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Provexis PLC
30 September 2024

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement, this information is now considered to be in the public domain.

30 September 2024 **Provexis plc**

("Provexis" or the "Company")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2024

Provexis plc ('Provexis' or the 'Company'), the business that develops, licenses and sells the proprietary, scientifically-proven Fruitflow® heart-health functional food ingredient, announces its audited preliminary results for the year ended 31 March 2024.

Key highlights

- DSM's existing and prospective customers for Fruitflow as a straight ingredient transferred to become direct customers of Provexis from 1 January 2023. The customer transfer process has continued to progress well, with strong and growing interest in the Company's Fruitflow II SD ingredient.

- Total revenue for the year of £802k (2023: £390k), a 106% year on year increase, to include £652k from Fruitflow II SD (2023: £74k from Fruitflow II SD, and DSM Alliance Agreement income of £170k) and £150k (2023: £145k) from Fruitflow+ Omega-3.

- Fruitflow II SD sales of more than £724k have been made in the six months ending on 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024, and confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed. The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond.

- Provexis Ireland Limited, the Group's new Irish subsidiary company, started trading in April 2024 from a fulfilment centre in the EU, thus facilitating fast and tariff free sales of Fruitflow to customers in the EU.

- The new long-term partnership with DSM based on the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans has continued to progress well. The technology was launched by DSM in January 2023, with widespread trade press coverage, and it has seen strong and ongoing interest from some significant global customers.

- Planned launch by BYHEALTH, a circa £2bn listed Chinese dietary supplement business, of a number of Fruitflow based products in the Chinese market has been progressing well, with potential sales volumes remaining at a significant multiple of existing Fruitflow sales.

- BYHEALTH has been working since 2015 on an extensive regulatory submission to the Chinese State Administration for Market Regulation ('SAMR') for Fruitflow, seeking to establish a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect.

- In August 2023 BYHEALTH submitted: i) the first application under the new SAMR Implementation Rules, seeking to obtain a new permitted health function claim for foods such as Fruitflow which help to 'maintain normal platelet aggregation function and benefit blood flow health'; and ii) some related product registration applications. BYHEALTH stated publicly that it has been working on the project since 2015, with 'tens of millions of funds' (RMB) invested by BYHEALTH in the research and development work.

- Underlying operating loss* for the year of £469k (2023: £348k).

- Cash of £189k at 31 March 2024 (2023: £379k).

*Loss from operations, adjusted for (i) share-based payments of £121k (2023: £40k), and (ii) R&D tax relief: receivable tax credit of £14k (2023: £33k).

Annual report and accounts and notice of AGM

The Company's annual report and accounts for the year ended 31 March 2024 and the AGM notice will be available from the Shareholder information section of the Company's website www.provexis.com on 30 September 2024, and from the address below:

The Company Secretary
Provexis plc
2 Blagrave Street
Reading
RG1 1AZ

The Company's annual report and accounts and its AGM notice will be distributed by post today to those shareholders who have elected to continue to receive paper communications.

Proxy forms for use in connection with the AGM will also be distributed by post today to all shareholders on the Company's share register.

The AGM will be held at 12:30pm on 25 October 2024 at the offices of Allenby Capital Limited, 5th Floor, 5 St Helen's Place, London EC3A 6AB.

For further information please contact:

Provexis plc Ian Ford, CEO Dawson Buck, Chairman	Tel:	07490 391888 enquiries@provexis.com
Allenby Capital Limited Nick Naylor / Liz Kirchner / Lauren Wright	Tel:	020 3328 5656

Chairman and CEO's statement

The Company has had a year of strong progress, to include a first full year of direct sales of Fruitflow II SD, the Company's innovative, patented Fruitflow® heart-health ingredient.

DSM Nutritional Products - new agreements for Fruitflow®

Provexis entered into a long-term Alliance Agreement with DSM Nutritional Products ('DSM'), which is part of DSM-Firmenich AG, in 2010 to commercialise Fruitflow through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories, with a contractual term for the Agreement which ran to 31 December 2022.

More than 100 regional consumer healthcare brands have now been launched by direct customers of DSM, and a number of further regional brands have been launched through DSM's distributor channels. An increasing number of commercial projects have been initiated by DSM with prospective customers in recent years, including some prospective customers which are part of global businesses, and the total projected annual sales value of the prospective sales pipeline for Fruitflow, which is now shared across Provexis and DSM, continues to stand at a substantial multiple of existing annual sales.

In June 2022 Provexis announced it had secured two new agreements with DSM for Fruitflow, to replace the Alliance Agreement: (i) a Transfer of Business agreement and (ii) a Premix and Market-Ready Solutions supply agreement, which both took effect on 1 January 2023.

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

Under the terms of the two new agreements with DSM, and the June 2022 patent application:

- DSM's existing and prospective customers for Fruitflow as a straight ingredient (not a Premix or Market-Ready solution) transferred to become direct customers of Provexis from 1 January 2023, and the Company took over the wholly outsourced supply chain / production process for Fruitflow from DSM at that time.

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

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

- A new partnership was agreed with DSM in 2022 relating to the gut microbiome patent, giving DSM preferential access to the use, marketing, and sale of Fruitflow based products which are based on the patent, subject to certain milestones which have been agreed between the parties. In addition to the patent's core claim for Fruitflow, for modulating gut microbiota to confer a number of health benefits, the patent also sets out some potential new uses for Fruitflow in treating a wide variety of human health conditions, beyond Fruitflow's existing established use in heart-health. The global digestive health market size was US 38 billion in 2019 and it is projected to grow to US 72 billion in 2027 at a high single-digit CAGR in the 2020-2027 period (see www.fortunebusinessinsights.com/digestive-health-market-104750).

- The results of the successful gut microbiome human study have been submitted for publication in a peer reviewed scientific journal www.sciencedirect.com/science/article/pii/S0022316622131275.

- DSM conducted a strong launch of the new microbiome technology in January 2023 (www.dsm.com/human-nutrition/en/talking-nutrition/press-releases/2023-01-20-new-study-reveals-dsms-fruitflow-activates-gut-heart.html), with widespread trade press coverage. The technology has seen strong and ongoing interest from some significant global customers.

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

- A number of DSM's customers for Fruitflow which have been transferred to Provexis have been Fruitflow customers for several years, including some distributor customers which sell Fruitflow on to third parties. The Company has been progressing these sales relationships since the Transfer of Business agreement was announced in June 2022, and it has been able to generate new customers for Fruitflow outside the royalty arrangements with DSM, in addition to its existing supply and distribution agreement for Fruitflow with BYHEALTH.

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

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

with BYHEALTH; and

5. The Group's Fruitflow+ Omega-3 dietary supplement product which is sold direct to consumers, the Group will also look to serve its Chinese Cross-Border e-commerce distributor for this product in China.

The Company is in discussions with a number of third parties seeking to progress new sales and distribution opportunities for Fruitflow, and it can be contacted for all Fruitflow sales enquiries by email at fruitflow@provexis.com.

