasions.

Under the terms of the DSM Transfer of Business agreement which was announced in June 2022, DSM's existing and prospective pipeline customers for Fruitflow as a straight ingredient (not a DSM Premix or DSM Market-Ready solution) will transfer to become direct customers of Provexis WEF 1 January 2023.

1. Accounting policies (continued)

Going concern (continued)

The Company will need to hold Fruitflow in stock from 1 January 2023 onwards, to sell to new and existing customers, and the Company has therefore agreed to purchase from DSM the remaining stocks of Fruitflow which DSM holds on 31 December 2022. It is intended that the Company will pay DSM for this inventory over the course of a three month sale back period commencing on 1 January 2023, with payments due equally (amounting to one third of DSM's 31 December 2022 inventory) on 31 January 2023, 28 February 2023 and 31 March 2023. The amount of inventory which DSM will hold at 31 December 2022 will depend primarily on DSM's sales of Fruitflow over the remainder of 2022, hence it is not currently possible to state with any certainty how much inventory will remain at 31 December 2022, or therefore the amount which the Company would need to pay DSM for this inventory on 31 January 2023, 28 February 2023 and 31 March 2023.

Under the terms of the DSM Transfer of Business agreement, the Company can elect in the first quarter of 2023 to purchase some but not all of DSM's remaining stocks of Fruitflow at 31 December 2022, being a decision which the Company will seek to make in the first quarter of 2023 once the Company has a clearer understanding of (i) the amount of stock remaining at 31 December 2022, (ii) the best before dates of this inventory, which are currently estimated to be favourable / long dated in light of recent production runs of new Fruitflow material in 2022, (iii) likely customer demand in 2023 and beyond and (iv) the Company's financial resources at that time.

The amount of stock which will remain at 31 December 2022 clearly remains uncertain as set out above, although it is currently expected to be in excess of €1m (one million Euros), an amount which - if the Company elected in the first quarter of 2023 to purchase this inventory in its entirety, which is likely to be in the Company's best interests - would require further equity or loan finance. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of this stock on a consignment basis, only paying for the stock when it was required for sale.

Based on its current level of cash it is expected that the Group will therefore need to raise further equity finance, or potentially new loan finance, in the coming four months, a situation which is deemed to represent a material uncertainty related to going concern.

Considering the success of previous fundraisings and the current performance of the business, the Directors have a reasonable expectation of raising sufficient additional equity capital or new loan finance to continue in operational existence for the foreseeable future. Subject to the outcome of ongoing negotiations with a third party, the Company might also be able to hold some of its future stock requirements on a consignment basis, only paying for the stock when it was required for sale. For these reasons the Directors continue to adopt the going concern basis in preparing the Group's and Parent Company's financial statements.

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The consolidated financial information presents the results of the Company and its subsidiaries, Provexis Nutrition Limited, Provexis Natural Products Limited and Provexis (IBD) Limited as if they formed a single entity ('the Group'). All subsidiaries share the same reporting date, 31 March, as Provexis plc. All intra group balances are eliminated in preparing the financial statements.

Non-controlling interest

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1. Accounting policies (continued)
Revenue
(i) Performance obligations and timing of revenue recognition
The group's revenue is primarily derived from:

- The group's profit-sharing Alliance Agreement with DSM, with the group's profit-sharing income from this agreement being recognised on an accruals basis in accordance with the substance of the agreement, based on the receipt from DSM of the relevant information to enable calculation of the profit-sharing payment due to the group.
- Selling goods, with revenue recognised at a point in time when control of the goods has transferred to the customer. Revenue from sales to external customers is recognised when goods are despatched.

There is limited judgment needed in identifying the point at which these performance obligations are satisfied.

(ii) Determining the transaction price
The amount of revenue to be earned is determined by reference to (i) the provisions of the group's profit-sharing Alliance Agreement with DSM, which is based on DSM's fixed price contracts with their customers, and (ii) the fixed price contracts which the group has with its customers, in respect of the direct sale of goods to these customers. Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

(iii) Allocating amounts to performance obligations
For most contracts, there is a fixed unit price for each product sold, with discounts given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered).

