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AIM: RENE

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

ReNeuron Group plc
("ReNeuron" or "the Company")

Interim Results for the six months ended 30 September 2022

ReNeuron Group plc (AIM: RENE), a UK based leader in Stem Cell derived Exosome Technologies, announces its unaudited interim results for the six months ended 30 September 2022 and a funding update.

Catherine Isted, Chief Executive Officer, said: *"The last six months have been a time of transition as the executive team has focused on accelerating the development of CustomEx™ our exosome drug delivery platform. The data produced to validate the platform, following Dr. Corteling's return in March of this year, has enabled us to highlight the potential of CustomEx™ in comparison to the conventional approach of our competitors. Following my appointment as CEO in September, I have further strengthened the executive team with the recent appointment of Simon Dew as Chief Business Officer. In light of current unfavourable equity capital markets, it has not been possible to complete an equity raise at the present time. However, through a review of the cost base and planned initiatives, savings have been identified in order to extend our cash runway to ensure the continued development of our technology platform and maximise partnering opportunities and thereby deliver the value that I believe our customisable and targeted delivery platform should command."*

FINANCIAL HIGHLIGHTS

- Revenue for the period of £438,000 (H1 2021: £58,000) related to income from partner funded development activities and royalty income
- Reduced operating costs incurred in the period of £4.7 million (H1 2021: £6.1 million) primarily as a result of a reduction in clinical trial related costs following the strategic review in January 2022, partly offset by additional investment made in the exosome technology platform
- Loss for the period of £3.2 million (H1 2021: loss of £5.2 million) driven by lower costs, increased revenue as noted above and foreign exchange gains
- Net cash used in operating activities of £4.3 million (H1 2021: £4.6 million). Cash used was higher than the loss for the period explained by changes in working capital and capital investment made to support exosome platform development
- Cash, cash equivalents and bank deposits at 30 September 2022 of £10.5 million (31 March 2022: £14.5 million)

FUNDING UPDATE

The Company has been investigating an equity raise with institutional and other investors. Having regard to the unfavourable conditions in small-cap equity markets, the Board has concluded that it will not be possible to complete an equity raise at the current time. As at 30 November 2022, having recently received the R&D tax credit for FY 2022, the Company has cash of £10.0 million, and through deferring certain expenditure on proprietary programmes and other longer term development plans, the cash runway will be extended until at least the start of

the fourth calendar quarter of 2023. This is not expected to compromise the Company's ability to sign commercial exosome collaborations which upon completion should extend the runway until at least 2024.

OPERATIONAL HIGHLIGHTS

Corporate and Organisational Development

In September 2022 the Company announced a number of organisation changes:

- **Catherine Isted** was appointed Chief Executive Officer with Iain Ross resuming his role as Non-Executive Chairman
- **John Hawkins** was promoted to Chief Financial Officer and joined the ReNeuron board;
- **Dr. Randolph Corteling** assumed the role of Chief Scientific Officer
- **Suzanne Hancock** was appointed Chief Operations officer
- It was announced that **Simon Dew**, an experienced business development professional and exosomes expert would join ReNeuron as Chief Business Officer

Exosomes platform

- Data presented in May highlighted the breadth of the Group's CustomEx™ exosome platform with four neural and three non-neural stem cell lines each producing distinct exosome populations
- Post period end in October, the Group presented exciting data on the significant advantages of its CustomEx™ platform, including a 600% increase in delivery of siRNA compared to a conventional human embryonic kidney-derived ("HEK") exosome approach

Fosun Pharma

- In July 2022, a Supplemental Terms Agreement was signed with Fosun Pharma for the Technology Transfer of CTX into China, highlighting continued progress with the collaboration
- The Group expects to receive approximately £1 million over the 24 month period from signing the agreement, of which £320,000 has been received. In addition there is potential under the Technology Transfer agreement for the Group to receive up to £5 million over the medium to long term, with further potential milestone payments of up to £74 million linked to the main agreement signed in 2019

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ReNeuron

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About ReNeuron

ReNeuron is a UK based leader in proprietary stem cell derived exosome technologies, harnessing its unique stem cell technologies to develop 'off the shelf' treatments for diseases with significant unmet needs.

