Annual Report and Financial Statements
For the year ended 31 March 2023

Registration number: 65220

OKYO Pharma Limited

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OKYO Pharma Limited
Management and Administration

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OKYO Pharma Limited
Strategic report – Chairman's report

The Directors present their strategic report for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, (together the "Group") for the year ended 31 March 2023.

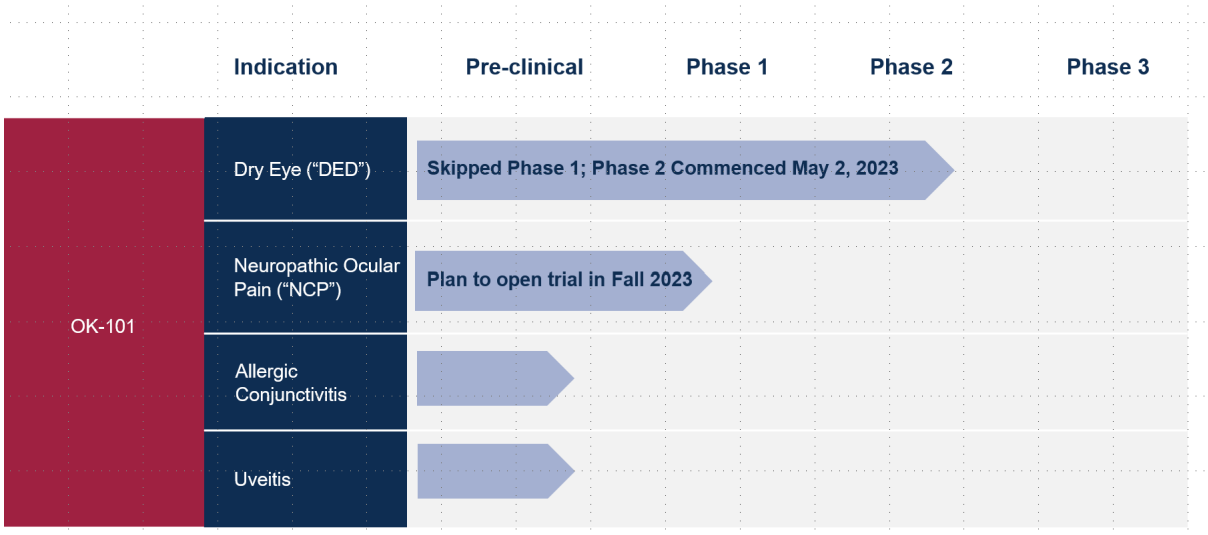
Introduction

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

During the 4th quarter of 2022 we finished the final stages of a concerted effort to complete all Investigational New Drug ("IND") enabling activities and filed with the U.S. Food and Drug Administration ("FDA") an IND on OK-101 to treat DED patients on November 18, 2022. On December 22, 2022, we announced that we had received clearance of the IND application from the FDA to enable us to initiate a Phase 2, first-in-human, clinical study of OK-101 for the treatment of DED.

On May 2, 2023, we announced that the first patient has been screened for our Phase 2, multi-center, randomized, double-blinded, placebo-controlled trial of OK-101. Because the drug is designed to be administered topically, we were able to skip the standard Phase 1 studies typically expected with orally delivered or injectable drug candidates in non-life-threatening conditions and we opened the first trial with OK-101 as a Phase 2 clinical trial in DED patients (See Figure 1: OKYO Pipeline below). This trial is planned to be conducted in approximately 200 to 240 DED patients. The study is being designed in conjunction with and is being managed and monitored by Ora, well known for its leadership of ophthalmic clinical trial activities.

Figure 1: OKYO Pipeline



OKYO R&D PROGRAMMES

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

OK-101, our lead clinical product candidate, is focused on keratoconjunctivitis sicca, commonly referred to as DED, which is a multifactorial disease caused by an underlying inflammation resulting in the lack of lubrication and moisture in the surface of the eye. DED is one of the most common ophthalmic conditions encountered in clinical practice. Symptoms of DED include constant discomfort and irritation accompanied by inflammation of the ocular surface, visual impairment and potential damage to the ocular surface. There are presently approximately 20 million people suffering from DED in the U.S. alone (Farrand et al. AJO 2017; 182:90), with the disease affecting approximately up to 34% of the population aged 50+ (Dana et al. AJO 2019; 202:47), and with women representing approximately two-thirds of those affected (Matossian

et al. J Womens Health (Larchmt) 2019; 28:502–514). Prevalence of DED is anticipated to increase substantially in the next 10-20 years due to aging populations in the U.S., Europe, Japan and China and use of contact lenses in the younger population. We believe this increase in prevalence of dry eye syndrome represents a major expanding economic burden to public healthcare. According to Market Research Report, Dry Eye Syndrome, December 2020, the global DED market in 2019 was approximately $5.22 billion, with the market size expected to reach $6.54 billion by 2027. In addition, DED causes approximately $3.8 billion annually in healthcare costs and represents a major economic burden to public healthcare, accounting for more than $50 billion to the U.S. economy annually.

At present, there are 5 prescription drugs available to treat DED: 1) Restasis (0.05% cyclosporine), 2) Cequa (0.09% cyclosporine), 3) Xiidra (5% lifitegrast), 4) Tyrvaya (0.03 mg varenicline), and 5) Eysuvis (0.25% loteprednol – a corticosteroid for short term use only). However, DED continues to be a major unmet medical need due to the large number of patients not well served by the treatments available to them through the medical community.

The development of new drugs to treat DED has been particularly challenging due to the heterogeneous nature of the patient population suffering from DED, and due to the difficulties in demonstrating an improvement in both signs and symptoms of the disease in well-controlled clinical trials. The evidence from over 40 years of scientific literature, however, suggests inflammation as the most common underlying element of DED. Consequently, development of new therapeutic agents that target inflammatory pathways is looking to be an attractive approach in improving symptoms in DED patients. Moreover, large number of dry eye patients suffer from ocular neuropathic pain, making their condition more resistant to topical anti-inflammatory therapy, and a drug capable of targeting both of these aspects of DED would be a significant addition to the ocular-care practitioner's arsenal for the treatment of DED.

The chemerin receptor (CMKLR1 or ChemR23) is a chemokine like GCPR expressed on select populations of cells including inflammatory mediators, epithelial and endothelial cells as well as neurons and glial cells in the dorsal root ganglion, spinal cord, and retina. Activation of CMKLR1 by chemerin has been shown to resolve the inflammation and pain in animal models of asthma and pain, respectively. We have been pioneering the development of OK-101, a lipidated-chemerin analogue, which is an agonist of CMKLR1, in treating DED and other ocular inflammatory conditions. OK-101 was first identified in a program developed by OTT using membrane-tethered ligand technology.

On February 15, 2022, we announced the successful completion of the pre-IND meeting facilitated by Ora with the FDA regarding development plans for OK-101 to treat DED. Both nonclinical and clinical development milestones were covered in the pre-IND meeting, with the FDA agreeing that our first human trial would be a Phase 2 safety and efficacy trial in DED patients. The FDA also provided guidance on the planned protocol for this trial in DED patients, concurring with one particular option OKYO has considered for the protocol which is to designate co-primary efficacy endpoints covering both a sign and a symptom of DED in the clinical trial. Notably, the final decision we recently took to, in fact, designate these two primary efficacy endpoints in the clinical protocol of the ongoing phase 2 trial is significant as should this phase 2 trial then meet these prespecified endpoints, the trial should considerably affect the timeline to an NDA filing with the FDA for OK-101 to treat DED.