Sales rebate and discount reserves are established based on management's best estimate of the amounts necessary to meet claims by customers in respect of these rebates and discounts. A refund liability is made at the time of sale and updated at the end of each reporting period for changes in circumstances.

(iv) Practical exemptions
The Group has taken advantage of the practical exemption not to account for significant financing components where the time difference between receiving consideration and transferring control of goods to its customer is less than one year.

Segment reporting
The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's 'chief operating decision maker' ('CODM').

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

Use of non-GAAP profit measure - underlying operating profit
The Directors believe that the operating loss before share-based payments measure provides additional useful information for shareholders on underlying trends and performance. This measure is used for internal performance analysis. Underlying operating loss is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit.

A reconciliation of underlying operating profit to statutory operating profit is set out in the Strategic Report.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)
Intangible assets
Research and development
Expenditure incurred on the development of internally generated products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

The value of the capitalised development cost is assessed for impairment annually. The value is written down immediately if impairment has occurred. Development costs are not being amortised as income has not yet been realised from the underlying technology. Development expenditure, not satisfying the above criteria, and expenditure on the research phase of internal projects is recognised in profit and loss as incurred.

Patents and trade marks
The costs incurred in establishing patents and trade marks are either expensed or capitalised in accordance with the corresponding treatment of the development expenditure for the product to which they relate.

Impairment of non- financial assets
Assets that have a finite useful life but that are not yet in use and are therefore not subject to amortisation or depreciation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually and when events or circumstances suggest that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses on goodwill are not reversed.

Inventories
Inventories, representing finished goods, are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated on a first in, first out basis.

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to the income statement for slow moving inventories. The charge is reviewed at each reporting date.

Financial instruments
Financial assets
The Group's financial assets are comprised of 'trade and other receivables' and 'cash and cash equivalents'. They are recognised initially at their fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. Impairment provisions for trade and other receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of lifetime expected credit losses.

Financial liabilities
The Group's financial liabilities comprise 'trade and other payables' and 'borrowings'. These are recognised initially at fair value and subsequently at amortised cost.

Notes to the consolidated financial statements continued

1. Accounting policies (continued)
Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand.

Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in the statement of comprehensive income in the same period to which the costs that they are intended to compensate are expensed.

When research and development tax credits are claimed they are recognised on an accruals basis and are included as other income.

Taxation
Current tax is provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability on the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group Company; or
- Different Group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, on each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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

Benefits for Directors and consultants
(i) Defined contribution plans
The Group provides retirement benefits to the Executive Directors, who are the Group's only employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions made by the Group are charged to the statement of comprehensive income in the period in which they become payable.

(ii) Accrued holiday pay
Provision has been made at the balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

1. Accounting policies (continued)
Benefits for Directors and consultants (continued)
(iii) Share-based payment transactions for Directors and consultants
The Group operates an equity-settled, share-based compensation plan. Vesting conditions are service conditions and performance conditions only. Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is charged to profit and loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

If non-market related terms and conditions of options are modified before they vest, the number of instruments expected to vest at each reporting date, and therefore the cumulative charge, is amended accordingly. Where equity instruments are granted to persons other than employees and others providing similar services, profit and loss is charged with the fair value of goods and services received.

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

Other share-based payment transactions
The fair value of equity-settled share payments made in exchange for goods and services received by the Group, outside of the Group's share-based compensation plan, is determined at the date the payment is made. The nature of the payment is assessed, and the fair value of the payment is either capitalised or charged to the consolidated statement of comprehensive income.

National insurance on share options
All employee option holders sign statements that they will be liable for any employers national insurance arising on the exercise of share options.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate method.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The Directors believe the following to be the key areas of estimation and judgement:

(i) Research and development
Under IAS 38 Intangible Assets, development expenditure which meets the recognition criteria of the standard must be capitalised and amortised over the useful economic lives of intangible assets from product launch.

