ReNeuron

Changing patients' lives

ReNeuron Group plc
Annual Report and
Accounts 2018

Welcome to our 2018 annual report

Our vision is to deliver life-changing therapies to patients

We are an AIM–listed therapy development company focusing on the treatment of stroke disability, inherited retinal diseases, and cancer.

Our multiple assets are in varying stages of development with our most advanced programme about to begin a Phase IIb clinical trial in the US.

Read more about our products in **'Group at a glance'** on pages 4 to 5

Read more about the purpose of the different clinical trials in **'Our development process'** on pages 16 to 17

Contents

A year of progress towards changing patients' lives

Exosome nanomedicine platform:

Positive pre-clinical data with our ExoPr0 exosome therapy candidate demonstrates potential of ExoPr0 to target multiple diseases.

Initial clinical trial application planned for 2019 in oncology.

Corporate:

US office established in Boston, reflecting the Company's increasing clinical activity in the US.

Increased business development activity in the period due to third party interest in Group's core therapeutic programmes.

Active discussions ongoing with a number of commercial third parties.

Increased collaborative work in the period to exploit technology platforms beyond core therapeutic programmes.

hRPC stem cell therapy candidate for retinal diseases:

Four patient cohorts treated in ongoing US Phase I/II clinical trial in retinitis pigmentosa (RP).

Phase I/II study to be expanded to target patients with less-impaired vision.

Top line Phase I/II data now expected in mid-2019.

Phase II study planned in cone-rod dystrophy patients, to run in parallel with planned Phase IIb study in RP.

CTX stem cell therapy candidate for stroke disability:

Long-term data from Phase II clinical trial presented, showing sustained improvements in motor function and reduced levels of disability and dependence.

IND application approved by FDA to commence a Phase IIb, placebo-controlled clinical trial in the US.

Patient recruitment expected to commence shortly, leading to top-line data at the end of 2019.

Read more about our progress in the last 12 months in 'Our progress' on pages 8 to 11

Financial highlights

Loss for the period of

£17.6 million

(2017: loss of £15.6 million)

Cash used in operating activities

£14.9 million

(2017: £12.6 million)

Cash, cash equivalents and bank deposits at 31 March 2018 of

£37.4 million

(31 March 2017: £53.1 million)

1 for 100

Share Capital Reorganisation completed in the period

Three further government grants awarded in the period and post-period end, providing funding towards £5.0 million of collaborative work programmes across the Group's therapeutic development programmes.

Post-period end

- Further positive pre-clinical data demonstrates that ExoPr0 exosome therapy candidate significantly reduces tumour volume in a variety of in vivo models of cancer.
- Exclusivity agreement signed with US-based specialty pharmaceutical company regarding potential out-licensing of hRPC technology platform and therapeutic programmes.

For scientific terms see the glossary

Group at a glance

Our stem cell-based therapies...

CTX Cells

- Immortalised neural stem cell line.
- **What this means** – these cells have the ability to differentiate into a repertoire of specific nerve and nerve support cells.
- Our cell therapy is directly injected into the brain near to the area damaged by the stroke.

hRPCs

- Retinal progenitor cell line.
- **What this means** – these cells have the ability to differentiate into all of the nerve cells and nerve support cells of the retina.
- Our cell therapy is implanted into the retina.

CTX-derived exosomes

- These are nano-sized packages of information released by CTX cells.
- ExoPr0 is our first CTX-derived exosome therapeutic candidate which targets cancer.
- Our studies have identified the potential of ExoPr0 as both a novel therapeutic candidate and as a drug delivery vehicle.

...will change the lives of patients suffering from...

Stroke disability

Around 800,000 strokes happen in the US each year[1].

Stroke mortality rate has decreased by 33% since 1996[2].

That means more people are suffering from stroke disability.

So more people than ever might be able to benefit from our potentially life-changing therapy to reduce their disability, and dependence on others.

Retinitis pigmentosa (RP) and cone rod dystrophy (CRD)

- These are both groups of inherited, degenerative eye diseases that result in the loss of peripheral vision (in RP) or central vision (in CRD)[3,4].
- In both cases, the end result is blindness.
- 1 in 3,000 to 4,000 people are affected by RP[3].
- 1 in 30,000 to 40,000 people are affected by CRD[4].
- Our therapy could potentially benefit patients suffering from these rare diseases.

Cancer

360,000 people in the UK are diagnosed with cancer each year[5].

Our population is ageing...[6].

So the number of people living with cancer in the UK is expected to increase to 4 million in 2030 (from 2.5 million in 2015)[5].

So more people than ever might be able to benefit from our potentially life-changing therapy.

1 Centers for Disease Control and Prevention
2 National Institutes of Health
3 RP Fighting Blindness
4 US National Library of Medicine
5 Macmillan
6 Cancer Research UK

For scientific terms see the glossary

Chairman's statement

I am pleased to introduce the Group's results for the year ended 31 March 2018.

The Group's programmes have progressed well during the period, the most significant milestone being the approval by the FDA of our IND submission to commence a Phase IIb clinical trial in the US with our CTX cell therapy candidate for stroke disability. Preparations for first patient dosing in this study continue apace, and we look forward to reporting data from the study late next year.

Elsewhere, we continued to progress patient dosing during the period in the ongoing US Phase I/II study of our hRPC cell therapy candidate for the blindness-causing inherited retinal disease, retinitis pigmentosa (RP). Top-line data from this study is expected in mid-2019. We have also continued to generate and present very promising early pre-clinical data with ExoPr0, our first CTX-derived exosome therapeutic candidate, targeting cancer.

It is gratifying to observe that the progress we have made with our therapeutic programmes has attracted the interest of a number of commercial third parties and this has increased the level of our business development activities. The recent announcement of an exclusivity agreement with a US specialty pharmaceutical company relating to our hRPC retinal stem cell technology and therapeutic programmes underlines the strength of this third-party interest. We look forward to being able to sign a definitive agreement in the near term. We see such business development deals, if secured, as third-party validation of our technology as well as a significant source of non-dilutive funding for the Company.

The Group's financial results for the year ended 31 March 2018 reflect the continued tight management of our financial resources, even as we increase the intensity of our clinical development activities in the US. Further, we have continued to evidence our ability to secure non-dilutive grant funding across our development programmes by the award of three new grants over the past year, providing funding towards collaborative programmes of work totalling £5.0 million.

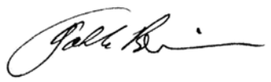
The Group applies appropriate corporate governance standards throughout its operations, overseen by an experienced Board. With specific regard to the recently revised AIM Rule 26, the Board intends that the Group will apply the Quoted Companies Alliance (QCA) Corporate Governance Code.

During the period, Dr Paul Harper stepped down from the Board as a Non-executive Director. We thank Paul for the important contribution he has made to the Company's success over his long tenure on the Board and wish him all the best in his future endeavours.

Also during the period, we welcomed Dr Claudia D'Augusta as a new Non-executive Director of the Company. Dr D'Augusta also chairs the Company's Audit Committee and brings over 20 years' experience in Europe and US corporate finance, in particular in the cell therapy sector.

ReNeuron continues to make solid progress in executing its strategy to deliver value across its therapeutic programmes through the generation of compelling clinical data in significant disease conditions. We look forward to reporting further progress in the year ahead. The Board and I would like to extend our thanks to our employees for their ongoing commitment and hard work during the year. I would also like to thank all of our shareholders for their continued support.

On page 76 of this report is the Notice of the 2018 Annual General Meeting (AGM) to be held at 10 a.m. on 12 September 2018. A short explanation of the resolutions to be proposed at the AGM is set out on page 79. The Directors recommend that you vote in favour of the resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings of Ordinary shares.



John Berriman
Non-executive Chairman
19 July 2018

Strategic Report

Our progress towards changing patients' lives

CTX cells for stroke disability

Pre-clinical data

- A well-established rodent model of stroke was used to study the effects of our CTX cell therapy.
- The CTX cells were directly injected into the brain.
- Our results were particularly positive given that restricted blood supply to the brain, following a stroke, results in nerve cell death.
- The effects of our CTX cell therapy included the formation of...
  1. new blood vessels.
  2. new nerve cells.
  3. new connections between nerve cells.

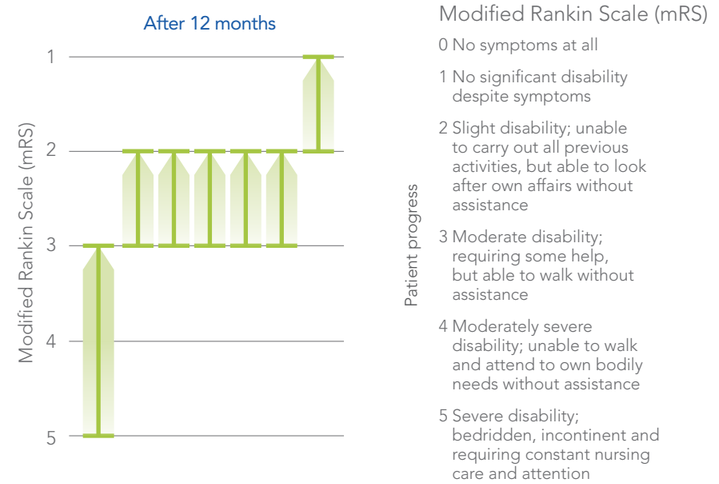
Clinical trials: Phase I study

- In this study, we included 11 stable, disabled stroke patients who were between 6 months and 5 years post-stroke.
- This study was a single centre, open-label, ascending dose trial to assess safety.
- The CTX cells were directly injected into the putamen (an area of the brain), and patients were followed up for over 2 years post-implantation.
- It was determined that these CTX cell injections at the doses tested were safe and well tolerated.

Clinical trials: Phase II study

- In this study, we included 23 disabled, stable stroke patients, who were between 2 and 13 months post stroke.
- This study was a single arm, open-label trial using the highest dose tested in Phase I. This trial was 'single arm' because all the patients were administered the same dose.
- CTX cells (20 million cells) were directly injected into the putamen, and patients were followed up for 12 months post-implantation.
- No cell-related safety issues were identified.
- The Modified Rankin Scale (or mRS, a globally used measure of functional disability and dependence in stroke sufferers) was used as a secondary end-point for this study.

Clinical trials: Phase II continued

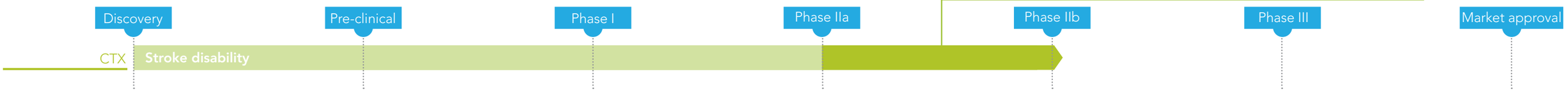


Source: ClinicalTrials.gov: NCT02117635

Progress in the last 12 months

- In the last 12 months we found that the mRS response rate was maintained out to 12 months post-implantation.
- As shown by the figure on the left, 7 out of 20 (35%) of patients still demonstrated a clinically meaningful improvement at 12 months post-implantation and an even higher response rate was observed in patients with residual arm movement.
- In December, the FDA approved our Investigational New Drug application which allows us to commence a Phase IIb study in the US. The study, designated PISCES III, is a randomised, placebo-controlled clinical trial in 110 patients. The mRS has been chosen as the primary end-point for this study.

PROGRESS TIMELINE



Read more about future therapy development in 'Our development process' on pages 16 to 17

Our progress towards changing patients' lives continued

hRPCs for retinal degeneration therapy

Pre-clinical data

- A rodent model of retinal degeneration was used to study the effects of our hRPC therapy. These hRPCs were injected subretinally (just beneath the photoreceptor layer of the retina).
- The results from this study demonstrated that these cells can treat retinal degeneration. They are able to...
  1. preserve retinal structure and function.
  2. differentiate into components of the retina.

Initial Phase I element of a combined Phase I/II study

- This study was a single centre, open-label, dose escalation trial to assess the safety of hRPCs in patients with established retinitis pigmentosa.
- Three different doses of hRPCs were tested.
- Patients received a single, subretinal injection of one dose and were followed up for 1 year.
- It was determined that subretinal injections of hRPCs at the three doses tested were safe and well tolerated.

Progress in the last 12 months

- We successfully developed a cryopreserved formulation of our hRPC cell therapy.
- This will enable cells to be frozen for shipping/storage and be easily thawed at the point of clinical use.
- We have now progressed into the Phase II element of the combined Phase I/II study.

CTX-derived exosomes for cancer therapy

Pre-clinical data

In vitro studies

- Our in vitro studies found promising data regarding the anti-cancer capabilities of CTX-derived exosomes.
- The exosomes were able to inhibit the proliferation, migration and invasion-potential of a glioblastoma cell line.

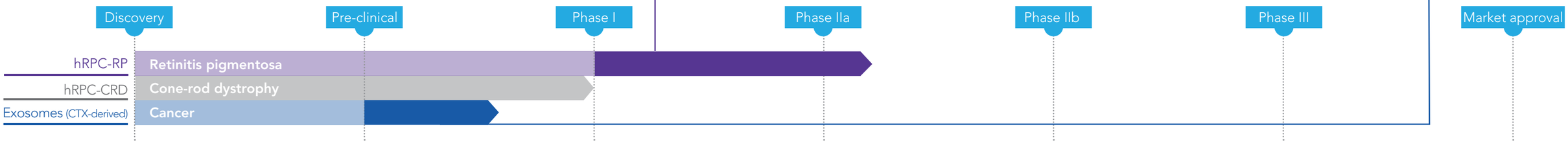
In vivo studies (rodent models)

- In these in vivo studies, we used a mouse model whereby human cancer cells are injected in the animal and allowed to develop a tumour over time.
- Our studies have found that our exosome therapeutic candidate inhibits tumour growth in mouse models of glioblastoma and lung cancer.
- As a monotherapy, the efficacy of our exosome therapy was similar to that of paclitaxel, the current standard of care, in a mouse model of lung cancer.
- Additionally, when combined with the current standard of care therapy, ExoPr0 had an additive effect and further enhanced the reduction in tumour volume.

Progress in the last 12 months

- We presented data about the improved manufacturing process of exosomes. The new analytical methods developed improve the quality and consistency of exosomes produced at large scale.
- We also produced two sets of successful pre-clinical data related to our exosome therapy:
  1. In vitro studies found that exosomes can inhibit the proliferation (through cell death and/or cell senescence) in liver, ovarian and breast cancer cell lines.
  2. In vivo studies also found that exosomes can be targeted to specific organs and tissues by either local or systemic administration and they can also cross the blood brain barrier.

PROGRESS TIMELINE



Read more about future therapy development in 'Our development process' on pages 16 to 17

Our business model

Key resources

Intellectual
We use proprietary technology to produce our life-changing therapies.

Human
Our researchers and academic collaborators have industry-leading knowledge and this drives the therapy-development process.

Financial
Funds raised by the issue of shares supported by grants from national government effectively advance the development of our latest therapies.

Physical
Our contract manufacturing organisations are instrumental in the therapy production process.

In 2016 we moved into a new facility in Pencoed, South Wales. When complete and fully licensed, this building will house one of the world's most advanced commercial cell therapy manufacturing facilities. We will have a vertically integrated capability from research to commercial supply.

Value chain

Develop best-in-class cell-based therapies for life-changing high-value products. ▶ Gain clinical validation for our therapeutic programmes, via robust clinical trials in well regulated territories. ▶ Realise value for our technologies and therapeutic programmes, via direct sales or substantial licence deals.

Our relationships

CTX cells

As part of the clinical trials for the CTX cell therapy for stroke disability, we develop strong relationships with the sites and neurosurgeons who administer the therapy.

This will support our value proposition in the long run, once our therapy has been reviewed and approved, because we will have already developed a relationship with a number of the sites and neurosurgeons who will be administering the therapy to patients.

hRPCs

We are developing good relationships with inherited retinal disease specialists, who administer the hRPC therapy to study participants.

This will support the clinical development to advance this potential therapy to patients with inherited retinal disease.

CTX-derived exosomes

We are developing strong relationships with academic and clinical key opinion leaders in the area of oncology and beyond.

We also have relationships with commercial organisations who we will be collaborating with as we broaden our therapeutic pipeline.

Our competitive advantages

With our proprietary technology...

- CTX drug product is a proprietary allogeneic cell therapy produced by our well-established, scalable manufacturing process. (Allogeneic: recipient(s) of cells is different to cell donor).
- The same proprietary CTX cell line is used to produce our exosome product.
- A different, highly efficient, patented process is used to produce hRPCs on a large scale.

With our flexible cryopreservation process...

- Our CTX cells and hRPCs can be cryopreserved, which provides flexibility in terms of scheduling patient treatment.
- This makes our product similar to conventional 'off-the-shelf' pharmaceuticals/biologics.
- Following the approval of our therapies, we will target markets around the world (including China and Japan). Our cryopreservation process would allow us to develop the therapies in the US or Europe and then transport them globally.

With our efficient development pipeline...

- Our therapy development pipeline spans the pre-clinical and clinical development process.
- The exosomes we are harnessing for cancer therapy development are a by-product of our CTX cells and this has two important implications:
  1. they have already been shown to be safe in patients;
  2. they are Good Manufacturing Process compliant.
- The Phase I element of our hRPC clinical trial demonstrated that the delivery of these cells is safe and well-tolerated in retinitis pigmentosa patients. This will allow us to expand this therapeutic approach into patients with other retinal disorders.

we are positioned for success

For scientific terms see the glossary

Our marketplace

How do our therapies address the market need?

CTX cells for stroke disability

Market characteristics

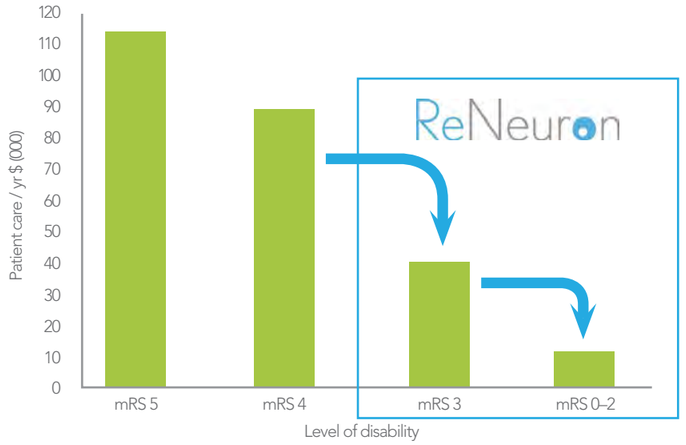
In the US, $34 billion is spent each year on stroke disability (this includes health care services, medications and lost productivity)[1].

A study in Sweden demonstrated the cost of stroke disability to the health system. As shown in the graph below, this cost is dependent on the patient's mRS score.