During the 4th quarter of 2022 we finished the final stages of a concerted effort to complete all Investigational New Drug ("IND") enabling activities and filed with the U.S. Food and Drug Administration ("FDA") an IND on OK-101 to treat DED patients on November 18, 2022. On December 22, 2022 we announced that we had received clearance of the IND application from the FDA to enable us to initiate a Phase 2, first-in-human, clinical study of OK-101 for the treatment of DED.

On May 2, 2023, we announced that the first patient has been screened for our Phase 2, multi-center, randomized, double-blinded, placebo-controlled trial of OK-101. Because the drug is designed to be administered topically, we were able to skip the standard Phase 1 studies typically expected with orally delivered or injectable drug candidates in non-life-threatening conditions and we opened the first trial with OK-101 as a Phase 2 clinical trial in DED patients (See OKYO Pipeline below). This trial is planned to be conducted in approximately 200 to 240 DED patients. The study is being designed in conjunction with and is being managed and monitored by Ora, well known for its leadership of ophthalmic clinical trial activities.

On June 6, 2023 we announced that patients in the ongoing phase 2 trial were now being dosed in the randomized portion of the phase 2, multi-center, double-masked, placebo-controlled trial of topical ocular OK-101 to treat DED, following the two-week placebo run-in period intended to minimize the placebo effect. The Phase 2 trial is expected to be completed in 6-8 months from enrollment of the first patient. At that point in time, we hope to have succeeded with two major goals for the Company: 1) demonstration of "proof of concept" that OK-101 shows efficacy in the treatment of

DED patients, and 2) convincing evidence that OK-101 is potentially an FDA-approvable drug to treat DED patients, based on results from the primary efficacy points that are being evaluated in this phase 2 trial.

Additional Applicable Disease Indications for OK-101

Ophthalmic diseases

Neuropathic corneal pain has remained a challenging condition to treat since there are no FDA approved topical drugs available to treat this condition. Current treatments for neuropathic corneal pain are limited to short term NSAIDs, steroids, gabapentin, and opioids in severe cases. Neuropathic pain occurs through changes in both peripheral and central neurons leading to allodynia and hyperalgesia. Peripheral sensitization from the inflammatory cytokines during and after ocular surface injury alters responsiveness of peripheral sensory neurons, which initiates complex neuroinflammatory and electrophysiological signaling in the central nervous system that amplify the pain signaling.

The chemerin receptor (ChemR23) that OK-101 targets to produce its anti-inflammatory activity is not only expressed on select populations of immune cells, but is now believed to be expressed, as well, on neurons and glial cells in the dorsal root ganglion, spinal cord, and retina. In a separate set of animal model experiments, we evaluated the pain-reducing activity of OK-101 in a ciliary nerve ligation mouse model of corneal neuropathic pain. In collaboration with Pedram Hamrah, MD, Professor of Ophthalmology, an internationally recognized cornea specialist, and clinician-scientist at Tufts Medical Center, Boston, we demonstrated that OK-101 suppresses corneal neuropathic pain in a mouse model of ciliary nerve ligation developed in Dr. Hamrah's laboratory. OK-101 was topically administered to mice in comparison to the positive control gabapentin which was administered via intraperitoneal injection. Pain relief was evaluated by an eye-wipe count, and OK-101 was shown to reduce corneal pain similar to that of gabapentin, a commonly used anticonvulsant oral drug typically used to treat neuropathic pain for conditions such as shingles and other systemic nerve pain disorders. Notably, the drug concentration of OK-101 used in this study was identical to that used in mouse models of DED that demonstrated ocular anti-inflammatory activity. OK-101 had no neurotoxic effect and did not affect the corneal epithelial integrity.

Based on the success of the animal model experiments, we believe OK-101 has the potential to address both the increased inflammatory cytokines resulting from tear film imbalance as well as heightened neurosensory abnormalities through peripheral corneal nerve damage. Consequently, we believe that OK-101 has the potential to not only treat DED but to separately treat neuropathic corneal pain.

On July 28, 2023 we announced a new agreement with Tufts Medical Center to conduct a 40-patient open-label clinical trial evaluating the efficacy and safety of OK-101 in subjects with neuropathic corneal pain ("NCP"). The trial is planned to start in Fall 2023. The Investigational New Drug ("IND") application for NCP is planned to be filed in Q4 of 2023, with study enrollment planned to commence shortly after IND allowance by the FDA.

The trial, once started, is anticipated to take 6-9 months to conduct, and is anticipated to have a minor budgetary impact, with a total cost for the trial, including cost of drug manufacture and formulation, amounting to under $1 million. NCP remains a major unmet medical need for the ocular community, as there is no FDA approved drug to treat NCP and this trial provides the opportunity to quickly establish OK-101's potential to treat this condition.

This NCP trial will be led by Pedram Hamrah, MD, Professor and Vice Chair of Research and Academic Programs, Co-Director of the Cornea Service and Director of the Center for Translational Ocular Immunology at Tufts Medical Center. An ophthalmologist and a clinician-scientist, Dr. Hamrah is a leading expert in NCP and co-inventor on the OK-101 patent. He is a member of OKYO's Scientific Advisory Board and will serve as Principal Investigator of the study, which will be conducted at Tufts Medical Center. This collaborative effort is focused on evaluating OK-101 as a potential non-opioid analgesic to reduce neuropathic corneal pain, a major unmet medical need.

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

As we progress with our ongoing clinical evaluation of OK-101 to treat DED, we will also undertake the clinical plan to explore the drug candidate's potential to suppress the inflammation associated with uveitis. In support of this plan, we will also be exploring preclinical development of OK-101 for the uveitis indication by first establishing 'proof-of-concept' for this indication utilizing animal model studies of anterior uveitis to evaluate the potential of OK-101 to suppress the inflammation associated with uveitis.

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

2) OK-201 preclinical discovery program

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

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

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

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

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

Financial summary

Consolidated Statement of Comprehensive Income

The Group reported a loss for the year ended March 31, 2023, of £11,009k (2022: £3,976k). The loss is detailed in the consolidated statement of comprehensive income on page 46.

The Group's expenditure on research and development was £5,257k for the year ended March 31, 2023, as compared to £1,178k for the year ended March 31, 2022. The increase in expenditure was due to filing an IND with FDA for OK-101 as well as manufacturing and other stability testing costs in preparation for the Phase 2 trial.

Other operating expenses were £5,681k for the year ended March 31, 2023 as compared to £3,374k for the year ended March 31, 2022, an increase of £2,307k. The increase in cost is a result of an increase in salaries and bonuses of £765k plus additional compliance, professional fees, legal and other costs of £998k due to increased activity in the Company as well as a dual listing on the LSE and NASDAQ, in addition to an increase in D&O insurance of £600k due to the NASDAQ listing.

Liquidity and cash

As at 31 March 2023, the Group's cash balance stood at £3,276k (31 March 2022: £2,056k).

In May 2022, the Group successfully raised £1.5m ($2.0m) after expenses, as part of an IPO in conjunction with a dual listing on NASDAQ and in March 2023, the Group successfully raised an additional £4.5m ($5.4m) after expenses through a global private placement.

Other Balance Sheet items

Related party payables increased by £2,389k to £2,425k at the end of March 31, 2023 (2022: £36k). This was mainly driven by a loan from a related party which was £1,788k inclusive of accrued interest.

