



25 May 2023

ReNeuron Group plc
(“ReNeuron”, the “Company” or “the Group”)

Unaudited Preliminary Results for the year ended 31 March 2023

Creating a valuable and differentiated Drug Delivery Platform

ReNeuron Group plc (AIM: RENE), a UK based leader in stem cell derived exosome technologies, announces its unaudited preliminary results for the year ended 31 March 2023.

FINANCIAL HIGHLIGHTS

- Revenue for the year of £0.5 million (2022: £0.4 million) from partner funded development activities and royalty income.
- Cash, cash equivalents and bank deposits at 31 March 2023 of £7.2 million (31 March 2022: £14.5 million) with cash runway extended to 2024.
- Reduced operating costs in the year of £7.6 million (2022: £11.6 million) primarily due to reduction in clinical trial related costs. Full benefit of the January 2023 restructuring will be realised in FY24.
- Loss for the year of £5.4 million (2022: loss of £9.7 million), driven by lower costs and increased revenue.

OPERATIONAL HIGHLIGHTS

- The Company’s R&D team established CustomEX™, the first scalable, consistent, targeted and customisable stem cell-derived exosome drug delivery platform.
- Proof-of-concept studies established unique *in vitro* targeting and delivery characteristics for all seven exosome populations and demonstrated a significant improvement in uptake and subsequent delivery of a therapeutic siRNA cargo using the CustomEX™ platform compared to current delivery methods and a HEK 293-derived exosome.
- *In vivo* studies to generate data to further validate the cellular and tissue targeting capabilities and subsequent functional delivery of therapeutic payloads using the CustomEX™ platform are ongoing.
- ReNeuron negotiated and signed the CTX Technology Transfer Supplemental Terms Agreement with Fosun Pharma ([1 July 2022](#)), underscoring Fosun Pharma’s continued commitment to the CTX stroke disability programme
- Senior leadership team changes: Appointment of **Iain Ross** as Executive Chairman, **John Hawkins** joined the Board as Chief Financial Officer, **Dr. Randolph Corteling** assumed the role of Chief Scientific Officer, **Suzanne Hancock** was appointed as Chief Operations Officer and **Simon Dew** as Chief Business Officer. Catherine Isted stepped down as Chief Executive Officer.
- **Professor Stefano Pluchino** assumed the role of Chair of the new Scientific Advisory Board (SAB) that has been established, composed of leading academics and industry executives, Prof. Giuseppe (Beppe) Battaglia, Prof. Edit I Buzás, Prof. Dr. rer. nat. Bernd Giebel and Prof. Kenneth W. Witwer.
- Restructuring of the business with an internal operational re-alignment in line with the business needs resulting in a reduction of headcount of 40% and a lowering of the variable costs of the business.

Executive Chairman, Iain Ross, commented: *“During the last year the Company has undergone a complete transition including an organisational restructuring; a change in management and a strategic re-alignment, to create sustainable value for shareholders with the emphasis on the development, partnering and potential licensing of CustomEX™, our proprietary drug delivery platform. During the period under review the underlying cost base has been reduced and resources re-aligned to meet the immediate needs of the business. I remain very excited about the Company’s potential as we are on course to generate validating data which would allow us to complete partnering and license deals in the coming year which will transform the Company.”*

Investor Briefing

Iain Ross, Executive Chairman, John Hawkins, Chief Financial Officer and Dr Randolph Corteling, Chief Scientific Officer will be hosting a live online presentation relating to the preliminary results via the Investor Meet Company platform today at 9.30am BST. The presentation is open to all existing and potential shareholders.

Investors can sign up to Investor Meet Company for free and register for the presentation here: <https://www.investormeetcompany.com/reuron-group-plc/register-investor>

Enquiries:

ReNeuron

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About ReNeuron

ReNeuron has developed a proprietary stem cell-derived, exosome-based, drug delivery platform with customisable cellular targeting capabilities for the delivery of complex drug modalities.

Through the generation of several unique and scalable exosome producer cell lines, our CustomEX™ platform can be optimised for specific tissues targets and payloads leading to improvements in therapeutic outcome and a reduction in off-target effects. ReNeuron offers a delivery mechanism for a variety of payloads such as siRNA, mRNA, proteins, small molecules and genes. Through its conditionally immortalised induced pluripotent stem cell (iPSC) platform, the Company can make allogeneic tissue cells of choice and has the potential to produce exosomes with tissue specific targeting ability.