Current stroke therapy is only available within hours post stroke.

Stroke disability significantly affects a patient's quality of life, and the treatment and care of these patients is a burden on health and social care as well as family and caregivers.

In the UK, the NHS spends £3.4 billion each year on stroke disability and the social care spend is £5.2 billion annually[2].



Source: Company data; adapted from Lekander et al 2017, 42,114 patients from 2007-2012, costs from Sweden translated into $

Where we fit in

Our CTX cell therapy aims to treat patients months after their stroke.

The Phase II clinical trials for our CTX cell therapy demonstrated that it can reduce a patient's global disability post stroke as assessed by mRS.

In our Phase IIb study, we are seeking a one point or more improvement in mRS scoring, at six months post surgery, in CTX-treated patients that are mRS score of 4 and 3 at baseline.

The graph on the left shows the results from a 2017 Swedish study which demonstrated that patient care cost is proportionate to their level of stroke disability (as measured by the mRS). Our Phase IIb study will target patients with a mRS score of 4 and 3 and will be looking for an improvement of one or more points.

hRPCs for retinitis pigmentosa (RP) and cone rod dystrophy (CRD)

Market characteristics

There is currently no general cure for the RP group of diseases and sufferers remain reliant on both health and social care services.

Given that this condition is inherited it can affect every part of the patient's life; from their career to decisions around starting a family.

As with all forms of blindness, the quality of the patient's life is significantly diminished.

Market potential for our RP therapy is $0.5 – $1.6 billion[3] worldwide.

Current RP treatment requires immunosuppressants. This is costly and impacts on the quality of the patient's life.

Where we fit in

Our research suggests that hRPC therapy may be able to slow the progression of RP through its ability to differentiate into components of the retina and its ability to maintain existing photoreceptors.

Our hRPC therapy doesn't require immunosuppressants. This is because of the allogeneic nature of the hRPC product which makes it unlikely to cause an immune response.

Exosomes for cancer

Market characteristics

The spend on cancer is significant in both the UK and the US.

In England, the NHS spends £5.81 billion each year on cancer care (for 2011/2012 fiscal year)[4].

In the US, cancer spend is projected to be $157 billion by 2020[4].

1 Centers for Disease Control and Prevention
2 Stroke Association
3 Analysts' estimates: Stifel March 2018, N+1 Singer April 2017, Edison May 2017.
4 Aggarwal and Sullivan

For scientific terms see the glossary

Where we fit in

Our research suggests that exosome therapy may be used as both a monotherapy or in combination with standard of care chemotherapeutics in a range of indications such as lung, breast and brain cancer.

Our process for developing life-changing therapies

Pre-clinical trials
Pre-clinical studies (in vitro and in vivo) are conducted to assess feasibility, efficacy and safety of any potential drug product prior to it being tested in humans.

Our CTX-derived exosomes (for cancer therapy) have had pre-clinical success.

Clinical trials

Our hRPCs (for retinitis pigmentosa therapy) have recently been shown to be safe and well tolerated, and have moved into Phase II element to evaluate efficacy as well as safety. This will also allow hRPC therapy to be tested in a Phase II trial in other retinal diseases, such as cone rod dystrophy.

Phase I
We assess the safety of a biologically active substance in a small select group of patients.

Phase IIa
We evaluate the efficacy and safety of our therapy in selected populations of patients.

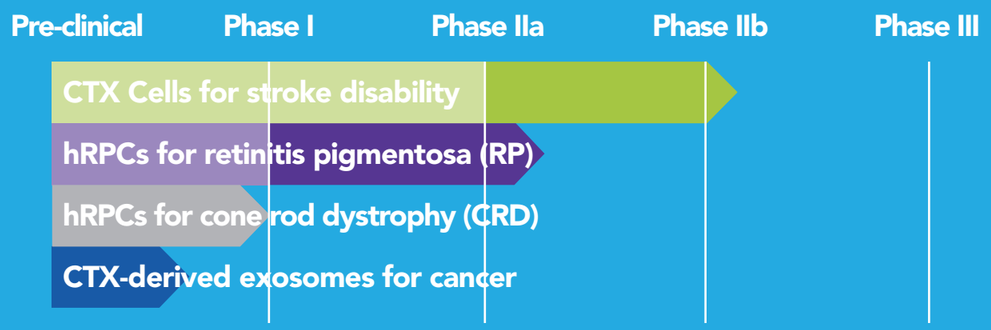
Our CTX cell therapy (for stroke disability) has had both Phase I and Phase II success and it has recently moved into Phase IIb development.

Phase IIb
We then evaluate the efficacy and safety of our therapy in patients in a more controlled and rigorous trial.

Phase III
Once our therapy has been shown to be both efficacious and safe (in Phase I and Phase II) we carry out a large-scale clinical trial.

Review and approval
Once a therapy has been deemed safe and effective, it is submitted for approval to regulatory bodies. These bodies review the available evidence and approve it if the benefits appear to outweigh the risks.

Current pipeline



What does this mean for future development?

CTX Cells

The start of Phase IIb clinical trials for our stroke disability therapy will mean that:

1. It can be tested in a larger, placebo-controlled clinical trial (110 patients).
2. If successful, we would progress to a confirmatory Phase III trial as part of the requirement to move this potentially groundbreaking therapy to market.

hRPCs

The start of the Phase II element of our clinical trial for our RP therapy will mean that:

1. It can be tested for efficacy outcomes in established RP patients (as well as undergoing further safety assessments).
2. We can expand our assessment of efficacy into RP patients with reduced disease progression.
3. If successful, this will enable us to progress into a Phase IIb clinical trial in RP and potentially other retinal diseases such as CRD.

CTX-derived exosomes

Further positive pre-clinical data will mean that:

1. We can confirm efficacy and potential utility in other indications.
2. We will establish safety and optimal dosing for a first-in-man clinical trial.
3. We can submit a clinical trial application for an oncology indication.

For scientific terms see the glossary

Chief Executive Officer's review of performance

Commenting on the results, Olav Hellebø, Chief Executive Officer, said:

"During the period, our therapeutic development programmes have continued to progress well. The regulatory approval from FDA to commence a Phase IIb clinical trial in the US with our CTX cell therapy candidate for stroke disability was a significant milestone for ReNeuron and we look forward to dosing the first patient in this study. Dosing has progressed during the period in our ongoing US Phase I/II study with our hRPC cell therapy candidate for retinitis pigmentosa and we have continued to generate and present most encouraging pre-clinical data with our ExoPr0 exosome therapy candidate in oncology.

We now have a physical presence in Boston, US, one of the world's leading biotechnology hubs, with our new US office reflecting ReNeuron's increasing clinical activity in this territory. Further, our cell-based technologies and therapeutic programmes have attracted the interest of a number of commercial third parties, leading, initially, to the recent announcement of an exclusivity agreement with a US specialty pharmaceutical company regarding our hRPC retinal stem cell technology and therapeutic programmes. We hope to be able to conclude a definitive agreement with this company later this year.

Our cash position remains robust and we are positioned to deliver significant clinical milestones across our therapeutic programmes during each of the next three years."

Therapeutic programmes

CTX for stroke disability

In December 2017, the FDA approved our IND application to commence a Phase IIb study in the US with our CTX cell therapy candidate for stroke disability. The study, designated PISCES III, is a randomised, placebo-controlled clinical trial in 110 patients. The primary end-point of the study will be a comparison of the proportion of patients in the treated and placebo arms showing a clinically important improvement on the modified Rankin Scale (mRS) at six months post-treatment compared with baseline. The mRS is a clinician-reported global measure of disability or dependence upon others in carrying out activities of daily living and is recognised by regulatory authorities as an acceptable end-point in late-stage clinical trials in stroke disability. As previously reported, we expect the PISCES III study to be one of two pivotal studies required to support a marketing authorisation for the therapy in this indication.

Since the regulatory approval, we have continued our preparations to commence the PISCES III study. As previously reported, we have taken the decision to increase the number of clinical sites in the PISCES III study from 25 to 40 in order to ensure that patient recruitment targets in the study are met. To date, approximately one half of these sites have been approved for participation in the study. Subject to completion of ongoing local and central ethics approvals, we expect to commence patient recruitment in the PISCES III study shortly, leading to top-line data from the study at the end of 2019.

Shortly after obtaining regulatory approval to commence the PISCES III study, in January 2018, we announced the presentation of positive long-term data from the Phase II clinical trial (PISCES II) of our CTX cell therapy candidate for stroke disability at the American Heart Association International Stroke Conference 2018. The data presented at the conference indicate that our CTX therapy has the potential to produce meaningful and sustained improvements in the level of disability or dependence as well as motor function in disabled stroke patients.

hRPC for retinal diseases

During the period under review, we completed the dosing of four cohorts of three patients each in the ongoing US Phase I/II clinical trial of our hRPC cell therapy candidate for retinitis pigmentosa. This study, which is being undertaken at Massachusetts Eye and Ear Infirmary in Boston, is an open-label, dose escalation study to evaluate the safety, tolerability and preliminary efficacy of our hRPC stem cell therapy candidate in patients with advanced RP.

As previously reported, we expect the hRPC therapy to be most effective in RP patients with a sufficiently intact retina to enable good engraftment of the hRPC cells and subsequent generation of functional photoreceptors. We are therefore extending the study in order to expand the safety database in patients with less-impaired vision than those treated thus far. This is the patient group we will be targeting in a subsequent, controlled Phase IIb clinical trial in RP.

The expanded Phase I/II study will also allow us to optimise the formulation and dosing of the hRPC therapy prior to commencement of the subsequent study. To this end, we are currently working on a revised formulation to optimise sub-retinal injection and subsequent disbursement of the hRPC drug product, ahead of dosing of the remaining patients in the ongoing Phase I/II study. Based on the above, we expect short-term read-outs from the ongoing Phase I/II clinical trial later than originally planned, in mid-2019, with the Phase IIb study commencing shortly thereafter.

We intend to seek approval to commence a Phase II clinical trial with our hRPC cell therapy candidate in patients with cone-rod dystrophy (CRD) to begin shortly after the start of Phase IIb testing of this candidate in RP. CRD is a group of rare eye disorders associated with a loss of cone cells in the retina resulting in deterioration of central visual acuity and colour vision.

Exosome nanomedicine platform

During the period, pre-clinical development work has continued with ExoPr0, our first CTX-derived exosome therapeutic candidate. Exosomes are nanoparticles secreted from cells including our proprietary CTX stem cell line. Exosomes play a key role in cell-to-cell signalling and early research with ExoPr0 has demonstrated its potential as both a novel therapeutic candidate and as a drug delivery vehicle.

Data were presented during the period showing a significant reduction in proliferation of a number of tumour-derived cell lines when treated with ExoPr0, indicating that ExoPr0 may have a significant effect in regulating cell growth and apoptosis in cancer. Further biodistribution data were presented during the period showing that ExoPr0 can be targeted to specific organs and tissues by either local or systemic administration and, most importantly, can penetrate the blood brain barrier. These findings suggest that there is significant potential to develop ExoPr0 for the treatment of multiple diseases, including solid tumours.

We and our collaborators also presented robust methodologies to characterise our CTX-derived exosomes to ensure consistency and control during manufacture as well as purification strategies to address the upstream cell culture processes needed to generate our exosomes and the downstream purification methods that can be applied to remove protein and DNA-based impurities from the exosomes at a commercially relevant scale.

We continue to build the pre-clinical data package for our ExoPr0 exosome therapy candidate and we have commenced discussions with regulatory authorities regarding the potential regulatory pathway to the clinic for ExoPr0. Subject to continued success with ongoing pre-clinical development work, we hope to be able to commence clinical development with ExoPr0 during 2019, as previously indicated, targeting a solid tumour cancer indication.

Chief Executive Officer's review of performance continued

Other activities

During the period, we established an office in Boston, one of the US's most vibrant academic and commercial biotechnology hubs. This office will house our US-based clinical and medical staff and reflects our current and future focus on clinical development activities in the US across our therapeutic programmes. To this end, we were pleased to announce the appointment of Dr Rick Beckman as Chief Medical Officer shortly after the period end, in April 2018. Rick brings to ReNeuron more than 25 years of executive and consultancy experience in drug and device development and will be based at our Boston office.

Our technologies and therapeutic programmes have increasingly attracted the interest of commercial third parties as they have progressed through pre-clinical and clinical development. As a result, we have increased our business development activities during the period, and subsequently, leading to the recent announcement of the exclusivity agreement relating to our hRPC retinal platform and programmes, referred to in the post-period end developments section below.

We are also in active discussions with a number of third parties relating to our other platform technologies and programmes, with a view to potential collaboration and/or out-licensing deals in due course. These potential deals, if successfully concluded, will provide strong third party validation to our technologies and programmes as well as a source of significant non-dilutive funding to the Company.

Finally, we are increasing the scope of our collaborative work with academic and commercial partners with the aim of exploiting the potential of our technology platforms beyond our core in-house therapeutic programmes. An example of this was the publication, in February 2018, of new positive data with our CTX cell therapy candidate in a pre-clinical model of nerve injury, which demonstrated comparable nerve regeneration compared to standard of care treatment and a stronger muscle function response. The model, using our CTX cells as a component of artificial nerve tissue, was developed as part of a grant-funded collaboration with University College London and Sartorius Stedim Biotech.

Post-period end developments

In May 2018, we presented data demonstrating for the first time that our ExoPr0 exosome therapy candidate induces apoptosis (cell death) and/or senescence (arresting of cell growth) in a number of cancer cell lines. The data also showed for the first time that ExoPr0 significantly reduces tumour volume in a variety of in vivo xenograft models of cancer. These results, albeit early-stage, are particularly encouraging as they demonstrate the potential of ExoPr0 as a monotherapy with a comparable efficacy profile to the standard of care in a relevant cancer model. Further, when combined with the current standard of care therapy, ExoPr0 induces an additive reduction of tumour volume, indicating distinct mechanisms by which ExoPr0 exerts its therapeutic effect as well as its potential utility as a combination therapy.

We have recently announced the signing of an exclusivity agreement with a US-based specialty pharmaceutical company relating to the potential out-licensing of our hRPC technology and therapeutic programmes. In exchange for granting a three-month exclusivity period, ReNeuron will receive a non-refundable $2.5 million payment from the US-based company. A further $2.5 million is payable to ReNeuron subject to completion of certain due diligence activities during the exclusivity period. We aim to sign a definitive agreement with the third party concerned later this year, subject to agreement of final commercial terms.

Summary and outlook

During the period, our therapeutic development programmes have continued to progress well. The regulatory approval from FDA to commence a Phase IIb clinical trial in the US with our CTX cell therapy candidate for stroke disability was a significant milestone for ReNeuron and we look forward to dosing the first patient in this study. Dosing has progressed during the period in our ongoing US Phase I/II study with our hRPC cell therapy candidate for retinitis pigmentosa and we have continued to generate and present most encouraging pre-clinical data with our ExoPr0 exosome therapy candidate in oncology.

We now have a physical presence in Boston, US, one of the world's leading biotechnology hubs, where our new US office reflects ReNeuron's increasing clinical activity in this territory. Further, our cell-based technologies and therapeutic programmes have attracted the interest of a number of commercial third parties, leading, initially, to the recent announcement of an exclusivity agreement with a US specialty pharmaceutical company regarding our hRPC retinal stem cell technology and therapeutic programmes. We hope to be able to conclude a definitive agreement with this company later this year.

Our cash position remains robust and we are positioned to deliver significant clinical milestones across our therapeutic programmes during each of the next three years.

Olav Hellebø
Chief Executive Officer
19 July 2018

Financial review

Revenues in the year amounted to £43k (2017: £46k), being royalties from non-therapeutic licensing activities. Grant income of £0.85 million (2017: £0.85 million) was also recognised in other income.

Research and development costs remained constant at £16.7 million (2017: £16.7 million) and accounted for 82% of net operating expenses (2017: 80%). However, the prior year cost includes a £1.6 million impairment of intangible assets indicating that the underlying costs have increased by £1.6 million (11%) from £15.1 million to £16.7 million. This increase is primarily due to the increased level of clinical trial activity and associated cell manufacturing and process development costs across the Group's therapeutic programmes.

General and administrative expenses have increased by £0.5 million to £4.6 million (2017: £4.1 million). This increase is primarily due to costs associated with an increase in business development and contracting activities.

Finance income represents income received from the Group's cash and investments and gains from foreign exchange with losses from foreign exchange shown in finance expenses. Finance income was £0.3 million in the period (2017: £1.7 million). In 2017, finance income included foreign exchange gains of £1.2 million. In 2018, the movement in exchange rates has led to a foreign exchange loss of £0.9 million. The Group holds cash and investments in foreign currencies in order to hedge against operational spend and the strengthening of sterling against the US dollar during the period has resulted in a relative devaluation of the Group's foreign currency deposits.

The total tax credit for the period was £3.35 million, relating to an accrual for a research and development tax credit for the period of £3.0 million (2017: £2.59 million) plus an additional £0.35 million received relating to 2017. The increase in the accrual on the previous year reflects the increase in applicable costs.

As a result of the above, the total comprehensive loss for the year increased to £17.6 million (2017: £15.6 million).

Cash used in operating activities was £14.9 million (2017: £12.6 million), largely reflecting the operating costs incurred during the period, net of tax credits received. The Group had cash, cash equivalents and bank deposits totalling £37.4 million at the year-end (2017: £53.1 million). The Directors expect that the Group's current financial resources will be sufficient to support operations for a least the next 12 months from the date of these accounts.

In January 2018, shareholders approved a Share Capital Reorganisation whereby all shareholders on the register as at 6.00 p.m. on 23 January 2017 received one new consolidated Ordinary Share of 1 pence each for every 100 existing Ordinary Shares of 1 pence each held as at that date. Following subsequent admission of the new consolidated Ordinary Shares, the Company now has 31,646,186 Ordinary Shares in issue, all with voting rights.

During the period and subsequent to the period end, we, along with our academic and commercial collaborators, have been awarded three separate government grants, further evidencing our continued success in sourcing non-dilutive funding for our development programmes. The first of these is a grant from Innovate UK to provide funding towards a £2.3 million work programme to further advance our next generation commercial cell therapy manufacturing capabilities. The grant will fund key process development activities relating to up-scaled commercial manufacture of our cell therapy candidates. The second grant was awarded under the Welsh Government's SMARTExpertise scheme and will help fund a £1.2m collaborative programme of work to advance our emerging exosome therapy platform. The third grant was awarded under Innovate UK's Medicines and Manufacturing Round 1: Challenge Fund and will co-fund a £1.5 million collaborative programme of work to generate further cell banks of our hRPC cell therapy candidate as well as the development of product release assays for late-stage clinical development and subsequent commercialisation of the therapy.