ReNeuron's stem cell derived proprietary exosome technology platform offers a delivery mechanism for a variety of payloads such as siRNA, mRNA, proteins, small molecules and genes. The Group has a growing number of partner collaborations with Global Pharma, Biotech and academic partners in this fast-expanding area of scientific and commercial interest. ReNeuron also has the ability, through its conditionally immortalised induced pluripotent stem cell (iPSC) platform, to make allogeneic tissue cells of choice and has the potential to produce exosomes with tissue specific targeting ability.

The Group has out-licenced its CTX Programme for stroke disability and hRPC programme in retinitis pigmentosa to Fosun in China and is looking to out-license both of these programmes in other territories.

ReNeuron's shares are traded on the London AIM market under the symbol RENE.L. For further information visit www.reneuron.com

This announcement contains forward-looking statements with respect to the financial condition, results of operations and business achievements/performance of ReNeuron and certain of the plans and objectives of management of ReNeuron with respect thereto. These statements may generally, but not always, be identified by the use of words such as "should", "expects", "estimates", "believes" or similar expressions. This announcement also contains forward-looking statements attributed to certain third parties relating to their estimates regarding the growth of markets and demand for products. By their nature, forward-looking also statements involve risk and uncertainty because they reflect ReNeuron's current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of factors could cause ReNeuron's actual financial condition, results of operations and business achievements/performance to differ materially from the estimates made or implied in such forward-looking statements and, accordingly, reliance should not be placed on such statements.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

CHAIRMAN'S STATEMENT

Following the departure of our CEO in February 2022, I started this financial year as Executive Chairman and had the opportunity to spend a lot of time with the team at our site in Pencoed in Wales. I have been impressed by the quality of the management team, the science and the data produced by our scientists on our exosome delivery platform CustomEx™. In August, at my recommendation, we announced that the board had taken the decision to appoint Catherine Isted, our then CFO, as the new CEO having shown herself, against external competition, to be an excellent candidate for the role and that I would revert to being non-executive Chairman after a period supporting the transition.

During September, under Catherine's leadership, we announced that John Hawkins, our Financial Controller, would step up to the role of CFO and join the board. Along with other executive changes and the recruitment of Simon Dew as Chief Business Officer this now completes what I believe to be a very strong executive team with the skill sets needed to continue and accelerate the turnaround following the change of strategic direction we as a board made under my direction at the start of the year.

In summary the first six months of the financial year have been a time of change with the transition to becoming a company with a fully focused Exosomes drug delivery platform - CustomEx™. The Company has produced significant data highlighting the advantages of the CustomEx™ platform over the competition's conventional HEK based exosome delivery approach.

Progress has also been made with Fosun Pharma as we continue to maximise the value of the legacy stem cell assets. Whilst continuing to support Fosun in Greater China, we are also committed to continuing to add value from the legacy assets and realising the potential of the iPSC platform, not only in its role in future proofing the CustomEx™ platform and its ability to generate new exosome lines, but also in its own right. We will continue to assess all opportunities to create value through organic growth but also, as appropriate, explore technology licensing and acquisition opportunities to accelerate and enhance the overall value proposition of our Company.

The Group ended the period with cash, cash equivalents and bank deposits of £10.5 million and with our cash runway being extended until at least the start of the fourth calendar quarter 2023 and the right team now in place, the Company will look to build on these foundations and sign new longer-term commercial partnerships to further extend the cash runway and therefore deliver value commensurate with what our CustomEx™ platform can offer in the field of targeted drug delivery.

I look forward to the coming year continuing to work with the ReNeuron team and all our stakeholders to build the value this Company truly merits.

