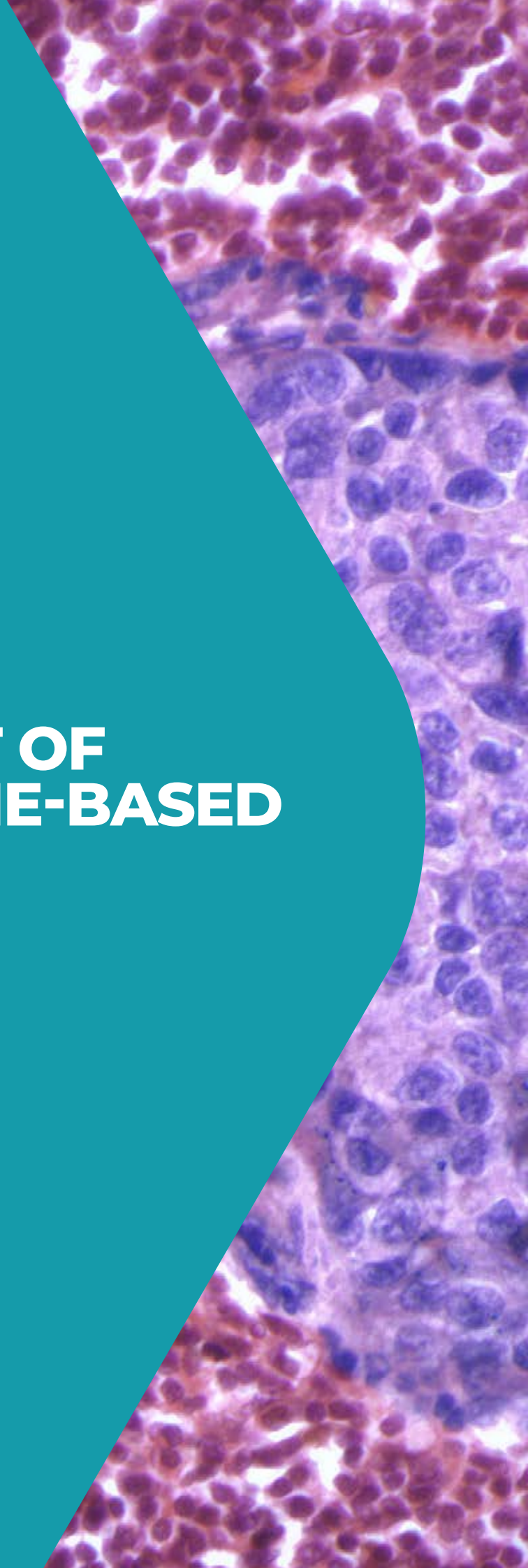
EVGEN PHARMA PLC

ANNUAL REPORT & FINANCIAL STATEMENTS 2023



LEADING THE DEVELOPMENT OF SULFORAPHANE-BASED MEDICINES

EVGEN pharma

WHAT WE DO

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

HIGHLIGHTS OF THE YEAR

OUT-LICENSING TRANSACTION WITH STALICLA

- Substantial out-licensing deal signed with STALICLA SA for neurodevelopmental disorders and schizophrenia with total milestones of $160.5m, double digit royalties.
- $0.5m milestone received
- Up to $5.5m in further milestones expected within the next twelve months

PK/PD PHASE 1/1B CLINICAL STAGE COMPLETED

- Healthy volunteer study of new SFX-01 formulation commenced and clinical work completed during the financial year
- Positive safety and pharmacokinetic released on 22 March 2023. Pharmacodynamic data expected to be released by end of Q3 2023
- No serious adverse events, total drug and active metabolites detected in the range seen in lab experiments which show striking activity *in vitro*

SFX-01 IN GLIOBLASTOMA

- First phase of glioblastoma ('GBM') to be conducted as an Investigator Sponsored Study at the Erasmus University Medical Centre, Rotterdam
- Grant applications submitted to Dutch authorities for pre-clinical and clinical work
- Positive regulatory scientific advice received from the Netherlands regulatory authority on GBM programme

SFX-01 IN OTHER CANCERS

- Progress with Manchester University collaboration investigating potential use of SFX-01 in breast cancer patients with resistance to CDK4/6 inhibitors
- Collaboration with University La Sapienza di Roma on potential radio-sensitisation properties of SFX-01
- Emerging evidence of radio-sensitisation demonstrated for SFX-01 *in vitro*, scientific work presented in a poster at the ESMO Sarcoma and Rare Cancers Congress (20-22 March, 2023)
- Collaboration initiated with University of Michigan, to investigate the potential anti-tumour effects of SFX-01 in colorectal cancer

FINANCIAL HIGHLIGHTS

- Post tax loss of £4.0m (2022: loss of £2.7m)
- Cash outflow from operations of £4.1m (2022: outflow of £2.6m)
- Cash and short-term investments and cash on deposit at 31 March 2023 of £5.0m (31 March 2022: £9.0m)

EVGEN PHARMA AT A GLANCE

WHO WE ARE

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

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

We are the only company with a pharmaceutical grade sulforaphane molecule in clinical development. Our lead drug, SFX-01, exploits sulforaphane's activity in three separate biochemical pathways; inhibition of STAT3 and SHP2, of importance in cancers, and up-regulation of Nrf2, a pathway of significance in a number of different diseases, including Autism Spectrum Disorder. Recent early data suggests SFX-01 may improve radiotherapy treatment in a synergistic manner most likely through action on a combination of these targets.

SFX-01 has been shown to be unusually well tolerated in patients in the field of oncology.

OUR TECHNOLOGY

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

WHAT WE DO

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

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

OUR MISSION

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

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

OUR STRATEGY AND BUSINESS MODEL

SFX-01 will continue to be provided to academic groups for pre-clinical evaluation in selected disease models. Evgen will have the right to access the pre-clinical and clinical data generated by academic partners on fair commercial terms to advance its clinical and commercial development. Since the principal funding for these trials will be obtained by the investigator/ institution they have limited impact on our cash reserves.

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

OUR PROGRESS

CLINICAL PROGRESS

In the last year we commenced and completed a phase Ib trial in human volunteers on schedule. Positive data has been generated regarding the absorption of sulforaphane into the body and the creation in the body of active metabolites The study confirmed the safe and well-tolerated profile of SFX-01 with no serious adverse events (98.2% of all events were mild in nature).

Agreement has been reached for the first clinical trial of SFX-01 in brain cancer to be conducted as an investigator sponsored study at the highly regarded Erasmus University Medical Centre, Rotterdam. Subject to the success of grant submissions this will minimise Evgen's costs and maximise the cash runway.

In our partnership with the Manchester Breast Centre we have a number of experiments ongoing in different metastatic breast cancer ('mBC') pre-clinical models, particularly in relation to the reduction of the pSTAT3 protein, believed to have an important role in a number of cancers. Data is expected from these experiments in Q2 and Q3 2023.

OUT-LICENSING

In October, in a deal worth up USD160.5m in milestones, the Company licensed the global rights for lead asset SFX-01 in neurodevelopmental disorders and schizophrenia to STALICLA SA, a private Swiss biotech company specialising in the identification of specific phenotypes of Autism Spectrum Disorder (ASD) using its proprietary precision medicine platform. Evgen retains the global rights for all other indications.

JuvLife, the dietary products and functional foods division of Juvenescence Ltd, continues to make good progress with the development of a naturally-sourced sulforaphane nutritional health supplement, stabilised using our Sulforadex® technology. Commercial launch is anticipated within two years' time.

OUR PROGRESS

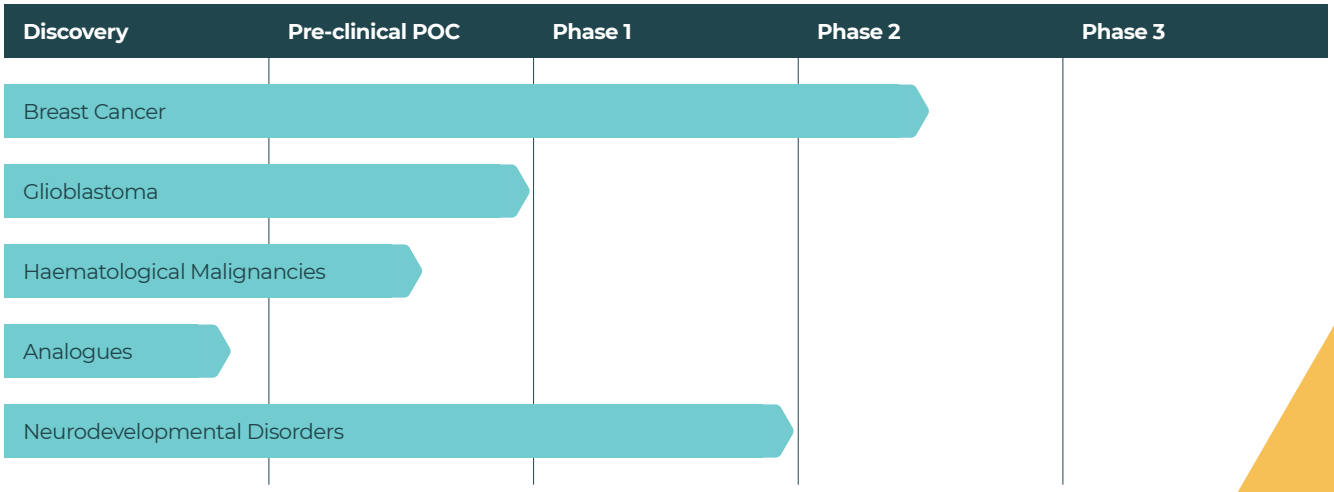
PRE-CLINICAL COLLABORATIONS

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

In May last year Evgen commenced a collaboration with Università Sapienza di Roma to investigate the hypothesis that SFX-01 could enhance the action of radiotherapy in cancer patients. Recent *in vitro* data from radio-sensitisation studies has provided evidence that this might be the case, and implies a role for SFX-01 in a variety of cancers where radiotherapy is a standard treatment. Indeed, in the experiments conducted by the La Sapienza group, reversal of resistance to radiation was found in cells that were deliberately modified to be resistant to radiation.