(ii) Share-based payments
The Group operates an equity-settled, share-based compensation plan. The charge for share-based payments is determined based on the fair value of awards at the date of grant partly by use of a Binomial / Black-Scholes convergence pricing model which require judgements to be made regarding expected volatility, dividend yield, risk free rates of return and expected option lives. The inputs used in these pricing models to calculate the fair values are set out in note 16.

2. Financial risk management

2.1 Financial risk factors

The Group's activities inevitably expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

It is Group policy not to enter into speculative positions using complex financial instruments. The Group's primary treasury objective is to minimise exposure to potential capital losses whilst at the same time securing favourable market rates of interest on Group cash deposits using money market deposits with banks. Cash balances used to settle the liabilities from operating activities are also maintained in current accounts which earn interest at variable rates.

(a) Market risk

Foreign exchange risk

The Group's largest contract, the long-term Alliance Agreement with DSM Nutritional Products for Fruitflow, is primarily denominated in Euros. The Alliance Agreement is underpinned by a financial model which is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales.

DSM Nutritional Products seeks to sell Fruitflow in Euros, but its customers for Fruitflow are world-wide and world-wide exchange rate fluctuations may have an impact on the revenues accruing to DSM, and thus the profit share accruing to the Group. The cost of goods for Fruitflow is primarily denominated in and incurred in Euros.

Where customer or supplier transactions of more than £25,000 total value are to be settled in foreign currencies consideration is given to settling the sums to be received or paid through foreign exchange conversion at the outset of the transactions to minimise the risk of adverse currency fluctuations.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from medium term and short term money market deposits. Deposits which earn variable rates of interest expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis throughout the year.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure in relation to outstanding receivables. Group policy is to place deposits with institutions with investment grade A2 or better (Moody's credit rating) and deposits are made in sterling only. The Group does not expect any losses from non-performance by these institutions. Management believes that the carrying value of outstanding receivables and deposits with banks represents the Group's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital, it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow.

The Group had trade and other payables at the statement of financial position date of £157,909 (2021: £150,681) as disclosed in note 13.

2.2 Capital risk management

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve and accumulated retained earnings as disclosed in the consolidated statement of financial position.

The Group remains funded exclusively by equity capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Notes to the consolidated financial statements continued

3. Segmental reporting

The Group's operating segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Board of Directors as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. The performance of operating segments is assessed on revenue.

The CODM uses revenue as the key measure of the segments' results as it reflects the segments' underlying trading performance for the financial period under evaluation. Revenue is reported separately to the CODM and all other reports are prepared as a single business unit.

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
DSM Alliance Agreement	**281,899**	357,879
Fruitflow+ Omega 3	**144,269**	138,251
Fruitflow+ nitrates development products	**-**	9,200
	426,168	505,330

4. Loss from continuing operations

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Loss from continuing operations is stated after charging:		
Research and development costs	**249,694**	303,898
Foreign exchange losses	**2,990**	10,109
Equity-settled share-based payment expense:		
Share-based payment charges - share options	**67,119**	55,925
Share-based payment charges - blood pressure IP	**-**	78,775
Total share-based payment charges	**67,119**	134,700

The total fees of the Group's auditor, for services provided are analysed below:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Audit services		
Parent company	**9,250**	9,250
Subsidiaries	**8,750**	6,750
Tax services - compliance		
Parent company	**500**	500
Subsidiaries	**2,500**	2,350
Other services		
iXBRL services	**2,100**	2,000
Total fees	**23,100**	20,850

Notes to the consolidated financial statements continued

5. Wages and salaries

The average monthly number of persons, including all Directors, employed or engaged under contracts for services by the Group during the year was as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
Directors	**4**	4
	4	4

