ReNeuron

Developing stem cell technologies to improve patients' lives

ReNeuron Group plc
Annual Report and Accounts 2021

Company number: 05474163

Welcome to our 2021 Annual Report

As a leader in cell-based therapeutics, we develop allogeneic stem cell technology platforms, stem cell derived exosomes and induced pluripotent stem cells (iPSCs).

Inside our report

Our vision is to improve patients' lives through our proprietary stem cell technologies.

Read more

Who we are

We are a UK-based global leader in the development of cell-based therapeutics, harnessing our technologies to develop 'off the shelf' treatments for diseases with significant unmet needs.

See our **group at a glance** on pages 4 to 5

What we do

Our lead cell therapy candidate is in clinical development for retinitis pigmentosa and we are advancing our exosomes and induced pluripotent stem cell (iPSC) platform technologies.

See our **business model** on page 15

Our technology

Our lead stem cell therapy candidate is cryopreserved allowing global ship-and-store and is not dependent on genetic cause.

Our proprietary exosomes and iPSC platform technologies have potential in a multiple of therapeutic areas.

Read about **our competitive advantages** on page 6

A snapshot of our year

hRPC for retinal diseases

Leading programme with Orphan Drug Designation in EU and US in RP and FDA Fast Track Designation

Our progress to date

- Efficacy signal seen in phase 2a subjects reaching 12 months follow up with some variability of response seen between subjects.
- Regulatory approval has been received for the expanded Phase 2a study in US, UK and Spain. This Phase 2a extension study incorporates a doubling of the previous dose, which with other study elements was designed to build on the efficacy signal seen in the earlier cohorts of the study whilst trying to remove some of the variability.
- Four out of the nine additional subjects have been treated to date but a presumed case of bacterial endophthalmitis led to precautionary temporary study enrolment suspension. However, following a completed investigation, and with Data & Safety Monitoring Board approval, the study has reopened to enrolment in the US with amendments being filed to reopen in the UK and Spain.
- Three-month data from extension segment of Phase 2a study to be available in Q4 2021.

Future milestones and high value opportunities

- Further data read-outs from expanded Phase 2a study expected Q4 2021
- Pivotal trial to commence in H2 2022, subject to Phase 2a data

Exosome nanomedicine platform

Multiple industry-based collaborations in progress

Our progress to date

- Four additional collaboration agreements signed with major pharmaceutical/biotechnology companies and two with leading academic institutions exploring multiple methods of loading exosomes.
- Positive early pre-clinical data have shown efficient loading of nucleic acid payloads in its exosomes and these exosome candidates have also demonstrated functional payload delivery.
- Exosome pre-clinical proof-of-concept data from current research collaborations are expected during Q4 2021.

Future milestones and high value opportunities

- Additional proof of concept data from current research collaborations expected in 2021

iPSC platform

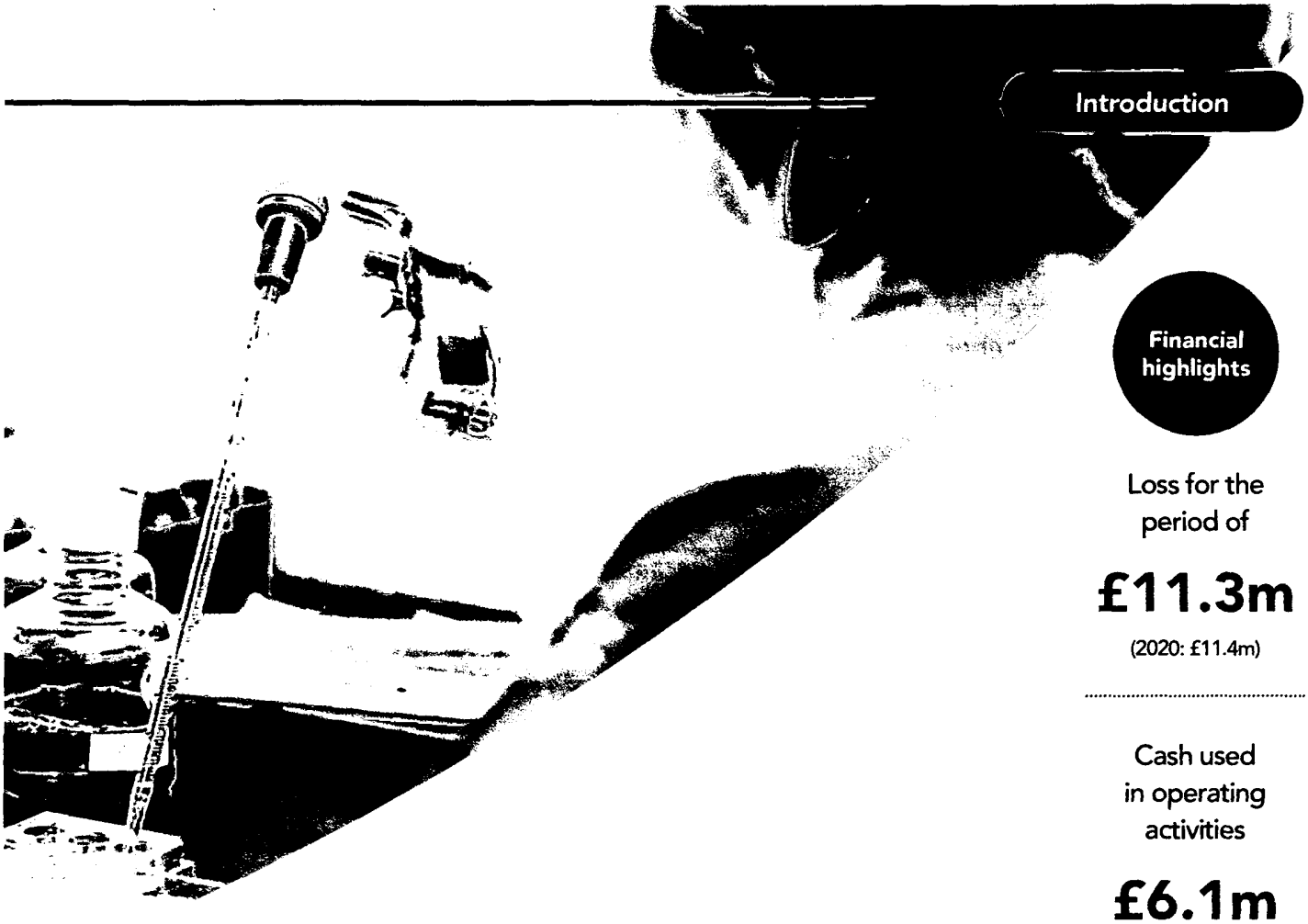
Potential to expand our therapeutical portfolio

Our progress to date

- New immortalised, licensable cell lines have been generated from the Company's iPSC platform as potential therapeutic agents for cancer immunotherapy and type 1 diabetes.

Future milestones and high value opportunities

- Validation of technology and publication of pre-clinical proof-of-concept data



Financial highlights

Loss for the period of

£11.3m

(2020: £11.4m)

Cash used in operating activities

£6.1m

(2020: £14.3m)

Cash, cash equivalents and bank deposits

£22.2m

(2020: £12.6m)

Business development

Reconfiguration of our Non-Executive Board membership

During the period, we reduced the Non-Executive membership of the Board. As part of this reconfiguraton, Dr Tim Corn, an existing Non-Executive Director of the Company, became Chairman of the Board and Mark Evans, the Chairman of Obotritia Capital KGaA ("Obotritia"), was appointed as a non-independent Non-Executive Director of the Company.

Since the year-end, the Board has been strengthened further by the appointment of Iain Ross as Non-Executive Chairman and Barbara Staehelin as Senior Independent Non-Executive Director.

Placing, subscription and open offer outcome

Successful fundraise in December 2020, raising approximately £17.5 million (before expenses) which will allow the Group, inter alia, to deliver extended clinical data from its ongoing retinitis pigmentosa (RP) Phase 2a study and to deliver proof-of-concept pre-clinical data from ongoing exosome collaborations which could enable potential out-licensing deals.

CTX stem cell therapy candidate

Strategic decision in June 2020 to progress stroke disability programme through regional partnerships. Fosun Pharma to develop and commercialise CTX programme in China under the exclusive out-licence agreement signed in April 2019.

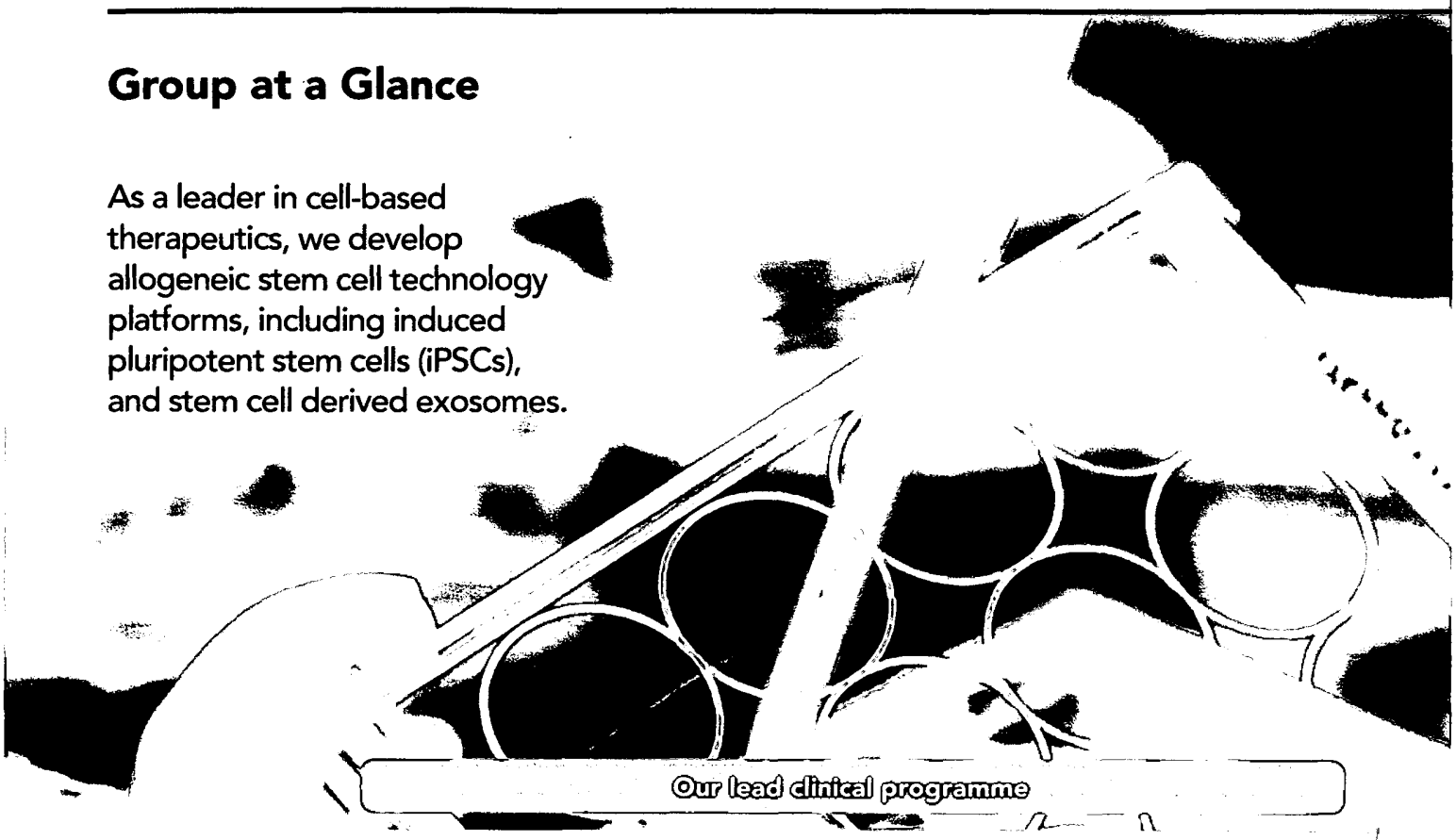
Future developments

CTX cell therapy candidate is available for licensing in stroke disability outside China and in all territories in other potential indications.

We aim to reach important, data-driven potential value inflection points over the next 12 months which will enable us to pursue opportunities for securing potential out-licensing deals across all therapies.

Group at a Glance

As a leader in cell-based therapeutics, we develop allogeneic stem cell technology platforms, including induced pluripotent stem cells (iPSCs), and stem cell derived exosomes.



Our lead clinical programme

hRPC for retinal diseases

Our hRPC stem cell therapy could change the lives of patients suffering from retinitis pigmentosa (RP) and also has potential utility in other eye diseases.

What are hRPCs?

Human retinal progenitor cells (hRPCs) are an allogeneic, cryopreserved cell-based therapy for treatment of retinal diseases.

What can they do?

hRPCs have demonstrated the ability to differentiate into functional photoreceptors and integrate into retinal layers in pre-clinical models; integration may also enable durable trophic support.

How it is used

Our therapy is initially targeting the inherited retinal degenerative disease, retinitis pigmentosa, by implantation of our cell therapy into the retina.

Key facts about retinal diseases

RP is an inherited, degenerative eye disease that results in the loss of peripheral vision followed by the loss of central vision. [1]

The end result is blindness. 1 in 3,000 to 4,000 people are affected by RP[1]

Our therapy could potentially benefit patients suffering from this rare disease.

Read more

Read more about the **marketplace for our hRPC stem cell therapy** on pages 10 to 11

For scientific terms see the glossary on pages 94 to 95

Notes

1. RP Fighting Blindness

Our pre-clinical platforms

Exosome nanomedicine platform

Our exosomes could change the lives of patients where current treatment options are limited.

What are exosomes?

These are nano-sized packages of information released by all our cell, including the our neural stem cells.

What can they do?

Therapeutic agents can be loaded to our exosomes and potentially be used to treat a host of poorly met medical needs.

How it is used

Our exosomes can be delivered either locally or systemically depending upon the desired final destination.

Key facts about exosomes

Our studies have identified the potential of our exosome candidate as a drug delivery vehicle.

We have demonstrated the ability to load our exosome with a variety of bioactive materials including siRNA and protein payloads to living cells, both in vitro and in vivo.

One of the key advantages of our exosomes is that they can cross the blood brain barrier which may facilitate the treatment of difficult to reach diseases of the central nervous system.

Read more about the **marketplace for exosomes** on pages 12 to 13

iPSCs platform

Our iPSCs could expand our therapeutic portfolio, targeting a broad range of diseases.

What are iPSCs?

Induced pluripotent stem cells are cells reprogrammed to a state similar to that seen in the very early embryo, meaning that they can differentiate into any cell type found in the body. We have so reprogrammed our CTX neural stem cells which incorporate our patented conditional mmortalisation technology. Combining these two technologies will allow us to create large banks of different kinds of stem cells for therapy, either developed in-house or licensed to partners for further development and treatment of new indications, such as oncology and diabetes.

What can they do?

iPSCs can be made to develop into any other type of stem cell.

What this means

iPSCs can also be utilised as new cell-based therapeutic candidates or for the production of exosomes with specific tissue targeting.

Key facts about iPSCs

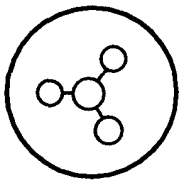
There is a potential to expand our therapeutic portfolio by developing further therapeutic candidates for subsequent out-licensing.

There is a potential to produce exosomes with the ability to target specific tissues within the body.

Our iPSC research platform provides further scope for a wide range of industry partnerships.

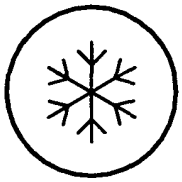
Read more about the **marketplace for iPSCs** on page 14

We are positioned for success...



...with our proprietary technology

- Our patent estate consists of over 40 patents worldwide covering our cell-based therapies, exosome and iPSCs technologies.
- Our hRPC programme is an allogeneic cell-based therapeutic approach to retinal disease. An efficient, patented process is used to produce hRPCs.
- Our high-yielding human neural stem cell derived exosomes have proven ability to be loaded with siRNA, miRNA and proteins, and are able to cross the blood brain barrier.
- Our CTX derived IPSC technology allows us to create new cell based therapeutic candidates as well as derive exosomes with the capability to target specific tissues.
- Our CTX drug product is a proprietary allogeneic cell therapy produced by our well-established, scalable manufacturing process.



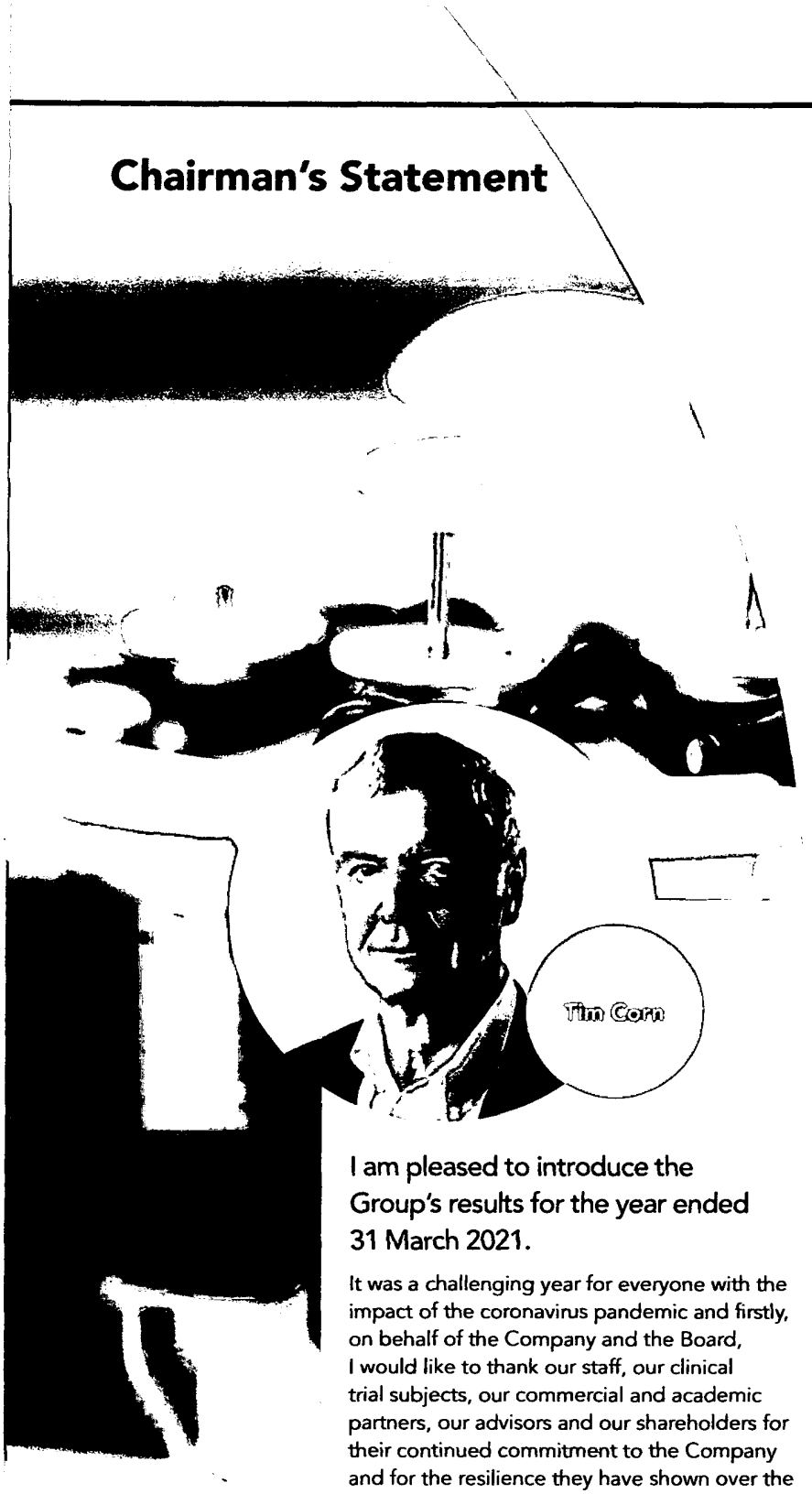
...with our flexible cryopreservation process

- Our hRPCs and CTX cells can be cryopreserved, which provides flexibility in terms of scheduling patient treatment.
- This makes our product similar to conventional 'off-the-shelf' pharmaceuticals/biologics.
- Our cryopreservation process allows us to develop the therapies and transport them globally.

...with our development pipeline

- Our therapy development pipeline spans the pre-clinical and clinical development process.
- The ongoing Phase 2a study in retinitis pigmentosa has been expanded to allow for subsequent potential single pivotal clinical study and shorter route to market.
- The exosomes we are harnessing for use are a by-product of our CTX cells. They can be produced at an industrial scale without affecting the quality and consistency of the final product. They have potential as both a drug load/delivery vehicle and as a therapeutic.
- Our iPSC platform has potential for new allogeneic cell therapeutics producible and purifiable at scale, and for exosomes based on non neural cell types.

Chairman's Statement



I am pleased to introduce the Group's results for the year ended 31 March 2021.

It was a challenging year for everyone with the impact of the coronavirus pandemic and firstly, on behalf of the Company and the Board, I would like to thank our staff, our clinical trial subjects, our commercial and academic partners, our advisors and our shareholders for their continued commitment to the Company and for the resilience they have shown over the past 12 months.

Despite the challenges, the year has again been one of significant progress in both our clinical and strategic development, giving us continued encouragement regarding the potential of the Company's programmes in the short to medium term and beyond.

Despite the challenges, the year has again been one of significant progress in both our clinical and strategic development, giving us continued encouragement regarding the potential of the Company's programmes in the short to medium term and beyond.

We remain highly encouraged by the positive one-year data from the initial cohorts of Phase 2a subjects treated in the ongoing Phase 1/2 clinical trial with our hRPC cell therapy candidate for retinitis pigmentosa. We were pleased to receive regulatory approval from the FDA, MHRA and the Spanish Regulatory Agency to expand the ongoing Phase 2a part of the study to treat patients with retinitis pigmentosa (RP) at a higher dose level, at clinical sites in the US, UK and Spain. We were disappointed that we recently had to suspend dosing of subjects across all sites after a subject unfortunately presented with a presumed case of bacterial endophthalmitis. Following a completed investigation, and with Data & Safety Monitoring Board approval, the study has reopened to enrolment in the US with amendments being filed to reopen in the UK and Spain.

We look forward to reporting further Phase 2a data from the study in Q4 2021, rather than Q3 2021 as originally planned.

Chairman's Statement

Our exosome technology is being exploited as a novel vector for delivering third party biological drugs and this partnering strategy reflects increasing industry interest in exosomes. We have signed a number of collaboration agreements with major pharmaceutical/ biotechnology companies and academic institutions to explore the potential of the Company's exosomes to deliver novel therapeutic agents to the brain and other regions of the body. Early pre-clinical data have been positive and further data across the collaborations are expected in the coming months.

During the period, we have continued to progress our CTX cell-based iPSC technology in a number of potential applications. We are deploying this technology to develop new, immortalised allogeneic cell lines of varying types as potential therapeutic agents in diseases of unmet medical need for subsequent licensing to third parties. During the year, we announced our intention to focus the Company's resources on our retinal disease programme and our exosome and iPSC research platforms. Consequently, we halted the PISCES III clinical trial of our CTX cell therapy candidate for stroke disability in the US and looked for opportunities to continue the programme through partnerships. We also announced our intention to license out the CTX cell therapy candidate in other indications.

During the COVID-19 pandemic, the safety of employees, suppliers, clinical trial participants and all other people with whom the Company interacts has been of over-riding importance to us. The Company has adapted throughout the year to continue to comply with governmental advice and requirements across its operations in the UK, EU and US, without significant impact on our priority internal research projects.

During the period, we reduced the non-executive membership of the Board of the Company. As part of this reconfiguration, I became Chairman of the Board and Mark Evans, the chairman of Obotritia Capital KGaA ("Obotritia"), was appointed as a non-independent Non-Executive Director of the Company in recognition of Obotritia's significant shareholding and ongoing support for the Company.

