

RNS Number : 84800
 SkinBioTherapeutics PLC
 04 December 2024



SkinBioTherapeutics plc
 ("SkinBioTherapeutics" or "the Group")

Full Year results for the year ended 30 June 2024

- *Active 12 months of organic and inorganic growth including the first acquisition of the M&A strategy, with second acquisition post year end*
- *Significant evolution of the Group, operationally and financially, as commercial product range broadened and introduction of distribution and manufacturing capabilities*
- *Post year end, Croda commercial terms finalised*
- *Post acquisitions, annualised Group turnover for FY25 expected to be £6.3m; post Croda agreement, Directors anticipate the Group will be cash flow positive from FY25 on an annual basis, with no further need to seek additional funds for working capital*

4 December 2024, SkinBioTherapeutics plc (AIM: SBTX), a life science group focused on skin health, announces its fully consolidated audited results for the 12 months to 30 June 2024.

Operational highlights

- SkinBiotix: Croda contract extended for 12 months for further studies
 - Studies completed post year end and commercial agreement finalised;
 - Now moving into commercialisation phase with official industry launch in April 2025
- AxisBiotix:
 - Ongoing sales growth in psoriasis and strong customer retention, European launches in France, Spain and Italy, and launch on Amazon UK
 - Positive results from consumer study in acne in June 2024, now seeking best format for commercialisation in 2025
- Acquisitions:
 - Dermatronics, an established topical dermatological player in the skincare / wound care space acquired in January 2024; launched its Once Heel Balm via a commercial agreement with the Umesh Modi Group in Africa, Middle East and Asia
 - Post year end, Bio-Tech Solutions, adding manufacture and packaging of health, hygiene and personal care products, and future development platform for topical products
- R&D programmes: new Epiderm project initiated with University of Manchester with aim of developing a technology to promote wound healing
- Management changes:
 - Prof Cath O'Neill stood down as CSO to become a scientific advisor to the Board
 - Post year end, appointment of Dr Surinder 'Dass' Chahal, formerly a senior Croda VP, as Cosmetic Science / Customer Alliances Advisor to the Board

Financial highlights

- Revenues up to £1.2m (2023: £0.1m) reflecting continuing increase in AxisBiotix-Ps™ sales and the addition of five months of Dermatronics revenues
- Operating loss £2.9m (2023: loss £3.0m) with increase in sales balancing the increase in headcount costs

- Cash and cash equivalents as at 30 June 2024 was £0.8m (2023: £1.3m), reflecting the £0.5m earn-out payment in May 2024 with respect to the Dermatronics acquisition
- Financial transactions during and after the year end reflecting the active operations and acquisition strategy
 - November 2023 Placing and Retail offer raised £3.0m
 - January 2024: £5.0m convertible bond facility taken on to support the Dermatronics acquisition; £1.6m drawn down only, before its closure in July 2024
 - Post year end, in August 2024: investment of £1.56m from new investors
 - To support acquisition of Bio-Tech Solutions, SBTX took a loan of £950,000 with an existing shareholder and a subscription for 2,349,624 new Ordinary Shares at 10.64p raising £250,000 and 3,289,474 warrants exercisable at the issue price.
- Post acquisitions, the Group is now forecasting a projected annualised Group turnover for FY25 of £6.3m, and cash runway to be cash positive from FY25, with no further need to fund raise for working capital

Stuart Ashman, CEO of SkinBioTherapeutics plc , said:

"This year has presented incredible achievements and significant challenges as we have driven growth in the underlying business as well as acquiring value-added businesses that have brought scale and synergies. This has all been done in an incredibly tough economic environment, especially for a small AIM quoted company.

"Progress in our strategic pillars has been led by AxisBiotix-Ps growth in sales, and post year end, the completion of the commercial agreement around SkinBiotix with Croda, with the official launch to the cosmetics industry in April 2025.

"In parallel, we are delivering on our strategy to become a consolidator in the skin health market. Having greater scale and a firmer financial footing will enable us to strike the most advantageous deals with current and potential new partners. Bringing in businesses such as Dermatronics and Bio-Tech Solutions absolutely does this - we are building a platform which brings synergies and value, and derisks the business each time we add to it.

"We have also boosted capability and expertise in manufacturing, sales, marketing and distribution. Financially, our projected annualised turnover for FY25 has significantly increased and we expect to be cash flow positive from FY2025 on an annual basis, therefore requiring no further fund raising for working capital purposes.