Their aggregate emoluments were:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Wages and salaries	**235,746**	236,380
Social security costs	**20,402**	23,878
Pension and other staff costs	**10,502**	10,202
Total cash settled emoluments	**266,650**	270,460
Share-based payment remuneration charge: equity settled	**51,898**	51,898
Total emoluments	**318,548**	322,358

6. Directors' remuneration

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Directors		
Aggregate emoluments	**235,746**	236,380
Company pension contributions	**10,502**	10,202
	246,248	246,582
Share-based payment remuneration charge: equity settled	**51,898**	51,898
Total Directors' emoluments	**298,146**	298,480

Emoluments disclosed above include the following amounts in respect of the highest paid Director:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Aggregate emoluments	**127,008**	124,008
Company pension contributions	**6,350**	6,200
Share-based payment remuneration charge: equity settled	**22,370**	22,370
Total of the highest paid Director's emoluments	**155,728**	152,578

During the current year and the prior year two Directors participated in defined contribution pension schemes.

During the current year and the prior year the Directors did not receive any benefits in kind.

Further details of Directors' emoluments are included in the Remuneration report on pages 29 to 31.

Notes to the consolidated financial statements continued

7. Finance income

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Finance income		
Bank interest receivable	**73**	113
	73	113

8. R&D tax relief: payable tax credit and taxation

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
R&D tax relief: payable tax credit		
Research and development credit - current year	**28,769**	2,460
Research and development credit - in respect of prior periods	**30,136**	-
Taxation credit	**58,905**	2,460

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Loss before tax	**(299,132)**	(361,803)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19%	**56,835**	68,743
Effects of:		
Expenses not deductible for tax purposes	**(12,752)**	(25,593)
Unutilised tax losses and other deductions arising in the year	**(33,854)**	(44,504)
Adjustment for R&D tax relief	**(10,229)**	1,354
Research and development credit - current year	**28,769**	2,460
Research and development credit - in respect of prior periods	**30,136**	-
Total taxation credit for the year	**58,905**	2,460

At 31 March 2022 the Group UK tax losses to be carried forward are estimated to be £20,370,000 (2021: £20,200,000).

The tax losses represent deferred tax assets amounting to £3,870,655 (2021: £3,834,700) which have not been recognised on the basis that their future economic benefit is not probable.

R&D tax relief: payable tax credit receivable within one year	**31 March 2022 £**	31 March 2021 £
R&D tax relief: payable tax credit recoverable	**72,865**	13,960
	72,865	13,960

Notes to the consolidated financial statements continued

9. Earnings per share and diluted earnings per share
Basic earnings per share amounts are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

The loss attributable to equity holders of the Company for the purpose of calculating the fully diluted loss per share is identical to that used for calculating the basic loss per share. The exercise of share options, disclosed in note 16, would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 'Earnings per Share'.

Basic and diluted loss per share amounts are in respect of all activities.

	Year ended 31 March 2022	Year ended 31 March 2021
Loss and total comprehensive loss for the year attributable to owners of the parent - £	**224,250**	341,007
Weighted average number of shares	**2,210,821,523**	2,102,799,137
Basic and diluted loss per share - pence	**0.01**	0.02

10. Intangible assets

	Goodwill	**Development costs**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2021	7,265,277	158,166	7,423,443
At 31 March 2022	**7,265,277**	**158,166**	**7,423,443**
Amortisation and Impairment			
At 1 April 2021	7,265,277	158,166	7,423,443
At 31 March 2022	**7,265,277**	**158,166**	**7,423,443**
Net book value			
At 31 March 2022	**-**	**-**	**-**
At 31 March 2021	-	-	-
Cost			
At 1 April 2020	7,265,277	158,166	7,423,443
At 31 March 2021	**7,265,277**	**158,166**	**7,423,443**
Amortisation and Impairment			
At 1 April 2020	7,265,277	158,166	7,423,443
At 31 March 2021	**7,265,277**	**158,166**	**7,423,443**
Net book value			
At 31 March 2021	**-**	**-**	**-**
At 31 March 2020	-	-	-

Development costs represent costs incurred in registering patents that meet the capitalisation criteria set out in IAS 38, see also note 1.