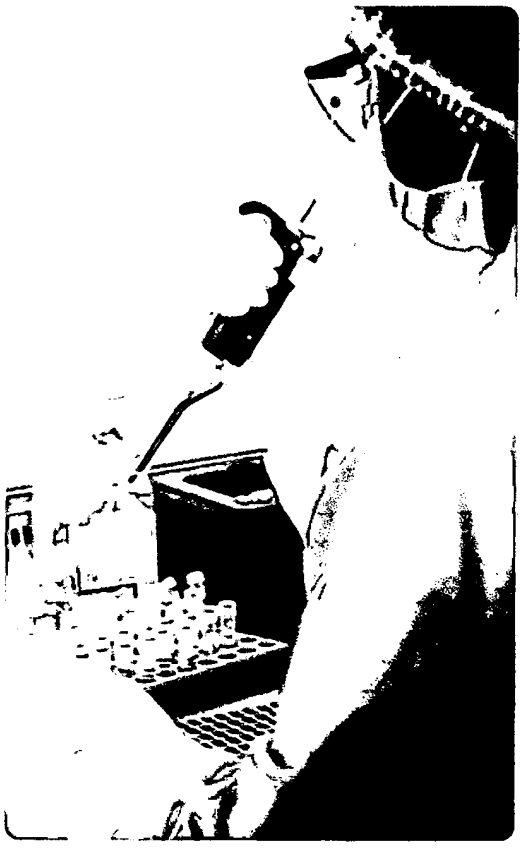
Since then, we have further configured the Board and I would like to welcome Iain Ross to the Board as Non-Executive Director and Chairman of the Board of Directors. Iain is a highly experienced board director with a career in the international life sciences and technology sectors that spans 40 years. He will be an excellent addition to the Board at a pivotal time for the Company and I wish him the best in his endeavours.

In March, Michael Hunt, CFO of ReNeuron resigned to pursue other projects. Michael joined ReNeuron in 2001 and with tenures over the years as both CFO and CEO of the Company, Michael has played a key role in the development of ReNeuron into the exciting business that it is today. I would like to thank Michael for his very significant contribution to the Company and wish him well in his future endeavours.

ReNeuron has a clear focus to deliver value-generating data across its programmes over the next twelve months and we look forward to updating our shareholders as we continue to make progress.

Dr Tim Corn

Outgoing Non-Executive Chairman and current Non-Executive Director



New Chairman's Statement

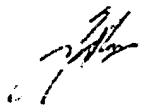
I am delighted to be joining ReNeuron at such a pivotal time as we look to ensure a significant uplift in shareholder value over the next few years.

I would like to thank Tim for his work over the last 10 months and will look forward to working alongside him as he continues his role as Non-Executive Director, as well as the rest of the Board and Management team. Also, I would like to welcome Barbara Staehelin to the Board. She was appointed Senior Independent Non-Executive Director on 14 July 2021 and brings to the Board a wealth of experience in the life sciences and technology sectors.

The Board will be further strengthened by the appointment of Catherine Isted, ACMA, as Chief Financial Officer effective 11 October 2021. Catherine has an excellent knowledge of the healthcare sector and is highly skilled in equity capital markets, M&A and strategic business development.

She will be a fantastic addition to the ReNeuron Board and I am thoroughly looking forward to working alongside her and welcoming her to the ReNeuron Board.

The Notice of the 2021 annual general meeting AGM) is set out on page 89 of this report. The AGM is to be held at 10.00 am. on 16 September 2021 and a short explanation of the resolutions to be presented is set out on page 92. The directors recommend that you vote in favour of the resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings of ordinary shares.



Iain Ross

Newly Appointed Non-Executive Chairman, as of 1 July 2021

> I am delighted to be joining ReNeuron at such a pivotal time

Our marketplace

Retinal diseases

Market potential for RP therapy[1]

$0.5bn – $1.6bn

Incidence in U.S. and worldwide[2,3,4]:

1:4,000

Number of genes identified containing mutations leading to RP

>100

Market characteristics:

RP is an inherited, degenerative eye disease causing severe vision impairment and often blindness.

There is currently no general cure and limited treatment options for RP and sufferers remain reliant on both health and social care services.

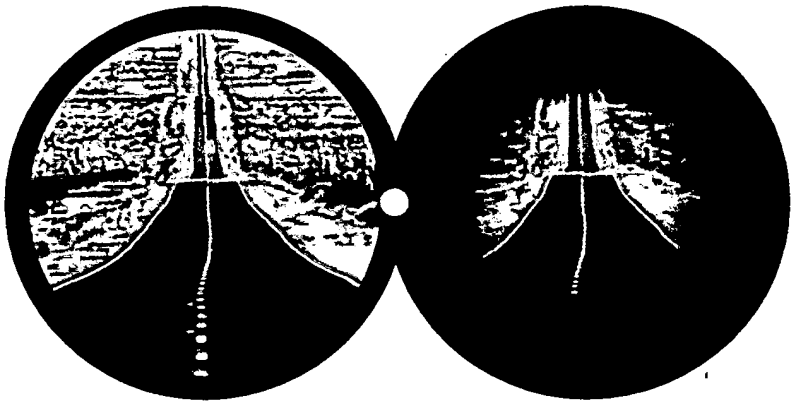
As with all forms of blindness, the quality of the patient's life is significantly diminished.

Current treatments target specific genes and therefore are only appropriate for a limited number of the RP population as there are over 100 gene defects causing RP.

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

Other retinal diseases, such as Cone Rod Dystrophy (CRD), which frequently affects patients in childhood and has no cure.

CRD is an inherited orphan disease that affects roughly one in 40,000 people.



Normal vision

Retinitis pigmentosa

Market need:

No approved treatment for vast majority of patients with retinitis pigmentosa (RP).

At the moment, treatment is only available or patients with a single gene defect (RPE65).

Patients with all other types of RP (c.98% of patients[5]) have declining vision eventually leading to severe visual disability in most.

Notes

1. Analysts' estimates: Stifel March 2018, N+1 Singer April 2017, Edison May 2017.
2. Hamel (2006) Orphanet J Rare Disease 1, 40;
3. https://nei.nih.gov/health/pigmentosa/pigmentosa_facts;
4. NORD
5. www.nice.org.uk/guidance/hst11/chapter/2-The-condition

Our response:

A differentiated, allogeneic cell-based therapeutic approach to retinal disease

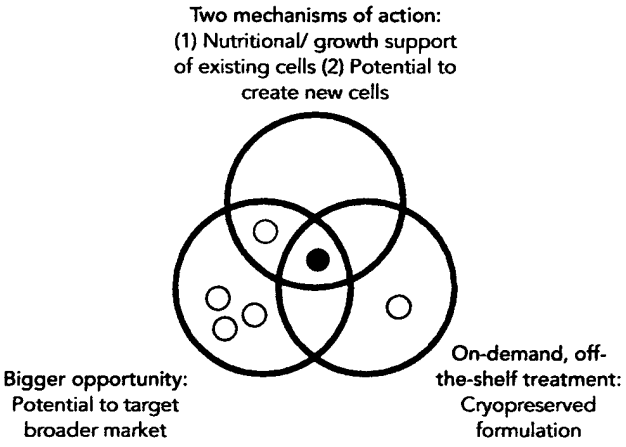
Our research suggests that our hRPC therapy may be able to slow or even reverse the progression of RP through its ability to differentiate into components of the retina and its ability to maintain existing photoreceptors.

Our stem cells are placed into the actual anatomic location where the retinal cells are degenerating. This creates the potential for the cells to integrate into the tissue where they can provide durable nutritional and growth support as well as potentially evolve to become new retinal cells and make the neural connections to enable sight.

The cells are injected directly to the site of retinal degeneration, allowing a greater chance of anatomic restoration of photoreceptor function.

Insight into the therapy landscape targeting retinal diseases

Our hRPC cell therapy candidate offers a number of potential advantages over alternative approaches to the treatment of RP within the therapy landscape. Our candidate meets the following criteria:



Proprietary manufacturing process allows for stable, high-quality and high-quantity GMP production

- Collaborations with Schepens Eye Research Institute (Harvard) and University College London
- Proprietary technology enabled development of GMP manufacturing process
- Cryopreserved formulation allows on-demand shipment and use at local surgeries and hospitals. It provides nine-month shelf life and enables local treatment worldwide.

High commercial potential, targeting a higher addressable market

- Orphan Drug Designation in EU and US in RP and FDA Fast Track Designation
- Broad potential across a range of eye diseases, initially targeting inherited retinal degenerative diseases
- Attractive pricing precedent set in the marketplace
- Commercially viable formulation
- Agnostic to genetic type, so potentially targets entire RP market

Our marketplace

Drug delivery technologies

Exosomes deals totalling more than

c.$2bn

in upfronts and milestones based on proof of concept data[1]

Market need:

One of our primary objectives is the development of exosomes as a delivery vehicle targeting areas of significant unmet or poorly met medical need.

Market opportunity:

There is increasing industry interest in and commercial value of collaboration deals, focused on delivery of novel therapeutics.

Market characteristics:

We focus on exosomes because the technology has the potential to overcome the limitations of current delivery technologies.

Drug delivery technology with the potential to target a range of areas

There is a potential for exosomes to deliver medicine to specifically targeted areas. In comparison to other delivery technologies, such as GalNac conjugates, which preferentially deliver siRNA to the liver.

Immunosuppresive need

A key advantage of exosomes is their low immunogenicity, which means they are less likely to provoke immune responses in the body. In comparison, delivery technologies such as Lipid Nanoparticles (LNP), are known for inducing a significant inflammatory response.

Favourable transport within cells

Exosomes are naturally transported within cells much more efficiently than synthetic vehicles such as Lipid Nanoparticles which are prone to rapid destruction by lysosomes.

Exosomes however, have the ability to be taken up by a number of different pathways, including cell fusion. If the exosome fuses to the cell membrane, its cargo will be directly released into the cell to have its desired functional effect.

Crossing the blood brain barrier (BBB)

Very few therapies successfully cross the blood brain barrier (BBB), making central nervous system disorders difficult to treat.

Why does it make it difficult to treat?

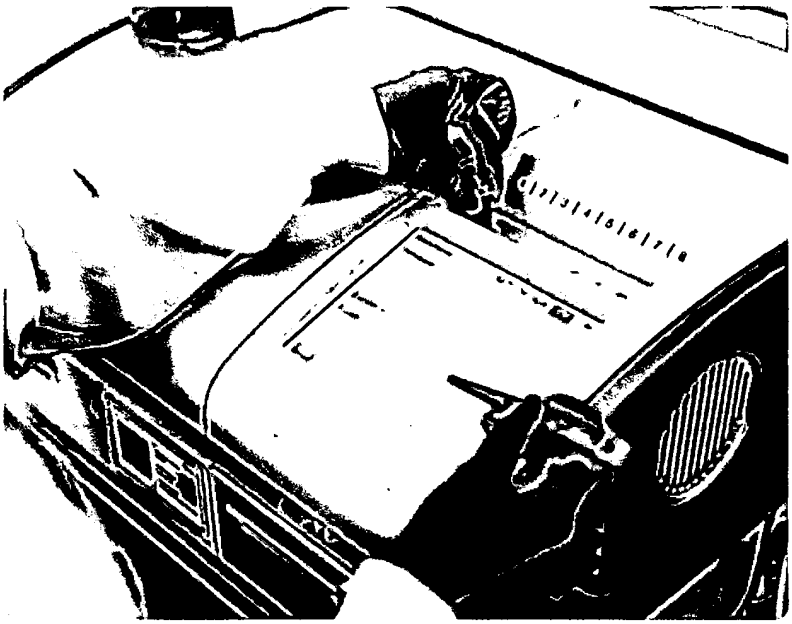
Intravenous (IV) or systemic administration is usually favourable due to it's simplicity and broad drug distribution. If a drug cannot cross the BBB efficiently, the dose might have to be increased, which increases the risk of off-target side effects. Alternatively, drugs can be administered locally to the central nervous system, but this is technically complex, expensive and carries additional risks.

Notes

1. Company Information

References:

Vader et al 2016 – Extracellular vesicles for drug delivery; Ha et al 2016 – Exosomes as therapeutic drug carriers and delivery across



Our response:

A differentiated drug delivery approach to target areas of significant unmet medical need

Exosomes can cross the blood brain barrier

We believe exosomes can do this due to the neural nature of their cell of origin.

This neural stem cell line produces exosomes with specific surface markers that we believe allow the exosomes to cross the BBB and communicate with other cells within the brain.

Strong, proprietary technology gathering industry interest

Our current focus is on drug delivery, with funded collaborations in place with further ones under negotiation.

Advantages of ReNeuron's exosome technology:

- **Favourable distribution across the blood brain barrier**
- **Modifiable to carry siRNA/mRNA/CRISPR -Cas9 proteins, small-molecule inhibitors**
- **Proven ability to load miRNA and proteins**
- **Engineered to target particular tissues**
- **Potential for our exosomes to work in gene therapy**
- **Fully qualified xeno-free, optimised, scalable GMP process**
- **Established analytics**
- **Stable, consistent, high-yield, clinical-grade product**

Our marketplace

New cell-based therapeutic candidates

Market opportunity:

Human pluripotent stem cells offer huge potential for the entire field of regenerative medicine and cell therapy.

Market characteristics:

Human pluripotent stem cells' capacity for unlimited expansion through self-renewal and ability to differentiate into any cell type within the body has the potential to produce an inexhaustible source of different cell types to treat a variety of indications.

A number of issues have so far impeded the clinical development of pluripotent stem cells.

More often than not, pluripotent stem cells require differentiating to adult stem cells or tissue progenitor prior to use as a drug product. However, these cell types are extremely unstable and are difficult to manufacture at scale.

Our response:

Potential to expand our therapeutic portfolio by developing further therapeutic candidates

ReNeuron's iPSCs however, have a conditional immortalisation technology inserted which we believe requires no further manipulation and increases the stability of the subsequent therapeutic cell lines for the rapid production of 'off-the-shelf' stem cell therapies.

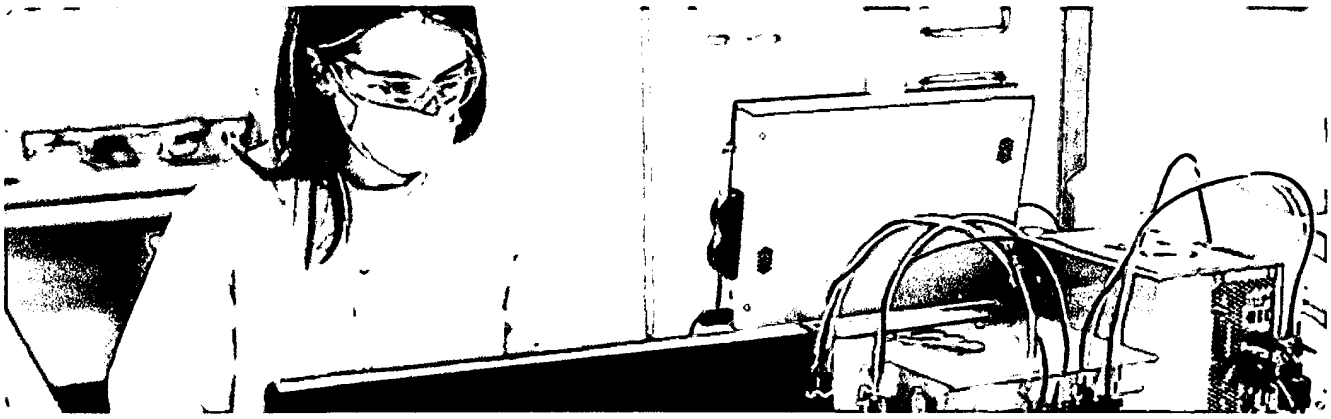
This also makes feasible large scale banking and purification of partially-or fully differentiated cells for therapy.

Advantages of ReNeuron's iPSC technology:

Neural stem cells are engineered into other forms of stem cells while preserving the immortalisation

Potentially, any indication where cell loss is a problem is a candidate target for iPSC-based therapeutics, including heart damage, Parkinson's disease, or Huntingtons's disease

Generated cell lines can be grown at scale, enabling the efficient production of clinical grade cell therapy candidates



Our business model

Our key activities are based on our vision: to improve patients' lives through our proprietary stem cell technologies.

Key inputs

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

Human
Our researchers, scientific & clinical advisors and academic collaborators have industry-leading knowledge and this drives the therapy development process.

Relationships
We continue to develop strong relationships with leading academic institutions, pharma companies and commercial organisations, in all areas of cell therapy.

Financial
Funds are raised by commercial partnerships, the issue of shares and from grant funding bodies. These financial resources enable us to advance the development of our therapies.

Our value chain

Develop best in class, cell-based therapies for life-changing high-value products, utilising proprietary technology

Gain clinical validation for our therapeutic programmes via clinical trials

Establishing proof of concept via collaborative partnerships

Realise value for our technologies and therapeutic programmes, via direct sales or substantial licence deals

Our progress for developing life-changing therapies

Development Pipeline

Programme	Indication	Pre-clinical	Phase 1	Phase 2	Next Milestones
hRPC	Retinitis Pigmentosa				Further data read-outs from expanded Phase 2a study expected Q4 2021 Pivotal trial to commence in H2 2022, subject to Phase 2a data
Exosomes platform	Neurodegeneration, Oncology, Vaccines (e.g. COVID-19)				Additional proof of concept data from current research collaborations expected in 2021
iPSC platform	Oncology, Diabetes				Validation of technology and publication of pre-clinical proof-of-concept data
CTX *cell line*	Stroke *Disability*				Currently partnered in China with FOSUN Open for partnerships outside China

The clinical trial process

Pre-clinical trials ▶ **Clinical trials** ▶ **Review and approval**

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

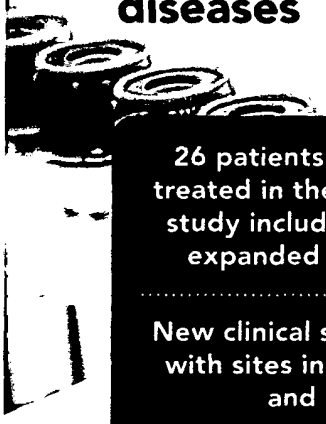
Phase 1
We carefully assess the safety of a biologically active substance in a small, select group of subjects.

Phase 2
We evaluate the efficacy and safety of our therapy in selected groups of patients.

We further evaluate the efficacy and safety of our therapy in patients in a controlled, rigorous trial.

Phase 3
Once our therapy has shown preliminary efficacy and safety (in Phase 1 and Phase 2) we carry out larger-scale clinical trials.

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



hRPC for retinal diseases

26 patients have been treated in the Phase 1/2a study including 4 in the expanded Phase 2a.

New clinical sites opened with sites in the US, EU and UK.

Subjects followed out to 12 months show a clear efficacy signal with a favourable risk/benefit profile.

Read more

See pages 18 to 19

Exosome nanomedicine platform

Our focus has been on the potential of our exosomes as a drug delivery vehicle.

7 ongoing research collaboration projects ongoing with both commercial and academic partners.

Our medium-term goal is to deliver in-vivo proof of concept data.

Read more

See pages 20 to 21

iPSCs platform

Our iPSCs can develop into new conditionally immortalised cell lines as potential therapeutic agents for subsequent licensing to third parties.

New conditionally immortalised cell lines generated from our iPSC platform as potential therapeutic agents for cancer immunotherapy and type 1 diabetes.

Research collaborations under negotiation and ongoing to validate the technology and publish pre-clinical proof of concept data.

Read more

See pages 22 to 23

Our progress towards changing patients' lives

hRPCs for retinal therapy

Pre-clinical data

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

Initial Phase 1a element of combined Phase 1/2a trial

- This study was a single centre, open-label, dose escalation trial to assess the safety of hRPCs in patients with established retinitis pigmentosa.
- Three different doses of hRPCs were tested.
- Patients received a single, subretinal injection of one dose and were followed up for one year.
- It was determined that subretinal injections of hRPCs at the three doses tested were safe and well tolerated.
- We successfully developed a cryopreserved formulation of our hRPC stem cell therapy.
- This enables cells to be frozen for shipping/storage and be easily thawed at the point of clinical use.
- The success of this stage means that we were able to progress into the Phase 2a element of the combined Phase 1/2a study.

Initial Phase 2a element of combined Phase 1/2a study

- We progressed into the Phase 2a element of the combined Phase 1/2a study.
- We were able to expand our assessment of efficacy into RP patients that have a greater baseline level of visual acuity (clarity of vision).
- Later cohorts comprised of patients with a greater baseline level of visual acuity than those treated earlier in the study to assess preliminary efficacy in patient groups with differing levels of remaining vision.
- A total of 22 patients were treated in the Phase 1/2a study and a good safety profile was established, with no patients experiencing product-related serious adverse events.
- As seen on Figure 2, the mean change is visual acuity from baseline for nine of the subjects showed a clinically significant improvement beginning early, equivalent to reading approximately 2 lines, on the standardised eye chart used in clinical trials to measure visual acuity, as seen in Figure 1.
- The data continues to demonstrate the efficacy out to 12 months of the therapy, with a clinically meaningful benefit being observed at all time-points. These results are particularly encouraging as RP is characterised by inexorable progression to blindness, with no therapy currently available for the vast majority of patients.

Figure 1

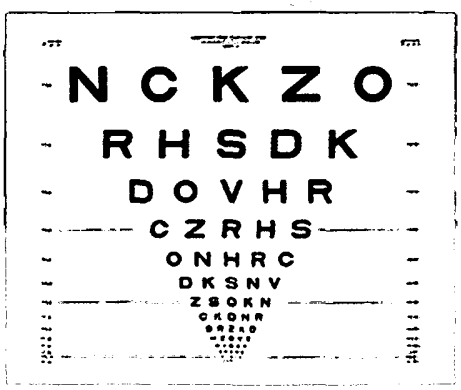
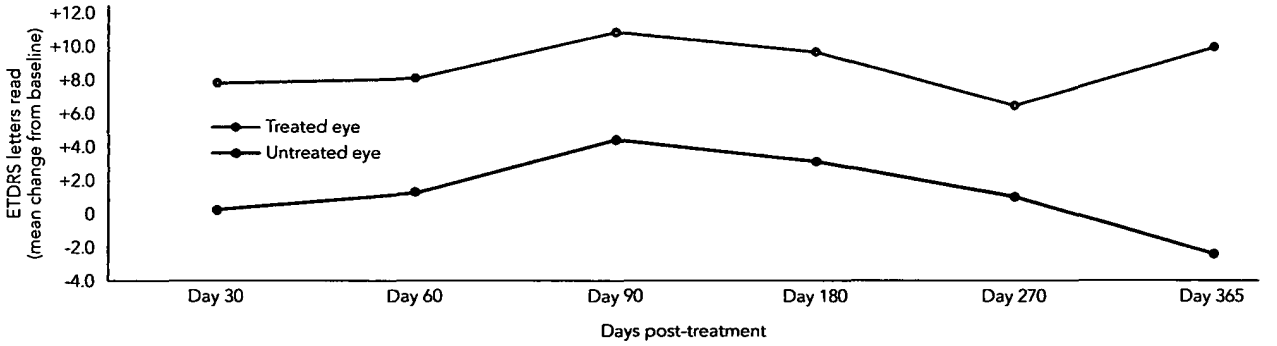


Figure 2: Phase 2a Efficacy Results, Mean changes in ETDRS letters read (treated eye vs untreated eye)

	Day 30 (n=9)	Day 60 (n=9)	Day 90 (n=9)	Day 180 (n=9)	Day 270 (n=8)	Day 365 (n=7)
Treated eye	+7.9	+8.0	+10.8	+9.6	+7.1	+9.9
Untreated eye	+0.2	+1.2	+4.4	+3.4	+1.2	-3.2
Difference	**+7.7**	**+6.8**	**+6.4**	**+6.2**	**+5.9**	**+13.1**



*excluding 1 patient with surgery-related vision loss **Some patients have not completed due to COVID-19

Extended Phase 2a study

Extended Phase 2a study

- Our extended study includes enhancements in patient selection, dose, surgical technique and efficacy assessments. We aim to treat a total of nine subjects with established RP, with a dose escalation from 1m to 2m cells.
- In January 2021, we opened a new US site, the Casey Eye Institute, Oregon Health & Science University and two further clinical sites have since been opened, one in Spain, the Institut de la Màcula, Barcelona and one in the UK, the Oxford Eye Hospital, Oxford.
- Four out of the nine additional subjects have been treated to date but a presumed case of bacterial endophthalmitis led to precautionary temporary study enrolment suspension. However, following a completed investigation, and with Data & Safety Monitoring Board approval, the study has reopened to enrolment in the US with amendments being filed to reopen in the UK and Spain.

What does this mean for future development?

Next milestones in the next two years

- Three-month data from extension segment of Phase 2a study expected to be available in Q4 2021.
- Our partnering strategy to be based on full Phase 2a data.
- The Company anticipates that, subject to the sufficiency of this expanded Phase 2a data, it will be able to seek regulatory approval to commence a pivotal clinical study in the second half of 2022 with its hRPC cell therapy candidate in RP.
- At this point, other indications will be assessed alongside retinitis pigmentosa, such as Cone Rod Dystrophy.

Our progress towards changing patients' lives

Exosomes as a novel drug delivery vehicle

What are exosomes?