"The culmination of all these activities is evolving the business into a much broader group. Our operational and financial position is completely different to last year; we are growing and growing fast. We thank our shareholders for their ongoing support and look forward to another busy year."

-Ends-

FY results presentation webinar

Stuart Ashman, CEO and Manprit Randhawa, CFO will provide a live presentation via the Investor Meet company platform at 10.00am GMT on Tuesday 10 December 2024.

The presentation is open to all existing and potential SkinBioTherapeutics shareholders. Questions can be submitted pre-event via the [Investor Meet Company dashboard](#) up until 9 December 2024, 09.00am GMT, or at any time during the live presentation. Investors who already follow SkinBioTherapeutics plc on the Investor Meet Company platform will automatically be invited.

Investors who already follow SkinBioTherapeutics on the Investor Meet Company platform will automatically be invited. Investors can sign up to Investor Meet Company for free via this [link](#) .

Notice of Annual General Meeting

The Annual General Meeting will be held at 9:00am on Friday 27 December 2024 at The Clarion Hotel, Witney Way, Boldon, NE35 9PE.

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Notes to Editors

About SkinBioTherapeutics plc

SkinBioTherapeutics is a life science company focused on skin health. The Group's proprietary platform technology, SkinBiotix[®], is based upon discoveries made by the translational dermatology team at the University of Manchester.

The Group's foundation business is targeting the skin healthcare market via five pillars, the most advanced of which are cosmetic skincare (SkinBiotix) and food supplements to modulate the immune system by harnessing the gut-skin axis (AxisBiotix). The cosmetic pillar has a partnership with Croda plc and the Group's first in-house product, AxisBiotix-Ps[™], is a food supplement to address the symptoms of mild to moderate psoriasis.

The Group is also acting as a consolidator and is making acquisitions in complementary areas such as skin care and cosmetic applications, that also bring new distribution and geographical platforms, and manufacturing capabilities through which it can funnel its in-house pillar products.

The Company listed on AIM in April 2017 and is based in Newcastle, UK. For more information, visit: www.skinbiotherapeutics.com.

Chairman's Statement

The word 'transformation' can be overused, but this financial year and post year end, SkinBioTherapeutics has started to evolve significantly as a Group.

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

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

Financial summary

The acquisition of Dermatronics before the year end has also made a significant change to the financial landscape of the Group, not only in FY2024 but for the longer term.

The CFO's statement provides more detail, but in summary, the revenues grew 815% to £1.21m (FY2023: £132k) reflecting the growth of AxisBiotix-Ps sales and the introduction of sales from Dermatronics products. The operating loss was £2.91m (FY2023: £3.0m), again reflecting the increase in costs of operations and headcount, before and after the acquisition. Cash at the year end was £0.8m (FY2023: £1.3m), comprising incoming cash balances from Dermatronics and a successful Placing and Retail Offer raising £3.3m.

Post year-end there was an investment of £1.56m from new investors alongside a loan and equity placing with a long standing shareholder to support the cash acquisition of Bio-Tech Solutions. For the Dermatronics acquisition, the Group drew funds from a £5.0m convertible bond facility, but this has now been closed in response to shareholders' concerns.

Strategy

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

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

Board and Leadership

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

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

Outlook

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

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

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

Martin Hunt
Chairman

4 December 2024

Strategic and Financial Review

Company background and strategy

SkinBioTherapeutics is a life science company focused on skin health. The original platform strategy focuses on the proprietary technology, SkinBiotix, which harnesses the microbiome to promote wound healing and reduce the risk of infection. The second part of the strategy, introduced in 2022, is based on inorganic growth i.e. acquisitions to bring in technological, operational and financial benefits.

SkinBiotix strategy

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

The first two pillars are:

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

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

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

M&A strategy

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

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

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

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

Operational review

Biotix division

· SkinBiotix (skincare/cosmetics)

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

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

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

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

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

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

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

· AxisBiotix™ (gut/skin axis)

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

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

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

The first European channel opened in Spain last year, and new territories in Italy and France commenced trading in FY 24. The Group also started trading on Amazon's UK and French platforms during the year, and the intention is to broaden this into Amazon's Spanish and Italian platforms. Discussions are also underway with two UK national high street retail chains.