11. Inventories

	31 March 2022 £	31 March 2021 £
Finished goods	**85,808**	60,576
	85,808	60,576

There are no provisions included within inventories in relation to the impairment of inventories (2021: £Nil).

During the year inventories of £46,119 (2021: £49,136) were recognised as an expense within cost of goods sold.

12. Trade and other receivables

	31 March 2022 £	31 March 2021 £
Amounts receivable within one year:		
Trade receivables	**3,655**	5,916
Other receivables	**40,846**	29,659
Total financial assets other than cash and cash equivalents classified as loans and receivables	**44,501**	35,575
Prepayments and accrued income	**59,942**	105,348
Total trade and other receivables	**104,443**	140,923

Trade and other receivables do not contain any impaired assets.

Trade receivables represent debts due for the sale of goods to customers.
The Directors consider that the carrying amount of these receivables approximates to their fair value. All amounts shown under receivables fall due for payment within one year. The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging.

Any impairment review based on the Group's expected loss rates is currently deemed to be immaterial to the Group.

At 31 March 2022 trade receivables of £Nil (2021: £Nil) were more than 60 days past due, and there were no lifetime expected credit losses of the full value of trade receivables (2021: £Nil).

13. Trade and other payables

	31 March 2022 £	31 March 2021 £
Trade payables	**24,705**	20,502
Accruals	**124,666**	120,449
Total financial liabilities measured at amortised cost	**149,371**	140,951
Other taxes and social security	**8,538**	9,730
Total trade and other payables	**157,909**	150,681

The Directors consider that the carrying amount of these liabilities approximates to their fair value.

All amounts shown fall due within one year.

14. Deferred tax
Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2021: 19%).

No amounts in respect of deferred tax were recognised in profit and loss from continuing operations or charged / credited to equity for the current or prior year.

The UK corporation tax rate for the year was 19.0% (2021: 19.0%). In March 2021, the UK Government announced an increase in the UK corporation tax rate to 25.0% from 1 April 2023. The increase in UK corporation tax rate was substantively enacted on 24 May 2021, but this increase is no longer expected to come into effect following recent announcements by Government.

Deferred tax assets amounting to £3,870,655 (2021: £3,834,700) have not been recognised on the basis that their future economic benefit is not probable. Assuming a prevailing tax rate of 19% (2021: 19%) when the timing differences reverse, the unrecognised deferred tax asset comprises:

	31 March 2022 £	31 March 2021 £
Depreciation in excess of capital allowances	**-**	-
Unutilised tax losses	**3,870,655**	3,834,700
	3,870,655	3,834,700

15. Share capital

Allotted, called up and fully paid	**Ordinary 0.1p shares £**	**Ordinary 0.1p shares number**
At 31 March 2021	2,210,822	2,210,821,523
At 31 March 2022	**2,210,822**	**2,210,821,523**

Allotted, called up and fully paid	**Ordinary 0.1p shares £**	**Ordinary 0.1p shares number**
At 31 March 2020	**2,059,322**	**2,059,321,507**
Issue of shares 19 August 2020 - purchase of blood pressure IP	11,500	11,500,000
Issue of shares - placing 23 December 2020	133,333	133,333,349
Issue of shares - placing 25 February 2021	6,667	6,666,667
At 31 March 2021	**2,210,822**	**2,210,821,523**

16. Share options

The Company's share option scheme for employees ('the Provexis 2005 share option scheme') was adopted in June 2005. Under the scheme, options to purchase ordinary shares are granted by the Board of Directors, normally subject to the exercise price of the option being not less than the market value at the grant date.

Share options typically vest after a period of 3 years and the vesting schedule is subject to predetermined overall company selection criteria. In the event that an option holder's employment is terminated, the option may not be exercised unless the Board of Directors so permits. Share options expire 10 years from the date of grant.

