EVGEN PHARMA PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2022

LEADING THE DEVELOPMENT OF SULFORAPHANE-BASED MEDICINES

WE ARE LEADING THE CLINICAL DEVELOPMENT OF SULFORAPHANE-BASED MEDICINES; OUR FOCUS IS ON THE TREATMENT OF CANCER AND INFLAMMATORY DISEASES.

HIGHLIGHTS OF THE YEAR

SFX-01
IN METASTATIC BREAST CANCER

- Investigation of where SFX-01 sits in post CDK4/6 resistance setting
- Promising in-vitro pre-clinical data suggests opportunity in this setting
- New and extended collaboration with University of Manchester to generate comprehensive data set for next clinical trial

SFX-01
IN GLIOBLASTOMA

- Orphan Drug Designation granted by FDA giving exclusivity and tax advantages
- Publication of pre-clinical data by University of L'Aquila
- Further supportive pre-clinical data generated by University of Auckland Phase Ib/IIa trial to commence towards end of 2022

SFX-01
HUMAN VOLUNTEER STUDY

- Study to assess dose range and biomarker responses of new SFX-01 formulation
- Design of Phase I/Ib trial well advanced and on track to commence in Q4 2022

SFX-01
IN OTHER INDICATIONS

- Academic collaborators to investigate utility in colorectal and rare juvenile cancers
- STAR COVID-19 study discontinued; additional patient safety data generated

PRODUCTION
DEVELOPMENT

- Production scale up of SFX-01 active pharmaceutical ingredient achieved
- Design and manufacture of new tablet formulation complete
- Improved form of SFX-01 created and patent pending

FINANCIAL
HIGHLIGHTS

- Post tax loss of £2.7m (2021: loss of £2.7m)
- Cash outflow from operations of £2.6m (2021: outflow of £2.9m)
- Cash and short-term investments and cash on deposit at 31 March 2022 of £9.0m (31 March 2021: £11.6m)

EVGEN PHARMA AT A GLANCE

WHO WE ARE

We are a clinical-stage, UK-based, global leader in the development of sulforaphane-based therapeutics.

Sulforaphane has shown potential in the treatment of a number of cancers and other diseases.

We are the only company with a pharmaceutical grade sulforaphane molecule in clinical development. Our lead drug, SFX-01, exploits sulforaphane's activity in three separate biochemical pathways; inhibition of STAT3 and SHP2, of importance in cancers, and up-regulation of Nrf2, a pathway of significance in a number of different diseases. SFX-01 has been shown to be unusually well tolerated in patients in the field of oncology.

OUR TECHNOLOGY

Evgen Pharma's patented Sulforadex® technology synthesises sulforaphane into a well-tolerated, stable pharmaceutical ingredient, unlocking its medical and commercial potential.

WHAT WE DO

We collaborate with academics and biopharma companies from around the world to identify the most attractive targets for potential treatment with our sulforaphane-based drugs.

We focus on the application of SFX-01 in cancers and anti-inflammatory diseases where there is strong clinical need and attractive commercial opportunity, and execute early clinical research.

OUR MISSION

Our business model is to develop our drugs up to Phase II proof of concept clinical trials, and then license to larger pharmaceutical companies able to commercialise them.

In addition to our internal disease focus we will consider opportunistic partnerships and out-licensing in other areas where we are convinced of the scientific and commercial rationale.

OUR STRATEGY AND BUSINESS MODEL

OUR OBJECTIVES

To improve disease outcomes and generate attractive returns for our shareholders through:

- Exploiting our leading, patented technology in sulforaphane science
- Developing our lead molecule, SFX-01, in selected cancers and inflammatory disease to deliver phase II proof of concept data, and then out-license
- Early partnering of non-core indications with suitable licensees
- Supporting academic and commercial partners who have a compelling scientific rationale for studying sulforaphane in cancer indications or in other diseases and markets beyond our development programmes
- Broadening our pipeline through acquisition/licensing of sulforaphane analogues and other molecules complementary to our programmes

SFX-01 will continue to be provided to academic groups for pre-clinical evaluation in selected disease models. Evgen will have the right to access the pre-clinical and clinical data generated by academic partners 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 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.

OUR PROGRESS

CLINICAL PROGRESS

In September 2021 the FDA granted Orphan Drug status to SFX-01 in malignant glioma. This is an important benefit as it provides extended intellectual property protection and potential tax benefits on in-market profits.

The design of the Phase Ib trial in human volunteers (HV), due to begin in Q4 2022, has been finalised and supporting clinical research organisations contracted. We expect to announce the results over the first half of 2023.

The Phase I/IIa trial in brain cancer has been designed and, after detailed discussions with potential investigators, clinical trial sites selected. It is likely to commence shortly after the HV study if successful, it will pave the way for an early registration study (i.e. one that would support grant of a marketing license).

The ARDS/Covid 19 trial did not yield a positive outcome but with an additional 65 patients treated, the trial provided further evidence that SFX-01 has a significantly more benign side effect profile than many other developmental or marketed cancer medications

MANUFACTURE AND FORMULATION

We have modified and simplified the small-scale process for making the active molecule in SFX-01 (the “API”) to a scalable process suitable for in-market supply. We have created and patented a new form of the API and acquired considerable production know-how.

In place of a hand-filled capsule with a variable drug release profile we have developed a stable tablet formulation of the finished drug ('drug product'), with consistent drug release properties. By ensuring release of the drug in the optimal part of the digestive system we are likely to see an improvement in the already advantageous side-effect characteristics of SFX-01 and potentially improved efficacy.

We are currently producing sufficient API, drug product and placebo tablets to support multiple clinical trials.

OUR PROGRESS
CONTINUED

OUT-LICENSING

JuvLife, the dietary products and functional foods division of Juvenescence Ltd, has been making good progress with the development of a naturally-sourced sulforaphane nutritional health supplement, stabilised using our Sulforadex® technology. We have supported this development with our expertise in sulforaphane science and chemistry. Juvenescence is planning a market launch around the end of 2023 which will yield milestones of more than $1.5m at that point with further sales-related milestones and royalties to follow.

PRE-CLINICAL COLLABORATIONS

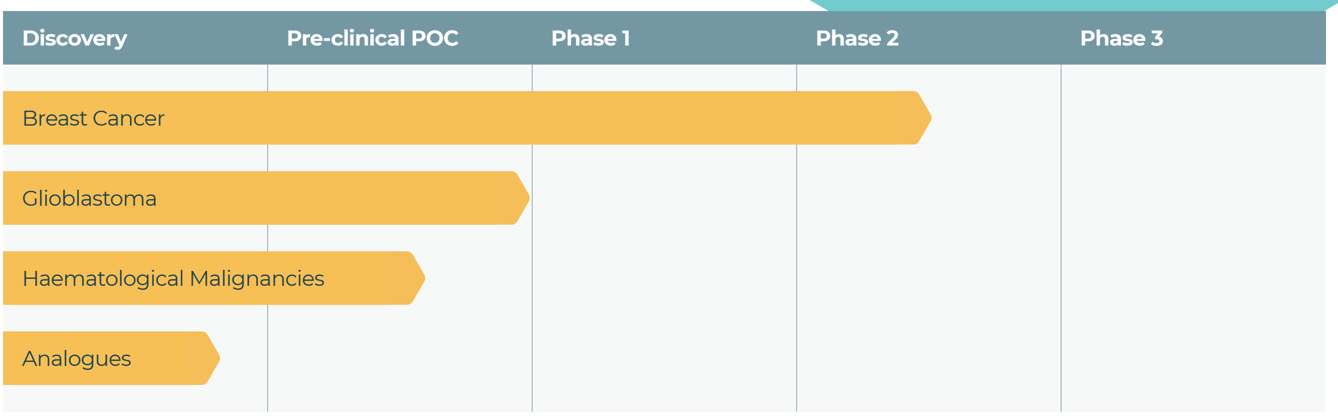
Evgen benefits from the support of a number of academic and clinical collaborators that are interested in the potential of sulforaphane and SFX-01.

The University of Auckland has published in-vitro data with SFX-01 which corroborates the original data set from University L'Aquila and will feed into the planning for the Phase Ib/IIa trial scheduled to start in late 2022. In these experiments, SFX-01 demonstrated inhibition of glioblastoma cell growth.

We have recently expanded our collaboration with the Manchester Breast Centre at the University of Manchester's School of Medical Sciences. The latest programme is to identify whether we can reverse or act independently in tumours resistant to CDK4/6 inhibitors - the current standard of care - and therefore establish a clinical rationale and out-licensing proposition to support later stage clinical trials which build on the efficacy data already seen in our STEM metastatic breast cancer trial.

We have signed a further agreement with the University of Seville and other associated organisations to assess additional sulforaphane analogues that might complement our existing compounds.

OUR PIPELINE



GLIOMA IS THE MOST COMMON FORM OF BRAIN TUMOUR AFFECTING AROUND FIVE PER 100,000 PEOPLE.

Strong preclinical data has been generated in a new solid tumour indication, glioblastoma (GBM), with further preclinical work underway and designs for a Phase Ib/IIa trial being assessed.

Glioma is the most common form of brain tumour affecting around five per 100,000 people. The more severe, grade IV classification, glioblastoma, is a very serious form of brain tumour representing 45% of all cases and has a poor prognosis with median survival of around 14 months. The five-year survival of the severe grades is 5%.