Iain Ross
Chairman

CHIEF EXECUTIVE'S REPORT

Corporate and Organisational Development

There have been significant changes during the period at the Executive level in addition to the changes at Directorate as described in the Chairman's statement.

In September it was announced that Simon Dew would be joining the Executive Team as Chief Business Officer. Mr. Dew is a senior healthcare executive with extensive experience in Business Development and Corporate Strategy. His career spans working at SmithKline Beecham, IQVIA, Astellas Pharma, Gyroscope, and more recently exosomes company Evox Therapeutics, where he was responsible for leading two transformational partnership deals with global pharmaceutical companies. He commenced his new role at ReNeuron in early November.

Additionally, in September Dr. Randolph Corteling assumed the role of Chief Scientific Officer with Prof. Stefano Pluchino moving to the role of Chair of the Scientific Advisory Board (continuing to combine working with ReNeuron with his academic work in Exosomes and Regenerative Neuroimmunology at the University of Cambridge) and Suzanne Hancock, formerly Head of Operations, moved to the position of Chief Operations Officer.

CustomEx™ Exosome Platform

In the last six months there has been significant data presented on ReNeuron's CustomEx™ platform, highlighting not only the breadth of the platform but also improvements in uptake and payload delivery when compared to the standard HEK based exosome approach.

In May, Dr. Corteling was invited as a guest speaker to the International Society of Cell and Gene Therapy conference. This presentation was the first time that the Company had highlighted the breadth of the Group's exosome platform, showing that it had four distinct neural cell lines (in the cortex, hippocampus, striatum and mesencephalon) in addition to three non-neural cell lines (in the retina, liver and pancreas), with, very importantly, each cell line producing a distinct exosomes type allowing for improved target selection. In addition, ReNeuron highlighted its induced pluripotent stem cell (iPSC) platform, derived from ReNeuron's CTX cell line, which could be used to produce other stem cell lines which in turn could be used to produce other distinct exosomes depending on the target required.

In October, further exciting data were presented at an international exosomes conference in Boston showing the significant advantages of the Group's stem cell derived platform CustomEx™ compared to a conventional HEK exosome approach. Key highlights from the presentation included:

- When comparing the uptake of a panel of exosomes into three different target cell types (Epithelial cells, Endothelial cells and Neural cells), ReNeuron identified one or more CustomEx™ exosome types that outperformed the conventional approach of using HEK-derived exosomes at least 10-fold in each of the three different cell types. This was most pronounced with endothelial cells where one of ReNeuron's CustomEx™ exosome types showed an 18-fold improvement in uptake over HEK-derived exosomes.
- When ReNeuron's exosomes were loaded with an siRNA payload, this improvement in uptake was reflected in the siRNA delivery to the target cell, with the best performing CustomEx™ exosome type showing a 600% improvement in siRNA delivery to the target cell when compared to delivery from HEK-derived exosomes.

The siRNA data was of particular interest to ReNeuron's siRNA collaborators, and the Group plans to further bolster its siRNA data package over the coming period, highlighting the advantages of using CustomEx™.

During the period, ReNeuron continued to progress its existing partner programmes focusing on the CNS, although following the recent data announcements, interest has now started to grow outside of the CNS. Additionally, the Group has received interest from potential partners following presentation of these platform data. The management team is working to progress both existing and potential new partnerships towards meaningful

collaborations over the course of the next 12 months. The Group believes that the addition of Simon Dew will help accelerate interest from the industry which will ultimately lead to an acceleration of partnering announcements.

Induced Pluripotent Stem Cell (iPSC) Platform

While the iPSC platform is highly important to expanding the breadth of the CustomEx™ platform due to its ability to create new stem cell lines and therefore associated exosomes from those lines, there is also a growing interest in the iPSC platform in its own right due to iPSC's ability to differentiate into any other form of cell. ReNeuron's iPSCs were developed from the Group's conditionally immortalised CTX stem cell line and they retain the immortalisation characteristics of the original CTX line. This results in any new stem cell line derived from these iPSCs having the benefit of being highly stable which is of increased interest to third parties.

