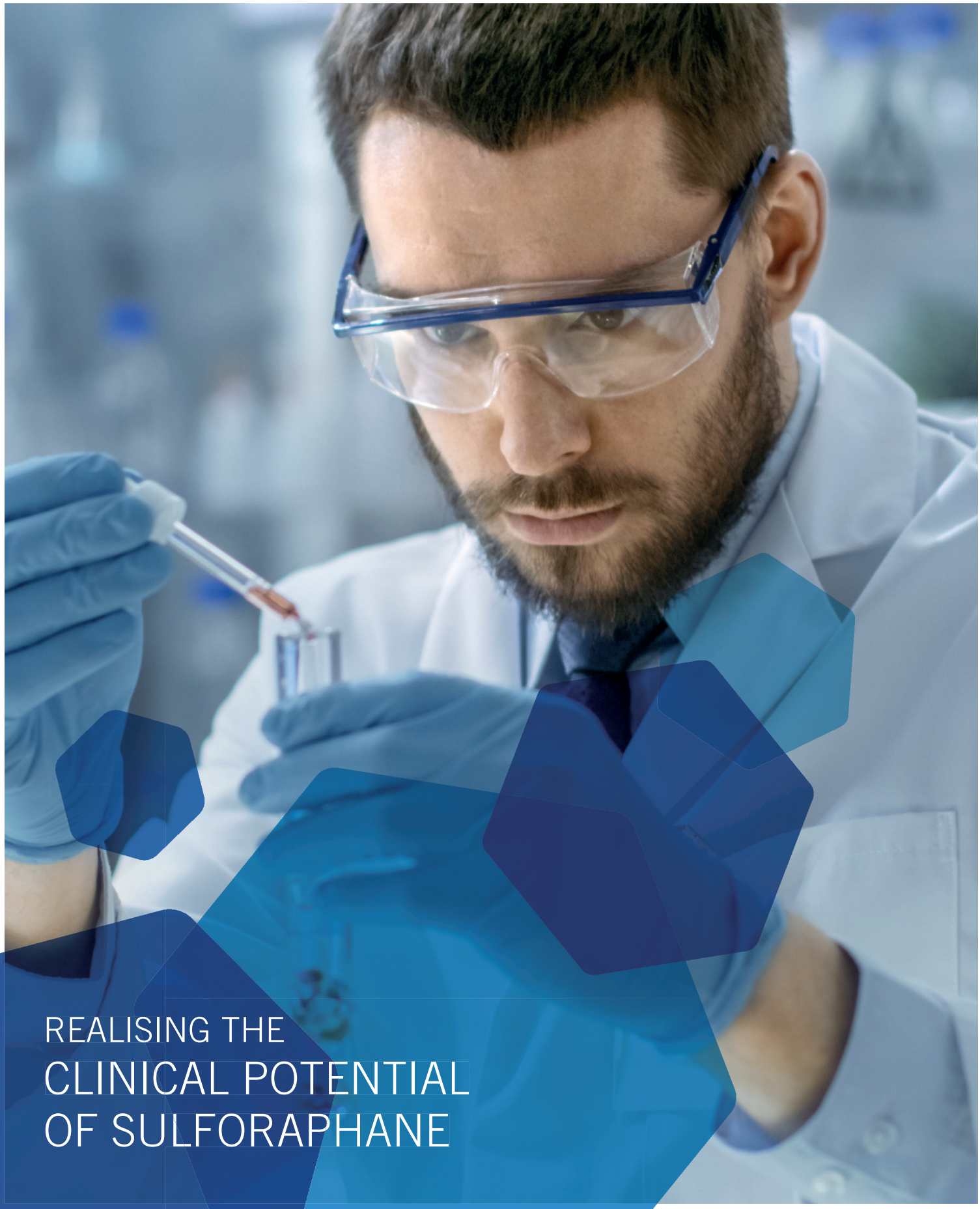
Evgen Pharma plc
Annual Report & Accounts **2020**



REALISING THE CLINICAL POTENTIAL OF SULFORAPHANE

Evgen is a clinical stage drug development company focussed on the development of sulforaphane-based compounds, a new class of pharmaceuticals which are synthesised in a proprietary, well-tolerated, stable formulation. Our pipeline exploits sulforaphane's activity in two separate biochemical pathways; inhibition of STAT3, of importance in cancer, and up-regulation of Nrf2, a pathway of significance in a number of diseases.

REVIEW OF THE YEAR

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CHAIRMAN'S STATEMENT

We have now completed two Phase II trials on SFX-01, in different conditions and with quite separate mechanistic hypotheses. Our selections of metastatic breast cancer ("mBC") and Subarachnoid Haemorrhage ("SAH") were based on strong preclinical data sets. The mBC clinical result was positive, demonstrating the stabilisation of previously progressive disease in 24% of patients and objective responses in some others. We were surprised that the SAH trial did not similarly follow the preclinical data, albeit this is a particularly challenging indication in which to test our drug. However, the scientific evidence for sulforaphane and SFX-01 as a potent Nrf2 activator is compelling, and the clinical belief in Nrf2 activation as a therapeutic strategy is affirmed by the endorsement of our clinical investigator partners, who wish to test SFX-01 in various diseases where Nrf2 activation is important.

In a different mode of action in breast cancer models, SFX-01 has been shown to down regulate STAT3, a therapeutic target of increasing interest in a number of tumour types.

We therefore remain committed to the on-going clinical development of SFX-01 both in breast cancer, and in pursuing a range of diseases where there is evidence supporting potential clinical benefit with Nrf2 up-regulation.

To this end we are expanding our programme of UK and international collaborations, working with highly- regarded clinical investigators who wish to test SFX-01 clinically in diseases they are researching.

We have entered into Memorandums of Understanding with Guy's and St Thomas' Hospitals in London (autism), Dundee University (Non Steroidal Acute Hepatitis) and University of Rochester, New York State (chronic kidney disease). We hope that at least one of these indications will progress to clinical trial.

We were very pleased with the oversubscribed fundraising completed in May 2019 which achieved £5m before expenses in difficult market conditions. This provided us with a strengthened balance sheet, the resources to undertake product formulation that will facilitate the next mBC trial and other investigator-led clinical studies, and funds to complete long term toxicology studies that will remove current restrictions on the duration of clinical trial treatment phases.

In relation to the COVID-19 epidemic, all personnel have been working entirely remotely since the UK was put into lockdown. Previously, some remote working was routine and hence this change should not affect our operations significantly. Evgen operates a virtual business model, outsourcing most R&D and all manufacturing activities. To date, there have been minor delays to our pre-clinical and manufacturing outsourcers and with no on-going clinical trials we are not affected by the focus of trial sites on COVID-19.

After 10 years at Evgen, Steve Franklin resigned from the Company at the end of April this year. Steve has made a huge contribution to the progress of Evgen to date and he leaves with our very best wishes. A search is ongoing for a new CEO to lead the Company and to continue and accelerate the growth of the business.

We move forward with the confidence that the value of SFX-01 as a potential drug that is active against the two key pathways of Nrf2 and STAT3 will become increasingly clear. We therefore believe that the fundamentals are in place to underpin sustainable share price growth and deliver the undoubted potential of SFX-01.

Barry Clare
Executive Chairman

12 June 2020

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 March 2020. The Operational Overview, Key Performance Indicators, Financial Review and Principal Risks and Uncertainties sections form part of the Strategic Report.

OPERATIONAL OVERVIEW

INTRODUCTION

Evgen is a clinical stage drug development company focussed on the development of sulforaphane-based compounds, a new class of pharmaceuticals which are synthesised in a proprietary, well-tolerated, stable formulation. We have a comprehensive intellectual property package over this technology. Our pipeline exploits sulforaphane's activity in two separate biochemical pathways; inhibition of pSTAT3, of importance in controlling cancer metastases, and up-regulation of Nrf2, a therapeutic target associated with a broad range of diseases which are characterised by excessive oxidative stress and inflammation. Sulforaphane has attracted huge scientific interest and has been shown to have anti-cancer and neuroprotective qualities in a wide range of preclinical and clinical studies, for example breast cancer, prostate cancer, multiple sclerosis and autism.

Our lead product, SFX-01, has demonstrated efficacy in a Phase II trial for advanced metastatic breast cancer. It has been used to treat over 130 people in clinical trials and is well-tolerated with predominantly mild side-effects.

Evgen has exclusive rights to the only technology (Sulforadex®) proven to synthesise this very unstable molecule in a stabilised composition that will satisfy regulatory and medicinal needs for a pharmaceutical and that can be used as a therapeutic.

CLINICAL TRIAL RESULTS AND STRATEGY REVIEW

Our aim on going public was to complete two Phase II trials on SFX-01 in different conditions with quite separate mechanistic hypotheses; the objective being to manage the risk profile typically associated with Phase II trials and demonstrate efficacy in at least one indication. To this end, we have had a success with the STEM trial, with SFX-01 being tested in 46 patients that had become resistant to all currently approved hormone therapies. In this difficult to treat population, SFX-01 halted the progressive disease for at least six months in 25% of patients, with at least two patients showing demonstrable tumour shrinkage. Furthermore, five patients went on to have their progressive disease halted for at least a year, and one patient continued to receive SFX-01 treatment for over 18 months. Given that the ultimate aim is to target patients earlier in the disease pathway (i.e. prior to them being resistant to all approved hormone therapies), we believe that the results from STEM bode well for the probability of success of a randomised, double blind follow-on trial. The details of that trial design and associated costings will be finalised in 2020, and we are escalating the activity associated with securing non-dilutive funding to pay for all, or substantially all, of a follow-on trial.

We were surprised that the strong preclinical data for SFX-01 in SAH was not reflected in the SAS trial. Whilst we recognised that trials in stroke are challenging, we were nevertheless confident of observing some favourable effects given the strength of the preclinical data. The study met our expectations with regard to safety and tolerability, but missed the other key primary endpoint associated with the modulation of blood flow in the middle cerebral artery; this blood flow being a means of measuring the onset of vasospasm that leads to the Delayed Cerebral Ischaemia ("DCI"). Several cognitive measures constituted secondary endpoints, and, whilst the study was not powered to demonstrate statistical efficacy for these endpoints, we had expected to see a favourable trend across the different questionnaire-based tests that ascertain the extent of any cognitive deficit.

Importantly, we have concluded that the SAS results are likely to be specific to that condition and because animal models for SAH can translate poorly to SAH in patients. In addition, our dosing regime, restricted to a maximum of 28 days, may have been too short to impact cognitive measures at three and six months. There remains a strong rationale for clinically testing SFX-01 in any condition that is mechanistically linked to Nrf2, as evidenced by the recent positive developments at Reata (NASDAQ: RETA). Reata is developing Nrf2 activators based on triterpenoids and with positive top-line results in pivotal trials in Friedriech's Ataxia and Alport Syndrome has a current market capitalisation of circa US$5bn. This illustrates that the fundamentals of Nrf2 activation as a therapeutic strategy are sound and SFX-01 is a potent and well tolerated Nrf2 activator; on this basis we advance with confidence in SFX-01 and believe that the main driver to ultimate success is perseverance.

Given the funding constraints suffered by small cap drug development companies in the UK, our strategy is to move to a business model where we facilitate multiple clinical trials on SFX-01 in risk-sharing arrangements, with the objective of attracting non-dilutive funding from grants and/or charities to wholly or substantially fund future clinical activity. This strategy has three key components:

(1) Our first priority is to ensure the continued development of the breast cancer programme. We will design and cost a clinical trial protocol and then seek non-dilutive funding for Evgen and/or an affiliated clinical institution to sponsor the trial.