Going Concern

The Group has experienced net losses and significant cash outflows from cash used in operating activities over the past years, and as of March 31, 2023, had an accumulated deficit of £88.1m (£64m of this accumulated loss relates to a discontinued business prior to the reorganisation in 2018), a net loss for the year ended March 31, 2023, of £11.0m and net cash used in operating activities of £6.6m.

The Directors have prepared cash flow projections that include the costs associated with the continued clinical trials and additional investment to fund that operation. On the basis of those projections, the directors conclude that the company will not be able to meet its liabilities as they fall due within the next 12 months from the date when these financial statements are issued. The cash balance as at 1 August 2023 is approximately £1m, with current liabilities of £5.8m. The cash burn rate until from the beginning of August to the end of December 2023 is projected at £6.3m, and the company projects that without additional financing facilities it will run out of cash in October 2023. Consequently, in the opinion of the directors there is a material uncertainty that may cause significant doubt about the Group's ability to continue as a going concern.

The Directors are however aware, through their own extensive experience in the sector, that this position is not uncommon in the context of a pre-revenue life sciences company principally involved in cash consuming research and development activity. The Directors took strategic advantage of the opportunity to dual list the Company on NASDAQ in May 2022 in order to be able to access potential liquidity in the US, which is generally a more favorable environment for life sciences companies to raise money and where there are more specialist investors focused on early-stage opportunities. As part of this dual listing, the company raised $2.5m in gross proceeds and more recently raised an additional £4.5m in March 2023 through a private placement.

The top line data for the clinical trial is expected in Q4 2023 and the Directors are taking steps to put engagements and plans into place to ensure that sufficient funds will be forthcoming. These steps include possible deferred payments of existing liabilities, working capital cost reductions and raising additional equity.

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

Russia – Ukraine conflict

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

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

OKYO Pharma Limited
Strategic report – Chairman's report

Outlook and Strategy

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

During the next 12 months, OKYO plans to achieve a major step by completing its Phase 2 trial of OK-101 to treat DED patients in the fourth quarter of 2023, with top line results available in the first quarter of 2024.

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

Gabriele Cerrone

Non - Executive Chairman

22 August 2023

OKYO Pharma Limited
Directors' and Corporate Governance report

The Directors' present their report and the audited financial statements for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, (together the "Group") for the year ended March 31, 2023.

OKYO is a company domiciled in Guernsey and listed on the NASDAQ Capital Market (NASDAQ: OKYO), having previously been also on a standard listing on the main market of the London Stock Exchange until May 22, 2023.

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

Principal activity

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

Results and transfers to reserves

The results and transfers to reserves for the period are set out in the financial statements on pages 41 to 71.

The Group made a total comprehensive loss for the year ended March 31, 2023 after taxation of £10,966,007 (March 31, 2022: loss £3,983,110).

Dividend

No dividends were declared or paid in the year ended March 31, 2023. (2022: £nil).

Directors

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

Gabriele Cerrone	Non- Executive Chairman
Gary Jacob	Chief Executive Officer and Executive Director
Willy Simon	Senior Non-Executive Director
John Brancaccio	Non-Executive Director
Bernard Denoyer	Non-Executive Director

Substantial shareholdings

Gabriele Cerrone has a total interest of 31.80% of the ordinary share capital of the company at March 31, 2023 (including his holding via Panetta Partners Ltd).

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

	No of Shares	% Holding
Panetta Partners Ltd (Gabriele Cerrone)	559,543,715	33.73%

Corporate governance

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

As a Guernsey registered Company, OKYO is not under an obligation to adopt a Governance Code on a 'comply or explain' basis. However, the directors recognise the importance of sound corporate governance and have opted to comply with the QCA Corporate Governance Code, as published by the Quoted Companies Alliance, to the extent they

consider appropriate in light of the Company's size, stage of development and resources. The code can be found at www.theqca.com.

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

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

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

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

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

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

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

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

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

Audit, Risk and Disclosure Committee

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

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

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

5. Maintain the Board as a well-functioning, balanced team led by the Chairman
The Board is currently comprised of five directors, the Non-Executive Chairman, an Executive Director and three Non-Executive Directors. The directors of the Company have all been selected for their extensive experience in their

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

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

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

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

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

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

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

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

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

iv. developing corporate governance guidelines.

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

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

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

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

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

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

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

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

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

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

Statement of directors' responsibilities

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

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

Under Companies (Guernsey) Law 2008 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and the financial performance and cash flows of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures; disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in the applicable accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to the auditor

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

Auditor

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

By order of the Board

Willy Simon
Director
22 August 2023

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

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

Opinion

We have audited the financial statements of OKYO Pharma Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as issued by the IASB.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRS as issued by the IASB; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which states that the group and parent company are pre-revenue and its business model requires significant ongoing expenditure on research and development that include the costs associated with the ongoing clinical trials. The forecast prepared by management indicates that the current cash held will be utilised by October 2023 without additional financing facilities in place. Management intends to raise sufficient funds to enable the Group to complete the Phase II clinical trials for OK101 and meet working capital requirements, and are taking steps to include possible deferred payment of existing liabilities, working capital cost reductions and raising additional equity. These conditions raise substantial doubt about the group's and parent company's ability to continue as a going concern. The consolidated and parent company financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

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

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining management's cash flow forecast models to [date] used in their going concern assessment, determining the mathematical accuracy, and evaluating the appropriateness the key assumptions including considering management's historical forecasting accuracy;
- Obtaining management's going concern assessment to the Board of Directors setting out management's conclusions on the appropriateness of using the going concern basis of accounting in the preparation of the financial statements along with their assessment of material uncertainties related to events or conditions that may cast significant doubt upon the group's and parent company's ability to continue as a going concern;
- Considering the events or conditions that cast significant doubt upon the group's and parent company's ability to continue as a going concern, being the need to raise additional funds by [date] in order to meet its committed and contracted expenditure including working capital requirements, and assessing whether there was a realistic prospect of the group achieving this; and
- Evaluating the appropriateness of the directors' going concern disclosures in the financial statements describing the risks associated with the group's and parent company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and experience of the sector.
- We determined the principal laws and regulations relevant to the group and the parent company in this regard to be those arising from the Financial Conduct Authority, the London Stock Exchange and the US Securities and Exchange Commission.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to, enquiries of management, review of minutes and review of legal / regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the principal risks related to manual journal entries and related party transactions.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

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 auditor's report.

Use of our report

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

David Thompson
For and on behalf of PKF Littlejohn LLP
Chartered Accountants and Registered Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

OKYO Pharma Limited

Consolidated statement of comprehensive income

for the year ended 31 March 2023

	Notes	**Year ended 31 March 2023 £**	Year ended 31 March 2022 £
Operating expenses			
Research and development		**(5,257,005)**	**(1,178,469)**
Operating expenses		**(5,681,537)**	**(3,373,843)**
Total operating loss	*5*	**(10,938,542)**	**(4,552,312)**
Finance expense			
Interest expense on related party loan		**(80,200)**	**-**
Loss before income tax		**(11,018,742)**	**(4,552,312)**
Taxation	*9*	10,121	575,867
Loss for the year		**(11,008,621)**	**(3,976,445)**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**42,614**	**(6,665)**
Total comprehensive loss for the period attributable to the owners of the parent		**(10,966,007)**	**(3,983,110)**
Basic and diluted loss per share	*19*	**(0.49)**	**(0.26)**

The notes on pages 27 to 48 form an integral part of these financial statements.