Work continues with two groups at University College London ("UCL"), firstly investigating the potential use of CTX derived iPSC lines to generate CAR-T / CAR-NK cells and secondly with a separate group at UCL investigating the ability to differentiate into Schwann cells for potential use in peripheral nerve damage repair. The Group plans to generate further data in the iPSC field over the coming six months and additionally expand its numbers of collaborators in the area.

Legacy assets

Fosun Pharma continues to develop CTX in stroke disability in China following the out-licensing agreement signed with ReNeuron in April 2019. In July 2022, ReNeuron announced that it had negotiated and signed a supplemental terms agreement with Fosun. As a result, the Group expects to receive approximately £1 million over the 24 month period from signing the agreement (including the £320,000 upfront payment received in January 2022) in relation to the initial supply of CTX cell bank vials and services provided to undertake the technology transfer, with up to a further £5 million receivable by the Group over the medium to longer term for the continued provision of CTX cell bank vials to enable manufacture by Fosun Pharma and with further potential milestone payments of up to £74m linked to the main agreement signed in 2019.

Fosun Pharma is expanding its cell therapy portfolio to stem cell platforms and ReNeuron CTX is one of the starting programmes. A dedicated Fosun Pharma team has been established for the technology transfer into China and the construction of a 20,000 square foot GMP facility to manufacture CTX is underway. The signing of this Supplemental Terms Agreement underscores Fosun Pharma's continued commitment to the CTX stroke disability programme.

The collaboration with Fosun Pharma continues on track and the Group continues to progress out-licensing opportunities for the CTX programme in other geographies.

Following the cessation of the hRPC programme earlier in the year, work has been ongoing to complete the data package that can be made available to potential interested parties. This data package is expected to be completed in Q4 2022. There has been some early interest in this programme and the Group will accelerate efforts to progress this once the data package is available.

Outlook

With the executive team now in place, the key focus over the coming period for myself and the rest for the team will be data generation and collaboration deals to further extend the cash runway.

We are targeting to announce several larger scale exosome collaborations from existing / new partners and to develop further collaboration agreements with our iPSC platform. We also plan to accelerate the number of partnering opportunities in the 'hopper' through a greater focus on marketing of the advantages of the CustomEx™ platform. This, I believe, will lead to further success for the Company over the longer term.

Presenting further data highlighting the customisability and targeted approach of the CustomEx™ platform and superiority over HEK based approaches will be a key priority for the team over the period as will a renewed focus on looking to further monetise the legacy assets outside of the agreement with Fosun Pharma.

I look forward to leading the new exosome focused team, as ReNeuron extends its presence and exosome collaborations, maximising the opportunities ahead, as we deliver returns to shareholders from the fast-growing field of exosome mediated drug delivery.

Catherine Isted
Chief Executive Officer

FINANCIAL REVIEW

During the first half of the financial year, costs continued to be closely controlled with spend primarily directed towards progressing the Group's proprietary exosome platform. The Group is investing in the exosome platform in order to capitalise on the potential it sees in the exosomes field by adding value through its existing and future new commercial collaborations. The total comprehensive loss for the period reduced to £3.2 million (H1 2021: £5.2 million).

At 30 September 2022, the Group had cash, cash equivalents and bank deposits of £10.5 million.

FINANCIAL HIGHLIGHTS (£'000)	Six months ended 30 September 2022	Six months ended 30 September 2021	Year ended 31 March 2022
Revenue	438	58	403
Total comprehensive loss	3,176	5,234	9,689
Operating expenses	4,712	6,128	11,631
Net cash used in operating activities	4,323	4,599	7,411
Cash, cash equivalents & bank deposits	10,464	17,418	14,548

Revenue and Other Operating Income

In the six months to 30 September 2022, revenues, which related to partner funded development activities were £393,000 (H1 2021: £Nil). Income related to royalty income, was £45,000 (H1 2021: £58,000).