(2) In parallel we aim to leverage the extensive pre-clinical and clinical data that shows the potential for SFX-01, as a sulforaphane delivery platform, to be used in diseases that are beyond our capacity to pursue.

(3) In addition, we will pursue opportunities to apply our intellectual property on stabilised sulforaphane to non-pharmaceutical opportunities which offer a more rapid route to market.

We will therefore support a number of proposed Investigator-Initiated Trials – these are trials led by a clinician from a well-renowned institution, with that institution being the sponsor for the trial. Evgen will provide support as required (in the confines of an investigator sponsored study), sharing our knowledge, experience and the methods and laboratories used for pharmacodynamic and pharmacokinetic endpoints. All such trials are subject to grant funding being procured and Evgen will supply clinical centres with SFX-01 and, where appropriate, a placebo.

Evgen will have the right to access the clinical data on fair commercial terms to advance its clinical and commercial development. Since the principal funding for these trials will be obtained by the investigator/institution they have limited impact on our cash reserves.

We have announced three Memorandums of Understanding relating to potential trials (in NASH, chronic kidney disease and autism) and are in discussions for others. We are hopeful that at least one of these will be awarded a grant so as to commence in H2 this year or H1 2021.

Finally, we are now in a period where we are using funds from the last investment round to complete the technical package required to support this strategy. This involves investment in Chemistry, Manufacturing and Controls ("CMC") in developing a tablet formulation for world-wide distribution to multiple clinical centres, and investment in the toxicology package to be able to support trials of longer dosing duration (i.e. over 28 days). By the time this CMC investment period is complete, we could initiate a portfolio of clinical trials such as those described above.

We believe this strategy offers the best route to enhance shareholder value and the opportunity for all stakeholders to benefit from the undoubted potential of SFX-01 and our broader technology platform.

CLINICAL PROGRAMMES

METASTATIC BREAST CANCER

Breast cancer is the biggest cause of cancer deaths in women worldwide. In around 75% of breast cancers, the hormone oestrogen plays a key part in tumour growth. Such tumours express the oestrogen receptor (ER+) and, if the cancer is metastatic, endocrine therapy has been the principal approach to treatment. It is thought that hormone independent cancer stem cells are implicated in the development of resistance to hormone therapy and the spread of the disease by metastases. Since 2012, Evgen has worked with University of Manchester scientists at the Cancer Research UK Manchester Institute and together we have generated promising data showing SFX-01 reduces the number of cancer stem cells in patient-derived breast cancer tissue in xenograft models. The xenograft studies used a combination of hormone therapy and SFX-01, with the role of SFX-01 being to target the cancer stem cell population. Crucially, the data also showed that SFX-01 is unique, compared with existing marketed therapies, in deactivating phosphorylated STAT3, a key agent in driving cancer metastases and resistance to current standards of care. This data was recently published in the prestigious journal, Oncogene.

In March 2019, we announced positive results from the open-label Phase II trial of SFX-01 in 46 patients with oestrogen-positive metastatic breast cancer. In particular we demonstrated:

- Conclusive evidence of anti-cancer activity via objective responses (tumour shrinkage)
- 24% of patients showed a durable clinical benefit for at least six months, despite the late stage of disease and patients' established resistance to hormone therapy. Of these, five patients were still receiving SFX-01 at 12 months and one patient still remains on treatment after 18 months
- A mild and favourable side effect profile for an anti-cancer drug.

We are embarking on a campaign to source non-dilutive funds for a follow-on placebo-controlled randomised trial in ER+ metastatic breast cancer, to generate the data that would maximise the likelihood of a corporate partnership/out-licensing deal. Such funding may be sourced from direct grants, cancer charities or possibly via investigator-led trials.

Based upon consultation with our clinicians and KOLs, our preferred market positioning of SFX-01 is in combination with hormone therapy following progression on CDK4/6 inhibitors. Resistance to CDK4/6i (which will ultimately manifest in all patients) will become the new challenge that needs to be addressed.

Key activities that will facilitate the next mBC clinical trial are:

- Ensuring our preclinical data package is sufficient and robust to support the study design
- Finalising the Clinical Trial Protocol synopsis and establishing full costings
- Using the funds we raised in 2019 to:
  - Finalise the development of the new tablet formulation for mBC study and also investigator-led trials in new indications
  - Expand the toxicology package to enable longer-term dosing in investigator-led trials
- Securing non-dilutive funding to fund part, or all, of the mBC study.

SUBARACHNOID HAEMORRHAGE ("SAH")

In November we announced results from our trial of SFX-01 in SAH. Unfortunately, the primary endpoint of reducing blood flow velocity in the middle cerebral artery was not achieved, with no significant difference between the SFX-01 and placebo arms. Furthermore, whilst the secondary endpoints were not statistically powered, there were no consistent differences seen between SFX-01 and placebo in key cognition, quality of life and clinical outcomes at three and six months. This was surprising given the strong preclinical data for sulforaphane in animal models of SAH and other forms of stroke.

SFX-01 was however shown to be well-tolerated with no safety concerns.

In the multi-centre, randomised, double-blind, placebo-controlled SAS Phase II clinical trial, patients were dosed for a maximum of 28 days following a SAH, covering the period at which they are at risk of a Delayed Cerebral Ischaemia Patients were then monitored for a further five months to assess their recovery by collecting endpoints including cognitive measurements.

After an extensive review with our clinical advisors, we have concluded that the results of the SAS trial cannot be used to discount the viability of a trial in any other indication linked to the Nrf2 pathway including those of the central nervous system. SAH is a traumatic and serious condition and the likelihood is that the animal models are poorly prognostic of the clinical condition in humans.

What we do know is that Nrf2 pathway remains an attractive target for therapeutic intervention in many diseases characterised by oxidative stress and inflammation, and that SFX-01 is a potent activator of the Nrf2 pathway with a relatively benign safety profile. On this basis, there is no sound rationale for believing the SAS trial read-out will be precedent to other indications.

NON-CLINICAL PROGRAMMES

We are making good progress with the activities set out in the use of funds statement relating to the April 2020 fundraising.

Specifically, we have contracted with a large Clinical Research Organisation to start the extended toxicology programme that is needed to support a broader diversity of clinical trial designs – including being able to dose for greater than 28 days in patients who do not have terminal disease. The pilot work has been completed, the full programme has started and will conclude later in this year.

With regard to the formulation work to develop a new tablet – required to scale manufacturing and support multiple trials – we have also contracted with a large and well-established Contract, Development and Manufacturing Organisation to initiate that work. Work is well underway and expected to be completed by the end of the year.

Additional work to add value to the supply chain proposition is also underway.

PRE-CLINICAL COLLABORATIONS

In addition to our core in-house programmes, we continue to support academic research to broaden the range of applications for SFX-01 and increase our mechanistic understanding in these different disease areas.

Currently, we are working with research groups conducting pre-clinical work to investigate the potential of SFX-01, inter alia, in: triple negative breast cancer (University of Manchester, UK), glioblastoma (University of L'Aquila, Italy), osteoarthritis (RVC, University of London, UK) and ischaemic stroke and autism (both at King's College London, UK).

We are hopeful that some of these projects will progress into clinical evaluation over the next few years.

Finally, we have a mechanistic collaboration with Imperial College, London to use advanced chemical proteomics technology to detect targets for SFX-01 and other sulforaphane analogues in live cells or tissues in specific disease model systems. This should provide greater understanding of mechanism(s) of action and contribute data important for current and future clinical development. The first data from this collaboration was presented at the end of March providing further elucidation of the potential mechanism of action of SFX-01

STRATEGIC REPORT
continued

in metastatic breast cancer, and suggesting potential biomarkers for determining the efficacy of SFX-01 in this indication. In particular, that SFX-01 influences growth hormone signalling and that phosphorylated STAT3 and, interestingly, MIF (macrophage migration inhibitory factor), may be a useful biomarker for response to SFX-01.

INTELLECTUAL PROPERTY UPDATE

Our IP portfolio continues to be strengthened with a number of key patents being granted. The current status of the intellectual property portfolio is as follows:

- From the "parent" patent family entitled "Stabilised Sulforaphane" patents are granted in Australia, Canada, EU, US, Japan and Hong Kong.
- The principal manufacturing patent application, entitled "Methods of Synthesising Sulforaphane" is granted in Australia, China, Europe, Japan and further applications are pending in Brazil, Canada, US and India.
- A second manufacturing patent which is directed to methods of isolating and purifying sulforaphane or analogues from natural sources has been granted in Europe, US, Japan and China.
- The patent application providing protection around novel analogues based on sulforaphane, and entitled "Sulforaphane-Derived Compounds" is granted in Australia, China, Europe, Japan and the US and pending in Canada.

During the year composition of matter SFX-01 patents were granted both in Japan and Europe with a product claim for a complex of sulforaphane and alpha-cyclodextrin. The Group has long held broad compositional patent protection in the United States since patent grant in 2011 and in Canada since grant in 2014.

Furthermore, new composition of matter filings have been made which, if successful, would add a further 20 years of patent life to the key patent family.

PEOPLE

After 10 years at Evgen, Steve Franklin resigned from the Company at the end of April this year. Steve has been pivotal in developing the Group from start up to the point where two phase II trials have been completed and substantial opportunities created. We have appointed a high quality search and selection firm to support the replacement process, and look forward to announcing a new CEO who can drive the future of Evgen in due course.

KEY PERFORMANCE INDICATORS

Key Performance Indicators include a range of financial and non-financial measures (such as clinical trial progress). Details about the progress of our development programs (non-financial measures) are included elsewhere in this Strategic Report, and below are the other indicators (financial measures) considered pertinent to the business.

	2020 (£m)
Year-end cash and short-term investments and cash on deposit held: (2019: £2.0m)	**4.1**

The increase in year-end cash reflects the fundraising in May 2019 which raised £5m before expenses, offset in part by working capital, pre-clinical and clinical expenditures.

	2020 (£m)
Net cash inflow (including short-term investments) (2019 outflow: £1.6m)	**2.1**

The net cash inflow reflects the fundraising completed during the year less working capital, pre-clinical and clinical expenditures.

	2020 (£m)
Operating loss: (2019: £3.1m)	**3.2**

The operating loss reflects pre-clinical and clinical activity in the year and related product manufacture.

FINANCIAL REVIEW

The financial performance for the year ended 31 March 2020 was in line with expectations.

Losses

The total loss for the year was £2.7m (31 March 2019: £2.6m) including a charge for share-based compensation of £0.2m (2019: £0.1m). Operating expenses excluding share based compensation were constant at £3.0m (2019: £3.0m) reflecting some reduction in payroll costs offset by increased professional fees and business development costs.

Share based compensation

Accounting standards require a charge to be made against the grant of share options and recognised in the Consolidated Statement of Comprehensive Income. This amounted to £0.2m (2019: £0.1m) and has no impact on cash flows.

Headcount

Average headcount of the Group for the year was 8 (2019: 8).

Taxation

The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £0.45m (2019: £0.49m).

Share capital

A total of 321,600 ordinary shares of 0.25p each were issued pursuant to exercises of share options granted under individual share option grants. These options had exercise prices 0.875p per share.

A share placing was completed in May 2019 which raised £5m before expenses in difficult market conditions. This provides us with a strengthened balance sheet, the resources to undertake product formulation that will facilitate the next mBC trial and other investigator-led clinical studies, and funds to complete further toxicology studies that will remove current restrictions on the duration of clinical trial treatment phases. The placing comprised the issue of 33,333,329 ordinary shares of 0.25p each to existing and new shareholders at 15.0p per share.

Cash flows and financial position

The cash position at 31 March 2020 increased to £4.1m (31 March 2019: £2.0m). The remaining clinical expenditure on the two phase II trials of SFX-01, the costs of the tox and product formulation projects, and recurring general and administrative costs were offset by the share placing proceeds (£5.0m before expenses) and receipt of the 2019 tax credit (£0.49m).