Image:
Glioblastoma brain cancer cells under microscope.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

In the last year we have had a strong focus on achieving the objectives we set out following our 2021 fundraise.

In the last year we have had a strong focus on achieving the objectives we set out following our 2021 fundraise. In particular on manufacturing and formulation and clinical trials preparation. This groundwork sets the stage for very visible progress in our development programmes in the current year.

We have continued to concentrate our resources on specific diseases and developing these to proof of concept for onward out-licensing. This has allowed us to focus on the opportunities we believe are appropriate to our size, capabilities and resources. Equally, and because of the breadth of opportunities in sulforaphane science, we have enabled academic and biopharma companies to access our technology in other areas where there is a compelling rationale, at minimal expenditure to Evgen.

We have been prudent in the management of our finances, with a cash balance as at the end of the year of £9.0m (2020: £11.6m). The fundraise in March 2021, which generated gross proceeds of £11m, has enabled us to strengthen our management team and undertake a number of activities that would otherwise have constrained our development. We have made much progress, and some aims, for example the manufacturing technology transfer and glioblastoma pre-clinical validation, have been completed.

Our partnership with JuvLife, the dietary products and functional foods division of Juvenescence Ltd, is an additional application of our Sulforadex® technology in a field we would not otherwise be able to exploit. JuvLife has a well-qualified and experienced team that has made good progress during the last year. With a US market launch planned for around the end of 2023, this monetisation of our sulforaphane technology and expertise will provide valuable revenues and risk mitigation for shareholders, as well as validation of our strategy.

Our senior team was completed with the appointments of Dr Helen Kuhlman as Chief Business Officer and Dr Glen Clack as Chief Medical Officer. This has resulted in a significantly more active business development activity, giving us a higher profile amongst potential partners. It has also brought considerable clinical trial expertise, both internally and via key opinion leaders, and thus allowed us to design our clinical trials to give the best chance of success.

At the end of the year we had sufficient cash resources to fund us through the potential value enhancement points from both completion of current pre-clinical projects and, in particular, clinical data from both the Phase I/Ib volunteer and phase Ib/IIa glioblastoma trials. We are also going to be seeking to extend our business partnerships around our technology and development pipeline. We look forward to reporting further achievements that add value for our shareholders in the current year.

Barry Clare
Chairman

07 June 2022

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE

We have achieved a number of key clinical and operational achievements that will lead to the commencement of two clinical trials by the end of the calendar year.

In the past year we have concentrated on the projects and programmes for which we raised funds in March 2021, as a result, it has been a busy year for the Company. In particular, we have focused on pre-clinical projects, technology transfer and scale-up of manufacturing, and preparations for two clinical trials – a phase I volunteer study and a glioblastoma efficacy study. The manufacturing programme was initiated shortly after the funding was closed and has since been completed. The pre-clinical programmes have been progressed with some concluded, and we are in the late stages of preparation for the two clinical trials. More detail of this progress is described below.

Looking forward, the glioblastoma trial will follow on shortly after the human volunteer study commences. The goal is to generate sufficiently compelling efficacy data that a large partner licenses the programme and progresses it into a registration study(ies). Equally, the pre-clinical work in mBC is designed to attract a partner to support the next clinical development in this indication. At the same time, we will continue seeking new partnerships and collaborations.

CLINICAL STAGE PROGRAMMES

Metastatic breast cancer ("mBC")
Breast cancer remains the biggest cause of cancer deaths in women worldwide, and ER+ve/HER2-ve breast cancer accounts for circa two thirds of all such cancers. The drugs used increasingly in first line treatment of ER+ve/HER2-ve mBC patients, being CDK4/6 inhibitors, which were first approved for general use in the US in 2017 now have global sales in excess of $5 billion per annum.

Evgen has generated encouraging data with SFX-01 in mBC in a Phase II clinical trial. Since the commencement of this trial, the class of drugs known as CDK4/6 inhibitors have increasingly been adopted in these patients. Evgen is broadening the investigation into how SFX-01, in combination with other treatments, can improve outcomes for patients with HR+ breast tumours that have become resistant to this relatively new class of agents. This includes research into STAT3 and pSTAT3, a protein that controls transcription of information from DNA to messenger RNA; and SHP2, a non-receptor protein tyrosine phosphatase that is associated with many cancers including breast cancer.

In particular, we are expanding our work with Professor Rob Clarke at the Manchester Breast Centre with in-vitro pre-clinical work to assess the impact of SFX-01 in CDK4/6 inhibitor resistance models. An increasing body of in-vitro data from these models shows that SFX-01 may suppress tumour growth and metastasis in patients who have become resistant to CDK4/6 inhibitors. Encouragingly, SFX-01 reduces the viability and mammosphere colony formation of palbociclib-resistant tumour cell lines in-vitro.

In addition, this extended collaboration will include in-vivo models to provide the optimum support for clinical trial design and/or licensing in patients with ER+ve/HER2-ve breast cancer, where CDK4/6 inhibitors such as palbociclib are showing weakening effectiveness. Evgen anticipates data from both in-vitro and in-vivo work later in the year.

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE
CONTINUED

CLINICAL STAGE PROGRAMMES
CONTINUED

Glioma/glioblastoma
Our brain cancer programme progressed strongly in the last year. Glioma is the most common form of brain tumour affecting around 5 per 100,000 people. The more severe, grade IV classification, glioblastoma, is a very serious form of malignant brain tumour representing 45% of all cases and has a poor prognosis with median survival of around 14 months. The five-year survival of the severe grades is 5%. The therapeutic options for glioma are limited to surgery, radiotherapy and the one drug widely available, temozolomide. There is a clear unmet need for more treatments for use in conjunction with the current standard of care.

A collaboration with Dr Claudio Festuccia and colleagues at the Universities of L'Aquila, Rome and Rieti, Italy has generated highly positive data for SFX-01 in pre-clinical models of glioma and glioblastoma. Using standard in-vitro and in-vivo pre-clinical models as well as orthotopic models, where glioma cells are implanted in brain tissue representing a more disease-relevant model, both tumour shrinkage and significantly extended survival times were demonstrated for SFX-01. Furthermore, SFX-01 was also found to potentiate (i.e. substantially increase) the therapeutic effect of radiotherapy in these models. The first of two papers relating to this has been published in a peer-reviewed journal and a second paper is being finalised for submission. (Colapietro et al, Pharmaceuticals, 2021, 14, 1082).

Further pre-clinical work conducted by Dr Euphemia Leung and Prof Bruce Baguley of the University of Auckland, New Zealand in GBM cells has been published in the pre-print journal BioRxIV (Leung, Wright and Baguley, 2021). This in-vitro data describes the effect of SFX-01 in GBM cells and 3D spheroids from several patients in New Zealand, together with the more commonly used commercially available cell lines. 3D spheroids are aggregations of tumour cells that more closely reflect the structure of tumours in patients. In these in-vitro experiments, SFX-01 demonstrated inhibition of glioblastoma cell growth, supporting the results from the work of Dr Festuccia.

In September 2021, we received the grant of Orphan Drug Designation from the FDA in the US for Malignant Glioma, affording the programme additional data protection and other financial incentives.

We are now at a late stage in designing a Phase Ib/IIa clinical study and liaising with potential trial sites in the UK and across Europe. The trial is planned to commence in Q4 2022 and will follow on shortly after the human volunteer study commences. It is designed as a phase Ib/IIa, randomised, double-blind, placebo-controlled trial with sequential modules that enable the trial to be adapted as clinical data is generated. Initially c.20 patients will be recruited; depending on results this may increase by up to a further 70 patients to achieve proof of concept in both methylated and unmethylated glioblastoma patients. The goal is to generate sufficiently compelling efficacy data to attract a partner to license the programme and progress it into a registration study. Data from this trial will be released during 2023.

Other clinical trials
An important use of proceeds from the fundraise completed in March 2021 was to conduct a Phase I/Ib study in healthy volunteers of our new SFX-01 formulation. The trial will be a placebo-controlled, dose-escalating, randomised trial that will assess the pharmacokinetic (how a drug is absorbed and circulates in the body), and pharmacodynamic (how a drug engages with our target molecules) properties of the new form and formulation.

The overall design of the trial is now complete, a Clinical Research Organisation has been contracted to recruit subjects and conduct the trial, and a dialogue with the MHRA has commenced. The intention is to start the trial in Q4 this year as soon as the new tablet formulation of SFX-01 has been finalised and manufactured in sufficient quantities. We expect to announce the results during the first half of 2023.

As part of the UK's initiative to fight the global COVID-19 pandemic, Evgen, Dundee University and NHS Tayside worked together to assess SFX-01 in patients with respiratory distress due to COVID-19 and other infective agents. The trial was stopped when an analysis of the interim data did not show sufficient efficacy; with hindsight, it is probable that the patients enrolled had progressed too far and were too ill to respond. However, the costs of the trial were limited because they were mostly covered by the grant income, and as a positive, the trial added 65 additional patients to our database of safety and tolerability of SFX-01. Overall, we are proud that we were part of the COVID-19 effort.

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE
CONTINUED

PRE-CLINICAL PROGRAMMES

We continue to support academic research to broaden the potential range of applications for SFX-01 and increase our mechanistic understanding in these different disease areas.