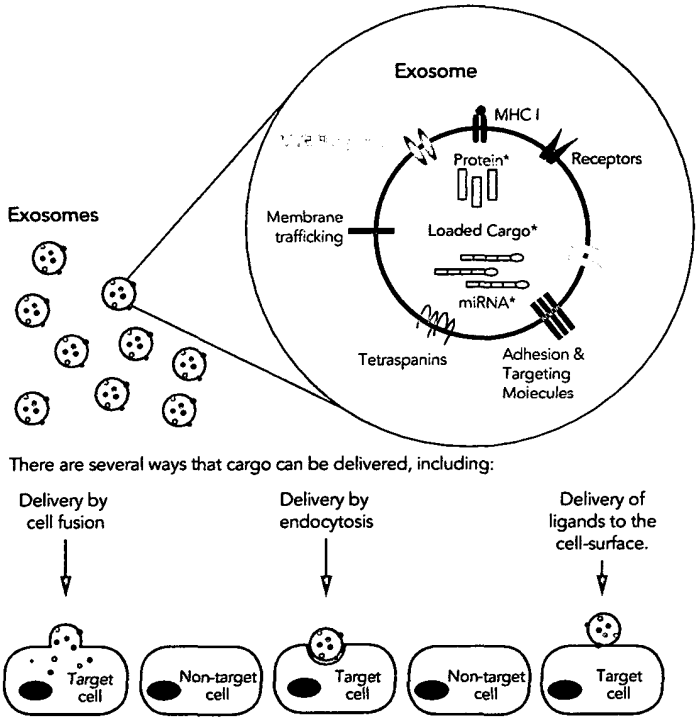
What are exosomes?

The exosomes released by our CTX cells are nano-sized packages of signalling molecules.

Therapeutic agents can be attached to or loaded in exosomes as cargo. Exosomes have the ability to deliver this cargo to specifically targeted cells in the body.

Our studies have identified the potential of our exosome technology platform as both a novel therapeutic candidate and as a drug delivery vehicle.

Exosomes as a therapeutic delivery vehicle



Pre-clinical research

- We have shown highly efficient loading of nucleic acid payloads in our exosomes.
- Our exosome candidates have also demonstrated functional payload delivery, both in vitro and in vivo, to the brain and peripheral tissues via repeat-dose intravenous administration.
- Evidence of target knockdown was observed in key peripheral tissues including heart, kidney and skeletal muscle organs, suggesting these exosomes have the potential to deliver payloads to therapeutically meaningful levels to a variety of tissues.
- We have successfully decorated the surface of our exosomes with a specific tissue-targeting peptide. This proprietary peptide was modified to enhance binding to the exosome surface, resulting in a 10-fold increase in surface binding compared with unmodified peptide.
- The next phase of this collaboration aims to confirm that the peptide promotes exosome targeting to additional tissues in vivo. This peptide platform has the potential to generate further targeting peptides to that which would rapidly expand the therapeutic reach of our exosome candidates.

Multiple industry-based collaborations in progress

Industrial collaborations

In April 2020, we signed a collaboration agreement with an experienced pharmaceutical company to explore the potential use of exosomes to deliver novel therapeutics. The collaboration will focus on the use of exosomes for the delivery of gene silencing sequences created by the pharmaceutical company.

In June 2020, we signed a research evaluation agreement with a major US biotechnology company. This collaboration will focus on the use of our exosomes for the delivery of the US biotechnology company's neuroscience therapeutic candidates.

In November 2020, we signed a collaboration agreement with a major pharmaceutical company, focusing on the potential of our exosomes to deliver DNA cargoes for expression of therapeutic genes in the brain.

Academic collaborations

As of March 2021, there are two ongoing collaborations with leading academic institutions in the UK and mainland Europe, focusing on the delivery of CNS-targeting growth factors and siRNA to the brain.

We have demonstrated engagement of target receptors in the CNS by exosome-loaded growth factors during a recent pilot study.

What does this mean for future development?

- We will continue to develop our exosomes as a novel vector for delivering third-party biological drugs.
- We intend to develop further exosome candidates derived from a panel of additional producer cell lines owned by the Company. These exosome candidates have the potential to broaden the repertoire of tissues and indications that the Company is able to target.
- Our medium-term goal is to deliver in-vivo proof of concept data.
- We intend to pursue opportunities to capitalise on the significant scientific and life sciences industry interest in exosomes. We will do this by forming further value-generating business partnerships covering this exosome technology.

Our progress towards changing patients' lives

iPSCs: developing our therapeutic platform

A step towards developing further therapies in key areas of unmet need

Engineering CTX neural stem cells

We have shown that despite the presence of the conditional immortalisation technology, the CTX neural stem cell line can be reprogrammed into Induced Pluripotent Stem Cells (iPSCs).

This will allow us to create new cell types necessary for the treatment of many indications for which cellular therapies were previously unavailable.

What is pluripotency?

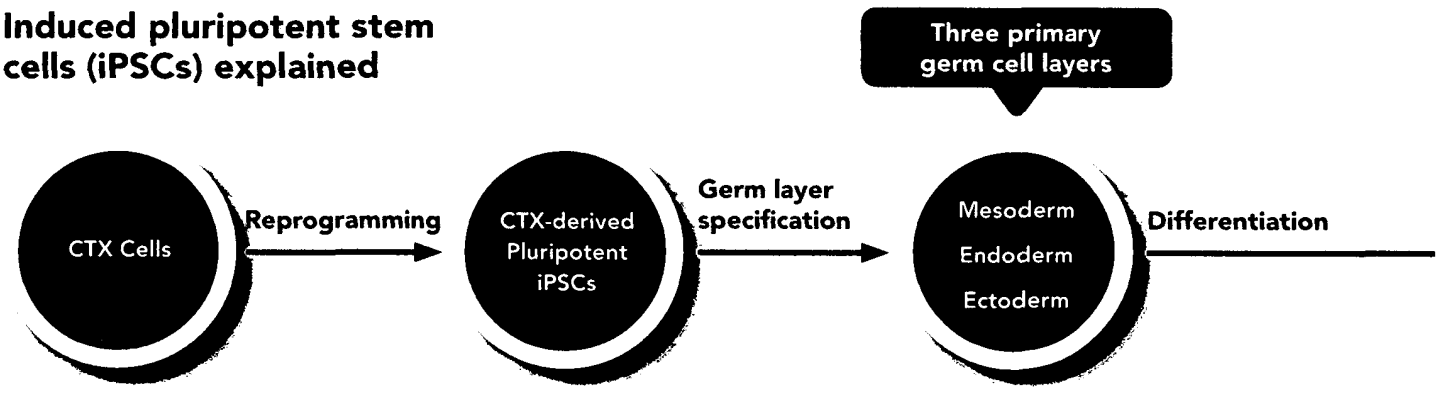
Pluripotent stem cells such as iPSCs can both self-renew (divide indefinitely whilst maintaining their phenotype) and also differentiate to generate cells of the three primary embryonic germ layers (and thence, all cell types found in the human body).

CTX-iPSCs could therefore be used to produce conditionally immortalised allogeneic cell types of any type required for cell therapy.

Pre-clinical research

- As proof-of-principle, we have generated clinically-relevant cells of several types from CTX-iPSCs, including hematopoietic progenitors and effectors, mesenchymal stem cells, pancreatic ß-cells and neural lineages.
- We are working on a process to produce pancreatic progenitor cells from our iPSCs and from these, ß-islet cells. We will then aim to scale up this process prior to phenotype analysis and confirmation of the glucose responsiveness of the derived, mature ß-islets.

Induced pluripotent stem cells (iPSCs) explained

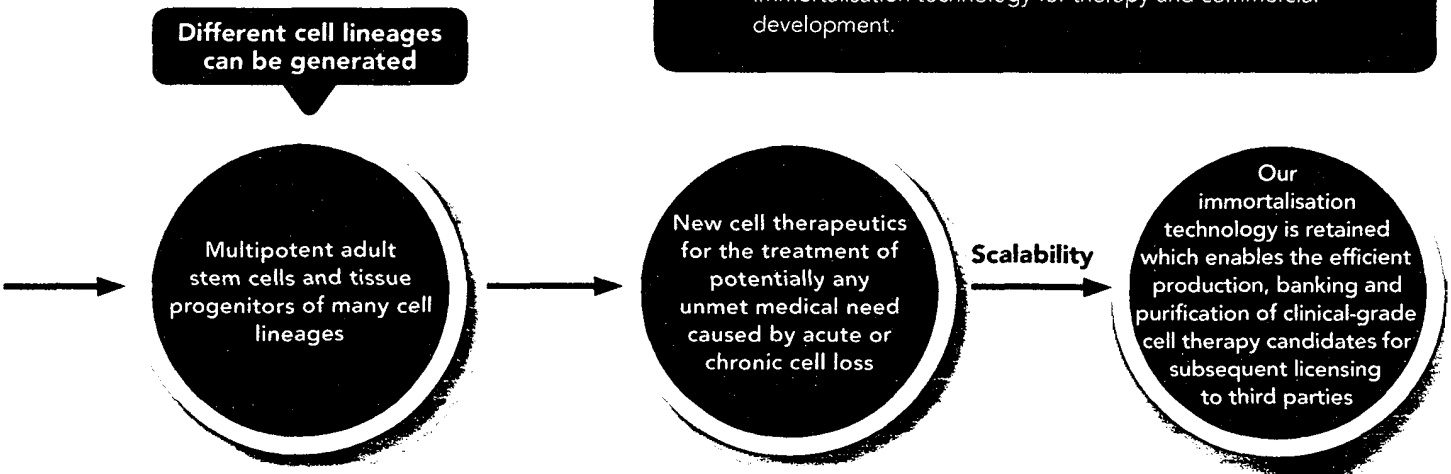


Pre-clinical research

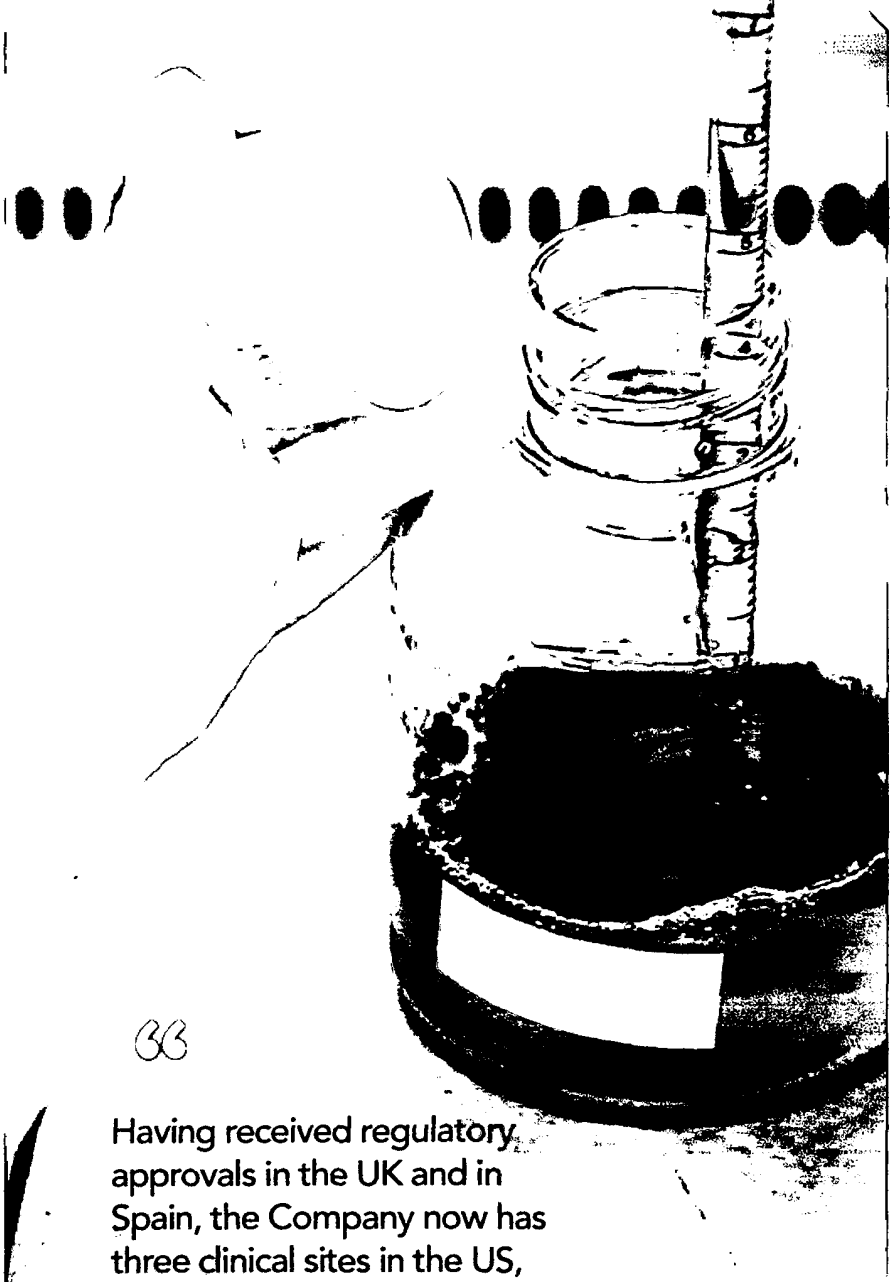
- We are in discussions with a further commercial third party to apply CTX-iPSC-derived ß-islet cells as an allogeneic cell therapy candidate for type 1 diabetes.
- We have differentiated our iPSCs into hematopoietic stem cells, lymphoid progenitors and, of great interest for cancer immunotherapy, NK and killer T-cells.
- We have been collaborating with a commercial third party to explore the possibility of large-scale in vitro expansion of iPSC-derived hematopoietic stem cells and discussions are ongoing with other interested parties in the immunotherapy field.

What does this mean for future development?

- New cell types can be efficiently created as cell therapy candidates targeting a broad range of conditions. Discussions are ongoing with interested parties, including in the cancer immunotherapy space.
- As a result, there is an opportunity to expand our therapeutic portfolio by developing candidates for subsequent out-licensing, and providing cells for partners to develop their own cell ATMPs from CTX-iPSCs.
- There is great potential to produce exosomes from both iPSCs themselves and CTX-iPSC-derived differentiated cells, with the ability to target specific tissues within the body.
- We think that the presnce of the immortalisation technology within these new cell types will allow for the large scale production of 'off the shelf' allogeneic stem cells.
- Our medium-term goals are to further validate our technology, publish pre-clinical proof of concept data and to generate clinical grade iPSCs incoporating the conditional immortalisation technology for therapy and commercial development.



Chief Executive Officer's review of performance



Having received regulatory approvals in the UK and in Spain, the Company now has three clinical sites in the US, one in the UK and one in Spain.

Review of clinical programmes

hRPC (human retinal progenitor cells) for retinal disease

The hRPC therapeutic candidate is currently undergoing Phase 2a clinical evaluation for the treatment of the inherited blindness-causing disorder retinitis pigmentosa (RP). The study uses a cryopreserved hRPC formulation, enrols subjects with advanced RP with some remaining central vision and, prior to 2021, has been conducted at two clinical sites in the US. Having received regulatory approvals in the UK and in Spain, the Company now has three clinical sites in the US, one in the UK and one in Spain.

In June 2020, we announced an update regarding the ongoing Phase 2a study of our hRPC cell therapy candidate in RP patients. The data at that point continued to demonstrate the efficacy of the therapy, with a clinically meaningful benefit being observed at all time-points. In January 2021, we confirmed that all patients in the study had reached 6 months follow-up post-treatment, eight patients had reached 9 months follow-up, seven patients had reached 12 months follow-up and two patients had reached 18 months follow-up. Following the commencement of the high dose extension of this Phase 2a study, we look forward to presenting further data from this study later in Q4 2021.

In January 2021, the Company announced the completion of dosing of the first cohort of three subjects in the Phase 2a extension segment of the study. This segment of the study is treating up to nine subjects with RP at a higher dose level than the first 10 subjects already treated in the study. In line with the clinical trial protocol, the Data & Safety Monitoring Board for the study

has reviewed the short-term safety data from this first cohort and gave its approval for the study to proceed to dosing the next cohort.

Also in January 2021, the Company was pleased to report that a subject had been dosed in the study at a new US site, the prestigious Casey Eye Institute, Oregon Health & Science University. The Principal Investigator at this new site is Mark Pennesi, MD, PhD, Associate Professor of Ophthalmology, Kenneth C. Swan Endowed Professor and Chief, Paul H. Casey Ophthalmic Genetics Division.

We have previously announced that we have received regulatory approval to expand the Phase 2a study in the UK and regulatory approval has also been received to expand the Phase 2a study in Spain. The Company has activated two new sites in the UK and in Spain (The Oxford Eye Hospital and The Institut de la Màcula, Barcelona) to expand the Phase 2a extension study outside the US, thus representing a total of four active sites worldwide.

In early June 2021, we announced that unfortunately, following a successful surgical procedure, the most recently enrolled subject presented with a presumed bacterial intraocular infection in the treated eye which impacted their vision, and was treated initially with an appropriate regimen of antibiotics, to which they responded with clinical improvement. Systemic anti-inflammatory therapy was subsequently added, and the subject continues to improve on this regimen.

As a precaution we temporarily suspended the dosing of further subjects in the study while we undertook an investigation into the cause of the event. The origin of the presumed infection is not clear however investigations have shown no evidence of a causal link to the drug product. The conclusions of the investigation were submitted to the Data & Safety Monitoring Board (DSMB) and the DSMB agreed that the study may proceed. The study has reopened for enrolment in the US and regulatory filings are being made to reopen the study in the UK and Spain. It is anticipated that this process will conclude in August and if so this would allow dosing to resume in all three territories.

There is a pipeline of subjects in screening which gives the Company confidence that following the impending re-start of the Phase 2a study, all subjects will be treated within the next quarter. Data from the earlier cohorts of subjects indicate that 3-month data have been a good predictor for 12-month data and the plan is to present a minimum of 3-month data for the subjects from the extension segment of the Phase 2a study.

The Company anticipates that, subject to the sufficiency of this expanded Phase 2a data, it will be able to seek regulatory approval to commence a pivotal clinical study in the second half of 2022 with its hRPC cell therapy candidate in RP. The pivotal study will be designed to demonstrate further the safety and efficacy of this treatment and, assuming a successful outcome, enable ReNeuron to seek marketing approvals for its hRPC cell therapy candidate in RP in selected major markets.

Our hRPC cell therapy candidate offers a number of potential advantages over alternative approaches to the treatment of RP. Firstly, our cell therapy candidate is independent of the many specific genetic defects that collectively define RP as a disease, thereby allowing a much broader potential patient population to be eligible for the treatment. Secondly, the cells are cryopreserved, enabling on-demand shipment and use at local surgeries and hospitals. Finally, the cells are injected directly to the site of retinal degeneration, allowing a greater chance of anatomic restoration of photoreceptor function.

Our RP clinical programme has been granted Orphan Drug Designation in both Europe and the US, as well as Fast Track designation from the FDA in the US. Orphan Drug Designation provides the potential for a significant period of market exclusivity once the therapy is approved in those territories. Fast Track designated products may also be eligible for accelerated approval and priority review processes at FDA.

During the period, we were pleased to announce that the US Patent and Trademark Office (USPTO) had completed its examination of the Company's patent application (14/379,239), entitled "Phenotype profile of human retinal progenitor cells", and the patent was granted in September 2020 (patent number 10,758,572). The allowed patent protects the composition of our hRPC cell therapy candidate for retinal diseases and adds further intellectual property protection to the hRPC technology, which already has patent protection in a number of other major territories including Europe, Japan and Australia.

Read more

See pages 18 to 19

Chief Executive Officer's review of performance

Exosome platform

ReNeuron is developing its exosome platform in collaboration with pharmaceutical, biotechnology and academic partners as a novel delivery vehicle for third party therapeutic agents targeting the brain and other parts of the body. The Company's proprietary cell lines produce a panel of distinct exosome drug delivery candidate tools with commercial potential, and the Company's iPSC programme provides an opportunity to generate additional bespoke tissue-specific exosomes. This extensive repertoire of exosome candidates has the potential to target a variety of indications and tissues. Exosomes produced by the Company's neural stem cell line, CTX, can be manufactured through a fully qualified, xeno-free, scalable process and loaded with a variety of payloads, such as nucleic acids (including siRNA, mRNA and miRNA), proteins (such as Cas9, antibodies and peptides) as well as small molecules. These exosomes have also been shown to exhibit a natural ability to cross the blood brain barrier.

ReNeuron is exploring multiple strategies for loading exosomes and has signed a further four separate research collaboration agreements with major pharmaceutical/biotechnology companies on these projects during the period.

These collaborations have demonstrated efficient loading of nucleic acid payloads in the Company's exosomes and functional payload delivery, in vivo, to the brain and peripheral tissues via systemic administration.

Specifically, target knockdown by exosome candidates was assessed in multiple brain regions and in key peripheral tissues including the heart, the kidney and the skeletal muscle. Evidence of target knockdown was observed in each of these organs suggesting these exosomes have the potential to deliver payloads to therapeutically-meaningful levels to a variety of tissues. These studies have also anticipated that exosomes are well-tolerated, laying the foundation for expansion to functional delivery studies.

The Company has initiated two additional collaborations with leading academic institutions in the UK and mainland Europe. One key aim of these studies is to consolidate data from a recent pilot study which showed that exosome-loaded growth factors can engage target receptors in the CNS. Confirmation of these findings will enable further studies examining functional delivery of growth factors by the Company's exosomes.

In addition to exploiting natural exosome tissue specificity, ReNeuron has also now successfully decorated the surface of its neural stem-cell derived exosomes with a specific tissue-targeting peptide. This proprietary peptide was modified to enhance binding to the exosome surface, resulting in a several fold increase in surface binding compared with unmodified peptide. This complex has been shown to be stable, enabling the next phase of this collaboration, which aims to confirm that the peptide promotes exosome targeting to additional tissues in vivo. This peptide platform has the potential to generate further targeting peptides that would rapidly expand the therapeutic reach of ReNeuron's exosome candidates.

Further data across these collaborations are expected during the course of the next six months, which, if positive, will enable subsequent potential out-licensing deals with the Company's exosome platform.

Induced Pluripotent Stem Cell (iPSC) Platform

During the period, we have also progressed our CTX cell-based iPSC technology in a number of potential applications. We are deploying this technology to develop new, immortalised allogeneic cell lines of varying types as potential therapeutic agents in diseases of unmet medical need for subsequent licensing to third parties.

Our CTX-iPSCs can be differentiated into hematopoietic stem cells, lymphoid progenitors and, of great interest for cancer immunotherapy, NK and killer T-cells. We are currently collaborating with a commercial third party to explore the possibility of large-scale in vitro expansion of CTX-iPSC-derived hematopoietic stem cells and discussions are ongoing with other interested parties in the immunotherapy field.

We have also produced pancreatic progenitor cells from our CTX-iPSCs and from these, insulin-producing ß-islet cells. We are currently scaling up this process prior to phenotype analysis and confirmation of the glucose responsiveness of these derived, mature ß-islets.

Other activities

During the period, we announced that, following a review of programme priorities and resource requirements, we intended to focus the Company's resources on our retinal disease programme and our exosome and iPSC platforms. As a result, we have closed down the PISCES III clinical trial of our CTX cell therapy candidate for stroke disability in the US and our stroke disability programme will now only continue through partnerships, as it is our stated intention to license out the CTX cell therapy candidate in other indications.

Financial Review

Revenues in the year amounted to £0.3 million representing royalties from non-therapeutic licensing activities and income from research collaboration activities (2020: £6.1 million; £0.1 million of royalties plus an upfront licence fee of £6.0 million received from Fosun Pharma in respect of the above-mentioned licence agreement signed with that company in April 2019). Grant income of £0.1 million (2020: £0.1 million) was received in the period and is shown as other operating income. The 2021 figure represents funds received under the Government's Coronavirus Job Retention Scheme.

Total operating costs reduced in the period to £13.2 million (2020: £20.6 million). This reduction in costs follows a review of programme priorities and resource requirements, with the Company making the decision to focus its resources on its retinal disease programme and its exosome and iPSC platforms. Research and development costs in the year reduced to £9.5 million (2020: £16.3 million), primarily reflecting the cost savings achieved as a result of this review and accounting for 72% of operating expenses (2020: 79%). General and administrative expenses reduced to £3.7 million (2020: £4.2 million).

Finance income represents income received from the Group's cash and investments and gains from foreign exchange, with losses from foreign exchange shown in finance expense. Finance income was £20,000 in the period (2020: £0.6 million). In 2020, finance income included foreign exchange gains of £0.3 million. In 2021, the movement in exchange rates has led to a foreign exchange loss of £0.5 million, which is therefore included in finance expense. Finance expense also includes lease interest of £32,000 (2020: £42,000). The Group holds cash and investments in foreign currencies in order to hedge against operational spend and the strengthening of sterling against the US dollar during the period has resulted in a relative devaluation of the Group's foreign currency deposits.

The total tax credit for the period was £2.0 million (2020: £3.0 million). The figure in 2020 was offset by overseas taxes paid of £0.6 million, related to the income received from Fosun Pharma, to give a net reported tax credit of £2.4 million. The reduction in the tax credit reflects the reduction in research and development costs.