A further collaboration commenced in June 2022 with the University of Michigan to investigate the potential anti-tumour effects of SFX-01 in colorectal cancer. Specifically, the collaboration seeks to evaluate the *in vivo* effects of SFX-01 in models of colorectal cancer. Initial results are expected at the end of 2023.

OUR PIPELINE



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

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

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

Image:
Glioblastoma stem cells organised in tumor niche formation.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

The most significant achievement in the last year was the substantial out-licensing deal with STALICLA.

The most significant achievements in the last year were the substantial out-licensing deal with STALICLA, creating an opportunity for the use of SFX-01 in autism spectrum disorder (ASD), and clinical completion of the Phase Ib human volunteer trial on schedule.

Strategy update
The aim for the financial year was to drive the progress of the clinical programmes, whilst building further value through additional partnering and scientific collaborations.

Academic collaborations have made good progress during the period with encouraging data, particularly in breast cancer and radio-sensitisation.

The clinical stage of the healthy volunteer pharmacokinetic/pharmacodynamic ("PK/PD") study of the new SFX-01 formulation was completed to plan, and analysis of the data is progressing well. To date, the analyses have shown timely absorption of sulforaphane into the body (pharmacokinetics) as well as further evidence of SFX-01's strong safety and tolerance profile..

On the advice of key opinion leaders, additional pre-clinical work and an early-stage clinical trial of SFX-01 in patients with glioblastoma ("GBM") will be conducted to generate more data on how SFX-01 enters the brain tumour tissue and interacts with molecular targets. This early clinical work should further de-risk the Phase II clinical trial, as well as extending the cash runway since the trial will be run as an investigator sponsored study (ISS).

The ongoing scale-up and production of the new formulation of SFX-01 to GMP standards has been a major focus of activity, and is a key development which will be important for future clinical studies conducted by Evgen and its partners. This project has and continues to generate considerable know-how in the scale up of synthetic sulforaphane.

Work in our collaboration with STALICLA has commenced; we are supporting product supply and regulatory requirements for their clinical programmes of SFX-01.

Conclusion
The very substantial out-licensing deal, announced in October 2022, extends the application of SFX-01 into neurodevelopmental disorders and underpins the potential of the lead compound beyond oncology and inflammation. This reduces the Company's risk profile, and the non-dilutive upfront payments and initial milestones may also significantly extend the Company's cash runway, leaving it well positioned to execute further on its growth strategy.

The Board looks forward to continuing to progress its strategy which remains clearly focused on commercialising the considerable potential of SFX-01.

Barry Clare
Chairman

6 June 2023

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE

We have made substantial progress in the last year both operationally and strategically.

We are pleased with the progress made operationally and strategically in the past year, including starting and finishing a clinical trial and signing a substantial out-licensing deal.

We have focused on pre-clinical projects, scale-up of manufacturing, business development and conducting the PK/PD Phase Ib human volunteer trial. In particular, two new pre-clinical programmes were commenced, PK/PD data is currently being analysed from the Phase Ib trial and we are actively supporting the ASD programme for STALICLA's proposed Phase II clinical trial in ASD patients. More details are described below.

Looking forward, the GBM clinical trial is expected to commence in 2024, subject to grant funding. The goal is to generate sufficiently compelling efficacy data to allow partnering of the programme and progress into a registration study(ies). Equally, the pre-clinical work in metastatic breast cancer ("mBC") is designed to attract a partner to support the next clinical development in this indication. At the same time, we will continue seeking new partnerships and collaborations.

CLINICAL STAGE PROGRAMMES

Glioma/glioblastoma

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

Evgen has consulted widely with world-renowned experts in the treatment of brain cancers with regards to the planned study. These key opinion leaders have advised that further pre-clinical work and an early-stage clinical trial of SFX-01 in patients with GBM should be conducted, to acquire more clarity on sulforaphane entering the brain tumour tissue and its interaction with molecular targets in the tumour tissue of GBM patients. The Company expects that this approach will further de-risk the Phase II clinical trial and facilitate earlier partnering discussions.

This preliminary clinical work will be conducted as an Investigator Sponsored Study ('ISS'), led by Dr Marjolein Geurts, neuro-oncologist at the Erasmus University Medical Centre, the Netherlands. The Erasmus group has extensive experience in glioblastoma research, with several studies and numerous publications in this field. Evgen has already received positive and supportive regulatory scientific advice from the Dutch Medicines Evaluation Board, which also stated that there are no specific concerns related to the clinical safety profile of SFX-01 based on available data.

Grant applications to fund the study have been made and the result is anticipated during H2. The clinical trial would then be expected to commence in 2024. If the pre-clinical and ISS clinical work is successful, the trial programme is likely to be continued as an Evgen-sponsored trial.

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE

CONTINUED

CLINICAL STAGE PROGRAMMES CONTINUED

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

Since the completion of our positive phase IIa trial of SFX-01 in metastatic breast cancer conducted in 2016 to 2019, CDK4/6 inhibitors have grown in acceptance and are becoming standard of care in first line mBC treatment. These drugs provide an extended period of progression free survival, but invariably patients become resistant to them. Accordingly, Evgen is conducting further pre-clinical work with its collaborators at the Manchester Breast Centre to assess the impact of SFX-01 in CDK4/6 resistance models. To date this work has demonstrated encouraging *in vitro* data. A number of experiments are ongoing in different CDK4/6 resistant mBC pre-clinical models, particularly in relation to the reduction of pSTAT3, believed to have an important role in a number of cancers. Data is expected from these experiments in Q2 and Q3 2023.

Our objective from the extended collaboration with the Manchester team is to generate sufficient *in vitro* and *in vivo* models to provide the optimum support for clinical trial design and/or licensing in patients with ER+ve/HER2-ve breast cancer, where CDK4/6 inhibitors such as palbociclib are showing reducing effectiveness.

Phase I/Ib Human volunteer study
An important use of proceeds from the fundraise completed in March 2021 was to conduct a Phase I/Ib study in healthy volunteers of our new SFX-01 formulation. The trial comprised three cohorts of 8 volunteers each, of which two in each cohort received a placebo. The trial was randomised and double-blinded.

The first volunteers for the trial were recruited in October 2022 and all participants had received their final dose on schedule by the end of January 2023. Analysis of the pharmacokinetic (PK) data is complete; analysis of the pharmacodynamic (PD) data is ongoing and a full data set is expected to be completed in Q2/Q3 2023.

The PK data show reliable absorption of sulforaphane at a time scale consistent with the objective for the new formulation. They also show release in the small intestine and protection by the enteric coat on the tablet and the reliable conversion in the body to active metabolites. The total sulforaphane and active metabolite levels were found at concentrations that, in the test tube, are responsible for profound biological activity.

PRE-CLINICAL PROGRAMMES

We continue to support academic research to broaden the potential range of applications for SFX-01 and increase our mechanistic understanding in various disease areas of high unmet medical need.

Università Sapienza di Roma
Based on previous findings from pre-clinical work in glioma, in May 2022 Evgen commenced a collaboration with Prof. Francesco Marampon, of Università Sapienza di Roma to investigate the hypothesis that SFX-01 could enhance the action of radiotherapy in cancer patients. The scientific work evaluated the anti-tumour activity of SFX-01 in two preclinical cellular models of rhabdomyosarcoma (RMS) tumours, the most frequent soft tissue sarcoma in childhood. This disease is mostly diagnosed in children under 10 years old.

The *in vitro* data showed that SFX-01 reduced tumour cell growth by inducing G2 cell cycle arrest and triggering early-apoptosis (cell death). In addition, SFX-01 was shown to be effective both as a single agent and in combination with radiotherapy where it was found to be synergistic; it created a more positive outcome than would be expected by simply adding the two agents together.