Michael Hunt ACA
Chief Financial Officer
19 July 2018

Risks and uncertainties

Risk	Potential impact	Mitigation action/control
Clinical and regulatory risk There are significant inherent risks in developing stem cell therapies for commercialisation due to the long and complex development process. Any therapy which we wish to offer commercially to the public must be put through extensive research, pre-clinical and clinical development all of which takes several years and is extremely costly. The regulatory process is both complex and multi-jurisdictional.	*Clinical potential impact* The Group may fail to develop a drug candidate successfully because we cannot demonstrate in clinical trials that it is safe and efficacious. Delays in achieving regulatory approval may impose substantial costs on the business. If a product is approved, the regulators may impose additional requirements, for example, restrictions on the therapy's indicated uses or the levels of reimbursement receivable. Once approved, the product and its manufacture will continue to be reviewed by the regulators and may be withdrawn or restricted. *Regulatory potential impact* Reduction of an income stream through regulation could adversely affect the commercial viability of a drug product. Withdrawal of a drug product by a particular regulatory agency would prevent sale in that particular territory and may be followed by regulators in other territories.	The Group's internal development expertise and knowledge in its targeted clinical areas will enable it to develop therapeutic products in a manner which will substantially mitigate, but which cannot eliminate this risk in the future. The Group looks to employ suitably qualified and experienced staff. It also consults, where necessary, with regulatory advisers and regulatory approval bodies to ensure that regulatory requirements are met. Additionally, the Group seeks to foster a culture where quality is a key priority. Both it and its clinical and manufacturing partners comply with Good Clinical Practice and Good Manufacturing Practice and employs rigorous processes in its research and development of therapeutic products. The Group uses experienced and reputable clinical research organisations in its clinical trials.
Intellectual property risk Intellectual property protection remains fundamental to the Group's strategy of developing novel drug candidates. The Group's ability to stop others making a drug, using it or selling the invention or proprietary rights by obtaining and maintaining protection is critical to our success. The Group manages a portfolio of patents and patent applications which underpin its research and development programmes.	There is a risk that intellectual property may become invalid or expire before, or soon after, commercialisation of a drug product and the Group may be blocked by other companies' patents and intellectual property.	The Group invests significantly in maintaining and protecting this intellectual property through the use of expert lawyers and patent agents to reduce the risks over the validity and enforceability of our patents. The protection of the Group's intellectual property is a significant consideration throughout the Group's contracting activity.
Manufacturing and supply risk The Group's ability to successfully scale up production processes to viable clinical trial or commercial levels is vital to the commercial viability of any product.	*Manufacturing potential impact* Inability to sell a drug product on a commercially viable scale. Product manufacture is subject to continual regulatory control and products must be manufactured in accordance with Good Manufacturing Practice. Any changes to the approved process may require further regulatory approval. Availability of raw materials is extremely important to ensure that manufacturing campaigns are performed on schedule. *Supply potential impact* Substantial cost increases and delays in production which could adversely impact on the Group's financial results and cash liquidity.	The Group utilises reputable contract manufacturing organisations, experienced in meeting the requirements of Good Manufacturing Practice. The Group maintains contractual relationships with key manufacturers and suppliers to ensure availability of supply and sufficient notice of disruption. Additionally, the Group seeks to avoid reliance upon any single supplier or manufacturer and it is seeking to develop its own manufacturing facility at its premises in Wales.

Risk	Potential impact	Mitigation action/control
Financial risk The financial risks faced by the Group include foreign currency risk, liquidity risk and risk associated with cash held on deposit with financial institutions.	The above may adversely affect the Group's financial results and cash liquidity.	The Board reviews and agrees policies for managing each of these risks. The Group's main objectives in using financial instruments are the maximisation of returns from funds held on deposit, balanced with the need to safeguard the assets of the business. The Group does not enter into forward currency contracts. The Group holds currency in US Dollars and Euros to cover short and medium-term expenses in those currencies.
Cyber risk There is risk that third parties may seek to disrupt the Group's business, or perpetrate acts of fraud using digital media.	Loss of IT systems for a significant period may result in delays in the development and commercialisation of drug product. Fraud may result in financial loss.	The Group is focused on maintaining a robust and secure IT environment that protects its corporate data and systems. IT systems are continuously monitored and employees are trained to be aware of cyber security and the associated risks.
Site and system disruption risk Unexpected events could disrupt the business by affecting its key facility, critical equipment, IT systems or a number of employees.	Loss of IT systems for a significant period or key employees may result in delays in the development and commercialisation of drug product.	The Group has developed a business continuity plan to ensure that it can respond effectively to identified risks. All critical equipment will have active service contracts in place. Business continuity insurance is in place.
Staff turnover risk The Group is dependent upon its ability to attract and retain highly qualified and skilled staff.	Loss of key staff could delay the development and commercialisation of drug product.	The Group offers attractive employment packages, including share incentive plans, and actively encourages employee engagement in the business. Employees also have significant opportunities for learning and development as well as promotion opportunities borne out of the Group's staff appraisal and succession planning processes.

In addition, and in common with other small biotechnology companies, the Group is subject to a number of other risks and uncertainties, which include:

- the early stage of development of the business;
- availability and terms of capital needed to sustain operations, and failure to secure partnerships that will fund late-stage trials and commercial exploitation;
- competition from other companies and market acceptance of its products; and
- its reliance on consultants, contractors and personnel at third-party research institutions.

Governance

Board of Directors

John Berriman
Non-executive Chairman

Appointed
John Berriman was appointed to the Board in July 2011 and became Chairman in March 2015.

External appointments
He is currently also chairman of Confo Therapeutics NV, Autifony Therapeutics Ltd and Depixus SAS, and a Deputy Chairman (non-executive) of Autolus Therapeutics Ltd.

Experience and skills
He is past chairman of Heptares Therapeutics Ltd (sold to Sosei in February 2015) and Algeta ASA (sold to Bayer AG in 2014) and was a director of Micromet Inc. until its sale to Amgen in 2012. Previously he was a director of Abingworth Management, an international healthcare venture capital firm.

Olav Hellebø
Chief Executive Officer

Appointed
Olav Hellebø was appointed to the Board in September 2014.

Experience and skills
Prior to ReNeuron, he held the role of CEO at Clavis Pharma ASA, a Norwegian, oncology-focused, listed biotechnology company. At Clavis, he built a multi-national leadership team, taking the company's lead programme through Phase III clinical development as well as completing substantial fundraising and out-licensing transactions for the business. Prior to Clavis, he headed up the global biologics franchise at UCB Pharma and was head of the UK commercial operations of Novartis.

Michael Hunt ACA
Chief Financial Officer

Appointed
Michael Hunt joined ReNeuron in 2001. Between 2005 and 2014 he served as its CEO, leading the business through its early development to its current position as one of the global, clinical-stage leaders in the regenerative medicine field. He was appointed as Chief Financial Officer in 2014.

External appointments
He is a founding member and co-chair of the European section of the US-based Alliance for Regenerative Medicine (ARM) and is a main board member of ARM. He sits on the UK BioIndustry Association's Cell & Gene Therapy Advisory Committee and its Finance and Tax Advisory Committee and is a member of the Cell & Gene Therapy Catapult's Advisory Panel.

Experience and skills
Prior to ReNeuron, he spent six years at Biocompatibles International plc (sold to BTG plc) where he held a number of senior financial and general management positions. His early industrial career was spent at Bunzl plc. He qualified as a chartered accountant with Ernst & Young.

Simon Cartmell OBE
Non-executive Director

Appointed
Simon Cartmell OBE was appointed to the Board in July 2011.

External appointments
He is an experienced non-executive director currently chairing three early-stage medical device businesses, largely in his role as Operating Partner for IP Group plc, an established UK Venture Capital firm.

Experience and skills
As CEO of ApaTech Ltd, he built a world leader in orthobiologics and led its sale to Baxter International Inc in March 2010. Prior to ApaTech he was CEO of Celltech Pharmaceuticals and a director of Celltech Group plc before which he was chief operating officer of Vanguard Medica plc. His early career was spent at Glaxo plc in multiple senior UK and global commercial strategy, product development, supply chain, marketing, sales and business development roles.

Key: Committees

- A — Audit
- R — Remuneration
- N — Nominations and Corporate Governance
- ○ — Committee Chair

Dr Tim Corn
Non-executive Director

Appointed
Dr Tim Corn was appointed to the Board in June 2012.

External appointments
He serves as non-executive director on the Board of Neurocentrx Pharma Ltd, as Chairman of the Board of Trustees of The Neuro Foundation and as Chief Medical Officer of Izana Bioscience.

Experience and skills
He was formerly Chief Medical Officer at EUSA Pharma International, a division of Jazz Pharmaceuticals, at EUSA Pharma Inc and at Zeneus Pharma, as well as Non-executive Director at Circassia Pharmaceuticals plc and HRA Pharma.

He has held senior medical, clinical and regulatory positions in both big and small pharma as well as in the UK regulatory agency and has played a key role in more than 20 regulatory approvals in the USA and Europe for products in the fields of neurology and oncology.

Fellowships
He is a Fellow of both the Faculty of Pharmaceutical Medicine and the Royal College of Psychiatrists.

Dr Claudia D'Augusta
Non-executive Director

Appointed
Dr Claudia D'Augusta was appointed to the Board in September 2017.

External appointments
She is the CFO of TiGenix NV, a leading international cell therapy company listed on both Euronext Brussels and, more recently, on NASDAQ following a successful US IPO in 2016.

Experience and skills
She has over 20 years' experience in corporate finance, capital markets and M&A. Before joining TiGenix in 2004, Dr D'Augusta was finance director of Aquanima (Santander Group). Previous experience includes roles in corporate finance and M&A at Deloitte & Touche in Milan and Apax Partners in Madrid. Dr D'Augusta holds a degree in Economics and a Ph.D. in Business Administration from the University of Bocconi, Italy.

Professor Sir Chris Evans OBE
Non-executive Director

Appointed
Professor Sir Chris Evans OBE was appointed to the Board in August 2013.

External appointments
As founder and chairman of Excalibur Group and founder of Arthurian Life Sciences, he is a highly successful scientist and entrepreneur with numerous prestigious awards and medals for his work.

He is also the founder of Chiroscience, Celsis, Biovex, Merlin, Vectura and Piramed. Arix Bioscience was founded in January 2016 by Sir Chris. Arix is an international company and will back opportunities across the spectrum of medical sciences and healthcare.

Experience and skills
He has built over 50 medical companies from scratch, many from his own ideas and inventions, and floated 20 new medical businesses on stock markets in six different countries. He has created companies worth over $7 billion employing over 4,000 scientists, built hundreds of complex medical laboratories and facilities around the world and positively impacted many millions of lives with his work. He has also raised $2 billion for cancer research projects.

Dr Mike Owen
Non-executive Director

Appointed
Dr Mike Owen was appointed to the Board in December 2015.

External appointments
He currently serves as a director of Zealand Pharma, Ossianix Inc, Avacta plc, GammaDelta Therapeutics and Glythera Ltd and is a member of the scientific advisory board at Avacta.

Experience and skills
His career in biotech, the pharmaceutical industry and academia spans almost 40 years. He was formerly senior vice president for biopharmaceuticals research at GlaxoSmithKline and was also a founder and chief scientific officer of Kymab Ltd, an antibody-based biotech company. He has also previously served as a director for BLINK Biomedical SAS. For many years he held a research position at the Imperial Cancer Research Fund (now CR-UK) and he has previously served on the scientific advisory board of the CRT Pioneer Fund LP.

He is also a member of the European Molecular Biology Organisation.

Fellowships
He is a fellow of the Academy of Medical Sciences.

Senior management

Dr Richard Beckman
Chief Medical Officer

Appointed
Dr Richard Beckman was appointed Chief Medical Officer in April 2018.

Experience and skills
Prior to joining ReNeuron, Dr Beckman was the Chief Medical Officer of several innovative biotech and device firms, including Clearside, Ophthotech and Neurotech. Prior to that, he had leadership roles at Alcon, Lux Bio, Becton Dickinson and Allergan.

Dr Beckman received his MD from the University of Michigan, completed a residency in ophthalmology at Henry Ford Hospital, and a glaucoma fellowship at the Mass. Eye and Ear Infirmary/Harvard University. Prior to joining the industry, he practised in academic medicine for three years at Cornell University Medical College and was in private practice for ten years.

Dr Randolph Corteling
Head of Research

Appointed
Dr Randolph Corteling was appointed Head of Research in April 2015 having been a senior member of the research team since 2007.

Experience and skills
Prior to joining ReNeuron, Dr Corteling started his scientific career as a Research Associate at Novartis, before undertaking a PhD in Medical and Surgical Sciences at The University of Nottingham. He then spent three years in Canada as a Heart and Stroke Foundation Fellow before joining ReNeuron in 2007. During his career Dr Corteling has developed a number of new discoveries along with a thorough understanding of cell and stem cell biology, with a particular interest and expertise in the role of extracellular vesicles and exosomes.

Fellowships
After his PhD, he spent three years as a Heart and Stroke Foundation postdoctoral fellow at the University of Calgary, Canada.

Sharon Grimster
VP Development & General Manager, Wales

Appointed
Sharon Grimster joined ReNeuron in 2013 and was appointed as VP Development & General Manager, Wales in April 2015

Experience and skills
She has significant experience in pharmaceutical development and she has a particular expertise in biologics manufacturing. Prior to working at ReNeuron, she held senior team roles at F-star and Antisoma, where she was responsible for a range of development functions, including project management, regulatory affairs, manufacturing, quality and business operations. She started her pharmaceutical career at Celltech, where she led teams in project management, manufacturing and research.

Dr John Sinden
Chief Scientific Officer

Co-founder
Dr John Sinden is a scientific co-founder of ReNeuron and from 1998 to 2015 was an Executive Director of the ReNeuron companies.

Experience and skills
Prior to founding ReNeuron and becoming its first employee, he was Reader in Neurobiology of Behaviour at King's College London. He graduated in Psychology from the University of Sydney and completed a PhD in Neuroscience from the Université Pierre et Marie Curie at the Collège de France. He subsequently held postdoctoral appointments at Oxford University and the Institute of Psychiatry prior to joining the permanent staff of the Institute in 1987. He holds honorary professorships at University College London School of Pharmacy and the University of Exeter Medical School and has over 140 scientific publications and book chapters.

Fellowships
He holds fellowships of the Royal Society of Medicine and the Royal Society of Biology.

Shaun Stapleton
Head of Regulatory Affairs

Appointed
Shaun Stapleton was appointed Head of Regulatory Affairs in June 2015.

Experience and skills
Shaun Stapleton joined ReNeuron from RRG (a Voisin Consulting Life Sciences company), where he was a director and vice president of regulatory science. He supported clients on a number of global development and registration projects, including advanced therapies and orphan drugs. Having graduated in Biochemistry from Imperial College London, he began his career in research with the Imperial Cancer Research Fund, before moving into the pharmaceutical industry. He held positions of increasing responsibility in regulatory affairs at Sterling Winthrop, Eli Lilly and Boehringer Ingelheim before becoming senior director of regulatory affairs at Ipsen, where he managed regulatory input into development programmes globally, securing new product approvals in the US, the EU and internationally in the neurology, endocrinology and oncology therapeutic areas.

Olav Hellebø
Chief Executive Officer

See page 26 for biography

Michael Hunt ACA
Chief Financial Officer

See page 26 for biography

Directors' report

for the year ended 31 March 2018

The Directors present their report and the audited consolidated financial statements of the Company for the year ended 31 March 2018.

Presentation of financial statements

The Group accounts include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2018.

Results and dividends

The results for the year are given in the Group statement of comprehensive income set out on page 52. The Directors do not recommend the payment of a dividend (2017: £nil).

Research and development

During the year the Group incurred research and development costs of £16,657,000 (2017: £16,648,000) all charged to the statement of comprehensive income.

Directors

The Directors who held office during the year and up to the signing of the financial statements, unless otherwise stated, are listed below:

John Berriman, Non-executive Chairman
Olav Hellebø, Chief Executive Officer
Michael Hunt, Chief Financial Officer
Simon Cartmell OBE, Non-executive Director
Dr Tim Corn, Non-executive Director
Dr Claudia D'Augusta, Non-executive Director (appointed 6 September 2017)
Professor Sir Chris Evans OBE, Non-executive Director
Dr Paul Harper, Non-executive Director (resigned 6 September 2017)
Dr Mike Owen, Non-executive Director

Qualifying third party indemnity

Certain Directors benefited from qualifying third party indemnity provisions in place during the year and at the date of this report.

Capital structure

At 31 March 2018, the Company has 31,646,186 1p ordinary shares (2017: 3,164,618,541 1p ordinary shares). During the year a share capital reorganisation took place resulting in a 1 for 100 consolidation of share capital. The share capital reorganisation resulted in the creation of 3,164,618,600 New Deferred Shares of 0.99p which were purchased by the Company and cancelled. Accordingly, a transfer occurred of £31,330,000 from share capital to the capital redemption reserve.

Going concern

The Group is expected to incur significant further costs as it continues to develop its therapies and technologies through clinical development. The operation of the Group is currently being financed from funds that have been raised from share placings and grants.

The Directors expect that the Group's current financial resources will be sufficient to support operations for at least the next 12 months from the date of these accounts. The Directors are currently considering a number of options for further funding and believe that sufficient funding will be available beyond current cash resources in order to continue with the Group's ongoing clinical programmes. Consequently, the going concern basis has been adopted in the preparation of these financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH on 12 September 2018 at 10:00 a.m. The Notice of the Annual General Meeting is enclosed on page 76 of this document.

By order of the Board

Michael Hunt
Director
19 July 2018

Corporate governance

This report provides general information on the Group's adoption of corporate governance principles. As an AIM-listed company, ReNeuron intends to adopt as far as possible the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust.

The sections below set out the ways in which the Group applies the ten principles of the QCA Code in support of the Group's medium to long-term success. The Investor Centre (Corporate Governance Section) on the Group's website also contains an index setting out the locations of relevant disclosures on the website and/or in the Group's Annual Report pertaining to the Group's application of the QCA Code.

1. Establish a strategy and business model which promote long-term value for shareholders

The strategy and business operations of the Group are set out in the Strategic Report on pages 7 to 23.

The Group's strategy and business model, and amendments thereto, are developed by the Chief Executive Officer and his senior management team, and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

The Group's overall strategic objective is to develop best-in-class cell-based therapies in its areas of therapeutic focus.

The Group has a balanced portfolio of cell-based platform technologies and therapeutic programmes targeting significant, unmet or poorly met areas of medical need. The Group deploys its financial and other resources towards gaining clinical validation for its therapeutic programmes, via well-designed clinical trials in well-regulated territories. Ultimately, the Directors believe that this approach will deliver significant long-term value for shareholders if the resulting clinical trial data are compelling.