Operating expenses

Total operating expenses reduced in the period to £4.7 million (H1 2021: £6.1 million).

This reduction in costs followed a review of programme priorities and resource requirements, with the Group having made the decision to primarily focus its resources on its proprietary exosome platform.

Research and development (R&D) expenditure reduced to £2.9 million (H1 2021: £4.3million), primarily reflecting the refocussing of activities as described above, together with consequent cost reductions related to clinical development activities.

General and administrative expenses declined in the period to £1.7million (H1 2021: £1.8 million).

Finance income/expense

Finance income represented 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 £466,000 in the period (H1 2021: £124,000). The current period included foreign exchange gains of £429,000 (H1 2021: £112,000). In the current period, finance expense solely comprised lease interest of £10,000 (2021: £18,000).

The Group holds cash and investments in foreign currencies in order to hedge against operational spend in those currencies. The weakening of sterling during the period resulted in a relative increase in valuation of the Group's foreign currency deposits.

Taxation

The taxation credit for the period of £0.6 million primarily comprised an R&D tax credit (H1 2021: £0.7 million). The amount of the R&D tax credit reduced in line with the reduction in research and development spend.

Cash flow

Net cash used in operating activities in the period reduced to £4.3 million (H1 2020: £4.6 million). This reduction in cash used reflected the reduction in costs offset by an adverse working capital movement (H1 2022 saw a £0.5 million reduction in working capital, whereas H1 2021 had a £0.9 million increase).

The Group had cash, cash equivalents and bank deposits totalling £10.5 million as of 30 September 2022 (31 March 2022: £14.5 million).

Statement of financial position

Non-current assets increased as the Company invested in property, plant and equipment to aid further development of the exosome analytics and manufacturing process.

Current assets include a Corporation tax receivable of £2.0 million comprising the amount due from R&D tax credits for the full year ended 31 March 2022 plus the credit due for the current period (30 September 2021: £2.6 million). This debtor was lower than 2021 due to the reduction in research and development expenditure.

Current liabilities primarily comprise trade and other payables at £6.2 million which were £0.4 million lower than the same period last year (30 September 2021: £6.6 million) and £0.7 million lower than at the last year end (31 March 2022: £6.9 million).

Non-current liabilities represented the lease liability relating to the Company's premises. The lease liability reduced by £0.1 million during the period.

John Hawkins
Chief Financial Officer

INTERIM FINANCIAL STATEMENTS

Unaudited Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2022

		Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Revenue	4	438	58	403
Research and development costs		(2,986)	(4,340)	(8,068)
General and administrative costs		(1,726)	(1,788)	(3,563)
Operating loss		(4,274)	(6,070)	(11,228)
Finance income	6	466	124	195
Finance expense	7	(10)	(18)	(25)
Loss before income taxes		(3,818)	(5,964)	(11,058)
Taxation	8	642	730	1,369
Loss and total comprehensive loss for the period		(3,176)	(5,234)	(9,689)
Loss and total comprehensive loss attributable to equity owners of the company		(3,176)	(5,234)	(9,689)
Basic and diluted loss per ordinary share	9	(5.6p)	(9.2p)	(17.0p)

Unaudited Consolidated Statement of Financial Position
as at 30 September 2022

		30 September	30 September	31 March
		2022	2021	2022
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment		354	325	288
Right-of-use asset	10	331	423	373
Intangible assets		186	186	186
		871	934	847
Current assets				
Trade and other receivables		456	517	536
Corporation tax receivable		2,036	2,565	1,392
Investments - bank deposits		1,000	6,000	5,000
Cash and cash equivalents		9,464	11,418	9,548
		12,956	20,500	16,476
Total assets		13,827	21,434	17,323
Equity				
Equity attributable to owners of the company				
Share capital	11	571	569	571
Share premium account	11	113,925	113,925	113,925
Capital redemption reserve		40,294	40,294	40,294
Merger reserve		2,223	2,223	2,223
Accumulated losses		(149,931)	(142,858)	(147,125)
Total equity		7,082	14,153	9,888
Liabilities				
Current Liabilities				
Trade and other payables		6,249	6,646	6,873
Lease liabilities		151	145	146
		6,400	6,791	7,019
Non-current liabilities				
Lease liabilities		345	490	416
		345	490	416
Total liabilities		6,745	7,281	7,435
Total equity and liabilities		13,827	21,434	17,323