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE

CONTINUED

PRE-CLINICAL PROGRAMMES CONTINUED

The results also showed that SFX-01 was able to reduce tumour cell growth in clinically relevant radioresistant RMS cells, substantially inhibiting the formation of cancer stem cell-derived tumourspheres (rabdospheres). The results were presented in a poster at the ESMO Sarcoma and Rare Cancers Congress (March, 2023), in Lugano Switzerland.

Prof. Marampon is now extending the work to *in vivo* models, the results of which are likely to be available in the third quarter of 2023.

University of Michigan
A further collaboration commenced in June 2022 with Dr Grace Chen of the University of Michigan to investigate the potential anti-tumour effects of SFX-01 in colorectal cancer. Specifically, the collaboration seeks to evaluate the *in vivo* effects of SFX-01 in models of colorectal cancer. The activity and mechanism of action of SFX-01 on organoid growth, morphology, stemness and inflammatory markers will also be investigated using normal and malignant patient-derived organoids and tumour tissue. Initial results are expected at the end of 2023.

Colorectal cancer is considered to be the third most common form of cancer worldwide, with between 1.5-2 million annual diagnoses, and the second leading cause of cancer-related deaths. There has also been an alarming global rise in early-onset colorectal cancer occurring in individuals under 50 years of age. Treating colorectal cancers can be difficult and does not always lead to a cure especially in advanced stages. Therefore, there is a strong need to develop chemoprevention strategies as well as better treatment options.

OUTLICENSING

STALICLA partnership
In October 2022 the Company licensed the global rights for lead asset SFX-01 in neurodevelopmental disorders and schizophrenia to STALICLA, a Swiss company specialising in the identification of specific phenotypes of ASD, using its proprietary precision medicine platform. Evgen retains the global rights for all other indications.

The financial terms include a signing fee of $0.5m to acquire the license and $0.5m on completion of the human volunteer Phase 1/1b study (anticipated during Q2 2023); the latter will provide data to support STALICLA'S clinical trials and both will contribute to the costs of supplying SFX-01 for these trials. Thereafter, milestone payments that reflect progress by STALICLA in their development programme up to commercial launch amount to $26.5m, including $5m on grant of IND by the FDA (anticipated by the end of 2024). Total milestones of up to $160.5m are payable. Royalties payable to Evgen on sales are in the low to medium double-digit range in all scenarios, including on-licensing by STALICLA and use of SFX-01 in further licensed indications.

Previous studies with other sources of sulforaphane have shown evidence of clinical efficacy in improving symptoms of ASD (e.g., Singh et al 2014). However, patient heterogeneity provides a challenge in identifying those individuals likely to respond to therapy. STALICLA has a unique, proprietary technology to identify ASD patients who are most likely to respond to SFX-01. This screening approach has already been used successfully to identify ideal patients for other ASD drug trials and is a key differentiator for STALICLA in developing drugs for such a wide spectrum disorder as ASD.

Our collaboration with STALICLA has commenced well; we are supporting product supply and regulatory requirements for their clinical programmes of SFX-01 and liaising on a regular basis. The partnership will enable the targeting of patient groups most likely to benefit from SFX-01, not only de-risking the clinical development but potentially bringing a therapeutic option to those individuals who are currently underserved, in a quick and efficient manner.

CHIEF EXECUTIVE'S REVIEW OF PERFORMANCE

CONTINUED

OUTLICENSING CONTINUED

Juvenescence partnership
The partnership with Juvenescence continues to make progress and Evgen is supporting its development with the know-how and expertise we have in making sulforaphane-based compounds for human use. It is envisaged that product launch will occur in around two years' time at which point milestone payments of over £1m will have been received.

MANUFACTURING PROGRAMME

Following a competitive process, a new supplier of the key intermediate material for the synthesis of SFX-01 was contracted. The new manufacturer has extensive facilities and capabilities. Circa 25kg of product has been successfully manufactured in good time and at a competitive price. A further 25kg is expected in H2. This will be sufficient for clinical requirements in the foreseeable future.

Contracts have been signed for the manufacture of active drug and placebo for the forthcoming STALICLA Phase II trial and the glioblastoma Investigator Sponsored Study. This production will take place in Q2-Q4 of the current year.

Further work has been directed at understanding the nuances of synthesising SFX-01. The stabilisation process is complex and not easily understood at the molecular level. Accordingly, our extensive amount of know-how generated by this project provides a high barrier to competition and augments our patent estate.

PEOPLE

Richard Moulson, CFO, has decided to retire from executive roles and accordingly has resigned from Evgen after over 6 years of service. He will leave following the AGM on 20 July, 2023. A search for a replacement is ongoing through an executive search company with promising candidates undergoing second interviews. Interim arrangements are in place should an appointment not be made until after the AGM.

OUTLOOK

Since the 2021 fundraise we have achieved a number of key clinical, operational and commercial achievements that should lead to the commencement of two clinical trials around the end of the calendar year, with the generation of data from 2024. Potentially we will also have pre-clinical data sets to support further our breast cancer programme and which may point to trials in other indications such as radio-sensitisation in brain cancer, and others where radiotherapy is the mainstay of treatment.

Our partner Juvenescence is progressing well towards market launch within the next two years and our more recent partner STALICLA is making good progress on clinical trial design in ASD, which will generate further milestones. Both partnerships will provide milestones and commercial revenues to defray a material part of our cost base. In the meantime, we will be advancing preclinical studies and our business development strategy.

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

In closing I would like to thank Richard Moulson for his personal support of the Company and myself, from my smooth transition into the organisation and the constant and steadfast support for the Company and myself on a daily basis.

Dr Huw Jones
Chief Executive Officer

6 June 2023

KEY PERFORMANCE INDICATORS

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

£5.0M

Cash position
short-term investments and cash held on deposit:
(2022: £9.0m)

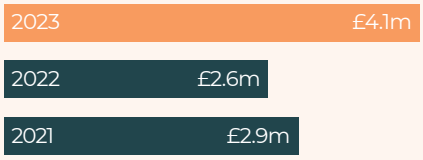
£4.1M

Net cash outflow
from operating activities (before monies placed on fixed term deposits)
(2022: £2.6m)

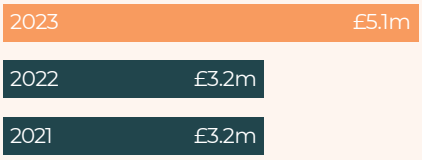
£5.1M

Operating loss
(2022: £3.2m)

Year-end cash, short-term investments and cash held on deposit
The decrease in year-end cash reflects corporate costs, and in particular the extensive manufacturing work and execution of the Phase I/Ib clinical trial, less receipt of the R&D tax credit (£0.48m). There was no fundraising activity in the year.



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



Operating loss
The increase in operating loss compared with 2022 reflects escalation of manufacturing activity and commencement and completion of the clinical work in the Phase I/Ib trial, less £442k in revenue from the Stalicla deal.

FINANCIAL REVIEW

The financial performance for the year ended 31 March 2023 was in line with expectations.

Losses
The total loss for the year was £4.0m (31 March 2022: £2.7m) including a charge for share-based compensation of £0.2m (2022: £0.1m). Operating expenses excluding share-based compensation were higher than in 2022 at £5.4m (2022: £3.0m) due to clinical trial costs not incurred in 2022, and more substantial work on manufacturing.

Research and development (R&D) expenditure
External spend on R&D expenditure increased by £1.8m on the prior year to £3.3m (31 March 2022: £1.5m). This reflects the extensive work on product manufacture and scale up together with the costs of the Phase Ib PK/PD trial.

Share-based compensation
Accounting standards require a charge to be made against the grant of share options and recognised in the Consolidated Statement of Comprehensive Income. Where such options lapse ahead of their vesting date the relevant charges are written back. There was an overall charge for the year in relation to share-based payments of £0.2m (2022: £0.1m), which has no impact on cash flows.

Headcount
Average headcount of the Group for the year was 10 (2022: 9).

Taxation
The Group has elected to claim research and development tax credits under the small or medium enterprise research and development scheme of £0.93m (2022: £0.44m).

Share capital
No issues of shares were made during the year. At 31 March 2023 and 31 March 2022 there were 274,888,117 shares of 0.25p each in issue.

Cash flows and financial position
The cash position (including short term deposits) at 31 March 2023 decreased to £5.0m (31 March 2022: £9.0m) reflecting R&D and corporate costs, less £0.48m received from R&D tax credits and £0.44m received from the STALICLA signing fee to acquire the license rights.

S172 COMPANIES ACT STATEMENT

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

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

In particular given the size of Evgen:

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

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

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

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

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Evgen is a biopharmaceutical company and, in common with other companies operating in the sector, is subject to a number of risks. The principal risks and uncertainties identified by the Group for the year ending 31 March 2023 are set out below.