At the appropriate stage of development, the Group may choose to realise monetary value in a therapeutic programme via high-value out-licensing deals with pharmaceutical or biotechnology companies with interests in the relevant therapeutic field and/or geographical territories. Alternatively, and if resources permit, the Group may choose to advance a therapeutic candidate through late-stage clinical development unpartnered in order to retain the full value of the programme within the Group.

The Group has adopted a portfolio approach to its strategic assets and is not dependent on one particular platform technology, having developed therapeutic programmes around its CTX neural and hRPC retinal stem cell assets, as well as its CTX-derived exosome nanomedicine platform. The Directors believe that this approach helps to mitigate the risk of failure in any one particular programme.

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 22 and 23. In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with these key risks and uncertainties, and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.

2. Seek to understand and meet shareholder needs and expectations

The Group seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the Annual General Meeting, the Chief Executive Officer, Chief Financial Officer and, where appropriate, other members of the senior management team meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors. The Company is a regular presenter at private investor events, providing an opportunity for those investors to meet with representatives from the Group in a more informal setting.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's employees, partners, suppliers, regulatory authorities and the patients involved in the Group's clinical development activities. The Group's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer term strategy.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Group ensures full compliance with health and safety and environmental legislation relevant to its activities.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

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.

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 22 and 23.

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 on a bi-monthly basis.

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 at least twice monthly to consider new risks and opportunities presented to the Group, making recommendations to the Board and/or Audit Committee as appropriate.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

As at 31 March 2018, the Board comprised six Non-executive Directors, and two Executive Directors. During the year Dr Paul Harper retired from the Board and was replaced by Dr Claudia D'Augusta.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

Directors' biographies are set out on pages 26 and 27.

Corporate governance continued

The Board is responsible to the shareholders for the proper management of the Group and meets at least six times a year to set the overall direction and strategy of the Group, to review scientific, operational and financial performance and to advise on management appointments. All key operational and investment decisions are subject to Board approval.

Eight formal Board meetings were held in the year ended 31 March 2018.

A summary of Board and Committee meetings attended in the year ended 31 March 2018 is set out below:

	Board meetings		Nominations & Corporate Governance Committee		Audit Committee		Remuneration Committee	
Director	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
J Berriman	8	8	5	5	1	2	5	5
O Hellebø	8	8	0	0	0	0	0	0
M Hunt	8	8	0	0	0	0	0	0
S Cartmell	8	8	5	5	2	2	5	5
T Corn	7	8	0	0	0	0	4	5
C D'Augusta[i]	3	5	1	1	1	1	0	0
C Evans	3	8	0	0	0	0	0	0
P Harper[ii]	3	3	3	3	1	1	0	0
M Owen	7	8	0	0	0	0	0	0

i Dr D'Augusta was appointed as a Director on 6 September 2017

ii Dr Harper resigned as a Director on 6 September 2017

The Board considers there to be sufficient independence on the Board. The QCA Code suggests that a board should have at least two independent Non-executive Directors. All of the Non-executive Directors who currently sit on the Board of the Company are regarded as independent under the QCA Code's guidance for determining such independence.

Professor Sir Chris Evans sits on the board of Arix Bioscience plc who, by virtue of their ownership of Arthurian Life Sciences Limited, have an interest in 9.5% of the share capital of the Company. This is beneath the 10% threshold the UK Corporate Governance Code suggests when determining independence.

Non-executive Directors receive their fees in the form of a basic cash fee and an equity-based fee which takes the form of nominal price share options under the Company's Non-executive Share Option Scheme. To avoid any incentive effect that may influence the Non-executive Directors' independence, these share options vest over three years on a straight-line basis and are not subject to performance conditions. The option grants concerned are not deemed to be significant, either for any individual Non-executive Director or in aggregate. The current remuneration structure for the Board's Non-executive Directors is deemed to be proportionate and was subject to a shareholder consultation process prior to its implementation.

6. Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers that all of the Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board, and bring considerable experience in scientific, operational and financial development of biopharmaceutical products and companies.

The Directors' biographies are set out on pages 26 and 27. The Board regularly reviews 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, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of corporate governance matters.

Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board has a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman. This process is conducted biennially and last took place in March 2017, with no substantive issues arising. The Board utilises the services of an independent third party organisation to manage the evaluation process, analyse the results and report back to the Board for subsequent follow-up. Evaluation criteria include Controls and Procedures, Strategic Aims, Entrepreneurial Leadership and Communications and Relationships.

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

8. Promote a corporate culture that is based on ethical values and behaviours

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 written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The Executive Committee regularly monitors the Group's cultural environment and seeks to address any concerns than may arise, escalating these to Board level as necessary.

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. The Group operates a Health and Safety Committee which meets monthly to monitor, review and make decisions concerning health and safety matters. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.

Corporate governance continued

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has overall responsibility for promoting the success of the Group. The Executive Directors have day-to-day responsibility for the operational management of the Group's activities. The Non-executive Directors are responsible for bringing independent and objective judgement to Board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group and chairs the Nominations and Corporate Governance Committee. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Board has established an Audit Committee, Remuneration Committee and Nominations and Corporate Governance Committee with formally delegated duties and responsibilities. Dr Claudia D'Augusta chairs the Audit Committee, Simon Cartmell OBE chairs the Remuneration Committee and John Berriman chairs the Nominations and Corporate Governance Committee.

The Audit Committee normally meets twice a year and 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.

The Audit Committee Report is set out on page 38.

The Remuneration Committee, which meets as required, but at least once a year, has responsibility for making recommendations to the Board on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for each of the Executive Directors. It also supervises the Company's share incentive schemes and sets performance conditions for share options granted under the schemes.

During the year ended 31 March 2018, the Remuneration Committee met five times. The Committee reviewed and approved:

i) the degree of achievement of objectives for the year ended 31 March 2017 and consequent bonus awards and other adjustments to remuneration for Executive Directors and senior management;

ii) the corporate and personal objectives for the Group and Executive Directors for the year ended 31 March 2018;

iii) the award of stock options to Directors, senior management and staff under the Group's share incentive schemes and the treatment of existing share option awards to staff made redundant during the year;

iv) the remuneration package for Dr D'Augusta (appointed as a Non-executive Director during the year); and

v) certain travel and accommodation expenses for Executive Directors and senior management relating to the Group's relocation to the Pencoed, South Wales site.

The Directors' Remuneration Report is set out on pages 39 to 45. The Directors believe that this, together with the above summary of the work of the Remuneration Committee, constitutes sufficient disclosure to meet the QCA Code's requirement for a Remuneration Committee Report. Consequently, a separate Remuneration Committee Report is not presented.

The Nominations and Corporate Governance Committee, which meets as required, but at least once a year, has responsibility for reviewing the size and composition of the Board, the appointment of replacement or additional Directors, the monitoring of compliance with applicable laws, regulations and corporate governance guidance and making appropriate recommendations to the Board.

During the year ended 31 March 2018, the Nominations and Corporate Governance Committee met five times. The Committee reviewed and approved:

i) the report of findings from the Board evaluation exercise undertaken in March 2017;

ii) certain revisions to the Committee's terms of reference;

iii) Non-executive Director appointment continuation letters for Mr Berriman and Mr Cartmell;

iv) the Group's anti-bribery and document retention policies;

v) the resignation of Dr Harper, and the appointment of Dr D'Augusta, as Non-executive Directors of the Company, the latter appointment having been conducted in line with the Group's recruitment policies and involving a formal search process conducted by an external recruitment consultancy;

vi) various amendments to the Group's Corporate Governance Memorandum; and

vii) selection of the QCA Code as the corporate governance code to apply to the Group under revised AIM Rule 26.

The terms of reference of the above Committees are set out in the Company's Corporate Governance Memorandum, which is regularly updated and can be found in the Investor Centre (Corporate Governance Section) on the Group's website. The Corporate Governance Memorandum also contains a schedule of matters specifically reserved for Board decision or approval and sets out the Company's share dealing code and its public interest disclosure ('whistle-blowing') policy and procedures.

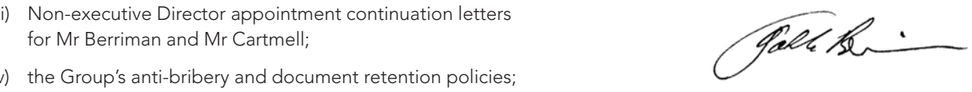
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. The Group's website is regularly updated and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

Historical annual reports and other governance-related material can be found on the Group's website in the relevant sections in the Investor Centre section of the site.

The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

By order of the Board



John Berriman
Non-executive Chairman
19 July 2018

Audit Committee report

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 31 March 2018.

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 Audit Committee consists of three Non-executive Directors. It is chaired by me and its other members are John Berriman and Simon Cartmell OBE. I am an independent Director and have relevant financial experience. Audit Committee meetings are also attended, by invitation, by the Chief Financial Officer, Financial Controller and, where appropriate, other members of the Board. Representatives of the external auditor also attend by invitation and meet with the Audit Committee at least twice 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.

The Audit Committee acts independently of management to ensure that the interests of shareholders are protected in relation to the financial reporting and internal controls.

The principal duties of the Committee are to:

- monitor the integrity of the Group's financial reporting including the review of significant financial reporting issues and judgements;
- review and challenge whether appropriate accounting policies have been adopted, in particular for significant or unusual transactions where different approaches are possible;
- where requested by the Board, review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced, understandable and provides the information for shareholders to assess the Group's performance, business model and strategy;
- keep under review the adequacy and effectiveness of the internal financial controls and internal control and risk management systems;
- review and challenge, if appropriate, any significant related-party transactions;
- oversee the external audit process including monitoring the external auditor's independence, objectivity, effectiveness and performance;
- review the Group's systems and controls for detecting fraud and preventing bribery; and
- monitor and review the Group's whistleblowing arrangements.

The Audit Committee has primary responsibility for the relationship between the Group and the external auditor. This includes:

- considering and recommending to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Group's external auditors.
- considering the auditor's independence, objectivity, qualifications and effectiveness;
- reviewing the audit plan presented by the auditor and considering the risks identified therein;
- reviewing the auditors' findings reports on the Group's Annual Report and Accounts; and
- approving the level of fees paid to the auditors for audit and non-audit services.

During the year ended 31 March 2018, the Audit Committee met twice. The Committee reviewed and approved the financial statements for the year ended 31 March 2017, the interim results for the six months to 30 September 2017 and the external auditor's plan and fee for the 2018 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 re-appointment of PricewaterhouseCoopers LLP 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 and no external reports have been commissioned on financial control processes during the year ended 31 March 2018.

By order of the Board

Dr Claudia D'Augusta
Chair – Audit Committee
19 July 2018

Directors' remuneration report

for the year ended 31 March 2018

This report sets out the remuneration policy operated by the Company in respect of the Executive and Non-executive Directors, as of the date of this report. No Director is involved in discussions relating to their own remuneration.

Remuneration policy for Executive Directors

The Remuneration Committee sets the remuneration policy that aims to align Executive Director remuneration with shareholders' interests and to attract and retain the best talent for the benefit of the Group. The Committee has sought independent advice when setting the remuneration policy. Executive Directors are appointed under service contracts with notice periods not exceeding 12 months. The basic contractual working week is 37.5 hours but contracts stipulate that Executive Directors are required to work whatever hours are necessary in order for them to fulfil their executive responsibilities.

Remuneration for Executive Directors is composed of the following elements:

Basic salary

Basic salaries are reviewed annually and revised salaries take effect from the start of the financial year. The review process is managed by the Remuneration Committee with reference to market salary data and the Executive's performance during the year.

Bonuses

Annual bonuses are based on achievement of Group strategic and operational objectives, and personal performance objectives. The maximum annual bonus that may be payable in cash is set at 50% of base salary for the Executive Directors. Up to a further 50% of base salary may be awarded subject to the achievement of further stretching objectives, and payable in nominal price share options under the Company's deferred Share-based Bonus Plan.

Longer Term Incentives

In order to further incentivise Executive Directors and align their interests with shareholders, the Company operates a Long Term Incentive Plan under which nominal price share options may be granted from time to time. The quantum of these awards will relate to the Executive Director's base salary and will vest subject to the performance conditions detailed in the notes to the tables on pages 44 to 45 of this report.

Executive Directors are expected to build a direct stake in the Company's shares over time, either through the purchase of shares in the market from time to time and/or through the future exercise of share options.

The Company has the ability to grant share options under its Share Option schemes subject to a cap of up to 10% of total issued share capital in any ten-year period.

Pension

The Group operates a defined contribution pension scheme which is available to all employees. The Company contribution in respect of Executive Directors is currently set at 10% of base salary. The Executive Director may choose to take some or all of this benefit as a cash alternative, subject to the Company remaining cash neutral after relevant payroll taxes.

Other benefits

Other benefits provided are life assurance, private medical insurance and professional subscriptions, where relevant to the duties of the Executive Director, and a car allowance of £10,000 per annum to each Executive Director (disclosed as part of Salaries and fees in the remuneration table below). During the year, the Company paid a living allowance of £42,000 to the Chief Executive Officer pertaining to the relocation of the Group to the Pencoed, South Wales site (also disclosed as part of Salaries and fees in the remuneration table below).

Non-executive Directors' remuneration

The remuneration of the Non-executive Directors is determined by the Remuneration Committee with regard to market comparatives. In setting the remuneration policy for Non-executive Directors, the Committee has sought independent advice and, where appropriate, has consulted with certain of its shareholders. Non-executive Directors are appointed for an initial three-year term via an appointment letter from the Company, with a three months' notice period. The appointment term is renewable for further three-year terms after the initial term has expired. Appointment letters stipulate that the Non-executive Director is expected to commit sufficient time to the role to meet the Company's expectations.

Non-executive Directors receive their fees in the form of a basic cash fee and an equity-based fee which takes the form of nominal price share options under the Company's Non-executive Share Option Scheme. To avoid any incentive effect that may influence the Non-executive Director's independence, these share options will vest over three years on a straight-line basis and are not subject to performance conditions.

Non-executive Directors do not receive any pension, bonus or other benefits from the Company. The remuneration of the Non-executive Directors is reviewed by the Board annually.

Directors' remuneration report continued

for the year ended 31 March 2018

Directors' emoluments

The Directors received the following remuneration during the year:

	Salaries and fees £'000	Bonuses £'000	Benefits in kind £'000	**2018 Total £'000**	**2018 Pension contributions £'000**	2017 Total £'000	2017 Pension contributions £'000
John Berriman	53	–	–	**53**	**–**	52	–
Olav Hellebø	345	66	2	**413**	**27**	401	29
Michael Hunt	214	64	2	**280**	**19**	281	20
Simon Cartmell OBE	38	–	–	**38**	**–**	38	–
Dr Tim Corn	25	–	–	**25**	**–**	30	–
Dr Claudia D'Augusta	21	–	–	**21**	**–**	–	–
Professor Sir Chris Evans OBE	26	–	–	**26**	**–**	26	–
Dr Paul Harper	20	–	–	**20**	**–**	34	–
Dr Mike Owen	26	–	–	**26**	**–**	26	–
Total	768	130	4	**902**	**46**	888	49

Bonuses disclosed above represent a cash element paid as a percentage of base salary ranging from 23% to 31% based on achievement of corporate and personal performance objectives in the financial year ended 31 March 2018.

The Executive Directors elected to take some of their pension benefit as a cash alternative.

The Non-executive Directors also received an equity-based fee in the year which took the form of nominal price share options under the Company's Non-executive Share Option Scheme. The estimated gain on these options at the time of grant was £3,500 (2017: £6,000) to each of the Non-executive Directors.

Directors' emoluments include amounts payable to third parties in respect of fees as described in note 28 of the financial statements.

The Directors, who held office at the end of the year, held the following interests in the Ordinary shares of the Company. Comparative figures have been amended to reflect the 1 for 100 share consolidation.

	Ordinary shares of 1p each	
	2018 Number	2017 Number
John Berriman	**10,434**	10,434
Olav Hellebø	**6,694**	6,694
Michael Hunt	**20,084**	20,084
Simon Cartmell OBE	**7,875**	7,875
Dr Tim Corn	**2,000**	2,000
Dr Claudia D'Augusta	**–**	–
Professor Sir Chris Evans OBE	**240,105**	240,105
Dr Mike Owen	**–**	–

The Directors, who held office at the end of the year, held the following interests in options over shares of the Company. The figures have been amended to reflect the 1 for 100 share consolidation.