Haematological malignancies
Pre-clinical data has demonstrated that SFX-01 is effective in in-vitro models of certain blood cancers including Juvenile Myelomonocytic Leukaemia (JMML) and Acute Myelomonocytic Leukaemia (AML).

JMML is a very rare form of blood cancer that predominantly affects young children. It is an aggressive and difficult to treat disease and currently the only effective treatment for most patients is allogeneic haematopoietic stem cell transplantation (HSCT).

In a study at the MRC Weatherall Institute, University of Oxford, the effect of SFX-01 on cells from tissue donated by patients with JMML through the UK Paediatric MDS/JMML programme was investigated. The data demonstrated significant reduction of cell proliferation and increased apoptosis (cell death) of JMML stem cells in the presence of SFX-01, compared to normal controls. The study also showed that SFX-01 significantly impacted cell proliferation and increased cytotoxicity in GDM-1 cells, an AML cell line.

Whilst this preliminary data is from a small sample size, the effect is statistically significant in reducing cell proliferation and increasing apoptosis. A preclinical and clinical strategy for a development programme of SFX-01 in blood cancers such as JMML and AML is being assessed.

Other cancers
We have agreed to support two academic groups that have requested provision of SFX-01 for use in cancer models of interest to them:

- A group at the University of Rome, Department of Radiology and Radiotherapy wishes to investigate SFX-01 as a radio sensitising agent for the treatment of Rhabdomyosarcoma, a rare juvenile cancer. This follows the data generated at the University of L'Aquila showing an enhanced effect from radiotherapy in GBM models with administration of SFX-01. The data generated could support the use of SFX-01 in radiotherapy more generally.
- A group at the University of Michigan wishes to investigate SFX-01 for anti-inflammatory and anti-tumour activity in two mouse models of colon cancer, as well as human organoid models of familial adenomatous polyposis and colorectal cancer.

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE
CONTINUED

Outlicensing
With the expansion of the management team, we have substantially increased our business development activities, including attendances at a number of relevant conferences and an ongoing dialogue with industry over potential in-licensing and out-licensing transactions.

Our first commercial out-licensing deal was signed with Juvenescence in September 2020. This was for a license to our Sulforadex® sulforaphane stabilisation technology in a number of non-pharmaceutical applications. JuvLife, the dietary products and functional foods division of Juvenescence Ltd, has since been making good progress with the development of a naturally-sourced sulforaphane nutritional health supplement, stabilised using our Sulforadex® technology. In particular, it has identified a source of sulforaphane and completed small scale batches of the complexed product in a commercial facility. The scale-up process is now underway to enable safety studies to commence.

We have supported this development with our expertise in sulforaphane science and chemistry. Juvenescence is planning a market launch around the end of 2023 which will yield milestones of more than $1.5m at that point, with further sales-related milestones and royalties to follow.

This agreement monetises one element of Evgen's sulforaphane technology platform within a timescale considerably shorter than that typical of pharmaceutical development. It contains provisions which ensure a clear differentiation between potential nutritional health products and pharmaceutical products, including limitations on daily dose.

We will continue to seek such partnerships and collaborations around both core and non-core assets, including our Sulforadex® technology.

Manufacturing programme
A further use of proceeds from the March 2021 funding was to transfer our production from a small facility in the US, where the Sulforadex® IP was created, to a global pharmaceutical manufacturer with the know-how and experience to scale-up the production process from prototype to in-market. This has been achieved to the point where a recent manufacturing run achieved almost a 10x higher yield, in a process which has been simplified and is significantly more cost-effective. In addition, we have replaced the hand-filled capsules used previously with an enteric-coated tablet formulation which can also be produced at scale. Unlike the capsules, the tablets have a coating which releases sulforaphane to a targeted part of the intestine. This is expected to improve the pharmacokinetics of SFX-01 and to minimise any gastro-intestinal side effects.

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

We are currently producing sufficient API, drug product and placebo tablets to support multiple clinical trials.

People
During the year we have strengthened our senior management team in two key roles: Dr Glen Clack has joined as Chief Medical Officer and Dr Helen Kuhnman as Chief Business Officer. Both are highly experienced in their fields and we now have the senior level expertise we need to execute our plans and programmes.

Outlook
Since the 2021 fundraise we have achieved a number of key clinical and operational achievements that will lead to the commencement of two clinical trials by the end of the calendar year, with the generation of data during 2023. Potentially we will also have pre-clinical data sets to support further our breast cancer programme and that point to trials in other indications. Our partner Juvenescence is progressing well towards market launch around the end of 2023 and this will provide commercial revenues to defray a material part of our cost base. In the meantime, we will be advancing preclinical studies and our business development strategy.

I would like to thank our shareholders for their continued support and to the team for their efforts in driving the strategy forward. We believe the next 12 months will be extremely busy and that we will build further value.

Dr Huw Jones
Chief Executive Officer

07 June 2022

KEY PERFORMANCE INDICATORS

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

£9.0M

Cash position
short-term investments and cash held on deposit: (2021: £11.6m)

2022	£9.0m
2021	£11.6m
2020	£4.1m

Year-end cash, short-term investments and cash held on deposit
The decrease in year-end cash reflects working capital, manufacturing, pre-clinical and clinical expenditures less receipt of the R&D tax credit (£0.53m). There was no fundraising activity in the year.

£2.6M

Net cash inflow
from operating activities (before monies placed on fixed term deposits) (2021 : £2.9m)

2022	(£2.6m)
2021	(£2.9m)
2020	(£2.6m)

Net cash outflow from operating activities (before monies placed on fixed term deposits)
The net cash outflow reflects corporate costs and the costs incurred in manufacturing scale-up, pre-clinical and clinical expenditures.

£3.2M

Operating loss
(2021: £3.2m)

2022	£3.2m
2021	£3.2m
2020	£3.2m

Operating loss
The operating loss reflects pre-clinical and clinical activity in the year and related product manufacturing costs.

FINANCIAL REVIEW

The financial performance for the year ended 31 March 2022 was in line with expectations.

Losses
The total loss for the year was £2.7m (31 March 2021: £2.7m) including a charge for share-based compensation of £0.1m (2021 credit: £0.1m). Operating expenses excluding share-based compensation were lower than in 2021 at £3.0m (2021: £3.5m) reflecting completion of toxicology in the prior year and reduced manufacturing technology transfer costs, offset in part by an increase in payroll costs with the recruitment of additional senior staff and preparatory work for the forthcoming clinical trials.

Research and development (R&D) expenditure
Our external spend on R&D expenditure was £1.4m, a reduction of £0.6m (31 March 2021: £2.0m) on the prior year. This reflects the completion of the toxicology and technology transfer costs noted above, and we expect R&D costs to increase in the current year with manufacture of SFX-01 for the planned clinical trials and the costs associated with such trials.

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. Where such options lapse ahead of their vesting date the relevant charges are written back. As a consequence of certain option lapses there was an overall charge for the year in relation to share-based payments of £0.1m (2021 credit: £0.11m), which has no impact on cash flows.

Headcount
Average headcount of the Group for the year was 9 (2021: 8).

Taxation
The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £0.44m (2021: £0.54m).

Share capital
No issues of shares were made during the year. At 31 March 2022 and 31 March 2021 there were 274,888,117 shares of 0.25p each in issue.

Cash flows and financial position
The cash position (including short term deposits) at 31 March 2022 decreased to £9.0m (31 March 2021: £11.6m) reflecting R&D and corporate costs, less £0.53m received from R&D tax credits.

S172 COMPANIES ACT STATEMENT

The Directors acknowledge their duty under section 172 of the Companies Act 2006 and consider that they have, both individually and collectively, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of all shareholders. In doing so, the Directors have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relations with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The Company's reputation for high standards of business conduct
- The need to act fairly as between members of the Company.

In particular given the size of Evgen:

Business reputation
The Group operates in a highly regulated sector and the Board is committed to maintaining the highest standards of conduct and corporate governance. Further details are set out in the Corporate Governance Report on page 22.

Consequences of long-term decisions
The Board is responsible for decisions made for the long-term success of the Group and the implementation of strategic, operational and risk management decisions. Further information on business strategy and developments during the year are set out on pages 3 and 9-12.

Employee 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.

Community and Environment
The Board does not believe that the Group has a significant impact on the communities and environment in which it operates. The Board recognises that the Group has a duty to minimise harm to the environment and to contribute as far as possible to the local community in which it operates.

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 ending 31 March 2022 are set out below.

Risk	Description
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 to some delays in pre-clinical programmes because our scientific partners have had access to their laboratories restricted. Continuation of the pandemic for further sustained periods may affect: • 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 pre-clinical, clinical and production 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 raised 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.

This report was approved by the Board of Directors on 07 June 2022 and signed on behalf of the Board of Directors by:

Dr Huw Jones
Chief Executive Officer

07 June 2022

BREAST CANCER IS THE LARGEST CAUSE OF CANCER DEATHS IN WOMEN WORLDWIDE.

In around 75% of breast cancers, the hormone oestrogen plays a key part in tumour growth.

Evgen has generated encouraging data with SFX-01 in mBC in a Phase II clinical trial.

Image:
The crystalline form of SFX-01 as captured by a scanning electron microscope.