As a result of the above, the total comprehensive loss for the year reduced marginally to £11.3 million (2020: £11.4 million).

Net cash used in operating activities in the period reduced to £6.1 million (2020: £14.3 million), broadly reflecting the above-mentioned reduction in operating costs and the receipt during the period of the £2.9 million tax credit due for the year ended 31 March 2019; the figure in 2020 being net of the Fosun Pharma licence fee of £5.4 million (net of withholding tax).

The Group had cash, cash equivalents and bank deposits totalling £22.2 million at the year-end (2020: £12.6 million). In December 2020, the Company raised £17.5 million, before expenses, by means of a placing, subscription and open offer.

Summary and outlook

During the period under review, we have continued to generate encouraging positive efficacy data from the initial cohorts of subjects in the ongoing Phase 2a clinical trial of our hRPC cell therapy candidate in RP. Having received regulatory approvals in the UK and Spain to expand the ongoing study outside the US, we look forward to continuing treatment of patients at a higher dose level and will be pleased to present further data from this extended study in Q4 2021. The enhanced data set will inform the design of the subsequent pivotal Phase 3 study required for marketing approval, which is anticipated to commence in H2 2022.

Our exosome and iPSC platforms have also progressed well during the period, with multiple industry-based collaborations now in progress across both platforms and the prospect of pre-clinical proof-of-concept data over the coming months.

Our decision earlier this year to focus the Company's resources on our retinal disease programme and our exosome and iPSC platforms has resulted in significantly lowered operating costs, as reflected in the results for the year. This renewed clarity of focus, together with the fundraise in December, will enable us to reach important, data-driven potential value inflection points across our programmes over the next 12 months.

Olav Hellebø
Chief Executive Officer

06 August 2021

Key facts

£17.5m

cash raised (before expenses) in December 2020.

£22.2m
2020: £12.6m

An increase in cash and cash equivalents and bank deposits.

£6.1m
2020: £14.3m

Material reduction in net cash used in operating activities.

£13.2m
2020: £20.6m

Total operating costs reduced in the period.

Director's duties

The Directors of ReNeuron Group plc and its subsidiary companies are required to act in accordance with a set of general duties which are detailed in the Companies Act 2006.

As part of their induction, Directors are briefed on their duties and they are regularly updated by both the Company Secretary or external advisers. Directors may also seek advice on their duties at any time, either via the Company Secretary or externally. More details are set out in the Corporate Governance section on page 40.

Section 172 Statement

The Directors are required by the Companies Act 2006 to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its shareholders as a whole and in doing so, are required to have regard to the following:

- 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; and
- The need to act fairly as between members of the Company.

In 2018, the Group adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies from the Quoted Companies Alliance (the "QCA Code"). The QCA code is an appropriate code of conduct for the Group's size and stage of development. Details of how the Group applies the ten principles of the QCA Code are set out on pages 40 to 45.

The Chairman's and Chief Executive Officer's statements describe the Group's activities, strategy and future prospects including considerations for long-term decision making on pages 7 and 24.

The Board considers the Group's major stakeholders to be its shareholders, its employees, suppliers, collaboration partners and those involved in clinical trials.

Overview as to how the Board performed its duties to Shareholders

The Board is committed to openly engaging with the Company's shareholders and recognising the importance of an effective dialogue. It is important that shareholders understand the Group's strategy and objectives, so these must be explained clearly and feedback received and issues raised carefully considered. Details of shareholder engagement are set out in sections 2 and 10 of the Corporate Governance Report on pages 41 and 45.

Key decisions

key decisions taken by the Board included:

- focusing the Company's resources on our retinal disease programme and our exosome and iPSC research platforms.
- halting the PISCES III clinical trial of our CTX cell therapy candidate for stroke disability in the US with the intent to continue the programme through partnerships.
- the intention to license out the CTX cell therapy candidate in other indications.
- recognising the need to raise funds and successfully doing so in December 2020.
- restructuring the composition of the Board.

Employees

The Group is a relatively small organisation and Executive Directors have regular day-to-day contact with employees at all levels, both formal and informal. The CEO regularly briefs employees on developments in the business and conducts question and answer sessions at these times. An Employee Engagement Group provides a more formal means of consultation with staff, and a Staff Engagement Survey is carried out annually.

Suppliers

The Board takes a close interest in relations with key suppliers whose performance is crucial to the Group's success. The Group endeavours to maintain good relationships with its suppliers and seeks to pay them promptly in accordance with the contracted terms. Where appropriate, the activities of suppliers are subject to audit.

Community and environment

The Board is mindful of the potential social and environmental impacts of the Group's activities. The Board is committed to minimising the environmental effect of the Group's activities wherever possible and seeks rigorous compliance with relevant legislation.

Business reputation

The Group operates in a highly regulated sector and the Board is committed to maintaining the highest standards of conduct. Staff behaviour is governed by appropriate policies, including anti-bribery policies, supported by a whistle-blowing process. There were no reported incidents in relation to this policies in the year ended 31 March 2021.

Sustainability

The Directors believe that operating the business responsibly is key to its long-term future and success.

People
The Group relies for its success on the intellectual qualities of its employees. Therefore it seeks to recruit and retain highly skilled and well-qualified employees.

Reward
The Group recognises the importance of a fair and competitive reward package which seeks to incentivise high performance and align the interests of the employees and the Group. Salaries are competitive, and the bonus scheme is based upon the attainment of both personal and corporate objectives. The Group also offers pension entitlement and health insurance or gym membership.

Details of the Group's employee share schemes are set out in note 27 to the Financial Statements.

Diversity
The Board believes in a diverse and gender balanced workforce and the Group's Equal Opportunities Policy ensures the provision of equal opportunities in all areas of employment.

At 31 March 2021 the Group employed 21 men and 17 women.

Employee engagement
Employee engagement is described in the Section 172 report above.

Development
Employees have significant opportunities for learning and development, often identified from the annual appraisal process. Examples include PhD studies, process management and quality management skills such as Six Sigma Black Belt, as well as soft skill courses and various formal training courses identified as part of employees' annual personal development plans.

Health and safety
Keeping its employees safe is a priority for the Group. A Health and Safety ("H&S") Committee meets regularly, monitors performance and drives improvements through H&S Committee representatives. A number of employees work in a laboratory environment and are trained and required to comply with the relevant regulations and best practice. The H&S Committee reports to the Group's Senior Management Team and the Board.

The Group also offers Employee Wellbeing support.

During the COVID-19 crisis, the Group has made resources available to support the mental health needs of employees who may feel isolated by working from home.

Policies and procedures
The Group has a comprehensive Employee Handbook and supporting policies which set standards for ensuring that the Group's business activities are conducted in a responsible manner for the benefit of its shareholders, employees, research partners and suppliers. The Board believes that ensuring employees understand their responsibilities and act in an ethical way is vital to the Group's future success.

Patients
As explained earlier in this report, the Group's objective is to produce new stem cell therapies for the treatment of patients whose medical needs are currently unmet. The Group's clinical stage candidate is in development for the treatment of patients suffering from retinitis pigmentosa while research with exosomes has indicated their potential as a drug delivery system which can cross the blood brain barrier.

Exosomes may also have potential for use as a delivery vehicle for viral vaccines.

In April 2019 the Group licensed its hRPC and CTX products to Fosun, covering the Greater China market and will look to further patient access to its stem cell based therapies via future licensing arrangements in other territories.

Clinical trials
ReNeuron has established a standard set of Standard Operating Procedures ("SOPs") and policies which govern the conduct of the clinical trials which it sponsors. These SOPs and policies ensure compliance with internationally recognised and adopted standards together with national and international legislation in the relevant territories.

They also ensure consistency across studies and programmes in the way that data is collected, analysed and stored. Compliance with the Group's SOPs and policies is monitored by its internal Quality Assurance department.

Our social impacts
The Group endeavours to maintain links with universities and local schools. University students and schoolchildren have visited the Pencoed site and been given an introduction to practical research based science. The Group has supported PhD research, and placements are provided from time to time.

Environmental impact
Due to the nature of the business, the Board considers that the Group has a low environmental impact. The Group seeks to minimise any environmental impact of its operations and complies with relevant regulations and legislation.

Risks and uncertainties

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

Risk	Potential impact	Mitigation action/control
Manufacturing and supply risk The Group's ability to successfully scale up production processes to viable clinical trial or commercial levels is vital to the commercial viability of any product.	**Manufacturing potential impact** Inability to sell a drug product on a commercially viable scale. Product manufacture is subject to continual regulatory control and products must be manufactured in accordance with Good Manufacturing Practice. Any changes to the approved process may require further regulatory approval. Availability of raw materials is extremely important to ensure that manufacturing campaigns are performed on schedule. **Supply potential impact** Substantial cost increases and delays in production which could adversely impact on the Group's clinical trials, financial results and cash liquidity.	The Group utilises reputable contract manufacturing organisations, experienced in meeting the requirements of Good Manufacturing Practice. The Group maintains contractual relationships with key manufacturers and suppliers to ensure availability of supply and sufficient notice of disruption. Additionally, the Group seeks to avoid reliance upon any single supplier or manufacturer.
Financial risk The financial risks faced by the Group include foreign currency risk, liquidity risk and risk associated with cash held on deposit with financial institutions.	These risks may adversely affect the Group's financial results and cash liquidity.	The Board reviews and agrees policies for managing each of these risks. The Group's main objectives in using financial instruments are the maximisation of returns from funds held on deposit, balanced with the need to safeguard the assets of the business. The Group does not enter into forward currency contracts. The Group holds currency in US dollars and euros to cover short and medium-term expenses in those currencies.
Fundraising risk The Group has incurred considerable losses since its inception and is dependent upon equity and public grant financing. It does not currently have any approved or revenue generating products.	The Group may not be able to raise additional funds that will be needed to support its product development programmes or commercialisation efforts. Any new funds raised may lead to dilution of existing investors.	The Group is continually seeking business development opportunities which enable it to support the future costs of development of its drug products and commercialise them successfully. Additionally, the Board places considerable emphasis on communication with shareholders and potential investors, to maximise the chances of successful future fundraising.

Risks and uncertainties

Risk	Potential impact	Mitigation action/control
Cyber risk There is risk that third parties may seek to disrupt the Group's business, or perpetrate acts of fraud using digital media.	Loss of IT systems for a significant period may result in delays in the development and commercialisation of drug product. Fraud may result in financial loss.	The Group is focused on maintaining a robust and secure IT environment that protects its corporate data and systems. IT systems are continuously monitored and employees are trained to be aware of cyber security and the associated risks.
Site and system disruption risk Unexpected events could disrupt the business by affecting its key facility, critical equipment, IT systems or a number of employees.	Loss of IT systems for a significant period or key employees may result in delays in the development and commercialisation of drug product.	The Group has developed a business continuity plan to ensure that it can respond effectively to identified risks. All critical equipment will have active service contracts in place. Business continuity insurance is in place.
Staff turnover risk The Group is dependent upon its ability to attract and retain highly qualified and skilled staff.	Loss of key staff could delay the development and commercialisation of drug product.	The Group offers attractive employment packages, including share incentive plans, and actively encourages employee engagement in the business. Employees also have significant opportunities for learning and development as well as promotion opportunities born out of the Group's staff appraisal and succession planning processes.
Risks associated with the departure of the United Kingdom from the EU ("Brexit")		
SME and Orphan Drug status Within the EU, the Group holds SME status, together with Orphan Drug Designation in respect of its hRPC product.	Loss of SME status and Orphan Drug Designation within the EU would expose the Group to increased costs of development and commercialisation of drug product within the EU.	The Group has incorporated ReNeuron Ireland Limited to enable it to maintain a presence within the EU and to manage and mitigate the risks and uncertainties surrounding future relations between the United Kingdom and the EU.
Regulatory risks Following Brexit on 31 January 2020, and the transition period, which ended on 31 December 2020, there are still many uncertainties surrounding the future relationship of the UK and the EU. New rules took effect from 1 January 2021, which could materially affect the future regulatory regime that applies to product candidates in the UK.	The EU is seen as a major future market for the Group's products. Any regulatory divergence may complicate and slow the process of developing and commercialising drug product in the EU. More burdensome regulation of the development of pharmaceutical candidates, either in the UK or in the EU could have a detrimental effect on the group's business.	The Group has considerable experience of dealing with major overseas regulators including in the EU and the USA and will monitor changing requirements and adapt accordingly.

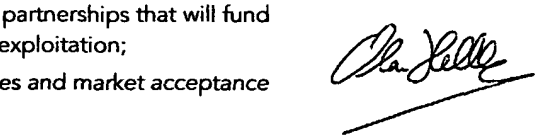
Risk	Potential impact	Mitigation action/control
Risks associated with a global pandemic and associated public health measures		
In any future pandemic, governments may institute public health measures similar to those used in respect of COVID-19, which may constrain economic activity and inhibit the Group's activities.	The Group's clinical trials and research and development activities may be delayed and additional costs incurred.	The Group has demonstrated its ability to continue its research and development activities using modified working practices. The effect on external activities such as clinical trials will be mitigated as far as possible having regard to the safety of patients and staff.

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

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

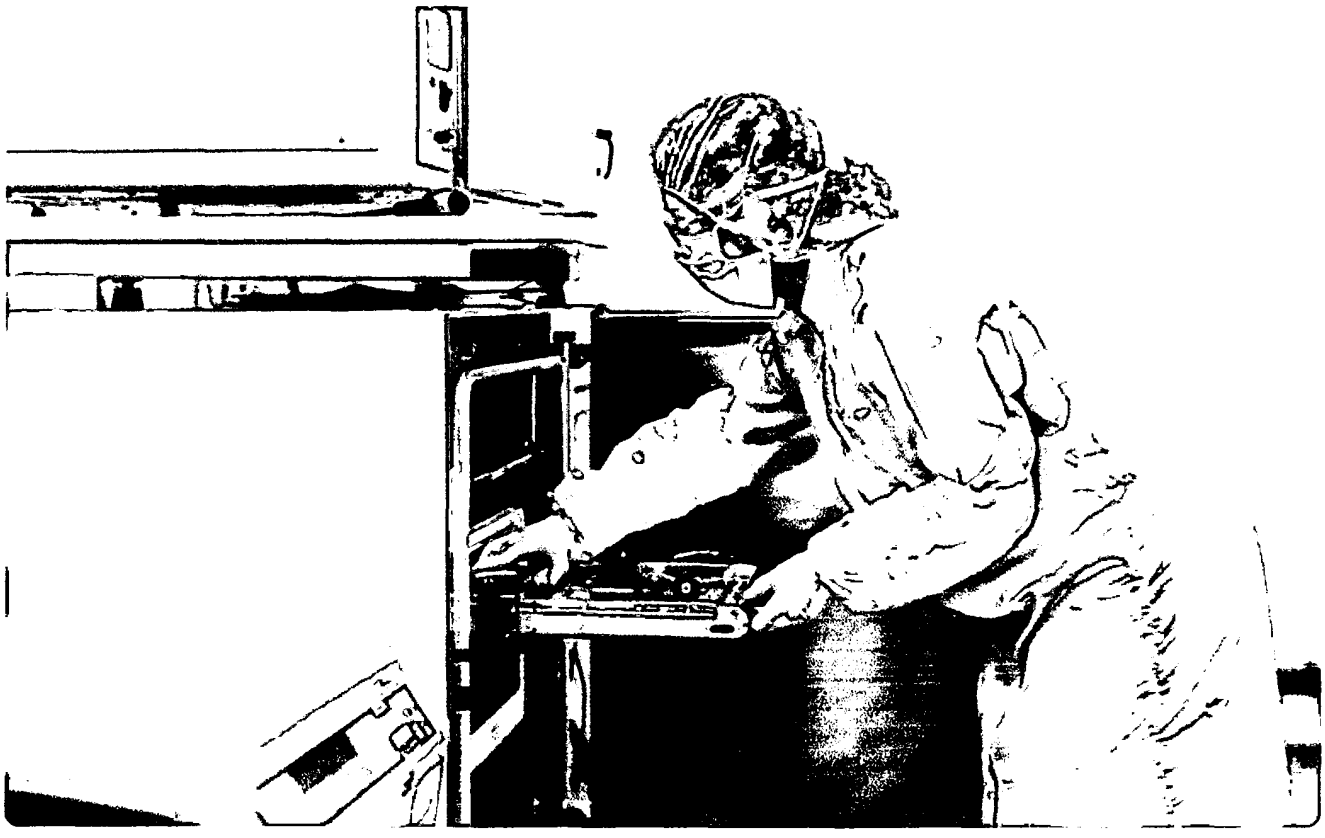
Pages 10 to 33 of this Annual Report and Accounts comprise the Strategic Report for the Group which has been prepared in accordance with chapter 4A of part 15 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Olav Hellebø
Chief Executive Officer

06 August 2021



Board of Directors

Iain Ross
Non-Executive Chairman
(N) (R)

Appointed
Iain Ross was appointed to the Board as Chairman on 1 July 2021.

External appointments
Currently he is Non-Executive Chairman at Silence Therapeutics PLC (LSE/NASDAQ) and Kazia Therapeutics Limited (ASX/NASDAQ).

Experience and skills
Iain Ross is a highly experienced board director with a career in the international life sciences and technology sectors that spans 40 years. He held senior commercial roles at Sandoz, Fisons and Hoffman La Roche before moving into the biotechnology sector where he has been Chairman, CEO and Director of several international biotechnology companies including Celltech Group plc, Quadrant Healthcare plc and Redx Pharma plc.

Mr Ross is a qualified Chartered Director, Fellow of the Institute of Directors and Honorary Fellow of Royal Holloway, London University.

Olav Hellebø
Chief Executive Officer

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

External appointments
He currently serves as a Non-Executive Director of Antev Limited.

Experience and skills
Prior to ReNeuron, he held the role of Chief Executive Officer at Clavis Pharma ASA, a Norwegian, oncology focused, listed biotechnology company.

He joined Clavis from UCB where he built the global organisation responsible for the successful registration and launch of the anti-TNF Cimzia®. Mr Hellebø was Chief Operating Officer of Novartis UK and prior to that held a series of senior roles at Schering Plough, including US marketing director for Claritin and head of the Biotech Oncology Business Unit in the US.

Barbara Staehelin
Senior Independent Non-Executive Director
(N) (A)

Appointed
Barbara Staehelin was appointed to the Board as Senior Independent Non-Executive Director on 14 July 2021.

External appointments
She is a board member at Assura Group, a Swiss medical insurance company, where she is President of the Audit and Risk Committee and a member of the Investment Committee. She is also co-founder and Chair at Axicos AG.

Experience and skills
Barbara Staehelin began her professional career in management consultancy, focusing on healthcare at McKinsey & Co., Inc, She has also served as a member of the Global Executive Committee at F. Hoffman-La Roche AG. Her wide experience both in senior leadership roles and in founding companies has given her extensive high-level exposure to commercial, regulatory and governance matters in the biotech sector.

Ms. Staehelin holds a Directors Certificate from Harvard University, USA as well as executive education in new concepts for boards from University St. Gallen, Switzerland, health economy from the European School for Health Economics, France and an MBA from INSEAD Fontainebleau, France.

Dr Tim Corn
Non-Executive Director
(N) (R)

Appointed
Dr Tim Corn was appointed to the Board in June 2012 and became Chairman in September 2020. Tim stepped down as Chairman on 1 July 2021.

External appointments
He serves as Chief Medical Officer of both Izana Bioscience and Akasa Bioscience, and is a Trustee of Nerve Tumours UK.

Experience and skills
He was formerly Chief Medical Officer at EUSA Pharma (sold to Jazz Pharmaceuticals in 2016) and at Zeneus Pharma (sold to Cephalon in 2006), as well as Non-Executive Director at Circassia Pharmaceuticals plc, Neurocentrx Pharma Ltd and HRA Pharma.

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

Professor Sir Chris Evans OBE
Non-Executive Director

Ⓐ Ⓡ

Appointed

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

External appointments

He was the founder of Chiroscience, Celsis, Biovex, Merlin Biosciences, Vectura, Piramed, Excalibur Group, Arthurian Life Sciences, Arix Bioscience plc and Proton Partners. He is also currently Founder and Chairman of Ellipses Pharma, a new cancer medicines company.

Experience and skills

He has built over 50 medical companies from scratch, many from his own ideas and inventions, and floated 20 new medical businesses on stock markets in six different countries. He has created companies worth over $7 billion, employing over 4,000 scientists, built hundreds of complex medical laboratories and facilities around the world and positively impacted many millions of lives with his work. He has also raised $2 billion for cancer research projects. He has received numerous prestigious awards and medals for his work and was knighted in the year 2000.

Mark Evans
Non-Executive Director

Ⓝ Ⓡ

Appointed

Mark Evans was appointed to the Board in September 2020.

External appointments

Mark is chairman of the supervisory board at Obotritia Capital KGaA which is a significant shareholder in the Company.

He and two colleagues started a new firm, Partners Investment Company LLP, to focus on small and midcap European equities. Mark is also a partner of Albemarle Life Sciences LLP, a small specialist healthcare investment partnership.

Experience and skills

Mark, a science graduate from the University of Bristol, began his career as a graduate trainee at Morgan Grenfell, a British merchant bank. He then worked in emerging markets at ING Bank and Montpelier Asset Management before joining THS Partners in 1998 to manage global equity portfolios. He followed a number of areas at THS, including property, fixed interest and healthcare. He also chaired the risk management committee and was the finance partner. THS was sold to GAM in 2016.

Dr Mike Owen
Non-Executive Director

Ⓝ Ⓡ

Appointed

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

External appointments

He currently serves as a director of Zealand Pharma, Ossianix Inc, Ossianix UK Ltd, Avacta Group plc, GammaDelta Therapeutics Ltd, Sarium Holdings plc and Ikusda Therapeutics Ltd. He is also a member of the scientific advisory board at Avacta Group plc.

Experience and skills

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

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

Fellowships

He is a Fellow of the Academy of Medical Sciences.

Key: Committees

Ⓐ Audit

Ⓡ Remuneration

Ⓝ Nominations and Corporate Governance

◯ Committee Chair

Senior management

Dr Richard Beckman
Chief Medical Officer

Appointed

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

Experience and skills

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

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

Suzanne Hancock
Head of Operations

Appointed

Suzanne Hancock was appointed Head of Operations in July 2020, having joined ReNeuron as a Programme Manager in 2017.

Experience and skills

Suzanne has broad experience of both leadership and technical scientific roles. She joined ReNeuron from GE Healthcare, where she spent almost twelve years and held a number of managerial roles forming and leading global cross functional teams engaged in the development and delivery of new products in the Life Sciences and Cell Therapy industry. Suzanne began her career as a scientist with Amersham International where she was involved in developing cell based assays and high content image analysis platforms for drug development.

She holds a BSc in Applied Biological Sciences and in 2019 successfully completed an MSP Practitioner qualification at Cardiff University.

Dr Stefano Pluchino
Chief Scientific Officer

Appointed

Dr Stefano Pluchino was appointed Chief Scientific Officer in May 2021.

Experience and skills

He is Reader in Regenerative Neuroimmunology and Honorary Consultant at the University of Cambridge since 2010. He obtained his MD and PhD at the University of Siena, Italy, and progressed to two consecutive post doctorate appointments at the San Raffaele Scientific Institute in Milan.

Stefano has published over 120 peer-reviewed papers and is internationally recognised as a leader and pioneer in the field of regenerative neuroimmunology. He was the recipient of the 2003 European Charcot Foundation (ECF) Award, the 2006 Sorono Foundation Multiple Sclerosis Award, the 2007 Rita Levi-Montalcini Award, the 2009 Italian Ministry of Health Young Investigator Award and the 2010 International Royan Award for outstanding research in Stem Cell Biology and Technology.

Shaun Stapleton
Vice President
Regulatory Affairs
and Pharmacovigilance

Appointed

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

Experience and skills

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

Director's report for the year ended 31 March 2021

The Directors present their report and the audited consolidated financial statements of the Company for the year ended 31 March 2021.

Presentation of financial statements

The Group accounts include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2021.

Future developments

Future developments are set out in the Strategic Report on pages 10 to 33.

Results and dividends

The results for the year are given in the Group statement of comprehensive income set out on page 62. The Directors do not recommend the payment of a dividend (2020: £Nil).

Research and development

During the year, the Group incurred research and development costs of £9,503,000 (2020: £16,335,000) all charged to the statement of comprehensive income.

Financial risk management

Financial risk management is set out in note 24 to the financial statements and also in risks and uncertainties on pages 30 to 33.

Directors

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

Iain Ross
(appointed 1 July 2021)
Non-Executive Chairman

Olav Hellebø
Chief Executive Officer

Barbara Staehelin
(appointed 14 July 2021)
Senior Independent Non-Executive Director

Dr Tim Corn
Non-Executive Director (Chairman from 10 September 2020 to 30 June 2021)

Professor Sir Chris Evans OBE
Non-Executive Director

Mark Evans
(appointed 10 September 2020)
Non-Executive Director

Dr Mike Owen
Non-Executive Director

The following Non-Executive Directors retired at the Annual General Meeting on 10 September 2020:

- John Berriman;
- Simon Cartmell; and
- Dr Claudia D'Augusta.