OKYO Pharma Limited

Consolidated statement of financial position

for the year ended 31 March 2023

	Notes	**At 31 March 2023 £**	At 31 March 2022 £
Property, plant, and equipment	*10*	**5,844**	**3,977**
Total non-current assets		**5,844**	**3,977**
Cash and cash equivalents	*22*	**3,276,355**	**2,055,508**
Other receivables	*11*	**479,619**	**618,737**
Current taxation receivable	*9*	**452,838**	**594,939**
Total current assets		**4,208,812**	**3,269,184**
Total assets		**4,214,656**	**3,273,161**
Equity			
Share capital	*14*	**-**	**-**
Share premium	*14*	**83,162,742**	**77,183,263**
Share options reserve	*13*	**2,799,822**	**1,743,391**
Warrants reserve	*13*	**190,142**	**166,216**
Foreign currency translation reserve		**41,793**	**(821)**
Retained deficit		**(87,857,416)**	**(76,848,795)**
Shareholders' equity		**(1,662,917)**	**2,243,254**
Trade and other payables	*12*	**3,452,487**	**994,104**
Related party payable	*18*	**631,067**	**35,803**
Loan payable to related party	*18*	**1,794,019**	**-**
Total current liabilities		**5,877,573**	**1,029,907**
Total current and non-current liabilities		**5,877,573**	**1,029,907**
Total equity and liabilities		**4,214,656**	**3,273,161**

The notes on pages 27 to 48 form an integral part of these financial statements.

These financial statements were approved by the board of Directors on 22 August 2023 and were signed on their behalf by:

Willy Simon

Director

OKYO Pharma Limited

Company statement of financial position

for the year ended 31 March 2023

	Notes	At 31 March 2023 £	At 31 March 2022 £
Property, plant and equipment	*10*	**2,780**	**2,235**
Total non-current assets		**2,780**	**2,235**
Cash and cash equivalents	*22*	**3,193,589**	**1,858,258**
Intercompany receivable	*15*	**-**	**11,547**
Other receivables	*11*	**473,125**	**613,029**
Current taxation receivable	*9*	**452,838**	**594,939**
Intercompany receivable	*15*	**-**	**1,204**
Total current assets		**4,119,552**	**3,078,977**
Total assets		**4,122,332**	**3,081,212**
Equity			
Share capital	*14*	**-**	**-**
Share premium	*14*	**83,162,742**	**77,183,263**
Share options reserves	*13*	**2,799,822**	**-**
Warrants reserve	*13*	**190,142**	**166,216**
Retained deficit		**(88,067,332)**	**(76,950,957)**
Shareholders' equity		**(1,914,626)**	**2,141,913**
Current Liabilities			
Trade and other payables	*12*	**3,096,695**	**903,495**
Related party payable	*18*	**631,067**	**35,803**
Loan payable to related party	*18*	**1,794,019**	**-**
Intercompany payable		**515,177**	**-**
Total liabilities		**6,036,958**	**939,298**
Total equity and liabilities		**4,122,332**	**3,081,212**

The Company reported a loss for the financial year ended 31 March 2023 of £11,116,375 (2022: £4,053,882).

These financial statements were approved by the board of Directors on 22 August 2023 and were signed on their behalf by:

Willy Simon

Director

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2023

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Translation reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2022		**77,183,263**	**-**	**1,743,391**	**166,216**	**(821)**	**(76,848,795)**	**2,243,254**
Loss for the period		-	-	-	-	-	(11,008,621)	(11,008,621)
Exchange differences on translating foreign operations		-	-	-	-	42,614	-	42,614
Total comprehensive loss for the period		-	-	-	-	**42,614**	**(11,008,621)**	**(10,966,007)**
Contributions by and distributions to owners								
Issuance of shares fundraising, net		5,908,711	-	-	-	-	-	5,908,711
Expenses settled in shares		70,768	-	-	-	-	-	70,768
Options charge	*14*	-	-	1,066,483	-	-	-	1,066,483
Options forfeiture	*14*	-	-	(10,052)	-	-	-	(10,052)
Warrant's charge	*14*	-	-	-	23,926	-	-	23,926
Balance at 31 March 2023		**83,162,742**	**-**	**2,799,822**	**190,142**	**41,793**	**(87,857,416)**	**(1,662,917)**

The notes on pages 27 to 48 form an integral part of these financial statements.

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2022

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

The notes on pages 27 to 48 form an integral part of these financial statements.

*Refer to Note 4

OKYO Pharma Limited

Company statement of changes in equity

for the year ended 31 March 2023

	Notes	Share premium £	CLN Reserve £	Share options reserve £	Warrants reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2022		**77,183,263**	**-**	**1,743,391**	**166,216**	**(76,950,957)**	**2,141,913**
Loss for the period		-	-	-	-	(11,116,375)	(11,116,375)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(11,116,375)**	**(11,116,375)**
Contributions by and distributions to owners							
Issuance of shares fundraising, net	*14*	5,908,711	-	-	-	-	5,908,711
Expenses settled in shares		70,768					70,768
Options charge	*14*	-	-	1,066,483	-	-	1,066,483
Options forfeiture	*14*	-	-	(10,052)	-	-	(10,052)
Warrants charge	*14*	-	-	-	23,926	-	23,927
Balance at 31 March 2023		**83,162,742**	**-**	**2,799,822**	**190,142**	**(88,067,332)**	**(1,914,626)**

The notes on pages 27 to 48 form an integral part of these financial statements.

OKYO Pharma Limited

Company statement of changes in equity

for the year ended 31 March 2022

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

The notes on pages 27 to 48 form an integral part of these financial statements.

*Refer to Note 4

OKYO Pharma Limited

Consolidated statement of cash flows

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Cash flows from operating activities			
Loss for the year before taxation		**(11,018,742)**	**(4,552,312)**
Adjusted for non-cash and non-operating items:			
Share options charge	*16*	1,066,483	1,295,183
Forfeiture of options	*16*	(10,052)	(14,220)
Warrants charge	*16*	23,926	45,893
Depreciation of property, plant, and equipment	*10*	3,075	1,774
Expenses settled in shares		70,768	-
Gain on disposal of right of use asset		-	(131)
(Gain)/ Loss on foreign exchange		42,463	(6,758)
Net decrease/(increase) in related party receivables		-	20,044
Net increase/(decrease) in related party payables		595,263	35,803
Net (increase)/decrease in other receivables		139,119	(587,313)
Net (decrease)/ increase in trade and other payables		2,458,384	(218,180)
Cash used in operating activities		**(6,629,313)**	**(3,980,217)**
Cash inflow from taxation	*9*	**152,222**	**-**
Net Cash Used in Operating Activities		**(6,477,091)**	**(3,980,217)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	*10*	**(4,791)**	**(1,270)**
Cash used in investing activities		**(4,791)**	**(1,270)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares - Fundraising	*13*	**6,646,701**	**-**
Cost of Fundraising	*13*	**(737,991)**	**-**
Loan from related party	*18*	**1,794,019**	**-**
Proceeds from exercise of warrants		**-**	**1,045,332**
Cash generated from financing activities		**7,702,729**	**1,045,332**
Increase/(Decrease) in cash and cash equivalents		**1,220,847**	**(2,936,155)**
Cash and cash equivalents at beginning of period		**2,055,508**	**4,991,663**
Cash and cash equivalents at end of period		**3,276,355**	**2,055,508**

The notes on pages 27 to 48 form an integral part of these financial statements.