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

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

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

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

· Research & Development

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

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

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

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

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

Dermatonics

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

The initial consideration was £1.75m plus £1.25m earn-out over three years, in a cash-free and debt-free acquisition. Completion took place on 25 January 2024. The acquisition was funded by a £1.6m draw down of a £5.0m convertible bond facility which has subsequently been closed.

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

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

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

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

Bio-Tech Solutions

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

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

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

** Based on unaudited management accounts*

Conclusion

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

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

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

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

Stuart Ashman

CEO

Financial review

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

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

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

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

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

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

The cash balance as at 30 June 2024 was £0.8m (2023: £1.3m) which factored in the £0.5m earn-out payment in May 2024 on the Dermatronics acquisition. As stated in the trading update on 29 July 2024, Management has no short term concerns over cash on the basis that the acquisition of Dermatronics reduced monthly cash burn by 32% and the post period end acquisition of Bio-Tech Solutions further boosted cash balances. In addition, following the completion of the Croda commercial agreement, Management has been able to update expectations further to be cash positive from FY2025 and not to require any further fund raises for working capital in the foreseeable future.

To support the underlying business and future acquisitions, Management undertook several financings in the year. In November 2023, the team achieved a successful Placing and Retail offer which raised £3.3m in a very difficult market. In January 2024, management entered into a £5.0m Convertible Bond Facility for the purposes of its acquisition strategy, starting with Dermatronics. Upon review, it was decided to close this facility post year end, having drawn down £1.6m in total. Existing investors and some new institutional investors agreed to purchase the remaining shares directly from the holder, Macquarie Bank.

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

Current trading and outlook

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

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

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

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

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

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2024

Notes

2024

2023

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

Consolidated Statement of Financial Position

As at 30 June 2024

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

Convertible loan	19	740,000	-
Deferred consideration	20	500,000	-
Total current liabilities		1,804,698	529,741
Total liabilities		2,245,183	599,342
Total equity and liabilities		5,215,064	2,594,252

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2024

	2024 £	2023 £
Cash flows from operating activities		
Loss before tax for the period	(2,948,892)	(3,008,238)
Net interest	36,816	-
Depreciation of property, plant and equipment	49,260	11,136
Right-of-use assets depreciation and interest	43,345	41,287
Amortisation of IP	83,368	656
Share-based payments charge	-	1,273
	(2,736,103)	(2,953,886)
Changes in working capital		
Decrease/(increase) in inventories	96,419	89,074
(Increase)/decrease in trade and other receivables	166,842	(54,735)
(Decrease)/increase in trade and other payables	(436,019)	16,954
Cash generated by operations	(172,758)	51,293
Taxation received	182,545	257,458
Net cash used in operating activities	(2,726,316)	(2,645,135)
Investing activities		
Purchase of property, plant and equipment	(14,959)	(89,794)
Purchase of IP	(169,996)	(75,483)
Purchase of right-of-use assets	(13,214)	-
Cash consideration	(1,598,423)	-
Deferred consideration	(500,000)	-
Net cash used in investing activities	(2,296,592)	(165,277)
Cash flows from financing activities		
Net proceeds from issue of shares	3,119,553	2,353,425
Net amounts raised from convertible loan	1,472,000	-
Interest paid	(36,816)	-
Lease payments made	(42,759)	(36,102)
Net cash generated by financing activities	4,511,978	2,317,322
Net decrease in cash and cash equivalents	(510,930)	(493,089)
Cash and cash equivalents at the beginning of the period	1,311,834	1,804,923
Cash and cash equivalents at the end of the period	800,904	1,311,834

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

	Share Capital £	Share Premium £	Other reserves £	Retained earnings £	Total £
As at 1 July 2022	1,567,802	8,758,037	437,316	(8,287,794)	2,475,361
Loss for the period	-	-	-	(2,835,149)	(2,835,149)
Issue of shares	163,588	2,453,793	-	-	2,617,381
Cost of share issue	-	(263,956)	-	-	(263,956)
Share-based payments	-	-	1,273	-	1,273
As at 30 June 2023	1,731,390	10,947,874	438,589	(11,122,943)	1,994,910
Loss for the period	-	-	-	(2,875,990)	(2,875,990)

Issue of shares	291,162	3,841,413	-	-	4,132,575
Cost of share issue	-	(281,614)	-	-	(281,614)
As at 30 June 2024	2,022,552	14,507,673	438,589	(13,998,933)	2,969,881

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

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

Other reserves arise from the equity element of a convertible loan issued and converted in the period to 30 June 2017, and from share options granted.