John Berriman

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2018 Number**	Exercise price	Exercise period*
Options – unapproved	4	4,800	–	–	**4,800**	£3.75	September 2014 – September 2021
Options – unapproved	6	5,752	–	–	**5,752**	£2.87	September 2015 – September 2022
Options – unapproved	8	6,000	–	–	**6,000**	£3.60	September 2016 – September 2023
Options – unapproved	10	6,000	–	–	**6,000**	£3.45	September 2017 – September 2024
Options – unapproved	15	3,000	–	–	**3,000**	£1.00	August 2016 – July 2026
Options – unapproved	16	–	–	5,000	**5,000**	£1.00	October 2017 – September 2027
		25,552	–	5,000	**30,552**		

Olav Hellebø

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2018 Number**	Exercise price	Exercise period*
Options – approved	11	72,463	–	–	**72,463**	£1.00	September 2017 – September 2024
Options – unapproved	11	83,091	–	–	**83,091**	£1.00	September 2017 – September 2024
Options – unapproved	12	181,236	–	–	**181,236**	£1.00	October 2018 – October 2025
Options – unapproved	13	190,666	–	–	**190,666**	£1.00	July 2019 – July 2026
Options – unapproved	14	25,000	–	–	**25,000**	£1.00	July 2018 – July 2026
Options – unapproved	17	–	–	97,666	**97,666**	£1.00	October 2017 – September 2027
		552,456	–	97,666	**650,122**		

Directors' remuneration report continued

for the year ended 31 March 2018

Michael Hunt

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2018 Number	Exercise price	Exercise period*
Options – unapproved	1	9,898	(9,898)	–	–	£10.61	August 2010 – August 2017
Options – unapproved	1	9,898	(9,898)	–	–	£18.94	August 2010 – August 2017
Options – approved	2	3,478	–	–	3,478	£1.00	August 2011 – August 2019
Options – unapproved	3	10,355	–	–	10,355	£1.00	August 2013 – August 2020
Options – unapproved	5	14,583	–	–	14,583	£1.00	September 2014 – September 2021
Options – approved	7	31,818	–	–	31,818	£1.00	September 2015 – September 2022
Options – approved	9	6,945	–	–	6,945	£1.00	September 2016 – September 2023
Options – unapproved	9	32,638	–	–	32,638	£1.00	September 2016 – September 2023
Options – approved	11	17,153	–	–	17,153	£1.00	September 2017 – September 2024
Options – unapproved	11	23,471	–	–	23,471	£1.00	September 2017 – September 2024
Options – unapproved	12	70,909	–	–	70,909	£1.00	October 2018 – October 2025
Options – unapproved	13	82,916	–	–	82,916	£1.00	July 2019 – July 2026
Options – unapproved	14	12,500	–	–	12,500	£1.00	July 2018 – July 2026
Options – unapproved	17	–	–	68,000	68,000	£1.00	October 2017 – September 2027
		326,562	(19,796)	68,000	374,766		

Simon Cartmell OBE

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2018 Number	Exercise price	Exercise period*
Options – unapproved	4	4,800	–	–	4,800	£3.75	September 2014 – September 2021
Options – unapproved	6	5,752	–	–	5,752	£2.87	September 2015 – September 2022
Options – unapproved	8	6,000	–	–	6,000	£3.60	September 2016 – September 2023
Options – unapproved	10	6,000	–	–	6,000	£3.45	September 2017 – September 2024
Options – unapproved	15	3,000	–	–	3,000	£1.00	August 2016 – July 2026
Options – unapproved	16	–	–	5,000	5,000	£1.00	October 2017 – September 2027
		25,552	–	5,000	30,552		

Dr Tim Corn

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2018 Number	Exercise price	Exercise period*
Options – unapproved	6	5,752	–	–	5,752	£2.87	September 2015 – September 2022
Options – unapproved	8	5,000	–	–	5,000	£3.60	September 2016 – September 2023
Options – unapproved	10	5,000	–	–	5,000	£3.45	September 2017 – September 2024
Options – unapproved	15	3,000	–	–	3,000	£1.00	August 2016 – July 2026
Options – unapproved	16	–	–	5,000	5,000	£1.00	October 2017 – September 2027
		18,752	–	5,000	23,752		

Dr Claudia D'Augusta

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2018 Number	Exercise price	Exercise period*
Options – unapproved	16	–	–	5,000	5,000	£1.00	October 2017 – September 2027
		–	–	5,000	5,000		

Professor Sir Chris Evans OBE

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2018 Number	Exercise price	Exercise period*
Options – unapproved	8	5,000	–	–	5,000	£3.60	September 2016 – September 2023
Options – unapproved	10	5,000	–	–	5,000	£3.45	September 2017 – September 2024
Options – unapproved	15	3,000	–	–	3,000	£1.00	August 2016 – July 2026
Options – unapproved	16	–	–	5,000	5,000	£1.00	October 2017 – September 2027
		13,000	–	5,000	18,000		

Dr Mike Owen

	Note	At 1 April 2017 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2018 Number	Exercise price	Exercise period*
Options – unapproved	15	3,000	–	–	3,000	£1.00	August 2016 – July 2026
Options – unapproved	16	–	–	5,000	5,000	£1.00	October 2017 – September 2027
		3,000	–	5,000	8,000		

* The exercise periods indicate the earliest dates for which the options are exercisable subject to meeting the performance conditions disclosed below.

Directors' remuneration report continued

for the year ended 31 March 2018

Note 1:
These options were issued subject to a performance condition, being the successful completion of an initial clinical trial of a ReNeuron cell therapy. These options expired in August 2017.

Note 2:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2009 and carry no further performance conditions; at 31 March 2018 these options were exercisable.

Note 3:
These options were issued subject to the amended performance conditions below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial;
ii) The Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 4:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a third clinical trial; at 31 March 2018 these options were exercisable.

Note 5:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a third clinical trial;
ii) The Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 6:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fourth clinical trial; at 31 March 2018 these options were exercisable.

Note 7:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a fourth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 8:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fifth clinical trial; at 31 March 2018 these options were exercisable.

Note 9:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a fifth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 10:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a sixth clinical trial; at 31 March 2018 these options were not exercisable.

Note 11:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 these options were not exercisable.

i) The first patient is administered with a ReNeuron cell therapy in a sixth clinical trial;
ii) The Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option;
iii) The business must have operated within its internal financial budgets throughout the period to vesting;
iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 12:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2018 33.3% of these options were exercisable.

i) 33.3% vest when the first patient is administered with a ReNeuron cell therapy in a sixth clinical trial;
ii) 33.3% vest on completion of the fourth clinical trial of a ReNeuron cell therapy;
iii) 33.4% vest if the Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

Note 13:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2018 these options were not exercisable.

i) 33.3% vest when the first patient is administered with a ReNeuron cell therapy in a seventh clinical trial;
ii) 33.3% vest on completion of the fifth clinical trial of a ReNeuron cell therapy;
iii) 33.4% vest if the Total Shareholder Return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

Note 14:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2016 and carry no further performance conditions; at 31 March 2018 these options were not exercisable.

Note 15:
These options have been issued in accordance with the Non-executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2018 55.55% of these options were exercisable.

Note 16:
These options have been issued in accordance with the Non-executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2018 16.66% of these options were exercisable.

Note 17:
These options were issued subject to the performance conditions set out below. At 31 March 2018, these options were not exercisable.

i) 33.3% vest when the first patient is administered with a ReNeuron cell therapy in an eighth clinical trial.
ii) 33.3% vest on completion of the sixth clinical trial of a ReNeuron cell therapy.
iii) 33.4% vest if the Total Shareholder Return (TSR) of the Company meeting or exceeding that of the FTSE AIM Healthcare Index in any three-year period from the date of grant of the option.

By order of the Board

Simon Cartmell OBE
Chair – Remuneration Committee
19 July 2018

Financial Statements

Independent auditor's report

to the members of ReNeuron Group plc

Report on the audit of the financial statements

Opinion

In our opinion, ReNeuron Group plc's Group financial statements and Parent Company financial statements (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 2018 and of the Group's loss and the Group's and the Parent Company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the Parent Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the 'Annual Report'), which comprise: the Group and Parent Company statements of financial position as at 31 March 2018; the Group statement of comprehensive income, the Group and Parent Company statements of cash flows, and the Group and Parent Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall Group materiality: £1,048,000 (2017: £908,000), based on 5% of loss before tax.
- Overall Parent Company materiality: £800,000 (2017: £702,000), based on 1% of total assets.
- The UK audit team performed an audit of the complete financial information of the one operating entity in the UK (ReNeuron Limited) as well as the Parent Company based in the UK (ReNeuron Group plc), which comprise over 99% of the Group's loss before tax and over 99% of the Group's total assets.
- Accounting for research and development expenditure.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Accounting for research and development expenditure Research and development has increased in the year. Due to the nature of the clinical trials and general research it is often difficult to estimate the amount of time a particular trial is going to take. ReNeuron outsources most of its research and development to third parties which restricts visibility and the ability to monitor the progression of a piece of research, or a trial's stage of completion. As a result it can be difficult for ReNeuron to measure what costs have been incurred in relation to a trial at a particular point in time and as such, based on billings received, whether project accruals and prepayments recorded are reasonably estimated. Our audit risk is focused on whether the relevant expenditure has been appropriately included in the income statement and whether prepayments and accruals are appropriately calculated and recognised.	We performed the following procedures: • We verified the status of projects through a meeting with the Chief Medical Officer where the progress and status of each project was discussed. • We obtained management's calculations that support the research and development costs incurred during the year and verified the mathematical formulae used. • We obtained the contracts register and for a sample of contracts agreed that management had recognised costs in line with the underlying terms of the contract. • We sampled invoices detailed in management's calculations and tested back to invoice and verified that the cost description in the invoice matched costs included in management's schedule. • We obtained management's calculation of the accrual and prepayment position and verified the mathematical formulae. • We sampled the accrual and prepayment position and tested back to either contracts or invoice and verified the accuracy and existence of the accrual or prepayment included in management's schedule. • We reviewed invoices received post 31 March 2018 to identify any costs not included in management's schedules.

We determined that there were no key audit matters applicable to the Parent Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

ReNeuron Group plc is listed on the Alternative Investment Market (AIM) of the London Stock Exchange and its principal activities are research and clinical development of cell-based therapeutics.

The Group's accounting process is structured around a local finance function based in the United Kingdom. There are three active entities in the Group; ReNeuron Group plc (which raises the equity to support the principal activity of the Group), ReNeuron Limited (which records the majority of Group activity) and ReNeuron Inc. (which incurs the costs of supervising the Group's clinical trials in the United States of America and recharges these back to ReNeuron Limited). There are two dormant entities in the Group; ReNeuron (UK) Limited and ReNeuron Holdings Limited.

For each active entity we determined whether we required an audit of their complete financial information ("full scope") or whether specified procedures addressing specific risk characteristics of particular financial statement line items would be sufficient.

It was assessed that ReNeuron Group plc and ReNeuron Limited required full scope audit procedures whilst ReNeuron Inc., which contributes less than 1% of the loss before tax and 1% of Group total assets, and contained no financial statement items that comprised more than 15% of the Group total did not.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Independent auditor's report continued

to the members of ReNeuron Group plc

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Overall materiality	£1,048,000 (2017: £908,000).	£800,000 (2017: £702,000).
How we determined it	5% of loss before tax.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, loss before tax is the most relevant measure in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure since this entity is a holding company, and is a generally accepted auditing benchmark. This has been restricted to c. 60% of the benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £800,000 and £958,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £50,000 (Group audit) (2017: £45,000) and £40,000 (Parent Company audit) (2017: £35,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The Parent Company voluntarily prepares a Directors' remuneration report in accordance with the provisions of the Companies Act 2006. The Directors requested that we audit part of the Directors' remuneration report specified by the Companies Act 2006 to be audited as if the parent company was a quoted company.

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Jason Clarke BSc ACA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
19 July 2018

Group statement of comprehensive income

for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Revenue: royalty income	5	**43**	46
Other income: grants		**854**	854
Research and development costs	6	**(16,657)**	(16,648)
General and administrative costs	6	**(4,616)**	(4,139)
Operating loss		**(20,376)**	(19,887)
Finance income	7	**320**	1,722
Finance expense	8	**(911)**	–
Loss before income tax		**(20,967)**	(18,165)
Income tax credit	11	**3,352**	2,592
Loss and total comprehensive loss for the year		**(17,615)**	(15,573)
Loss and total comprehensive loss attributable to equity owners of the Company		**(17,615)**	(15,573)
Basic and diluted loss per Ordinary share	13	**(55.7p)**	(49.2p)

Group and Parent Company statements of financial position

for the year ended 31 March 2018

		Group		Company	
	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Assets					
Non-current assets					
Property, plant and equipment	14	**726**	724	**–**	–
Intangible assets	15	**186**	–	**–**	–
Investment in subsidiaries	16	**–**	–	**103,225**	91,337
		912	724	**103,225**	91,337
Current assets					
Trade and other receivables	17	**1,285**	1,060	**73**	133
Income tax receivable		**3,010**	4,015	**–**	–
Investments – bank deposits	18	**9,500**	24,936	**9,500**	24,936
Cash and cash equivalents	19	**27,911**	28,125	**25,026**	23,219
		41,706	58,136	**34,599**	48,288
Total assets		**42,618**	58,860	**137,824**	139,625
Equity					
Equity attributable to owners of the Company					
Share capital	22	**316**	31,646	**316**	31,646
Share premium account		**97,704**	97,704	**97,704**	97,704
Capital redemption reserve		**40,294**	8,964	**40,294**	8,964
Merger reserve		**2,223**	2,223	**1,858**	1,858
Accumulated losses					
At 1 April		**(87,380)**	(72,879)	**(6,037)**	(6,899)
Loss for the year attributable to the owners		**(17,615)**	(15,573)	**(2,928)**	(210)
Other changes in accumulated losses		**1,127**	1,072	**1,127**	1,072
At 31 March		**(103,868)**	(87,380)	**(7,838)**	(6,037)
Total equity		**36,669**	53,157	**132,334**	134,135
Liabilities					
Current liabilities					
Trade and other payables	20	**5,949**	5,703	**5,490**	5,490
		5,949	5,703	**5,490**	5,490
Total liabilities		**5,949**	5,703	**5,490**	5,490
Total equity and liabilities		**42,618**	58,860	**137,824**	139,625

The financial statements on pages 52 to 75 were approved by the Board of Directors on 19 July 2018 and were signed on its behalf by:

Michael Hunt
Director

Company registered number: 05474163

Group and Parent Company statements of changes in equity

for the year ended 31 March 2018

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2016	31,646	97,704	8,964	2,223	(72,879)	67,658
Credit on share-based payment	–	–	–	–	1,072	1,072
Loss and total comprehensive loss for the year	–	–	–	–	(15,573)	(15,573)
As at 31 March 2017	31,646	97,704	8,964	2,223	(87,380)	53,157
Effect of share consolidation	(31,330)		31,330	–	–	–
Credit on share-based payment	–	–	–	–	1,127	1,127
Loss and total comprehensive loss for the year	–	–	–	–	(17,615)	(17,615)
As at 31 March 2018	**316**	**97,704**	**40,294**	**2,223**	**(103,868)**	**36,669**

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2016	31,646	97,704	8,964	1,858	(6,899)	133,273
Credit on share-based payment	–	–	–	–	1,072	1,072
Loss and total comprehensive loss for the year	–	–	–	–	(210)	(210)
As at 31 March 2017	31,646	97,704	8,964	1,858	(6,037)	134,135
Effect of share consolidation	(31,330)		31,330	–	–	–
Credit on share-based payment	–	–	–	–	1,127	1,127
Loss and total comprehensive loss for the year	–	–	–	–	(2,928)	(2,928)
As at 31 March 2018	**316**	**97,704**	**40,294**	**1,858**	**(7,838)**	**132,334**

Group and Parent Company statements of cash flows

for the year ended 31 March 2018

	Note	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Cash flows from operating activities					
Cash (used in)/generated from operations	25	**(19,244)**	(13,976)	**(1,450)**	255
Income tax credit received		**4,357**	1,340	**–**	–
Net cash (used in)/generated from operating activities		**(14,887)**	(12,636)	**(1,450)**	255
Cash flows from investing activities					
Capital expenditure		**(235)**	(532)	**–**	–
Loans provided to subsidiaries		**–**	–	**(11,648)**	(14,348)
Interest received		**383**	520	**380**	511
Net cash generated from/(used in) in investing activities		**148**	(12)	**(11,268)**	(13,837)
Cash flows from financing activities					
Bank deposit matured		**14,525**	23,347	**14,525**	23,347
Net cash generated from financing activities		**14,525**	23,347	**14,525**	23,347
Net (decrease)/increase in cash and cash equivalents		**(214)**	10,699	**1,807**	9,765
Cash and cash equivalents at the start of the year		**28,125**	17,426	**23,219**	13,454
Cash and cash equivalents at the end of the year		**27,911**	28,125	**25,026**	23,219

Notes to the financial statements

1. General information

ReNeuron Group plc (the "Company") and its subsidiaries (together, the "Group") research and develop therapies using stem cells. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Pencoed Business Park, Pencoed, Bridgend CF35 5HY. Its shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

2. Accounting policies and basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the financial years presented for both the Group and the Company. The accounting policies relate to the Group unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Companies Act 2006 applicable to companies reporting under IFRS.

These financial statements have been prepared on a historical cost basis, as modified by the valuation of certain assets and liabilities at fair value through profit or loss.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2018.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Group statement of comprehensive income.

Intercompany transactions and balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations which took place prior to 1 April 2006 that have been accounted for by the merger accounting method.

Significant accounting judgements, estimates and assumptions

There are no key areas that require management to make difficult, subjective or complex judgements about matters that are inherently uncertain.

Foreign currency translation

The consolidated financial statements are presented in Pounds Sterling (£), which is the Company's functional and presentational currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Group statement of comprehensive income in the year in which they occur.

2. Accounting policies and basis of preparation continued

Revenue

Revenue represents income received from royalties arising from collaborations with third parties and is recognised when they fall due to the Group.

Research and development expenditure

Capitalisation of expenditure on product development commences from the point at which technical feasibility and commercial viability of the product can be demonstrated and the Group is satisfied that it is probable that future economic benefits will result from the product once completed. No such costs have been capitalised to date, given the early stage of the Group's intellectual property.

Expenditure on research and development activities that do not meet the above criteria, including ongoing costs associated with acquired intellectual property rights and intellectual property rights generated internally by the Group, is charged to the Group statement of comprehensive income as incurred.

Pension benefits

The Group operates a defined contribution pension scheme. Contributions payable for the year are charged to the Group statement of comprehensive income. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Group and Parent Company statements of financial position. The Group has no further payment obligations once the contributions have been paid.

Leases

Leasing arrangements which transfer to the Group substantially all the benefits and risks of ownership of assets are treated as finance leases, as if the asset had been purchased outright. The assets are included within the relevant category of property, plant and equipment and the capital elements of the leasing commitments are shown as obligations under finance leases. Assets held under finance leases are depreciated over the lower of their useful life and the terms of the lease. The interest element of the lease rental is included in the Group statement of comprehensive income.

All other leases are considered operating leases, the costs of which are charged to the Group statement of comprehensive income on a straight-line basis over the lease term. Benefits such as rent-free periods, and amounts received or receivable as incentives to take on operating leases, are spread on a straight-line basis over the lease term.

Government and other grants

Revenue grants are credited to other operating income within the Group statement of comprehensive income, assessed by the level of expenditure incurred on the specific grant project, when it is reasonably certain that amounts will not need to be repaid.

Share-based payments

The Group operates a number of equity-settled share-based compensation plans. The fair value of share-based payments under such schemes is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of market-based vesting conditions. Vesting periods are estimated to be two years for options issued under the deferred bonus and four years for other schemes.

The fair value calculation of share-based payments requires several assumptions and estimates as disclosed in note 24. The calculation uses the Black-Scholes model. At each balance sheet date, the Group reviews its estimate of the number of options that are expected to vest and recognises any revision to original estimates in the Group statement of comprehensive income, with a corresponding adjustment to equity.

For equity-settled share-based payments where employees of subsidiary undertakings are rewarded with shares issued by the Parent Company, a capital contribution is recorded in the subsidiary, with a corresponding increase in the investment in the Parent Company.

Warrants

Where warrants have been issued together with Ordinary shares, the proportion of the proceeds received that relates to the warrants is credited to reserves.

Where warrants have been issued as recompense for services supplied, the fair value of warrants is charged to the Group statement of comprehensive income over the period the services are received and a corresponding credit is made to reserves.

Notes to the financial statements
continued

2. Accounting policies and basis of preparation continued

Intangible assets
Intangible assets relating to intellectual property rights acquired through licensing or assigning patents and know-how are carried at historical cost less accumulated amortisation and any provision for impairment. Milestone payments associated with these rights are capitalised when incurred. Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortisation but is tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No amortisation other than historical impairment has been charged to date as the products underpinned by the intellectual property rights are not yet available for commercial use.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. 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. Depreciation is calculated so as to write off the cost less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual periods used for this purpose are:

Leasehold improvements	Term of the lease
Plant and equipment	3–8 years
Computer equipment	3–5 years

Investments in subsidiaries
Investments in subsidiaries are shown at cost less any provision for impairment. Any monies paid to subsidiaries are deemed to be a capital contribution.