OKYO Pharma Limited

Company statement of cash flows

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Cash flows from operating activities			
Loss for the year before taxation		**(11,126,496)**	**(4,629,749)**
Adjusted for non-cash and non-operating items:			
Share options charge	*16*	1,066,483	1,295,183
Forfeiture of options	*16*	(10,052)	(14,220)
Warrants charge	*16*	23,926	45,893
Expenses settled in shares	*16*	70,769	-
Depreciation of property, plant, and equipment	*10*	1,406	929
Net decrease in intercompany payables		527,929	78,800
Net decrease/ (increase) in related party receivables		-	20,044
Net increase/(decrease) in related party payables		595,263	35,803
Net (increase)/ decrease in other receivables		139,903	(587,039)
Net (decrease)/ increase in trade and other payables		2,193,200	(269,171)
Cash used in operating activities		**(6,517,669)**	**(4,023,527)**
Cash inflow from taxation	*9*	**152,222**	**-**
Net Cash Used in Operating Activities		**(6,365,447)**	**(4,023,527)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	*10*	**(1,951)**	**(1,270)**
Cash used in investing activities		**(1,951)**	**(1,270)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares - Fundraising	*13*	**6,646,701**	**-**
Cost of Fundraising	*13*	**(737,991)**	**-**
Loan from related party	*18*	**1,794,019**	**-**
Proceeds from exercise of warrants		**-**	**1,045,332**
Cash generated from financing activities		**7,702,729**	**1,045,332**
(Decrease)/increase in cash and cash equivalents		**1,335,331**	**(2,979,465)**
Cash and cash equivalents at beginning of period		**1,858,258**	**4,837,723**
Cash and cash equivalents at end of period		**3,193,589**	**1,858,258**

The notes on pages 27 to 48 form an integral part of these financial statements.

1. Reporting Entity

OKYO Pharma Limited (the "Company" or "OKYO") is a company domiciled in Guernsey and listed on the main market on the NASDAQ Capital Market (NASDAQ: OKYO). The Company was previously also listed with a standard listing on the main market of the London Stock Exchange (LSE: OKYO) until May 22nd, 2023.

The Company is developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain. Our goal is to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneer scientists in the field.

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

2. ACCOUNTING POLICIES

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

Basis of preparation

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

Basis of measurement

Functional and Presentation Currency

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

Going Concern

The Group has experienced net losses and significant cash outflows from cash used in operating activities over the past years, and as of March 31, 2023, had an accumulated deficit of £88.1m (£64m of this accumulated loss relates to a discontinued business prior to the reorganisation in 2018), a net loss for the year ended March 31, 2023, of £11.0m and net cash used in operating activities of £6.6m.

The Directors have prepared cash flow projections that include the costs associated with the continued clinical trials and additional investment to fund that operation. On the basis of those projections, the directors conclude that the company will not be able to meet its liabilities as they fall due within the next 12 months from the date when these financial statements are issued. The cash balance as at 1 August 2023 is approximately £1m, with current liabilities of £5.8m. The cash burn rate until from the beginning of August to the end of December 2023 is projected at £6.3m, and the company projects that without additional financing facilities it will run out of cash in October 2023. Consequently, in the opinion of the directors there is a material uncertainty that may cause significant doubt about the Group's ability to continue as a going concern.

The Directors are however aware, through their own extensive experience in the sector, that this position is not uncommon in the context of a pre-revenue life sciences company principally involved in cash consuming research and development activity. The Directors took strategic advantage of the opportunity to dual list the Company on NASDAQ in May 2022 in order to be able to access potential liquidity in the US, which is generally a more favorable environment for life sciences companies to raise money and where there are more specialist investors focused on early-stage opportunities. As part of this dual listing, the company raised $2.5m in gross proceeds and more recently raised an additional $5.7m in March 2023 through a private placement to management, new and existing investors.

The top line data for the clinical trial is expected in Q4 2023 and the Directors are taking steps to put engagements and plans into place to ensure that sufficient funds will be forthcoming. These steps include possible deferred payments of existing liabilities, working capital cost reductions and raising additional equity.

Until and unless the Group and Company secures sufficient investment to fund their clinical pipeline, there is a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern, and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Despite

this material uncertainty, the Directors conclude that it is appropriate to continue to adopt the going concern basis of accounting as the Directors are confident, based on the previous fund-raising history as well as additional measures already put in place and being planned, that sufficient funds will be forthcoming and accordingly they have prepared these financial statements on a going concern basis.

New and Revised Standards

Standards in effect in 2023

There are no new IFRS standards, amendments to standards or interpretations that are mandatory for the financial year beginning on April 1, 2022, that are relevant to the Group or that have had any material impact in the year to March 31, 2023. New standards, amendments to standards and interpretations that are not yet effective, have been deemed by the Group as currently not relevant, and not likely to have a material impact on the Group, and hence are not listed here.

Basis of consolidation

Subsidiary undertakings are all entities over which the Group exercises control. The Group has control when it can demonstrate all of the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's return.

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

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

Segment reporting

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

Taxation

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

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

In the current year, Research and Development tax credits are not provided for and are recognized as received. This change in policy is as a result of the UK tax authority's new regime of reviewing nearly every tax claim it receives. Prior to the current year, Research and Development tax credits were provided for the year that the costs were incurred. These were estimated based on eligible research and development expenditure. Any difference rebated are recognized when the cash is received from the UK tax authorities.

Foreign currency translation

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

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

License fees

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

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

Research and development

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

Financial instruments

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

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

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

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

At initial recognition financial assets are measured at their fair value. Subsequent measurement depends on their classification. Financial assets such as receivables, cash and cash equivalents and deposits are subsequently measured at amortised cost using the effective interest method, less loss allowance.

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

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

At initial recognition, financial liabilities are measured at their fair value minus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

Cash and cash equivalents

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

Impairment

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

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

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

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

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

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

Impairment of non financial assets

i) Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

ii) Non-financial assets are impaired when its carrying amount exceed its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

Investments

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

Share capital

Ordinary shares of the Company are classified as equity.

Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Depreciation

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

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

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

Fixtures and fittings **5 years**

IT and equipment **3 years**

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

Leases

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

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

The Group has leases for its offices. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group does not have any leases of low value assets. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 21).

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

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

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

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

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

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

Share based payments

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

Where employees, Directors or advisers are rewarded using share based payments, the fair value of the employees', Directors' or advisers' services are determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the date of grant and excludes the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets).

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

Warrants

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

Warrants issued in return for services.
Warrants issued in return for services fall within scope of IFRS 2 and are classified as a share-based payment. The share-based payment is measured at fair value and charged to the Statement of comprehensive income. There is no remeasurement of fair value.

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

Classification of these instruments is governed by the so-called 'fixed' test for non-derivatives, and the 'fixed for fixed' test for derivatives. Under the fixed test, a non-derivative contract will qualify for equity classification only where there is no contractual obligation for the issuer to deliver a variable number of its own equity instruments. Under the fixed for fixed test, a derivative will qualify for equity classification only where it will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. Any increase in the fixed amount related to the passage of time is deemed not to have an impact on the classification. Upon exercise of the instrument and the issue of share capital, the amount is reclassified from the warrant reserve to share capital and share premium.

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

Convertible loan notes

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

Where the fixed for fixed condition is met

The Group classifies convertible loan notes that meet the fixed for fixed condition as equity instruments and records the principal of the loan note as equity in a Convertible loan note reserve. The accrued interest on the principal amount is also recorded in the Convertible loan note reserve as it is convertible into equity. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the convertible loan note reserve to share capital and share premium.