Risk	Description
Development	The Group is at a relatively early stage of development and may not be successful in its efforts to develop approved or marketable products. Technical risk is present at each stage of the development process which is a highly regulated environment which presents technical and operational risk. There can be no guarantee that the Group will be able to, or that it will be commercially advantageous for the Group to, develop its Intellectual Property through entering into licensing deals with pharmaceutical companies.
Commercial and competition	The biotechnology and pharmaceutical industries are very competitive. The Group's competitors include major multinational pharmaceutical companies, biotech and early stage companies developing novel approaches to treat disease in Evgen's chosen fields of interest, and research institutions. Many of its competitors have substantially greater financial, technical and other resources. The Group's competitors may succeed in developing, acquiring or licensing drug product candidates that are more effective or less costly than those the Group is developing, or may develop, and this may have a material adverse impact on the Group.
Regulatory	The Group's operations are subject to laws, regulatory approvals, and certain government directives, recommendations and guidelines. There can be no assurance that future legislation will not impose further government regulation which may adversely affect the business or financial condition of the Group.
Intellectual property (IP)	The Group's success depends in part on its ability to obtain and maintain patent protection for its technology and potential products in the United States, Europe and other countries, and then defend and enforce such IP. If the Group is unable to obtain and maintain patent protection for its technology and potential products, or if the scope of patent protection is not sufficiently broad, competitors could develop and commercialise similar technology and products, which could materially affect the Group's ability to successfully commercialise its technology and potential products. The Group is exposed to additional IP risks, including infringement of IP rights, involvement in lawsuits and the inability to protect the confidentiality of its trade secrets which could have an adverse effect on the success of the Group.
Financial	The Group has a limited operating history, has incurred significant losses since its inception and does not have any approved or revenue generating products. The Group expects to incur losses for the foreseeable future, and there is no certainty that the business will generate a profit. The Group may not be able to raise additional funds that will be required to support its product development programs or commercialisation efforts, and any additional funds that are raised may cause dilution to existing shareholders.
Operational	The Group's future development and prospects depend to a material extent on the experience, performance and continued service of its senior management team including the Directors. The Directors believe the senior management team is appropriately structured for the Group's size and stage of development and is not overly dependent on any one individual. The Group has entered into contractual arrangements with these individuals with the aim of securing the services of each of them. Retention of these services or the identification of suitable replacements cannot be guaranteed. The loss of the service of any of the Directors or senior management and the cost of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance.

This report was approved by the Board of Directors on 6 June 2023 and signed on behalf of the Board of Directors by:

Dr Huw Jones
Chief Executive Officer

6 June 2023

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

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

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

Image:
Metastatic breast cancer. Light micrograph of a section through a lymph node showing a malignant (cancerous) tumour (purple) that originated in the breast.

GOVERNANCE

BOARD OF DIRECTORS

BARRY CLARE
Chairman

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

DR HUW JONES
Chief Executive Officer

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

RICHARD MOULSON
Chief Financial Officer

Richard is a qualified chartered accountant with over 25 years' post-qualification experience working as a chief financial officer for UK quoted and private equity and venture capital owned companies. Richard trained with Coopers & Lybrand and spent 10 years with Deutsche Morgan Grenfell in corporate finance working on fundraisings, IPOs and M&A transactions in the UK and internationally. He has considerable life science experience in companies including Intercytex Group Plc, ReNeuron Group plc and Cobra Therapeutics.

BOARD OF DIRECTORS

CONTINUED

DR SUSAN FODEN
Non-Executive Director and Senior Independent Director

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

DR ALAN BARGE
Non-Executive Director

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

SUSAN CLEMENT-DAVIES
Non-Executive Director

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Financial Statements
The Directors of Evgen Pharma plc (registered in England and Wales: 09246681) present their report together with the audited consolidated financial statements and the Company financial statements for the year ended 31 March 2023.

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

	Capacity
Huw Jones	Chief Executive Officer Appointed 1 October 2020
Barry Clare	Chairman Appointed 2 October 2014
Richard Moulson	Chief Financial Officer Appointed 17 January 2017
Susan Foden	Non-Executive and Senior Independent Director Appointed 21 November 2014
Alan Barge	Non-Executive Director Appointed 21 October 2015
Susan Clement-Davies	Non-Executive Director Appointed 1 November 2018

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

Richard Moulson has given notice of his intention to retire from the Group on 20 July 2023 following the AGM. A search for a replacement is ongoing. Interim arrangements are in place should an appointment not be made until after the AGM.

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

Principal activities of the Group
Details of current and future trading as well as the principal risks and uncertainties are included in the Strategic Report on pages 8-15.

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

Financial results and dividends
The Group's results for the year ended 31 March 2023 are presented on page 36. The Group's loss after tax for the year was £4.0m (2022: £2.7m). No dividends have been paid in this or the prior year and there have been no significant post balance sheet events. Details of financial instruments are set out in Note 19.

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

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

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

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

Authority to issue shares
At the Annual General Meeting on 20 July 2023 authority will be sought from shareholders to allow the Directors to allot relevant securities up to an aggregate nominal value of £229,073 representing one-third of the issued share capital, and to allot for cash equity securities having a nominal value not exceeding in aggregate £137,444 (being 20% of the issued share capital).

Substantial shareholdings
At 5 June 2023, the Company had received notification from the following financial institutions of their and their clients' interest in the following disclosable holdings, which represent 3% or more of the voting rights of the issued share capital of the Company:

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

CONTINUED

Going concern
At 31 March 2023, the Group had cash and cash equivalents of £5.0 million.

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

The Directors estimate that the cash held by the Group together with known receivables will be sufficient to support the current level of activities to the fourth quarter of 2024. They have therefore prepared the financial statements on a going concern basis.

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

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

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

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

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

Annual General Meeting
The notice convening and giving details of the 2023 AGM of the Company at Alderley Park, Congleton Road, Nether Alderley, Cheshire, SK10 4TG on 20 July 2023 has been sent to shareholders.

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

Barry Clare
Chairman

6 June 2023

CORPORATE GOVERNANCE REPORT

The Board applies the Quoted Companies Alliance ("QCA") Corporate Governance Code (to the extent practical given the Group's size and stage of development). The Directors support high standards of corporate governance and regard the QCA Code as appropriate to its stage of development. Evgen's strategy and business model is set out in the Strategic Report on page 3.

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

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

Board Structure
The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities is set out on page 29.

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

The Board collectively has considerable experience in scientific, operational and financial development of biopharmaceutical companies. The experience, personal qualities and skills of the Directors are set out on pages 18-19. The Directors regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group.

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

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

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

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

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

Committee	Board Meetings	Audit Committee	Remuneration Committee
Huw Jones	10/10	N/A	N/A
Barry Clare	10/10	N/A	6/6
Richard Moulson	10/10	N/A	N/A
Susan Foden	10/10	4/4	6/6
Alan Barge	9/10	3/4	N/A
Susan Clement-Davies	10/10	4/4	6/6

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

CORPORATE GOVERNANCE REPORT

CONTINUED

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

The Group operates in an inherently high risk and heavily regulated sector and this is reflected in the principal risks and uncertainties set out on pages 15.

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

A comprehensive budget is prepared annually and a forecasting process is completed each month. Both are reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board at each monthly Board meeting.

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

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

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

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

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

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

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

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

Appraisals are carried out annually with all Executive Directors.

Barry Clare
Chairman

6 June 2023

REMUNERATION COMMITTEE REPORT

The members of the Remuneration Committee are Susan Foden, Barry Clare and Susan Clement-Davies. Susan Foden is the Chair of the Remuneration Committee.

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

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

The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. The Executive Directors attend meetings by invitation but no Director is involved in discussions relating to their own remuneration.

We recognise the need to retain and motivate our Executive Directors and senior management team and the need to avoid making remuneration decisions solely based on shorter-term volatility. Accordingly, we include two performance-based elements in our remuneration programme; a short-term annual bonus programme, with pay-out based on achievement against personal and corporate goals set for that year; and a long-term equity-based programme of share options, vesting after three years for the most part subject to the achievement of substantial, longer-term strategic objectives.

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

Since IPO Evgen has operated the following share plans:
- Evgen Deferred Bonus Plan (DBP)
- Evgen Long Term Incentive Plan (LTIP)

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

The remuneration of the Executive Directors during the year ended 31 March 2023 is set out below:

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

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

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

Performance targets for the financial year ending 31 March 2023 were set by the Remuneration Committee and include Group corporate and personal performance targets.

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

A proportion of the bonus payable to the Executives may be paid in cash and a proportion may be paid in shares through the Deferred Bonus Plan adopted by the Company at the time of IPO. The Committee determines on an annual basis the level of deferral of the bonus payment into Company share awards in the form of nil cost options up to a maximum of 50% of the bonus earned. DBP awards vest at the end of a three-year period from the relevant date of grant.

REMUNERATION COMMITTEE REPORT

CONTINUED

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

Long term incentives – Share Option Awards
Share Plans Operated Prior to Admission
Prior to Admission the Company granted share awards under stand-alone option agreements as well as operating the following share plans:

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

Further details of outstanding options under these arrangements are as set out on page 27.

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

The maximum annual individual limit under the terms of the LTIP is 100% of salary, although awards up to 150% of salary may be awarded in exceptional circumstances.