Retained earnings represents accumulated profit or losses to date.

Company Statement of Financial Position

As at 30 June 2024

	Notes	2024 £	2023 £
Assets			
Non-current assets			
Property, plant and equipment	10	44,357	78,658
Right-of-use assets	11	72,012	94,502
Intangible assets	13	801,850	694,402
Investments	14	3,642,860	482,434
Other receivables	16	1,593,553	1,445,801
Total non-current assets		6,154,632	2,795,797
Current assets			
Trade and other receivables	16	89,054	149,157
Corporation tax receivable	16	68,425	182,545
Cash and cash equivalents		524,854	1,124,961
Total current assets		682,333	1,456,663
Total assets		6,836,965	4,252,460
Equity and liabilities			
Equity			
Capital and reserves			
Called up share capital	22	2,022,552	1,731,390
Share premium	22	14,507,673	10,947,874
Share based payments	23	438,589	438,589
Accumulated deficit		(11,943,918)	(9,441,596)
Total equity		5,024,796	3,676,257
Liabilities			
Non-current liabilities			
Lease liabilities	18	39,861	69,601
Deferred consideration	20	250,000	-
Total non-current liabilities		289,861	69,601
Current liabilities			
Trade and other payables	17	243,327	475,557
Lease liabilities	18	38,881	31,045
Convertible loan	19	740,000	-
Deferred consideration	20	500,000	-
Total current liabilities		1,522,208	506,602
Total liabilities		1,812,069	576,203
Total equity and liabilities		6,836,965	4,252,460

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

Company Statement of Cash Flows

For the Year Ended 30 June 2024

	2024 £	2023 £
Cash flows from operating activities		
Loss before tax for the period	(2,570,747)	(2,471,551)

Depreciation of property, plant and equipment	49,260	11,136
Right-of-use assets depreciation and interest	43,345	41,287
Impairment of financial assets	7,608	16,573
Share-based payments charge	-	1,273
	(2,470,534)	(2,401,281)
Changes in working capital		
(Increase)/decrease in trade and other receivables	(95,256)	(57,731)
(Decrease)/increase in trade and other payables	(232,232)	14,456
Cash (used)/generated by operations	(327,488)	(43,275)
Taxation received	182,545	229,581
Net cash used in operating activities	(2,615,477)	(2,214,975)
Investing activities		
Purchase of property, plant and equipment	(14,959)	(89,794)
Purchase of IP	(107,448)	(70,147)
Investment in subsidiaries	(312,003)	(378,847)
Cash consideration	(1,598,423)	-
Deferred consideration	(500,000)	-
	(2,532,833)	(538,788)
Cash flows from financing activities		
Net proceeds from issue of shares	3,118,962	2,353,425
Net amounts raised from convertible loan	1,472,000	-
Lease payments made	(42,759)	(36,101)
Net cash generated by/(used in) financing activities	4,548,203	2,317,323
Net decrease in cash and cash equivalents	(600,107)	(436,441)
Cash and cash equivalents at the beginning of the period	1,124,961	1,561,402
Cash and cash equivalents at the end of the period	524,854	1,124,961

Company Statement of Changes in Equity

For the Year Ended 30 June 2024

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

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

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

Other reserves arise from the equity element of a convertible loan issued and converted in the period to 30 June 2017, and from share options granted.

Retained earnings represents accumulated profit or losses to date.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1. General information

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

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

2. Significant accounting policies and basis of preparation

a) Statement of compliance

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

b) Basis of preparation

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

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

c) Basis of consolidation

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

d) Going concern

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

e) Estimates and judgements

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

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

Estimation of the lifetime of intangible assets

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

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

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

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

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

Capitalisation of development costs

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

Inventory valuation

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

The provision is £0 at 30 June 2024 (2023: £35,386).