Fruitflow® transfer arrangements from 1 January 2023, and trading for the year

The customer transfer process from DSM to Provexis has progressed well, with sales commencing to customers for Fruitflow II SD (Fruitflow II SD is Fruitflow as an ingredient, in Spray Dried powder form) in February 2023, when the first batch of Fruitflow inventory was transferred from DSM's fulfilment centre in The Netherlands to the Company's outsourced fulfilment centre in the UK.

The year ended 31 March 2023 was a transitional year which included nine months of the DSM Alliance Agreement to 31 December 2022, and an initial three months of the new direct sales arrangements for Fruitflow to 31 March 2023.

In the year ended 31 March 2024 the Group's sales comprised:

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Fruitflow II SD ingredient - from 1 January 2023	**651,845**	74,239
DSM Alliance Agreement - up to 31 December 2022	**-**	170,269
Fruitflow+ Omega 3	**150,119**	145,408
	801,964	389,916

Sales increased by 106% year on year, primarily due to:

- An increase of £578k (778%) in sales of Fruitflow II SD in the year to £652k (2023: £74k), as the new direct sales arrangements for Fruitflow were in place throughout the year, compared to three months in the prior year; and
- A related year on year decrease to £NIL (2023: £170k) of £170k of revenue from the DSM Alliance Agreement, because the prior year included nine months of revenue from the DSM Alliance Agreement until the expiry of the agreement on 31 December 2022.

Fruitflow II SD sales of more than £724k have been made in the 2024/25 financial year period from 1 April 2024 to 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024. In addition to the sales made so far in the 2024/25 financial year, confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed. The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond.

Loss from operations for the year was £604k (2023: £421k), to include non-cash share-based payments of £121k (2023: £40k).

Underlying operating loss for the year (being the loss from operations, adjusted for (i) share-based payments of £121k (2023: £40k), and (ii) R&D tax relief: receivable tax credit of £14k (2023: £33k)) was £469k (2023: £348k), an increase of £121k year on year. The largest element of this change was a £65k increase in research and development costs, due to some additional patent filings which were required for Fruitflow in certain key territories.

As further outlined above a royalty is payable to DSM on the gross profits generated from Fruitflow sales to customers transferred from DSM over the first four years of the Transfer of Business agreement. The year ended 31 March 2024 included nine months of the royalty at the first-year rate to 31 December 2023, and three months of the royalty at the lower second year rate. Royalties payable to DSM are included in cost of goods. The terms of the Transfer of Business agreement otherwise remain strictly confidential between the Company and DSM.

Fruitflow II SD is currently manufactured in the EU. Rules of origin under the post BREXIT trade deal announced in December 2020 have meant that shipments of Fruitflow II SD from a UK fulfilment centre for re-export and sale to EU customers are at potential risk of additional tariffs on re-entry into the EU (see www.bbc.co.uk/news/55648201). Consequently, the Company setup a new Irish subsidiary company, Provexis Ireland Limited, which started selling Fruitflow to EU customers in April 2024 via an outsourced fulfilment centre in the EU. The Company continues to use

Fruitflow to EU customers in April 2024 via an outsourced fulfilment centre in the EU. The Company continues to use an outsourced fulfilment centre in the UK for its non-EU customers.

BYHEALTH Co., Ltd.

In November 2021 the Company announced it had entered into a supply and distribution agreement (the 'BYHEALTH Agreement') for Fruitflow with BYHEALTH, a listed Chinese dietary supplement business with a market capitalisation of approximately £2 billion.

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

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

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

Regulatory progress in China - new permitted health function claim

Provexis has been working with BYHEALTH for more than seven years to support the planned launch of a number of Fruitflow based products in the Chinese market. Clinical studies conducted in China are typically required to obtain the necessary regulatory clearances in China, and a significant investment in eight separate Fruitflow studies has been undertaken at BYHEALTH's expense. Completed studies have shown excellent results in use for Fruitflow, and they provide strong evidence for the efficacy of Fruitflow on platelet function.

The Chinese regulatory system for functional health food ingredients, such as Fruitflow, is governed by the State Administration for Market Regulation (the 'SAMR') and it is based on a defined list of permitted health function claims which brand owners are permitted to use on product labels.

The SAMR provides the possibility of adding new health function claims to the list, with claims needing to demonstrate a relationship between a food or nutrient and a consequent health improvement, subject to evaluation and verification by the SAMR.

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

BYHEALTH has been working on an extensive regulatory submission to the SAMR seeking to establish a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect, inhibiting platelet function and conferring beneficial health effects.

On 28 August 2023 the SAMR announced in China that the 'Implementation Rules for Health Food New Functions and Product Technology Evaluation' (the 'Implementation Rules') had been agreed by the SAMR in June 2023, with these new rules to take effect from 28 August 2023.

On 29 August 2023 it was announced in China that BYHEALTH had submitted: i) the first application under the Implementation Rules, seeking to obtain a new permitted health function claim for foods such as Fruitflow which help to 'maintain normal platelet aggregation function and benefit blood flow health'; and ii) some related product registration applications.

The significance of these major developments for Fruitflow in China is further outlined here www.nutraingredients-asia.com/Article/2023/09/05/china-set-to-approve-new-function-claims-for-health-foods#. BYHEALTH has noted that it has been working on the project since 2015, with 'tens of millions of funds' (RMB) invested by BYHEALTH in the research and development work.

The Company has previously stated that if BYHEALTH is successful in obtaining a new permitted health function claim in China for functional health foods, such as Fruitflow, that can demonstrate an anti-platelet effect, it is expected that this would result in some significant orders for Fruitflow, potentially at a multiple of current total sales values.

Market opportunity

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

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

The World Health Organisation (www.who.int/news-room/fact-sheets/detail/cardiovascular-diseases-(cvds)) states that:

- Cardiovascular diseases (CVDs) are the leading cause of death globally;
- An estimated 17.9 million people died from CVDs in 2019, representing 32% of all global deaths. Of these deaths, 85% were due to heart attack and stroke; and
- Over three quarters of CVD deaths take place in low- and middle-income countries.

BYHEALTH's long-term goal of science-based nutrition is to achieve 'comprehensive intervention for human health', and Fruitflow is well placed to provide such intervention in the Chinese cardiovascular health market.

Fruitflow+ dietary supplement products

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

The Fruitflow+ Omega-3 business reported sales in the year of £150k, net of sales rebates (2023: £145k), reflecting largely unchanged subscriber numbers on the www.fruitflowplus.com website, and a further order from the Company's Chinese Cross-Border e-commerce ('CBEC') channel. The CBEC distribution agreement in China is separate but wholly complementary to the Company's work with BYHEALTH, with the CBEC regulations enabling sales of Fruitflow+ Omega-3 in China now, prior to the health function claim which BYHEALTH is seeking to secure.