Michael Hunt resigned as an Executive Director on 31 May 2021.

Qualifying third party indemnity

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

Going concern

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

The Group actively seeks further business development and fundraising opportunities in order to support its ongoing development programmes. The Board places considerable emphasis on communication with shareholders, potential investors and other commercial organisations in order to maximise the chances of success in exploiting these opportunities. The Group had cash, cash equivalents and bank deposits totalling £22.2 million at the year-end (2020: £12.6 million). In December 2020, the Company raised £17.5 million, before expenses, by means of a placing, subscription and open offer.

Based on the above, the Directors expect that the Group's current financial resources will be sufficient to support operations for at least the next 12 months from the date of these financial statements and the Directors are continually reviewing options to secure further funding to finance the future needs of the business. The Group therefore continues to adopt the going concern basis in the preparation of these financial statements.

Engagement with suppliers, customers and others

The Group and Company's engagement with suppliers, customers and others is detailed in the Strategic Report.

Energy and carbon reporting

The Company and its subsidiaries are low energy users, hence no energy usage information is provided.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 Company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

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

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

Independent auditors

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

Annual General Meeting

The Annual General Meeting of the Company will be held at the Hilton London Paddington, 146 Praed Street, London, W2 1EE on 16 September 2021 at 10.00 a.m.

Shareholders should note that any changes to the format of the meeting which may be required by UK Government measures to prevent the spread of COVID-19 will be notified via the Company website www.reneuron.com or RNS notification as appropriate.

On behalf of the Board

Olav Hellebø
Chief Executive Officer

06 August 2021

Corporate governance

This report provides general information on the Group's adoption of corporate governance principles. As an AIM-listed company, ReNeuron intends to adopt, as far as possible, the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust.

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

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

The strategy and business operations of the Group are set out in the Strategic Report on pages 10 to 33.

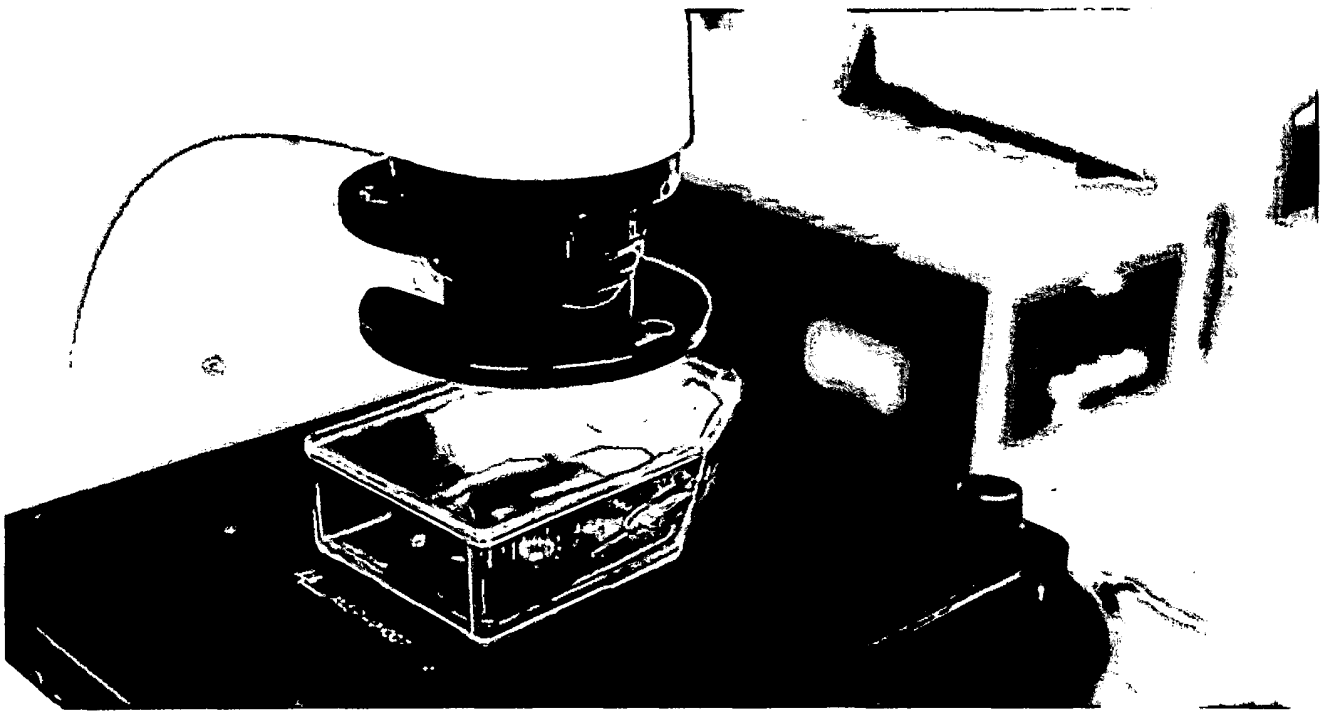
The Group's strategy and business model, and amendments thereto, are developed by the Chief Executive Officer and his senior management team, and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an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

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

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

At the appropriate stage of development, the Group may choose to realise monetary value in a therapeutic programme via high-value out-licensing deals with pharmaceutical or biotechnology companies with interests in the relevant therapeutic field and/or geographical territories. The out-licensing in April 2019 of the development and commercialisation of the Group's hRPC and CTX products to Fosun Pharma in China represents a successful manifestation of this strategy. Alternatively, and if resources permit, the Group may choose to advance a therapeutic candidate through late-stage clinical development unpartnered in order to retain the full value of the programme within the Group.

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



The Group operates in an inherently high risk and heavily regulated sector and this is reflected in the principal risks and uncertainties set out on pages 30 to 33. In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with these key risks and uncertainties, and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.

2. Seek to understand and meet shareholder needs and expectations

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

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

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

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

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

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

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

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are appropriate to a business of this size and complexity and 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. Key elements of the system of internal control include:

- setting and communicating clear strategic goals;
- a comprehensive budgeting process is completed once a year and is reviewed and approved by the Board;
- the Group's results, compared with the budget, are reported on a monthly basis;
- the Group reforecasts the budget as necessary during the financial year, with the results reviewed and approved by the Board;
- working within a defined set of delegated authorities, approved by the Board; and
- all material contracts are reviewed by an Executive Director of the Company and external legal advice is taken as appropriate.

The Group's regulated activities are governed by appropriate Standard Operating Procedures. Staff behaviour is governed by appropriate policies including an Anti-Bribery Policy.

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

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

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 30 to 33.

Corporate governance

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

At 31 March 2021, the Board comprised four Non-Executive Directors, and two Executive Directors.

At the date of approval of the Annual Report, the Board consisted of six Non-Executive Directors, including a Senior Independent Non-Executive Director and one Executive Director.

Changes in the composition of the Board are explained in the outgoing Chairman's Statement on page 8 and 9 and in the new Chairmans' Statement on page 9.

Directors' biographies are set out on pages 34 and 35.

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

The Board is responsible to the shareholders for the proper management of the Group and meets at least six times a year to set the overall direction and strategy of the Group, to review scientific, operational and financial performance and to advise on management appointments. All key operational and investment decisions are subject to Board approval. A schedule of Matters Reserved for the Board may be found in the Corporate Governance Policies on the Group's website.

18 formal board meetings were held in the year ended 31 March 2021.

A summary of Board and Committee meetings attended in the year ended 31 March 2021 is set out below:

	Board meetings		Nominations and Corporate Governance Committee		Audit Committee		Remuneration Committee	
Director	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
T Corn	18	18	–	–	2	2	12	12
O Hellebø	18	18	–	–	–	–	–	–
C Evans	10	18	1	1	–	–	5	6
M Evans	8	8	1	1	1	1	–	–
M Owen	17	18	1	1	1	1	12	12
J Berriman	9	10	1	1	–	–	–	–
S Cartmell	9	10	1	1	1	1	6	6
C D'Augusta	9	10	1	1	1	1	–	–
M Hunt	18	18	–	–	–	–	–	–

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-Executive Directors. Barbara Staehelin was appointed as Senior Independent Non-Executive Director on 14 July 2021. She and Dr Mike Owen are regarded as independent Non-Executive Directors under the QCA's Code's guidance for determining such independence.

Professor Sir Chris Evans has an interest in 2.96% of the share capital of the Company (excluding share option holdings). The Board does not regard Professors Evans's shareholding as significant enough to compromise his independence as a Non-Executive Director.

Iain Ross was appointed as Non-Executive Chairman on 1 July 2021. The Board has deemed that Iain Ross is not independent because his remuneration package includes eligibility to receive share options with a performance condition.

Also on 1 July 2021, Dr Tim Corn stood down as Chairman and continues to serve as a Non-Executive Director. Having served as a Non-Executive Director for nine years, he is no longer considered independent because of his length of tenure and will offer himself for re-election at the Annual General Meeting and then in each subsequent year.

Mark Evans chairs the Supervisory Board of Obotritia Capital KGaA, an investor with an interest in 10.76% of the share capital of the Company. Mr Mark Evans is also connected with certain funds with further interests in the share capital of the Company. As a result, Mr Mark Evans is not regarded as an independent Non-Executive Director.

Non-Executive Directors receive their fees in the form of a basic cash fee. Following the recent Board reorganisation the Non-Executive Directors' basic remuneration has been increased and, except in respect of the Chairman, the award of share options under the Company's Non-Executive Share Option Scheme will be discontinued. The current remuneration structure for the Board's Non-Executive Directors is deemed to be proportionate and in line with general market practice.

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

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

Directors' biographies are set out on pages 34 to 35. The Board regularly reviews its composition to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group.

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

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

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

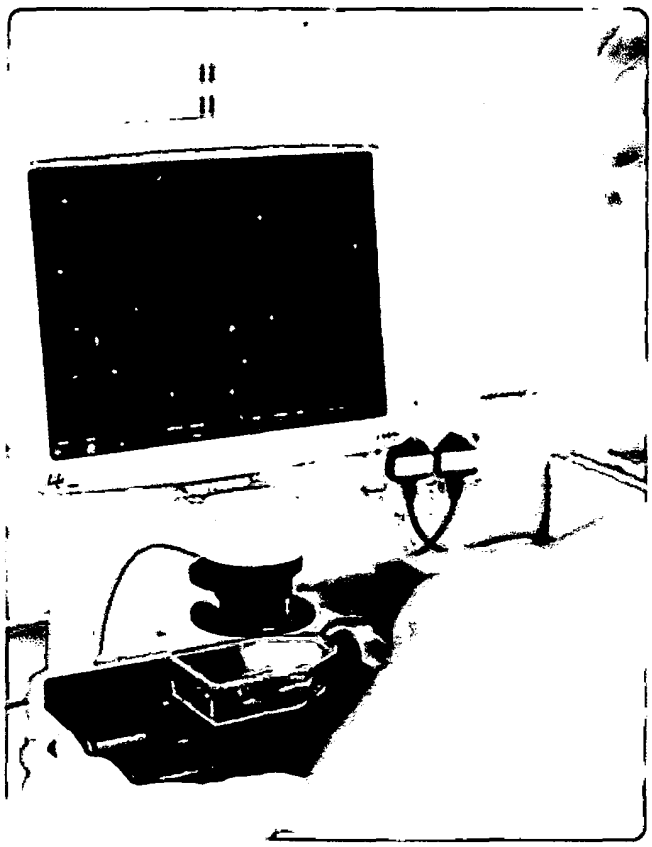
The Board has a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman. This process is conducted biennially and last took place in April 2021. The Board utilises the services of an independent third party organisation to manage the evaluation process, analyse the results and report back to the Board for subsequent follow-up. Evaluation criteria include Controls and Procedures, Strategic Aims, Entrepreneurial Leadership and Communications and Relationships.

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

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

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. There is an Employee Engagement Group and a Staff Engagement Survey has been introduced which has delivered positive feedback. The Executive Committee regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Group operates a Health and Safety Committee which meets monthly to monitor, review and make decisions concerning health and safety matters. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.



Corporate governance

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

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

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group.

The principal role of the Senior Independent Non-Executive Director ("SINED") is to support the Chairman in his role; to act as an intermediary for other non-executive directors when necessary; to lead the non-executive directors in the oversight of the Chairman and to ensure there is a clear division of responsibility between the Chairman and Chief Executive.

The SINED will provide an alternative to the Chairman or Chief Executive Officer for communication with shareholders, providing an additional conduit for issues, concerns or observations to be expressed. Additionally, the SINED will lead the Non-Executive Directors in the annual performance evaluation of the Chairman, including the working relationship between the Chairman and the Chief Executive Officer.

The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Board has established an Audit Committee, Remuneration Committee and Nominations and Corporate Governance Committee with formally delegated duties and responsibilities. Barbara Staehelin Chairs the Audit Committee and the Nominations and Corporate Governance Committee. Dr Mike Owen Chairs the Remuneration Committee.

The Audit Committee normally meets twice a year, which the Board deems to be sufficiently frequent in order for the Committee to discharge its responsibilities in the normal course of annual events. It has responsibility for, amongst other things, planning and reviewing the Annual Report and Accounts and interim statements involving, where appropriate, the external auditors. The Committee also approves external auditors' fees and ensures the auditors' independence as well as focusing on compliance with legal requirements and accounting standards. It is also responsible for ensuring that an effective system of internal control is maintained. The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board.

The Audit Committee Report is set out on pages 46 to 47.

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

During the year ended 31 March 2021, the Remuneration Committee met twelve times. The Committee reviewed and approved:

i. the degree of achievement of objectives for the year ended 31 March 2020;
ii. the waiver of all bonuses relating to the year ended 31 March 2020;
iii. the corporate and personal objectives for the Group and Executive Directors for the year ended 31 March 2021;
iv. the redundancy of certain senior managers and their terms;
v. temporary salary cuts for the Executive Directors and senior management;
vi. the exercise of share options by employees;
vii. the payment of interim bonuses to the Executive Directors and senior management;
viii. the granting of share options to Directors, senior management and staff;
ix. the termination package of the Chief Financial Officer; and
x. performance conditions relating to share options.

The Directors' Remuneration Report is set out on pages 48 to 55. The Directors believe that this, together with the above mentioned summary of the work of the Remuneration Committee, constitutes sufficient disclosure to meet the QCA Code's requirement for a Remuneration Committee Report. Consequently, a separate Remuneration Committee Report is not presented.

The Nominations and Corporate Governance Committee,

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

During the year ended 31 March 2021, the Nominations and Corporate Governance Committee met twice. The Committee reviewed and approved:

i. changes to the Non-Executive Board;

ii. recruitment to Executive positions; and

iii. changes to the Group's Corporate Governance Policies.

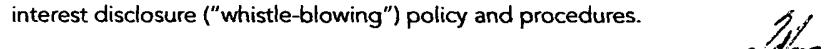
The terms of reference of the above Committees are set out in the Company's Corporate Governance Policies document, which is regularly updated and can be found in the Investors (Corporate Governance) section on the Group's website. The Corporate Governance Policies also contain a schedule of matters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

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

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

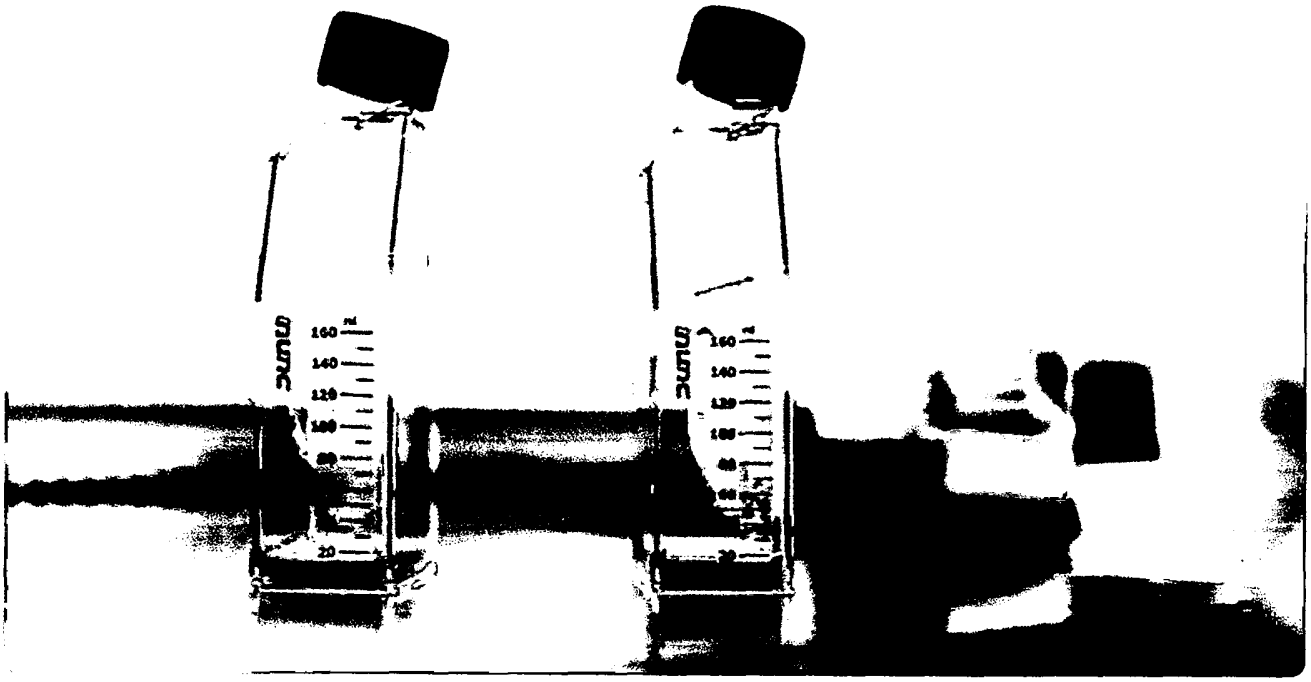
Historical Annual Reports and other governance-related material can be found on the Group's website in the relevant sections in the Investor Centre section of the site.

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



Iain Ross
Non-Executive Chairman

06 August 2021



Audit committee report for the year ended 31 March 2021

As Chair of the Audit Committee, I am pleased to present the Committee's Report for the year ended 31 March 2021.

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.

During the year, the Audit Committee consisted of three Non-Executive Directors. Since the year end its membership has increased to four. It is chaired by myself and its other members are Dr. Tim Corn, Mark Evans and Dr. Mike Owen

I should like to thank my predecessors as Audit Committee Chair, Mark Evans and Dr Claudia D'Augusta, for their hard work on behalf of the Committee.

I am an independent Director and have relevant financial experience. Audit Committee meetings are also attended, by invitation, by the Chief Financial Officer, Financial Controller and, where appropriate, other members of the Board. Representatives of the external auditor also attend by invitation and meet with the Audit Committee at least twice a year, with time allowed for discussion without any members of the Executive team being present, to allow the external auditor to raise any issues of concern.

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

The principal duties of the Committee are to:

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

- review the Group's systems and controls for detecting fraud and preventing bribery; and
- monitor and review the Group's whistle-blowing arrangements.

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

This includes:

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

During the year ended 31 March 2021, the Audit Committee met twice. The Committee reviewed and approved the financial statements and the audiors' findings report for the year ended 31 March 2020, the interim results for the six months to 30 September 2020 and the external auditor's plan and fee for the 2021 external audit.

The Audit Committee considers risk areas in the financial statements throughout the year and before the audit commences.

The Committee considered the following items to be areas of risk.

The Group incurs research and development expenditure from third parties. The Group recognises this expenditure in line with the management's best estimation of the stage of completion of each research and development project. This includes the calculation of accrued costs at each period end to account for expenditure that has been incurred. This requires management to estimate full costs to complete for each project and also to estimate its current stage of completion. The Committee pays particular attention to management's estimates of these items, its analysis of any unusual movements and their impact on cost recognition.

The Committee reviews the going concern basis upon which the accounts are prepared. The Group is in clinical-stage development and suffers significant planned operating losses from expenses incurred in research and development of its therapeutic programmes, as well as from general and administrative costs. The Group expects to continue to incur significant operating losses for the foreseeable future as it furthers its therapeutic programmes.

The Committee has reviewed cash balances and short and long-term cashflow forecasts as well as plans to raise funding and considers the going concern basis to be appropriate.

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 retendering of the audit contract.

A resolution for the reappointment of PricewaterhouseCoopers LLP as the statutory auditor will be proposed at the forthcoming Annual General Meeting.

No formal recommendations other than the approval of the Interim Statement and Annual Report and Accounts have been made to the Board by the Audit Committee and no external reports have been commissioned on financial control processes during the year ended 31 March 2021.

By order of the Board

Barbara Staehelin
Chair – Audit Committee

06 August 2021

Directors' remuneration report for the year ended 31 March 2021

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

Remuneration policy for Executive Directors

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

Remuneration for Executive Directors is composed of the following elements:

Basic salary

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

Bonuses

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

Longer term incentives

In order to further incentivise Executive Directors and align their interests with shareholders, the Company operates a Long Term Incentive Plan under which nominal price share options may be granted from time to time. The quantum of these awards will relate to the Executive Director's base salary and will vest subject to the performance conditions detailed in the tables and notes on pages 50 to 55 of this report.

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

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

Pension

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

Other benefits

Other benefits provided are life assurance, private medical insurance and professional subscriptions, where relevant to the duties of the Executive Director, and a car allowance of £10,000 per annum to each Executive Director (disclosed as part of Salaries and fees in the remuneration table below). During the year ended 31 March 2020, the Company paid a living allowance of £47,000 to the Chief Executive Officer pertaining to the relocation of the Group to the Pencoed, South Wales site (also disclosed as part of Salaries and fees in the remuneration table below).

Non-Executive Directors' remuneration

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

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

Following the recent Board reorganisation, Non-Executive Directors' basic renumeration has been increased and with the exception of Iain Ross, appointed as Chairman on 1 July 2021, they will receive no further awards of share options.

Mr Ross is eligible to receive 200,000 options under the Company's Non-Executive Share Option Scheme. 100,000 of the options have a nominal exercise price of 1p each and 100,000 of the options have an exercise price of £1.07 each. The options vest over three years and are exercisable if the share price exceeds £2 for a period of 30 consecutive days subsequent to the award.

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

Directors' emoluments

The Directors received the following remuneration during the year:

Audited	Salaries and fees £'000	Bonuses £'000	Benefits in kind £'000	2021 Total £'000	2021 Pension contributions £'000	2020 Total £'000	2020 Pension contributions £'000
Olav Hellebø	301	154	2	**457**	**31**	366	31
Dr Tim Corn	41	–	–	**41**	**–**	33	–
Professor Sir Chris Evans OBE	29	–	–	**29**	**–**	26	–
Mark Evans	14	–	–	**14**	**–**	–	–
Dr Mike Owen	32	–	–	**32**	**–**	30	–
John Berriman (Resigned 10 September 2020)	29	–	–	**29**	**–**	46	–
Simon Cartmell OBE (Resigned 10 September 2020)	25	–	–	**25**	**–**	38	–
Dr Claudia D'Augusta (Resigned 10 September 2020)	23	–	–	**23**	**–**	37	–
Michael Hunt (Resigned 31 May 2021)	214	107	2	**323**	**21**	226	21
Total	708	261	4	**973**	**52**	802	52

In June 2021, Michael Hunt received a payment in lieu of notice of £235,180, together with an ex-gratia payment of £40,000 .

Directors' bonuses comprise a cash element paid as a percentage of base salary, being 50% in both cases, based on achievement of corporate and personal performance objectives in the financial year.

In addition to the above cash bonus, and in line with the above stated remuneration policy, the Executive Directors may earn a non-cash bonus based on achievement of corporate and personal performance objectives, paid in the form of nominally priced share options awarded under the Group's Long-term Incentive Plan.

Olav Hellebo is eligible to receive nominally priced share options to the vale of £99,040 (2020: £Nil) in respect of personal and corporate objectives achieved during the year ended 31 March 2021.

In the light of the impact of COVID-19, the Executive Directors waived all bonuses earned based upon the achievement of personal and corporate objectives for the year ended 31 March 2020. As such no cash bonuses were paid and no bonus-related options granted in respect of the year ended 31 March 2020.

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

With the exception of Mark Evans, the Non-Executive Directors also received an equity-based fee in the year which took the form of nominal price share options under the Company's Non-Executive Share Option Scheme. The estimated gain on these options at the time of grant was £13,845 (2020: £12,900) to each of the Non-Executive Directors.

Directors' emoluments include amounts payable to third parties in respect of fees as described in note 33 of the financial statements. The Directors, who held office at the end of the year, and/or at the date of signing of the financial statements, held the following interests in the Ordinary shares of the Company.