GOVERNANCE

BOARD OF DIRECTORS

BARRY CLARE
Chairman

Barry has over 30 years' experience in the healthcare sector. He was a former main board director of the Boots Company Plc, and CEO of Boots Healthcare International. He is deputy chairman of Manchester University NHS Foundation Trust, the largest in England. He established his own company Clarat Healthcare LLP, and has engineered several private equity backed healthcare transactions and established several early stage healthcare companies with private and venture capital funding.

DR HUW JONES
Chief Executive Officer

Huw has over 30 years' experience of leadership roles in public and private R&D-based companies within the biotechnology and pharmaceutical sector, with a particular focus on pre-clinical and clinical drug development, dilutive and non-dilutive financing and business development. He is Chairman of Chronos Therapeutics Ltd, Non-Executive Director of IxaKa Ltd (formerly Rexgenero) and Strategic Advisor to Gen2 Neuroscience Ltd. Huw holds a PhD in pharmacology from the University of Birmingham, UK.

RICHARD MOULSON
Chief Financial Officer

Richard is a qualified chartered accountant with over 25 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.

BOARD OF DIRECTORS
CONTINUED

DR SUSAN FODEN
Non-Executive Director and Senior Independent Director

Susan has broad experience in executive and non-executive roles at both public and private companies and at funding organisations. She was previously Senior Independent Director and Chair of the Remuneration Committee at Vectura plc, Non-Executive Director of BTG plc (through to their acquisition by Boston Scientific) and is a former Chair of BerGenBio AS. She is currently Chair of Neurocentrx, a Non-Executive director of QBiotics and is a member of the Investment Committee for CD3, the joint drug discovery initiative between the University of Leuven & the European Investment Fund (EIF). She studied biochemistry at the University of Oxford, obtaining an MA and a DPhil.

DR ALAN BARGE
Non-Executive Director

Alan is a Venture Partner at Delin Ventures and is the former chief medical officer of Singapore-based ASLAN Pharmaceuticals PTE. Up until 2011, he was vice-president and head of oncology & infection at AstraZeneca, a role in which he was responsible for the overall strategy in oncology and infection from drug discovery to proof-of-concept. He was also chairman of AstraZeneca's Therapy Area Portfolio Team and accountable for the design and delivery of all projects, including budgetary oversight. Prior to his career at AstraZeneca, Alan was European and global medical director for Amgen Inc.

SUSAN CLEMENT-DAVIES
Non-Executive Director

Susan is an experienced life sciences financier with over 25 years of capital markets and investment banking experience, including Managing Director of Equity Capital Markets at Citigroup/Salomon Smith Barney and most recently at Torreya Partners. Susan is currently Non-Executive Director of MiNA Therapeutics, Non-Executive Director and Chair of the Audit Committee of Scancell Holdings PLC, Non-Executive Director of Exploristics, Advisor to Oxford Science Enterprises and Member of the CW+ NHS Hospital Innovation Advisory Board. Susan has a BSc in Economics from University College London and a MSc in Economics.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

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
Huw Jones	Chief Executive Officer Appointed 1 October 2021
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

Biographical details of Evgen's Directors are shown on pages 18-19.

The Group maintained Directors' and Officers' liability insurance cover throughout the year and the prior 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 8-5.

Business Review and Key Performance Indicators
The review of the business, future trading and key performance indicators are covered in the Strategic Report on pages 8-15.

Financial results and dividends
The Group's results for the year ended 31 March 2022 are presented on page 36. The Group's net loss after tax for the year was £2.7m (2021: £2.7m). No dividends have been paid in this or the prior year and there have been no significant post balance sheet events. Details of financial instruments are set out in Note 18.

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 21 July 2022 authority will be sought from shareholders to allow the Directors to allot relevant securities up to an aggregate nominal value of £229,073 representing one-third of the issued share capital, and to allot for cash equity securities having a nominal value not exceeding in aggregate £137,444 (being 20% of the issued share capital).

Substantial shareholdings
At 07 June 2022, 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:

Major Shareholders	Number of shares held	% of issued share capital
JR Kight	33,100,000	12.0%
AXA Framlington Investment Management Limited	23,848,884	8.7%
Octopus Investments	21,875,000	8.0%
North West Funds (Biomedical) LP	16,186,446	5.9%
Seneca Investment Managers	14,932,071	5.4%
Chelverton Asset Management	12,500,000	4.5%
RAB Capital	8,750,000	3.2%
Newlands Capital	8,314,815	3.0%

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022
CONTINUED

Going concern

At 31 March 2022, the Group had cash and cash equivalents, including short-term investments and cash on deposit, of £9.0 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 the fourth quarter of 2023. They have therefore prepared the financial statements on a going concern basis.

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 is 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 expressed 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 2022 AGM of the Company at Alderley Park, Congleton Road, Nether Alderley, Cheshire, SK10 4TG on 21 July 2022 has been sent to shareholders. If the laws and the UK Government's guidance regarding the COVID-19 pandemic which are current on 21 July 2022 include the enforcement of social distancing and restrict indoor meetings, shareholders will not be permitted to attend the AGM and this will be held as a closed meeting as in 2021.

In the event that disruption to the 2022 AGM becomes unavoidable, we will announce any changes to the AGM as soon as practicably possible through the Company's website.

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

Barry Clare
Chairman

07 June 2022

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 regard the QCA Code as appropriate to its stage of development. Evgen's strategy and business model is set out in the Strategic Report on page 3.

Details of the role and activities of the Audit and Remuneration Committees are set out in subsequent sections of this report.

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 29.

The Chairman and Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. The Board currently comprises a Chairman, two Executive Directors and three Non-Executive Directors. The Board considers all the Non-Executive Directors to be independent. The Chairman and 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 pages 18-19. 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.

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:

Committee	Board Meetings	Audit Committee	Remuneration Committee
Huw Jones	8/8	N/A	N/A
Barry Clare	8/8	N/A	3/3
Richard Moulson	8/8	N/A	N/A
Susan Foden	8/8	3/3	3/3
Alan Barge	7/8	3/3	3/3
Susan Clement-Davies	8/8	3/3	2/2

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.

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 pages 15.

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 AGM, at which they will have the opportunity to meet the Board. 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 and to receive questions. If the laws and the UK Government's guidance regarding the COVID-19 pandemic which are current on Thursday 21 July 2022 include the enforcement of social distancing and restrict indoor meetings, shareholders will not be permitted to attend the AGM and this will be held as a closed meeting as in 2021.

In the event that disruption to the 2022 AGM becomes unavoidable, we will announce any changes to the AGM as soon as practicably possible through the Company's website.

Board Performance
The Board has engaged an independent third party organisation to manage a process for review of its performance, that of its committees and individual Directors, including the Chairman. The results of the evaluation process, which is ongoing, 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
Chairman

07 June 2022

REMUNERATION COMMITTEE REPORT

The members of the Remuneration Committee are Susan Foden, Barry Clare and Susan Clement-Davies. Susan Foden is the Chair of the Remuneration Committee. During the year Susan Clement-Davies joined the Committee and Alan Barge stepped down.

The responsibilities of the Committee include the following:

- Determining and agreeing with the Board the remuneration policy for the Company.
- Determining remuneration structures through which the policy is implemented.
- Conducting an annual salary review and determining the actual annual remuneration for the Executive Directors.
- Reviewing the remuneration of the Chairman of the Board and recommending any changes thereto.

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 and commercial potential of Sulforadex®.

The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. 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 short term annual bonus programme, with pay-out based on achievement against pre-set personal and corporate goals for that year; and a long-term equity-based programme of share options, vesting after three years for the most part subject to the achievement of substantial, longer-term strategic objectives.

Remuneration Policy for Executive Directors

The Remuneration Committee sets a remuneration policy that through competitive salaries and short-term incentives by way of annual bonus aims to align remuneration with the attraction and retention of the best talent for the benefit of the Group, and incentivises and retains key employees by way of a longer-term element of reward aligned with shareholder interest and share price performance.

Since 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 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 2022 is set out below:

Basic salary

Basic salaries are reviewed annually, with reference to independent salary surveys based on a cohort of comparable AIM-listed life science companies.

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 Group;
- ensure that the Executive Directors are fairly rewarded for carrying out their duties.

Short term incentives – Annual Bonus

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

Performance targets for the financial year ending 31 March 2022 were set by the Remuneration Committee and include Group corporate and personal performance targets.

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

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 adopted by the Company at the time of IPO. The Committee determines 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 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 Option Awards
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 27.

Long Term Incentive Plan
On IPO in 2015 the Company adopted an LTIP that aligns the interest of Executive Directors with those of shareholders and on an ongoing basis forms a significant part of performance-related pay.

The maximum annual individual limit under the terms of the LTIP 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.

Up to January 2019 vesting conditions were based solely on measures of absolute shareholder return. All awards made between IPO and January 2019 have since lapsed in accordance with the terms of the LTIP, and potentially the July 2019 awards will also, as the criteria for the vesting of granted options were not or are unlikely to be met.

In the opinion of the Remuneration Committee, whilst this outcome is a fair reflection of the share price performance since IPO this does not fulfil the aims of the LTIP to retain and incentivise key staff nor allow them to build a meaningful stake in the Company.