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

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

Intellectual property

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

Patent family	Developments in the period from Sep-23 to Sep-24
Improved Fruitflow / Fruit Extracts Improved Fruitflow / Fruit Extracts, with patents granted by the European Patent Office in January 2017, September 2020 and April 2023. Patents have been granted in twelve other major territories to include China and USA; and applications are at a late stage of progression in a further four global territories, with potential patent protection out to November 2029.	A patent granted in Brazil.
Antihypertensive (blood pressure lowering) effects This patent was originally developed in collaboration with the University of Oslo, and it has now been granted for Fruitflow in Europe, the US and four other territories. Patent applications are being progressed in China and Japan, with potential patent protection out to April 2033. In August 2020 the Company announced it had agreed to purchase the background and joint foreground blood pressure lowering IP owned by Inven2 AS, the technology transfer office at the University of Oslo, and Provexis now owns these important patents outright, with the licensing option originally held by Inven2 having been cancelled.	Patent applications are pending in China and Japan.
Fruitflow with nitrates in mitigating exercise-induced inflammation and for promoting recovery from intense exercise Patents have been granted around Europe and in the US.	Patent applications are pending in Europe, Hong Kong and the USA.

Patent family	Developments in the period from Sep-23 to Sep-24
Australia, Brazil, Canada, China, Hong Kong, India, Israel, Japan, South Korea, the Philippines, New Zealand and Mexico. Further patent protection is being sought in three territories, with potential patent protection out to December 2033.	
Fruitflow for air pollution The use of Fruitflow in protecting against the adverse effects of air pollution on the body's cardiovascular system. Laboratory work has shown that Fruitflow can reduce the platelet activation caused by airborne particulate matter, such as that from diesel emissions, by approximately one third. US, Australian, Brazilian, Indonesian, Israeli, Japanese Malaysian and Taiwanese patents have been secured and there are pending applications in nine jurisdictions (including the US where a further application has been filed) which extends potential patent protection for Fruitflow out to November 2037.	Patent protection has been secured in Taiwan.
Fruitflow to confer health benefits in modulating the gut microbiome of humans The Company filed a patent application in June 2022 relating to the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans. This followed the completion of a successful human study, the results of which strongly support the use of Fruitflow for modulating gut microbiota to confer a number of health benefits.	An international Patent Application was filed in June 2023 (covering all major jurisdictions).

Capital structure and funding

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

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

The Company has needed to hold Fruitflow II SD in stock from 1 January 2023 onwards to sell to new and existing customers, and it was agreed with DSM in 2022 that the Company would have the option to purchase some but not necessarily all of DSM's remaining stocks of Fruitflow at 31 December 2022.

The Company and DSM have been in negotiations around the inventory transfer throughout the course of 2023 and 2024, and the Company expects to be able to conclude these further negotiations in the coming months. The amount of stock which the Company will finally elect to purchase from DSM remains uncertain, and it will ultimately depend on (i) the best before dates of this inventory, (ii) recent stability data which has confirmed that the best before dates of the inventory can be extended, (iii) estimated customer demand in 2024/25 and beyond, (iv) the comparative costs and timing of a potential production run for a new batch of material and (v) the Company's financial resources at that time.

On 28 March 2024 the Company confirmed it had agreed to issue 45,123,732 new ordinary shares of 0.1p each in the Company to DSM in part satisfaction of an inventory purchase. The inventory purchase amounted to £341,000, and the Company and DSM agreed to a valuation of £293,304 for the 45,123,732 new ordinary shares which were issued, with the balance paid by the Company to DSM in cash.

In April 2024 the Company also confirmed it had completed the setup of a new Irish subsidiary company, Provexis Ireland Limited, seeking to facilitate tariff free sales of Fruitflow to customers in the EU.

Fruitflow II SD sales of more than £724k have been made in the 2024/25 financial year period from 1 April 2024 to 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024. In addition to the sales made so far in the 2024/25 financial year, confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed.

The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond, in which favourable context the Company is also now planning with its outsourced supply chain partners to undertake a production run for a new batch of Fruitflow II SD material. The new production run is likely to require a significant cash outlay, as the Company is seeking by necessity to hold greater stocks of Fruitflow to keep up with increasing demand for the product.

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

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

Annual General Meeting

The Company intends to hold its Annual General Meeting at the offices of Allenby Capital Limited, 5th Floor, 5 St Helen's Place, London EC3A 6AB at 12:30pm on 25 October 2024.

People

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

Outlook

The Company is pleased to report on a year of strong progress, with the first full year of direct sales to customers of Fruitflow II SD, the Company's innovative, patented Fruitflow® heart-health ingredient.

The Company's total revenue for the year was £802k, a 106% year on year increase, to include £652k of revenue from Fruitflow II SD and £150k of revenue from Fruitflow+ Omega-3.

Fruitflow II SD sales of more than £724k have been made in the six months ending on 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024, and confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed. The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond.

The new long-term partnership with DSM based on the use of Fruitflow to confer health benefits in modulating the gut microbiome of humans has continued to progress well. The technology was launched by DSM in January 2023 with widespread trade press coverage, and it has seen strong and ongoing interest from some significant global customers.

Provexis has been working with BYHEALTH for more than seven years to support the planned launch of a number of Fruitflow based products in the Chinese market. Clinical studies conducted in China are typically required to obtain the necessary regulatory clearances in China, and a significant investment in eight separate Fruitflow studies has been undertaken at BYHEALTH's expense. Completed studies have shown excellent results in use for Fruitflow, and they provide strong evidence for the efficacy of Fruitflow on platelet function.

In August 2023 the Company was delighted to report that BYHEALTH had submitted: i) the first application for a new permitted health function claim and ii) some related product registration applications. The significance of these major developments for Fruitflow in China is further outlined here www.nutraingredients-asia.com/Article/2023/09/05/china-set-to-approve-new-function-claims-for-health-foods#. BYHEALTH has noted that it has been working on the project since 2015, with 'tens of millions of funds' (RMB) invested by BYHEALTH in the research and development work.

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

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

The Company expects that (i) the significant changes to the sales and supply chain structure for Fruitflow from January 2023 and subsequent new Provexis Ireland operation, (ii) the gut microbiome patent application and related long-term partnership with DSM and (iii) the recent BYHEALTH regulatory developments in China will have a strongly beneficial effect on the current and future commercial prospects for Fruitflow and the business worldwide.

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

Dawson Buck	**Ian Ford**
Chairman	CEO

Strategic report

Group strategy

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

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

In June 2022 Provexis announced it had secured two new agreements with DSM for Fruitflow, to replace the Alliance Agreement: (i) a Transfer of Business agreement and (ii) a Premix and Market-Ready Solutions supply agreement, which both took effect on 1 January 2023. DSM's existing and prospective customers for Fruitflow as a straight ingredient transferred to become direct customers of Provexis from 1 January 2023, and Provexis took over the outsourced supply chain / production process for Fruitflow at that time.

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

- mitigating exercise-induced inflammation;
- managing blood pressure;
- protecting against the adverse effects of air pollution on the body's cardiovascular system. Laboratory work has shown that Fruitflow can reduce the platelet activation caused by airborne particulate matter, such as that from diesel emissions, by approximately one third; and
- conferring health benefits in modulating the gut microbiome of humans, to include a reduction in TMAO, following the completion of a successful human study which is further detailed here www.dsm.com/human-nutrition/en/talking-nutrition/press-releases/2023-01-20-new-study-reveals-dsms-fruitflow-activates-gut-heart.html.