Fair Value Measurement

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

Level 1 - valued using quoted prices in active markets for identical assets;

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1;

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Consolidated statement of comprehensive income for the year ended March 31, 2022, to reclassify patent related expenditure to research and development expenses from operating expenses. The amount reclassified to research and development expenses was £225,786.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The following are considered to be the key sources of estimation uncertainty:
Share-based payments

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

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

The Group makes estimates as to the useful life of an option or warrant award, the expected price volatility of the underlying share, risk free interest rate for the term of the award and correlations and volatilities of the shares of peer group companies. The Group also makes estimates as to the vesting period for awards that have performance based criteria.
The resulting cost of an equity incentive award is recognised as expense over the requisite service period of the award, which is usually the vesting period. Compensation expense is recognised over the vesting period using the straight-line method.

The assumptions used for estimating fair value for share-based payment transactions are disclosed in note 16 to our consolidated financial statements.

4. PRIOR PERIOD ADJUSTMENTS

Accounting for commission Convertible Loan Notes

During the year ended March 31, 2022, the Group reviewed its accounting treatment for commission Convertible Loan Notes that were issued as part of a Convertible Loan Note offering. The Group issued the commission Convertible Loan Notes in lieu of cash as commission for identifying investors to participate in the offering. In the prior periods, the face value of the commission Convertible Loan Notes had been expensed to the Statement of comprehensive income. The Group recognises that the face value of the commission Convertible Loan Notes should have been recognised as a cost of fundraising and treated as a reduction to equity. The impact is a decrease in operating expenses of £434,183 in the year ended 31 March 2021.

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

Consolidated statement of financial position

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

Consolidated statement of comprehensive income

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

5. OPERATING LOSS

Operating loss is stated after charging:

Group	31 March 2023	31 March 2022
	£	£
Director fees including bonuses (excluding Chairman's bonus)	755,163	517,926
Chairman's bonus	244,348	-
Auditor's Remuneration (refer to Note 21)*	377,159	256,014
FX (Gains) and losses	82,890	(9,941)
(Gain)/loss on disposal of leases	-	(131)
Legal and Professional fees	1,188,586	837,089
Depreciation	3,075	1,774

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

6. SEGMENTAL REPORTING

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

7. EMPLOYEES INCLUDING OFFICERS, EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Group and Company	**2023**	**2022**
Staff costs comprised:	£	£
Directors' salaries (including bonuses)	999,510	517,926
Wages and salaries (including bonuses)	454,828	236,627
Social security costs	126,054	61,831
Recruitment expenses	11,405	10,440
	1,591,797	826,824

The average monthly number of employees, including Directors and officers, of the Group during the year was:		
Research and development	2	2
Corporate and administration	6	5
	8	7

The Group and Company made £5,400 (2022: £1,920) of payments to a defined contribution pension schemes on behalf of Directors or employees.

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	31 March 2023				31 March 2022			
Director	**Directors' fee £'000**	**Bonus £'000**	**Salary £'000**	**Share based payments £'000**	**Directors' fee £'000**	**Bonus £'000**	**Salary £'000**	**Share based payments £'000**
G. Cerrone (1)	120	244	-	-	120	-	-	-
G Jacob	-	180	359	692	-	55	256	1,156
W Simon	32	-	-	-	32	-	-	1
K. Shailubhai (2)	-	-	-	-	13	-	-	(11)
J Brancaccio	32	-	-	20	31	-	-	24
B Denoyer (3)	32	-	-	15	11	-	-	3
	216	424	359	727	207	55	256	1,173

(1) Gabriele Cerrone had a £119k bonus awarded in May 2022 for supporting the offering to enable the Company to join the NASDAQ and a £125k bonus awarded in March 2023 recognition of his efforts in arranging the global private placing.
(2) K Shailubhai resigned as Director on 17 June 2021
(3) Bernard Denoyer was appointed as Director on 1 December 2021

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

Director	**2023 Number of options**	**2022 Number of options**
J Brancaccio	1,000,000	1,000,000
G Jacob	5,500,000	3,250,000
W Simon	400,000	-
B Denoyer	200,000	1,000,000
	7,100,000	4,575,000

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

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

	2023 £'000	**2022 £'000**
Short-term employee benefits	1,244	751
Share based payments	1,056	1,338
	2,300	2,089

9. TAXATION

	2023 £	2022 £
Group		
Current year tax (credit)	-	(372,881)
Adjustments in respect of prior periods	(10,121)	(202,986)
Deferred tax	-	
Origination and reversal of timing differences	-	-
Total tax (credit) for period	(10,121)	(575,867)

The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 19%. The difference can be reconciled as follows:

Loss before taxation	(11,018,742)	(4,552,312)
Loss charged at standard rate of corporation tax 19%	(2,093,561)	(864,939)
Tax losses arising in the year not recognised	1,890,430	384,294
Tax losses surrendered for R&D	-	488,602
Expenses not deductible for taxation	200,722	271,127
Tax increase from effect of capital allowances and depreciation	103	(2)
Research and Development tax claim	-	(372,881)
Research and development enhanced expenditure	-	(276,165)
Research and development credits claimed in respect of previous periods	(10,121)	(202,987)
Consolidation adjustment in relation to foreign exchange movements	2,306	(2,916)
	(10,121)	(575,867)

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

The Group has tax losses of £19,827,178 (2022: £11,619,914) to carry forward for use against future profits. In May 2022, Okyo received a refund for tax credits for the year end March 2020 of £152,222.

10. PROPERTY, PLANT AND EQUIPMENT

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

Group	**IT equipment**
	£
Cost	
At 1 April 2022	7,443
Additions	4,791
FX adjustments	170
Disposals	-
At 31 March 2023	12,404
Depreciation	
At 1 April 2022	3,466
Charge in year	3,075
FX adjustment	19
At 31 March 2023	6,560

Net book value as at 31 March 2023	5,844
Cost	
At 1 April 2021	6,045
Additions	1,270
FX adjustments	128
Disposals	-
At 31 March 2022	7,443
Depreciation	
At 1 April 2021	1,656
Charge in year	1,774
FX adjustment	36
At 31 March 2022	3,466
Net book value as at 31 March 2022	3,977

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

Group	**Net Book Value March 31 2023 £**
UK	2,780
US	3,064
Total	**5,844**

Company	**IT equipment**
	£
Cost	
At 1 April 2022	4,783
Additions	1,951
Disposals	-
At 31 March 2023	6,734
Depreciation	
At 1 April 2022	2,548
Charge in year	1,406
At 31 March 2023	3,954
Net book value as at 31 March 2023	2,780
Cost	
At 1 April 2021	3,513
Additions	1,270
Disposals	-
At 31 March 2022	4,783
Depreciation	
At 1 April 2021	1,619
Charge in year	929
At 31 March 2022	2,548
Net book value as at 31 March 2022	2,235

11. OTHER RECEIVABLES

	31 March 2023 £	31 March 2022 £
Group		
Other receivables	276,053	14,560
VAT receivable	64,872	62,879
Prepayments	138,694	541,298
	479,619	**618,737**

	31 March 2023 £	31 March 2022 £
Company		
Other receivables	272,408	11,136
VAT receivable	64,872	62,879
Prepayments	135,845	539,014
	473,125	**613,029**

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

12. TRADE AND OTHER PAYABLES

Group	31 March 2023 £	31 March 2022 £
Trade payables	1,933,862	564,586
Accruals	1,251,628	348,408
Bonus accrual	266,997	81,110
	3,452,487	**994,104**

Company	31 March 2023 £	31 March 2022 £
Trade payables	1,828,603	550,087
Accruals	1,253,396	348,408
Bonus accrual	14,696	5,000
	3,096,695	**903,495**

13. CAPITAL AND RESERVES (GROUP AND COMPANY)

Capital Management

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

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

The Company manages its capital to maximise the return to the shareholders through the optimisation of equity. The capital structure of the Company as at 31 March 2023 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained deficit as disclosed.
The Company manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during the year ended 31 March 2023 and 31 March 2022.