	Ordinary shares of 1p each		
	31 July 2021 Number	31 March 2021 Number	31 March 2020 Number
Iain Ross	–	**N/A**	N/A
Barbara Staehelin	–	**N/A**	N/A
Olav Hellebo	**50,201**	**50,201**	21,630
Dr Tim Corn	**9,142**	**9,142**	2,000
Professor Sir Chris Evans OBE	**1,683,176**	**1,683,176**	254,605
Mark Evans	**891,068**	**891,068**	N/A
Dr Mike Owen	**11,379**	**11,379**	4,237
Michael Hunt (Resigned 31 May 2021)	**N/A**	**51,464**	30,036

Directors' remuneration report

The Directors, who held office at the end of the year, held the following interests in options over shares of the Company.

Dr Tim Corn

	Note	At 1 April 2020 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2021 Number**	Exercise price	Exercise period*
Options – unapproved	3	5,752	–	–	**5,752**	£2.87	September 2015 – September 2022
Options – unapproved	5	5,000	–	–	**5,000**	£3.60	September 2016 – September 2023
Options – unapproved	7	5,000	–	–	**5,000**	£3.45	September 2017 – September 2024
Options – unapproved	12	3,000	–	–	**3,000**	£1.00	August 2016 – July 2026
Options – unapproved	13	5,000	–	–	**5,000**	£1.00	October 2017 – September 2027
Options – unapproved	15	17,700	–	–	**17,700**	£0.01	October 2018 – September 2028
Options – unapproved	18	6,000	–	–	**6,000**	£0.01	May 2019 – April 2029
Options – unapproved	21	–	–	13,500	**13,500**	£0.01	March 2021 – February 2031
		47,452	–	13,500	**60,952**		

Olav Hellebø

	Note	At 1 April 2020 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2021 Number**	Exercise price	Exercise period*
Options – approved	8	72,463	–	–	**72,463**	£1.00	September 2017 – September 2024
Options – unapproved	8	83,091	–	–	**83,091**	£1.00	September 2017 – September 2024
Options – unapproved	9	181,236	–	–	**181,236**	£1.00	October 2018 – October 2025
Options – unapproved	10	190,666	–	–	**190,666**	£1.00	July 2019 – July 2026
Options – unapproved	11	25,000	–	–	**25,000**	£1.00	July 2018 – July 2026
Options – unapproved	14	97,666	–	–	**97,666**	£1.00	July 2020 – September 2027
Options – unapproved	16	155,738	–	–	**155,738**	£0.01	September 2021 – September 2028
Options – unapproved	19	260,861	–	–	**260,861**	£0.01	April 2022 – April 2029
Options – unapproved	20	30,254	–	–	**30,254**	£0.01	July 2021 – July 2029
Options – unapproved	22	–	–	331,382	**331,382**	£0.01	February 2024 – February 2031
		1,096,975	–	331,382	**1,428,357**		

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

Professor Sir Chris Evans OBE

	Note	At 1 April 2020 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2021 Number	Exercise price	Exercise period*
Options – unapproved	5	5,000	–	–	**5,000**	£3.60	September 2016 – September 2023
Options – unapproved	7	5,000	–	–	**5,000**	£3.45	September 2017 – September 2024
Options – unapproved	12	3,000	–	–	**3,000**	£1.00	August 2016 – July 2026
Options – unapproved	13	5,000	–	–	**5,000**	£1.00	October 2017 – September 2027
Options – unapproved	15	17,700	–	–	**17,700**	£0.01	October 2018 – September 2028
Options – unapproved	18	6,000	–	–	**6,000**	£0.01	May 2019 – April 2029
Options – unapproved	21	–	–	13,500	**13,500**	£0.01	March 2021 – February 2031
		41,700	–	13,500	**55,200**		

Dr. Mike Owen

	Note	At 1 April 2020 Number	Lapsed during the year Number	Granted during the year Number	At 31 March 2021 Number	Exercise price	Exercise period*
Options – unapproved	12	3,000	–	–	**3,000**	£1.00	August 2016 – July 2026
Options – unapproved	13	5,000	–	–	**5,000**	£1.00	October 2017 – September 2027
Options – unapproved	15	17,700	–	–	**17,700**	£0.01	October 2018 – September 2028
Options – unapproved	18	6,000	–	–	**6,000**	£0.01	May 2019 – April 2029
Options – unapproved	21	–	–	13,500	**13,500**	£0.01	March 2021 – February 2031
		31,700	–	13,500	**45,200**		

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

Directors' remuneration report

Michael Hunt (resigned 31 May 2021)

	Note	At 1 April 2020 Number	Lapsed during the year Number	Granted during the year Number	**At 31 March 2021 Number**	Exercise price	Exercise period*
Options – unapproved	1	10,355	(10,355)	–	–	£1.00	August 2013 – August 2020
Options – unapproved	2	14,583	–	–	**14,583**	£1.00	September 2014 – September 2021
Options – approved	4	31,818	–	–	**31,818**	£1.00	September 2015 – September 2022
Options – approved	6	6,945	–	–	**6,945**	£1.00	September 2016 – September 2023
Options – unapproved	6	32,638	–	–	**32,638**	£1.00	September 2016 – September 2023
Options – approved	8	17,153	–	–	**17,153**	£1.00	September 2017 – September 2024
Options – unapproved	8	23,471	–	–	**23,471**	£1.00	September 2017 – September 2024
Options – unapproved	9	70,909	–	–	**70,909**	£1.00	October 2018 – October 2025
Options – unapproved	10	82,916	–	–	**82,916**	£1.00	July 2019 – July 2026
Options – unapproved	11	12,500	–	–	**12,500**	£1.00	July 2018 – July 2026
Options – unapproved	14	68,000	–	–	**68,000**	£1.00	July 2020 – September 2027
Options – unapproved	16	33,334	–	–	**33,334**	£0.01	September 2021 – September 2028
Options – parallel	17	44,117	–	–	**44,117**	£0.01 or £0.68	September 2021 – September 2028
Options – unapproved	19	103,785	–	–	**103,785**	£0.01	April 2022 – April 2029
Options – unapproved	20	23,697	–	–	**23,697**	£0.01	July 2021 – July 2029
Options – unapproved	22	–	–	145,185	**145,185**	£0.01	February 2024 – February 2031
		576,221	(10,355)	145,185	**711,051**		

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

Note 1:
These options were issued subject to the amended performance conditions below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable. These options lapsed during the year

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

Note 2:
These options were awarded in accordance with the Group's Long-Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Note 3:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fourth clinical trial; at 31 March 2021 these options were exercisable.

Note 4:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Note 5:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fifth clinical trial; at 31 March 2021, these options were exercisable.

Note 6:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Note 7:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a sixth clinical trial; at 31 March 2021, these options were exercisable.

Note 8:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Directors' remuneration report

Note 9:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2021, these options were exercisable.

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

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

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

Note 10:
These options were awarded in accordance with the Group's Long-Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2021, these options were exercisable.

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

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

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

Note 11:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2016 and carry no further performance conditions; at 31 March 2021, these options were exercisable.

Note 12:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, these options were exercisable.

Note 13:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, these options were exercisable.

Note 14:
These options were issued subject to the performance conditions set out below. At 31 March 2021, 33.4% of these options were exercisable.

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

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

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

Note 15:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, 83.33% of these options were exercisable.

Note 16:
These options were issued subject to the performance conditions set out below. At 31 March 2021, 33.4% of these options were exercisable.

i. 33.3% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products;

ii. 33.3% vest when the sixth clinical trial of a ReNeuron cell therapy completes; and

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

Note 17:
These are parallel options which may be exercised either as an unapproved option at an exercise price of 1p, or alternatively, at the choice of the option holder, as approved CSOP options at an exercise price of 68p. These options were issued subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i. 33.3% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products;
ii. 33.3% vest when the sixth clinical trial of a ReNeuron cell therapy completes; and
iii. 33.4% vest if the Total Shareholder Return of the Company meets or exceeds that of the FTSE AIM Healthcare Index in any three-year period from the date of grant of the option.

Note 18:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, 63.89% of these options were exercisable.

Note 19:
These options were issued subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i. 33% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which, together with other financial resources, provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products;
ii. 33% vest when the Company's share price has doubled from the price at the date of grant; and
iii. 34% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

Note 20:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2019 and carry no further performance conditions; at 31 March 2021, these options were not exercisable.

Note 21:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, 2.78% of these options were exercisable.

Note 22:
These options were issued subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i. 33% vest when the Company has signed at least one further significant business development deal for any of its technologies or programmes;
ii. 33% vest when the Company's share price has tripled from the price at the date of grant; and
iii. 34% vest when the extended RP Phase 2a clinical study with hRPC has demonstrated efficacy sufficient for progression to a potentially pivotal study.

By order of the Board

Dr. Mike Owen
Chair – Remuneration Committee

06 August 2021

Independent auditors' report to the members of ReNeuron Group plc

Report on the audit of the financial statements

Opinion

In our opinion, ReNeuron Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the Group and Parent Company statements of financial position as at 31 March 2021; the Group statement of comprehensive income, the Group and Parent Company statements of cash flows, and the Group and Parent Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

- Accounting for research and development expenditure (group)
- Risk posed by COVID-19 (group and parent)

Materiality

- Overall group materiality: £671,000 (2020: £693,000) based on 5% of loss before tax.
- Overall company materiality: £475,500 (2020: £628,000) based on 1% of total assets.
- Performance materiality: £503,250 (group) and £356,625 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent Auditor's Report to the members of ReNeuron Group plc

Key audit matter	How our audit addressed the key audit matter
Accounting for research and development expenditure (group) Due to the nature of the clinical trials and general research, it is often difficult to estimate the amount of time a particular trial is going to take. ReNeuron outsources most of its research and development to third parties which restricts visibility and the ability to monitor the progression of a piece of research, or a trial's stage of completion. As a result, it can be difficult for ReNeuron to measure which costs have been incurred in relation to a trial at a particular point in time and as such, based on billings received, whether project accruals and prepayments recorded are reasonably estimated. Our audit risk is focussed on whether the relevant expenditure has been appropriately included in the income statement and whether prepayments and accruals are appropriately calculated and recognised.	We performed the following procedures: • We verified the status of projects through a meeting with the Chief Medical officer where the progress and status of each project was discussed. • We considered whether any of the projects met the criteria for capitalisation. • We obtained management's calculations that support the research and development costs incurred during the year and verified the mathematical formulae used. • We obtained the contracts register and for a sample of contracts agreed that management had recognised costs in line with the underlying terms of the contract. • We sampled invoices detailed in management's calculations and tested back to invoice and verified that the cost description in the invoice matched costs included in management's schedule. • We obtained management's calculation of the accrual and prepayment position and verified the mathematical formulae. • We sampled the accrual position and tested back to either contract or invoice and verified the accuracy and existence of the accrual included in management's schedule. • We reviewed invoices received post 31 March 2021 to identify any costs not included in management's schedules.
Risk posed by COVID-19 (group and parent) The Directors have considered the risks posed by COVID-19, as set out in the Strategic report. Given the nature of the Group's operations, the risks are assessed as being in relation to the potential slowing of Research & Development activities including possible knock-on delays in clinical trial data and sustained fixed costs during periods of relative inactivity. Significant delays in Research & Development activities may impact the Group's ability to continue as a going concern.	We read relevant disclosures in the Annual Report and checked consistency our knowledge of the business based on our audit. No exceptions were noted from our testing.

How we tailored the audit scope

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

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.ReNeuron Group plc is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange and its principal activities are research and clinical development of cell-based therapeutics. The Group's accounting process is structured around a local finance function based in the United Kingdom. There are three active entities in the Group; ReNeuron Group plc (which raises the equity to support the principal activity ofthe Group), ReNeuron Limited (which records the majority of Group activity) and ReNeuron, Inc. (which incurs the costs of supervising the Group's clinical trials in the United States of America and recharges these back to ReNeuron Limited). ReNeuron Ireland Limited is not currently trading but a management charge has been recognised in the year. There are two dormant entities in the Group; ReNeuron (UK) Limited and ReNeuron Holdings Limited. For each active entity we determined whether we required an audit of their complete financial information ("full scope") or whether specified procedures addressing specific risk characteristics of particular financial statement line items would be sufficient. It was assessed that ReNeuron Group plc and ReNeuron Limited required full scope audit procedures whilst ReNeuron, Inc. and ReNeuron Ireland Limited, which contribute less than 1% of the loss before tax and 1% of Group total assets, and contained no financial statement items that comprised more than 15% of the Group total, did not.

Materiality

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

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

	Financial statements – group	Financial statements - company
Overall materiality	£671,000 (2020: £693,000).	£475,500 (2020: £628,000).
How we determined it	5% of loss before tax.	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, loss before tax is the most relevant measure in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the most appropriate measure since this entity is a holding company, and is a generally accepted auditing benchmark. This has been restricted in line with group scoping.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £475,500 and £531,800. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £503,250 for the group financial statements and £356,625 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £33,550 (group audit) (2020: £35,000) and £23,775 (company audit) (2020: £31,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- we reviewed the Directors' model supporting their going concern assumption and considered whether the assumptions made supported their conclusion;
- we tested the mathematical accuracy of the model and considered the reasonableness of the assumptions made and the available cash headroom throughout the twelve-month period from the date of approval of the financial statements;
- we reviewed the underlying base year back to supporting documentation (i.e. comparison with costs in current year); and
- we considered whether key assumptions are appropriately disclosed within the financial statements.

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 and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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 ReNeuron Group plc

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to fraud, anti-bribery and corruption laws, product safety (including but not limited to drug regulation), employment legislation (including health & safety regulation) and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misappropriation of assets. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board minutes:
- Reviewing legal expenses;
- Identifying and testing journal entries, in particular those having unusual account combinations; and
- Obtaining third party confirmations of all the Group's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

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

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

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

06 August 2021

Group statement of comprehensive income

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue	5	**257**	6,065
Other income	6	**78**	100
Research and development costs	7	**(9,503)**	(16,335)
General and administrative costs	7	**(3,746)**	(4,239)
Operating loss		**(12,914)**	(14,409)
Finance income	8	**20**	593
Finance expense	9	**(516)**	(42)
Loss before income tax		**(13,410)**	(13,858)
Taxation	12	**2,063**	2,446
Loss and total comprehensive loss for the year		**(11,347)**	(11,412)
Loss and total comprehensive loss attributable to equity owners of the Company		**(11,347)**	(11,412)
Basic and diluted loss per Ordinary share	14	**(29.0p)**	(35.9p)

Group and Parent Company statements of financial position

as at 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Assets					
Non-current assets					
Property, plant and equipment	15	**213**	452	**–**	–
Right-of-use-asset	16	**473**	591	**469**	564
Intangible assets	17	**186**	186	**–**	–
Investment in subsidiaries	18	**–**	–	**75,000**	75,000
		872	1,229	**75,469**	75,564
Current assets					
Trade and other receivables	19	**444**	696	**2**	7
Income tax receivable		**1,832**	5,826	**–**	–
Investments – bank deposits	20	**7,500**	–	**7,500**	–
Cash and cash equivalents	21	**14,703**	12,625	**12,049**	11,079
		24,479	19,147	**19,551**	11,086
Total assets		**25,351**	20,376	**95,020**	86,650
Equity					
Equity attributable to owners of the Company					
Share capital	25	**569**	318	**569**	318
Share premium account	25	**113,904**	97,890	**113,904**	97,890
Capital redemption reserve		**40,294**	40,294	**40,294**	40,294
Merger reserve		**2,223**	2,223	**1,858**	1,858
Accumulated losses					
At 1 April		**(127,502)**	(117,293)	**(54,551)**	(8,387)
Loss for the year attributable to the owners		**(11,347)**	(11,412)	**(8,524)**	(47,367)
Other changes in accumulated losses		**764**	1,203	**764**	1,203
At 31 March		**(138,085)**	(127,502)	**(62,311)**	(54,551)
Total equity		**18,905**	13,223	**94,314**	85,809
Liabilities					
Current liabilities					
Trade and other payables	22	**5,727**	6,280	**3**	3
Lease liabilities	23	**157**	166	**141**	135
		5,884	6,446	**144**	138
Non-current liabilities					
Lease liabilities	23	**562**	707	**562**	703
		562	707	**562**	703
Total liabilities		**6,446**	7,153	**706**	841
Total equity and liabilities		**25,351**	20,376	**95,020**	86,650

The financial statements on pages 62 to 88 were approved by the Board of Directors on 06 August 2021 and were signed on its behalf by:

Olav Hellebø
Director

Company registered number: 05474163

Group and Parent Company statements of changes in equity

for the year ended 31 March 2021

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2019	316	97,704	40,294	2,223	(117,293)	23,244
Exercise of employee share options	2	186	–	–	–	188
Credit on share-based payment	–	–	–	–	1,203	1,203
Loss and total comprehensive loss for the year	–	–	–	–	(11,412)	(11,412)
As at 31 March 2020	318	97,890	40,294	2,223	(127,502)	13,223
Issue of share capital	250	17,229	–	–	–	17,479
Transaction costs	–	(1,237)	–	–	–	(1,237)
Exercise of employee share options	1	22	–	–	–	23
Credit on share-based payment	–	–	–	–	764	764
Loss and total comprehensive loss for the year	–	–	–	–	(11,347)	(11,347)
As at 31 March 2021	**569**	**113,904**	**40,294**	**2,223**	**(138,085)**	**18,905**

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2019	316	97,704	40,294	1,858	(8,387)	131,785
Exercise of employee share options	2	186	–	–	–	188
Credit on share-based payment	–	–	–	–	1,203	1,203
Loss and total comprehensive loss for the year	–	–	–	–	(47,367)	(47,367)
As at 31 March 2020	318	97,890	40,294	1,858	(54,551)	85,809
Issue of share capital	250	17,229	–	–	–	17,479
Transaction costs	–	(1,237)	–	–	–	(1,237)
Exercise of employee share options	1	22	–	–	–	23
Credit on share-based payment	–	–	–	–	764	764
Loss and total comprehensive loss for the year	–	–	–	–	(8,524)	(8,524)
As at 31 March 2021	**569**	**113,904**	**40,294**	**1,858**	**(62,311)**	**94,314**

Group and Parent Company statements of cash flows

for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash flows from operating activities					
Cash used in operations	28	**(12,075)**	(13,651)	**(1,112)**	(1,082)
Overseas taxes paid		**(5)**	(611)	**–**	–
Income tax credit received		**6,061**	–	**–**	–
Interest paid		**(33)**	(42)	**(30)**	(34)
Net cash used in operating activities		**(6,052)**	(14,304)	**(1,142)**	(1,116)
Cash flows from investing activities					
Capital expenditure		**(25)**	(119)	**–**	–
Investment in subsidiaries		**–**	–	**(6,075)**	(13,505)
Interest received		**27**	300	**26**	299
Net cash generated from/(used in) investing activities		**2**	181	**(6,049)**	(13,206)
Cash flows from financing activities					
Proceeds from the issue of ordinary shares		**17,502**	188	**17,502**	188
Transaction costs		**(1,237)**	–	**(1,237)**	–
Bank deposit (placed)/matured		**(7,500)**	6,093	**(7,500)**	6,093
Principal element of lease payments		**(154)**	(144)	**(136)**	(130)
Lease finance		**–**	12	**–**	–
Net cash generated from financing activities		**8,611**	6,149	**8,629**	6,151
Net increase/(decrease) in cash and cash equivalents		**2,561**	(7,974)	**1,438**	(8,171)
Effect of foreign exchange movements on cash		**(483)**	167*	**(468)**	167*
Cash and cash equivalents at the start of the year		**12,625**	20,432	**11,079**	19,083
Cash and cash equivalents at the end of the year		**14,703**	12,625	**12,049**	11,079

* Reclassified from bank deposits (placed)/matured in 2020

Notes to the financial statements

1. General information

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

2. Accounting policies and basis of preparation

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

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006 (IFRS), and the applicable legal requirements of the Companies Act 2006.

These financial statements have been prepared on a historical cost basis.

As permitted by Section 408 of the Companies Act 2006, the Parent Company's statement of comprehensive income has not been presented in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2021.

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

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

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

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

Recognition of research and development expenditure

The Group incurs research and development expenditure from third parties. The Group recognises this expenditure in line with the management's best estimation of the stage of completion of each research and development project. This includes the calculation of accrued costs at each period end to account for expenditure that has been incurred. This requires management to estimate full costs to complete for each project and also to estimate its current stage of completion. Costs relating to clinical research organisation expenses in the year were £2.3 million, none of which met the criteria for capitalisation. The related accruals were £0.9 million.

Foreign currency translation

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

Revenue

Revenue is accounted for in line with the principles of IFRS 15 "Revenue from Contracts with Customers". It is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes.

Licensing agreements may contain a number of elements and provide for varying consideration terms, such as initial fees, sales, development and regulatory milestones together with sales-based royalties and similar payments. Such arrangements are within the scope of IFRS 15 and are assessed under its five-step model to determine revenue recognition. The distinct performance obligations within the contract and the arrangement transaction price are identified. The fair value of the arrangement transaction price is allocated to the different performance obligations based upon the relative stand-alone selling price of those obligations together with the performance obligation activities to which the terms of the payments specifically relate. The allocated transaction price is recognised over the respective performance period of each performance obligation.

Initial fees relating to the immediate transfer of intellectual property are non-refundable and are recognised as revenue upon signature of the contract.

Development and regulatory approval milestone payments are recognised as revenue when the respective milestones are achieved.

Sales-based royalty income and related milestone payments are recognised in the period when the related sales occur or when the relevant milestone is achieved.

Income which is related to ongoing development activity or technology transfer is recognised as the activity is undertaken, in accordance with the contract.

Where the Group acts as principal in a transaction, it recognises the gross revenue to which it is entitled. If the Group acts as agent in a transaction, it recognises the fee or commission received.

Other income

Other income represents government grants, together with transactions that do not arise in the course of an entity's normal activities and outside the definition of revenue above.

Government grants related to expenses are recognised in the same period as the relevant expense. Other items are recognised when there is an unconditional right to the income, they fall due, and there is no risk of clawback to the Group.

Research and development expenditure

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

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

Pension benefits

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

Leases

IFRS 16 'Leases' applies a single recognition and measurement approach for all applicable leases under which the Group is the lessee.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets two key evaluations, which are whether:

- the contract contains an identifiable asset; and
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.

At lease commencement date, the Group recognises a right-of- use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an

expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment.

Government and other grants

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

Share-based payments

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

The fair value calculation of share-based payments requires several assumptions and estimates as disclosed in note 27. The calculation uses the Black-Scholes model. At each balance sheet date, the Group reviews its estimate of the number of options that are expected to vest and recognises any revision to original estimates in the Group statement of comprehensive income, with a corresponding adjustment to equity.

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

Warrants

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

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

Intangible assets

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

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual periods used for this purpose are:

Plant and equipment	3–8 years
Computer equipment	3–5 years

The residual values and estimated useful lives are reviewed annually.

Profits or losses on disposal of property, plant and equipment reflect the difference between net selling price and carrying amount at the date of disposal and are recognised in the consolidated income statement.

Investments in subsidiaries

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

Current income tax

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

Deferred tax

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

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group assesses, on a forward-looking basis, the expected credit

losses associated with its trade and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Bank deposits, cash and cash equivalents

Cash and cash equivalents in the Group and Parent Company statements of cash flows and the Group and Parent Company statements of financial position include cash in hand and deposits with banks with original maturities of three months or less. Bank deposits with original maturities in excess of three months are classed as investments and measured at amortised cost using the effective interest rate method. Bank deposits with maturities between four and 12 months are disclosed within current assets and those with maturities greater than 12 months are disclosed within non-current assets.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are, when correctly submitted, usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Capital redemption reserve

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

Provisions

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

Contractual milestone payments

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

Accounting developments

The following new standards, new interpretations and amendments to standards and interpretations are applicable for the first time for the financial year ended 31 March 2021. None of them have any impact on the financial statements of the Group:

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate Benchmark Reform, Phase 1 (effective 1 January 2020);
- Amendments to IFRS 3 – Definition of a business (effective 1 January 2020);
- Amendments to IAS 1 and IAS 8 – Definition of Material (effective 1 January 2019);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020);
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions (effective 1 June 2020);
- Amendments to IFRS 4 – Extension of the Temporary Exemption From Applying IFRS 9 (effective 25 June 2020).

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

- Amendments to IFRS 9 – IAS 39 and IFRS 7- 'Interest Rate Benchmark Reform' (effective 1 January 2020);
- Amendments to IFRS 3 – 'Definition of a Business' (effective 1 January 2020);
- Amendments to IAS 1 and IAS 8 – 'Definition of Material' (effective 1 January 2020);
- Conceptual Framework for Financial Reporting (effective 1 January 2020);
- IFRS 17 'Insurance Contracts' (effective 1 January 2021); and
- Amendments to IFRS 10 and IAS 28 – 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (deferred indefinitely).