Unaudited Consolidated Statement of Changes in Equity
for the six months ended 30 September 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 April 2021	569	113,904	40,294	2,223	(138,085)	18,905
Exercise of employee share options	-	21	-	-	-	21
Credit on share-based payment	-	-	-	-	461	461
Loss and total comprehensive loss for the period	-	-	-	-	(5,234)	(5,234)
As at 30 September 2021	569	113,925	40,294	2,223	(142,858)	14,153
Exercise of employee share options	2	-	-	-	-	2
Credit on share-based payment	-	-	-	-	188	188
Loss and total comprehensive loss for the period	-	-	-	-	(4,455)	(4,455)
As at 31 March 2022	571	113,925	40,294	2,223	(147,125)	9,888
Credit on share-based payment	-	-	-	-	370	370
Loss and total comprehensive loss for the period	-	-	-	-	(3,176)	(3,176)
As at 30 September 2022	571	113,925	40,294	2,223	(149,931)	7,082

Unaudited Consolidated Statement of Cash Flows
for the six months ended 30 September 2022

	Note	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Cash flows from operating activities				
Cash used in operations	12	(4,310)	(4,578)	(9,196)
Overseas taxes paid		(3)	(3)	(52)
Income tax credit received		-	-	1,862
Interest paid		(10)	(18)	(25)
Net cash used in operating activities		(4,323)	(4,599)	(7,411)
Cash flows from investing activities				
Capital expenditure		(156)	(238)	(302)
Interest received		32	3	26
Net cash (used in)/generated by investing activities		(124)	(235)	(276)
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		-	21	23
Bank deposits matured/(placed)		4,000	1,500	2,500
Lease payments		(73)	(84)	(157)
Lease finance		7	-	-
Net cash generated by/(used in) financing activities		3,934	1,437	2,366
Net (decrease)/increase in cash and cash equivalents	13	(513)	(3,397)	(5,321)
Effect of foreign exchange rates		429	112	166
Cash and cash equivalents at the start of period		9,548	14,703	14,703
Cash and cash equivalents at the end of period	14	9,464	11,418	9,548

Notes to the Interim Financial Statements

for the six months ended 30 September 2022

1. General information and basis of preparation

ReNeuron Group plc is an AIM listed company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's registered office and its principal place of business is Pencoed Business Park, Pencoed, Bridgend CF35 5HY. Its shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

These Interim Financial Statements were prepared by the Directors and approved for issue on xx xxx 2022. They have not been audited.

These Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2022 were approved by the Board of Directors on 11 August 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under 498 (2) or (3) of the Companies Act 2006. The auditor's report did however contain an emphasis of matter regarding a material uncertainty related to going concern.

As permitted, these Interim Financial Statements have been prepared in accordance with UK AIM rules and with International Accounting Standard 34 "Interim financial reporting". They should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2022, which 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.

2. Accounting policies

The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 31 March 2022, as described in those Annual Financial Statements. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the net assets or results of the Group.

3. Going concern

The Group is expected to incur further costs as it continues to develop its technologies through the research and pre-clinical development pathway. 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 commercial 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.