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

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

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

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

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

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

Non-Executive Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Alan Barge and Susan Foden were invited by the Board to continue as Directors following completion of their three-year terms.

REMUNERATION COMMITTEE REPORT

CONTINUED

Directors' remuneration during the year ended 31 March 2023

The Directors received the following remuneration during the year:

	Salaries and fees	Taxable benefits	Bonuses	Pension contributions	Total year ended 31 March 2023	Salaries and fees	Taxable benefits	Bonuses	Pension contributions	Total year ended 31 March 2022
	£	£	£	£	£	£	£	£	£	£
Executive										
Huw Jones	200,000	5,230	89,500	10,000	**304,730**	188,000	4,260	37,500	10,000	239,760
Richard Moulson*	89,835	7,462	41,551	—	**138,848**	82,890	6,594	15,732	—	105,216
Non-Executive										
Barry Clare	45,810	—	—	—	**45,810**	45,810	—	—	—	45,810
Susan Foden	26,977	—	—	—	**26,977**	26,977	—	—	—	26,977
Alan Barge	22,905	—	—	—	**22,905**	22,905	—	—	—	22,905
Susan Clement-Davies	26,977	—	—	—	**26,977**	26,977	—	—	—	26,977
	412,504	12,692	131,051	10,000	**566,247**	393,559	10,854	53,232	10,000	467,645

Dr Jones and Mr Moulson received pay rises in October 2021 to bring their salaries into line with comparable median compensation based on a benchmarking exercise.

There was no increase in salary for any Director and no Directors waived emoluments in the year ended 31 March 2023.

* Consideration in 2022 included fees of £15,995 paid to FD Consult Ltd, a related party as detailed in Note 20.

Directors' shareholdings

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

Ordinary shares of 0.25p each	At 31 March 2023	At 31 March 2022
Executive		
Huw Jones	**62,500**	62,500
Richard Moulson	**45,454**	45,454
Non-Executive		
Barry Clare*	**1,023,441**	1,023,441
Susan Foden	**125,000**	125,000
Alan Barge	**—**	—
Susan Clement-Davies	**—**	—

* Of the ordinary shares set out above Barry Clare is indirectly interested in 592,508 (2022: 592,508) ordinary shares in the Company held by Clarat Partners LLP by virtue of being a member of Clarat Partners LLP.

Bonus

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

Benefits/Pensions

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

REMUNERATION COMMITTEE REPORT

CONTINUED

Directors' Share Options

Share options may be granted under the LTIP as follows:

- An initial award to Executive Directors on joining the Company to support the recruitment and drive retention.
- An annual award to Executive Directors and other staff members to be made around the time of the AGM, though this may be deferred in the event of staff having inside information.

Since 2021 vesting of share options has been subject to; a shareholder return metric (30%), delivery of strategic corporate objectives (40%), and time-vesting 3 years from grant (30%). The aims of this structure are to continue to align senior management remuneration with shareholder returns and to support staff retention.

Achievement of the shareholder return metric depends on absolute share price performance. For the 2022/23 year grants, if the share price is between 8p and 38p (based on the non-volume weighted mean average price over the 3 months preceding the vesting date), options will vest on a straight-line basis between nil and 100% of the 30% shareholder return metric. The 2021/22 year grants are similarly assessed, save that the share price range is between 12p and 38p.

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

Director	Plan	Date of grant	At At 1 April 2022	Granted during the period	Lapsed during the period	Exercised during the period	At 31 March 2023	Price per share (pence)	Date from which exercisable	Expiry Date
Huw Jones	LTIP*	5 Oct 2020	2,978,004	—	—	—	2,978,004	Nil	5 Oct 2023	5 Oct 2030
	LTIP**	8 Dec 2021	1,670,886	—	—	—	1,670,886	Nil	13 July 2024	13 July 2031
	LTIP	14 Dec 2022	—	4,410,727	—		4,410,727	Nil	20 July 2025	20 July 2032
			4,648,890	**4,410,727**	**—**	**—**	**9,059,617**			
Barry Clare	Pre IPO	14 Aug 2013	224,800	—	—	—	224,800	10.6150	14 Aug 2015	13 Aug 2023
	LTIP	21 Oct 2015	145,945	—	—	—	145,945	Nil	21 Oct 2015	20 Oct 2025
	LTIP	21 Oct 2015	145,946	—	—	—	145,946	Nil	21 Oct 2016	20 Oct 2025
	Non-LTIP	5 Oct 2020	380,711	—	—	—	380,711	Nil	5 Oct 2023	5 Oct 2030
	Non-LTIP	20 July 2021	289,937	—	—	—	289,937	Nil	20 July 2024	20 July 2031
			1,187,339	**—**	**—**	**—**	**1,187,339**			
Richard Moulson	LTIP	18 Jul 2019	202,608	—	202,608	—	—	Nil	18 Jul 2022	18 Jul 2029
	LTIP	5 Oct 2020	337,817	—	—	—	337,817	Nil	5 Oct 2023	5 Oct 2030
	LTIP**	8 Dec 2021	552,911	—	—	—	552,911	Nil	13 July 2024	13 July 2031
	LTIP	14 Dec 2022	—	1,460,855	—	—	1,460,855	Nil	20 July 2025	20 July 2032
			1,093,337	**1,460,855**	**202,608**	**—**	**2,351,584**			
Susan Foden	Non-LTIP	5 Oct 2020	112,098	—	—	—	112,098	Nil	5 Oct 2023	5 Oct 2030
Alan Barge	Pre IPO	1 May 2012	272,000	—	272,000	—	—	5.0000	1 May 2014	1 May 2022
	Non-LTIP	5 Oct 2020	95,178	—	—	—	95,178	Nil	5 Oct 2023	5 Oct 2030
			367,178	**—**	**272,000**	**—**	**95,178**			
Susan Clement-Davies	Non-LTIP	5 Oct 2020	110,690	—	—	—	110,690	Nil	5 Oct 2023	5 Oct 2030
			7,519,531	**5,871,582**	**474,608**	**—**	**12,916,506**			

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

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

Susan Foden
Remuneration Committee Chair

6 June 2023

AUDIT COMMITTEE REPORT

The Audit Committee is a subcommittee of the Board and is responsible for ensuring effective governance over financial reporting and internal controls. The Committee represents the interests of the shareholders in relation to the integrity of information and the effectiveness of audit processes in place. The members of the Audit Committee are Susan Clement-Davies (Chair), Susan Foden and Alan Barge.

The responsibilities of the Committee include the following

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

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

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

During the year ended 31 March 2023, the Audit Committee met four times (one meeting related to the 2021/22 financial year). The Committee reviewed and approved the financial statements for the year ended 31 March 2023, the interim results for the six months to 30 September 2022 and the external auditor's plan for the 2022 and 2023 external audits. The Audit Committee has satisfied itself that the external auditor is independent. The Audit Committee has concluded that the external audit process was effective, that the scope of the audit was appropriate and that significant judgements have been robustly challenged. No significant issues have been reported by the auditor.

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

Susan Clement-Davies
Audit Committee Chair

6 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The group and company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the group and company financial statements, the directors are required to:

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

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

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

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

AUTISM SPECTRUM DISORDER IS A GROUP OF NEURODEVELOPMENTAL DISORDERS (NDDS).

NDDs are currently diagnosed based on core behavioural features, without specific biological criteria. Previous studies with other sources of sulforaphane have shown evidence of clinical efficacy in improving symptoms of ASD.

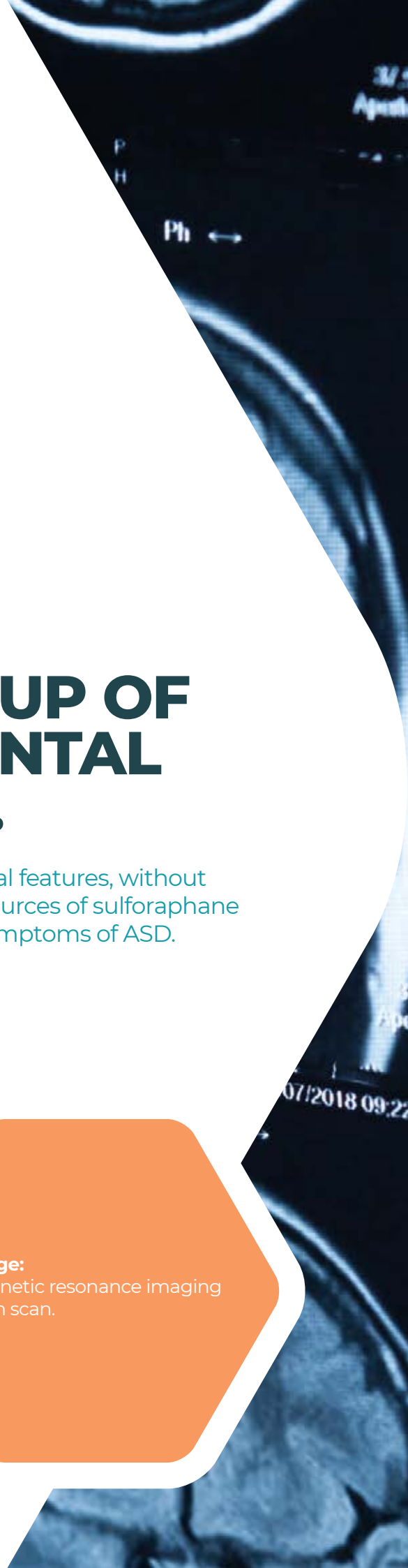


Image:
Magnetic resonance imaging brain scan.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVGEN PHARMA PLC

Opinion

We have audited the financial statements of Evgen Pharma plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated and company statements of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Summary of our audit approach	
Key audit matters	**Group and Parent Company** • None
Materiality	**Group** • Overall materiality: £250,000 (2022: £158,000) • Performance materiality: £187,000 (2022: £118,000) **Parent Company** • Overall materiality: £231,000 (2022: £140,000) • Performance materiality: £173,000 (2022: £105,000)
Scope	Our audit procedures covered 100% of total assets and 100% of profit before tax.