Share capital and premium

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

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

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

Authorised

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

In May 2023, the company delisted from the Main Market of the London Stock Exchange and carried out a share consolidation of 65 to 1.

Issued ordinary shares of £0.00 each	Shares Number	Share capital £	Share premium £
At 31 March 2022	**1,374,415,468**	**-**	**77,183,263**
Issue of share (IPO) – May 2022	40,625,000	-	2,001,037
Issue of share (IPO) – Cost of fundraising – May 2022	-	-	(595,356)
Expenses settled in shares	2,177,500		70,768
Issue of share (IPO) – March 2023	241,574,381	-	4,645,665
Issue of share (IPO) – Cost of fundraising – May 2023	-	-	(142,635)
At 31 March 2023	**1,658,792,349**	**-**	**83,162,742**

Issuance of ordinary shares

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

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

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

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

In May 2021, 39,605,760 ordinary shares were issued in relation to an exercise of warrants at an issue price of £0.004 per ordinary share.
In February 2022, 165,176,000 ordinary shares were issued in relation to a conversion of loan notes at an issue price of £0.004 per ordinary share.

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

In May 2022, 40,625,000 ordinary shares were issued at an issue price of £0.05 by way of placing shares to raise finance.

In February 2023, 2,177,500 ordinary shares were issued in relation to a contractual issue at an issue price of £0.03 per ordinary share.

In March 2023, 241,574,381 ordinary shares were issued at an issue price of £0.019 per ordinary share as a way of placing shares to raise finance.

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

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

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

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

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

Dividends
The Directors paid no dividend during the year to 31 March 2023 and 31 March 2022.

Transfer between equity reserves

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

14. SHARE OPTIONS AND WARRANTS

Group and Company

Options

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

	2023		2022	
	Options	**Weighted Average exercise price (pence)**	**Options**	**Weighted Average exercise price (pence)**
Outstanding at 1 April	72,400,000	5.7	60,750,000	5.0
Granted	39,820,000	1.3	28,150,000	6.4
Forfeited	(1,950,000)	-	(16,500,000)	4.5
Exercised	-	-	-	-
Outstanding at 31 March	110,270,000	4.8	72,400,000	5.7
Exercisable at 31 March	35,155,666	5.5	14,437,500	5.6

During the years ending 31 March 2023 and 31 March 2022, no options were exercised.

The total outstanding fair value charge of the share option instruments is deemed to be approximately £1,255,340 (2022: £1,577,381). A share-based payment charge for the year of £1,066,483 (2022: £1,280,963) has been expensed in the statement of comprehensive income. The share based payment charge in the year to March 31, 2023 includes a forfeiture of £10,052 (2022: 14,220).

The weighted average contractual life of options outstanding at March 31, 2023 is 5.73 years. (2022: 7.77 years).

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

Grant Date	Expiry Date	Exercise Price	Share Options as at 31 March 2023('000)
6 July 2018	6 July 2025	4.5p	2,000
20 August 2020	19 August 2028	15.5p	750
6 January 2021	5 January 2031	5.0p	40,000
12 January 2021	11 January 2031	7.9p	1,500
15 April 2021	14 April 2031	7.9p	5,000
31 August 2021	30 August 2031	4.9p	14,400
31 January 2022	30 January 2032	8.0p	8,750
1 August 2022	31 July 2027	5.0p	650
20 September 2022	19 September 2027	5.0p	1,820
22 November 2022	23 November 2022	6.3p	5,000
14 March 2023	13 March 2027	2.5p	30,400
Total			110,270

Fair value of options granted

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

Historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to the Company and in part on the company's own share price volatility.

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

The Company has estimated a forfeiture rate of zero for the outstanding options.

The model inputs for options granted during the year ended 31 March 2023 valued under the Black Scholes Valuation model are:

	1 August 2022	20 September 2022	22 November 2022	14 March 2023
Grant date share price	5p	5p	6.3p	2.5p
Exercise share price	5p	5p	6.3p	2.5p
Vesting periods	25% each quarter	100% in one year	Fully vested	25% over four years
Risk free rate	1.47%	3.26%	3.16%	3.2%
Expected volatility	81.2%	81.8%	68.3%	125%
Expected option life	2 years	2 years	2 years	4 years

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

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

Warrants

As part of the acquisition of the OK-101 project, the underlying scientific founders of the OK-101 Project (inukshuk Holdings), who will continue to be involved in the development of the Project, received 35,000,000 warrants as consideration. The warrants are exercisable at a price of 4.5 pence each and are split into four distinct tranches and each tranche becomes exercisable upon satisfaction of a specific developmental milestone. The warrants are exercisable until 17 July 2023.

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

In March 2020, warrants were granted over 40,000,000 shares at an exercise price of 0.55p per share in connection with a private placement. These warrants were exercised on a cashless basis in February 2022 (post a price reduction offer to 0.012p), resulting in the issuance of 39,400,000 shares.

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

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

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

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

In May 2021, warrants were granted over 76,605,760 shares at an exercise price of 0.4p per share in connection with the conversion of convertible loan notes. 39,605,760 were exercised immediately and the remaining 37,000,000 were exercised on a cashless basis in February 2022 (post a price reduction offer to 0.012p), resulting in the issuance of 36,445,000 shares.

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

No warrants were granted or exercised in the year to March 31, 2023. During the year to March 2022, 147,969,396 warrants were exercised for proceeds of £1,045,332, resulting in the issuance of 147,969,396 shares. 242,716,000 warrants were also exercised on a cashless basis resulting in the issuance of 238,543,360 shares.

	31 March 2023		31 March 2022	
	Warrants	**Weighted Average exercise price (pence)**	**Warrants**	**Weighted Average exercise price (pence)**
Outstanding at 1 April	36,659,090	4.65	185,022,726	0.8
Granted	-	-	241,781,760	0.4
Exercised	-	-	(390,145,396)	0.5
Outstanding at 31 March	36,659,090	4.46	36,659,090	4.65
Exercisable at 31 March	909,090	2.75	1,659,090	7.84

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

The remaining fair value of the warrant instruments is deemed to be approximately £9,066 (2022: £32,992). For the consideration warrants, the charge has been expensed over the vesting period. For all other warrants, the charge has been expensed over the service period. A share-based payment charge for the year of £23,926 (2022: £45,893) relating to consideration and service warrants has been expensed in the statement of comprehensive income.

15. INTERCOMPANY PAYABLE

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

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

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

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

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

16. CONVERTIBLE INSTRUMENTS CLASSIFIED AS EQUITY

The Company has raised convertible equity finance via the issuance of convertible loan notes as per the table below. All notes are not convertible into cash and are convertible on the fourth anniversary of the date of issue of the Notes, or at the election of the noteholder on completion of the next non-qualifying equity financing or on the making of a takeover offer for the Company (as defined in the City Code on Takeovers and Mergers), and such election may be made on an immediate basis or conditional on any such takeover offer being declared, or becoming, unconditional.