Current income tax
The credit for current income tax is based on the results for the year, adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the financial year end.

Deferred tax
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Bank deposits, cash and cash equivalents
Cash and cash equivalents in the Group and Parent Company statements of cash flows and the Group and Parent Company statements of financial position include cash in hand and deposits held on call with banks with original maturities of three months or less. Bank deposits with original maturities in excess of three months are classed as investments and measured at amortised cost using the effective interest rate method. Bank deposits with maturities between four and twelve months are disclosed within current assets and those with maturities greater than twelve months are disclosed within non-current assets.

Trade payables
Trade payables are recorded at fair value when goods or services have been received from a supplier.

Capital redemption reserve
Section 733 of the Companies Act 2006 provides that where shares of a company are redeemed or purchased wholly out of the Company's profits, or by a fresh issue, the amount by which the Company's issued share capital is diminished on cancellation of the shares shall be transferred to a reserve called the "capital redemption reserve". It also provides that the reduction of the Company's share capital shall be treated as if the capital redemption reserve were paid-up capital of the Company.

2. Accounting policies and basis of preparation continued

Provisions
Provisions are recognised when the Group has an obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Contractual milestone payments
The Group is expected to incur future contractual milestone payments linked to the future development of its therapeutic programmes. These costs will be recognised as and when a contractual milestone is expected to be achieved.

Accounting developments
The following new standards, new interpretations and amendments to standards and interpretations are applicable for the first time for the financial year ended 31 March 2018. None of them have any impact on the financial statements of the Group:

- Amendments to IAS 12 – "Income Taxes" on Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017); and
- Amendment to IFRS 7 "Statement of Cash Flows" (effective 1 January 2017)

There are a number of new standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group. The future introduction of these standards is not expected to have a material impact on the financial statements of the Group.

- Amendments to IFRS 1 and IAS 28 arising from the Annual Improvements to IFRS 2014-2016 Cycle;
- IFRS 9 "Financial Instruments" (effective 1 January 2018);
- IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018);
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018);
- Amendments to IFRS 2 "Classification and Measurement of Share Based Payment Transactions" (effective 1 January 2018);
- IFRIC Interpretation 22 "Foreign Currency Translation and Advance Consideration" (effective 1 January 2018); and
- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective 1 January 2019).

Notes to the financial statements
continued

2. Accounting policies and basis of preparation continued

IFRS 16 "Leases" is effective for accounting periods commencing on or after 1 January 2019. The Group will apply the standard for the first time for the year ending 31 March 2020. IFRS 16 represents a fundamental change in lease accounting for lessees, because, with the exception of leases of less than 12 months duration and leases of low value assets, all leases are brought on balance sheet. The impact of this, had the Group applied IFRS 16 for the year ended 31 March 2018, is as follows:

	2018 £'000
Right of use asset	745
Accruals	130
Lease creditor	(990)
Reduction in reserves	(115)

The right of use asset represents the economic value of the Group's enjoyment of the assets and is amortised over the life of the lease. The lease creditor is the value of the minimum lease payment, discounted at the rate implicit in the lease. The adjustment to accruals reflects the reversal of the existing treatment under IAS 17.

The estimated impact of the depreciation charge in respect of the right of use asset and the interest charge on the lease creditor is as follows:

	2018 £'000
Depreciation charge	94
Interest charge	37

3. Going concern

The Group is expected to incur significant further costs as it continues to develop its therapies and technologies through clinical development. The operation of the Group is currently being financed from funds that have been raised from share placings and grants.

The Directors expect that the Group's current financial resources will be sufficient to support operations for at least the next 12 months from the date of these accounts. The Directors are currently considering a number of options for further funding and believe that sufficient funding will be available beyond current cash resources in order to continue with the Group's ongoing clinical programmes. Consequently, the going concern basis has been adopted in the preparation of these financial statements.

4. Segment analysis

The Group has identified the Chief Executive Officer as the chief operating decision maker (CODM). The CODM manages the business as one segment, the development of cell-based therapies, and activities and assets are predominantly based in the UK. Since this is the only reporting segment, no further information is included. The information used internally by the CODM is the same as that disclosed in the financial statements.

5. Revenue

Revenue represents income received from royalties arising from collaborations with third parties. The Group's revenue derives wholly from assets in the UK. All revenue is derived from customers in the US.

6. Operating expenses

	2018 £'000	2017 £'000
Loss before income tax is stated after charging:		
Research and development costs:		
Employee benefits (note 10)	4,795	4,194
Depreciation of property, plant and equipment (note 14)	154	96
Impairment of intangible assets	–	1,591
Other expenses	11,708	10,767
Total research and development costs	16,657	16,648
General and administrative costs:		
Employee benefits (note 10)	2,071	1,975
Legal and professional fees	949	556
Depreciation of property, plant and equipment (note 14)	78	73
Operating lease charges:		
– land and buildings	176	178
Other expenses	1,342	1,357
Total general and administrative costs	4,616	4,139
Total research and development costs and general and administrative costs	21,273	20,787

During the year the Group obtained services from the Group's auditors and its associates as detailed below:

Services provided by the Group's auditors	2018 £'000	2017 £'000
Fees payable to the Group's auditors:		
– for the audit of the Parent Company and consolidated financial statements	20	20
– for the audit of the Company's subsidiaries pursuant to legislation	23	22
– other audit work	30	3
– other non-audit work	48	–
Total	121	45

7. Finance income

	2018 £'000	2017 £'000
Interest receivable on short-term and investment bank deposits	320	520
Foreign exchange gains	–	1,202
Total	320	1,722

8. Finance expenses

	2018 £'000	2017 £'000
Foreign exchange losses	911	–

Notes to the financial statements
continued

9. Directors' emoluments

The Directors of the Company have authority and responsibility for planning, directing and controlling the activities of the Group and they therefore comprise key management personnel as defined by IAS 24 'Related Party Disclosures'.

	2018 £'000	2017 £'000
Aggregate emoluments of Directors:		
Salaries and other short-term employee benefits	902	888
Pension contributions	46	49
	948	937
Share-based payments	525	557
Directors' emoluments including share-based payments	1,473	1,494

Two Directors (2017: two) had retirement benefits accruing to them under defined contribution pension schemes in respect of qualifying services.

None of the Directors exercised share options during the year nor in the previous year.

For detailed disclosure of Directors' emoluments, including highest paid Director, please refer to the Directors' Remuneration Report on pages 39 to 45.

Directors' emoluments include amounts payable to third parties as described in note 28.

10. Employee information

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

	2018 Number	2017 Number
By activity:		
Research and development	52	45
Administration	10	8
	62	53

Group	2018 £'000	2017 £'000
Staff costs:		
Wages and salaries	4,927	4,423
Social security costs	574	503
Share-based payment charge	1,127	1,072
Other pension costs	238	171
	6,866	6,169

The Company holds the employment contracts for the two Executive Directors (2017: two) but all employee costs relating to these individuals are incurred by ReNeuron Limited.

The Group operates defined contribution pension schemes for UK employees and Directors. The assets of the schemes are held in separate funds and are administered independently of the Group. The total pension cost during the year was £238,000 (2017: £171,000). There were no prepaid or accrued contributions to the scheme at the year-end (2017: £nil).

11. Income tax credit

	2018 £'000	2017 £'000
UK research and development tax credit at 14.5% (2017: 14.5%)	3,352	2,592

No corporation tax liability arises on the results for the year due to the loss incurred.

As a loss-making small and medium-sized enterprise, the Group is entitled to research and development tax credits at 14.5% (2017: 14.5%) on 230% (2017:230%) of qualifying expenditure for the year to 31 March 2018.

The tax credit compares with the loss for the year as follows:

	2018 £'000	2017 £'000
Loss before income tax	20,967	18,165
Loss before income tax multiplied by the main rate of corporation tax of 19% (2017: 20%)	3,984	3,633
Effects of:		
– difference between depreciation and capital allowances	20	100
– other short-term timing differences	–	100
– expenses not deductible for tax purposes	(220)	(207)
– losses not recognised	(774)	(1,432)
– adjustments in respect of prior year	342	398
Tax credit	3,352	2,592

No deferred tax asset has been recognised by the Group or Company as there are currently no foreseeable trading profits.

The potential deferred tax assets/(liabilities) of the Group are as follows:

	Amount not recognised 2018 £'000	Amount not recognised 2017 £'000
Tax effect of timing differences because of:		
Accelerated capital allowances	6	(30)
Short-term timing differences not recognised	85	–
Losses carried forward	14,408	12,677
	14,499	12,647

The potential deferred tax assets of the Company are as follows:

	Amount not recognised 2018 £'000	Amount not recognised 2017 £'000
Tax effect of timing differences because of:		
Losses carried forward	868	521

Notes to the financial statements
continued

12. Loss for the financial year

As permitted by Section 408 of the Companies Act 2006 the Parent Company's statement of comprehensive income for the current year has not been presented in these financial statements. The Parent Company's loss and total comprehensive loss for the financial year was £2,928,000 (2017: £210,000).

13. Basic and diluted loss per Ordinary share

The basic and diluted loss per share is calculated by dividing the loss for the financial year of £17,615,000 (2017: £15,573,000) by 31,646,186 shares (2017: 31,646,186 shares), being the weighted average number of 1 pence Ordinary shares in issue during the year. Comparative figures have been adjusted to reflect the 1 to 100 share capital reorganisation which took place in January 2018.

Potential Ordinary shares are not treated as dilutive as the entity is loss making.

14. Property, plant and equipment

Group	Plant and equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2016	507	194	701
Additions	470	62	532
Disposals	(22)	(6)	(28)
At 31 March 2017	955	250	1,205
Accumulated depreciation			
At 1 April 2016	217	123	340
Charge for the year	114	55	169
Disposals	(22)	(6)	(28)
At 31 March 2017	309	172	481
Net book amount			
At 31 March 2017	646	78	724
Cost			
At 1 April 2017	955	250	1,205
Additions	185	49	234
At 31 March 2018	**1,140**	**299**	**1,439**
Accumulated depreciation			
At 1 April 2017	309	172	481
Charge for the year	172	60	232
At 31 March 2018	**481**	**232**	**713**
Net book amount			
At 31 March 2018	**659**	**67**	**726**

The figures stated above include plant and equipment held under finance leases at cost of £3,000 (2017: £3,000), depreciation of £2,000 (2017: £2,000) and net book value of £1,000 (2017: £1,000).

The Company had no property, plant or equipment at 31 March 2018 (2017: £nil).

15. Intangible assets

Group	Licence fees £'000	Intellectual property rights not amortised £'000	Total £'000
At 1 April 2017			
Cost	1,884	6,143	8,027
Accumulated amortisation and impairment	(1,884)	(6,143)	(8,027)
Net book amount at 1 April 2017	–	–	–
Additions	186	–	186
Net book amount at 31 March 2018	**186**	**–**	**186**

The Company holds no intangible assets (2017: nil).

16. Investment in subsidiaries

Company

Net book amount	2018 £'000	2017 £'000
At the start of the year	**91,337**	76,743
Loans provided to subsidiaries	**11,648**	14,348
Capital contribution arising from share-based payments	**240**	246
Net book amount at 31 March	**103,225**	91,337

The Company has invested in ReNeuron Limited to allow it to carry on the trade of the Group. A capital contribution arises where share-based payments are provided to employees of subsidiary undertakings settled with equity to be issued by the Company.

Taking into account the market capitalisation of the Group, the prospect of its therapies and the investor appetite for this sector, there has been no impairment to investments in subsidiaries in the year.

The Company's investments comprise interests in Group undertakings, details of which are shown below:

Name of undertaking	ReNeuron Holdings Limited	ReNeuron Limited		ReNeuron (UK) Limited	ReNeuron, Inc.
Country of incorporation	England and Wales	England and Wales		England and Wales	Delaware, USA
Description of shares held	£0.10 Ordinary shares	£0.001 Ordinary shares	£0.10 Ordinary shares	£0.10 Ordinary shares	$0.001 Common stock
Proportion of nominal value of shares held by the Company	100%	100%	100%	100%	100%

ReNeuron Limited is the principal trading company in the Group. ReNeuron Inc. employs staff who supervise the Group's clinical trials in the USA. The other subsidiaries are dormant.

ReNeuron Limited, ReNeuron Holdings Limited and ReNeuron, Inc. are held directly by ReNeuron Group plc. ReNeuron (UK) Limited is held directly by ReNeuron Holdings Limited. The registered office address for all the subsidiaries is Pencoed Business Park, Pencoed, Bridgend CF35 5HY, with the exception of ReNeuron, Inc. whose registered office address is P.O. Box 1480, Redondo Beach, CA 90278.

Notes to the financial statements
continued

17. Trade and other receivables

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Current				
Other receivables	330	603	73	133
Prepayments and accrued income	955	457	–	–
Total trade and other receivables	1,285	1,060	73	133

The classes within trade and other receivables do not include impaired assets.

18. Investments – bank deposits

	Group		Company	
Bank deposits maturing:	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Four to twelve months: current asset investments	9,500	24,936	9,500	24,936

19. Cash and cash equivalents

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash at bank and in hand	27,911	28,125	25,026	23,219

20. Trade and other payables

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade payables	1,924	1,817	3	3
Taxation and social security	186	137	–	–
Accruals	3,839	3,749	–	–
Amounts owed to Group undertakings	–	–	5,487	5,487
Total payables falling due within one year	5,949	5,703	5,490	5,490

Amounts owed by the Company to Group undertakings are not interest bearing and have no fixed repayment date.

21. Financial risk management

Capital management

The Group's key objective in managing its capital is to safeguard its ability to continue as a going concern. In particular it has sought and obtained equity funding alongside non-dilutive grant support and collaborations to pursue its programmes. The Group strives to optimise the balance of cash spend between research and development and general and administrative expenses and, in so doing, maximise progress for all pipeline products.

Risk

The financial risks faced by the Group include liquidity and credit risk, interest rate risk and foreign currency risk.

21. Financial risk management continued

Liquidity and credit risk

The Group seeks to maximise the returns from funds held on deposit balanced with the need to safeguard the assets of the business.

The agreed policy is to invest surplus cash in interest-bearing current/liquidity accounts and term deposits and to spread the credit risk across a number of counterparties, the selection criteria being as follows:

- UK-based banks;
- minimum credit rating with Fitch and/or Moody's (long term A-/A3; short term F1/P-1); and
- familiar and respected names.

At 31 March 2018 and 31 March 2017 no current asset receivables were aged over three months. No receivables were impaired or discounted.

Interest rate risk

A portion of the Group's cash resources are placed on fixed deposit, with a maximum original term of 24 months, to secure fixed and higher interest rates. The Directors do not currently consider it necessary to use derivative financial instruments to hedge the Group's exposure to fluctuations in interest rates.

Foreign currency risk

The Group holds part of its cash resources in US Dollars and Euros to cover payments committed in the immediate future. At 31 March 2018 cash and bank deposits of £15,424,000 (2017: £15,077,000) were held in these currencies. Creditors of the Group include £347,000 (2017: £644,000) denominated in US Dollars and £443,000 (2017: £496,000) denominated in Euros. All of the Group's receivables are denominated in Pounds Sterling.

At 31 March 2018, if Pounds Sterling had weakened/strengthened by 5% against the US Dollar with all other variables held constant, the recalculated post-tax loss for the year would have been £728,000 (2017: £560,000) higher/lower.

At 31 March 2018, if Pounds Sterling had weakened/strengthened by 5% against the Euro with all other variables held constant, the recalculated post-tax loss for the year would have been £6,000 (2017: £120,000) higher/lower.

The Group has not entered into forward currency contracts.

Ageing profile of the Group's financial liabilities

The Group's financial liabilities consist of:

	Group	
	2018 £'000	2017 £'000
Finance leases – due in more than one year	–	1
Finance leases – due in one year or less	–	1
Trade and other payables	5,763	5,564
	5,763	5,566

Notes to the financial statements
continued

21. Financial risk management continued

Currency profile of the Group's cash and cash equivalents

	Group	
Currency	2018 £'000	2017 £'000
Pounds Sterling	12,487	20,484
US Dollars	14,867	4,670
Euros	557	2,971
	27,911	28,125

Currency profile of the Group's bank deposit investments

	Group	
Currency	2018 £'000	2017 £'000
Pounds Sterling	9,500	17,500
US Dollars	–	7,436
	9,500	24,936

Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair value of the Group's financial assets and liabilities at 31 March. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale, and excludes accrued interest.

	2018		2017	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Investments – bank deposits	9,500	9,500	24,936	24,936
Cash at bank and in hand	27,911	27,911	28,125	28,125
Receivables: current	1,285	1,285	1,060	1,060
Trade and other payables	5,763	5,763	(5,566)	(5,566)

22. Share capital

	2018 £'000	2017 £'000
Authorised	Unlimited	Unlimited
Issued and fully paid		
31,646,186 Ordinary shares of 1.0 pence each (2017: 3,164,618,541 of 1.0 pence each)	316	31,646

On 23 January 2018, the shareholders approved a one for 100 capital reorganisation, which resulted in the above reduction in share capital and an equivalent increase in the Capital Redemption Reserve.

During the year to 31 March 2018, no Ordinary shares were issued as a result of the exercise of options awarded under the Group's share option schemes (2017: Nil).

23. Warrants

Warrant instrument with Novavest Growth Fund Limited

Novavest Growth Fund Limited has the right to subscribe for 58,239 ReNeuron Limited Ordinary shares at a price of £17.16 per Ordinary share. Pursuant to a put/call agreement dated 6 November 2000, on exercise of such warrant, shares acquired by Novavest in ReNeuron Limited will be exchanged for 582,390 Ordinary shares of ReNeuron (UK) Limited. The Company intends in due course to enter into an agreement with Novavest whereby, if the warrant is exercised, the ReNeuron Limited shares acquired by Novavest are exchanged directly for 5,823 (adjusted to reflect the 1 for 100 share consolidation) Ordinary shares of the Company.

24. Share options

The Group operates share option schemes for Directors and employees of Group companies and specific consultants. Options have been issued through a combination of an Inland Revenue-approved Enterprise Management Incentive (EMI) scheme and unapproved schemes.

The awards of share options to Executive Directors and employees of the Group are made in accordance with the Group's Deferred Share-based Bonus Plan and Long Term Incentive Plan. Total options existing over 1.0 pence Ordinary shares in companies in the Group as at 31 March 2018 are summarised below. Opening balances and comparative figures have been adjusted to reflect the 1 for 100 share consolidation. At 31 March 2018, the total outstanding options represented 7.3% of the total shares in issue.