Taking all this into consideration, the Remuneration Committee recommended that the reward structure and performance criteria for LTIP awards made subsequent to the 2020 AGM be rebased, such that they offer a realistic chance of vesting.

Accordingly, and following advice from external experts, the Remuneration Committee adjusted the performance criteria to a combination of relative shareholder return and achievement of corporate objectives (October 2020 grants), and in addition an element of time-vesting (December 2021 grants). October 2020 grant vesting is subject to a total shareholder return measured against an index of comparator companies (70%), and delivery of strategic corporate objectives (30%). For December 2021 grants, vesting is subject to a similar total shareholder return metric (30%), delivery of strategic corporate objectives (40%) and time-vesting 3 years from grant (30%). The aim of these changes is to continue to align management and shareholders whilst providing more relevant measures of performance. They will be kept under review.

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 months' notice to the other. The details are summarised below:

	Date of Contract	Notice period
Huw Jones	1 October 2020	6 months
Richard Moulson	17 January 2017	6 months

Non-Executive Directors
Non-Executive Directors have entered into Letters of Appointment with the Company, with the Board determining the fees with regard to market comparatives and similar businesses. The Non-Executive Directors do not participate in the Group's pension or bonus schemes. Awards under stand-alone option agreements may be made in special circumstances. Appointments are terminable on one month's notice by either party.

As set out below the Chairman and Non-Executive Directors were awarded non-LTIP options in 2020 as compensation for additional duties undertaken pending appointment of the new CEO. The contractual terms for Non-Executive Directors are reviewed by the Board annually. Current contracts are set out below:

	Date of Appointment	Initial term
Barry Clare	14 October 2015	1 months' 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. Alan Barge and Susan Foden were invited by the Board to continue as Directors following completion of their three-year terms.

REMUNERATION COMMITTEE REPORT
CONTINUED

Directors' remuneration during the year ended 31 March 2022
The Directors received the following remuneration during the year:

	Salaries and fees £	Taxable benefits £	Bonuses £	Pension contributions £	Total year ended 31 March 2022 £	Salaries and fees £	Taxable benefits £	Bonuses £	Pension contributions £	Total year ended 31 March 2021 £
Executive										
Huw Jones	188,000	4,260	37,500	10,000	**239,760**	88,000	2,043	41,360	5,000	136,403
Richard Moulson*	82,890	6,594	15,732	—	**105,216**	76,975	5,286	25,023	—	107,284
Non-Executive										
Barry Clare	45,810	—	—	—	**45,810**	45,810	—	—	—	45,810
Susan Foden	26,977	—	—	—	**26,977**	26,977	—	—	—	26,977
Alan Barge	22,905	—	—	—	**22,905**	22,905	—	—	—	22,905
Susan Clement-Davies	26,977	—	—	—	**26,977**	26,977	—	—	—	26,977
	393,559	10,854	53,232	10,000	**467,645**	287,644	7,329	66,383	5,000	366,356

In the year to 31 March 2021 Stephen Franklin received total remuneration of £180,278; he resigned from Evgen in April 2020. No Directors waived emoluments in the period ended 31 March 2022.

* Includes fees of £15,995 (2021: £19,225) paid to FD Consult Ltd, a related party as detailed in Note 19.

Directors' shareholdings
The Directors, together with their beneficial interest in the shares of the Company are as follows:

Ordinary shares of 0.25p each	**At 31 March 2022**	At 31 March 2021
Executive		
Huw Jones	**62,500**	62,500
Richard Moulson	**45,454**	45,454
Non-Executive		
Barry Clare*	**1,023,441**	1,023,441
Susan Foden	**125,000**	125,000
Alan Barge	**—**	—
Susan Clement-Davies	**—**	—

* Of the ordinary shares set out above Barry Clare is indirectly interested in 592,508 (2021: 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.
- An annual award to Executive Directors and other staff members to be made around the time of the AGM.

In relation to existing LTIP awards made in July 2019, vesting is on a 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 awards made in October 2020, the quantum of options 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 with nil vesting at below median performance, 25% vesting at median and then on a straight-line basis up to 100% vesting at upper quartile performance. Achievement of corporate goals will account for up to 30% of the total with the proviso that no awards will vest unless at least median shareholder return is achieved. For December 2021 grants, vesting is subject to a similar total shareholder return metric (30%), delivery of strategic corporate objectives (40%) and time-vesting 3 years from grant (30%).

In October 2020, on the recommendation of the Chairman and approval by the Executive Directors, nil cost options were granted to the NEDs by way of unapproved option agreements as payment in kind for additional services provided during the period when the Company was without a CEO. Following recommendation by the Remuneration Committee a similar award was made to the Chairman of the Board. These options are subject to the same performance conditions governing the LTIP awards as set out above.

Details of the awards together with outstanding options granted to the Executive Directors prior to Admission are set out in the table below.

Director	Plan	Date of grant	At 1 April 2021	Granted during the period	Lapsed during the period	Exercised during the period	At 31 March 2022	Price per share (pence)	Date from which exercisable	Expiry Date
Huw Jones	LTIP*	5 Oct 2020	2,978,004	—	—	—	2,978,004	Nil	5 Oct 2023	5 Oct 2030
	LTIP**	8 Dec 2021	—	1,670,886	—	—	1,670,886	Nil	13 July 2024	13 July 2031
			2,978,004	**1,670,886**	**—**	**—**	**4,648,890**			
Barry Clare	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
	Non-LTIP	5 Oct 2020	380,711	—	—	—	380,711	Nil	5 Oct 2023	5 Oct 2030
	Non-LTIP	20 July 2021	—	289,937	—	—	289,937	Nil	20 July 2024	20 July 2031
			1,169,402	**289,937**	**(272,000)**	**—**	**1,187,339**			
Richard Moulson	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
	LTIP	5 Oct 2020	337,817	—	—	—	337,817	Nil	5 Oct 2023	5 Oct 2030
	LTIP**	8 Dec 2021	—	552,911	—		552,911	Nil	13 July 2024	13 July 2031
			696,107	**552,911**	**—**	**—**	**1,249,018**			
Susan Foden	Pre IPO	25 Nov 2011	136,000	—	(136,000)	—		5.0000	31 Aug 2013	24 Nov 2021
	Non-LTIP	5 Oct 2020	112,098	—	—	—	112,098	Nil	5 Oct 2023	5 Oct 2030
			248,098	**—**	**(136,000)**	**—**	**112,098**			
Alan Barge	Pre IPO	1 May 2012	272,000	—	—	—	272,000	5.0000	1 May 2014	1 May 2022
	Non-LTIP	5 Oct 2020	95,178	—	—	—	95,178	Nil	5 Oct 2023	5 Oct 2030
			367,178	**—**	**—**	**—**	**367,178**			
Susan Clement-Davies	Non-LTIP	5 Oct 2020	110,690	—	—	—	110,690	Nil	5 Oct 2023	5 Oct 2030
			5,569,479	**2,513,734**	**(408,000)**	**—**	**7,675,213**			

* Options over 1,489,002 awarded to Dr Jones will vest if, over the relevant performance period, the Board determine that his performance as Chief Executive Officer has been satisfactory. Performance related to corporate objectives or relative shareholder return will not be considered for these options.

** Options were originally awarded on 13 July 2021, but cancelled and re-awarded on 8 December 2021 in order to qualify for EMI relief. All terms, including exercise and expiry dates were unchanged.

Susan Foden
Remuneration Committee Chair

07 June 2022

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.

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 2022, the Audit Committee met three times. The Committee reviewed and approved the financial statements for the year ended 31 March 2022, the interim results for the six months to 30 September 2021 and the external auditor's plan for the 2022 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.

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

07 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The group and company financial statements are required by law and UK-adopted International Accounting Standards 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 each of 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 UK-adopted International Accounting Standards;
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 requirements of 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.

EVGEN IS FOCUSED ON DEVELOPING PRODUCTS TO TACKLE DISEASES WHERE THERE IS A HIGH UNMET NEED.

Pre-clinical data has demonstrated that SFX-01 is effective in in-vitro models of certain blood cancers including Juvenile Myelomonocytic Leukaemia (JMML) and Acute Myelomonocytic Leukaemia (AML).

JMML is a rare form of blood cancer that predominantly affects young children. JMML is an aggressive and difficult to treat disease and currently the only effective treatment for most patients is allogeneic hematopoietic stem cell transplantation (HSCT).

Image:
Immunofluorescence of multiple human tumour metastatic cells growing in tissue culture for research purposes.

FINANCIAL STATEMENTS

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 subsidiary (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated and company statements of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards 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 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards 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 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.

Summary of our audit approach

Key audit matters	**Group and Parent Company** • None
Materiality	**Group** • Overall materiality: £158,000 (2021: £160,000) • Performance materiality: £118,000 (2021: £120,000) **Parent Company** • Overall materiality: £140,000 (2021: £62,500) • Performance materiality: £105,000 (2021: £46,800)
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.

We have determined that there are no key audit matters to communicate in our report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVGEN PHARMA PLC

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	£158,000 (2021: £160,000)	£140,000 (2021: £62,500)
Basis for determining overall materiality	5% of loss before tax	5% of loss before tax
Rationale for benchmark applied	Loss before tax chosen as net expenditure is a key measure of activity level	Loss before tax chosen as net expenditure is a key measure of activity level
Performance materiality	£118,000 (2021: £120,000)	£105,000 (2021: £46,800)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £8,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £7,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The group consists of 2 components, both of which are based in the UK.