Date	Terms	Amount £
29 May 2020	• 20% coupon per annum • Conversion price of 0.4p • Upon conversion the shares will be issued with a warrant attached at an exercise price of 0.4p with a maximum life of 5 years from the date of the conversion of the loan note	440,000
Fees relating to equity fundraise 29 May 2020 issued as CLN	• 20% coupon per annum • Conversion price of 0.4p • Upon conversion the shares will be issued with a warrant attached at an exercise price of 0.4p with a maximum life of 5 years from the date of the conversion of the loan note	26,400
27 July 2020	• 2.15% coupon per annum Conversion price of 8.5p	3,500,000
17 August 2020	• 2.15% coupon per annum • Conversion price of 8.5p	1,437,104
3 September 2020	• 2.15% coupon per annum • Conversion price of 8.5p	500,000
Fees relating to all other equity fundraise issued as CLN	• 2.15% coupon per annum • Conversion price of 8.5p	407,783
		6,311,287

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

17. FINANCIAL INSTRUMENTS

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

Liquidity risk

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

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

Group	2023		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	802,506	1,184,023	1,986,529
Related party payables	-	2,425,086	2,425,086
	802,506	3,609,109	4,411,615

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

Company	2023		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	723,150	1,184,023	1,907,173
Related party payables	-	2,425,086	2,425,086
	723,150	3,609,109	4,332,259

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

Credit risk

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

Interest rate risk

The Group has limited exposure to interest-rate risk arising from its bank deposits. Bank deposit accounts are held at variable interest rates based on Barclays Bank plc, Wells Fargo and Pennsylvania State Bank base rates.

The Directors do not consider the impact of possible interest rate changes based on current market conditions to be material to the net result for the year or the equity position at the year-end for either the year ended 31 March 2023 or 31 March 2022.

18. RELATED PARTY TRANSACTIONS

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

Tiziana Life Sciences Ltd

Tiziana Life Sciences Ltd is a related party as the entity is controlled by a person that has significant influence over the Group. The Company share premises and other resources with Tiziana Life Sciences Ltd and there is a shared services agreement in place between the Company and Tiziana Life Sciences Ltd. As at March 31, 2023, the Company had incurred £129,180 (2022: £81,538) worth of costs in relation to this agreement. As at March 31, 2023, £149,143 (2022: £35,803) was due to Tiziana Life Sciences Ltd.

Tiziana Life Sciences Ltd also paid other invoices on behalf of the Company. As at March 31, 2023, Tiziana had paid £350,800 worth of costs on behalf of the Group, of which £186,277 was repaid by the Company in April 2023.
In August 2022, Tiziana Life Sciences Ltd issued a short-term credit facility to OKYO Pharma for £1,713,819 ($2m) to support short term liquidity. The loan is available for a period of 6 months upon first draw-down and carries an interest rate of 16% per annum, with additional default interest of 4% if the loan is not repaid after the 6-month period. As at March 31, 2023 the full amount had been drawn down against the loan and £73,800 of interest had been accrued. The total balance due at 31 March 2023 for this loan was £1,787,619.

In February 2023, Tiziana Life Sciences Ltd issued an additional short-term credit facility to OKYO Pharma for $0.5m to further support short term liquidity, under the same terms as the loan above. As at March 31, 2023 $488,009 had been drawn down against the loan and £6,400 of interest had been accrued. The total balance due at 31 March 2023 for this loan was £6,400 as the principal of the loan was repaid during March 2023.

Directors

At March 31, 2023, the Company owed Gabriele Cerrone £50,000 for his fees from November 1, 2022 to March 31, 2023. This was subsequently paid on April 4, 2023. The Company also owed Gabriele Cerrone £78,457 in relation to the May 2022 offering, when it was agreed to compensate Mr Cerrone for the purchase of 25,000 ADSs in the market at a cost of $96,872 in order to take out a participant who no longer wished to be in the transaction, given that the offering might otherwise have failed.

At March 31, 2023, the Company owed John Brancaccio £2,667 for his March 2023 fees. This was subsequently paid on May 5, 2023.

19. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year. In May 2023, the company delisted from the Main Market of the London Stock Exchange and carried out a share consolidation of 65 to 1. The effect of the share consolidation has been reflected below for both periods in the calculation of the weighted average number of shares in accordance with IAS 33.

	2023	2022
(Loss) attributable to equity holders of the Group (£)	**(11,008,621)**	**(3,976,445)**
Weighted average number of ordinary shares in issue (adjusted)	**22,257,058**	**15,064,813**
Basic loss per share	**(0.49)**	**(0.26)**

As the Group is reporting a loss from continuing operations for the years ended March 31, 2023 and March 31, 2022, then, in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have an anti-dilutive effect. The basic and diluted earnings per share as presented on the face of the Statement of comprehensive income are therefore identical.

20. LEASES

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

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

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

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

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

During the year to March 31, 2023, the Group entered into a new lease agreement on its existing office. The new lease has a term shorter than 12 months, so the Group has applied the exemption allowed by paragraph 5a in IFRS 16 in respect of short term leases and therefore has derecognised the previous lease agreement that was accounted for under IFRS 16.

The total net cash outflow for leases in the year to 31 March 2023 was £31,636 (2022: £26,358).

Operating Leases

At March 31, 2023 and March 31, 2022, the company had annual commitments under non-cancellable operating leases:

Operating leases which expire:	**31 March 2023 £**	**31 March 2022 £**
Within one year	5,115	13,701
	5,115	13,701

21. AUDITOR'S REMUNERATION

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

	31 March 2023 £	31 March 2022 £
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	188,694	147,000
Fees payable to the company's auditors for other services:		
Audit-related assurance services	188,465	109,014
	377,159	256,014

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Group	31 March 2023 £	31 March 2022 £
Cash at bank and in hand:		
GBP	382,251	1,827,250
USD	2,894,104	228,258
	3,276,355	2,055,508

Company	31 March 2023 £	31 March 2022 £
Cash at bank and in hand:		
GBP	382,252	1,827,250
USD	2,811,337	31,008
	3,193,589	1,858,258

23. COMMITMENTS AND CONTINGENCIES

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

- OK-101 – We are obligated to pay to On Target Therapeutics the following additional amounts in respect of the first licensed product or service which achieves the stated development milestones:
  - (a) First Patient Enrolled in a Phase I Human Clinical trial $300,000
  - (b) First Patient Enrolled in a Phase II Human Clinical trial $600,000
  - (c) First Patient Enrolled in a Phase III Human Clinical trial $1,500,000

- OK-201 – The Group are committed to paying an annual license maintenance fee until the first commercial sale. The annual license maintenance fee is $15,000 until May 2021, and $10,000 thereafter.

24. POST BALANCE SHEET EVENTS

On May 22, 2023, the Company delisted from the standard segment of the Main Market of the London Stock Exchange and had a sole listing on the NASDAQ capital market. In conjunction with the delisting, there was a share consolidation of 65 to 1. The share consolidation has been reflected in our disclosures of basic and diluted loss per share as disclosed in note 18 in accordance with IAS 33.

On June 6, 2023, the Company announced that patients are now being dosed in the randomized portion of the phase 2, multi-center, double-masked, placebo-controlled trial of topical ocular OK-101 to treat DED.

On May 24, 2023, the Company extended the life of its outstanding warrants to July 12, 2026. All other terms remained unchanged.