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVGEN PHARMA PLC

CONTINUED

Our application of materiality

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

	Group	Parent company
Overall materiality	£250,000 (2022: £158,000)	£231,000 (2022: £140,000)
Basis for determining overall materiality	5% of loss before tax	5% of loss before tax
Rationale for benchmark applied	Loss before tax chosen as net expenditure is a key measure of activity level	Loss before tax chosen as net expenditure is a key measure of activity level
Performance materiality	£187,000 (2022: £118,000)	£173,000 (2022: £105,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £13,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £12,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 2 components, both of which are based in the UK.

The coverage achieved by our audit procedures was:

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

There were no audit procedures undertaken by component auditors.

Conclusions relating to going concern

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

- evaluating the integrity and accuracy of the cashflow forecasts prepared by management;
- assessing the appropriateness of assumptions and explanations provided by management to supporting information, where available;
- evaluating the group's cash position and forecast cash flows to assess it's ability to operate within available funding in the going concern period; and
- evaluating the accuracy and consistency of disclosures made in the financial statements in respect of principal risks and going concern.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVGEN PHARMA PLC

CONTINUED

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVGEN PHARMA PLC

CONTINUED

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

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

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

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

The most significant laws and regulations were determined as follows:

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

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

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

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

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

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

6 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Revenue	3	**442**	—
Operating expenses			
Operating expenses	4	**(5,389)**	(3,047)
Share-based compensation	7	**(157)**	(146)
Total operating expenses	4	**(5,546)**	(3,193)
Operating loss	4	**(5,104)**	(3,193)
Finance income	5	**98**	24
Loss on ordinary activities before taxation		**(5,006)**	(3,169)
Taxation	8	**963**	439
Loss and total comprehensive expense attributable to equity holders of the parent for the year		**(4,043)**	(2,730)
Loss per share attributable to equity holders of the parent (pence)	9		
Basic loss per share		**(1.47)**	(0.99)
Diluted loss per share		**(1.47)**	(0.99)

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
	Notes	**As at 31 March 2023 £'000**	As at 31 March 2022 £'000	**As at 31 March 2023 £'000**	As at 31 March 2022 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**3**	5	**2**	3
Intangible assets	11	**43**	53	**—**	—
Investments in subsidiary undertaking	12	**—**	—	**73**	73
Total non-current assets		**46**	58	**75**	76
Current assets					
Trade and other receivables	13	**216**	125	**10,466**	10,487
Current tax receivable		**912**	425	**842**	361
Short-term investments and cash on deposit		**—**	4,520	**—**	4,520
Cash and cash equivalents	14	**5,000**	4,510	**4,708**	3,812
Total current assets		**6,128**	9,580	**16,016**	19,180
Total assets		**6,174**	9,638	**16,091**	19,256
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	15	**833**	411	**786**	369
Total current liabilities		**833**	411	**786**	369
Equity					
Ordinary shares	16	**687**	687	**687**	687
Share premium	16	**27,870**	27,870	**27,870**	27,870
Merger reserve	16	**2,067**	2,067	**—**	—
Share-based compensation	16	**509**	490	**509**	490
Retained deficit	16	**(25,792)**	(21,887)	**(13,761)**	(10,160)
Total equity attributable to equity holders of the parent		**5,341**	9,227	**15,305**	18,887
Total liabilities and equity		**6,174**	9,638	**16,091**	19,256

No Statement of Comprehensive Income is presented in these financial statements for the parent company as provided by Section 408 of the Companies Act 2006. The loss for the financial year dealt with in the financial statements of the parent company was £3,739k (2022: £2,428k).

The financial statements on pages 36-56 were approved by the Board of Directors and authorised for issue on 6 June 2023 and were signed on its behalf by:

Barry Clare
Chairman

6 June 2023

Evgen Pharma plc,
Registered number: 09246681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Ordinary shares £'000	Share premium £'000	Merger reserve £'000	Share-based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2021	687	27,870	2,067	359	(19,172)	11,811
Total comprehensive expense for the period	—	—	—	—	(2,730)	(2,730)
Transactions with owners						
Lapsed share options	—	—	—	(15)	15	—
Share-based compensation – share options	—	—	—	146	—	146
Total transactions with owners	**—**	**—**	**—**	**131**	**15**	**146**
Balance at 31 March 2022	**687**	**27,870**	**2,067**	**490**	**(21,887)**	**9,227**
Total comprehensive expense for the period	—	—	—	—	(4,043)	(4,043)
Transactions with owners						
Lapsed share options	—	—	—	(138)	138	—
Share-based compensation – share options	—	—	—	157	—	157
Total transactions with owners	**—**	**—**	**—**	**19**	**138**	**157**
Balance at 31 March 2023	**687**	**27,870**	**2,067**	**509**	**(25,792)**	**5,341**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Ordinary shares £'000	Share premium £'000	Share-based compensation £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2021	687	27,870	359	(7,747)	21,169
Total comprehensive expense for the period	—	—	—	(2,428)	(2,428)
Transactions with owners					
Lapsed share options	—	—	(15)	15	—
Share-based compensation – share options	—	—	146	—	146
Total transactions with owners	**—**	**—**	**131**	**15**	**146**
Balance at 31 March 2022	**687**	**27,870**	**490**	**(10,160)**	**18,887**
Total comprehensive expense for the period	—	—	—	(3,739)	(3,739)
Transactions with owners					
Lapsed share options	—	—	(138)	138	—
Share-based compensation – share options	—	—	157	—	157
Total transactions with owners	**—**	**—**	**19**	**138**	**157**
Balance at 31 March 2023	**687**	**27,870**	**509**	**(13,761)**	**15,305**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	As at 31 March 2023 £'000	As at 31 March 2022 £'000	**As at 31 March 2023 £'000**	As at 31 March 2022 £'000
Cash flows from operating activities				
Loss before taxation	**(5,006)**	(3,169)	**(4,628)**	(2,803)
Interest income	**(98)**	(24)	**(98)**	(24)
Depreciation and amortisation	**13**	16	**1**	2
Share-based compensation	**157**	146	**157**	146
	(4,934)	(3,031)	**(4,568)**	(2,679)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(91)**	110	**21**	26
Increase/(decrease) in trade and other payables	**423**	(196)	**417**	(193)
Cash used in operations	**332**	(86)	**438**	(167)
Taxation received	**475**	533	**408**	35
Net cash used in operating activities	**(4,127)**	(2,584)	**(3,722)**	(2,811)
Cash flows generated from investing activities				
Monies (placed on) / received from fixed-term deposit	**—**	1,480	**—**	1,480
Monies received from short term investments	**4,520**	—	**4,520**	—
Interest received	**98**	24	**98**	24
Acquisition of tangible fixed assets	**(1)**	(3)	**—**	(3)
Net cash (used in)/generated from investing activities	**4,617**	1,501	**4,618**	1,501
Movements in cash and cash equivalents in the period	**490**	(1,083)	**896**	(1,310)
Cash and cash equivalents at start of period	**4,510**	5,593	**3,812**	5,122
Cash and cash equivalents at end of period	**5,000**	4,510	**4,708**	3,812

There were no cash flows from financing activities in the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

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

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

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

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

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

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

Going concern
At 31 March 2023, the Group had cash and cash equivalents of £5.0 million.

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

The Directors estimate that the cash held by the Group together with known receivables will be sufficient to support the current level of activities into the fourth quarter of 2024. They have therefore prepared the financial statements on a going concern basis.

Currencies

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

Intangible assets
Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Licences – 10-20 years
An impairment review is performed annually.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

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

Plant, fixtures and fittings – 4 years reducing balance.

IT Equipment – 3 years straight line.

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

Pension costs
The Group makes contributions to the private pension schemes of Directors and employees. These are expensed as incurred in the Statement of Comprehensive Income.

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

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

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

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

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

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

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

Trade and other receivables
Trade and other receivables that do not contain a significant financing component are initially recognised at fair value and subsequently held at amortised cost less provision for impairment. Impairment is calculated on a 12 month/lifetime expected credit loss model.