S172 COMPANIES ACT STATEMENT

The Group is a low energy consumer (40,000 kWh of energy or less over the period for which the Directors' Report is prepared) and therefore does not report under the new Carbon and Energy Reporting Requirements.

Employee and engagement

As a very small company in terms of staff, Board members have multiple points of contact with staff; through Board meeting feedback, participation in weekly management meetings involving all staff, and ad hoc interactions in relation to specific matters.

These forums provide staff with an opportunity to give their views which can then be taken into account in making decisions likely to affect their interests.

Specific matters of concern to them as employees are dealt with in management meetings and by email. Corporate developments and Company performance are discussed weekly in management meetings.

All staff are eligible for the Group's share option scheme and this encourages involvement in the Company's performance.

Stakeholder Engagement

The Group has a small number of major suppliers and consultants that support its delivery of strategy and corporate goals. The selection of, relationships with, and execution of, contracted work by these parties is considered at least weekly by the Executive Directors and at each Board meeting by all Directors. Where appropriate, the Chairman and/or non-executive directors participate in engagement with these parties, and where appropriate, Board members are involved in meetings with such parties.

PRINCIPAL RISKS AND UNCERTAINTIES

Evgen is a biopharmaceutical company and, in common with other companies operating in the sector, is subject to a number of risks. The principal risks and uncertainties identified by the Group for the year ended 31 March 2020 are set out below.

COVID-19 pandemic

The Board is monitoring the impact of COVID-19 on the Group and its staff closely. To date, the impact on our staff and programmes has been limited, however continuation of the pandemic for a sustained period of months may affect:

- Our ability to raise further finance as a consequence of a depressed funding environment
- Our ability to conduct and conclude partnering discussions
- Our ability to initiate and execute new clinical trials, whether sponsored by Evgen or Clinical Investigators
- Completion of the current toxicology and product formulation programmes to agreed timelines

Development

The Group is at a relatively early stage of development and may not be successful in its efforts to develop approved or marketable products. Technical risk is present at each stage of the development process which is a highly regulated environment which presents technical and operational risk. There can be no guarantee that the Group will be able to, or that it will be commercially advantageous for the Group to, develop its Intellectual Property through entering into licensing deals with pharmaceutical companies.

Commercial

The biotechnology and pharmaceutical industries are very competitive. The Group's competitors include major multinational pharmaceutical companies, biotechnology companies and research institutions. Many of its competitors have substantially greater financial, technical and other resources. The Group's competitors may succeed in developing, acquiring or licensing drug product candidates that are more effective or less costly than those the Group is developing, or may develop, and this may have a material adverse impact on the Group.

Regulatory

The Group's operations are subject to laws, regulatory approvals, and certain government directives, recommendations and guidelines. There can be no assurance that future legislation will not impose further government regulation which may adversely affect the business or financial condition of the Group.

Intellectual property (IP)

The Group's success depends in part on its ability to obtain and maintain patent protection for its technology and potential products in the United States, Europe and other countries. If the Group is unable to obtain and maintain patent protection for its technology and potential products, or if the scope of patent protection is not sufficiently broad, competitors could develop and commercialise similar technology and products, which could materially affect the Group's ability to successfully commercialise its technology and potential products. The Group is exposed to additional IP risks, including infringement of IP rights, involvement in lawsuits and the inability to protect the confidentiality of its trade secrets which could have an adverse effect on the success of the Group.

Financial

The Group has a limited operating history, has incurred significant losses since its inception and does not have any approved or revenue – generating products. The Group expects to incur losses for the foreseeable future, and there is no certainty that the business will generate a profit. The Group may not be able to raise additional funds that will be required to support its product development programs or commercialisation efforts, and any additional funds that are raise may cause dilution to existing shareholders.

Operational

The Group's future development and prospects depend to a material extent on the experience, performance and continued service of its senior management team including the Directors. The Directors believe the senior management team is appropriately structured for the Group's size and stage of development and is not overly dependent on any one individual. The Group has entered into contractual arrangements with these individuals with the aim of securing the services of each of them. Retention of these services or the identification of suitable replacements cannot be guaranteed. The loss of the service of any of the Directors or senior management and the cost of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance.

OUTLOOK

We look forward to completing our key toxicology and formulation work and hopefully the initiation of clinical trials in new indications. We believe that the value of SFX-01 as a potential drug active in each of the Nrf2 and STAT3 pathways will become increasingly clear and the considerable commercial opportunity this represents recognised. We will also continue to explore the opportunities for monetising our assets in non- pharmaceutical markets.

This report was approved by the Board of Directors on 12 June 2020 and signed on behalf of the Board of Directors by:

Barry Clare
Executive Chairman

12 June 2020

THE BOARD OF DIRECTORS

BARRY CLARE Chairman
Barry brings considerable healthcare, strategy, NED and Chairman experience to the Group. He is an experienced healthcare company Director who joined Evgen Limited as Chairman in 2009. Having graduated in Natural Sciences at Cambridge University, Barry joined Procter & Gamble where he spent 10 years working in a variety of product development roles in the UK and in Europe. In 1984, he joined Diversey Corporation, the speciality chemicals division of Molson Companies, as corporate Vice President and VP Marketing in Canada where he led its transformation from a commodity chemical supplier to a leading differentiated business solutions provider to the food and hospitality industries. In 1991, Barry joined Boots Company plc as managing Director of Boots Healthcare International, the company's over-the-counter ("OTC") consumer healthcare division. Between 1991 and 2001, the business became the fastest growing OTC company in Europe and included the global expansion of brands such as Nurofen, Strepsils and Clearasil. In 1999, he was appointed to the board of Boots Company plc and became managing Director of Boots Retail International. He was appointed group marketing director of Boots Company plc in 2002, a position he held until 2003 when he left to set up Clarat Partners LLP, a specialist firm to participate in transactions in the healthcare, medical devices, beauty, personal care and well-being sectors. Barry, who served as a Non-Executive Director of Standard Chartered plc between 2001 and 2003, is on the board of several private healthcare companies and is Deputy Chairman, Manchester University NHS Foundation Trust. Barry has been a Director and Chairman of Evgen Limited since November 2009 and Evgen Pharma plc since October 2014.

RICHARD MOULSON Chief Financial Officer
Richard is a qualified chartered accountant with over 20 years' post-qualification experience working as a chief financial officer for UK quoted and private equity and venture capital owned companies. Richard trained with Coopers & Lybrand and spent 10 years with Deutsche Morgan Grenfell in corporate finance working on fundraisings, IPOs and M&A transactions in the UK and internationally. He has considerable life science experience in companies including Intercytex Group Plc, ReNeuron Group plc and Cobra Therapeutics Ltd, and currently provides part-time CFO and finance consulting services to SMEs with a focus on life science businesses. Richard became a Director of Evgen Pharma plc in January 2017.

DR SUSAN FODEN Non-Executive Director and Senior Independent Director
Susan has an MA, D.Phil in biochemistry from the University of Oxford. After a period or research she joined Celltech Ltd in 1983 where she became head of academic liaison. In 1987, Susan was appointed Chief Executive of Cancer Research Campaign Technology Ltd ("CRCT") establishing the company and building significant royalty streams and equity in spin-out companies. From 1998 to 2000, she was also Chief Executive of Cancer Research Ventures Ltd, a subsidiary of CRCT, transferring cancer technologies outside the Cancer Research Campaign portfolio in the UK and overseas. In 2000, Susan joined the London based healthcare fund, Merlin Biosciences where she was an investor director until 2003. Susan was a non-executive director of BTG plc until completion of its sale to Boston Scientific in 2019, and of Vectura Group plc from 2007-2019. She is currently a member of the Board of QBio ASA in Queensland Australia and a member of the Investment Committee of CD3, a joint initiative between the University of Leuven and the European Investment Fund. Susan was appointed as a Non-Executive Director of Evgen Limited in 2011 and became a Director of Evgen Pharma plc in November 2014. Susan has considerable Remuneration Committee experience from other companies.

DR ALAN BARGE Non-Executive Director
Alan trained in medicine at Oxford and London, and specialised in haematology and oncology, completing research and clinical fellowships in Seattle in 1990. He specialized in the treatment of leukaemia and bone-marrow transplantation. He joined the American biotechnology company Amgen in 1990, as European Medical Director, and was responsible for the European, and subsequently Worldwide development of Neupogen® (filgrastim), in patients with cancer and leukaemia, as well as HIV and infectious disease. In 1999 he joined AstraZeneca, and was asked to establish a team, responsible for early phase oncology drug development. This team took many new drugs into man for the first time. In 2003 he was made responsible for the re focusing of the development, and was subsequently appointed VP of Clinical and Head of Oncology and Infection, responsible for building and managing a large development group, and the execution of AstraZeneca's oncology portfolio globally.

Alan left AstraZeneca in 2011 and co-founded ASLAN Pharmaceuticals, a Singapore-based biopharmaceutical company which focuses on Asia-prevalent cancers. In 2016 he helped found Carrick Therapeutics in the UK, which also focuses on early-stage oncology assets.

Alan is a Venture Partner at Delin Ventures in London.

SUSAN CLEMENT-DAVIES Non-Executive Director
Susan is an experienced financier with over 25 years of capital markets and investment banking experience, including 10 years at Citigroup as Managing Director of Equity Capital Markets and most recently as Managing Director of Torreya, an investment bank solely focused on life sciences. Susan has a BSc in Economics from University College London and a MSc in Economics from the London School of Economics. Susan became a Director of Evgen Pharma plc in November 2018.

She is also an advisor to Theolytics Ltd and a member of the Innovation Advisory Group, Chelsea and Westminster Hospital NHS Foundation Trust.

DIRECTORS' REPORT
for the year ended 31 March 2020

Financial Statements
The Directors of Evgen Pharma plc (registered in England and Wales: 09246681) present their report together with the audited consolidated financial statements and the Company financial statements for the year ended 31 March 2020.

Directors
The Directors of the Company who served during the year and up to the date of this report, unless otherwise indicated, are as follows:

	Capacity	
Stephen Franklin*	Chief Executive Officer	Appointed 2 October 2014
Barry Clare	Chairman	Appointed 2 October 2014
Richard Moulson	Chief Financial Officer	Appointed 17 January 2017
Susan Foden	Non-Executive and Senior Independent Director	Appointed 21 November 2014
Alan Barge	Non-Executive Director	Appointed 21 October 2015
Susan Clement-Davies	Non-Executive Director	Appointed 1 November 2018

*Dr Franklin resigned from the Company on 30 April 2020.

Biographical details of Evgen's Directors are shown on page 6.

The Group maintained Directors' and Officers' liability insurance cover throughout the year.

Principal activities of the Group
Details of current and future trading as well as the principal risks and uncertainties are included in the Strategic Report on pages 2 - 5.

Business Review and Key Performance Indicators
The review of the business, future trading and key performance indicators are covered in the Strategic Report.

Financial results and dividends
The Group's results for the year ended 31 March 2020 are presented on page 21. The Group's net loss after tax for the year was £2.7m (2019: £2.6m).

Directors' interests in share options
Details of Directors' interests in shares, share options and service contracts are shown in the Directors' Remuneration Report.

Research and Development
The Group is continuing to research products in its chosen area.

Employee involvement
Employee involvement in the overall performance of the Group is encouraged through both formal and informal meetings which deal with a range of matters including the Group's financial performance, development progress and health and safety. Copies of the Annual Report and Interim Report are made available to all employees

Political donations
The Group made no political donations in the current or prior year.