A new partnership was agreed with DSM in June 2022 relating to the commercialisation of the gut microbiome patent, subject to certain milestones which have been agreed between the parties.

In November 2021 Provexis entered into a long-term supply and distribution agreement for Fruitflow with BYHEALTH Co., Ltd. ('BYHEALTH'), a £2bn listed Chinese dietary supplement business, to support the planned launch of some Fruitflow based products in the Chinese market. The planned launch is progressing well with potential sales volumes remaining at a significant multiple of existing Fruitflow sales.

BYHEALTH has been working on an extensive regulatory submission to the Chinese State Administration for Market Regulation (the SAMR) seeking to establish a new permitted health function claim for foods such as Fruitflow that can demonstrate an anti-platelet effect.

In August 2023 the SAMR announced in China that the 'Implementation Rules for Health Food New Functions and Product Technology Evaluation' had been agreed by the SAMR in June 2023, and on 29 August 2023 BYHEALTH submitted: i) the first application under the Implementation Rules, seeking to obtain a new permitted health function claim for foods such as Fruitflow which help to 'maintain normal platelet aggregation function and benefit blood flow health'; and ii) some related product registration applications.

BYHEALTH has noted that it has been working on the project since 2015, with 'tens of millions of funds' (RMB) invested by BYHEALTH in the research and development work.

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

Market opportunity

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

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

The global functional food and beverage market size was US 333 billion in 2023 and it is projected to grow to US 794 billion in 2032, at a CAGR of 10.23% over the forecast period 2024-2032. Asia Pacific dominated the functional food and beverage market with a market share of 39.25% in 2023 (source: www.fortunebusinessinsights.com/functional-foods-market-102269). Global awareness of heart health is increasing and a rising number of people are taking a proactive approach to improving heart health. The Directors believe that products addressing blood flow and circulation issues continue to represent a long-term opportunity in the expanding cardiovascular sector.

Financial review

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

Revenue

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

In June 2022 the Company announced that it had entered into two new agreements with DSM for Fruitflow, to replace the Alliance Agreement for the period after 31 December 2022, being: (i) a Transfer of Business agreement for Fruitflow and (ii) a Premix and Market-Ready Solutions supply agreement for Fruitflow, which both took effect from 1 January 2023.

The year ended 31 March 2023 was a transitional year which included nine months of the DSM Alliance Agreement to 31 December 2022, and an initial three months of the new direct sales arrangements for Fruitflow to 31 March 2023.

In the year ended 31 March 2024 the Group's sales comprised:

	Year ended 31 March	Year ended 31 March

	2024 £	2023 £
Fruitflow II SD ingredient - from 1 January 2023	**651,845**	74,239
DSM Alliance Agreement - up to 31 December 2022	**-**	170,269
Fruitflow+ Omega 3	**150,119**	145,408
	801,964	389,916

Sales increased by 106% year on year, primarily due to:

- An increase of £578k (778%) in sales of Fruitflow II SD in the year to £652k (2023: £74k), as the new direct sales arrangements for Fruitflow were in place throughout the year, compared to three months in the prior year; and
- A related year on year decrease to £NIL (2023: £170k) of £170k of revenue from the DSM Alliance Agreement, because the prior year included nine months of revenue from the DSM Alliance Agreement until the expiry of the agreement on 31 December 2022.

From 1 January 2023, the principal sales channels for the Group's Fruitflow II SD ingredient are:
1. Former DSM customers for Fruitflow;
2. DSM and its Premix and Market-Ready Solutions businesses, which will leverage the resources and relationships of DSM in some of the major global markets, and seek to commercialise the gut microbiome patent;
3. New customers for Fruitflow as a straight ingredient; and
4. BYHEALTH and its customers, through the Company's long-term supply and distribution agreement for Fruitflow with BYHEALTH.

The Group's Fruitflow+ Omega-3 dietary supplement product is sold to:
1. Direct consumers, via the Company's website www.fruitflowplus.com which is particularly focussed on subscription orders;
2. The Group's Chinese Cross-Border e-commerce distributor for Fruitflow+ Omega-3 in China;
3. Consumers via Amazon UK, and Holland & Barrett.

Fruitflow+ Omega-3 has a Facebook page at www.facebook.com/FruitflowPlus and an Instagram page at www.instagram.com/fruitflowplus.

Further sales channel opportunities for the product continue to be explored.

Underlying operating loss

Underlying operating loss for the year was £469k (2023: £348k), an increase of £121k year on year. The largest element of this change was a £65k increase in research and development costs, due to some additional patent filings which were required for Fruitflow in certain key territories.

The £121k increase in underlying operating loss also included a £14k increase in selling and distribution costs, a £19k decrease in R&D tax relief (reflecting the lower R&D tax credit rates which came into effect for the year ended 31 March 2024) and a £13k increase in administrative costs.

It should also be noted, as previously confirmed by the Company:

1. A royalty is payable to DSM on the gross profits generated from Fruitflow sales to customers transferred from DSM over the first four years of the Transfer of Business agreement. From 1 January 2023 the net profit accruing to Provexis on sales of Fruitflow in the calendar year - on a pro-forma basis, assuming like for like sales and margins - would be materially ahead of the net share of the profit that would have accrued to Provexis with like for like sales and margins under the existing 2010 Alliance Agreement; on the same pro-forma basis, assuming like for like sales and margins, the net profit accruing to Provexis would further increase in each of the subsequent three calendar years. The year ended 31 March 2024 therefore included nine months of the royalty at the first year rate to 31 December 2023, and three months of the royalty at the lower second year rate. Royalties payable to DSM are included in cost of goods. The terms of the Transfer of Business agreement otherwise remain strictly confidential between the Company and DSM.

2. Fruitflow II SD is currently manufactured in the EU. Rules of origin under the BREXIT trade deal announced in December 2020 have meant that shipments of Fruitflow II SD from a UK fulfilment centre for re-export and sale to EU customers are at potential risk of additional tariffs on re-entry into the EU (see www.bbc.co.uk/news/55648201). Consequently, the Company setup a new Irish subsidiary company, Provexis

Ireland Limited, which started selling Fruitflow to EU customers in April 2024 via an outsourced fulfilment centre in the EU. The Company continues to use an outsourced fulfilment centre in the UK for its non-EU customers.

Fruitflow II SD sales of more than £724k have been made in the 2024/25 financial year period from 1 April 2024 to 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024. In addition to the sales made so far in the 2024/25 financial year, confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed. The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond.