As noted previously, it has not been possible to complete an equity raise at this current time. The Board will continue to explore alternative funding mechanisms and note that in the absence of any further financing, the Group's current financial resources will be sufficient to support operations until at least the start of the fourth calendar quarter 2023. The Board therefore considers it appropriate to continue to adopt the going concern basis in the preparation of these interim financial statements. However, there is no guarantee that future attempts to secure adequate additional revenues/funding on a timely basis will be successful and, therefore, this represents a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. These interim financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

4. Revenue

	Six months	Six months	
	Ended	Ended	Year ended
	30	30	31 March
	September	September	
	2022	2021	2022
	£'000	£'000	£'000
Royalty income	45	58	119
Income associated with development activities	393	-	284
	438	58	403

Royalty income is derived from the licensed sale of the Group's products to customers in the USA. Income associated with development activities relates to fees received under research agreements and is generated in the United Kingdom, the USA, the People's Republic of China and South East Asia.

5. Segment information

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 stem cell derived exosome technologies. 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 Interim Financial Statements. Revenue is analysed in note 4 above.

6. Finance income

	Six months	Six months	
	Ended	Ended	Year ended
	30	30	31 March
	September	September	
	2022	2021	2022
	£'000	£'000	£'000
Interest received	37	12	29
Foreign exchange gains	429	112	166
	466	124	195

7. Finance expense

	Six months	Six months	
	Ended	Ended	Year ended
	30	30	31 March
	September	September	
	2022	2021	2022
	£'000	£'000	£'000
Lease interest	10	18	25
	10	18	25

8. Taxation

	Six months Ended 30 September 2022 £'000	Six months Ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
R & D tax credit	644	733	1,392
Overseas taxation	(2)	(3)	(53)
Adjustments in respect of prior years	-	-	30
	642	730	1,369

9. Basic and diluted loss per share

The basic and diluted loss per share is calculated by dividing the loss for the financial period of £3,176,000 (September 2021: £5,234,000, March 2022: £9,689,000) by 57,090,147 shares (September 2021: 56,907,676 and March 2022: 56,975,677 shares), being the weighted average number of ordinary 1p shares in issue during the period. Potential ordinary shares are not treated as dilutive as the entity is loss-making.

10. Right-of-use-asset

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
At beginning of the period	373	473	473
Additions	7	-	-
Depreciation charge	(49)	(50)	(100)
At end of the period	331	423	373

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

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
(124)461			
Land and buildings	325	421	373
Computer and office equipment	6	2	-
At end of the period	331	423	373

11. Share capital and share premium

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
As at 30 September 2021	56,936,402	569	113,925	114,494
Issue of new shares - share options exercised	127,221	2	-	2
As at 31 March 2022	57,063,623	571	113,925	114,496
Issue of new shares - share options exercised	82,270	-	-	-
As at 30 September 2022	57,145,893	571	113,925	114,496

12. Cash used in operations

	Six months Ended 30 September 2022 £'000	Six months Ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Loss before income tax	(3,818)	(5,964)	(11,058)
Adjustment for:			
Finance income	(466)	(124)	(195)
Finance expense	10	18	25
Depreciation of property, plant and equipment	83	126	224
Depreciation of right-of-use asset	49	50	100
Loss on disposal of fixed assets	-	-	3
Share-based payment charges	370	461	649
Changes in working capital:			
Receivables	87	(64)	(90)
Payables	(625)	919	1,146
Cash used in operations	(4,310)	(4,578)	(9,196)

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

	Six months Ended 30 September 2022 £'000	Six months Ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Decrease in cash and cash equivalents	(513)	(3,397)	(5,321)
Effect of foreign exchange rates	429	112	166
Cash inflow from increase in lease liabilities	(7)	-	-
Lease repayments	83	102	182
Lease interest	(10)	(18)	(25)
Net funds at start of period	8,986	13,984	13,984
Net funds at end of period	8,968	10,783	8,986

14. Analysis of net funds

	Six months Ended 30 September 2022 £'000	Six months Ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Cash and cash equivalents	9,464	11,418	9,548
Lease liabilities	(496)	(635)	(562)
Net funds	8,968	10,783	8,986