Authority to issue shares
At the Annual General Meeting on 16 July 2020 authority will be sought from shareholders to allow the Directors to allot relevant securities up to an aggregate nominal value of £110,539, representing one-third of the issued share capital, and to allot for cash equity securities having a nominal value not exceeding in aggregate £66,323 (being 20% of the issued share capital).

Share placing
During the year 33,333,329 ordinary shares were issued at a price of 15p per share raising £5.0 million before expenses.

Substantial shareholdings
At 12 June 2020, the Company had received notification from the following financial institutions of their and their clients' interest in the following disclosable holdings, which represent 3% or more of the voting rights of the issued share capital of the Company:

Shareholders having a major interest	Number of shares held	% of issued share capital
North West Funds (Biomedical) LP	16,186,446	12.2%
Mercia Fund Managers	15,723,818	11.9%
Richard Griffiths and controlled undertakings	14,408,000	10.9%
AXA Framlington Investment Management Limited	11,848,884	8.9%
Seneca Investment Managers	7,243,097	5.5%
Newlands Capital	6,555,819	4.9%
TS Capital	5,078,334	3.8%

DIRECTORS' REPORT
continued

Going concern
At 31 March 2020, the Group had cash and cash equivalents, including short-term investments and cash on deposit, of £4.13 million.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

The Directors estimate that the cash held by the Group together with known receivables will be sufficient to support the current level of activities to around the end of June 2021. The Directors are continuing to explore sources of finance available to the Group and have confidence that they will be able to secure sufficient cash inflows for the Group to continue its activities to the end of calendar 2021 and therefore for not less than 12 months from the date of approval of these financial statements; they have therefore prepared the financial statements on a going concern basis.

Because the additional finance is not committed at the date of approval of these financial statements, these circumstances represent a material uncertainty as to the Group's ability to continue as a going concern. Should the Group be unable to obtain further finance such that the going concern basis of preparation were no longer appropriate, adjustments would be required including to reduce balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets.

Strategic Report
The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Disclosure of information to auditor
In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor are unaware; and
- each of the Directors has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors
RSM UK Audit LLP have expresses their willingness to continue in office as auditors for the year. A resolution to reappoint them will be presented at the forthcoming AGM.

Annual General Meeting
The notice convening and giving details of the 2020 AGM of the Company to be held by video link on 16 July 2020 has been sent to shareholders.

Approved by the Board of Directors and signed on behalf of the Board

Barry Clare
Executive Chairman

12 June 2020

Evgen Pharma plc
Liverpool Science Park Innovation Centre 2
146 Brownlow Hill, Liverpool
Merseyside L3 5RF

Company registration number: 09246681

CORPORATE GOVERNANCE REPORT

The Board applies the Quoted Companies Alliance ("QCA") Corporate Governance Code (to the extent practical given the Group's size and stage of development). The Directors support high standards of corporate governance and regards the QCA Code as appropriate to its stage of development.

Full details of our Corporate Governance approach can be found on our website: www.evgen.com.

Board Structure

The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities is set out on page 16.

The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. Pending the recruitment of a new Chief Executive the Board currently comprises an Executive Chairman, one Executive Director and three Non-Executive Directors. The Board considers all the Non-Executive Directors to be independent. Non-Executive Directors receive a fee for their services. The Board holds regular meetings and is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions and overseeing the Group's progress to its goals.

The Board collectively has considerable experience in scientific, operational and financial development of biopharmaceutical companies. The experience, personal qualities and skills of the Directors are set out on page 6. The Directors regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group.

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

The Board has sought advice during the year from remuneration consultancies in connection with the adjustments to the LTI Plan noted in the Remuneration Committee's report on page 12.

Board Committees

The Board has established Audit and Remuneration Committees of the Board with formally delegated duties and responsibilities. The membership and activity of these Committees is discussed in more detail in their respective reports.

Group culture

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the working practices adopted by all employees in the Group and consistent with the Group's strategy; they reflect the high ethical and regulatory compliance required of a biopharmaceutical business. The small number of staff within the Group allows for an open culture to be maintained with weekly communication to staff regarding progress, and staff feedback is regularly sought. Non-Executive Directors have frequent contact with various staff members and are able to monitor culture accordingly.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. Health and Safety is a standing agenda item at all Board meetings with any incidents reported at these meetings.

Frequency of, and attendance at, meetings

During the year the Group held formal Board meetings, Audit Committee meetings and Remuneration Committee meetings with attendance at these meetings as follows:

	Board Meetings	Audit Committee	Remuneration Committee
Stephen Franklin	11/11	N/A	N/A
Barry Clare	11/11	N/A	3/3
Richard Moulson	11/11	N/A	N/A
Susan Foden	11/11	2/3	3/3
Alan Barge	9/11	3/3	2/3
Susan Clement-Davies	11/11	3/3	N/A

Alan Barge, Sue Foden and Susan Clement-Davies are considered to be independent Non-Executive Directors. These Directors are required to work a minimum of two days per month. Richard Moulson is required to work a minimum of two days per week.

CORPORATE GOVERNANCE REPORT
continued

Risk Management and Control
The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

The Group operates in an inherently high risk and heavily regulated sector and this is reflected in the principal risks and uncertainties set out on page 5.

The Group maintains a risk register to monitor the various operating, financial, commercial and strategic risks faced by the business. This is reviewed and discussed at each monthly Board meeting.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board at each monthly Board meeting.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The senior management team meet weekly to monitor clinical progress and to consider new risks and opportunities presented to the Group, communicating and advising the Board as appropriate.

Corporate Social Responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interest of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Employment
The Board recognises its legal responsibility to ensure the well-being, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Relations with shareholders
The Board recognises the importance of communication with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. Our website has a section dedicated to investor matters and provides useful information for the Company's owners. The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, while the Chairman and CEO ensure that the views of the shareholders are communicated to the Board as a whole. The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholders value. Fully audited Annual Reports are published, and Interim Results statements notified via Regulatory Information Service announcements. All financial reports and statements are available on the Company's website.

Shareholders are welcome to attend the Group's virtual AGM, and will have the opportunity to submit questions in advance. All shareholders will have at least 21 days' notice of the AGM at which the Directors will be available to discuss aspects of the Group's performance.

Board Performance
The Board is in the process of engaging an independent third party organisation to manage a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman. The results of the evaluation process will be analysed and reported back to the Board for subsequent follow-up.

The Board may utilise the results of the evaluation process when considering the adequacy of the composition of the Board and for succession planning.

Appraisals are carried out annually with all Executive Directors.

Barry Clare
Executive Chairman

12 June 2020

REMUNERATION COMMITTEE REPORT

The members of the Remuneration Committee are Susan Foden, Barry Clare and Alan Barge. Susan Foden is the Chair of the Remuneration Committee.

The responsibilities of the Committee include the following:

- Determining and agreeing with the Board the remuneration policy for all Directors.
- Within the terms of the agreed policy, determining the total individual remuneration package for Executive Directors.
- Overseeing the evaluation of Executive Officers.

Our aim is to deliver a remuneration programme that rewards both achievement of short-term goals and fulfilment of our longer-term objectives in realising the clinical potential of sulforaphane.

The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. Details of the members and remit of the Committee are provided in the Corporate Governance section. The Executive Directors attend meetings by invitation but no Director is involved in discussions relating to their own remuneration.

We recognise the need to retain and motivate our Executive Directors and senior management team and the need to avoid making remuneration decisions solely based on shorter-term volatility. Accordingly, we include two performance-based elements in our remuneration programme; a shorter term annual bonus programme, with payment amounts based on the previous year's achievement against pre-set personal and corporate goals for that year; and a longer-term equity-based programme of share options, vesting over three years and directed towards the achievement of substantial, longer-term strategic objectives.

Remuneration Policy for Executive Directors

The Remuneration Committee sets a remuneration policy that aims to align Executive Directors' remuneration with shareholders' interests and attract and retain the best talent for the benefit of the Group. The Company seeks to strike an appropriate balance between fixed and performance-related reward, forming a clear link between pay and performance.

Since its IPO Evgen has operated the following share plans:

- Evgen Deferred Bonus Plan (DBP)
- Evgen Long Term Incentive Plan (LTIP)

These plans are intended to maintain remuneration policy in line with market practice for an AIM listed company and ensure alignment between the reward strategy and business strategy. The Committee will continue to review the Company's remuneration policy on a regular basis to ensure it remains fit for purpose for the Company, drives high levels of executive performance and remains competitive in the market.

The remuneration of the Executive Directors during the year ended 31 March 2020 is set out below:

Basic salary

Basic salaries are reviewed annually.

The purpose of the base salary is to:

- reflect market rates to support the recruitment and retention of key individuals;
- reflect the individual's experience, role and contribution with the Company; and
- ensure that the Executive Directors are fairly rewarded for carrying out their duties.

Bonuses

Executive Directors participate in a bonus plan under which they are entitled to a maximum annual bonus of 50% of salary. Other employees are entitled to bonuses under the plan at lower percentages of salary. Annual bonus entitlements are based on the achievement of pre-set Group corporate, financial and personal performance targets.

The performance targets for the financial year ending 31 March 2021 have been set by the Remuneration Committee and include Group corporate, financial and personal performance targets.

The Remuneration Committee considers that the targets will support the business strategy, and that bonus arrangements represent an important element of the performance-related pay for the Executive Directors.

In order to align executives' interests with those of shareholders and manage cash costs, a proportion of the bonus payable to the Executives may be paid in cash and a proportion may be paid in shares through the Deferred Bonus Plan which was adopted by the Company on Admission. The Committee will determine on an annual basis the level of deferral of the bonus payment into Company share awards in the form of nil cost options up to a maximum of 50% of the bonus earned. DBP awards will vest at the end of a three-year period from the relevant date of grant.

Benefits

Benefits in the form of pension contributions, private medical insurance and death in service insurance are provided to Executive Directors.

REMUNERATION COMMITTEE REPORT
continued

Long term incentives

SHARE PLANS OPERATED PRIOR TO ADMISSION

Prior to Admission the Company granted share awards under stand-alone option agreements as well as operating the following share plans:

- Evgen 2008 Share Option Scheme
- Evgen Limited Enterprise Management Incentive Plan

Further details of outstanding options under these arrangements are as set out on page 14.

LONG TERM INCENTIVE PLAN

On Admission the Company adopted the LTIP which allows for share awards to be made in the form of nil cost options. The Company believes that the LTIP aligns the interest of Executive Directors with those of shareholders and on an ongoing basis will form a significant part of their performance-related pay.

On an ongoing basis the maximum annual individual limit is 100% of salary, although awards up to 150% of salary may be awarded in exceptional circumstances. Share awards will normally vest over a three year period subject to the achievement of stretching performance targets.

In 2019 the Remuneration Committee reviewed the use of absolute total shareholder return as the sole determinant of option vesting. For each for the grants made in 2015, 2016 and potentially 2017 the criteria either have not been met or are unlikely to be met and thus none of the options have or will vest.

The absence of vesting of these options is a fair reflection of the share price performance since IPO and returns to shareholders but of course does not achieve the aims of the LTIP to retain and incentivise key staff nor allow them to build a meaningful stake in the company going forward.

Taking all this into consideration, the Committee decided to rebase the reward structure and performance criteria for the LTIP awards so that management have a realistic chance of achieving a return on the option grants made in 2019 and onwards which would vest in 2022 and following years.

After taking advice from external experts such as RSM, vesting based on the achievement of absolute total shareholder return targets has been changed to a combination of total shareholder return measured against an index of comparator companies (70%), and performance against strategic corporate objectives over three years (30%). These new vesting conditions apply to awards made subsequent to the 2019 AGM. The Committee believes these measures continue to align management and shareholders whilst providing a better assessment of management performance.

