

Company Registration Number 06403643

EVGEN LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2021



EVGEN LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2021

The board of directors

Barry Clare
Huw Jones
Richard Moulson

Registered office

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

Auditor

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Legal advisers

Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

EVGEN LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

Principal activities

The principal activities of the Company during the year were that of a clinical stage biotechnology company.

Evgen's ambition is to be the world leader in sulforaphane and sulforaphane-like compounds, establishing a leading position in pharmaceuticals based upon sulforaphane and related analogues. The strategy to achieve this objective is:

1. Ensure the continued development of the breast cancer programme. We will design and cost a clinical trial protocol and then seek non-dilutive funding for Evgen and/or an affiliated clinical institution to sponsor the trial.
2. Initiate other clinical programmes where there is compelling pre-clinical data, e.g., in glioblastoma and ARDS
3. In addition, we will pursue opportunities to apply our intellectual property on stabilised sulforaphane to non-pharmaceutical opportunities which offer a more rapid route to market, such as the out-license to Juvenescence Ltd.

Evgen operates a virtual business model, outsourcing most R&D and all manufacturing activities. In relation to the COVID-19 epidemic, there have been minor delays to our pre-clinical and manufacturing outsourcers and with no on-going clinical trials we are not affected by the focus of trial sites on COVID-19.

Business Review

The last year has seen considerable progress in Evgen's development programmes, our first out-licensing deal, and a substantial fundraising by the Company's parent that will accelerate these programmes. In addition, we initiated an externally funded Phase 2/3 clinical trial of SFX-01 in Acute Respiratory Distress Syndrome ('ARDS') in partnership with The University of Dundee, the sponsor of the trial, which recruited its first patient in November 2020.

With Dr Huw Jones, who joined us in October 2020 as CEO, and the more recent appointments of Dr Helen Kuhlman as Chief Business Officer and Dr Glen Clack as Chief Medical Officer, we have a broader and stronger senior management to execute our ambitions.

Since we successfully completed our Phase IIa trial of SFX-01 in metastatic breast cancer ('mBC') the treatment pathway has changed substantially with the launch and rapid uptake of CDK4/6 inhibitors. These are becoming standard of care as first or second line treatments and hence we have re-assessed how to position SFX-01 as a STAT3 inhibitor in this landscape. In partnership with Manchester University and the Institut Curie in Paris we are assessing whether SFX-01 has anti-cancer activity in CDK4/6 resistant preclinical models. Early data generated so far does show such activity. Accordingly, we are refreshing the design of our next mBC clinical trial and starting a dialogue with potential partners and/or funders of this trial.

Whilst we hypothesise that STAT3 inhibition is the predominant mechanism of action for SFX-01 in mBC, recent preclinical data has demonstrated that it also inhibits Src homology region 2 domain-containing phosphatase-2 (SHP2), a mediator of cell proliferation in blood cancers and a number of solid tumours. Early preclinical *in vitro* data from the University of Oxford in which cell lines from juvenile myelomonocytic leukaemia (JMML) patients were exposed to SFX-01 showed reduced cell proliferation. JMML is a rare but very serious blood cancer in children. We have commissioned further work to assess whether and in what blood cancers a clinical programme might be initiated.

EVGEN LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2021

Also during the year we announced compelling preclinical data showing that SFX-01 significantly extended survival times in animal models of glioma, especially when combined with radiotherapy. This work was conducted at the University of Aquila, Italy and is being repeated at Auckland University in New Zealand and with a contract research organisation. To date the results have been consistent with those obtained at Aquila, strengthening our conviction that we should proceed to a glioma clinical programme, which we aim to commence in Q1 2022.

In September 2020 we announced our first out licensing deal with the JuvLife division of Juvenescence Ltd. JuvLife was established to provide high quality, science-based consumer products that will extend a healthy lifespan. The license covers non-pharmaceutical applications of our Sulforadex technology with limitations on dosing so that there is no conflict or cross over with our core clinical candidates. We have established a good and supportive working relationship with the JuvLife team, who are conducting a thorough and professional product development and marketing programme. We anticipate market launch by the middle of 2023. The deal will generate attractive cashflows from milestones and royalties and is an opportunity to generate income from an element of our technology which we would otherwise be unlikely to exploit commercially.