Recoverability of goodwill, customer relationships and trade name intangible assets

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

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

Refund accruals

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

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

Share-based payments

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

Estimation of incremental borrowing rate in accounting for leases under IFRS16

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

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

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

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

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

New and revised IFRSs in issue but not yet effective

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

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

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

g) Foreign currencies

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

h) Revenue recognition

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

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

i) Research and development

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

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

j) Inventories

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

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

k) Property, plant and equipment

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

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

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

- Plant & machinery 50%

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

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

l) Impairment testing of intangible assets

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

m) Business combinations and goodwill

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

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

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

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

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

n) Leasing

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

o) Tax

Current tax

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

Deferred tax

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

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

p) Payroll expense and related contributions

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

q) Share-based compensation

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

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

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

r) Financial assets and liabilities

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

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

Classification as debt or equity

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

Equity instruments

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

Derecognition

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

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

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

Trade and other receivables

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

Intercompany receivables

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

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

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

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

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

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

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

Cash and cash equivalents

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

Trade and other payables

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

Financial risk management

Risk management objectives

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

Market risk

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

Interest rate risk

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

Currency risk

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

Credit risk

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

Liquidity risk

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

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

s) Capital management

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

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

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

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

3. Segmental information

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

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

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

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

4. Expenses - analysis by nature

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

5. Finance costs

	Group	
	2024	2023
	£	£
Interest payable	6,944	8,886
Other interest charges	7,762	-

Convertible loan interest	29,054	-
	43,760	8,886

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

6. Employees and Directors

Group and company	2024 Number	2023 Number
The average monthly number of employees and senior management was:		
Executive directors	2	2
Non-executive directors	3	3
Employees	9	7
Average total persons employed	14	12

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

Group and company	2024 £	2023 £
Staff costs in respect of these employees were:		
Wages and salaries	922,275	873,637
Social security costs	108,419	118,510
Defined contribution pensions	18,867	17,124
Share-based payments (see note 23)	-	1,274
Total remuneration	1,049,561	1,171,447

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

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

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

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

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

Which is made up of:

Remuneration	673,884	755,258
Amounts receivable under long term incentive schemes	-	11,375
Company contributions to pension schemes	12,110	12,006
Total remuneration	685,994	778,639

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

7. Taxation

	2024 £	Group 2023 £
Income taxes recognised in profit or loss		
<i>Current tax</i>		
Current period - UK corporation tax	(4,476)	-
R&D tax credit	(68,426)	182,547
R&D tax credit - prior year	-	(9,458)
Tax credit for the year	72,902	173,089

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

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

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

8. Loss per share

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

As the Group and Company are reporting a loss from continuing operations for the year then, in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have an anti-dilutive effect. The basic and diluted earnings per share as presented on the face of the income statement are therefore identical.

9. Company's result for the period

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

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

10. Property, plant and equipment

	Group £	Company £
Cost		
At 1 July 2022	10,200	10,200
Additions	89,794	89,794
At 30 June 2023	99,994	99,994
Additions	14,959	14,959
At 30 June 2024	114,953	114,953
Accumulated depreciation		
At 1 July 2022	10,200	10,200

Charge for the year	11,136	11,136
At 30 June 2023	21,336	21,336
Charge for the year	49,260	49,260
At 30 June 2024	70,596	70,596
Net book value		
At 1 July 2022	-	-
At 30 June 2023	78,658	78,658
At 30 June 2024	44,357	44,357

11. Right-of-use assets

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

12. Goodwill

Net Book Value	£
Cost	
At 1 July 2023	-
Acquired through business combinations	2,038,325
At 30 June 2024	2,038,325

During the year an amount of £2.0m (2023: nil) has been acquired through business combinations (see note 20).

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

Impairment testing

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

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

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

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

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

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

13. Intangible assets

Group

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

Company

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

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

14. Investments

Company: Investments in subsidiary undertakings

£

Cost

At 1 July 2022	423,072
Additions	59,362
At 30 June 2023	482,434
Additions	3,160,426
At 30 June 2023	3,642,860

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

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

15. Inventories

	2024 £	Group 2023 £
Inventories	472,419	33,497
	472,419	33,497

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

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

16. Trade and other receivables

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

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

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

17. Trade and other payables

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

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

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

18. Lease liabilities

Group and Company

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

19. Convertible Loan Note

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

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

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

Group and Company

	2024 £	2023 £
Proceeds of issue of convertible loan notes	1,600,000	-
Transaction costs	(128,000)	-
Net proceeds from issue of convertible loan notes	1,472,000	-
	2024 £	2023 £
As at 1 July 2023	-	-
Drawdown	1,600,000	-
Conversions into equity during the year	(860,000)	-
Liability at 30 June 2024	740,000	-

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

20. Business combinations

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

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

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

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

Aggregate net assets at the date of acquisition:

	£
Property, plant and equipment	9,367
Intangible assets	35,354
Cash and cash equivalent	147,222
Trade and other receivables	191,047
Inventories	535,341