The coverage achieved by our audit procedures was:

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

There were no audit procedures undertaken by component auditors.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the integrity and accuracy of the cashflow forecasts prepared by management;
- assessing the appropriateness of assumptions and explanations provided by management to supporting information, where available; and
- evaluating the accuracy and consistency of disclosures made in the financial statements in respect of principal risks and going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVGEN PHARMA PLC

Other information

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

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

We have nothing to report in this regard.

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 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVGEN PHARMA PLC

The extent to which the audit was considered capable of detecting irregularities, including fraud continued
However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS; Companies Act 2006; and AIM listing rules	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of external tax advisor's provision and workings.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

Alan Aitchison (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, Centenary house
69 Wellington Street
Glasgow
G2 6HG

07 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Revenue		**—**	194
Operating expenses			
Operating expenses	3	**(3,047)**	(3,519)
Share-based compensation	6	**(146)**	112
Total operating expenses	3	**(3,193)**	(3,407)
Operating loss	3	**(3,193)**	(3,213)
Finance income	4	**24**	—
Loss on ordinary activities before taxation		**(3,169)**	(3,213)
Taxation	7	**439**	539
Loss and total comprehensive expense attributable to equity holders of the parent for the year		**(2,730)**	(2,674)
Loss per share attributable to equity holders of the parent (pence)	8		
Basic loss per share		**(0.99)**	(1.82)
Diluted loss per share		**(0.99)**	(1.82)

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	Group		Company	
		As at 31 March 2022 £'000	As at 31 March 2021 £'000	**As at 31 March 2022 £'000**	As at 31 March 2021 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	**5**	5	**3**	2
Intangible assets	10	**53**	66	**—**	—
Investments in subsidiary undertaking	11	**—**	—	**73**	73
Total non-current assets		**58**	71	**76**	75
Current assets					
Trade and other receivables	12	**125**	235	**10,487**	10,513
Current tax receivable		**425**	519	**361**	21
Short-term investments and cash on deposit	13	**4,520**	6,000	**4,520**	6,000
Cash and cash equivalents	13	**4,510**	5,593	**3,812**	5,122
Total current assets		**9,580**	12,347	**19,180**	21,656
Total assets		**9,638**	12,418	**19,256**	21,731
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	14	**411**	607	**369**	562
Total current liabilities		**411**	607	**369**	562
Equity					
Ordinary shares	15	**687**	687	**687**	687
Share premium	15	**27,870**	27,870	**27,870**	27,870
Merger reserve	15	**2,067**	2,067	**—**	—
Share-based compensation	15	**490**	359	**490**	359
Retained deficit	15	**(21,887)**	(19,172)	**(10,160)**	(7,747)
Total equity attributable to equity holders of the parent		**9,227**	11,811	**18,887**	21,169
Total liabilities and equity		**9,638**	12,418	**19,256**	21,731

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 £2,428k (2021: £1,212k).

The financial statements on pages 36-56 were approved by the Board of Directors and authorised for issue on 07 June 2022 and were signed on its behalf by:

Barry Clare
Chairman

07 June 2022

Evgen Pharma plc,
Registered number: 09246681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Ordinary shares £'000	Share premium £'000	Merger reserve £'000	Share-based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2020	331	17,831	2,067	1,890	(17,915)	4,204
Total comprehensive expense for the period	—	—	—	—	(2,674)	(2,674)
Transactions with owners						
Share issue – cash	344	9,938	—	—	—	10,282
Share issue – options exercised	12	101	—	(2)	—	111
Share issue – lapsed options	—	—	—	(1,417)	1,417	—
Share-based compensation – share options	—	—	—	(112)	—	(112)
Total transactions with owners	**356**	**10,039**	**—**	**(1,531)**	**1,417**	**10,281**
Balance at 31 March 2021	**687**	**27,870**	**2,067**	**359**	**(19,172)**	**11,811**
Total comprehensive expense for the period	—	—	—	—	(2,730)	(2,730)
Transactions with owners						
Share issue – lapsed options	—	—	—	(15)	15	—
Share-based compensation – share options	—	—	—	146	—	146
Total transactions with owners	**—**	**—**	**—**	**131**	**15**	**146**
Balance at 31 March 2022	**687**	**27,870**	**2,067**	**490**	**(21,887)**	**9,227**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Ordinary shares £'000	Share premium £'000	Share-based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2020	331	17,831	1,274	(7,336)	12,100
Total comprehensive expense for the period	—	—	—	(1,212)	(1,212)
Transactions with owners					
Share issue – cash	344	9,938	—	—	10,282
Share issue – options exercised	12	101	(2)	—	111
Share issue – lapsed options	—	—	(801)	801	—
Share-based compensation – share options	—	—	(112)	—	(112)
Total transactions with owners	**356**	**10,039**	**(915)**	**801**	**10,281**
Balance at 31 March 2021	**687**	**27,870**	**359**	**(7,747)**	**21,169**
Total comprehensive expense for the period	—	—	—	(2,428)	(2,428)
Transactions with owners					
Share issue – lapsed options	—	—	(15)	15	—
Share-based compensation – share options	—	—	146	—	146
Total transactions with owners	**—**	**—**	**131**	**15**	**146**
Balance at 31 March 2022	**687**	**27,870**	**490**	**(10,160)**	**18,887**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Group		Company	
	As at 31 March 2022 £'000	As at 31 March 2021 £'000	**As at 31 March 2022 £'000**	As at 31 March 2021 £'000
Cash flows from operating activities				
Loss before taxation	**(3,169)**	(3,213)	**(2,803)**	(1,251)
Interest (income) / expense	**(24)**	—	**(24)**	—
Depreciation and amortisation	**16**	18	**2**	—
Share-based compensation	**146**	(112)	**146**	(112)
	(3,031)	(3,307)	**(2,679)**	(1,363)
Changes in working capital				
Decrease / (increase) in trade and other receivables	**110**	(39)	**26**	(2,150)
(Decrease)/ increase in trade and other payables	**(196)**	(46)	**(193)**	167
Cash used in operations	**(86)**	(85)	**(167)**	(1,983)
Taxation received	**533**	466	**35**	76
Net cash used in operating activities	**(2,584)**	(2,926)	**(2,811)**	(3,270)
Cash flows (used in)/generated from investing activities				
Monies received from / (placed on) fixed-term deposit	**1,480**	(6,000)	**1,480**	(6,000)
Interest income / (expense)	**24**	—	**24**	—
Acquisition of tangible fixed assets	**(3)**	(5)	**(3)**	(2)
Net cash (used in)/generated from investing activities	**1,501**	(6,005)	**1,501**	(6,002)
Cash flows from financing activities				
Proceeds from issue of shares	**—**	11,110	**—**	11,110
Issue costs	**—**	(717)	**—**	(717)
Net cash generated from financing activities	**—**	10,393	**—**	10,393
Movements in cash and cash equivalents in the period	**(1,083)**	1,462	**(1,310)**	1,121
Cash and cash equivalents at start of period	**5,593**	4,131	**5,122**	4,001
Cash and cash equivalents at end of period	**4,510**	5,593	**3,812**	5,122

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Evgen Pharma plc ('the Company') is a public limited company incorporated in England & Wales and whose shares are traded on the AIM market of the London Stock Exchange under the symbol EVG. The address of its registered office is Alderley Park, Congleton Road, Nether Alderley, Cheshire, United Kingdom, SK10 4TG. The principal activity of the Company is clinical stage drug development.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation
The financial statements for the year have been prepared in accordance with applicable law and UK adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 for 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 2022, the Group had cash and cash equivalents, including short-term investments and cash on deposit, of £9.0 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 the fourth quarter of 2023. They have therefore prepared the financial statements on a going concern basis.

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. The presentational currency of the Group is GBP.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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).

Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue from right-to-use licences is recognised at the point in time that the performance condition is satisfied.

Finance income
Finance income comprises interest income on funds invested. Interest income is recognised as interest accrues using the effective interest rate method.

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.

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. These are expensed as incurred in the Statement of Comprehensive Income.

Share-based compensation
The Group issues share-based payments to certain employees and Directors. 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.

Most awards are made to employees of the Company. Awards granted to the employees of the subsidiary company are expensed in the Company's financial statements at fair value on the grant date, with a corresponding increase in Company's equity.

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. Impairment is calculated on a 12 month/lifetime expected credit loss model.

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 £1,370,000 (2021: £1,370,000) has been provided.

The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgement, 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 contained several scenarios, including ones where the loan was not recovered in full.

The carrying value of amounts owed by subsidiary undertakings at 31 March 2022 was £10,375,941 (2021: £10,359,000) and is disclosed in note 12 to the financial statements.

Cash, cash equivalents and short-term investments
Cash and cash equivalents consist of cash on hand and demand deposits. Short-term investments and cash on deposit comprise deposits with maturities of more than three months, but no greater than 12 months.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

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.

Investments in subsidiaries
Investments in subsidiaries are shown at cost less any provision for impairment.

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.

Fair value estimation
The carrying value less impairment provision of trade and other receivables and trade and other 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.