Share options are exercisable between 3 and 10 years from date of grant and are subject to performance criteria, including share price appreciation. The Company believes the grant of options closely aligns the interests of the option holders with those of shareholders.

The fair values of options granted are estimated at the date of grant in accordance with IFRS 2, using a Binomial / Black-Scholes convergence model.

At 31 March 2022 the number of ordinary shares subject to options granted over the 2005 share option scheme was:

EMI options

	31 March 2022		31 March 2021	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**1.04**	**22,284,990**	1.04	22,284,990
Lapsed during the year	**1.85**	**(1,649,990)**	-	-
Outstanding at the end of the year	**0.97**	**20,635,000**	1.04	22,284,990

The exercise price of EMI options outstanding at the end of the year was 0.97p (2021: ranged between 0.97p and 1.85p) and their weighted average contractual life was 1.2 years (2021: 2.1 years).

Of the total number of EMI options outstanding at the end of the year, 20,635,000 (2021: 22,284,990) had vested and were exercisable at the end of the year. Their weighted average exercise price was 0.97 pence (2021: 1.04 pence).

Unapproved options

	31 March 2022		31 March 2021	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**0.71**	**171,215,010**	0.71	171,215,010
Granted during the year	**0.80**	**10,000,000**	-	-
Lapsed during the year	**1.85**	**(23,350,010)**	-	-
Outstanding at the end of the year	**0.55**	**157,865,000**	0.71	171,215,010

The exercise price of unapproved options outstanding at the end of the year ranged between 0.30p and 0.97p (2021: 0.30p and 1.85p) and their weighted average contractual life was 5.9 years (2021: 5.8 years).

Of the total number of unapproved options outstanding at the end of the year, 85,365,000 (2021: 108,715,010) had vested and were exercisable at the end of the year. Their weighted average exercise price was 0.71 pence (2021: 0.95 pence).

16. Share options (continued)
The fair values of the options have been estimated at the date of grant using a Binomial / Black-Scholes convergence model, with an expected dividend yield of 0% and an expected volatility for the options granted during the year of 74%.

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The total share-based payment charge for the year relating to employee share-based payment plans was £67,119 (2021: £55,925) all of which related to equity settled share-based payment transactions.

17. Reserves
Details of movements in reserves are provided as part of the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within total equity:

Share premium	Amount subscribed for share capital in excess of nominal value, less the related costs of share issues.
Merger reserve	The merger reserve arose on the reverse takeover in 2005 of Provexis Natural Products Limited (formerly Provexis Limited) by Provexis plc through a share for share exchange and on the issue of shares for the acquisition of SiS (Science in Sport) Limited in 2011. SiS (Science in Sport) Limited was demerged from Provexis with effect from 9 August 2013 by way of a capital reduction demerger and transferred to a newly incorporated parent company, Science in Sport plc.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

18. Pension costs
The pension charge represents contributions payable by the Group to independently administered funds which for continuing operations during the year ended 31 March 2022 amounted to £10,502 (2021: £10,202). Employee and employer pension contributions payable but not yet paid at 31 March 2022 totalled £396 (2021: £Nil).

19. Related party transactions
On 1 June 2010 the Company announced a long-term Alliance Agreement with DSM Nutritional Products, which has seen the Company collaborate with DSM to develop Fruitflow in all major global markets. The financial model is based upon the division of profits between the two partners on an agreed basis, linked to certain revenue targets, following the deduction of the cost of goods and a fixed level of overhead from sales. It is not possible to determine the financial impact of the Alliance Agreement at this time.

DSM is classified as a related party of the Group in accordance with IAS 24 as it holds shares in the Group. Further, F Boned is a Director of the Company, and a senior employee of DSM.

Revenue recognised by the Group under agreements with DSM amounted to £281,899 (2021: £367,079). At 31 March 2022 the Group was owed £Nil (2021: £Nil) by DSM.

On 19 February 2021 the Group announced that Dawson Buck (Non-executive Chairman) had subscribed for 1,666,667 new ordinary shares of 0.1p each as part of a placing at a gross 0.75p per share. The placing shares were admitted to trading on AIM on 25 February 2021.