Results and dividends

The loss for the year, after taxation, amounted to £1,733,000 (2020: £1,589,000). The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Stephen Franklin (resigned on 30 April 2020)
Barry Clare
Huw Jones (appointed 1 October 2020)
Richard Moulson

Auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Signed on behalf of the directors



Richard Moulson
Director

Registered office:
Liverpool Science Park Innovation Centre 2,
146 Brownlow Hill,
Liverpool,
Merseyside,
L3 5RF

Approved by the directors on 14 June 2021

EVGEN LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 MARCH 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 company will continue in business.

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

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

EVGEN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVGEN LIMITED

Opinion

We have audited the financial statements of Evgen Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of total comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct or indirect impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included review of financial statement disclosures and testing to supporting documentation, completion of a disclosure checklist to identify area of non-compliance and inspection of external tax advisor's provision and workings.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of

potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

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

Call UK Audit LLP

ALAN AITCHISON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor, Centenary House

69 Wellington Street

Glasgow

G2 6HG

14 June 2021

EVGEN LIMITED
STATEMENT OF TOTAL COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2021

	Note	2021 £000	2020 £000
Revenue	2	194	-
Operating expenses			
Operating expenses		<u>(2,427)</u>	<u>(1,976)</u>
Operating loss	3	<u>(2,233)</u>	<u>(1,976)</u>
Loss on ordinary activities before taxation		(2,233)	(1,976)
Tax on loss on ordinary activities	6	500	387
Loss and total comprehensive loss for the financial year		<u><u>(1,733)</u></u>	<u><u>(1,589)</u></u>

All of the activities of the company are classed as continuing.

EVGEN LIMITED
Registered Number 06403643

BALANCE SHEET

AS AT 31 MARCH 2021

	Note	£000	2021 £000	2020 £000
Fixed assets				
Intangible assets	7		66	82
Tangible assets	8		3	2
Current assets				
Debtors	9	576		407
Cash at bank		471		130
		1,047		537
Creditors: Amounts falling due within one year	10	(11,773)	(9,545)	
Net current liabilities			(10,726)	(9,008)
Total assets less current liabilities			(10,657)	(8,924)
Net liabilities			(10,657)	(8,924)
Capital and reserves				
Called-up share capital	11		37	37
Share premium			2,103	2,103
Share based compensation			-	615
Profit and loss account			(12,797)	(11,679)
Shareholders' deficit			(10,657)	(8,924)

These accounts were approved by the directors and authorised for issue on 14 June 2021 and are signed on their behalf by:



Richard Moulson
Director

EVGEN LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2021

	Share capital	Share premium	Share based compensation	Profit & loss account	Total equity
	£000	£000	£000	£000	£000
At 31 March 2019	37	2,103	615	(10,090)	(7,335)
Total comprehensive loss for the year	-	-	-	(1,589)	(1,589)
At 31 March 2020	37	2,103	615	(11,679)	(8,924)
Total comprehensive loss for the year	-	-	-	(1,733)	(1,733)
Share based payments - lapsed options	-	-	(615)	615	-
At 31 March 2021	37	2,103	-	(12,797)	(10,657)

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2021

1. Accounting policies

General information

Evgen Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound thousand (£'000) except when otherwise indicated.

Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and under the historical cost convention.