Management judgement
Recognition of research and development expenditure is seen as requiring a higher degree of judgement. The Group recognises this expenditure in line with the management's best estimation of the stage of completion of each research and development project.

Estimation uncertainty
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Intercompany receivable
Receivables from the subsidiary represents an interest free amount 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.

R&D tax credit
The R&D tax credit figure of £0.44m 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 2022 and 31 March 2021, 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 risk-free 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 2022 was £146,125 (year to 31 March 2021: credit of £111,664).

Accounting developments
Where applicable, the Group and Company have adopted the following accounting standards, amendments or interpretations effective from the 1 January 2021. The Group and Company have not adopted any new or amended standards early. The impact of these standards is not considered material for the current financial year.

	Effective Date
Interest Rate Benchmark Reform – Phase 2	1 January 2021
COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

IFRS issued but not yet effective
At the date of issue of these financial statements, the following accounting standards, amendments or interpretations, which have not been applied, were in issue but not yet effective. The Directors do not anticipate adoption of the standards listed below will have a material impact on the financial statements or they consider the implementation too uncertain to speculate on the impact on the accounts at this point in time.

	Effective Date
First-time Adoption of International Financial Reporting Standards—Subsidiary as a First-time Adopter	1 January 2022
Financial Instruments—Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

3. OPERATING LOSS

An analysis of the Group's operating loss has been arrived at after charging

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Research and development expenses:		
Amortisation of licences	**13**	16
Other research and development	**1,446**	2,011
Staff costs (including share-based compensation) – Note 6	**1,153**	716
Establishment and general:		
Depreciation of property, plant and equipment	**3**	2
Operating lease cost – land and buildings	**12**	18
Foreign exchange loss	**2**	9
Other administrative expenses	**564**	635
Total operating expenses	**3,193**	3,407

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

4. FINANCE INCOME

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Bank interest receivable	**24**	—
Total finance income	**24**	—

5. AUDITOR'S REMUNERATION

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fees payable to the Group's auditors for the audit of:		
The consolidated and Company annual accounts	**17**	17
The subsidiary's annual accounts	**17**	16
Total audit fees	**34**	33
Audit related services	**4**	4
Total audit related fees	**4**	4
Other services	**—**	2
Total non-audit fees	**—**	2

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

6. EMPLOYEES AND DIRECTORS

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

	Group		Company	
	Year ended 31 March 2022 Number	Year ended 31 March 2021 Number	**Year ended 31 March 2022 Number**	Year ended 31 March 2021 Number
Management	**4**	3	**4**	3
Administration	**1**	1	**—**	—
Development	**1**	1	**—**	—
Non-Executive	**3**	3	**3**	3
Average total persons employed	**9**	8	**7**	6

As at 31 March 2022 the Group had 11 employees (31 March 2021: 8)

Staff costs in respect of these employees were:

	Group		Company	
	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Wages and salaries	**863**	721	**687**	532
Employers National Insurance	**100**	86	**77**	63
Employers pension costs	**44**	21	**31**	7
Total payrolled employee costs	**1,007**	828	**795**	602
Share-based compensation	**146**	(112)	**146**	(112)
Total employee costs	**1,153**	716	**941**	490

The Group makes contributions to the private pension schemes of Directors and employees. The CEO received payments into a private pension scheme for the period of his employment (2021: two).

The total remuneration of the highest paid Director excluding grants of share options was £239,760 (31 March 2021: £180,278).

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 2022 £'000	Year ended 31 March 2021 £'000
Salaries and other short-term employee benefits	**458**	539
Employers National Insurance	**57**	64
Pension contributions	**10**	8
Options vesting under share option schemes	**—**	—
Total remuneration including vesting of share options	**524**	611

Directors' emoluments include amounts payable to third parties as described in Note 19.

7. TAXATION

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Current tax		
Current period – UK corporation tax	**—**	—
R&D tax credit	**425**	519
Adjustments in respect of prior periods	**14**	20
Net tax credit	**439**	539

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. TAXATION CONTINUED

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Loss on ordinary activities before taxation	**(3,169)**	(3,213)
Loss before tax at the effective rate of corporation tax in the United Kingdom of 19% (2021: 19%)	**(602)**	(610)
Effects of:		
Losses not recognised	**602**	610
R&D tax credit	**(425)**	(519)
Adjustments in respect of prior periods	**14**	20
Tax credit for the year	**(439)**	(539)

The enacted UK corporation tax rate of 25% forms the basis for the deferred tax calculation (2021: 19%).

At 31 March 2022, the Group had tax losses available for carry forward of approximately £21.9m (31 March 2021: £20.1m). The Group has not recognised deferred tax assets relating to these losses of £5.5m (2021: £3.7m).

At 31 March 2022, the Company had tax losses available for carry forward of approximately £12.4m (31 March 2021: £10.8m). The Company has not recognised deferred tax assets relating to these losses of £3.1m (2021: £2.0m).

These assets are not recognised due to the uncertainty in the timing of crystallisation.

8. 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.

As at 31 March 2022 the Group had 10,587,665 (2021: 6,402,754) 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 2022 £'000	Year ended 31 March 2021 £'000
Loss for the year attributable to equity holders	**(2,730)**	(2,674)

	Year ended 31 March 2022 Number	Year ended 31 March 2021 Number
Weighted average number of ordinary shares for basic loss per share	**274,888,117**	147,019,536
Effects of dilution:		
Share options	**—**	—
Weighted average number of ordinary shares adjusted for the effects of dilution	**274,888,117**	147,019,536

	Year ended 31 March 2022 Pence	Year ended 31 March 2021 Pence
Loss per share – basic and diluted	**(0.99)**	(1.82)

The weighted average numbers of ordinary shares for the years ended 31 March 2021 and 2022 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. PROPERTY, PLANT AND EQUIPMENT

Group	Plant, fixtures & fittings £'000	IT equipment £'000	Total £'000
Cost			
At 31 March 2020	2	23	25
Additions	—	5	5
At 31 March 2021	2	28	30
Additions	—	3	3
Disposals	—	(22)	(22)
At 31 March 2022	**2**	**9**	**11**
Accumulated Depreciation			
At 31 March 2020	2	21	23
Charge for the period	—	2	2
Disposals	—	—	—
At 31 March 2021	2	23	25
Charge for the period	—	3	3
Disposals	—	(22)	(22)
At 31 March 2022	**2**	**4**	**6**
Net Book Value			
At 31 March 2020	—	2	2
At 31 March 2021	—	5	5
At 31 March 2022	**—**	**5**	**5**

Company	Plant, fixtures & fittings £'000	IT Equipment £'000	Total £'000
Cost			
At 31 March 2020	—	—	—
Additions	—	2	2
At 31 March 2021	—	2	2
Additions	—	3	3
Disposals	—	—	—
At 31 March 2022	**—**	**5**	**5**
Accumulated Depreciation			
At 31 March 2020	—	—	—
Charge for the period	—	—	—
Disposals	—	—	—
At 31 March 2021	—	—	—
Charge for the period	—	2	2
Disposals	—	—	—
At 31 March 2022	**—**	**2**	**2**
Net Book Value			
At 31 March 2020	—	—	—
At 31 March 2021	—	2	2
At 31 March 2022	**—**	**3**	**3**

Depreciation is charged to operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. INTANGIBLE ASSETS

Group **Cost**	**Licences** **£'000**
At 31 March 2020, 31 March 2021 and 31 March 2022	**168**
Amortisation	
At 31 March 2020	86
Charge for the period	16
At 31 March 2021	102
Charge for the period	13
At 31 March 2022	**115**
Net Book Value	
At 31 March 2020	82
At 31 March 2021	66
At 31 March 2022	**53**

Intangible assets constitute licenses to intellectual property. The remaining amortisation periods are between 7 months and 14 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 2022, the Company had no intangible assets (31 March 2021: £nil).

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The consolidated financial statements of the Group as at 31 March 2022 include:

Company	**Investments in subsidiary undertaking £'000**
Cost and Net book value	
At 31 March 2020, 31 March 2021 and 31 March 2022	**73**

The registered office of Alderley Park, Congleton Road, Nether Alderley, Cheshire, United Kingdom, SK10 4TG.

The cost for the investment in the subsidiary for both financial years was £73,000 with no impairments.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Amounts receivable within one year				
Other receivables	**13**	16	**—**	—
Other taxation and social security	**45**	117	**44**	115
Prepayments	**67**	102	**67**	39
Amounts due from subsidiary undertakings	**—**	—	**10,376**	10,359
Trade and other receivables	**125**	235	**10,487**	10,513

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 18. The carrying amounts of the Group's receivables are all denominated in Pounds Sterling.

No classes within external trade and other external 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 £10,376k (2021: £10,359k). 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 £1,370k (2021: £1,370k) under IFRS 9 as set out in note 2.

13. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Group		Company	
	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Short-term investments and cash on deposit	**4,520**	6,000	**4,520**	6,000
Cash at bank and in hand	**4,510**	5,593	**3,812**	5,122
Total	**9,030**	11,593	**8,332**	11,122

Under IAS 7 Statement of Cash Flows, cash held on long-term deposits (being deposits with maturity of greater than three months and no more than twelve months) that cannot readily be converted into cash has been classified as a short-term investment. The maturity on this investment was less than twelve months at the reporting date.

At 31 March 2022 no cash or cash equivalents were held on deposit in either the Group or the Company (31 March 2021: nil).