Pension

The Group pays pension contributions for Executive Directors and employees into personal pension schemes.

Executive Directors' service contracts and termination provisions

The service contracts of Executive Directors are approved by the Board. The service contracts may be terminated by either party giving 6 or 12 months' notice to the other. The details of the Directors' service contracts are summarised below:

	Date of Contract	Notice period
Richard Moulson	17 January 2017	6 months

Non-Executive Directors

The Non-Executive Directors have entered into letters of appointment with the Company, with the Board determining the fees paid to the Non-Executive Directors, with regard to market comparatives and similar businesses. The Non-Executive Directors do not currently participate in the Group's pension, bonus or option schemes. The appointments are terminable on one month's notice by either party.

The Non-Executive Directors do not receive any pension, or bonus or benefits from the Company. The contractual terms of the Non-Executive Directors are reviewed by the Board annually. Current contracts are set out below:

	Date of Contract	Initial term
Barry Clare	14 October 2015	1 month's notice
Susan Foden	14 October 2015	Three years
Alan Barge	14 October 2015	Three years
Susan Clement-Davies	1 November 2018	Three years

Non-Executive Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period.

Directors' remuneration during the year ended 31 March 2020

The Directors received the following remuneration during the year:

	Salaries and fees £	Taxable benefits £	Bonuses £	Pension contributions £	Total year ended 31 March 2020 £	Salaries and fees £	Taxable benefits £	Bonuses £	Pension contributions £	Total year ended 31 March 2019 £
Executive										
Stephen Franklin*	158,248	3,053	28,485	15,941	**205,727**	155,450	3,313	54,408	15,129	228,300
Richard Moulson[1]	71,877	3,586	9,937	—	**85,400**	70,635	3,008	20,036	—	93,679
Non-Executive										
Barry Clare	41,667	—	—	—	**41,667**	35,000	—	—	—	35,000
Susan Foden	26,500	—	—	—	**26,500**	26,500	—	—	—	26,500
Alan Barge[2]	22,500	—	—	—	**22,500**	24,300	—	—	—	24,300
Marc d'Abbadie[3]	—	—	—	—	**—**	15,986	—	—	—	15,986
Susan Clement-Davies	26,167	—	—	—	**26,167**	9,375	—	—	—	9,375
	346,959	6,639	38,422	15,941	**407,961**	337,246	6,321	74,444	15,129	433,140

*Dr Franklin resigned from the Company on 30 April 2020.

There were no LTIP gains during the year (2019: £nil).

No Directors waived emoluments in the period ended 31 March 2020.

[1] Includes fees of £15,069 (2019: £14,950) paid to FD Consult Ltd, a related party as detailed in Note 18.
[2] Includes fees of £nil (2019: £1,800) paid to Alan Barge, as detailed in Note 18.
[3] Includes fees of £nil (2019: £15,986) paid to SPARK Impact Limited, as detailed in Note 18.

Directors' shareholdings

The Directors who served during the year, together with their beneficial interest in the shares of the Company are as follows:

Ordinary shares of 0.25p each	At 31 March 2020	At 31 March 2019
Executive		
Stephen Franklin	**1,416,867**	1,416,867
Richard Moulson	**41,667**	41,667
Non-Executive		
Barry Clare[1]	**1,023,441**	1,023,441
Susan Foden	**—**	—
Alan Barge	**—**	—
Susan Clement-Davies	**—**	—

[1] Of the ordinary shares set out above Barry Clare is indirectly interested in 592,508 (2018: 592,508) ordinary shares in the Company held by Clarat Partners LLP by virtue of being a member of Clarat Partners LLP.

Bonus

In recognition of the achievement of stretching corporate and personal objectives set at the beginning of the year, the Committee determined to pay cash bonuses to the Executive Directors following pre agreed maxima. In each case, bearing in mind overall share price performance during the year, the Committee determined to use downward discretion in confirming individual bonus awards and thus the actual bonus payments made were adjusted downwards. The resultant amounts are set out in the table above.

Benefits/Pensions

Details of payments in respect of benefits and pensions arrangements for the Executive Directors are set out in the table above.

REMUNERATION COMMITTEE REPORT
continued

Directors' Share Options
Share options may be granted under the LTIP as follows:

- An initial award to Executive Directors on joining the Company to support the recruitment and drive retention of key individuals.
- As an annual award to Executive Directors and other staff members to be made henceforward around the time of the AGM.

In relation to existing grants up to and including January 2019, annual awards vest on the third anniversary from the date of grant. The percentage that vest is determined by the Company's share price or total shareholder return (TSR) on the vesting date. In the case of awards made during 2015 and 2016, from 25% if the price is at least 37p up to 100% on a straight-line basis if it is 55p or greater; if the price is less than 37p these options lapse. For awards made during 2017, 2018 and in January 2019, vesting is on a similar straight-line basis by reference to TSR where 25% vest if TSR is 10% from the date of grant and 100% vest if it is 20%; if TSR is less than 10% these options will lapse.

For grants made in and from July 2019, the quantum vesting at 3 years will be based on relative shareholder return against a basket of comparable companies and achievement of specified corporate goals. The former will account for up to 70% of the total that may vest; with vesting nil at below median performance, 25% thereof at median and then on a straight-line basis up to 100% at upper quartile. Achievement of corporate goals will account for up to 30% of total potential vesting, except that there will be no vesting unless at least median relative shareholder return is achieved.

Details of these LTIP awards together with outstanding options granted to the Executive Directors prior to Admission are set out in the table below. Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of these options are as follows:

Director	Plan	Date of grant	At 1 April 2019	Granted during the period	Lapsed during the period	Exercised during the the period	At 31 March 2020	Price per share (pence)	Date from which exercisable	Expiry date
Stephen Franklin	Pre IPO	21 Nov 2011	1,015,200	—	—	—	1,015,200	5.0000	31 Aug 2013	20 Nov 2021
	Pre IPO	23 Dec 2013	1,940,800	—	—	—	1,940,800	2.6538	21 Oct 2015	22 Dec 2023
	Pre IPO	26 Jun 2015	884,000	—	—	—	884,000	0.8875	21 Oct 2015	26 Jun 2025
	Pre IPO	26 Jun 2015	132,800	—	—	—	132,800	0.8750	21 Oct 2015	26 Jun 2025
	LTIP	21 Oct 2015	389,189	—	—	—	389,189	Nil	21 Oct 2015	20 Oct 2025
	LTIP	21 Oct 2015	389,189	—	—	—	389,189	Nil	21 Oct 2016	20 Oct 2025
	LTIP	31 Oct 2016	276,173	—	(276,173)	—	—	Nil	31 Oct 2019	30 Oct 2026
	LTIP	21 Dec 2017	437,760	—	—	—	437,760	Nil	21 Dec 2020	20 Dec 2027
	LTIP	28 Jan 2019	471,061	—	—	—	471,061	Nil	28 Jan 2022	27 Jan 2029
	LTIP	18 Jul 2019	—	613,048	—	—	613,048	Nil	18 Jul 2022	18 Jul 2029
			5,936,172	**613,048**	**(276,173)**	**—**	**6,273,047**			
Barry Clare	Pre IPO	18 Aug 2010	456,000	—	—	—	456,000	0.8875	21 Oct 2015	17 Aug 2020
	Pre IPO	11 Jan 2011	86,400	—	—	—	86,400	0.8750	8 Jul 2014	10 Jan 2021
	Pre IPO	25 Nov 2011	272,000	—	—	—	272,000	5.0000	31 Aug 2013	24 Nov 2021
	Pre IPO	14 Aug 2013	224,800	—	—	—	224,800	10.6150	14 Aug 2015	13 Aug 2023
	LTIP	21 Oct 2015	145,945	—	—	—	145,945	Nil	21 Oct 2015	20 Oct 2025
	LTIP	21 Oct 2015	145,946	—	—	—	145,946	Nil	21 Oct 2016	20 Oct 2025
			1,331,091	**—**	**—**	**—**	**1,331,091**			
Richard Moulson	LTIP	21 Dec 2017	289,352	—	—	—	289,352	Nil	21 Dec 2020	20 Dec 2027
	LTIP	28 Jan 2019	155,682	—	—	—	155,682	Nil	28 Jan 2022	27 Jan 2029
	LTIP	18 Jul 2019	—	202,608	—	—	202,608	Nil	18 Jul 2022	18 Jul 2029
			445,034	**202,608**	**—**	**—**	**647,642**			
Susan Foden	Pre IPO	25 Nov 2011	136,000	—	—	—	136,000	5.0000	31 Aug 2013	24 Nov 2021
Alan Barge	Pre IPO	1 May 2012	272,000	—	—	—	272,000	5.0000	1 May 2014	1 May 2022
			8,120,297	**815,656**	**(276,173)**	**—**	**8,659,780**			

Susan Foden
Remuneration Committee Chair

12 June 2020

AUDIT COMMITTEE REPORT

The Audit Committee is a subcommittee of the Board and is responsible for ensuring effective governance over financial reporting and internal controls. The Committee represents the interests of the shareholders in relation to the integrity of information and the effectiveness of audit processes in place. The members of the Audit Committee are Susan Clement-Davies (Chair), Susan Foden and Alan Barge. Susan Clement-Davies was appointed at the end of March 2019 following the resignation of Marc d'Abbadie from the Board who was the previous Chair.

The responsibilities of the Committee include the following:

- Monitoring the integrity of the financial statements of the Group
- Reviewing the accounting policies, accounting treatments and disclosures in the financial statements
- Reviewing the Group's internal financial controls and risk management systems
- Overseeing the Group's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The Audit Committee normally meets at least three times a year with time allowed for discussion without any members of the executive team being present, to allow the external auditor to raise any issues of concern. Audit Committee meetings may be attended, by invitation, by the Chief Financial Officer and other Directors and by the Group's auditors.

The Committee has responsibility for, amongst other things, planning and reviewing the Annual Report and Accounts and Interim Statements involving, where appropriate, the external auditors. The Committee also approves external auditors' fees and ensures the auditors' independence as well as focusing on compliance with legal requirements and accounting standards. It is also responsible for ensuring that an effective system of internal control is maintained. The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board.

During the year ended 31 March 2020, the Audit Committee met three times. The Committee reviewed and approved the financial statements for the year ended 31 March 2020, the interim results for the six months to 30 September 2019 and the external auditor's plan for the 2020 external audit. The Audit Committee has satisfied itself that the external auditor is independent. The Audit Committee has concluded that the external audit process was effective, that the scope of the audit was appropriate and that significant judgements have been robustly challenged. No significant issues have been reported by the auditor.

In order to comply with recent legislative changes in Ethical Standards for Auditors that prevent RSM from providing tax advice to the Group, alternative providers are being considered. The Committee will approve a selection in due course to support filing of the 2020 tax return and R&D tax credit application.

The Audit Committee does not believe it necessary at this time to propose re-tendering of the audit contract. A resolution for the reappointment of RSM as the statutory auditor will be proposed at the forthcoming Annual General Meeting. No formal recommendations other than the approval of the Interim Statement and Annual Report and Accounts have been made to the Board by the Audit Committee.