Date of grant	Number of options at 1 April 2017	Granted during the year	Lapsed during the year	As at 31 March 2018	Note	Exercise price	Date from which exercisable*	Date of expiry†
August 2007	35,039	–	(35,039)	–	1	£10.60	August 2010	August 2017
August 2007	19,796	–	(19,796)	–	1	£18.94	August 2010	August 2017
August 2009	15,967	–	–	15,967	2	£4.22	August 2012	August 2019
August 2009	3,478	–	–	3,478	3	£1.00	August 2011	August 2019
August 2009	17,136	–	–	17,136	4	£1.00	August 2012	August 2019
August 2010	12,464	–	–	12,464	5	£3.85	August 2013	August 2020
August 2010	39,541	–	–	39,541	4	£1.00	August 2013	August 2020
September 2011	26,400	–	–	26,400	6	£3.75	September 2014	September 2021
September 2011	47,656	–	–	47,656	7	£1.00	September 2014	September 2021
September 2012	32,326	–	–	32,326	8	£2.87	September 2015	September 2022
September 2012	67,761	–	–	67,761	9	£1.00	September 2015	September 2022
September 2013	36,450	–	–	36,450	10	£3.60	September 2016	September 2023
September 2013	79,477	–	–	79,477	11	£1.00	September 2016	September 2023
September 2014	63,500	–	(2,250)	61,250	12	£3.45	September 2017	September 2024
September 2014	251,343	–	–	251,343	13	£1.00	September 2017	September 2024
October 2015	51,250	–	(6,500)	44,750	14	£1.00	October 2018	October 2025
October 2015	512,324	–	–	512,324	15	£1.00	October 2018	October 2025
July 2016	549,164	–	(81,500)	467,664	16	£1.00	July 2019	July 2026
July 2016	42,500	–	–	42,500	17	£1.00	July 2018	July 2026
July 2016	18,000	–	–	18,000	18	£1.00	August 2016	July 2026
July 2016	82,500	–	(15,500)	67,000	19	£1.00	July 2019	July 2026
September 2017	–	384,000	(55,668)	328,332	20	£1.00	July 2020	September 2027
September 2017	–	114,000	(5,500)	108,500	21	£1.00	July 2020	September 2027
September 2017	–	30,000	–	30,000	22	£1.00	October 2017	September 2027
Total	2,004,072	528,000	(221,753)	2,310,319				

* The exercise periods indicate the earliest dates for which the options are exercisable subject to meeting the performance conditions disclosed overleaf.

† All options lapse in full if they are not exercised by the date of expiry.

Note 1:

These options were issued subject to a performance condition, being the successful completion of an initial clinical trial of a ReNeuron cell therapy. These options expired in August 2017.

Note 2:

These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a second clinical trial; at 31 March 2018 these options were exercisable.

Notes to the financial statements
continued

24. Share options continued

Note 3:

These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2009 and carry no further performance conditions; at 31 March 2018 these options were exercisable.

Note 4:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions below; at 31 March 2018 these options were exercisable.

(i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial.

(ii) The total shareholder return (TSR) of the Company must exceed that of the FTSE All-Share Pharmaceutical and Biotechnology Index in any given three-year period from date of grant. Where the TSR ranks between median and upper quartile of the Index over the three-year period, the options will vest pro rata between 25% and 100%. Where the TSR ranks below the median in the performance period, no options will vest.

(iii) The business must have operated within its internal financial budgets throughout the period to vesting.

(iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 5:

These options were issued subject to the amended performance conditions below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

(i) The first patient is administered with a ReNeuron cell therapy in a second clinical trial.

(ii) The total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

(iii) The business must have operated within its internal financial budgets throughout the period to vesting.

(iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 6:

These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a third clinical trial; at 31 March 2018 these options were exercisable.

Note 7:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

(i) The first patient is administered with a ReNeuron cell therapy in a third clinical trial.

(ii) The total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

(iii) The business must have operated within its internal financial budgets throughout the period to vesting.

(iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 8:

These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fourth clinical trial; at 31 March 2018 these options were exercisable.

24. Share options continued

Note 9:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

(i) The first patient is administered with a ReNeuron cell therapy in a fourth clinical trial.

(ii) The total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

(iii) The business must have operated within its internal financial budgets throughout the period to vesting.

(iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 10:

These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fifth clinical trial; at 31 March 2018 these options were exercisable.

Note 11:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 50% of these options were exercisable.

(i) The first patient is administered with a ReNeuron cell therapy in a fifth clinical trial.

(ii) The total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

(iii) The business must have operated within its internal financial budgets throughout the period to vesting.

(iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 12:

These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a sixth clinical trial; at 31 March 2018 these options were not exercisable.

Note 13:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2018 these options were not exercisable.

(i) The first patient is administered with a ReNeuron cell therapy in a sixth clinical trial.

(ii) The total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

(iii) The business must have operated within its internal financial budgets throughout the period to vesting.

(iv) The business must be a going concern (under the accepted accounting definition) at the time of any exercise of an option.

Note 14:

These options were issued subject to the performance conditions set out below; at 31 March 2018 50% of these options were exercisable.

(i) 50% vest when the first patient is administered with a ReNeuron cell therapy in a sixth clinical trial.

(ii) 50% vest on completion of the fourth clinical trial of a ReNeuron cell therapy.

Notes to the financial statements
continued

24. Share options continued

Note 15:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2018 33.3% of these options were exercisable.

(i) 33.3% vest when the first patient is administered with a ReNeuron cell therapy in a sixth clinical trial.

(ii) 33.3% vest on completion of the fourth clinical trial of a ReNeuron cell therapy.

(iii) 33.4% vest if the total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

Note 16:

These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2018 these options were not exercisable.

(i) 33.3% vest when the first patient is administered with a ReNeuron cell therapy in a seventh clinical trial.

(ii) 33.3% vest on completion of the fifth clinical trial of a ReNeuron cell therapy.

(iii) 33.4% vest if the total shareholder return (TSR) of the Company meets or exceeds that of the AIM Healthcare Index in any three-year period from date of grant of the option.

Note 17:

These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ended 31 March 2016 and carry no further performance conditions; at 31 March 2018 these options were not exercisable.

Note 18:

These options have been issued in accordance with the Non-executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2018 55.55% of these options were exercisable.

Note 19:

These options were issued subject to the performance conditions set out below; at 31 March 2018 these options were not exercisable.

(i) 50% vest when the first patient is administered with a ReNeuron cell therapy in a seventh clinical trial.

(ii) 50% vest on completion of the fifth clinical trial of a ReNeuron cell therapy.

Note 20:

These options were issued subject to the performance conditions set out below. At 31 March 2018, these options were not exercisable.

(i) 33.3% vest when the first patient is administered with a ReNeuron cell therapy in an eighth clinical trial.

(ii) 33.3% vest on completion of the sixth clinical trial of a ReNeuron cell therapy.

(iii) 33.4% vest if the Total Shareholder Return (TSR) of the Company meets or exceeds that of the FTSE AIM Healthcare Index in any three-year period from the date of grant of the option.

Note 21:

These options were issued subject to the performance conditions set out below. At 31 March 2018, these options were not exercisable.

(i) 50% vest when the first patient is administered with a ReNeuron cell therapy in an eighth clinical trial.

(ii) 50% vest on completion of the sixth clinical trial of a ReNeuron cell therapy.

24. Share options continued

Note 22:

These options have been issued in accordance with the Non-executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2018 16.66% of these options were exercisable.

Fair value charge

Fair value charges for share options have been prepared based on a Black-Scholes model with the following key assumptions:

Date of grant	Exercise price £	Share price at date of grant £	Risk-free rate %	Assumed time to exercise Years	Assumed volatility %	Fair value per option £
September 2014	3.45	3.45	2.54	5	61.3	1.85
September 2014	1.00	3.60	2.54	5	61.3	2.74
October 2015	1.00	4.125	1.74	5	58.3	3.37
July 2016	1.00	3.00	0.80	5	58.4	2.25
September 2017	1.00	1.70	1.34	5	50.4	1.01

The risk-free rate is taken from the average yields on government gilt edged stock. No dividends are assumed. The assumed vesting period is four years. No lapses are assumed until they take place. Assumed volatility is based on historical experience up to the date of the grant.

The weighted average exercise prices for options were as follows:

	2018		2017	
	Number of options '000	Weighted average exercise price £	Number of options '000	Weighted average exercise price £
Outstanding at 1 April	**2,004**	**1.58**	1,431	2.06
Granted	**528**	**1.00**	694	1.00
Lapsed	**(222)**	**4.14**	(121)	3.97
Outstanding at 31 March	**2,310**	**1.20**	2,004	1.58
Exercisable at 31 March	**454**	**1.69**	244	4.73

The share price on 31 March 2018 was 86 pence (2017: £2.30 adjusted for the share capital reorganisation).

The pattern of exercise price and life is shown below:

	2018				2017			
			Weighted average remaining life (years)				Weighted average remaining life (years)	
Range of exercise prices	Weighted average exercise price	Number of options	Expected	Contractual	Weighted average exercise price	Number of options	Expected	Contractual
£1.00	**1.00**	**2,125,462**	**1.55**	**7.65**	£1.00	1,762,116	2.91	8.21
Up to £10.00	**3.51**	**184,857**	**1.44**	**4.76**	£3.50	187,121	2.78	5.82
£10 to £20.00	**–**	**–**	**–**	**–**	£13.60	54,835	0.42	0.42
Total		**2,310,319**				2,004,072		

Notes to the financial statements
continued

25. Cash (used in)/generated from operations

	Group		Company	
	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Loss before income tax	(20,967)	(18,165)	(2,928)	(210)
Adjustments for:				
Finance Income	(320)	(520)	(320)	(511)
Depreciation of property, plant and equipment	232	169	–	–
Impairment of intangible assets	–	1,591	–	–
Provisions movement	–	(498)	–	–
Share-based payment charges	1,127	1,072	887	826
Finance expense	911	–	911	–
Changes in working capital:				
Receivables	(289)	372	–	103
Payables	62	2,003	–	47
Cash (used in)/generated from operations	(19,244)	(13,976)	(1,450)	255

26. Financial commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2018 £'000	2017 £'000
Not later than one year	33	13
Later than one year and no later than five years	659	506
Later than five years	472	656
Total lease commitments	1,164	1,175

The operating lease commitment is in respect of the lease of offices and laboratories in Pencoed. The ten-year lease was signed by the Company with the Welsh Ministers on 11 February 2016 for the offices and laboratory space in new premises in Pencoed, South Wales, with the initial rent being reduced over the first three years.

An agreement for lease entered into on 31 March 2014 remains in force but has subsequently been varied in supplemental agreements. Pursuant to this agreement and supplemental agreements, on satisfactory completion of a GMP production facility, a new lease will be entered into over c.25,700 sq ft for offices, laboratories and the GMP production facility at the premises in Pencoed.

The Company had no other financial commitments at 31 March 2018 (2017: £nil).

The Group is expected to incur future contractual milestone payments linked to the future development of its therapeutic programmes. These costs will be recognised when each contractual milestone has been achieved.

27. Contingent liabilities

The Group had no contingent liabilities as at 31 March 2018 (2017: £nil).

28. Related party disclosures

The following transactions were carried out with some of the Directors of the Company who are key management personnel as defined by IAS 24 "Related Party Disclosures".

Aesclepius Consulting Limited charged fees of £11,875 (2017: £19,000) in respect of services provided as a Non-executive Director by Dr Tim Corn.

Arthurian Life Sciences Limited charged fees of £Nil (2017: £2,083) in respect of services provided as a Non-executive Director by Professor Sir Chris Evans OBE.

Biomedicon Limited charged fees of £15,214 (2017: £21,500) in respect of services provided as a Non-executive Director by Dr Paul Harper.

Parent Company and subsidiaries

The Parent Company is responsible for financing and setting Group strategy. ReNeuron Limited carries out the Group strategy, employs all UK-based staff, excluding the Directors, and owns and manages all of the Group's intellectual property. The proceeds of the issue of shares by the Parent Company are passed when required to ReNeuron Limited as a loan. ReNeuron Limited makes payments including the expenses of the Parent Company. ReNeuron Inc. employs US-based staff who supervise the Group's clinical trials in the USA. ReNeuron Limited finances the activities of ReNeuron Inc. via loans.

Company: transactions with subsidiaries	2018 £'000	2017 £'000
Purchases and staff:		
Parent Company expenses paid by subsidiary	1,046	1,055
Transactions involving Parent Company shares:		
Share options	240	246
Cash management:		
Loans to subsidiary	11,648	14,348

Company	2018 £'000	2017 £'000
Year-end balance of loan to subsidiary	93,969	82,321

29. Events after the reporting period

On 11 July 2018, the Group announced the signing of an exclusivity agreement with a US-based specialty pharmaceutical company relating to the potential out-licensing of the Group's hRPC technology and therapeutic programmes. In exchange for granting a three-month exclusivity period, the Group will receive a non-refundable $2.5 million payment from the US-based company. A further $2.5 million is payable to ReNeuron subject to completion of certain due diligence activities during the exclusivity period.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of ReNeuron Group plc (incorporated and registered in England and Wales with registered no. 5474163) (the "Company") will be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH on 12 September 2018 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 7 and 9 will be proposed as ordinary resolutions and Resolutions 8 and 10 will be proposed as special resolutions.

Ordinary business

1. To receive and adopt the Company's Annual Report and Accounts for the financial year ended 31 March 2018 and the Directors' Report, and the Independent Auditors' Report on those accounts.
2. To reappoint as a Director Olav Hellebø, who is retiring by rotation in accordance with Article 122 of the Company's articles of association and who, being eligible, is offering himself for reappointment.
3. To reappoint as a Director Michael Hunt, who is retiring by rotation in accordance with Article 122 of the Company's articles of association and who, being eligible, is offering himself for reappointment.
4. To reappoint as a Director Dr Tim Corn, who is retiring by rotation in accordance with Article 122 of the Company's articles of association and who, being eligible, is offering himself for reappointment.
5. To reappoint Dr Claudia D'Augusta as a Director, who having been appointed by the Board since the last annual general meeting of the Company, is retiring in accordance with Article 114 of the Company's articles of association and who, being eligible, is offering herself for reappointment.
6. To reappoint PricewaterhouseCoopers LLP as auditors of the Company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid and to authorise the Directors to determine the remuneration of the auditors.

Special business

7. That the Directors of the Company be and are hereby generally and unconditionally authorised, pursuant to Section 551 of the Companies Act 2006 (the "2006 Act") to:

   (a) allot Ordinary shares and to grant rights to subscribe for or to convert any security into Ordinary shares in the Company (all of which shares and rights are hereafter referred to as "Relevant Securities") representing up to £105,487 in nominal value in aggregate of shares; and

   (b) allot Relevant Securities (other than pursuant to paragraph (a) above) representing up to £105,487 in nominal value in aggregate of shares in connection with a rights issue, open offer, scrip dividend, scheme or other pre-emptive offer to holders of Ordinary shares where such issue, offer, dividend, scheme or other allotment is proportionate (as nearly as may be) to the respective number of Ordinary shares held by them on a fixed record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or any stock exchange in any territory, in relation to fractional entitlements, or any other matter which the Directors consider merits any such exclusion or other arrangements),

   provided that in each case such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, save that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such Relevant Securities to be allotted after such expiry, variation or revocation and the Directors may allot Relevant Securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

8. That the Directors are hereby empowered pursuant to Section 570 of the 2006 Act:

   (a) subject to and conditionally upon the passing of Resolution 7 to allot equity securities (as defined by Section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 7 as if Section 561 of the 2006 Act did not apply to such allotment; and

   (b) to sell Ordinary shares if, immediately before such sale, such shares are held as treasury shares (within the meaning of Section 724 of the 2006 Act) as if Section 561 of the 2006 Act did not apply to such sale,

   provided that such powers:

   (1) shall be limited to:

      (i) the allotment of equity securities (or sale of Ordinary shares) representing up to £105,487 in nominal value in aggregate of shares pursuant to the authority conferred by paragraph (b) of Resolution 7; and

      (ii) the allotment of equity securities (or sale of Ordinary shares), otherwise than pursuant to sub-paragraph (i) above, representing up to £31,646 in nominal value in aggregate of shares (and including, for the avoidance of doubt, in connection with the grant of options (or other rights to acquire Ordinary shares) in accordance with the rules of the Company's share option schemes (as varied from time to time) or otherwise to employees, consultants and/or Directors of the Company and/or any of its subsidiaries); and

   (2) shall expire 15 months after the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted (or Ordinary shares to be sold) after such expiry, revocation or variation and the Directors may allot equity securities (or sell Ordinary shares) in pursuance of such offer or agreement as if such powers had not expired or been revoked or varied.

9. That the establishment of the ReNeuron Group plc US Incentive Stock Option Plan, the principal provisions of which are set out in summary in Appendix I be and is hereby approved and the Directors be and are hereby authorised to do all acts and all things necessary to establish and carry it into effect.
10. That with effect from the conclusion of the annual general meeting, the draft articles of association produced to the annual general meeting and for the purpose of identification initialled by the Chairman, be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

19 July 2018

By order of the Board

Michael Hunt
Company Secretary

Registered office
Pencoed Business Park
Pencoed
Bridgend
CF35 5HY
United Kingdom

Notice of annual general meeting
continued

Notes

(1) In this Notice "Ordinary shares" shall mean Ordinary shares in the capital of the Company, having a nominal value of 1.0 pence per share.

(2) A shareholder entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote on a show of hands and on a poll instead of him or her. A proxy need not be a member of the Company. Where a shareholder appoints more than one proxy, each proxy must be appointed in respect of different shares comprised in his or her shareholding which must be identified on the Form of Proxy. Each such proxy will have the right to vote on a poll in respect of the number of votes attaching to the number of shares in respect of which the proxy has been appointed. Where more than one joint shareholder purports to appoint a proxy in respect of the same shares, only the appointment by the most senior shareholder will be accepted as determined by the order in which their names appear in the Company's register of members. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the Chairman of the meeting and give your instructions to that proxy.

(3) A corporation which is a shareholder may appoint one or more corporate representatives who have one vote each on a show of hands and otherwise may exercise on behalf of the shareholder all of its powers as a shareholder provided that they do not do so in different ways in respect of the same shares.

(4) To be effective, an instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the offices of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 10.00 a.m. on 10 September 2018 except that should the meeting be adjourned, such deposit may be made not later than 48 hours before the time of the adjourned meeting, provided that the Directors may in their discretion determine that in calculating any such period no account shall be taken of any day that is not a working day. A Form of Proxy is enclosed with this Notice. Shareholders who intend to appoint more than one proxy may photocopy the Form of Proxy prior to completion. Alternatively, additional Forms of Proxy may be obtained by contacting Computershare Investor Services PLC on 0370 707 1272. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made. Completion and return of the Form of Proxy will not preclude shareholders from attending and voting in person at the meeting.