On 28 March 2024 the Company announced that it had agreed to purchase a further batch of Fruitflow II SD inventory from DSM, to satisfy increasing demand for Fruitflow. The inventory purchase totalled £341,000, and on 5 April 2024 Provexis issued 45,123,732 new ordinary shares of 0.1p each in the Company to DSM in part satisfaction of the inventory purchase, with the remainder of the inventory purchase to be paid for in cash.
A reconciliation of the underlying operating loss to statutory operating loss is provided below:

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Revenue	**801,964**	389,916
Cost of goods	**(518,169)**	(95,497)
Gross profit	**283,795**	294,419
Selling and distribution costs	**(65,706)**	(51,609)
Research and development costs	**(301,722)**	(237,221)
Administrative costs - share-based payment charges	**(121,051)**	(40,591)
Administrative costs - other	**(398,908)**	(385,925)
Loss from operations	**(603,592)**	(420,927)
Adjust loss from operations for:		
Administrative costs - share-based payment charges	**121,051**	40,591
Taxation - R&D tax relief: receivable tax credit	**13,880**	32,800
Underlying operating loss for the year	**(468,661)**	(347,536)

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

Research and development costs

Research and development costs are primarily composed of patent, trade mark and other research agreement costs, with the Group seeking to maintain and strengthen the breadth and duration of its patent and trade mark coverage for Fruitflow. Research and development costs have increased by 27% to £302k (2023: £237k) due to some additional patent filings which were required for Fruitflow in certain key territories.

R&D tax relief: payable tax credit

A current tax credit of £14k (2023: £33k), in respect of research and development tax relief has been recognised in the financial statements, £Nil of which (2023: £Nil) relates to prior years.

Taxation

The current tax charge is £Nil (2023: £Nil) due to the loss made in the year. No amounts in respect of deferred tax were recognised in profit and loss from continuing operations or charged / credited to equity for the current or prior year.

Results and dividends

The loss attributable to equity holders of the parent for the year ended 31 March 2024 was £586k (2023: £385k) and the basic loss per share was 0.03p (2023: 0.02p). The Directors are unable to recommend the payment of a dividend (2023: £Nil).

Consideration of section 656 of the Companies Act 2006

On 28 August 2014 it was noted in the Company's Notice of Annual General Meeting that Section 656 of the

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

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

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

The annual financial statements of the Company for the year ended 31 March 2024 and the reports of the Directors thereon include a going concern statement which concludes that the necessity to raise additional equity or loan finance represents a material uncertainty that may cast significant doubt upon the Group's and Parent Company's ability to continue as a going concern and that should it be unable to raise further funds, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

It remains the Directors' view on 30 September 2024 that the most appropriate course of action in respect of section 656 is to continue to seek to maximise the commercial returns that can be achieved from the Company's Fruitflow technology, and continue to maintain very tight control over the running costs of the Company.

Capital structure and funding

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

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

The Company has needed to hold Fruitflow II SD in stock from 1 January 2023 onwards to sell to new and existing customers, and it was agreed with DSM in 2022 that the Company would have the option to purchase some but not necessarily all of DSM's remaining stocks of Fruitflow at 31 December 2022.

The Company and DSM have been in negotiations around the inventory transfer throughout the course of 2023 and 2024, and the Company expects to be able to conclude these further negotiations in the coming months. The amount of stock which the Company will finally elect to purchase from DSM remains uncertain, and it will ultimately depend on (i) the best before dates of this inventory, (ii) recent stability data which has confirmed that the best before dates of the inventory can be extended, (iii) estimated customer demand in 2024/25 and beyond, (iv) the comparative costs and timing of a potential production run for a new batch of material and (v) the Company's financial resources at that time.

On 28 March 2024 the Company confirmed it had agreed to issue 45,123,732 new ordinary shares of 0.1p each in the Company to DSM in part satisfaction of an inventory purchase. The inventory purchase amounted to £341,000, and the Company and DSM agreed to a valuation of £293,304 for the 45,123,732 new ordinary shares which were issued, with the balance paid by the Company to DSM in cash.

In April 2024 the Company also confirmed it had completed the setup of a new Irish subsidiary company, Provexis Ireland Limited, seeking to facilitate tariff free sales of Fruitflow to customers in the EU.

Fruitflow II SD sales of more than £724k have been made in the 2024/25 financial year period from 1 April 2024 to 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024. In addition to the sales made so far in the 2024/25 financial year, confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed.

The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond, in which favourable context the Company is also now planning with its outsourced supply chain partners to undertake a production run for a new batch of Fruitflow II SD material. The new production run is likely to require a significant cash outlay, as the Company is seeking by necessity to hold greater stocks of Fruitflow to keep up with increasing demand for the product.

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

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

Key performance indicators

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

The table below shows the Group's underlying operating loss, calculated as loss from operations adjusted for share-based payment charges and R&D tax relief, for the two years ended 31 March 2024:

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Loss from operations	**603,592**	420,927
Adjust loss from operations for:		
Administrative costs - share-based payment charges	**(121,051)**	(40,591)
Taxation - R&D tax relief: receivable tax credit	**(13,880)**	(32,800)
Underlying operating loss	**468,661**	347,536

The trading results are further detailed in this strategic report.

The table below shows the Group's cash position at 31 March 2024 and 31 March 2023:

	31 March 2024 £	31 March 2023 £
Cash and cash equivalents	**189,357**	379,121

The monitoring of cash gives due consideration to anticipated future spend required to prioritise development opportunities and to plan the resources required to achieve the goals of the business. The £189,764 decrease in cash and cash equivalents during the financial year is further detailed in the consolidated statement of cash flows.

Principal risks and uncertainties

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

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

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

Provexis entered into a long-term Alliance Agreement with DSM Nutritional Products in 2010 to commercialise Fruitflow through sales as an ingredient to brand owners in the food, beverage and dietary supplement categories, and in June 2022 Provexis announced it had secured two new agreements with DSM for Fruitflow, to replace the Alliance Agreement: (i) a Transfer of Business agreement and (ii) a Premix and Market-Ready Solutions supply agreement, which both took effect on 1 January 2023. DSM's existing and prospective customers for Fruitflow as a straight ingredient transferred to become direct customers of Provexis from 1 January 2023, and Provexis took over the outsourced supply chain / production process for Fruitflow at that time.

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

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

Funding and other risks

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

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

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

Brexit

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

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

For the purposes of the Group's Fruitflow+ Omega-3 business the Group has registered for the Import One-Stop Shop (IOSS), an electronic portal which businesses have been able to use since 1 July 2021 to comply with their VAT e-commerce obligations on distance sales to the EU.

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

The outsourced supply chain / production process for Fruitflow is based solely in the EU, and the Group setup a new Irish subsidiary company, Provexis Ireland Limited, which started selling Fruitflow to EU customers in April 2024 via an outsourced fulfilment centre in the EU. The fulfilment centre in the EU will maintain some stocks of Fruitflow in the EU, thus mitigating against any significant Brexit risks for this business. The Company continues to use an outsourced fulfilment centre in the UK for its non-EU customers.

Commercialisation

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

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

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

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

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

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

Limited product offering

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

Intellectual property protection

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

parties will not claim rights in or ownership of the copyright, patents and other proprietary rights held by Provexis.

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

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

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

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

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

Future development
The future development of the Company is discussed in the Chairman and CEO's statement.