Key management compensation
The Directors represent the key management personnel. Details of their compensation and share options are given in note 6 and within the Remuneration report on pages 29 to 31.

Parent company statement of financial position

Company number 05102907	Notes	**As at 31 March 2022 £**	As at 31 March 2021 £
Assets			
Non-current assets			
Investments	3	**-**	-
Total non-current assets		**-**	-
Current assets			
Cash and cash equivalents		**1,791**	4,146
Total current assets		**1,791**	4,146
Total assets		**1,791**	4,146
Liabilities			
Total liabilities		**-**	-
Net current assets		**1,791**	4,146
Total net assets		**1,791**	4,146
Capital and reserves attributable to owners of the Parent company			
Share capital	5	**2,210,822**	2,210,822
Share premium		**18,675,221**	18,675,221
Retained earnings		**(20,884,252)**	(20,881,897)
Total equity		**1,791**	4,146

As permitted by Section 408 of the Companies Act 2006 no separate Company profit and loss account has been included in these financial statements. The Group loss for the year includes a loss after tax of £69,474 (2021: £1,178,814) which is dealt with in the financial statements of the Company.

These financial statements were approved and authorised for issue by the Board on 29 September 2022.
The notes on pages 57 to 59 form part of these Parent company financial statements.

Ian Ford
Director

On behalf of the Board of Provexis plc

Parent company statement of changes in equity

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 31 March 2020	**2,059,322**	**17,699,796**	**(19,759,008)**	**110**
Share-based charges - share options	-	-	55,925	55,925
Share-based charges - purchase of blood pressure IP	-	-	78,775	78,775
Issue of shares 19 August 2020 - blood pressure IP	11,500	67,025	(78,775)	(250)
Issue of shares - placing 23 December 2020	133,333	865,417	-	998,750
Issue of shares - placing 25 February 2021	6,667	42,983	-	49,650
Total comprehensive loss for the year	-	-	(1,178,814)	(1,178,814)
At 31 March 2021	**2,210,822**	**18,675,221**	**(20,881,897)**	**4,146**
Share-based charges - share options	-	-	67,119	67,119
Total comprehensive loss for the year	-	-	(69,474)	(69,474)
At 31 March 2022	**2,210,822**	**18,675,221**	**(20,884,252)**	**1,791**

Share premium represents amounts subscribed for share capital in excess of nominal value, less the related costs of share issues.

Retained earnings represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Notes to the parent company financial statements

1. Accounting policies

General information

Provexis plc is a public limited company incorporated and domiciled in the United Kingdom (registration number 05102907). The address of the registered office is 2 Blagrave Street, Reading, Berkshire RG1 1AZ, UK.

Basis of preparation

The Parent company financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, including FRS 102.

The Company has taken advantage of disclosure exemptions and does not prepare a statement of cash flows.

Going concern

The going concern basis has been applied in preparing the Parent company financial statements for the reasons identified and disclosed in note 1 to the consolidated financial statements.

Share-based employee remuneration

The Company has no employees however the Company will issue shares to satisfy share awards made by its subsidiary companies. The Company records a management charge equivalent to the fair value of the share-based payment incurred by its subsidiaries as disclosed in note 4 to the consolidated financial statements.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Valuation of investments

Investments are stated at cost less any provision for impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2. Profit attributable to shareholders

As permitted by Section 408 of the Companies Act 2006 no separate Company profit and loss account has been included in these financial statements. The total fees of the Group’s auditor, James Cowper Kreston, for services provided are analysed in note 4 to the consolidated financial statements. Total audit fees for the year were £9,250 (2021: £9,250).

The Parent company did not have any employees in the year and therefore there were no payroll costs or pension costs (2021: Nil).

