

SOLVONIS THERAPEUTICS PLC – COMPANY NUMBER 10776788

GOVERNANCE REPORT

Compliance with the QCA Code

As a Group listed on the Equity Shares (transition) category of the London Stock Exchange, the Group is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Directors are committed to ensuring that appropriate standards of corporate governance are maintained, so far as is appropriate given the Group's current stage of development, the size and composition of the board of directors and available resources. The Board will aim to comply with the QCA Guidelines on Corporate Governance ("QCA Guidelines"). The Board has reviewed the recent changes to the code and has assessed their potential impact on the management of the Group.

The QCA Code has ten principles of corporate governance that the Group applies to establish the governance foundations of the business. These principles are:

1. Establish a purpose, strategy and business model which promote long term value for shareholders;
2. Promote a corporate culture that is based on ethical values and behaviours;
3. Seek to understand and meet shareholder needs and expectations;
4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long term success;
5. Embed effective risk management, considering both internal controls and assurance activities, considering both opportunities and threats, throughout the organisation;
6. Establish and maintain the board as a well-functioning balanced team led by the Chair;
7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities;
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
9. Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose strategy and culture; and
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

Here follows a short explanation of how the Group applies each of the principles, including where applicable an explanation of why there is a deviation from those principles.

Principle One

Business Model and Strategy

The Group continues to follow a clearly defined business strategy of developing intellectual property related to the treatment of mental health and substance use disorders, and co-developing therapeutics for these conditions. Ultimately the Group is focused on realising their commercial potential by bringing these treatments to market and returning value to shareholders.

Principle Two

Corporate Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole which in turn will impact the Group's performance. The Directors are very aware that the tone and culture set by the Board will greatly impact all aspects of the Group and the way that consultants or other representatives behave.

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The corporate governance arrangements that the Board have adopted are designed to instil a firm ethical code to be followed by Directors, consultants and representatives alike throughout the entire organisation. The Group strives to achieve and maintain an open and respectful dialogue with representatives, regulators, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through everything that the Group does. The Directors are focused on ensuring that the Group maintains an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group has adopted, a code for Directors' dealings in securities which is appropriate for a company whose securities are traded on this main market and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016. Issues of bribery and corruption are taken seriously.

The Group has a zero-tolerance approach to bribery and corruption and has recently put an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with.

Principle Three

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. They will be encouraged to attend the AGM and website and investor relations communications are constantly monitored to see where they can be improved. The Board utilises the LSE RNS service as well as RNS Reach to keep the market informed about the activities of the Group outside of the regular reporting events.

Principle Four

Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Group is reliant upon open communication with its internal and external stakeholders: investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Group has pivoted its business strategy in the recent year and some of the close relationships that it had developed in the past will fade away. The new members of the Board bring with them new experiences and networks and will be looking to harness them to create value for the Group going forward. Regardless of its new strategy the Board is committed to delivering lasting benefit to our shareholders, employees and contractors.

Principle Five

Risk Management

The Board is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Group. With the Board continuing to increase in size they will look to review and assess the appropriateness of the framework of internal financial controls in place.

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This process will look to address both financial risk and non-financial risks to ensure all exposures are adequately managed. The Group maintains appropriate insurance cover in respect of legal actions against the Directors. The principal risks and uncertainties are as set out in the Strategic Report.

Principle Six*A Well Functioning Board of Directors*

The Board will maintain a balance of executives and non-executive directors. Currently there is 1 executive and 4 non-executives. There are no mandatory hours for directors to be available but all directors are expected to make themselves available for any Group business when it may arise.

Further information about the directors can be found in the Board and Senior Management report as well as the company website at <https://solvonis.com/>. The Directors met 6 times throughout the year to discuss key issues and to monitor the overall performance of the Company. All Directors attended all meetings during the year.

Principle Seven*Appropriate governance structures*

The Group's governance structures are appropriate for a Group of its size. The Board also meets regularly and the Directors continuously maintain an informal dialogue between themselves. The Chairman is responsible for the effectiveness of the Board as well as primary contact with shareholders, while the execution of the Group's investment strategy is a matter reserved for the Chief Executive Officer. The current Governance structure is outlined below:

Audit and Risk Committee

As per last year the Board considers all items pertaining to audit and risk as a whole. The Group's Non-Board Finance Director, Ryan Neates assists to. Mr Neates is a member of the Chartered Accountants of Australia & New Zealand and has significant experience in this area to help guide the Board.

With the assistance of Mr Neates, the Board makes decisions on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. As a result of the factors listed above there has not been any formal Audit Committee meetings with all relevant items being considered by the Board as a whole during board meetings.

Remuneration Committee

As per the Audit Committee the Board considers all items pertaining to remuneration as a whole. As a result there were no formal Remuneration Committee meetings during the period but matters pertaining to remuneration were discussed at board meetings. The Board is aware of the important role that a formal Remuneration Committee plays within a Company but currently feel that the format for assessing remuneration is appropriate for the stage of development that the Company is at.

Nominations Committee

No nominations committee has been established with all matters to be considered by the Board as a whole.

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Principle Eight

Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors will be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance against targets and objectives. As the Board settles and the Group is able to maintain more of a regular operating pattern the Remuneration Committee will look to implement formal review processes against determined key performance metrics.

Principle Nine

Remuneration policies

The Board is committed to ensuring that the creation of value for shareholders aligns with the interests of executives and employees of the Group. Throughout the year the Company has issued the Board with options to align their interests with those of the Company.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders in compliance with regulations applicable to companies quoted on the LSE's Standard List. All shareholders are encouraged to attend the Company's Annual General Meeting where they will be given the opportunity to interact with the Directors. Investors also have access to current information on the Group through its website, (<https://solvonis.com/>).

The Board takes feedback from a wide range of shareholders (large and small) and endeavours at every opportunity proactively to engage with all shareholders (via regular news reporting-RNS) and engage with any specific shareholders in response to particular queries they may have from time to time. The Board considers that its key decisions during the year have impacted equally on all members of the Company.

External Auditor

Kreston Reeves Audit LLP were appointed auditors to the Company in 2026 and have expressed their willingness to remain in office. Once established the Audit Committee will meet with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The executive management team has met with its Auditors in relation to the 2026 audit and will present its findings to the entire Board prior to sign off of the annual report.

The Board considers auditor independence and objectivity and the effectiveness of the audit process to be of significant importance.

As part of the decision to recommend the appointment of the external auditor, the Board considers the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process.

There are no contractual obligations restricting the Board's choice of external auditor. The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. No such non-audit services were provided in the year.

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Internal financial control

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use.

Key financial controls include:

- a schedule of matters reserved for the approval of the Board;
- evaluation, approval procedures and risk assessment for acquisitions; and
- close involvement of the Directors in the day-to-day operational matters of the Company.

Approved on behalf of the Board of Directors by:

Anthony Lennyson
Chief Executive Officer