Susan Clement-Davies
Audit Committee Chair

12 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRSs adopted by the EU; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Evgen Pharma plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

to the members of EVGEN PHARMA plc

Opinion

We have audited the financial statements of Evgen Pharma plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements concerning the group's ability to continue as a going concern. The going concern status of the group is dependent upon the management of the timing of settlement of its liabilities and the raising of further funds in the short to medium term. Forecasts prepared by management indicate that if they are unable to manage the group's liabilities or the external fund raising does not occur in the short to medium term they would have a requirement to seek alternative sources of funding. As stated in note 2, these events or conditions, along with other matters set forth in note 2, indicate that a material uncertainty exists which may cast doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Summary of our audit approach

Key audit matters	**Group** • None **Parent Company** • Impairment of intercompany receivables
Materiality	**Group** • Overall materiality: £156,000 (2019: £123,000) • Performance materiality: £117,000 (2019: £92,000) **Parent Company** • Overall materiality: £114,400 (2019: £114,000) • Performance materiality: £85,800 (2019: £85,000)
Scope	Our audit procedures covered 100% of total assets and 100% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT
continued

Impairment of intercompany receivables

Key audit matter description	The parent company has a receivable balance from its subsidiary undertaking that is currently loss making. The subsidiary undertaking does not have sufficient liquid assets to make repayment should the parent company call in the loan. One of the most significant matters in the current year audit of the parent company is that this receivable balance may be impaired and management are required to calculate an expected credit loss ("ECL") provision in accordance with IFRS9 *Financial Instruments*. The calculation of ECLs involves a significant degree of judgement as management have to make assumptions about future cash generation and consider multiple scenarios through which the balances could be recovered. Given the magnitude of these receivable balances and the potential for impairment we considered this matter to be one of the matters of most significance in the current year audit. At the 31 March 2020, the carrying value of amounts due from group undertakings amounted to £8,186,000 (see note 11) after recording an ECL provision of £1,100,000.
How the matter was addressed in the audit	We obtained management's calculation of the ECL and the underlying calculations prepared to support the carrying value of the balance and performed work as follows: • Assessed the reasonableness of the recovery scenarios considered by management and the probabilities assigned thereon. • Reviewed and challenged the assumptions and estimates utilised in the model, ensuring that the forecasts used were consistent with those used elsewhere. • Recalculated the computation of the ECL. • Considered the sensitivity of key assumptions and estimates. Finally, we reviewed the disclosures made in the financial statements to ensure that they were in accordance with the applicable financial reporting framework.
Key observations	As a result of our work we concurred with management's calculated ECL and we ensured that the key estimates within the calculation were adequately disclosed within the critical estimates at note 2.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£156,000 (2019: £123,000)	£114,400 (2019: £114,000)
Basis for determining overall materiality	5% of loss before tax	5% of loss before tax
Rationale for benchmark applied	Loss before tax chosen to ensure appropriate consideration of costs.	Loss before tax chosen to ensure appropriate consideration of costs.
Performance materiality	£117,000 (2019: £92,000)	£85,800 (2019: £85,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £7,800 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £3,650 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Overall materiality for the parent company changed from £73,100 to £114,400 during the course of the audit, as a result of adjustments made. Performance materiality for the parent company changed from £54,800 to £85,800 during the course of the audit, as a result of adjustments made.

INDEPENDENT AUDITORS' REPORT
continued

An overview of the scope of our audit

	Number of components	Total assets	Loss before tax
Full scope audit	2	100%	100%
Total	**2**	**100%**	**100%**

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT
continued

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graham Bond FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

12 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Notes	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Operating expenses			
Operating expenses	3	**(2,998)**	(2,985)
Share based compensation	5	**(168)**	(135)
Total operating expenses	3	**(3,166)**	(3,120)
Operating loss	3	**(3,166)**	(3,120)
Loss on ordinary activities before taxation		**(3,166)**	(3,120)
Taxation	6	**451**	496
Loss and total comprehensive expense attributable to equity holders of the parent for the year		**(2,715)**	(2,624)
Loss per share attributable to equity holders of the parent (pence)	7		
Basic loss per share		**(2.10)**	(2.74)
Diluted loss per share		**(2.10)**	(2.74)

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

as at 31 March 2020

	Notes	Group		Company	
		As at 31 March 2020 £'000	As at 31 March 2019 £'000	**As at 31 March 2020 £'000**	As at 31 March 2019 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	**2**	6	**—**	—
Intangible assets	9	**82**	98	**—**	—
Investments in subsidiary undertaking	10	**—**	—	**73**	73
Total non-current assets		**84**	104	**73**	73
Current assets					
Trade and other receivables	11	**196**	135	**8,362**	7,562
Current tax receivable		**446**	492	**59**	162
Cash and cash equivalents	12	**4,131**	2,033	**4,001**	1,903
Total current assets		**4,773**	2,660	**12,422**	9,627
Total assets		**4,857**	2,764	**12,495**	9,700
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	**653**	688	**395**	217
Total current liabilities		**653**	688	**395**	217
Equity					
Ordinary shares	14	**331**	247	**331**	247
Share premium	14	**17,831**	13,240	**17,831**	13,240
Merger reserve	14	**2,067**	2,067	**—**	—
Share based compensation	14	**1,890**	1,722	**1,274**	1,106
Retained deficit	14	**(17,915)**	(15,200)	**(7,336)**	(5,110)
Total equity attributable to equity holders of the parent		**4,204**	2,076	**12,100**	9,483
Total liabilities and equity		**4,857**	2,764	**12,495**	9,700

No Statement of Comprehensive Income is presented in these financial statements for the parent company as provided by Section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the parent company was £2,226k (2019: £1,284k).

The financial statements on pages 21 to 42 were approved by the Board of Directors and authorised for issue on 12 June 2020 and were signed on its behalf by:

Barry Clare
Executive Chairman

12 June 2020

Evgen Pharma plc,
Registered number: 09246681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	Ordinary shares £'000	Share premium £'000	Merger reserve £'000	Share based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2018	233	12,560	2,067	1,587	(12,576)	3,871
Total comprehensive expense for the period	—	—	—	—	(2,624)	(2,624)
Transactions with owners						
Share issue – cash	14	668	—	—	—	682
Share issue – options exercised	—	12	—	—	—	12
Share based compensation – share options	—	—	—	135	—	135
Total transactions with owners	**14**	**680**	**—**	**135**	**—**	**829**
Balance at 31 March 2019	**247**	**13,240**	**2,067**	**1,722**	**(15,200)**	**2,076**
Total comprehensive expense for the period	—	—	—	—	(2,715)	(2,715)
Transactions with owners						
Share issue – cash	83	4,589	—	—	—	4,672
Share issue – options exercised	1	2	—	—	—	3
Share based compensation – share options	—	—	—	168	—	168
Total transactions with owners	**84**	**4,591**	**—**	**168**	**—**	**4,843**
Balance at 31 March 2020	**331**	**17,831**	**2,067**	**1,890**	**(17,915)**	**4,204**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	Attributable to equity holders of the parent				
	Ordinary shares £'000	Share premium £'000	Share based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2018	233	12,560	971	(3,826)	9,938
Total comprehensive expense for the period	—	—	—	(1,284)	(1,284)
Transactions with owners					
Share issue – cash	14	668	—	—	682
Share issue – options exercised	—	12	—	—	12
Share based compensation – share options	—	—	135	—	135
Total transactions with owners	**14**	**680**	**135**	**—**	**829**
Balance at 31 March 2019	**247**	**13,240**	**1,106**	**(5,110)**	**9,483**
Total comprehensive expense for the period	—	—	—	(2,226)	(2,226)
Transactions with owners					
Share issue – cash	83	4,589	—	—	4,672
Share issue – options exercised	1	2	—	—	3
Share based compensation – share options	—	—	168	—	168
Total transactions with owners	**84**	**4,591**	**168**	**—**	**4,843**
Balance at 31 March 2020	**331**	**17,831**	**1,274**	**(7,336)**	**12,100**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 March 2020

	Group		Company	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Cash flows from operating activities				
Loss before taxation	**(3,166)**	(3,120)	**(2,291)**	(1,461)
Depreciation and amortisation	**21**	21	**—**	—
Share based compensation	**168**	135	**168**	135
	(2,977)	(2,964)	**(2,123)**	(1,326)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(61)**	(58)	**(800)**	(1,072)
(Decrease)/increase in trade and other payables	**(35)**	299	**177**	22
Cash (used in)/generated from operations	**(96)**	241	**(623)**	(1,050)
Taxation received	**497**	436	**169**	86
Net cash used in operating activities	**(2,576)**	(2,287)	**(2,577)**	(2,290)
Cash flows (used in)/generated from investing activities				
Acquisition of tangible fixed assets	**(1)**	—	**—**	—
Net cash (used in)/generated from investing activities	**(1)**	—	**—**	—
Cash flows from financing activities				
Proceeds from issue of shares	**5,003**	761	**5,003**	761
Issue costs	**(328)**	(67)	**(328)**	(67)
Net cash generated from financing activities	**4,675**	694	**4,675**	694
Movements in cash and cash equivalents in the period	**2,098**	(1,593)	**2,098**	(1,596)
Cash and cash equivalents at start of period	**2,033**	3,626	**1,903**	3,499
Cash and cash equivalents at end of period	**4,131**	2,033	**4,001**	1,903

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Evgen Pharma plc ('the Company') is a public limited company incorporated in England & Wales and was admitted to trading on the AIM market of the London Stock Exchange under the symbol EVG on 21 October 2015. The address of its registered office is Liverpool Science Park Innovation Centre 2, 146 Brownlow Hill, Liverpool, Merseyside L3 5RF. The principal activity of the Company is clinical stage drug development.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS.

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in Sterling (£) and rounded to the nearest £000. This is the predominant functional currency of the Group, and is the currency of the primary economic environment in which it operates. Foreign transactions are accounted in accordance with the policies set out below.

Basis of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and, has the ability to use its power to affect its returns. The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

At 31 March 2020, the Group had cash and cash equivalents, including short-term investments and cash on deposit, of £4.13 million.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

The Directors estimate that the cash held by the Group together with known receivables will be sufficient to support the current level of activities to around the end of June 2021. The Directors are continuing to explore sources of finance available to the Group and have confidence that they will be able to secure sufficient cash inflows for the Group to continue its activities to the end of calendar 2021 and therefore for not less than 12 months from the date of approval of these financial statements; they have therefore prepared the financial statements on a going concern basis. Because the additional finance is not committed at the date of approval of these financial statements, these circumstances represent a material uncertainty as to the Group's ability to continue as a going concern. Should the Group be unable to obtain further finance such that the going concern basis of preparation were no longer appropriate, adjustments would be required including to reduce balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets.

Currencies

Functional and presentational currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Intangible assets

Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Licences – 10-20 years

An impairment review is performed annually.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Plant, fixtures and fittings – 4 years reducing balance
IT Equipment – 3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Research and development expenditure

All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such. Research and development costs relating to clinical trials are recognised over the period of the clinical trial based on information provided by clinical research organisations. All other expenditure on research and development is recognised as the work is completed.

All ongoing development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Income tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current income tax
Current tax, including R&D tax credits, is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted or substantively enacted by the dates of the Consolidated Statement of Financial Position.

(b) Deferred tax
Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are not recognised due to uncertainty concerning crystallisation.

Payroll expense and related contributions

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

NOTES TO THE FINANCIAL STATEMENTS
continued

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Pension costs
The Group makes contributions to the private pension schemes of Directors and employees.

Share-based compensation
The Group issues share based payments to certain employees and Directors and warrants have been issued to certain suppliers. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity reserves.

The fair value of share options and warrants are determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option or warrant and the estimated number of shares that will eventually vest.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables
Trade and other receivables that do not contain a significant financing component are initially recognised at fair value and subsequently held at amortised cost less provision for impairment.

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

In accordance with IFRS 9 Financial Instruments, as the subsidiary undertaking cannot repay the loan at the reporting date, the Company has made an assessment of expected credit losses. Having considered multiple scenarios on the manner, timing, quantum and probability of recovery of the receivables a lifetime expected credit loss (ECL) of £1,100,000 has been provided.