Ian Ford
Director

Consolidated statement of comprehensive income

	Notes	**Year ended 31 March 2024**	Year ended 31 March 2023
		£	£
Revenue	1,3	**801,964**	389,916
Cost of goods sold		**(518,169)**	(95,497)
Gross profit		**283,795**	294,419
Selling and distribution costs		**(65,706)**	(51,609)
Research and development costs	4	**(301,722)**	(237,221)
Administrative costs - share-based payment charges	4,16	**(121,051)**	(40,591)
Administrative costs - other		**(398,908)**	(385,925)
Loss from operations	4	**(603,592)**	(420,927)
Finance income	7	**1,594**	1,011
Loss before taxation		**(601,998)**	(419,916)

	Notes	2024	2023
Taxation - R&D tax relief: receivable tax credit	8	**13,880**	32,800
Loss and total comprehensive loss for the year		**(588,118)**	(387,116)
Attributable to:			
Owners of the parent		**(586,243)**	(385,241)
Non-controlling interest		**(1,875)**	(1,875)
Loss and total comprehensive loss for the year		**(588,118)**	(387,116)
Loss per share to owners of the parent			
Basic - pence	9	**(0.03)**	(0.02)
Diluted - pence	9	**(0.03)**	(0.02)

Consolidated statement of financial position

Company number 05102907	Notes	**As at 31 March 2024 £**	As at 31 March 2023 £
Assets			
Current assets			
Inventories	11	**136,520**	327,797
Trade and other receivables	12	**125,479**	61,114
Corporation tax asset	8	**46,680**	77,960
Cash and cash equivalents		**189,357**	379,121
Total current assets		**498,036**	845,992
Total assets		**498,036**	845,992
Liabilities			
Current liabilities			
Trade and other payables	13	**(307,448)**	(188,337)
Total current liabilities		**(307,448)**	(188,337)
Total liabilities		**(307,448)**	(188,337)
Total net assets		**190,588**	657,655
Capital and reserves attributable to owners of the Parent company			
Share capital	15	**2,217,822**	2,217,822
Share premium	17	**18,703,321**	18,703,321
Merger reserve	17	**6,599,174**	6,599,174
Retained earnings	17	**(26,795,980)**	(26,330,788)
		724,337	1,189,529
Non-controlling interest		**(533,749)**	(531,874)
Total equity		**190,588**	657,655

Consolidated statement of cash flows

	Notes	**Year ended 31 March 2024 £**	Year ended 31 March 2023 £
Cash flows from operating activities			
Loss after tax		**(588,118)**	(387,116)
Adjustments for:			
Finance income	7	**(1,594)**	(1,011)
Tax credit receivable	8	**(13,880)**	(32,800)
Share-based payment charges - share options	16	**121,051**	40,591

	Note		
Changes in inventories		**191,277**	(241,989)
Changes in trade and other receivables		**(64,505)**	43,453
Changes in trade and other payables		**119,111**	30,428
Net cash flow from operations		**(236,658)**	(548,444)
Tax credits received		**45,160**	27,705
Total cash flow from operating activities		**(191,498)**	(520,739)
Cash flow from investing activities			
Interest received		**1,734**	887
Total cash flow from investing activities		**1,734**	887
Cash flow from financing activities			
Proceeds from issue of share capital	15	**-**	35,100
Total cash flow from financing activities		**-**	35,100
Net change in cash and cash equivalents		**(189,764)**	(484,752)
Opening cash and cash equivalents		**379,121**	863,873
Closing cash and cash equivalents		**189,357**	379,121

Consolidated statement of changes in equity

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity attributable to owners of the parent £	Non-controlling interests £	Total equity £
At 31 March 2022	**2,210,822**	**18,675,221**	**6,599,174**	**(25,986,138)**	**1,499,079**	**(529,999)**	**969,080**
Share-based charges - share options	-	-	-	40,591	40,591	-	40,591
Issue of shares - share options exercised 23 May 2022	7,000	28,100	-	-	35,100	-	35,100
Total comprehensive loss for the year	-	-	-	(385,241)	(385,241)	(1,875)	(387,116)
At 31 March 2023	**2,217,822**	**18,703,321**	**6,599,174**	**(26,330,788)**	**1,189,529**	**(531,874)**	**657,655**
Share-based charges - share options	-	-	-	121,051	121,051	-	121,051
Total comprehensive loss for the year	-	-	-	(586,243)	(586,243)	(1,875)	(588,118)
At 31 March 2024	**2,217,822**	**18,703,321**	**6,599,174**	**(26,795,980)**	**724,337**	**(533,749)**	**190,588**

Notes to the preliminary results for the year ended 31 March 2024

1. Accounting policies

General information

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

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

Basis of preparation

The financial information set out in this release does not constitute the Company's full statutory accounts for the year ended 31 March 2024 for the purposes of section 434(3) of the Companies Act 2006, but it is derived from those accounts that have been audited. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered on 30 September 2024. The auditors have reported on the accounts for the year ended 31 March 2024; and whilst their audit report was not modified their report does contain a material uncertainty related to going concern, as set out in the going concern paragraph of this announcement.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as endorsed for use in the United Kingdom, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements for the year ended 31 March 2024 that comply with IFRS on 30 September 2024.

The accounting policies set out below have been applied to all periods presented in these Group financial statements and are in accordance with IFRS, as adopted by the United Kingdom, and International Financial Reporting Interpretations Committee ('IFRIC') interpretations that were applicable for the year ended 31 March 2024.

These accounting policies are consistent with those applied in the year ended 31 March 2023, as amended to reflect any new Standards, amendments to Standards and interpretations which are mandatory for the year ended 31 March 2024. The adoption of these revised standards and interpretations has not had an impact on the current and comparative figures recorded.

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

Going concern

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

The Group made a loss for the year of £588,118 (2023: £387,116), which includes non-cash share-based payment charges of £121,051 (2023: £40,591) and expects to make a further loss during the year ending 31 March 2025. The total cash outflow from operations in the year was £191,498 (2023: £520,739). At 31 March 2024 the Group had cash balances of £189,357 (2023: £379,121).

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

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

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

The Company has needed to hold Fruitflow II SD in stock from 1 January 2023 onwards to sell to new and existing customers, and it was agreed with DSM in 2022 that the Company would have the option to purchase some but not necessarily all of DSM's remaining stocks of Fruitflow at 31 December 2022.

The Company and DSM have been in negotiations around the inventory transfer throughout the course of 2023 and 2024, and the Company expects to be able to conclude these further negotiations in the coming months. The amount of stock which the Company will finally elect to purchase from DSM remains uncertain, and it will ultimately depend on (i) the best before dates of this inventory, (ii) recent stability data which has confirmed that the best before dates of the inventory can be extended, (iii) estimated customer demand in 2024/25 and beyond, (iv) the comparative costs and timing of a potential production run for a new batch of material and (v) the Company's financial resources at that time.

On 28 March 2024 the Company confirmed it had agreed to issue 45,123,732 new ordinary shares of 0.1p each in the Company to DSM in part satisfaction of an inventory purchase. The inventory purchase amounted to £341,000, and the Company and DSM agreed to a valuation of £293,304 for the 45,123,732 new ordinary shares which were issued, with the balance paid by the Company to DSM in cash.