(5) A "Vote withheld" option has been included on the Form of Proxy. The legal effect of choosing the "Vote withheld" option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

(6) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at the close of business on the day which is two working days before the day of the meeting shall be entitled to attend or vote (whether in person or by proxy) at the meeting in respect of the number of shares registered in their names at the relevant time. Changes after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.

(7) A copy of the Company's proposed US Incentive Stock Option Plan to be adopted pursuant to Resolution 9 will be available for inspection free of charge during normal business hours on any business day at the Company's registered office, Pencoed Business Park, Pencoed, Bridgend, Wales CF35 5HY and at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH from the date of this Notice until the time of the annual general meeting and at the place of the annual general meeting for at least 15 minutes prior to and during the annual general meeting.

(8) A copy of the new articles of association of the Company to be adopted pursuant to Resolution 10, marked up to show the changes being proposed, will be available for inspection free of charge during normal business hours on any business day at the Company's registered office, Pencoed Business Park, Pencoed, Bridgend, Wales CF35 5HY and at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH from the date of this Notice until the time of the annual general meeting and at the place of the annual general meeting for at least 15 minutes prior to and during the annual general meeting.

Explanatory notes to the business of the annual general meeting

Resolution 1

The Company's Annual Report and Accounts for the financial year ended on 31 March 2018 and the Directors' Report and the Independent Auditors' Report on those accounts will be presented to shareholders for approval.

Resolutions 2, 3 and 4

Article 122 of the Company's articles of association requires that at every annual general meeting of the Company at least one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one third) shall retire from office by rotation and that all Directors holding office at the start of business on the date of this Notice, and who also held office at the time of both of the two immediately preceding annual general meetings and did not retire at either such meeting, shall retire from office and shall be counted in the number required to retire at the annual general meeting. Having so retired by rotation in accordance with Article 122, the following Directors are standing for reappointment by the shareholders at the annual general meeting:

- Olav Hellebø, who is the Chief Executive Officer of the Company;
- Michael Hunt, who is the Chief Financial Officer of the Company;
- Dr Tim Corn, who is a Non-executive Director of the Company.

Resolution 5

In accordance with Article 114 of the Company's articles of association, every Director who has been appointed since the last annual general meeting of the Company is required to retire from office. Dr Claudia D'Augusta, having been appointed as a Director since the last annual general meeting therefore retires, and being eligible, offers herself for reappointment by the shareholders at the annual General Meeting.

Resolution 6

At every annual general meeting at which accounts are presented to shareholders, the Company is required to appoint auditors to serve until the next such annual general meeting. PricewaterhouseCoopers LLP have confirmed that they are willing to continue as the Company's auditors for the next financial year. The Company's shareholders are asked to reappoint them and to authorise the Directors to determine their remuneration, which will, in accordance with the Company's practice concerning good corporate governance, be subject to the recommendation of the Audit Committee.

Resolution 7

This resolution seeks to authorise the Directors to allot shares, subject to the normal pre-emption rights reserved to shareholders contained in the 2006 Act. The Investment Association ("IA") regards as routine a request by a company seeking an annual authority to allot new shares in an amount of up to a third of the existing issued share capital. In addition, the IA will also regard as routine a request for authority to allot up to a further third of the existing issued share capital provided such additional third is reserved for fully pre-emptive rights issues. Resolution 7 seeks to reflect the spirit of the IA's recommendations, though sub-paragraph (b) of Resolution 7 covers a broader range of offers, issues and allotments. The limits imposed under sub-paragraphs (a) and (b) of Resolution 7 each represent one third of the existing issued share capital of the Company.

Explanatory notes to the business of the annual general meeting

continued

Resolution 8

Pursuant to Section 561 of the 2006 Act existing shareholders of the Company have a right of pre-emption in relation to future issues of shares. Sub-paragraph (1)(i) of Resolution 8 allows the disapplication of pre-emption rights to allow the issue of shares to existing shareholders, for example, by way of a rights issue or open offer. The limit imposed in respect of the general disapplication pursuant to sub-paragraph 1(ii) of Resolution 8 represents 10% of the existing issued share capital of the Company. The Directors consider it important that they have the authority set out in sub-paragraph (1)(ii), which would allow them to issue shares in connection with the grant of options (or other rights to acquire Ordinary shares) in accordance with the rules of the Company's share option schemes and more generally for other purposes.

Resolution 9

The Company is seeking shareholder approval for a new US Incentive Stock Option Plan (the "ISO Plan") for the Group's US employees. The ISO Plan provides for employees to be granted options to acquire ordinary shares in the Company, including options that are intended to qualify as "incentive stock options" under Section 422 of the US Internal Revenue Code of 1986. Incentive stock options may offer tax-favoured compensation to participants who are US taxpayers. In order for incentive stock options to be granted under the ISO Plan, the ISO Plan must be approved by the shareholders of the Company within 12 months prior to or after the date the ISO Plan is adopted. A more detailed summary of the main features of the ISO Plan is set out in Appendix I to this document. The Remuneration Committee considers that the ISO Plan is designed to provide an appropriate incentive for employees to encourage them to acquire shares in the Company.

Resolution 10

Pursuant to Resolution 10, the Company is proposing to adopt new articles of association in substitution for the existing articles of association, principally for the purposes of increasing the cap on the annual aggregate fees that may be paid to Directors for their services as Directors (which has not been revised for many years) and enabling the Company to take advantage of developments in the use of electronic communications since the Company's current articles of association were first adopted. It is anticipated that the use of electronic communications will allow the Company to reduce paper usage (as well as printing and posting costs) and it is better for many shareholders who can choose and access just the information they need from the website at any time. A summary of the proposed substantive amendments to the Company's exiting articles of association is included at Appendix II hereto.

Appendix I

SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED RENEURON GROUP PLC US INCENTIVE STOCK OPTION PLAN (THE "ISO PLAN")

The ISO Plan provides for eligible employees to be granted options to acquire ordinary shares in the Company (each, an "Option"), including options that are intended to be incentive stock options within the meaning of Section 422 of the US Internal Revenue Code of 1986 (each, an "Incentive Stock Option") and options that are not intended to be incentive stock options (each, a "Nonqualified Stock Option"). To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Nonqualified Stock Option. At the end of a performance period, an Option will normally vest and become exercisable. The vesting of the Option may be subject to the satisfaction of performance conditions. Shares will not be issued or transferred until after the Option has been exercised.

1. Eligibility and grant procedure

Executive Directors and other employees of the Company and its subsidiaries (the "Group") may be chosen to participate in the ISO Plan at the discretion of the Remuneration Committee (the "Committee").

Options can be granted by the Committee at any time following the adoption date except that no Options may be granted while the Company is in a closed period.

No Options can be granted more than ten years following the earlier of the date the ISO Plan is adopted by the Company or is approved by shareholders.

Options can only be granted to individuals who are employed with the Group on the date the Option is granted

No consideration is required for the grant of Options.

The ISO Plan is administered by the Committee.

2. Plan limits

The maximum aggregate number of shares available to be issued through Options under the ISO Plan is a number of shares that represents 3% of the total issued share capital outstanding at the date the ISO Plan is adopted by the Committee. Each share available for issuance through an Option under the ISO Plan may be issued through an Incentive Stock Option.

3. Individual limit

Each Option shall be designated in the applicable award agreement as either an Incentive Stock Option or a Nonqualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate fair market value of the shares with respect to which Incentive Stock Options are exercisable for the first time by the grantee during any calendar year exceeds $100,000, such Options shall be treated as Nonqualified Stock Options. For the purposes of this rule, the fair market value of the shares shall be determined as of the time the Option with respect to such shares is granted.

4. Exercise price

The exercise price of an Option shall be not less than the fair value of the shares subject to the Option at the date of grant of the Option. The exercise price of an Incentive Stock Option granted to an employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries shall be not less than 110% of the fair value of the shares subject to the Incentive Stock Option at the date of grant of the Incentive Stock Option.

5. Performance conditions

An Option may be subject to performance conditions, which the Committee anticipates will be measured over three years. To the extent that the performance conditions are not satisfied, the Option will lapse.

6. Cessation of employment

Options granted to participants will typically lapse on cessation of employment unless the participant leaves by reason of injury, ill-health or disability, redundancy, retirement, the employing Company being transferred outside the Group, being employed in an undertaking or part of an undertaking which is transferred outside of the Group or in other circumstances at the discretion of the Committee ("Good Leavers").

Good Leavers will be able to exercise their Options during the period of three months from the date of cessation of employment.

If an employee dies, his or her Option will vest and be exercisable during the period of 12 months from the date of death.

Appendix I continued

In the aforementioned circumstances, the Committee will determine the extent to which an Option shall vest having regard to the extent that the performance conditions are met by that date, and the proportion of the performance period that has elapsed and any other factors they consider relevant.

If a participant leaves the Group otherwise than by reason of death or becoming a Good Leaver, Options will lapse on cessation of employment.

Notwithstanding the above, no Option shall be exercisable on or after the tenth anniversary of its grant date, and an Incentive Stock Option granted to an employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries shall not be exercisable on or after the fifth anniversary of its grant date.

7. Change of control or other early vesting events

In the event of a change of control of the Company, the Committee may determine, with the acquiring company's agreement, that an Option shall be replaced with an equivalent Option over shares in another company (generally the acquiring company). Where the original Option was subject to performance conditions, any such replacement Options would (unless the acquiring company decides otherwise) be subject to performance conditions which the acquiring company considers equivalent to those applicable to the original Options.

If no replacement Option is granted, the Committee will determine the extent to which an Option vests having regard to the extent that the performance conditions are met at the date of the change of control and the proportion of the performance period that has elapsed. Any unvested or unexercised portion of an Option will be cancelled upon a change of control of the Company unless the Committee determines otherwise.

Options will also vest early on a voluntary winding-up of the Company. The Committee will determine the extent to which an Option will vest having regard to the extent that the performance conditions are met by that date and the proportion of the performance period that has elapsed. Any unvested or unexercised portion of an Option will be cancelled upon a voluntary winding-up of the Company unless the Committee determines otherwise.

8. Rights attaching to shares

Options will not confer any shareholder rights until the Option has been exercised and the participants have been registered as the owners of shares. Participants will therefore have no entitlement to dividends and no voting rights in respect of the shares prior to the Option being exercised.

All shares allotted under the ISO Plan will carry the same rights as any other issued ordinary shares in the Company and application will be made for admission to the AIM market operated by the London Stock Exchange plc of any new shares issued under the ISO Plan.

Options are not pensionable. Gains made on the exercise of Options will not be taken into account when calculating pensionable remuneration.

Options granted under the ISO Plan may not be assigned or transferred except on a participant's death. If a participant ceases employment he will not be entitled to compensation for the loss of his Option.

9. Adjustment of Options

If there is a variation in the share capital of the Company (including without limitation a capitalisation, rights issue, open offer, consolidation, subdivision or reduction of capital, a capital distribution, demerger or other event having a material impact on the value of the shares), the shares under Option and/or the exercise price may be adjusted as the Committee reasonably considers appropriate to reflect that variation.

10. Alterations to the ISO Plan

The Committee may amend the rules of the ISO Plan provided that no amendment may have a material adverse effect on a participant with a subsisting option except with the consent of the participant or participants who hold the majority, by number of shares subject to award, of the subsisting options affected by the amendment.

Any amendment increasing the maximum number of shares that may be issued under the ISO Plan, changing the employees eligible to receive Incentive Stock Options under the ISO Plan, or changing the class of corporation that may be participating subsidiaries will be subject to approval by the shareholders of the Company.

Appendix II

SUMMARY OF THE PROPOSED SUBSTANTIVE AMENDMENTS TO THE COMPANY'S EXISTING ARTICLES OF ASSOCIATION

1. Companies Acts

Since the Company's articles were initially adopted in August 2005, the Companies Act 2006 (the "2006 Act") has been enacted as the primary source of company law for companies registered in England & Wales. The existing articles of association of the Company (the "Existing Articles") continue to make reference to the Companies Act 1985 and the Companies Act 1989, which were largely repealed by the 2006 Act, and the proposed new articles of association of the Company (the "New Articles") have been updated to make reference to the applicable provisions of the 2006 Act now in force.

2. Memorandum

The Company's Existing Articles continue to make reference to the Company's memorandum of association. As of 1 October 2009 all provisions of the Company's memorandum of association are, by virtue of the enactment of the 2006 Act, to be treated as forming part of the Company's articles of association. For this reason the Company is proposing to remove all references to the memorandum of association in the New Articles.

3. Directors' fees

Article 134 of the Company's Existing Articles specifies a cap on the annual sum of fees that may be paid to Directors for their services as Directors of £200,000 per annum in aggregate. Article 134 of the New Articles specifies a cap on the annual sum of fees that may be paid to Directors for their services as Directors of £400,000 per annum in aggregate. The cap in the Existing Articles has been in place for many years and could potentially restrict the Board's ability to appoint the best board members available. The proposed cap of £400,000 is in line with other comparable companies listed on AIM and will provide flexibility to respond to competitive and market conditions and in structuring the fees of individual Directors. The cap in the Existing Articles may also restrict the ability to appoint additional Directors and, therefore, increasing the cap should provide the Board with additional flexibility and facilitate the effective review and management of the composition of the Board. The cap does not apply to the remuneration of the executive Directors, or to any additional fees paid to any other Directors in respect of services that are outside the scope of the ordinary duties of a Director.

4. Strategic reports

The New Articles contain a specific provision, in accordance with the terms of sections 426 and 426A of the 2006 Act, that a strategic report (together with the necessary supplementary material) may be provided to shareholders instead of a copy of the Company's annual report and accounts. This replaces the equivalent provision in the Existing Articles which referred to a summary financial statement under the 2006 Act before the legislation was changed to require the provision of a strategic report to shareholders in place of a summary financial statement.

5. Electronic communications

Provisions of the 2006 Act enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent (the "Consent Letter"). The Company has enclosed a copy of the Consent Letter with this Notice. The Company will notify members (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

6. General

Generally the opportunity has been taken to update, as necessary, statutory references included in the New Articles.

Advisers

Company Secretary and registered office
Michael Hunt
Pencoed Business Park
Pencoed
Bridgend
CF35 5HY

Principal banker
Barclays Bank plc
PO Box 326
28 Chesterton Road
Cambridge
CB4 3UT

Patent agents
Elkington & Fife
Prospect House
6 Pembroke Road
Sevenoaks
TN13 1XR

Nominated adviser and joint broker
Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Joint broker
Nplus1 Singer Advisory LLP
One Bartholomew Lane
London
EC2N 2AX

Financial PR consultants
Buchanan
107 Cheapside
London
EC2V 6DN

Registrars
Computershare Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Solicitors
Covington & Burling LLP
265 Strand
London
WC2R 1BH

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
1 Kingsway
Cardiff
CF10 3PW

Shareholder information

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our registrar, Computershare Services, using the address provided above in the Advisers section.

Share price information
London Stock Exchange Alternative Investment Market (AIM) symbol: RENE

Information on the Company's share price is available on the ReNeuron website at www.reneuron.com

Financial calendar

Financial year end	31 March 2018
Full year end results announced	12 July 2018
Annual General Meeting	12 September 2018

Investor relations
ReNeuron Group plc
Pencoed Business Park,
Pencoed,
Bridgend,
CF35 5HY

Email: info@reneuron.com
Phone: 020 3819 8400
Website: www.reneuron.com

Glossary of scientific terms

Allogeneic:
Where a tissue donor and recipient of the cells are different individuals.

Cell line
A well characterised cell culture that has been demonstrated to be consistent. Cell lines may comprise a family of cells isolated from a single tissue or organ, or may be clonally derived from a single ancestor cell.

Cell therapy
A process by which healthy cells are introduced into a tissue or an organ to reconstruct or promote regeneration in order to treat disease.

Cone rod dystrophy
A group of inherited eye disorders with degeneration of cone cells in the retina resulting in loss of central acuity and colour vision that is progressive over time.

Cryopreservation:
Maintenance of the viability of cells using agents to protect them from damage that can occur during cooling and storage at very low temperatures.

Differentiation:
Development of a stem cell into a more specialised type.

ExoPr0
Our first CTX-derived exosome therapeutic candidate which targets cancer.

Exosomes
These are nanoparticles secreted from many different types of cells, including the Company's proprietary CTX stem cell line. They play a key role in cell-to-cell signalling.

Glioblastoma:
Glioblastoma or glioblastoma multiforme (GBM) is an aggressive form of brain cancer with approximately 2,000 new cases diagnosed in the UK every year.

Good Manufacturing Process (GMP)
Regulations, codes and guidelines to ensure that products are consistently produced and controlled according to quality standards appropriate to their intended use and as required by the product specification.

Immortalised cell line:
A population of cells from a multicellular organism which would normally not proliferate indefinitely but, due to mutation, have evaded normal cellular senescence and instead can keep undergoing division. The cells can therefore be grown for prolonged periods in vitro.

Immunosuppressants
An agent that can suppress or prevent the body's immune response.

In vitro vs in vivo:
'In vitro' is in an artificial environment whereas 'in vivo' is in a more natural environment (animal model).

Investigational New Drug Application (IND)
First step in the drug review process whereby a request to the Food and Drug Administration (FDA) is made to authorise administration of an investigational drug to humans.

Modified Rankin Scale:
A well-established, 7-point, clinician-reported global measure of functional disability in patients and their dependence upon others in carrying out daily activities.

Nano-sized
Between 1-100nm in size.

Open-label
Type of clinical trial in which the identity of treatment is known by all involved in the trial.

Photoreceptors
Cells in the retina (rod cells and cone cells) that convert light into electrical impulses.

Proliferation
The increases in cell numbers that occurs through repeated cell division.

Proprietary technology
This technology is the property of a business or an individual.

Regeneration
The restoration of function in damaged body organs and tissues.

Glossary of scientific terms continued

Retinal diseases

Conditions that lead to damage of the layer of tissue in the back of the eye that senses light and sends images to the brain.

Retinitis pigmentosa

A group of inherited diseases of the retina that cause damage to the rods leading to a loss of peripheral vision that is progressive over time.

Senescence:

The point at which a normal cell ceases to divide and grow.

Stem cell:

A cell that is both able to reproduce itself and, depending on its stage of development, to generate all or certain other cell types within the body or within the organ from which it is derived.

Stroke

Damage to a group of nerve cells in the brain due to interrupted blood flow, caused by a blood clot or blood vessel bursting. Depending on the area of the brain that is damaged, a stroke can cause coma, paralysis, speech problems and dementia.

Consultation, design and production by:
jonesandpalmer.co.uk

ReNeuron Group plc
Pencoed Business Park
Pencoed
Bridgend
CF35 5HY

t: +44 (0) 203 819 8400

e: info@reneuron.com

www.reneuron.com