The Directors consider that the carrying value of cash and cash equivalents and short-term investments approximates their fair value. For details on the Group's credit risk management refer to note 18.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. TRADE AND OTHER PAYABLES

	Group		Company	
	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Amounts falling due within one year				
Trade payables	**66**	408	**64**	408
Other taxation and social security	**24**	26	**18**	22
Other payables	**4**	1	**3**	—
Accrued expenses	**317**	172	**284**	132
Trade and other payables	**411**	607	**369**	562

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. There are no material contingent liabilities or commitments and no guarantees have been entered into.

15. ISSUED CAPITAL AND RESERVES

Ordinary shares

	Group and Company			
Ordinary shares of 0.25p each	**Number**	**Share Capital £'000**	**Share Premium £'000**	**Total £'000**
As at 31 March 2021 & 31 March 2022	**274,888,117**	**687**	**27,870**	**28,557**

There were no new shares issued in the year ending 31 March 2022.

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 2022 and 2021 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
CONTINUED

16. 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 one active share option scheme (31 March 2021: one), 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 2022 the Company had 10,587,665 (2021: 6,402,754) 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
01-May-12	272,000	0.0500	01-May-14	01-May-22
14-Aug-13	224,800	0.1062	14-Aug-15	14-Aug-23
21-Oct-15	291,891	—	21-Oct-15	21-Oct-25
28-Jan-19	351,957	—	28-Jan-22	28-Jan-29
18-Jul-19	153,262	—	18-Jul-22	18-Jul-29
18-Jul-19	202,608	—	18-Jul-22	18-Jul-29
06-Oct-20	4,498,236	—	06-Oct-22	06-Oct-30
13-Jul-21	289,937	—	13-Jul-24	13-Jul-31
08-Dec-21	4,302,974	—	13-Jul-24	13-Jul-31
Total	**10,587,665**			

Movements on share options during the year were as follows:

	Exercise price	At 1 April 2021	Granted	Exercised	Lapsed/ cancelled	At 31 March 2022	Date from which exercisable	Expiry date
	0.0500	408,000	—	—	(408,000)	—	31-Aug-13	25-Nov-21
	0.0500	272,000	—	—	—	272,000	01-May-14	01-May-22
	0.1062	224,800	—	—	—	224,800	14-Aug-15	14-Aug-23
	Nil	291,891	—	—	—	291,891	21-Oct-15	21-Oct-25
	Nil	351,957	—	—	—	351,957	28-Jan-22	28-Jan-29
	Nil	355,870	—	—	—	355,870	18-Jul-22	18-Jul-29
	Nil	4,498,236	—	—	—	4,498,236	06-Oct-22	06-Oct-30
	Nil	—	4,743,291	—	(4,453,354)	289,937	13-Jul-24	13-Jul-31
	Nil	—	4,302,974	—	—	4,302,974	13-Jul-24	13-Jul-31
Total		**6,402,754**	**9,046,265**	**—**	**(4,861,354)**	**10,587,665**		

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

	As at 31 March 2022		As at 31 March 2021	
Outstanding at start of the year	**6,402,754**	**0.9037**	9,531,368	1.8249
Granted	**9,046,265**	**—**	4,498,236	—
Exercised	**—**	**—**	(4,751,178)	2.3420
Lapsed/cancelled	**(4,861,354)**	**0.4196**	(2,875,672)	—
Outstanding at end of year	**10,587,665**	**0.3538**	6,402,754	0.9037
Exercisable at end of year	**1,140,648**	**3.2843**	1,196,691	4.8352

Options are only exercisable for cash. Options vest 3 years from grant subject to the achievement of shareholder return, and for more recent grants, corporate performance targets. Options which do not vest lapse.

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 2022 is £146,125 (2021: credit of £111,664). 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 0.1 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 8.25 years (2021: 7.96 years).

The weighted average fair value of options granted as of the grant date was £0.09 (2021: £0.23).

The weighted average share price used in the Black Scholes model was £0.10 (2021: £0.25).

NOTES TO THE FINANCIAL STATEMENTS
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17. LEASE ARRANGEMENTS

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Minimum lease payments under leases recognised as an expense in the period	**11**	18

The total cash outflow for leases in the year ended 31 March 2022 was £10,967 (2021: £16,650).

Lease payments represent rentals payable by the Group for its serviced office space. As at 31 March 2022 and 31 March 2021 all leases were one month rolling contracts. On 18 May 2022 the Group renewed the lease agreement for a fixed 12 months period with minimum lease payments under non-cancellable lease of £12k.

18. 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 when due. The table below analyses the Group and Company's financial assets and liabilities by category:

	Group		Company	
	Year ended 31 March 2022	Year ended 31 March 2021	**Year ended 31 March 2022**	Year ended 31 March 2021
	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	**13**	16	**—**	—
Amounts due from subsidiary undertakings	**—**	—	**10,376**	10,359
Short-term investments and cash on deposit	**4,520**	6,000	**4,520**	6,000
Cash and cash equivalents	**4,510**	5,593	**3,812**	5,122
Total	**9,043**	11,609	**18,708**	21,481

	Group		Company	
	Year ended 31 March 2022	Year ended 31 March 2021	**Year ended 31 March 2022**	Year ended 31 March 2021
	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	**66**	408	**64**	408
Other creditors and accruals	**321**	173	**287**	132
Total	**387**	581	**351**	540

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

18. FINANCIAL RISK MANAGEMENT CONTINUED

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 potentially has credit risk on 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. Currently the Group has limited sales and therefore trade receivables.

The Group gives careful consideration to which organisations it uses for banking in order to minimise credit risk. The Group holds cash and deposits with two large banks in the UK, institutions with an A1 and A / positive credit ratings (long term, as assessed by Moody's). The amounts of cash and deposits held with these banks at the reporting date can be seen in the financial assets table above. Split of cash and cash equivalents between UK Sterling and other currencies is provided in to Financial Currency Risk note below.

There was no significant external 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 12.

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.

Interest rate risk
As the Group has no significant borrowings, the risk is limited to the reduction of interest received on cash surpluses held at bank. The Group's deposit accounts all receive a fixed rate of interest and therefore the exposure to interest rate movements is immaterial.

Maturity profile
As all financial assets and financial liabilities are expected to mature within the next twelve months thus aged analysis of these has not been presented.

NOTES TO THE FINANCIAL STATEMENTS
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18. 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 invoicing in Euro and US dollars. The Group's exposure to foreign currency changes for all other currencies is not material and therefore no sensitivity analysis is disclosed.

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

Group	GBP £'000	EUR £'000	USD £'000	2022 Total £'000
Assets and liabilities as per statement of financial position				
Short-term investments and cash on deposit	**4,520**	—	—	**4,520**
Cash and cash equivalents	**4,510**	—	—	**4,510**
Trade receivables	—	—	—	—
Trade payables	**(61)**	**(5)**	—	**(66)**
Total	**8,969**	**(5)**	—	**8,964**

Group	GBP £'000	EUR £'000	USD £'000	2021 Total £'000
Assets and liabilities as per statement of financial position				
Short-term investments and cash on deposit	6,000	—	—	6,000
Cash and cash equivalents	5,542	—	51	5,593
Trade receivables	—	—	—	—
Trade payables	(400)	(8)	—	(408)
Total	11,142	(8)	51	11,185

Given the immaterial net asset balances in foreign currency and limited procurement from overseas suppliers, the exposure to a change in exchange rates is small and therefore no sensitivity analysis is disclosed.

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 an 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

19. 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 6 of the consolidated financial statements. Directors' emoluments are disclosed in the Remuneration Committee Report.

During the year ended 31 March 2022, the Group purchased consultancy services totalling £15,995 (year ended 31 March 2021: £19,225) from FD Consult Ltd, a company controlled by Richard Moulson. The amount owed to FD Consult Ltd at 31 March 2022 was £nil (31 March 2021: £nil).

During the year the Group purchased services from OBN, a company for which Huw Jones acts as a non-executive director, totalling £1,282 (2021: £180). The amount owed to OBN at 31 March 2022 was £nil (31 March 2021: £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 12.

Ultimate controlling party
The Directors consider there is no ultimate controlling party.

ADDRESSES AND ADVISERS

EVGEN PHARMA PLC
Registered office:
Evgen Pharma plc
Alderley Park
Congleton Road
Nether Alderley
SK10 4TG

Website: www.evgen.com

Registered number: 09246681
Domiciled in the United Kingdom
Registered in England and Wales

STATUTORY AUDITORS
RSM UK Audit LLP
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

NOMINATED ADVISER AND BROKER
finnCap Ltd
One Bartholomew Close
London
England
EC1A 7BL

REGISTRAR
SLC Registrars (a division of EQ)
P.O. Box 5222
Lancing
BN99 9FG

LEGAL ADVISERS
Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

FINANCIAL PUBLIC RELATIONS
Instinctif Partners
65 Gresham Street
London
EC2V 7EQ

Designed and produced by effektiv
+44 (0)20 7459 4266 / www.effektiv.co.uk

EVGEN PHARMA PLC
Registered office:
Alderley Park, Congleton Road
Nether Alderley, SK10 4TG

Website: www.evgen.com

Registered number: 09246681
Domiciled in the United Kingdom
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