In accordance with FRS 101, the Company has taken advantage of the exemptions from the following disclosure requirements:

- IFRS 2 'Share based payments' – Available disclosure exemptions
- IFRS 7 'Financial Instruments: Disclosures' – Carrying amounts, fair values, interest income/expense and net gains/ losses for each category of financial instrument, risks associated with financial instruments (including management of risks, maximum credit risk, credit quality of financial assets, analysis of financial assets past due or impaired, maturity analysis for financial liabilities, sensitivity analysis for market risks)
- IFRS 13 'Fair Value Measurement' – The fair value hierarchy, fair value measurements, (including valuation technique(s) and inputs), if the highest and best use of a non-financial asset differs from its current use, the reason for non-recurring fair value measurements, for Level 3 fair value measurements; unrealised fair value gains/losses in the period, the valuation process and sensitivity analysis
- IAS 1 'Presentation of Financial Statements' – Comparative reconciliations of the opening and closing number of shares and carrying amounts of property, plant and equipment, and intangible assets, objectives, policies and processes for managing capital
- IAS 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – IFRSs that will impact future periods
- IAS 24 'Related Party Disclosures' – Compensation for key management personnel
- IAS 36 'Impairment of Assets' – Key assumptions in the measurement of the recoverable amount of assets and reasonable changes in those assumptions that result in impairment, where recoverable amount is based on fair value less costs of disposal; the valuation technique(s) used, and if fair value is not measured using a quoted price for an identical unit; the level in the fair value hierarchy, any change in the valuation technique(s) and the reason for the change

The financial statements of the Company are consolidated in the financial statements of Evgen Pharma plc. The consolidated financial statements of Evgen Pharma plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

1. Accounting policies (continued)

Changes in accounting policy and disclosures

There are no changes to IFRS effective from 1 January 2021 which have a material impact on the Company.

Significant estimates and judgements

In preparing its financial statements, the Company has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The R&D tax credit figure of £0.5m included in the accounts is a management estimate which is subject to amendment by HMRC.

The judgements made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Going concern

At 31 March 2021, the Company had cash of £0.47m and the Group had cash and cash equivalents, including short-term investments and cash on deposit, of £11.59m.

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on Risk Management and Internal Control and Related Financial and Business Reporting".

The Company relies on its parent company, Evgen Pharma plc, for funding. The parent company has confirmed the provision of financial support to the Company at a level sufficient to enable the Company to meet its liabilities as they fall due, and will therefore not demand repayment of the amounts due from the Company for a period of at least the next 12 months from the date of approval of these financial statements. After making enquiries and taking into account management's estimate of future revenues and expenditure, the Directors have a reasonable expectation that Evgen Pharma plc will have adequate financial resources to enable the Company to continue in operation for the foreseeable future.

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

The Directors estimate that the cash held by the Group together with known receivables will be sufficient to support the current level of activities to the middle of 2023. On the basis of the above and the continued financial support from the Company's parent entity, Evgen Pharma plc, the Directors have adopted the going concern basis of accounting in preparing the financial statements.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

1. Accounting policies (continued)

Currencies

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

Intangible assets

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

Licences – 10-20 years

Property, plant and equipment

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

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Plant, fixtures and fittings – 4 years

IT Equipment – 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement. At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Revenue

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

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

1. Accounting policies (continued)

Research and development expenditure

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

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

Income tax

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

(a) Current income tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted or substantively enacted by the dates of the Balance Sheet.

(b) Deferred tax

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

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

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

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

Pension costs

The Company makes contributions to the private pension schemes of employees.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

1. Accounting policies (continued)

Operating segments

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

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

The results and assets for this segment can be determined by reference to the Income Statement and Balance Sheet.

Financial instruments

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

Classification as debt or equity

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

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

2. Revenue

	Year ended 31 March 2021 £'000	<i>Year ended 31 March 2020 £'000</i>
Revenue	194	-

In September 2020, Evgen Group ('the Group') entered into a license agreement with Juvenescence for non-pharmaceutical applications of its sulforaphane stabilisation technology. Under the terms of the license agreement, the Group will receive milestone and option payments and will also receive royalties on future product sales. The revenue booked in the year reflects the amount received for signature of the license.

No other revenue was generated during the year.

3. Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 31 March 2021 £'000	<i>Year ended 31 March 2020 £'000</i>
Research and development expenses:		
Amortisation of licences	15	16
Other research and development	2,023	1,629
Staff costs	226	143
Foreign exchange loss/(profit)	9	20
Auditor's remuneration - audit of the financial statements*	17	16
Other administrative expenses	137	152
Total operating expenses	2,427	1,976

*Non-audit fees have been disclosed in the consolidated financial statements.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

4. Particulars of employees

The average number of staff employed by the Company during the financial year amounted to:

	2021	2020
	No	No
Number of staff	2	2

The aggregate payroll costs of the above were:

	2021	2020
	£'000	£'000
Wages and salaries	188	119
Employers National Insurance	23	15
Employers pension costs	15	9
	226	143

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was nil (2020: nil).

All directors' remuneration is paid by the parent company, Evgen Pharma plc. The Company paid no remuneration of any nature, including pension contributions, to the directors during the year.

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2021	2020
	£'000	£'000
<i>Current tax</i>		
UK Corporation tax based on the results for the year at 19% (2020: 19%)	-	-
Adjustments in respect of prior periods	3	-
R&D tax credit	497	387
Net tax credit	500	387

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

6. Taxation on ordinary activities (continued)

(b) Factors affecting total tax charge

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

	2021 £'000	2020 £'000
Loss on ordinary activities before taxation	(2,233)	(1,976)
Loss on ordinary activities by rate of tax	(424)	(375)
Effects of:		
Losses not recognised	424	375
Prior year adjustments	3	-
R&D tax credit	497	387
Tax credit for the year	500	387

The Company has an unrecognised deferred tax asset of £1.7m (2020 - £1.4m) related to accumulated tax losses. These assets are not recognised due to the uncertainty in the timing of crystallisation.

7. Intangible fixed assets

	Licences £'000
Cost	
At 31 March 2020 and 31 March 2021	168
Depreciation	
At 01 April 2020	86
Charge for the year	16
At 31 March 2021	102
Net book value	
At 31 March 2021	66
<i>At 31 March 2020</i>	82

Intangible assets constitute licenses to intellectual property. The remaining amortisation periods are between 4 months and 15 years.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

8. Tangible fixed assets

	Fixtures & Fittings	Computer Equipment & Software	Total
	£'000	£'000	£'000
Cost			
At 01 April 2020	2	23	25
Additions	-	3	3
	<hr/>	<hr/>	<hr/>
At 31 March 2021	2	26	28
	<hr/>	<hr/>	<hr/>
Depreciation			
At 01 April 2020	2	21	23
Charge for the year	-	2	2
	<hr/>	<hr/>	<hr/>
At 31 March 2021	2	23	25
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2021	-	3	3
	<hr/>	<hr/>	<hr/>
<i>At 31 March 2020</i>	-	2	2
	<hr/>	<hr/>	<hr/>

9. Debtors

	2021	2020
	£'000	£'000
Trade and other receivables	18	19
Current tax receivable	497	387
Prepayments and accrued income	61	1
	<hr/>	<hr/>
	576	407
	<hr/>	<hr/>

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2021

10. Creditors: Amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	-	217
Amounts owed to group undertakings	11,729	9,286
Other taxation and social security	4	10
Other creditors	2	2
Accruals and deferred income	38	30
	<u>11,773</u>	<u>9,545</u>

11. Share capital

Allotted, called up and fully paid:

	2021		2020	
	No	£'000	No	£'000
Ordinary shares of £1 each	36,462	37	36,462	37

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

Reserves

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

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

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

12. Ultimate parent company and controlling party

The directors consider Evgen Pharma plc, a company registered in England and Wales, to be the ultimate parent company.

Copies of the financial statements of Evgen Pharma plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The directors consider there to be no ultimate controlling party.

13. Transactions with related parties

During the year ended 31 March 2021, the Company has not purchased services (2020: £155,513) from The Clinical Trial Company, a company of which Richard Moulson, a director is also a director. There were no amounts owed to The Clinical Trial Company Limited at 31 March 2021 (2020: £nil).