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

In accordance with IFRS 9 Financial Instruments, as the subsidiary undertaking cannot repay the loan at the reporting date, the Company has made an assessment of expected credit losses. Having considered multiple scenarios on the manner, timing, quantum and probability of recovery of the receivables a lifetime expected credit loss (ECL) of £1,370,000 (2022: £1,370,000) has been provided.

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

The carrying value of amounts owed by subsidiary undertakings at 31 March 2023 was £10,281,000 (2022: £10,375,000) and is disclosed in note 13 to the financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

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

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

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

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

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

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

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

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

R&D tax credit
The R&D tax credit figure of £0.93m included in the accounts is a management estimate which is subject to amendment by HMRC.

Share-based payment charge
During the years ended 31 March 2023 and 31 March 2022, the Group issued a number of share options to certain employees. A Black-Scholes model was used to calculate the appropriate charge for these periods. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate risk-free rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The total charge recognised in the year to 31 March 2023 was £156,809 (year to 31 March 2022: £146,125).

Accounting developments
Where applicable, the Group and Company have adopted the following accounting standards, amendments or interpretations effective from 1 January 2022. The Group and Company have not adopted any new or amended standards early. The impact of these standards is not considered material for the current financial year.

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

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

	Effective Date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3. REVENUES

Revenues of £442k (Year to 31 March 2022: £nil) were received from the STALICLA licensing deal. The Group is not dependent on revenues from STALICLA as most of its costs are funded by investments from shareholders.

4. OPERATING LOSS

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Research and development expenses:		
Amortisation of licenses	**10**	13
Other research and development	**3,330**	1,446
Staff costs (including share-based compensation) – Note 7	**1,390**	1,153
Establishment and general:		
Depreciation of property, plant and equipment	**3**	3
Operating lease cost – land and buildings	**14**	12
Foreign exchange loss/(profit)	**34**	2
Other administrative expenses	**765**	564
Total operating expenses	**5,546**	3,193

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

5. FINANCE INCOME

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Bank interest receivable	**98**	24
Total finance income	**98**	24

6. AUDITOR'S REMUNERATION

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

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Fees payable to the Group's auditors for the audit of:		
The consolidated and Company annual accounts	**32**	17
The subsidiary's annual accounts	**8**	17
Total audit fees	**40**	34
Audit related services	**4**	4
Total audit related fees	**4**	4
Other services	**—**	—
Total non-audit fees	**—**	—

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7. EMPLOYEES AND DIRECTORS

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

	Group		Company	
	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number	**Year ended 31 March 2023 Number**	Year ended 31 March 2022 Number
Management	**3**	4	**4**	4
Administration	**1**	1	**—**	—
Development	**2**	1	**—**	—
Non-Executive	**4**	3	**3**	3
Average total persons employed	**10**	9	**7**	7

As at 31 March 2023 the Group had 10 employees (31 March 2022: 11)

Staff costs in respect of these employees were:

	Group		Company	
	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Wages and salaries	**1,046**	863	**831**	687
Employers National Insurance	**138**	100	**110**	77
Employers pension costs	**49**	44	**33**	31
Total payrolled employee costs	**1,233**	1,007	**974**	795
Share-based compensation	**157**	146	**157**	146
Total employee costs	**1,390**	1,153	**1,131**	941

The Group makes contributions to the private pension schemes of Directors and employees. The CEO received payments into a private pension scheme for the period (2022: one).

The total remuneration of the highest paid Director excluding grants of share options was £304,730 (31 March 2022: £239,760).

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

Aggregate emoluments of Directors:

	Group and Company	
	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Salaries and other short-term employee benefits	**556**	458
Employers National Insurance	**80**	57
Pension contributions	**10**	10
Options vesting under share option schemes	**—**	—
Total remuneration including vesting of share options	**646**	524

Directors' emoluments include amounts payable to third parties as described in Note 20.

8. TAXATION

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current tax		
Current period – UK corporation tax	**—**	—
R&D tax credit	**912**	425
Adjustments in respect of prior periods	**51**	14
Net tax credit	**963**	439

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

8. TAXATION CONTINUED

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

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loss on ordinary activities before taxation	**(5,006)**	(3,169)
Loss before tax at the effective rate of corporation tax in the United Kingdom of 19% (2022: 19%)	**(951)**	(602)
Effects of:		
Losses not recognised	**951**	602
R&D tax credit	**(912)**	(425)
Adjustments in respect of prior periods	**(51)**	(14)
Tax credit for the year	**(963)**	(439)

The enacted UK corporation tax rate of 25% forms the basis for the deferred tax calculation (2022: 25%).

At 31 March 2023, the Group had tax losses available for carry forward of approximately £23.8m (31 March 2022: £21.9m). The Group has not recognised deferred tax assets relating to these losses of £6.0m (2022: £5.5m).

At 31 March 2023, the Company had tax losses available for carry forward of approximately £14.2m (31 March 2022: £12.4m). The Company has not recognised deferred tax assets relating to these losses of £3.6m (2022: £3.1m).

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

9. LOSS PER SHARE

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

As at 31 March 2023 the Group had 20,730,037 (2022: 10,587,665) share options outstanding which are potentially dilutive. The calculation of the Group's basic and diluted loss per share is based on the following data:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loss for the year attributable to equity holders for basic loss and adjusted for the effects of dilution	**(4,043)**	(2,730)

	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
Weighted average number of ordinary shares for basic loss per share	**274,888,117**	274,888,117
Effects of dilution:		
Share options	**—**	—
Weighted average number of ordinary shares adjusted for the effects of dilution	**274,888,117**	274,888,117

	Year ended 31 March 2023 Pence	Year ended 31 March 2022 Pence
Loss per share – basic and diluted	**(1.47)**	(0.99)

The weighted average numbers of ordinary shares for the years ended 31 March 2022 and 2023 used for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of International Accounting Standard ("IAS") No 33.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. PROPERTY, PLANT AND EQUIPMENT

Group	Plant, fixtures & fittings £'000	IT Equipment £'000	Total £'000
Cost			
At 31 March 2021	2	28	30
Additions	—	3	3
Disposals	—	(22)	(22)
At 31 March 2022	2	9	11
Additions	—	1	1
Disposals	—	—	—
At 31 March 2023	**2**	**10**	**12**
Accumulated Depreciation			
At 31 March 2021	2	23	25
Charge for the period	—	3	3
Disposals	—	(22)	(22)
At 31 March 2022	2	4	6
Charge for the period	—	3	3
Disposals	—	—	—
At 31 March 2023	**2**	**7**	**9**
Net Book Value			
At 31 March 2021	—	5	5
At 31 March 2022	—	5	5
At 31 March 2023	**—**	**3**	**3**

Company	Plant, fixtures & fittings £'000	IT Equipment £'000	Total £'000
Cost			
At 31 March 2021	—	2	2
Additions	—	3	3
At 31 March 2022	—	5	5
Additions	—	—	—
Disposals	—	—	—
At 31 March 2023	**—**	**5**	**5**
Accumulated Depreciation			
At 31 March 2021	—	—	—
Charge for the period	—	2	2
Disposals	—	—	—
At 31 March 2022	—	2	2
Charge for the period	—	1	1
Disposals	—	—	—
At 31 March 2023	**—**	**3**	**3**
Net Book Value			
At 31 March 2021	—	2	2
At 31 March 2022	—	3	3
At 31 March 2023	**—**	**2**	**2**

Depreciation is charged to operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11. INTANGIBLE ASSETS

Group	Licences £'000
Cost	
At 31 March 2021, 31 March 2022 and 31 March 2023	**168**
Amortisation	
At 31 March 2021	102
Charge for the period	13
At 31 March 2022	115
Charge for the period	10
At 31 March 2023	**125**
Net Book Value	
At 31 March 2021	66
At 31 March 2022	53
At 31 March 2023	**43**

Intangible assets constitute licenses to intellectual property. The remaining amortisation periods are between 3 and 13 years.

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

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

As at 31 March 2023, the Company had no intangible assets (31 March 2022: £nil).

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The consolidated financial statements of the Group as at 31 March 2023 include:

Company	Investments in subsidiary undertaking £'000
Cost and Net book value	
At 31 March 2021, 31 March 2022 and 31 March 2023	**73**

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	Year ended 31 March 2023	Year ended 31 March 2022	**Year ended 31 March 2023**	Year ended 31 March 2022
Amounts receivable within one year				
Other receivables	**43**	13	**12**	—
Other taxation and social security	**61**	45	**61**	44
Prepayments	**112**	67	**112**	67
Amounts due from subsidiary undertakings	**—**	—	**10,281**	10,376
Trade and other receivables	**216**	125	**10,466**	10,487

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade and other receivables the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on the Group's credit risk management policies, refer to Note 19. The carrying amounts of the Group's receivables are all denominated in Pounds Sterling.