The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgment, in particular determining the probability weighted likely outcome for each scenario considered. The Directors assessment of ECL included repayment through future cash flows over time (which are inherently difficult to forecast for the Company at its current stage of development) and also the amount that could be realised through an immediate sale of the subsidiary undertaking. The Directors' assessment of repayment through future cash flows included a scenario where the loan was not recovered in full.

The carrying value of amounts owed by subsidiary undertakings at 31 March 2020 was £8,186,000 (2019: £7,498,000) and is disclosed in note 11 to the financial statements.

Cash, cash equivalents and short-term investments
Cash and cash equivalents consist of cash on hand and demand deposits.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Trade and other payables
Trade and other payables are not interest-bearing and are stated at nominal value.

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

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

Financial risk management
Financial risk factors
The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

(a) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates, foreign exchange rates (see Note 17).

(b) Credit risk
Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

(c) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity and cash and cash equivalents based on expected cash flow.

Capital risk management
The Group has been funded by equity and loans. The components of shareholders' equity are:

(a) The share capital and share premium account arising on the issue of shares
(b) Merger reserve, which was created as a result of the acquisition by the Company of the entire issued share capital of Evgen Limited on 5 December 2014. This reserve is not considered to be distributable
(c) The share based compensation reserve results from the Group's grant of equity-settled share options to selected employees and Directors
(d) The retained deficit reflecting comprehensive loss to date.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because of the short term nature of such assets and the effect of discounting liabilities is negligible.

Significant management judgement in applying accounting policies and estimation uncertainty
When preparing the financial statements, the Directors make estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

NOTES TO THE FINANCIAL STATEMENTS
continued

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Estimation uncertainty
Receivables from the subsidiary represents an interest free amounts advanced to group companies with no fixed repayment dates, being amounts due from Evgen Limited advanced to support the Group's research expenditure. In accordance with IFRS 9 'Financial Instruments', where the counterparty would not be able to repay the loan if demanded at the reporting date, the Company has made an assessment of expected credit losses.

The R&D tax credit figure of £0.45m included in the accounts is a management estimate which is subject to amendment by HMRC.

Share based payment charge
During the years ended 31 March 2020 and 31 March 2019, the Group issued a number of share options to certain employees. A Black-Scholes model was used to calculate the appropriate charge for these periods. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The total charge recognised in the year to 31 March 2020 was £168,000 (year to 31 March 2019 £135,000).

Accounting developments
During the year the Group and Company adopted the following standards effective from the 1 January 2019. The Group has applied these standards in the preparation of the financial statements, and has not adopted any new or amended standards early.

The Group has applied IFRS 16 Leases for the first time. Since there are no leases of over 12 months in duration there was no impact on the accounts from the introduction of IFRS 16.

A number of other new standards, amendments to standards and interpretations have been endorsed by the EU and are effective for annual periods commencing on or after 1 January 2020 but these do not have an impact on the consolidated financial statements of the Group.

3. OPERATING LOSS

An analysis of the Group's operating loss has been arrived at after charging/(crediting):

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Research and development expenses:		
Amortisation of licences	**16**	15
Other research and development	**1,699**	1,689
Staff costs (including share based compensation) – Note 5	**831**	879
Establishment and general:		
Depreciation of property, plant and equipment	**5**	6
Operating lease cost – land and buildings	**30**	32
Foreign exchange loss/(profit)	**20**	—
Other administrative expenses	**565**	499
Total operating expenses	**3,166**	3,120

The Group has one reportable segment, namely the development of pharmaceutical products all within the United Kingdom.

4. AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fees payable to the Group's auditors for the audit of:		
the consolidated and Company annual accounts	**17**	16
the subsidiary's annual accounts	**16**	15
Total audit fees	**33**	31
Audit related services	**3**	3
Total audit related fees	**3**	3
Other services	**11**	8
Total non-audit fees	**11**	8

5. EMPLOYEES AND DIRECTORS

The average monthly number of persons (including Executive Directors) employed by the Group was:

	Group		**Company**	
	Year ended 31 March 2020 Number	Year ended 31 March 2019 Number	**Year ended 31 March 2020 Number**	Year ended 31 March 2019 Number
Management	**3**	3	**3**	3
Administration	**1**	—	**—**	—
Development	**1**	2	**—**	2
Non-Executive	**3**	3	**3**	3
Average total persons employed	**8**	8	**6**	8

As at 31 March 2020 the Group had 9 employees (31 March 2019: 7).

NOTES TO THE FINANCIAL STATEMENTS
continued

5. EMPLOYEES AND DIRECTORS (continued)

Staff costs in respect of these employees were:

	Group		Company	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Wages and salaries	**564**	638	**445**	634
Employers National Insurance	**65**	83	**50**	83
Employers pension costs	**34**	23	**25**	22
Total payrolled employee costs	**663**	744	**520**	739
Share-based payments	**168**	135	**168**	135
Total employee costs	**831**	879	**688**	874

The Group makes contributions to the private pension schemes of Directors and employees. One Director received payments into a private pension scheme (2019: one).

The total remuneration of the highest paid Director excluding grants of share options was £205,727 (31 March 2019: £228,300).

The Directors have the authority and responsibility for planning, directing and controlling, directly or indirectly, the activities of the Group and they therefore comprise key management personnel as defined by IAS 24.

Aggregate emoluments of Directors:

	Group and Company	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Salaries and other short-term employee benefits	**392**	418
Employers National Insurance	**44**	55
Pension contributions	**16**	15
Options vesting under share option schemes	**—**	—
Total remuneration including vesting of share options	**452**	488

Directors emoluments include amounts payable to third parties as described in Note 18.

6. TAXATION

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Current tax		
Current period – UK corporation tax	**—**	—
R&D tax credit	**446**	492
Adjustments in respect of prior periods	**5**	4
Net tax credit	**451**	496

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

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Loss on ordinary activities before taxation	**(3,164)**	(3,120)
Loss before tax at the effective rate of corporation tax in the United Kingdom of 19% (2019: 19%)	**(601)**	(593)
Effects of:		
Losses not recognised	**601**	593
R&D tax credit	**(451)**	(496)
Tax credit for the year	**(451)**	(496)

The Group has an unrecognised deferred tax asset of £3.1m (2019: £2.8m) related to accumulated tax losses. The Company has an unrecognised deferred tax asset of £1.6m (2019: £1.5m) related to accumulated tax losses. These assets are not recognised due to the uncertainty in the timing of crystallisation.

NOTES TO THE FINANCIAL STATEMENTS
continued

7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the loss for the year attributable to equity holders and the weighted average number of ordinary shares outstanding during the year is adjusted to assume conversion of all dilutive potential ordinary shares.

As at 31 March 2020 the Group had 9,531,367 (2019: 9,075,599) share options outstanding which are potentially dilutive.

The calculation of the Group's basic and diluted loss per share is based on the following data:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	**(2,715)**	(2,624)

	Year ended 31 March 2020 Number	Year ended 31 March 2019 Number
Weighted average number of ordinary shares for basic loss per share	**129,315,418**	95,857,230
Effects of dilution:		
Share options	**—**	—
Weighted average number of ordinary shares adjusted for the effects of dilution	**129,315,418**	95,857,230

	Year ended 31 March 2020 Pence	Year ended 31 March 2019 Pence
Loss per share – basic and diluted	**(2.10)**	(2.74)

The loss and the weighted average number of ordinary shares for the years ended 31 March 2019 and 2020 used for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ("IAS") No 33.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Plant, fixtures & fittings £'000	IT Equipment £'000	Total £'000
Cost			
At 31 March 2018	2	23	25
Disposals	—	(1)	(1)
At 31 March 2019	2	22	24
Additions	—	1	1
Disposals	—	—	—
At 31 March 2020	**2**	**23**	**25**
Accumulated Depreciation			
At 31 March 2018	1	12	13
Charge for the period	—	6	6
Disposals	—	(1)	(1)
At 31 March 2019	1	17	18
Charge for the period	1	4	5
Disposals	—	—	—
At 31 March 2020	**2**	**21**	**23**
Net Book Value			
At 31 March 2018	1	11	12
At 31 March 2019	1	5	6
At 31 March 2020	**—**	**2**	**2**

Depreciation is charged to operating expenses. As at 31 March 2020, the Company had no property, plant and equipment (31 March 2019: £nil).

9. INTANGIBLE ASSETS

Group	Licences £'000
Cost	
At 31 March 2018, 31 March 2019 and 31 March 2020	**168**
Amortisation	
At 31 March 2018	55
Charge for the period	15
At 31 March 2019	70
Charge for the period	16
At 31 March 2020	**86**
Net Book Value	
At 31 March 2018	113
At 31 March 2019	98
At 31 March 2020	**82**

Intangible assets constitute licenses to intellectual property. The remaining amortisation periods are between 1 and 16 years.

Amortisation is charged to operating expenses. The Group reviewed the amortisation period and the amortisation method for the intangible assets at the end of the reporting period and considered them appropriate.

The Group continually monitors events and changes in circumstances that could indicate that the intangible assets may be impaired.

As at 31 March 2020, the Company had no intangible assets (31 March 2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS
continued

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The consolidated financial statements of the Group as at 31 March 2020 include:

Name of subsidiary	Class of share	Place of incorporation	Principle activities	Proportion of ownership interest	Proportion of voting rights held
Evgen Limited	Ordinary	United Kingdom	Operations	100%	100%

The registered office of Evgen Limited is 146 Brownlow Hill, Liverpool, L3 5RF.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Amounts receivable within one year				
Other receivables	**16**	15	**—**	—
Other taxation and social security	**69**	82	**66**	28
Prepayments	**111**	38	**111**	36
Amounts due from subsidiary undertakings	**—**	—	**8,186**	7,498
Trade and other receivables	**196**	135	**8,363**	7,562

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade and other receivables the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on the Group's credit risk management policies, refer to Note 17. The carrying amounts of the Group's receivables are all denominated in Pounds Sterling.

No classes within trade and other receivables contain assets which are considered to be impaired. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The amounts owed by subsidiary undertakings include a loan to Evgen Limited for £8,186k. There is no interest payable on this loan and no fixed repayment date. The Parent Company has confirmed that it does not intend to seek repayment of the loan balance for at least twelve months from the date of these financial statements. The intercompany loan has been impaired by £1,100,000 (2019: nil) under IFRS 9 as set out in note 2.

12. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Group		Company	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Cash at bank and in hand	**4,131**	2,033	**4,001**	1,903

At 31 March 2020 the Group and Company had no deposits with original maturity of twelve months or less (2019: £nil).

13. TRADE AND OTHER PAYABLES

	Group		Company	
	As at 31 March 2020 £'000	As at 31 March 2019 £'000	**As at 31 March 2020 £'000**	As at 31 March 2019 £'000
Amounts falling due within one year				
Trade payables	**516**	532	**300**	94
Other taxation and social security	**23**	70	**14**	70
Other payables	**2**	—	**—**	—
Accrued expenses	**112**	86	**81**	53
Trade and other payables	**653**	688	**395**	217

Trade and other payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 day terms. The Directors consider that the carrying value of trade and other payables approximates to their fair value. All trade and other payables are denominated in Sterling. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

14. ISSUED CAPITAL AND RESERVES

Ordinary shares

	Company	
Ordinary shares of 0.25p each	**Number**	**Share Capital £'000**
At 31 March 2019	**98,991,334**	**247**
Issued on exercise of options	321,600	1
Issued under placing agreement	33,333,329	83
At 31 March 2020	**132,646,263**	**331**

On 8 May 2019 33,333,329 ordinary shares were issued at a price of £0.15 raising £5.0 million which after share issue expenses of £0.3 million gave net consideration of £4.7 million.