Notes to the financial statements

3. Going concern

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

The Group actively seeks further business development and fundraising opportunities in order to support its ongoing development programmes. The Board places considerable emphasis on communication with shareholders, potential investors and other commercial organisations in order to maximise the chances of success in exploiting these opportunities. The Group had cash, cash equivalents and bank deposits totalling £22.2 million at the year-end (2020: £12.6 million). In December 2020, the Company raised £17.5 million, before expenses, by means of a placing, subscription and open offer.

Based on the above, the Directors expect that the Group's current financial resources will be sufficient to support operations for at least the next 12 months from the date of these financial statements and the Directors are continually reviewing options to secure further funding to finance the future needs of the business. The Group therefore continues to adopt the going concern basis in the preparation of these financial statements.

4. Segment analysis

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

5. Revenue

	2021 £'000	2020 £'000
Royalty income	**89**	65
Initial licence fee	**–**	6,000
Income incidental to development activities	**168**	–
Total	**257**	6,065

Royalty income is derived from the licensed sale of the Group's products to customers in the USA. The initial licensing fee was earned in the People's Republic of China.

On 9 April 2019, ReNeuron Limited signed an exclusive licensing agreement (the "Agreement") with Shanghai Fosun Pharmaceutical Development Co. Ltd ("Fosun Pharma"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., for the development, manufacture and commercialisation of ReNeuron's CTX and hRPC cell therapy programmes (the "Licensed Products") in the People's Republic of China ("China").

Under the terms of the Agreement, Fosun Pharma will fully fund the development of ReNeuron's CTX and hRPC cell therapy programmes in China, including clinical development and subsequent commercialisation activities. Fosun Pharma has also been granted rights to manufacture the Licensed Products in China. ReNeuron retains the rights to the Licensed Products in the rest of the world.

In May 2019, ReNeuron received an initial licensing fee of £6 million (before withholding tax). Only the initial licensing fee has been included in the transaction price. It has been determined that the development, regulatory and sales milestones should be included in the transaction price when each performance obligation is met.

Under the terms of the Agreement, ReNeuron is entitled to further payments based upon the achievement of development, regulatory and sales milestones. The Agreement also entitles ReNeuron to royalty payments based upon future net sales of the Licensed Products in China.

Income incidental to development activities relates to fees received under research agreements.

6. Other income

	2021 £'000	2020 £'000
Government grants	**78**	100

Grant income during the year ended 31 March 2021 was derived from the Coronavirus Job Retention Scheme. Grants in 2020 related to scientific research.

7. Operating expenses

	2021 £'000	2020 £'000
Loss before income tax is stated after charging:		
Research and development costs:		
Employee benefits (note 11)	**3,258**	4,502
Depreciation of property, plant and equipment (note 15)	**216**	228
Depreciation of right-of-use asset (note 16)	**19**	25
Other expenses	**6,010**	11,580
Total research and development costs	**9,503**	16,335
General and administrative costs:		
Employee benefits (note 11)	**2,190**	2,166
Legal and professional fees	**653**	911
Depreciation of property, plant and equipment (note 15)	**46**	59
Depreciation of right-of-use asset (note 16)	**99**	100
Loss on disposal of fixed assets	**2**	–
Other expenses	**756**	1,003
Total general and administrative costs	**3,746**	4,239
Total research and development costs and general and administrative costs	**13,249**	20,574

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

Services provided by the Group's auditors	2021 £'000	2020 £'000
Fees payable to the Group's auditors:		
– for the audit of the Parent Company and consolidated financial statements	**22**	22
– for the audit of the Company's subsidiaries pursuant to legislation	**25**	25
– audit-related assurance services	**–**	3
Total	**47**	50

8. Finance income

	2021 £'000	2020 £'000
Interest receivable on short-term and investment bank deposits	**20**	287
Foreign exchange gains	**–**	306
Total	**20**	593

9. Finance expense

	2021 £'000	2020 £'000
Lease interest	**32**	42
Foreign exchange losses	**484**	–
Total	**516**	42

Notes to the financial statements

10. Directors' emoluments

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

	2021 £'000	2020 £'000
Aggregate emoluments of Directors:		
Salaries and other short-term employee benefits	**973**	802
Pension contributions	**52**	52
	1,025	854
Share-based payments	**417**	660
Directors' emoluments including share-based payments	**1,442**	1,514

Two Directors (2020: two) had retirement benefits accruing to them under defined contribution pension schemes in respect of qualifying services.

The Directors exercised no share options during the year (2020: 3,478).

For detailed disclosure of Directors' emoluments, including highest paid Director, please refer to the Directors' remuneration report on pages 48 to 55.

Directors' emoluments include amounts payable to third parties as described in note 33.

11. Employee information

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

	2021 Number	2020 Number
By activity:		
Research and development	**35**	49
Administration	**8**	12
Total	**43**	61

	2021 £'000	2020 £'000
Staff costs:		
Wages and salaries	**3,813**	4,698
Termination costs	**286**	–
Social security costs	**404**	533
Share-based payment charge	**764**	1,203
Other pension costs	**181**	234
Total	**5,448**	6,668

The Company holds the employment contracts for the two Executive Directors (2020: two) but all employee costs relating to these individuals are incurred by ReNeuron Limited.

The Group operates defined contribution pension schemes for UK employees and Directors. The assets of the schemes are held in separate funds and are administered independently of the Group. The total pension cost during the year was £181,000 (2020: £234,000). There were no prepaid or accrued contributions to the scheme at the year-end (2020: £Nil).

12. Taxation

	2021 £'000	2020 £'000
UK research and development tax credit at 14.5% (2020: 14.5%)	**2,068**	3,057
Overseas taxation	**(5)**	(611)
Total tax credit	**2,063**	2,446

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

As a loss-making small and medium sized enterprise, the Group is entitled to research and development tax credits at 14.5% (2020: 14.5%) on 230% (2020: 230%) of qualifying expenditure for the year to 31 March 2021.

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

	2021 £'000	2020 £'000
Loss before income tax	**13,410**	13,858
Loss before income tax multiplied by the main rate of corporation tax of 19% (2020: 19%)	**2,548**	2,633
Effects of:		
– difference between depreciation and capital allowances	**(33)**	(22)
– expenses not deductible for tax purposes	**(132)**	(612)
– losses not recognised	**(551)**	900
– adjustments in respect of prior year	**236**	158
Overseas taxes paid	**(5)**	(611)
Total tax credit	**2,063**	2,446

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

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

	Amount not recognised 2021 £'000	Amount not recognised 2020 £'000
Tax effect of timing differences because of:		
Accelerated capital allowances	**33**	31
Losses carried forward	**19,871**	18,558
Total	**19,904**	18,589

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

	Amount not recognised 2021 £'000	Amount not recognised 2020 £'000
Tax effect of timing differences because of:		
Losses carried forward	**1,461**	1,141

Deferred tax is calculated at 19%, the rate substantially enacted at the balance sheet date. The Finance Act 2021 increased the UK rate of Corporation Tax to 25% from 1 April 2023. The 25% rate increases the Group's deferred tax asset to £26.2 million and the Company's deferred tax asset to £1.9 million.

13. Loss for the financial year

As permitted by Section 408 of the Companies Act 2006, the Parent Company's statement of comprehensive income for the current year has not been presented in these financial statements. The Parent Company's loss and total comprehensive loss for the financial year was £8,524,000 (2020: £47,367,000).

14. Basic and diluted loss per Ordinary share

The basic and diluted loss per share is calculated by dividing the loss for the financial year of £11,347,000 (2020: £11,412,000) by 39,128,925 shares (2020: 31,811,456 shares), being the weighted average number of 1 pence Ordinary shares in issue during the year.

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

Notes to the financial statements

15. Property, plant and equipment

Group	Plant and equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2019	1,258	186	1,444
Additions	40	67	107
Disposals	(43)	(8)	(51)
At 31 March 2020	1,255	245	1,500
Accumulated depreciation			
At 1 April 2019	652	160	812
Charge for the year	238	49	287
Disposals	(43)	(8)	(51)
At 31 March 2020	847	201	1,048
Net book amount			
At 31 March 2020	408	44	452
Cost			
At 1 April 2020	1,255	245	1,500
Additions	22	3	25
Disposals	–	(8)	(8)
At 31 March 2021	1,277	240	1,517
Accumulated depreciation			
At 1 April 2020	847	201	1,048
Charge for the year	224	38	262
Disposals	–	(6)	(6)
At 31 March 2021	1,071	233	1,304
Net book amount			
At 31 March 2021	206	7	213

The Company had no property, plant or equipment at 31 March 2021 (2020: £Nil).

16. Right-of-use asset

Group	31 March 2021 £'000	31 March 2020 £'000
At beginning of the period	**591**	704
Additions	**–**	12
Depreciation charge	**(118)**	(125)
At end of the period	**473**	591

The net book value of the underlying assets is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Land and buildings	**469**	564
Computer and office equipment	**4**	27
At end of the period	**473**	591

Company	31 March 2021 £'000	31 March 2020 £'000
At beginning of the period	**564**	659
Depreciation charge	**(95)**	(95)
At end of the period	**469**	564

The above comprises land and buildings.

17. Intangible assets

Group	Licence fees £'000	Intellectual property rights not amortised £'000	Total £'000
At 1 April 2020 and 31 March 2021			
Cost	2,070	6,143	8,213
Accumulated amortisation and impairment	(1,884)	(6,143)	(8,027)
Net book amount at 31 March 2020 and 31 March 2021	186	–	186

The Company holds no intangible assets (2020: £Nil).

18. Investment in subsidiaries

Company	2021 £'000	2020 £'000
At the start of the year	**75,000**	112,527
Increased investment in subsidiaries	**6,075**	13,505
Capital contribution arising from share-based payments	**69**	116
Impairment of investments in subsidiaries	**(6,144)**	(51,148)
Net book amount at 31 March	**75,000**	75,000

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

The main element of the Group's funds are raised by ReNeuron Group plc, with funds then being passed to subsidiary companies via intercompany transactions. The resultant intercompany debtor is reclassified to investment in subsidiaries. Following the decision to suspend the Phase 2b study in the US with ReNeuron Limited's CTX stem cell therapy candidate for stroke disability, last year, the Company booked a provision of £51,148,000 to impair its investments in subsidiaries to £75.0 million. In the current year, a further provision of £6,144,000 was booked against the amount outstanding from ReNeuron Limited to ReNeuron Group plc., leaving a book value of £75.0 million (2020: £75.0 million).

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

Name of undertaking	ReNeuron Holdings Limited	ReNeuron Limited	ReNeuron (UK) Limited	ReNeuron, Inc.	ReNeuron Ireland Limited
Country of incorporation	England and Wales	England and Wales	England and Wales	Delaware, USA	Republic of Ireland
Description of shares held	£0.10 Ordinary shares	£0.001 Ordinary shares	£0.10 Ordinary shares	$0.001 Common stock	€1 Ordinary shares
Proportion of nominal value of shares held by the Company	100%	100%	100%	100%	100%

ReNeuron Limited is the principal trading company in the Group. ReNeuron Inc. employs staff who supervise the Group's clinical trials in the USA. ReNeuron Ireland Limited has been incorporated to enable the Group to maintain a presence in the EU after the United Kingdom's exit, and to mitigate the risks and uncertainties surrounding the final outcome of the exit negotiations. The other subsidiaries are dormant.

ReNeuron Limited, ReNeuron Holdings Limited and ReNeuron, Inc. are held directly by ReNeuron Group plc. ReNeuron (UK) Limited is held directly by ReNeuron Holdings Limited. ReNeuron Ireland Limited is held directly by ReNeuron Limited. The registered office address for the UK subsidiaries is Pencoed Business Park, Pencoed, Bridgend, CF35 5HY. The registered office addresses of the non-UK subsidiaries are:

- ReNeuron Inc., 450 Veterans Memorial Parkway, Suite 7A, East Providence, RI, 02914, USA; and
- ReNeuron Ireland Limited, The Black Church, St Mary's Place, Dublin 7, D07 P4AX, Ireland.

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19. Trade and other receivables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current				
Other receivables	**218**	294	**2**	7
Prepayments and accrued income	**226**	402	**–**	–
Total trade and other receivables	**444**	696	**2**	7

The classes within trade and other receivables do not include impaired assets. Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

20. Investments – bank deposits

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Deposits maturing at 4 to 12 months: current asset investments	**7,500**	–	**7,500**	–

21. Cash and cash equivalents

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cash at bank and in hand	**14,703**	12,625	**12,049**	11,079

22. Trade and other payables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Trade payables	**1,722**	2,426	**3**	3
Taxation and social security	**76**	145	**–**	–
Accruals and deferred income	**3,929**	3,709	**–**	–
Total payables falling due within one year	**5,727**	6,280	**3**	3

Amounts owed by the Company to Group undertakings were not interest-bearing and had no fixed repayment date. Trade payables are unsecured and are usually paid within 34 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

23. Lease liabilities

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current lease liabilities	**157**	166	**141**	135
Non-current lease liabilities	**562**	707	**562**	703
Total lease liability	**719**	873	**703**	838

Maturity of lease liabilities

The maturity profile of the Group's lease liabilities based upon contractual undiscounted payments is set out below:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Less than one year	**180**	187	**165**	165
One year to two years	**165**	169	**165**	165
Two years to three years	**165**	165	**165**	165
Three years to four years	**165**	165	**165**	165
Four years to five years	**110**	165	**110**	165
More than five years	**–**	110	**–**	110

The interest expense on lease liabilities in the years ended 31 March 2021 and 31 March 2020 is shown in note 9.

Other information

The principal lease commitment is in respect of the lease of offices and laboratories in Pencoed. The ten-year lease was signed by the Company with the Welsh Ministers on 11 February 2016 for the offices and laboratory space in new premises in Pencoed, South Wales, with the initial rent being reduced over the first three years. The incremental borrowing rate for the lease is 3.8%.

24. Financial risk management

Capital management

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

Risk

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

Liquidity and credit risk

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

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

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

At 31 March 2021 and 31 March 2020, no current asset receivables were aged over three months. No receivables were impaired or discounted.

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Ageing profile of the Group's and the Company's financial liabilities

The Group's and the Company's financial liabilities consist of:

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade and other payables due within three months	**5,727**	6,280	**3**	3
Current lease liabilities – due within one year	**157**	166	**141**	135
Non-current lease liabilities – due after more than one year	**562**	707	**562**	703
	6,446	7,153	**706**	841

Interest rate risk

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

Foreign currency risk

The Group holds part of its cash resources in US dollars and euros to cover payments committed in the immediate future. At 31 March 2021, cash and bank deposits of £5,422,000 (2020: £7,150,000) were held in these currencies. Creditors of the Group include £266,000 (2020: £586,000) denominated in US dollars and £164,000 (2020: £237,000) denominated in euros. £6000 of the Group's debtors is denominated in euros. The remainder are denominated in pounds sterling.

At 31 March 2021, if pounds sterling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the recalculated post-tax loss for the year would have been £189,000 (2020: £311,000) higher/lower.

At 31 March 2021, if pounds sterling had weakened/strengthened by 5% against the euro with all other variables held constant, the recalculated post-tax loss for the year would have been £61,000 (2020: £22,000) higher/lower.

The Group has not entered into forward currency contracts.

Currency profile of the Group's and the Company's cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
Currency	**£'000**	£'000	**£'000**	£'000
Pounds sterling	**9,281**	5,475	**7,925**	4,878
US dollars	**4,053**	6,487	**3,182**	6,023
Euros	**1,369**	663	**942**	178
	14,703	12,625	**12,049**	11,079

Currency profile of the Group's and the Company's bank deposit investments

	Group		Company	
	2021	2020	**2021**	2020
Currency	**£'000**	£'000	**£'000**	£'000
Pounds sterling	**7,500**	–	**7,500**	–
	7,500	–	**7,500**	–

Fair values of financial assets and financial liabilities

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

	2021		2020	
Group	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair value £'000
Investments – bank deposits	**7,500**	**7,500**	–	–
Cash at bank and in hand	**14,703**	**14,703**	12,625	12,625
Trade and other receivables excluding prepayments and accrued income	**218**	**218**	294	294
Trade and other payables excluding taxation and social security and accruals and deferred income	**1,722**	**1,722**	2,426	2,426
Lease liabilities	**719**	**719**	873	873

	2021		2020	
Company	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair value £'000
Investments – bank deposits	**7,500**	**7,500**	–	–
Cash at bank and in hand	**12,049**	**12,049**	11,079	11,079
Receivables: current	**2**	**2**	7	7
Trade and other payables	**3**	**3**	3	3
Lease liabilities	**703**	**703**	838	838

25. Share capital and share premium

	Number of shares	Issued and fully paid share capital £'000	Share premium £'000	Total £'000
Authorised share capital (at 1 April 2020 and 31 March 2021)	Unlimited			
At 1 April 2020 shares of 1 pence each	31,833,770	318	97,890	98,208
Issue of new shares – equity fund raising	24,970,381	250	17,229	17,479
Transaction costs of equity fund raising	–	–	(1,237)	(1,237)
Issue of new shares – exercise of employee share options	51,554	1	22	23
At 31 March 2021 shares of 1 pence each	56,855,705	569	113,904	114,473

26. Warrants

Warrant instrument with Novavest Growth Fund Limited

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

Notes to the financial statements

27. Share options

The Group operates share option schemes for Directors and employees of Group companies and specific consultants. Options have been issued through a combination of an Inland Revenue-approved Enterprise Management Incentive ("EMI") scheme and Company Share Option Scheme ("CSOP") together with unapproved schemes. Incentive Stock Options are provided to US staff.

Awards to Non-Executive Directors are made in accordance with the Group's Non-Executive Share Option Scheme.

The awards of share options to Executive Directors and employees of the Group are made in accordance with the Group's previous Deferred Share-based Bonus Plan, its Long Term Incentive Plans and US Incentive Stock Option Plan. Total options existing over 1.0 pence Ordinary shares in companies in the Group as at 31 March 2021 are summarised below. At 31 March 2021, the total outstanding options represented 7.6% of the total shares in issue.

Date of grant	Number of options at 1 April 2020	Granted during the year	Exercised in year	Lapsed during the year	**As at 31 March 2021**	Note	Exercise price	Date from which exercisable*	Date of expiry†
August 2010	9,268	–	–	(9,268)	**–**	1	£3.85	August 2013	August 2020
August 2010	23,289	–	(12,934)	(10,355)	**–**	2	£1.00	August 2013	August 2020
September 2011	21,600	–	–	(7,200)	**14,400**	3	£3.75	September 2014	September 2021
September 2011	29,560	–	–	–	**29,560**	4	£1.00	September 2014	September 2021
September 2012	26,574	–	–	(9,318)	**17,256**	5	£2.87	September 2015	September 2022
September 2012	52,007	–	–	–	**52,007**	6	£1.00	September 2015	September 2022
September 2013	31,450	–	–	(9,450)	**22,000**	7	£3.60	September 2016	September 2023
September 2013	62,294	–	–	–	**62,294**	8	£1.00	September 2016	September 2023
September 2014	47,250	–	–	(17,500)	**29,750**	9	£3.45	September 2017	September 2024
September 2014	238,767	–	–	(22,916)	**215,851**	10	£1.00	September 2017	September 2024
October 2015	11,750	–	–	(5,750)	**6,000**	11	£1.00	October 2018	October 2025
October 2015	355,112	–	–	(32,995)	**322,117**	12	£1.00	October 2018	October 2025
July 2016	467,664	–	–	(98,666)	**368,998**	13	£1.00	July 2019	July 2026
July 2016	42,500	–	–	–	**42,500**	14	£1.00	July 2018	July 2026
July 2016	15,000	–	–	–	**15,000**	15	£1.00	August 2016	July 2026
July 2016	36,500	–	(3,000)	(14,500)	**19,000**	16	£1.00	July 2019	July 2026
September 2017	328,332	–	–	(87,500)	**240,832**	17	£1.00	July 2020	September 2027
September 2017	64,000	–	(4,750)	(23,250)	**36,000**	18	£1.00	July 2020	September 2027
September 2017	30,000	–	–	–	**30,000**	19	£1.00	October 2017	September 2027
September 2018	106,200	–	–	(5,901)	**100,299**	20	£0.01	October 2018	September 2028
September 2018	383,339	–	(26,120)	(53,582)	**303,637**	21	£0.01	September 2021	September 2028
September 2018	161,582	–	–	(4,000)	**157,582**	22	£0.68	September 2020	September 2028
September 2018	66,000	–	(4,750)	(23,250)	**38,000**	23	£0.01	September 2021	September 2028
February 2019	18,000	–	–	(4,000)	**14,000**	22	£0.53	February 2021	February 2029
February 2019	94,500	–	–	(8,000)	**86,500**	24	£0.01	February 2022	February 2029
April 2019	36,000	–	–	(5,502)	**30,498**	25	£0.01	May 2019	April 2029
April 2019	529,446	–	–	(36,800)	**492,646**	26	£0.01	April 2022	April 2029
April 2019	32,000	–	–	–	**32,000**	27	£0.01	April 2022	April 2029
April 2019	146,946	–	–	–	**146,946**	28	£0.01	April 2021	April 2029
July 2019	53,951	–	–	–	**53,951**	29	£0.01	July 2021	July 2029
July 2019	77,895	–	–	–	**77,895**	30	£0.01	July 2022	July 2029
February 2021	–	40,500	–	–	**40,500**	31	£0.01	March 2021	February 2024
February 2021	–	647,600	–	–	**647,600**	32	£0.01	February 2024	February 2031
February 2021	–	159,554	–	–	**159,554**	33	£0.01	February 2023	February 2031
February 2021	–	375,000	–	–	**375,000**	34	£0.01	February 2024	February 2031
February 2021	–	60,000	–	–	**60,000**	35	£1.075	February 2023	February 2031
Total	3,598,776	1,282,654	(51,554)	(489,703)	**4,340,173**				

* The exercise periods indicate the earliest dates for which the options are exercisable subject to meeting the performance conditions disclosed overleaf.
† All options lapse in full if they are not exercised by the date of expiry.

Note 1:
These options were issued subject to a performance condition, being the successful completion of a second clinical trial of a ReNeuron cell therapy. These options lapsed during the year.

Note 2:
These options were issued subject to the amended performance conditions below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable.

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

During the year 12,934 of these options were exercised and the remainder lapsed.

Note 3:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a third clinical trial; at 31 March 2021 these options were exercisable.

Note 4:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Note 5:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fourth clinical trial; at 31 March 2021 these options were exercisable.

Note 6:
These options were awarded in accordance with the Group's Long Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Note 7:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a fifth clinical trial; at 31 March 2021, these options were exercisable.

Note 8:
These options were awarded in accordance with the Group's Long-Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

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Note 9:
These options were issued subject to a performance condition, being the first patient administered with a ReNeuron cell therapy in a sixth clinical trial; at 31 March 2021 these options were exercisable.

Note 10:
These options were awarded in accordance with the Group's Long-Term Incentive Plan and are subject to the amended performance conditions set out below. If all the performance conditions bar performance condition (ii) are met then 50% of the options become exercisable; at 31 March 2021, these options were exercisable.

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

Note 11:
These options were issued subject to the performance conditions set out below; at 31 March 2021, these options were exercisable.

i) 50% vest when the first patient is administered with a ReNeuron cell therapy in a sixth clinical trial.
ii) 50% vest on completion of the fourth clinical trial of a ReNeuron cell therapy.

Note 12:
These options were awarded in accordance with the Group's Long-Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2021, these options were exercisable.

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

Note 13:
These options were awarded in accordance with the Group's Long-Term Incentive Plan and are subject to the performance conditions set out below; at 31 March 2021, these options were exercisable.

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

Note 14:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ended 31 March 2016 and carry no further performance conditions; at 31 March 2021, these options were exercisable.

Note 15:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, these options were exercisable.

Note 16:
These options were issued subject to the performance conditions set out below; at 31 March 2021, these options were exercisable.

i) 50% vest when the first patient is administered with a ReNeuron cell therapy in a seventh clinical trial.
ii) 50% vest on completion of the fifth clinical trial of a ReNeuron cell therapy.

Note 17:
These options were issued subject to the performance conditions set out below. At 31 March 2021, 33.4% of these options were exercisable.

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

Note 18:
These options were issued subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the first patient is administered with a ReNeuron cell therapy in an eighth clinical trial.
ii) 50% vest on completion of the sixth clinical trial of a ReNeuron cell therapy.

Note 19:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, these options were exercisable.

Note 20:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, 83.33% of these options were exercisable.

Note 21:
These options were issued under the Company's Long-Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 33.3% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.
ii) 33.3% vest when the sixth clinical trial of a ReNeuron cell therapy completes.
iii) 33.4% vest if the Total Shareholder Return ("TSR") of the Company meets or exceeds that of the FTSE AIM Healthcare Index in any three-year period from the date of grant of the option.