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

The amounts owed by subsidiary undertakings include a loan to Evgen Limited for £10,281k (2022: £10,376k). There is no interest payable on this loan and no fixed repayment date. Subsequent to the year end the Parent Company has confirmed that it does not intend to seek repayment of the loan balance for at least twelve months from the date of approval of these financial statements. The intercompany loan has been impaired by £1,370k (2022: £1,370k) under IFRS 9 as set out in note 2.

14. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Group		Company	
	Year ended 31 March 2023	Year ended 31 March 2022	**Year ended 31 March 2023**	Year ended 31 March 2022
Short-term investments and cash on deposit	**—**	4,520	**—**	4,520
Cash at bank and in hand	**5,000**	4,510	**4,708**	3,812
Total	**5,000**	9,030	**4,708**	8,332

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

At 31 March 2023 no cash or cash equivalents were held on deposit in either the Group or the Company (31 March 2022: nil).

The Directors consider that the carrying value of cash and cash equivalents and short-term investments approximates their fair value. For details on the Group's credit risk management refer to note 19.

NOTES TO THE FINANCIAL STATEMENTS

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15. TRADE AND OTHER PAYABLES

	Group		Company	
	Year ended 31 March 2023	Year ended 31 March 2022	**Year ended 31 March 2023**	Year ended 31 March 2022
Amounts falling due within one year				
Trade payables	**402**	66	**398**	64
Other taxation and social security	**33**	24	**28**	18
Other payables	**7**	4	**6**	3
Accrued expenses	**391**	317	**354**	284
Trade and other payables	**833**	411	**786**	369

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

16. ISSUED CAPITAL AND RESERVES

	Group and Company			
Ordinary shares of 0.25p each	**Number**	**Share Capital £'000**	**Share Premium £'000**	**Total £'000**
As at 31 March 2022 & 31 March 2023	**274,888,117**	**687**	**27,870**	**28,557**

There were no new shares issued in the year ending 31 March 2023.

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

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

Other reserves

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

The merger reserves at 31 March 2023 and 2022 arose from the acquisition of Evgen's sole subsidiary, Evgen Ltd, in 2014 which is accounted for using the merger method of accounting.

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. SHARE-BASED PAYMENTS

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

The Group operates one active share option scheme (31 March 2022: one), in addition share options have been granted under standalone unapproved share option agreements. Options are currently granted for £nil consideration and are exercisable at a price determined on the date of the grant.

At 31 March 2023 the Company had 20,730,037 (2022: 10,587,665) unissued ordinary shares of £0.0025 under the Company's share option schemes, details of which are as follows:

Grant date	Number	Option price (pence)	Date from which exercisable	Expiry date
14-Aug-13	224,800	0.1062	14-Aug-15	14-Aug-23
21-Oct-15	291,891	—	21-Oct-15	21-Oct-25
06-Oct-20	4,498,236	—	06-Oct-23	06-Oct-30
13-Jul-21	289,937	—	13-Jul-24	13-Jul-31
08-Dec-21	4,302,974	—	13-Jul-24	13-Jul-31
15-Dec-22	11,122,199	—	14-Dec-25	14-Dec-32
Total	**20,730,037**			

Movements on share options during the year were as follows:

Exercise price	At 1 April 2022	Granted	Exercised	Lapsed/ cancelled	At 31 March 2023	Date from which exercisable	Expiry date
0.0500	272,000	—	—	(272,000)	—	01-May-14	01-May-22
0.1062	224,800	—	—	—	224,800	14-Aug-15	14-Aug-23
Nil	291,891	—	—	—	291,891	21-Oct-15	21-Oct-25
Nil	351,957	—	—	(351,957)	-	28-Jan-22	28-Jan-29
Nil	355,870	—	—	(355,870)	-	18-Jul-22	18-Jul-29
Nil	4,498,236	—	—	—	4,498,236	06-Oct-23	06-Oct-30
Nil	289,937	—	—	—	289,937	13-Jul-24	13-Jul-31
Nil	4,302,974	—	—	—	4,302,974	13-Jul-24	13-Jul-31
Nil	—	11,122,199	—	—	11,122,199	14-Dec-25	14-Dec-32
Total	**10,587,665**	**11,122,199**	**—**	**(979,827)**	**20,730,037**		

As at the year end, the reconciliation of share option scheme movements showing number of shares issued and weighted average exercise price of options in pence is as follows:

	As at 31 March 2023		As at 31 March 2022	
	Number	WAEC (pence)	Number	WAEC (pence)
Outstanding at start of the year	**10,587,665**	**0.3538**	6,402,754	0.9037
Granted	**11,122,199**	**—**	9,046,265	—
Exercised	**—**	**—**	—	—
Lapsed/cancelled	**(979,827)**	**1.3880**	(4,861,354)	0.4196
Outstanding at end of year	**20,730,037**	**0.1151**	10,587,665	0.3538
Exercisable at end of year	**516,690**	**4.6183**	1,140,648	3.2843

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

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

The total charge recognised for the year ended 31 March 2023 is £ 156,809 (2022: £146,125). The fair values of the options granted have been estimated using a Black Scholes model. Assumptions used were an option life of 5 years, a risk-free rate of 3.29 per cent, a volatility of 101.5 per cent. and no dividend yield. The expected volatility is assessed by reference to historic volatility and on the advice of the Company's brokers.

The weighted average remaining contractual life of share options outstanding at the end of the year was 8.72 years (2022: 8.25 years).

The weighted average fair value of options granted as of the grant date was £0.07 (2022: £0.09).

The weighted average share price used in the Black Scholes model was £0.07 (2022: £0.10).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

18. LEASE ARRANGEMENTS

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Minimum lease payments under operating leases recognised as an expense in the period	**7**	11

The total cash outflow for leases in the year ended 31 March 2023 was £9,921 (2022: £10,967).

Lease payments represent rentals payable by the Group for its serviced office space. As at 31 March 2023 period remaining on lease was 12 months.

19. FINANCIAL RISK MANAGEMENT

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

Cash flow and liquidity risk

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

	Group		**Company**	
	Year ended 31 March 2023	Year ended 31 March 2022	**Year ended 31 March 2023**	Year ended 31 March 2022
	Financial assets at amortised cost £'000	Financial assets at amortised cost £'000	**Financial assets at amortised cost £'000**	Financial assets at amortised cost £'000
Assets as per statement of financial position				
Other receivables	**43**	13	**12**	—
Amounts due from subsidiary undertakings	**—**	—	**10,281**	10,376
Short-term investments and cash on deposit	**—**	4,520	**—**	4,520
Cash and cash equivalents	**5,000**	4,510	**4,708**	3,812
Total	**5,043**	9,043	**15,001**	18,708

	Group		**Company**	
	Year ended 31 March 2023	Year ended 31 March 2022	**Year ended 31 March 2023**	Year ended 31 March 2022
	Financial liabilities at amortised cost £'000	Financial liabilities at amortised cost £'000	**Financial liabilities at amortised cost £'000**	Financial liabilities at amortised cost £'000
Liabilities as per statement of financial position				
Trade payables	**402**	66	**398**	64
Other creditors and accruals	**398**	321	**360**	287
Total	**800**	387	**758**	351

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

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

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

The Group potentially has credit risk on its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Currently the Group has limited sales and therefore trade receivables.

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

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

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

Details of the allowance for impairment losses on financial assets are set out in note 13.

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

Interest rate risk

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

Maturity profile

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. FINANCIAL RISK MANAGEMENT CONTINUED

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's use of suppliers operating overseas, primarily invoicing in Euro and US dollars. The Group's exposure to foreign currency changes for all other currencies is not material and therefore no sensitivity analysis is disclosed.

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

				2023
	GBP	EUR	USD	Total
Group	**£'000**	**£'000**	**£'000**	**£'000**
Assets and liabilities as per statement of financial position				
Short-term investments and cash on deposit	—	—	—	—
Cash and cash equivalents	**4,722**	**—**	**278**	**5,000**
Trade receivables	—	—	—	—
Trade payables	**(306)**	**—**	**(96)**	**(402)**
Total	**4,416**	**—**	**182**	**4,598**

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

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

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

Fair value of financial assets and liabilities

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

Capital risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

20. RELATED PARTY TRANSACTIONS

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

Key management compensation is disclosed in Note 7 of the consolidated financial statements. Directors' emoluments are disclosed in the Remuneration Committee Report.

During the year ended 31 March 2023, the Group purchased consultancy services totalling £nil (year ended 31 March 2022: £15,995) from FD Consult Ltd, a company controlled by Richard Moulson. The amount owed to FD Consult Ltd at 31 March 2023 was £nil (31 March 2022: £nil).

During the year the Group purchased services from OBN, a company for which Huw Jones acts as a non-executive director, totalling £1,440 (2022: £1,282). The amount owed to OBN at 31 March 2023 was £nil (31 March 2022: £nil).

Company
The Company is responsible for financing and setting Group strategy. The Company's subsidiary carried out the Group's development strategy and managed the Group's intellectual property. The Company provides interest free and unsecured funding to its subsidiary with no fixed date of repayment. Details of intercompany balances can be found in Note 13.

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

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