On 20 May 2019 321,600 ordinary shares were issued in connection with the exercise of share options at an exercise price of 0.875 pence per share payable in cash.

The ordinary shares rank pari passu in all respects in relation to dividends and repayment of capital and have equal voting rights with one vote per share. There are no restrictions on the transferability of the shares.

The Group and Company do not have an authorised share capital as provided by the Companies Act 2006.

Other reserves

The share premium reserve represents the difference between the net proceeds of equity issues and the nominal share capital of the shares issued.

The merger reserves at 31 March 2020 and 2019 arose from the acquisition of Evgen's sole subsidiary, Evgen Ltd, in 2014 which is accounted for using the merger method of accounting.

The share based compensation reserve reflects the aggregate fair value of equity-settled share based payment transactions.

Reserves classified as retained deficit represent accumulated losses. None of the reserves are distributable.

NOTES TO THE FINANCIAL STATEMENTS

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15. SHARE-BASED PAYMENTS

Certain Directors and employees of the Group hold options to subscribe for shares in the Group under share option schemes. The number of shares subject to options, the periods in which they were granted and the period in which they may be exercised are given below.

The Group operates two share option schemes (31 March 2019: three), in addition share options have been granted under standalone unapproved share option agreements. Options are currently granted for £nil consideration and are exercisable at a price determined on the date of the grant.

At 31 March 2020 the Company had 9,531,367 (2019: 9,075,599) unissued ordinary shares of £0.0025 under the Company's share option schemes, details of which are as follows:

Grant date	Number	Option price (pence)	Date from which exercisable	Expiry date
18 August 2010	456,000	0.8875	21 October 2015	18 August 2020
18 August 2010	264,000	0.8750	21 October 2015	18 August 2020
11 January 2011	86,400	0.8750	08 July 2014	11 January 2021
25 November 2011	136,000	5.0000	31 August 2013	25 November 2021
25 November 2011	1,015,200	5.0000	31 August 2013	25 November 2021
25 November 2011	272,000	5.0000	31 August 2013	25 November 2021
01 May 2012	272,000	5.0000	01 May 2014	01 May 2022
14 August 2013	224,800	10.6150	14 August 2015	14 August 2023
23 December 2013	1,940,800	2.6537	21 October 2015	23 December 2023
26 June 2015	884,000	0.8875	21 October 2015	26 February 2025
26 June 2015	132,800	0.8750	21 October 2015	26 February 2025
21 October 2015	778,378	—	21 October 2015	21 October 2025
21 October 2015	291,891	—	21 October 2015	21 October 2025
21 December 2017	741,191	—	21 December 2020	20 December 2027
06 July 2018	368,304	—	06 July 2021	06 July 2028
28 January 2019	826,743	—	28 January 2022	28 January 2029
18 July 2019	613,048	—	18 July 2022	18 July 2029
18 July 2019	202,608	—	18 July 2022	18 July 2029
18 July 2019	289,205	—	18 July 2022	18 July 2029
	9,531,367			

Movements on share options during the year were as follows:

Exercise price	At 1 April 2019	Granted	Exercised	Lapsed/ cancelled	At 31 March 2020	Date from which exercisable	Expiry date
0.8875	456,000	—	—	—	456,000	21 October 2015	18 August 2020
0.8750	264,000	—	(264,000)	—	—	21 October 2015	18 August 2020
0.8750	144,000	—	(57,600)	—	86,400	08 July 2014	11 January 2021
5.0000	1,423,200	—	—	—	1,423,200	31 August 2013	25 November 2011
5.0000	272,000	—	—	—	272,000	01 May 2014	01 May 2022
10.6150	224,800	—	—	—	224,800	14 August 2015	14 August 2023
2.6537	1,940,800	—	—	—	1,940,800	21 October 2015	23 December 2023
0.8875	884,000	—	—	—	884,000	21 October 2015	26 February 2025
0.8750	132,800	—	—	—	132,800	21 October 2015	26 February 2025
Nil	1,070,269	—	—	—	1,070,269	21 October 2015	21 October 2025
Nil	38,237	—	—	(38,237)	—	08 June 2019	08 June 2026
Nil	289,255	—	—	(289,255)	—	30 October 2019	30 October 2026
Nil	741,191	—	—	—	741,191	21 December 2020	20 December 2027
Nil	368,304	—	—	—	368,304	06 July 2021	06 July 2028
Nil	826,743	—	—	—	826,743	28 January 2022	28 January 2029
Nil	—	1,104,861	—	—	1,104,861	18 July 2022	18 July 2029
	9,075,599	**1,104,861**	**(321,600)**	**(327,492)**	**9,531,368**		

15. SHARE-BASED PAYMENTS (continued)

As at the year end, the reconciliation of share option scheme movements is as follows:

	As at 31 March 2020		As at 31 March 2019	
	Number	**Weighted average exercise price pence**	Number	Weighted average exercise price pence
Outstanding at start of the year	**9,075,599**	**1.9475**	8,665,255	2.18
Granted	**1,104,861**	**—**	1,195,047	—
Exercised	**(321,600)**	**0.8750**	(158,918)	7.68
Lapsed/cancelled	**(327,492)**	**—**	(625,785)	—
Outstanding at end of year	**9,531,368**	**1.8249**	9,075,599	1.95
Exercisable at end of year	**6,490,269**	**2.6800**	6,811,869	2.59

Options are only exercisable for cash. Options vest 3 years from grant subject to the achievement of absolute total shareholder return targets. Options which do not vest lapse. In general options also lapse if an employee leaves the Group.

The Group has accounted for the charge arising from the issue of share options as below:

The total charge recognised for the year ended 31 March 2020 is £168,000 (2019: £135,000). The fair values of the options granted have been estimated using a Black Scholes model. Assumptions used were an option life of 5 years, a risk-free rate of 2 per cent., a volatility of 60 per cent. and no dividend yield. The expected volatility is assessed by reference to historic volatility and on the advice of the Company's brokers.

The weighted average remaining contractual life of share options outstanding at the end of the year was 5.08 years (2019: 5.46 years).

The weighted average fair value of options granted as of the grant date was £0.33 (2019: £0.42).

The weighted average share price used in the Black Scholes model was £0.37 (2019: £0.36).

Warrants

On 21 October 2015 the Company issued warrants over 1,457,418 ordinary shares with an exercise price of £0.37 and a warrant life of 5 years.

16. OPERATING LEASE ARRANGEMENTS

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Minimum lease payments under operating leases recognised as an expense in the period	**22**	22

As at the year end, the Group has future aggregate minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		**Company**	
	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Within one year	**2**	15	**2**	15

Operating lease payments represent rentals payable by the Group for its serviced office space. The leases are on one month rolling contracts.

NOTES TO THE FINANCIAL STATEMENTS
continued

17. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments are cash flow and liquidity, credit risk and foreign currency risk. The Group's financial instruments comprise cash and various items such as trade receivables and trade payables, which arise directly from its operations.

Cash flow and liquidity risk

Management monitors the level of cash on a regular basis to ensure that the Group has sufficient funds to meet its commitments where due. The table below analyses the Group and Company's financial assets and liabilities by category:

	Group		**Company**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	Financial assets at amortised cost £'000	Financial assets at amortised cost £'000	**Financial assets at amortised cost £'000**	Financial assets at amortised cost £'000
Assets as per statement of financial position				
Other receivables	**16**	15	**—**	—
Amounts due from subsidiary undertakings	**—**	—	**8,186**	7,498
Cash and cash equivalents	**4,131**	2,033	**4,001**	1,903
	4,147	2,048	**12,187**	9,401

	Group		**Company**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
	Financial liabilities at amortised cost £'000	Financial liabilities at amortised cost £'000	**Financial liabilities at amortised cost £'000**	Financial liabilities at amortised cost £'000
Liabilities as per statement of financial position				
Trade payables	**516**	531	**300**	94
Other creditors and accruals	**112**	86	**81**	53
	628	617	**381**	147

Credit risk

The Group gives careful consideration to which organisations it uses for banking in order to minimise credit risk. The Group holds cash with one large bank in the UK, an institution with an A1 credit rating (long term, as assessed by Moody's). The amounts of cash held with this bank at the reporting date can be seen in the financial assets table above. All of the cash and equivalents were denominated in UK sterling.

There was no significant concentration of credit risk at the reporting date.

The carrying amount of financial assets recorded in the Consolidated Statement of Financial Position, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Details of the allowance for impairment losses on financial assets are set out in note 11.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held by the Group as security in relation to its financial assets.

17. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's use of suppliers operating overseas, primarily denominated in Euro and US dollars. The Group's exposure to foreign currency changes for all other currencies is not material.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the year-end are shown below (2019: nil).

Group	GBP £'000	EUR £'000	USD £'000	2020 Total £'000
Assets and liabilities as per statement of financial position				
Cash and cash equivalents	4,066	1	64	4,131
Trade receivables	—	—	—	—
Trade payables	(480)	—	(36)	(516)
	3,586	**1**	**28**	**3,615**

Given the immaterial net asset balances in foreign currency, the exposure to a change in exchange rate is negligible.

At present the Group does not make use of financial instruments to minimise any foreign exchange gains or losses so any fluctuations in foreign exchange movements may have a material adverse impact on the results from operating activities.

Fair value of financial assets and liabilities

There is no material difference between the fair value and the carrying values of the financial instruments because of the short maturity period of these financial instruments and their intrinsic size and risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's financial assets are cash and cash equivalents and trade and other receivables. The carrying value of these assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's policy is to minimise the risks associated with cash and cash equivalents by placing these deposits with institutions with a recognised high credit rating.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group continually reviews customer credit limits based on market conditions and historical experience.

Capital risk management

The Group considers capital to be shareholders' equity as shown in the consolidated statement of financial position, as the Group is primarily funded by equity finance. The Group is not yet in a position to pay a dividend.

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and for other stakeholders. In order to maintain or adjust the capital structure the Group may return capital to shareholders and issue new shares.

NOTES TO THE FINANCIAL STATEMENTS
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18. RELATED PARTY TRANSACTIONS

Group
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management compensation is disclosed in Note 5 of the consolidated financial statements. Directors' emoluments are disclosed in the Remuneration Committee Report.

During the year ended 31 March 2020, the Group purchased services totalling £155,514 (year ended 31 March 2019: £131,661) from The Clinical Trial Company Limited, a company of which Richard Moulson, a Director, was a director until 31st December 2019. The amount owed to The Clinical Trial Company Limited at 31 March 2020 was £nil (31 March 2019: £13,922).

During the year ended 31 March 2019, the Group purchased consultancy services totalling £1,800 from Dr Alan Barge, a Director , there were no services purchased from Dr Alan Barge during the year ended 31 March 2020. The amount owed to Dr Alan Barge at 31 March 2020 was £nil (31 March 2019: £nil).

During the year ended 31 March 2020, the Group purchased consultancy services totalling £15,069 (year ended 31 March 2019: £14,950) from FD Consult Ltd, a company controlled by Richard Moulson. The amount owed to FD Consult Ltd at 31 March 2020 was £nil (31 March 2019: £nil).

During the year ended 31 March 2020, the Group was not charged any monitoring and Director fees relating to Marc d'Abbadie's services (year ended 31 March 2019: £15,986) by SPARK Impact Limited, manager of North West Fund for Biomedical, a shareholder. The amount owed to SPARK Impact, manager of North West Fund for Biomedical at 31 March 2020 was £nil (31 March 2019: £nil).

Company
The Company is responsible for financing and setting Group strategy. The Company's subsidiary carried out the Group's development strategy and managed the Group's intellectual property. The Company provides interest free and unsecured funding to its subsidiary with no fixed date of repayment. Details of intercompany balances can be found in Note 11.

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