Some of these options (114,565 as at 31 March 2021) will be exercisable at the option holder's choice either as a tax advantaged option at an exercise price of 68p, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 22:
These options were issued under the Company's US ISO Scheme and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.
ii) 50% vest when the sixth clinical trial of a ReNeuron cell therapy completes.
iii) A maximum of $100,000 across all ISO grants, based upon market value at the date of grant, is exercisable per employee in a calendar year.

Note 23:
These options were issued under the Company's Long-Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.
ii) 50% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

These options will be exercisable at the option holder's choice either as a tax advantaged option with an exercise price of 68p, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 24:
These options were issued under the Company's Long-Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.
ii) 50% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

These options will be exercisable at the option holder's choice either as a tax advantaged option at an exercise price of 53p, or alternatively as a non-tax advantaged option with an exercise price of 1p.

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Note 25:
These options have been issued in accordance with the Non-executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, 63.89% of these options were exercisable.

Note 26:
These options were issued under the Company's Long Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 33% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which, together with other financial resources provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.

ii) 33% vest when the Company's share price has doubled from that at the date of grant

iii) 34% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

Some of these options (255 as at 31 March 2021) will be exercisable at the option holder's choice either as a tax advantaged option at an exercise price of £2.22, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 27:
These options were issued under the Company's Long Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which, together with other financial resources provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.

ii) 50% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

Some of these options (24,288 as at 31 March 2021) will be exercisable at the option holder's choice either as a tax advantaged option at an exercise price of £2.22p, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 28:
These conditional rights were issued under the Company's US ISO Scheme and are subject to the performance conditions set out below. At 31 March 2021, these conditional rights were not exercisable.

i) 33% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which, together with other financial resources provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.

ii) 33% vest when the Company's share price has doubled from that at the date of grant.

iii) 34% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

iv) A maximum of $100,000 across all ISO grants, based upon market value at the date of grant, is exercisable per employee in a calendar year.

Some of these conditional rights (56,282 as at 31 March 2021) will be exercisable at the holder's choice either as an ISO at an exercise price of £2.22p, or alternatively as a conditional right with an exercise price of 1p.

Note 29:
These options have been issued in accordance with the Group's Deferred Share-based Bonus Plan in respect of corporate and personal objectives achieved in the financial year ending 31 March 2019 and carry no further performance conditions; at 31 March 2021, these options were not exercisable.

Note 30:
These options were issued under the Company's Long-Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 33% vest when the Company signs an out-licensing deal (or deals) for any of its technologies or programmes which, together with other financial resources provides sufficient funding to allow the achievement of clinical proof of concept data for the CTX and hRPC products.

ii) 33% vest when the Company's share price has doubled from that at the date of grant.

iii) 34% vest when the sixth clinical trial of a ReNeuron cell therapy completes.

Some of these options (12,631 as at 31 March 2021) will be exercisable at the option holder's choice either as a tax advantaged option at an exercise price of £2.375, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 31:
These options have been issued in accordance with the Non-Executive Share Option Scheme. These share options vest over three years on a straight-line basis and are not subject to performance conditions; at 31 March 2021, 2.78% of these options were exercisable.

Note 32:
These options were issued under the Company's Long-Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 33% vest when the Company has signed at least one further significant business development deal for any of its technologies or programmes.
ii) 33% vest when the Company's share price has tripled from that at the date of grant.
iii) 34% vest when the extended RP Phase 2a clinical study with hRPC has demonstrated efficacy sufficient for progression to a potentially pivotal study.

Some of these options (23,051 as at 31 March 2021) will be exercisable at the option holder's choice either as a tax-advantaged option at an exercise price of £1.075, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 33:
These options were issued under the Company's US ISO Scheme and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 33% vest when the Company has signed at least one further significant business development deal for any of its technologies or programmes.
ii) 33% vest when the Company's share price has tripled from that at the date of grant.
iii) 34% vest when the extended RP Phase 2a clinical study with hRPC has demonstrated efficacy sufficient for progression to a potentially pivotal study.
iv) A maximum of $100,000 across all ISO grants, based upon market value at the date of grant, is exercisable per employee in a calendar year

These options will be exercisable at the holder's choice either as an ISO at an exercise price of £1.075p, or alternatively as a conditional right with an exercise price of 1p.

Note 34:
These options were issued under the Company's Long Term Incentive Plan and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the Company has signed at least one further significant business development deal for any of its technologies or programmes.
ii) 50% vest when the extended RP Phase 2a clinical study with hRPC has demonstrated efficacy sufficient for progression to a potentially pivotal study.

Some of these options (294,460 as at 31 March 2021) will be exercisable at the option holder's choice either as a tax-advantaged option at an exercise price of £1.075, or alternatively as a non-tax advantaged option with an exercise price of 1p.

Note 35:
These options were issued under the Company's US ISO Scheme and are subject to the performance conditions set out below. At 31 March 2021, these options were not exercisable.

i) 50% vest when the Company has signed at least one further significant business development deal for any of its technologies or programmes.
ii) 50% vest when the extended RP Phase 2a clinical study with hRPC has demonstrated efficacy sufficient for progression to a potentially pivotal study.
iii) A maximum of $100,000 across all ISO grants, based upon market value at the date of grant, is exercisable per employee in a calendar year.

Notes to the financial statements

Fair value charge

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

	Exercise price £	Share price at date of grant £	Risk-free rate %	Assumed time to exercise Years	Assumed volatility %	Fair value per option £
July 2016	1.00	3.00	0.80	5	58.4	2.25
September 2017	1.00	1.70	1.34	5	50.4	1.01
September 2018 UK Plan	0.01*	0.68	1.60	5	58.9	0.67
September 2018 US ISO plan	0.68	0.68	1.60	5	58.9	0.35
February 2019 UK Plan	0.01*	0.53	1.18	5	57.7	0.52
February 2019 US ISO Plan	0.53	0.53	1.18	5	57.7	0.26
April 2019 UK plan	0.01*	2.16	1.10	5	84.6	2.15
April 2019 US ISO Plan	0.01†	2.16	1.10	5	84.6	2.15
July 2019 UK Plan	0.01*	2.45	0.82	5	86.8	2.44
February 2021 US ISO Plan	0.01†	1.10	0.49	5	80.4	1.09
February 2021 US ISO Plan	1.075	1.10	0.49	5	80.4	0.70
February 2021 UK Plan	0.01*	1.10	0.49	5	80.4	1.09

* Certain of these non-tax advantaged options were issued in parallel with tax advantaged CSOP options, either of which lapses upon the exercise of the other.
† Certain of these conditional rights were issued in parallel with ISO options, either of which lapses upon the exercise of the other.

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

The weighted average exercise prices for options were as follows:

	2021		2020	
	Number of options '000	**Weighted average exercise price £**	Number of options '000	Weighted average exercise price £
Outstanding at 1 April	**3,599**	**0.62**	3,017	0.83
Granted	**1,283**	**0.01**	877	0.01
Exercised	**(52)**	**0.41**	(187)	1.00
Lapsed	**(490)**	**0.87**	(108)	1.06
Outstanding at 31 March	**4,340**	**0.40**	3,599	0.62
Exercisable at 31 March	**1,411**	**1.08**	654	1.43

The share price on 31 March 2021 was 115.0 pence (2020: 99.0 pence).

The pattern of exercise price and life is shown below:

	2021				2020			
			Weighted average remaining life (years)				Weighted average remaining life (years)	
Range of exercise prices	**Weighted average exercise price**	**Number of options**	**Expected**	**Contractual**	Weighted average exercise price	Number of options	Expected	Contractual
Up to £1.00	**0.34**	**4,196,767**	**2.88**	**7.34**	0.51	3,462,634	2.55	7.33
From £1.00 to £10.00	**1.99**	**143,406**	**2.80**	**5.49**	3.45	136,142	2.51	3.09
Total		**4,340,173**				3,598,776		

28. Cash used in operations

	Group		Company	
	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Loss before income tax	**(13,410)**	(13,858)	**(8,524)**	(47,367)
Adjustments for:				
Finance income	**(20)**	(593)	**(20)**	(593)
Finance expense	**516**	42	**499**	34
Depreciation of property, plant and equipment	**262**	287	**–**	–
Depreciation of right-of-use asset	**118**	125	**95**	95
Loss on disposal of fixed assets	**2**	–	**–**	–
Share-based payment charges	**764**	1,203	**694**	1,088
Impairment of investment in subsidiary companies	**–**	–	**6,144**	51,148
Changes in working capital:				
Receivables	**245**	126	**–**	–
Payables	**(552)**	(983)	**–**	(5,487)
Cash used in operations	**(12,075)**	(13,651)	**(1,112)**	(1,082)

29. Reconciliation of net cash flow to movement in net debt

	Group		Company	
	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Increase/(decrease) in cash and cash equivalents	**2,561**	(7,974)	**1,437**	(8,171)
Effect of foreign exchange differences	**(484)**	167*	**(468)**	167*
Non-cash inflow from increase in lease liabilities	**–**	(12)	**–**	–
Lease repayments	**187**	186	**166**	164
Lease interest	**(32)**	(42)	**(30)**	(34)
Net funds at start of period	**11,752**	19,427	**10,241**	18,115
Net funds at end of period	**13,984**	11,752	**11,346**	10,241

* Reclassified from bank deposits (placed)/matured in 2020

30. Analysis of net funds

	Group		Company	
	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Cash and cash equivalents	**14,703**	12,625	**12,049**	11,079
Lease liabilities	**(719)**	(873)	**(703)**	(838)
Net funds	**13,984**	11,752	**11,346**	10,241

Notes to the financial statements

31. Financial commitments

The Company had no other financial commitments at 31 March 2021 (2020: £Nil).

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

32. Contingent liabilities

The Group had no contingent liabilities as at 31 March 2021 (2020: £Nil).

33. Related party disclosures

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

Aesclepius Consulting Limited charged fees of £18,000 (2020: £19,000) in respect of services provided as a Non-Executive Director by Dr Tim Corn.

Parent Company and subsidiaries

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

Company: transactions with subsidiaries	2021 £'000	2020 £'000
Purchases and staff:		
Parent Company expenses paid by subsidiary	**1,113**	1,047
Transactions involving Parent Company shares:		
Share options	**69**	116
Cash management:		
Capital contribution to subsidiary	**6,075**	13,505

Company	2021 £'000	2020 £'000
Year-end balance of investment in subsidiary after impairment	**75,000**	75,000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting (the "AGM" or the "Meeting") of ReNeuron Group plc (incorporated and registered in England and Wales with registered no. 5474163) (the "Company") will be held at the Hilton London Paddington, 146 Praed Street, London, W2 1EE on 16 September 2021 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 8 will be proposed as ordinary resolutions and Resolution 9 will be proposed as a special resolution.

At the time of publication of this Notice, the UK Government has lifted most legal restrictions relating to public gatherings that had previously been in place due to the ongoing COVID-19 pandemic. In line with this, the Board welcomes the opportunity to invite shareholders to attend the AGM in person. The Company is proposing to convene the AGM in compliance with the UK Government's guidance on how to stay safe and help prevent the spread of COVID-19 and appropriate safety measures will be in place at the Meeting.

The Board remains cognisant of the ongoing public health risk and recognises that the situation in relation to the pandemic can change quickly. The Board will monitor any changes to the UK Government guidance and legislation in relation to COVID-19. Should the situation change such that the Board considers that it is no longer possible or practicable for shareholders to attend the AGM in person, the Board will make changes to the arrangements for the Meeting as necessary. Any such changes will be communicated to shareholders through our website at www.reneuron.com and, where appropriate, by RIS Announcement. It is therefore strongly recommended that shareholders check the Company's website before attending the AGM.

At the time of writing it is uncertain what regulations or public health guidance may be in place at the time of the AGM which may restrict the number of people who can gather in public. Given this uncertainty, shareholders are strongly encouraged to submit their votes by proxy as soon as possible, appointing the Chairman of the AGM as their proxy, so that their votes can be taken into account.

Shareholders are also encouraged to submit any questions for the Chairman to info@reneuron.com at least 48 hours prior to the Meeting. Shareholders that are able to attend the AGM in person will also have an opportunity to ask questions at the Meeting. Where appropriate, questions and answers will be collated and later published on the Company's website at www.reneuron.com.

The results of the proposed resolutions will be published on our website at www.reneuron.com and announced via RIS Announcement as soon as practicable after the conclusion of the AGM.

Ordinary business

1. To receive and adopt the Company's Annual Report and Accounts for the financial year ended 31 March 2021 and the Directors' Report, and the Independent Auditors' Report on those accounts.
2. To reappoint PricewaterhouseCoopers LLP as auditors of the Company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid and to authorise the Directors to determine the remuneration of the auditors.
3. To reappoint as a Director Mark Evans, who having been appointed by the Board since the last Annual General Meeting of the Company is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for reappointment.
4. To reappoint as a Director Iain Ross who having been appointed by the Board since the last Annual General Meeting of the Company is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering himself for reappointment.
5. To reappoint as a Director Barbara Staehelin who having been appointed by the Board since the last Annual General Meeting of the Company is retiring in accordance with Article 114 of the Company's Articles of Association and who being eligible is offering herself for reappointment.
6. To reappoint as a Director Olav Hellebø, who is retiring by rotation in accordance with Article 122 of the Company's Articles of Association and, being eligible, is offering himself for reappointment.
7. To reappoint as a Director Dr Tim Corn, who is retiring by rotation in accordance with Article 122 of the Company's Articles of Association and, being eligible, is offering himself for reappointment.

Special business

8. That the Directors of the Company be and are hereby generally and unconditionally authorised, pursuant to Section 551 of the Companies Act 2006 (the "2006 Act") to:
   a. allot Ordinary shares and to grant rights to subscribe for or to convert any security into Ordinary shares in the Company (all of which shares and rights are hereafter referred to as "Relevant Securities") representing up to £189,788 in nominal value in aggregate of shares; and
   b. allot Relevant Securities (other than pursuant to paragraph (a) above) representing up to £189,788 in nominal value in aggregate of shares in connection with a rights issue, open offer, scrip dividend, scheme or other pre-emptive offer to holders of Ordinary shares where such issue, offer, dividend, scheme or other allotment is proportionate (as nearly as may be) to the respective number of Ordinary shares held

Notice of Annual General Meeting

by them on a fixed record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or any stock exchange in any territory, in relation to fractional entitlements, or any other matter which the Directors consider merits any such exclusion or other arrangements), provided that in each case such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, save that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such Relevant Securities to be allotted after such expiry, variation or revocation and the Directors may allot Relevant Securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

9. That the Directors are hereby empowered pursuant to Section 570 of the 2006 Act:
   a. subject to and conditionally upon the passing of Resolution 8 to allot equity securities (as defined by Section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 8 as if Section 561 of the 2006 Act did not apply to such allotment; and
   b. to sell Ordinary shares if, immediately before such sale, such shares are held as treasury shares (within the meaning of Section 724 of the 2006 Act) as if Section 561 of the 2006 Act did not apply to such sale, provided that such powers:
      1. shall be limited to:
         i. the allotment of equity securities (or sale of Ordinary shares) representing up to £189,788 in nominal value in aggregate of shares pursuant to the authority conferred by paragraph (b) of Resolution 8; and
         ii. the allotment of equity securities (or sale of Ordinary shares), otherwise than pursuant to sub-paragraph (i)above, representing up to £113,872 in nominal value in aggregate of shares (and including, for the avoidance of doubt, in connection with the grant of options (or other rights to acquire Ordinary shares) in accordance with the rules of the Company's share option schemes (as varied from time to time) or otherwise to employees, consultants and/or Directors of the Company and/or any of its subsidiaries); and
      2. shall expire 15 months after the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted (or Ordinary shares to be sold) after such expiry, revocation or variation and the Directors may allot equity securities (or sell Ordinary shares) in pursuance of such offer or agreement as if such powers had not expired or been revoked or varied.

06 August 2021

By order of the Board

John Hawkins
Company Secretary

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

Notes

1. In this Notice "Ordinary shares" shall mean Ordinary shares in the capital of the Company, having a nominal value of 1.0 pence per share.
2. A shareholder entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote on a show of hands and on a poll instead of him or her. A proxy need not be a member of the Company. Where a shareholder appoints more than one proxy, each proxy must be appointed in respect of different shares comprised in his or her shareholding which must be identified on the Form of Proxy. Each such proxy will have the right to vote on a poll in respect of the number of votes attaching to the number of shares in respect of which the proxy has been appointed. Where more than one joint shareholder purports to appoint a proxy in respect of the same shares, only the appointment by the most senior shareholder will be accepted as determined by the order in which their names appear in the Company's register of members. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the Chairman of the meeting and give your instructions to that proxy.
3. Given the uncertainty as to what regulations or public health guidance may be in place at the time of the AGM, shareholders are strongly encouraged to submit their votes by proxy as soon as possible, appointing the Chairman of the Meeting as their proxy, so that their votes can be taken into account.
4. A corporation which is a shareholder may appoint one or more corporate representatives who have one vote each on a show of hands and otherwise may exercise on behalf of the shareholder all of its powers as a shareholder provided that they do not do so in different ways in respect of the same shares.
5. To be effective, an instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the offices of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 10.00 a.m. on 8 September 2020 except that should the meeting be adjourned, such deposit may be made not later than 48 hours before the time of the adjourned meeting, provided that the Directors may in their discretion determine that in calculating any such period no account shall be taken of any day that is not a working day. A Form of Proxy is enclosed with this Notice. Shareholders who intend to appoint more than one proxy may photocopy the Form of Proxy prior to completion. Alternatively, additional Forms of Proxy may be obtained by contacting Computershare Investor Services PLC on 0370 707 1272. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made. Completion and return of the Form of Proxy will not preclude shareholders from attending and voting in person at the meeting.
6. A "Vote withheld" option has been included on the Form of Proxy. The legal effect of choosing the "Vote withheld" option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.
7. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at the close of business on the day which is two working days before the day of the meeting shall be entitled to attend or vote (whether in person or by proxy) at the meeting in respect of the number of shares registered in their names at the relevant time. Changes after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Explanatory notes to the business of the Annual General Meeting

Resolution 1

The Company's Annual Report and Accounts for the financial year ended on 31 March 2021 and the Directors' Report and the Independent Auditors' Report on those accounts will be presented to shareholders for approval.

Resolution 2

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

Resolutions 3, 4 and 5

In accordance with Article 114 of the Company's articles of association, every Director who has been appointed since the last annual general meeting of the Company is required to retire from office. Iain Ross, Barbara Staehelin and Mark Evans, having been appointed as Directors since the last annual general meeting therefore retire and, being eligible, offer themselves for reappointment by the shareholders at the Annual General Meeting.

Resolutions 6 and 7

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

Resolution 8

This resolution seeks to authorise the Directors to allot shares, subject to the normal pre-emption rights reserved to shareholders contained in the 2006 Act. The Investment Association ("IA") regards as routine a request by a company seeking an annual authority to allot new shares in an amount of up to a third of the existing issued share capital. In addition, the IA will also regard as routine a request for authority to allot up to a further third of the existing issued share capital provided such additional third is reserved for fully pre-emptive rights issues. Resolution 8 seeks to reflect the spirit of the IA's recommendations, though sub-paragraph (b) of Resolution 8 covers a broader range of offers, issues and allotments. The limits imposed under sub-paragraphs (a) and (b) of Resolution 8 each represent one third of the existing issued share capital of the Company.

Resolution 9

Pursuant to Section 561 of the 2006 Act, existing shareholders of the Company have a right of pre-emption in relation to future issues of shares. Sub-paragraph b1(i) of Resolution 9 allows the disapplication of pre-emption rights to allow the issue of shares to existing shareholders, for example, by way of a rights issue or open offer. The limit imposed in respect of the general disapplication pursuant to sub-paragraph b1(ii) of Resolution 9 represents 20% of the existing issued share capital of the Company. The Company is increasingly competing for capital on an international basis against other companies incorporated in the US and elsewhere who are not subject to allotment or pre-emption restrictions such as those applicable to the Company.

The Directors consequently consider it important that they have the authority set out in sub-paragraph b1(ii), which they regard as providing the required flexibility to allow the Company to raise funds at the appropriate time via the issue of such shares as efficiently as possible, on the best terms available and in a timely fashion. The authority set out in sub-paragraph b1(ii) also enables the Company to issue shares in connection with the grant of options (or other rights to acquire Ordinary shares) in accordance with the rules of the Company's share option schemes and more generally for other purposes.

Advisers

Company Secretary and registered office

John Hawkins
Pencoed Business Park
Pencoed
Bridgend
CF35 5HY

Principal banker

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

Patent agents

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

Nominated adviser and joint broker

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Joint broker

Allenby Capital Limited
5 St Helen's Place
London
EC3A 6AB

Financial PR consultants

Walbrook PR Ltd
75 King William Street
London
EC4N 7BE

Registrars

Computershare Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Solicitors

Covington & Burling LLP
265 Strand
London
WC2R 1BH

Independent auditors

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

Shareholder information

Shareholder enquiries

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

Share price information

London Stock Exchange Alternative Investment Market ("AIM") symbol: RENE

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

Financial calendar

Financial year-end	31 March 2021
Full year-end results announced	8 July 2021
Annual General Meeting	16 September 2021

Investor relations

ReNeuron Group plc
Pencoed Business Park
Pencoed
Bridgend
CF35 5HY

Email: info@reneuron.com

Phone: +44 (0) 203 819 8400

Website: www.reneuron.com

Glossary of scientific terms

Allogeneic:

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

ATMP:

Advanced therapy medicinal products are medicines for human use which are based upon genes, tissues or cells.

Cell line:

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

Cell therapy:

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

Cryopreservation:

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

Differentiation:

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

Ectoderm:

One of the three primary germ layers formed in early embryonic development. It is the outermost layer and differentiates to form epithelial and neural tissues (spinal cord, peripheral nerves and brain).

Endocytosis:

A cellular process in which substances are brought into the cell. The material to be internalized is surrounded by an area of cell membrane, which then buds off inside the cell to form a vesicle containing the ingested material.

Endoderm:

The innermost of the three germ layers, or masses of cells (lying within ectoderm and mesoderm), which appears early in the development of an animal embryo.

ETDRS eye chart:

This chart is designed to enable a more accurate estimate of visual acuity and is the standardised eye chart used in clinical trials to measure visual acuity.

ExoPr0:

Our first CTX-derived exosome therapeutic candidate.

Exosomes:

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

Good Manufacturing Practice ("GMP"):

Regulations, codes and guidelines to ensure that products are consistently produced and controlled according to quality standards appropriate to their intended use and as required by the product specification (GMP refers to current good manufacturing practice).

Immortalised cell line:

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

Immunogenicity:

Immunogenicity can be stated as the ability of a substance to provoke an immune response or the degree to which it provokes an immune response.

Immunosuppressants:

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

Induced pluripotent stem cells iPSC:

IPSCs are cells which are reprogrammed back into an embryonic-like pluripotent state that enables the development of an unlimited source of any type of human cell needed for therapeutic purposes.

In vitro vs in vivo:

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

Investigational New Drug Application ("IND"):

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

Ligand:

A substance that forms a complex with a biomolecule to serve a biological purpose.

Lipid nanoparticles:

Lipid nanoparticles (abbreviated LNPs) are a mixture of lipids manufactured in the laboratory to a specific size and density to mimic low-density lipoproteins which allow them to be taken up into living cells.

Mesoderm:

One of the three primary germ layers in the very early embryo. The other two layers are the ectoderm (outside layer) and endoderm (inside layer), with the mesoderm as the middle layer between them.

miRNA:

A short segment of RNA that regulates gene expression by binding to complementary segments of messenger RNA to down regulate the subsequent formation of protein.

GalNac (N-acetylgalactosamine):

A type of drug delivery system that can drive delivery of therapeutic molecules.

Nano-sized:

Between 1-1000nm in size.

Oligonucleotides:

Oligonucleotides are short, single-stranded lengths of DNA or RNA. An example would be siRNAs; small RNA molecules that specifically interact with messenger RNA to prevent the translation of a targeted gene.

Open-label:

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

Peptides:

Short chains of between two and fifty amino acids, linked by peptide bonds.

Photoreceptors:

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

Pluripotency:

Pluripotency describes the ability of a cell to develop into the three primary germ cell layers of the early embryo and therefore into all cells of the adult body.

Proprietary technology:

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

Regeneration:

The restoration of function in damaged body organs and tissues.

Retinal diseases:

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

Retinitis pigmentosa:

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

RNA:

Ribonucleic acid (RNA) is a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes.

siRNA ("small interfering RNA"):

siRNA is a class of double-stranded RNA and non-coding RNA molecules with a length of 18-25 base pairs.

Stem cell:

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

Stroke:

Damage to a group of nerve cells in the brain due to interrupted blood flow, caused by a blood clot or blood vessel bursting.

Depending on the area of the brain that is damaged, a stroke can cause coma, paralysis, speech problems and dementia.

Trophic support:

The release of biological factors and support molecules that promote cellular growth, differentiation and survival.

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