Notes to the parent company financial statements continued

3. Investments
At 31 March 2022 the Company owned the following subsidiary undertakings:

	Share of issued ordinary share capital, and voting rights	Country of incorporation and operation	Business activity
Provexis Nutrition Limited	100%	England and Wales	Functional food, medical food and dietary supplement technologies
Provexis Natural Products Limited	100%	England and Wales	Functional food, medical food and dietary supplement technologies
Provexis (IBD) Limited	75%	England and Wales	Functional food, medical food and dietary supplement technologies

The registered office of each of the three subsidiary undertakings above is 2 Blagrave Street, Reading, Berkshire RG1 1AZ, UK.

There are no significant restrictions on the ability of subsidiary undertakings to transfer funds to the parent, other than those imposed by the Companies Act 2006.

4. Deferred tax
Deferred tax assets amounting to £49,012 (2021: £49,012) have not been recognised on the basis that their future economic benefit is not probable.

5. Share capital

Allotted, called up and fully paid	Ordinary 0.1p shares £	Ordinary 0.1p shares number
At 31 March 2021	2,210,822	2,210,821,523
At 31 March 2022	**2,210,822**	**2,210,821,523**

Allotted, called up and fully paid	Ordinary 0.1p shares £	Ordinary 0.1p shares number
At 31 March 2020	**2,059,322**	**2,059,321,507**
Issue of shares 19 August 2020 - purchase of blood pressure IP	11,500	11,500,000
Issue of shares - placing 23 December 2020	133,333	133,333,349
Issue of shares - placing 25 February 2021	6,667	6,666,667
At 31 March 2021	**2,210,822**	**2,210,821,523**

Details of the share subscriptions, share placings, and the shares issued by the Company during the two years ended 31 March 2022 are given in note 15 to the consolidated financial statements.

Details on the share option scheme and share-based payment charge for the year are given in note 16 to the consolidated financial statements.

Notes to the parent company financial statements continued

6. Related party transactions
The Company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with 100% owned members of the Group headed Provexis plc on the grounds that 100% of the voting rights of the Company are controlled within that Group.

Provexis (IBD) Limited is 75% owned by Provexis plc and 25% owned by The University of Liverpool.

Provexis plc wholly owns Provexis Nutrition Limited, and Provexis Natural Products Limited. Provexis Nutrition Limited, Provexis Natural Products Limited, and Provexis (IBD) Limited are under the common control of Provexis plc.

The Company did not trade with Provexis (IBD) Limited during the year ended 31 March 2022 (2021: Nil). At 31 March 2022 the Company was owed £5,509 by Provexis (IBD) Limited (31 March 2021: £5,509).

Provexis (IBD) Limited does not have a bank account, and all its cash accounting transactions during the year were processed by Provexis plc and Provexis Natural Products Limited ('Provexis group companies'). Amounts transacted by Provexis (IBD) Limited with Provexis group companies are charged through inter company accounts and the net amount transacted during the year was £63,908 (2021: £73,346). Provexis (IBD) Limited owed Provexis group companies and Provexis Nutrition Limited a total of £3,000,754 at 31 March 2022 (31 March 2021: owed £2,936,846). Provisions of £3,000,754 (2021: £2,936,846) have been recognised in the accounts of Provexis group companies and Provexis Nutrition Limited.

Details of a related party transaction with DSM are given in note 19 to the consolidated financial statements.

On 19 February 2021 the Group announced that Dawson Buck (Non-executive Chairman) had subscribed for 1,666,667 new ordinary shares of 0.1p each as part of a placing at a gross 0.75p per share. The placing shares were admitted to trading on AIM on 25 February 2021.

Company information

Company number	05102907
Directors	C D Buck F Boned I Ford N A O’Kennedy
Audit committee	C D Buck F Boned
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Secretary and registered office	I Ford 2 Blagrave Street Reading Berkshire RG1 1AZ
Nominated adviser and broker	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Principal solicitors	TLT LLP 20 Gresham Street London EC2V 7JE
Auditors	James Cowper Kreston Reading Bridge House George Street Reading Berkshire RG1 8LS