Trade and other payables	(411,577)
Net assets	506,754
Deferred tax liability	(150,624)

Fair Value of Assets at acquisition:

Trade Name	25,000
Customers	577,000
Goodwill	2,038,325
Total consideration	2,996,455

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

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

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

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

21. Financial instrumentsMaturity analysis

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

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

Group

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

Company

	Carrying amount	On demand and less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years
Assets					
Cash and cash equivalents	524,854	524,854	-	-	-
Trade and other receivables	11,588	11,588	-	-	-
Intercompany debtors	1,593,553	1,539,553	-	-	-
	2,129,995	2,129,995	-	-	-
Liabilities					
Trade and other payables	237,231	237,231	-	-	-
Lease liabilities	84,739	10,871	32,614	41,254	-
Convertible loan note	740,000	-	-	740,000	-
Deferred consideration	750,000	-	500,000	250,000	-
	1,811,970	248,102	532,614	1,031,254	-

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

Group

Carrying amount	On demand and less	3 to 12 months	1 to 2 years	2 to 5 years
-----------------	--------------------	----------------	--------------	--------------

		than 3 months			
Assets					
Cash and cash equivalents	1,311,834	1,311,834	-	-	-
Trade and other receivables	13,509	13,509	-	-	-
	1,325,343	1,325,343	-	-	-
Liabilities					
Trade and other payables	435,881	435,881	-	-	-
Lease liabilities	112,576	8,498	29,272	39,029	35,777
	548,457	444,379	29,272	39,029	35,777
Company					
	Carrying amount	On demand and less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years
Assets					
Cash and cash equivalents	1,124,961	1,124,961	-	-	-
Trade and other receivables	12,892	12,892	-	-	-
Intercompany debtors	1,445,801	1,445,801	-	-	-
	2,583,654	2,583,654	-	-	-
Liabilities					
Trade and other payables	413,923	413,923	-	-	-
Lease liabilities	112,576	8,498	29,272	39,029	35,777
	526,499	422,421	29,272	39,029	35,777

22. Share capital

Company - Issued and fully paid

	Number of shares	Share capital	Share premium
As at 1 July 2022	156,780,236	1,567,802	8,758,037
As at 30 June 2023	173,138,854	1,731,389	10,947,874
Ordinary share issued at 1p per share	17,224,087	172,240	3,100,336
Costs related to shares issued	-	-	(281,614)
Shares issued from convertible loan	11,892,282	118,923	741,077
As at 30 June 2024	202,255,223	2,022,552	14,507,673

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

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

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

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

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

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

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

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

23. Share-based payments

Share options

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

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

Group and company	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Outstanding at 1 July	16,729,343	0.11	17,379,343	0.12
Granted during the year	-	-	-	-

Forfeited/cancelled during the year	-	-	(650,000)	0.38
Outstanding at 30 June	<u>16,729,343</u>	<u>0.11</u>	<u>16,729,343</u>	<u>0.11</u>

No share options were issued in the year. The charge recognised for the year ended 30 June 2024 for share options is £0 (2023: £1,274). The following assumptions were used in the calculations:

Deed pool	1	2	3a	3b	3c
Grant date	05/04/17	05/04/17	05/04/17	05/04/17	05/04/17
Exercise price	9p	9p	9p	9p	9p
Share price at grant date	9p	9p	9p	9p	9p
Risk-free rate	0.24%	0.24%	0.16%	0.16%	0.16%
Volatility	60%	60%	60%	60%	60%
Expected life	3.5 years	3.5 years	2.75 years	2.75 years	2.75 years
Fair value	2.58p	1.85p	2.30p	2.30p	2.30p

Deed pool	4	5	6	7	8
Grant date	18/04/19	18/04/19	18/04/19	03/03/20	08/04/20
Exercise price	18p	18p	18p	9.5p	9p
Share price at grant date	18p	18p	18p	9.5p	7p
Risk-free rate	0.75%	0.75%	0.75%	0.29%	0.12%
Volatility	60%	60%	60%	80%	80%
Expected life	3.5 years	3.5 years	3.5 years	0 years	2 years
Fair value	2.85p	3.99p	3.48p	9.50p	0.87p

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

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

24. Related party transactions

Group and company

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

Compensation figures above include directors and key management personnel.

Transactions with other related parties

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

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

25. Ultimate controlling party

No one shareholder has control of the Company.

26. Events after the reporting date

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

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

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

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

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