In April 2024 the Company also confirmed it had completed the setup of a new Irish subsidiary company, Provexis Ireland Limited, seeking to facilitate tariff free sales of Fruitflow to customers in the EU.

Fruitflow II SD sales of more than £724k have been made in the 2024/25 financial year period from 1 April 2024 to 30 September 2024, more than 11% ahead of the full year sales for the year ended 31 March 2024. In addition to the sales made so far in the 2024/25 financial year, confirmed sales orders for Fruitflow II SD in excess of £190k are currently being processed.

The Company is dealing with numerous sales enquiries from existing and new customers for further direct sales of Fruitflow in 2025 and beyond, in which favourable context the Company is also now planning with its outsourced supply chain partners to undertake a production run for a new batch of Fruitflow II SD material. The new production run is likely to require a significant cash outlay, as the Company is seeking by necessity to hold greater stocks of Fruitflow to keep up with increasing demand for the product.

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

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

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

The consolidated financial information presents the results of the Company and its subsidiaries, Provexis Nutrition Limited, Provexis Natural Products Limited, Provexis (IBD) Limited and Provexis Ireland Limited as if they formed a single entity ('the Group'). All subsidiaries share the same reporting date, 31 March, as Provexis plc. All intra group balances are eliminated in preparing the financial statements. Provexis Ireland Limited commenced trading in April 2024.

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

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

- Selling goods, with revenue recognised at a point in time when control of the goods has transferred to the customer. Revenue from sales to external customers is recognised when goods are despatched.
- The group's profit-sharing Alliance Agreement with DSM which was in place up to 31 December 2022, with the group's profit-sharing income from this agreement being recognised on an accruals basis in accordance with the substance of the agreement, based on the receipt from DSM of the relevant information to enable calculation of the profit-sharing payment due to the group.

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

(ii) Determining the transaction price
The amount of revenue to be earned is determined by reference to (i) the fixed price contracts which the group has with its customers, in respect of the direct sale of goods to these customers and (ii) the provisions of the group's profit-sharing Alliance Agreement with DSM, which is based on DSM's fixed price contracts with their customers. Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it

is highly probable there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

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

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

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

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

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

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

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

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

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

Intangible assets
Research and development
Expenditure incurred on the development of internally generated products is capitalised if it can be demonstrated that:

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

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

Patents and trade marks
The costs incurred in establishing patents and trade marks are either expensed or capitalised in accordance with the

corresponding treatment of the development expenditure for the product to which they relate.

Impairment of non- financial assets

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

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

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

Inventories

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

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

Financial instruments

Financial assets

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

Financial liabilities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Government grants

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

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

Taxation

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

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

- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

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

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

Foreign currency translation

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

Benefits for Directors and consultants

(i) Defined contribution plans

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

(ii) Accrued holiday pay

Provision has been made at the balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

(iii) Share-based payment transactions for Directors and consultants

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

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

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

Other share-based payment transactions

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

National insurance on share options

All employee option holders sign statements that they will be liable for any employers national insurance arising on

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

Interest income

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

Critical accounting estimates and judgements

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

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

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

(i) Research and development

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

(ii) Share-based payments

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

2. Financial risk management

2.1 Financial risk factors

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

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

(a) Market risk

Foreign exchange risk

The Group's sales of Fruitflow are primarily denominated in Euros, and the cost of goods for Fruitflow is primarily denominated in and incurred in Euros.

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

The Group analyses its foreign exchange exposure on a dynamic basis throughout the year.

Cash flow and fair value interest rate risk

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

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

(b) Credit risk

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

(c) Liquidity risk

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

The Group had trade and other payables at the statement of financial position date of £307,448 (2023: £188,337) as disclosed in note 13.

2.2 Capital risk management

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

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

3. Segmental reporting

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

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

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Fruitflow II SD ingredient - from 1 January 2023	**651,845**	74,239
DSM Alliance Agreement - up to 31 December 2022	**-**	170,269
Fruitflow+ Omega 3	**150,119**	145,408
	801,964	389,916

4. Loss from continuing operations

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Loss from continuing operations is stated after charging:		
Research and development costs	**301,722**	237,221
Foreign exchange losses / (gains)	**4,696**	(16,633)
Equity-settled share-based payment expense:		
Share-based payment charges - share options	**121,051**	40,591
Total share-based payment charges	**121,051**	40,591

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

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Audit services		
Parent company	**12,000**	12,000

Subsidiaries	**14,000**	20,000
Tax services - compliance		
Parent company	**-**	1,000
Subsidiaries	**-**	6,500
Other services		
iXBRL services	**-**	2,300
Total fees	**26,000**	41,800

5. Wages and salaries

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

	Year ended 31 March 2024	Year ended 31 March 2023
Directors	**3**	4
	3	4

Their aggregate emoluments were:

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Wages and salaries	**266,562**	278,456
Social security costs	**25,465**	28,805
Pension and other staff costs	**23,896**	23,086
Total cash settled emoluments	**315,923**	330,347
Share-based payment remuneration charge: equity settled	**66,922**	12,251
Total emoluments	**382,845**	342,598

6. Directors' remuneration

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Directors		
Aggregate emoluments	**266,562**	278,456
Company pension contributions	**23,896**	23,086
	290,458	301,542
Share-based payment remuneration charge: equity settled	**66,922**	12,251
Total Directors' emoluments	**357,380**	313,793

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

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Aggregate emoluments	**153,408**	160,808
Company pension contributions	**15,341**	14,081
Share-based payment remuneration charge: equity settled	**33,461**	6,125
Total of the highest paid Director's emoluments	**202,210**	181,014

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

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

7. Finance income

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Finance income		
Bank interest receivable	**1,594**	1,011
	1,594	1,011

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

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
R&D tax relief: payable tax credit		
Research and development credit - current year	**13,880**	32,800
Taxation credit	**13,880**	32,800

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

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Loss before tax	**(601,998)**	(419,916)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)	**150,500**	79,784
Effects of:		
Expenses not deductible for tax purposes	**(30,263)**	(7,712)
Unutilised tax losses and other deductions arising in the year	**(120,237)**	(53,384)
Adjustment for R&D tax relief	**-**	(18,688)
Research and development credit - current year	**13,880**	32,800
Total taxation credit for the year	**13,880**	32,800

At 31 March 2024 the Group UK tax losses to be carried forward are estimated to be £20,878,174 (2023: £20,491,448). The UK corporation tax rate for the year was 25.0% (2023: 19.0%). The tax losses represent deferred tax assets amounting to £5,244,544, calculated at 25% (2023: £5,122,862, calculated at 25%), which have not been recognised on the basis that their future economic benefit is not probable.

The Group submits claims for R&D tax credits in respect of its research and development activities for potential new patents arising from scientific research performed by group employees and the group's partners. Whilst the Board is confident of recovery of the estimated R&D tax credit, there is no certainty that the receivable will be recoverable until HMRC have approved the claim and the enquiry window is closed. However, based on the group's history of successful claims over a number of years, the Board is satisfied that the tax receivable is recoverable and appropriately recorded.

R&D tax relief: payable tax credit receivable within one year	**31 March 2024**	31 March 2023
	£	£
R&D tax relief: payable tax credit recoverable	**46,680**	77,960
	46,680	77,960

9. Earnings per share and diluted earnings per share

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

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

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

	Year ended 31 March 2024	Year ended 31 March 2023
Loss and total comprehensive loss for the year attributable to owners of the parent - £	**586,243**	385,241

Weighted average number of shares	**2,217,821,523**	2,216,805,085
Basic and diluted loss per share - pence	**0.03**	0.02

10. Intangible assets

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2023	7,265,277	158,166	7,423,443
At 31 March 2024	**7,265,277**	**158,166**	**7,423,443**
Amortisation and Impairment			
At 1 April 2023	7,265,277	158,166	7,423,443
At 31 March 2024	**7,265,277**	**158,166**	**7,423,443**
Net book value			
At 31 March 2024	**-**	**-**	**-**
At 31 March 2023	-	-	-
Cost			
At 1 April 2022	7,265,277	158,166	7,423,443
At 31 March 2023	**7,265,277**	**158,166**	**7,423,443**
Amortisation and Impairment			
At 1 April 2022	7,265,277	158,166	7,423,443
At 31 March 2023	**7,265,277**	**158,166**	**7,423,443**
Net book value			
At 31 March 2023	**-**	**-**	**-**
At 31 March 2022	-	-	-

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

11. Inventories

	31 March 2024	31 March 2023
	£	£
Finished goods	**136,520**	327,797
	136,520	327,797

There are no provisions included within inventories in relation to the impairment of inventories (2023: £Nil).

During the year inventories of £389,078 (2023: £78,403) were recognised as an expense within cost of goods sold.

12. Trade and other receivables

	31 March 2024	31 March 2023
	£	£
Amounts receivable within one year:		
Trade receivables	**19,443**	3,968
Other receivables	**91,701**	40,385
Total financial assets other than cash and cash equivalents classified as loans and receivables	**111,144**	44,353
Prepayments and accrued income	**14,335**	16,761
Total trade and other receivables	**125,479**	61,114

Trade and other receivables do not contain any impaired assets.

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

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

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

At 31 March 2024 trade receivables of £Nil (2023: £Nil) were more than 60 days past due, and there were no lifetime expected credit losses of the full value of trade receivables (2023: £Nil).

13. Trade and other payables

	31 March 2024 £	31 March 2023 £
Trade payables	**20,842**	19,514
Accruals	**275,035**	157,887
Total financial liabilities measured at amortised cost	**295,877**	177,401
Other taxes and social security	**11,571**	10,936
Total trade and other payables	**307,448**	188,337

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

All amounts shown fall due within one year.

14. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%).

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

The UK corporation tax rate for the year was 25.0% (2023: 19.0%). In March 2021, the UK Government announced an increase in the UK corporation tax rate to 25.0% from 1 April 2023.

Deferred tax assets amounting to £5,244,544 (2023: £5,122,862) have not been recognised on the basis that their future economic benefit is not probable. Assuming a prevailing tax rate of 25% (2023: 25%) when the timing differences reverse, the unrecognised deferred tax asset comprises:

	31 March 2024 £	31 March 2023 £
Depreciation in excess of capital allowances	**-**	-
Unutilised tax losses	**5,244,544**	5,122,862
	5,244,544	5,122,862

15. Share capital

Allotted, called up and fully paid	**Ordinary 0.1p shares £**	**Ordinary 0.1p shares number**
At 31 March 2023	**2,217,822**	**2,217,821,523**
At 31 March 2024	**2,217,822**	**2,217,821,523**

Allotted, called up and fully paid	**Ordinary 0.1p shares £**	**Ordinary 0.1p shares number**
At 31 March 2022	**2,210,822**	**2,210,821,523**
Issue of shares - share options exercised 23 May 2022	**7,000**	**7,000,000**
At 31 March 2023	**2,217,822**	**2,217,821,523**

On 28 March 2024 the Company announced that it had agreed to issue 45,123,732 new ordinary shares of 0.1p each in the Company to dsm-firmenich in part satisfaction of an inventory purchase, with the remainder of the inventory purchase to be paid for in cash.

The 45,123,732 new ordinary shares were admitted by the London Stock Exchange to trading on AIM on 5 April 2024.

16. Share options

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

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

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

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

At 31 March 2024 the number of ordinary shares subject to options granted over the 2005 share option scheme was:

EMI options

	31 March 2024		31 March 2023	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**0.88**	**54,635,000**	0.97	20,635,000
Granted during the year	**-**	**-**	0.83	34,000,000
Lapsed during the year	**0.97**	**(20,635,000)**	-	-
Outstanding at the end of the year	**0.83**	**34,000,000**	0.88	54,635,000

The exercise price of EMI options outstanding at the end of the year was 0.83p (2023: ranged between 0.83p and 0.97p) and their weighted average contractual life was 8.8 years (2023: 6.2 years).

Of the total number of EMI options outstanding at the end of the year, none of the EMI options (2023: 20,635,000) had vested and were exercisable at the end of the year. The weighted average exercise price of the options which had vested at 31 March 2023 was 0.97 pence (2024: Nil EMI options vested).

Unapproved options

	31 March 2024		31 March 2023	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**0.58**	**166,865,000**	0.55	157,865,000
Granted during the year	**-**	**-**	0.83	16,000,000
Exercised during the year	**-**	**-**	0.50	(7,000,000)
Lapsed during the year	**0.97**	**(12,365,000)**	-	-
Outstanding at the end of the year	**0.55**	**154,500,000**	0.58	166,865,000

The exercise price of unapproved options outstanding at the end of the year ranged between 0.30p and 0.92p (2023: 0.30p and 0.97p) and their weighted average contractual life was 4.7 years (2023: 5.3 years).

Of the total number of unapproved options outstanding at the end of the year, 128,500,000 (2023: 140,865,000) had vested and were exercisable at the end of the year. Their weighted average exercise price was 0.49 pence (2023: 0.54 pence).

The fair values of the options have been estimated at ('the date of grant using a Binomial / Black-Scholes convergence model, with an expected dividend yield of 0% and an expected volatility for the options granted in the year ended 31 March 2023 of 74% (2024: NIL options granted).

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

The total share-based payment charge for the year relating to employee share-based payment plans was £121,051 (2023: £40,591) all of which related to equity settled share-based payment transactions.

17. Reserves

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

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

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

18. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which for continuing operations during the year ended 31 March 2024 amounted to £23,896 (2023: £23,086). Employee and employer pension contributions payable but not yet paid at 31 March 2024 totalled £Nil (2023: £Nil).

19. Related party transactions

Key management compensation

The Directors represent the key management personnel. Details of their compensation and share options are given in note 6.

20. Events after the reporting date

No material post balance sheet events occurred after the end of the period.

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