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

Preliminary Results for the year ended 31 March 2023

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

Our immediate strategic focus remains primarily on our CustomEX™ Exosome Technology Platform, producing exosomes with unique tissue targeting capabilities to deliver a payload of choice to a preferred cell type. Our mission is, in collaboration with academic and industry partners, to develop novel exosome therapeutics for diseases with significant unmet needs.

CustomEX™ provides a unique delivery mechanism for a variety of payloads including nucleic acids, proteins, and gene editing technologies. We use our conditionally immortalised induced pluripotent stem cell (CI-iPSC) platform to make allogeneic tissue cells of choice, which have the potential to produce exosomes with tissue specific targeting ability. Both platforms are supported by an extensive and proprietary intellectual property portfolio.

Our overall strategic goal is to exploit the global drug delivery market opportunity by providing exosomes as a vector to facilitate the delivery of therapeutics. It is estimated that the supply of viral and non-viral vectors is worth c. \$2.1 billion¹ today increasing up to \$3.9 billion¹ by 2026 and there is considerable academic and industry interest in the development of next-generation delivery vectors such as exosomes. Over the past few years, peer companies have raised \$403 million² in support of exosome-based activities and secured exosome related license agreements with potential revenues in excess of \$3 billion². We believe our stem-cell derived exosomes can potentially overcome issues such as tissue specificity, crossing the blood-brain barrier and unwanted immune activation, which have hampered first-generation drug delivery platforms. So, through the combination of our two proprietary platforms we are competitively well positioned to exploit this growing market opportunity.

Financial highlights

In January 2023, the Company undertook a restructuring of the business, reducing headcount by 40% and lowering variable costs of the business, with the latest forecasted cash runway now extending into mid-calendar year 2024. The full benefit of the cost savings from this restructuring will not be seen until financial year 2024. Revenue for the year was £0.5 million (2022: £0.4 million) related to income from partner funded development activities and royalty income. We also saw reduced operating costs of £7.6 million (2022: £11.6 million) primarily due to a reduction in clinical trial related costs following the strategic review in January 2022. This reduction was partly offset by additional investment made in the exosome technology platform.

Net cash used in operating activities was £7.5 million (2022: £7.4 million). Cash used was higher than the loss for the period which is explained by changes in working capital and capital investment made to support exosome platform development. Cash, cash equivalents and bank deposits at 31 March 2023 were £7.2 million (31 March 2022: £14.5 million). Loss for the year was £5.4 million (2022: loss of £9.7 million), the reduction being driven by lower costs and increased revenue as noted above.

Corporate and Organisational Development

There have been several senior leadership team changes over the last 12 months. In September 2022, the Company announced that **John Hawkins** had been promoted to Chief Financial Officer and joined the ReNeuron Board, **Dr. Randolph Corteling** assumed the role of Chief Scientific Officer, **Suzanne Hancock** was appointed as Chief Operations Officer and **Simon Dew**, an experienced business development professional with significant track record of dealmaking in the exosome field, would be joining the Company as Chief Business Officer.

In December 2023, Catherine Isted stepped down as Chief Executive Officer and **Iain Ross** was appointed as Executive Chairman. Subsequently the Company undertook a restructuring of the business with an internal operational re-alignment in line with the business needs resulting in a reduction of headcount of 40% and a lowering of the variable costs of the business.

¹ Liberum estimates; Viral vector supply – Oxford Biomedica estimates of global viral sector supply (outsourced); LNP vector supply – Allied Market Research; 360 Research Reports

² Liberum estimates

Professor Stefano Pluchino assumed the role of Chair of the new Scientific Advisory Board (SAB) combining working with ReNeuron with his academic work in Exosomes and Regenerative Neuroimmunology at the University of Cambridge. The new exosome focused SAB has also been established composed of leading academics and industry executives, Prof. Giuseppe (Beppe) Battaglia, Prof. Edit I Buzás, Prof. Dr. rer. nat. Bernd Giebel and Prof. Kenneth W. Witwer and chaired by Prof. Stefano Pluchino. This new SAB brings a world-class breadth of expertise across the extracellular vesicle (EV) field. Its role is to advise the Company on scientific matters relating to its exosome platform research and development strategy.

Research & Development

In FY22 the Company's R&D team established CustomEX™, the first scalable, consistent, targeted and customisable stem cell-derived exosome drug delivery platform. This unique exosome platform is based upon the exosomes produced from different stem cells having the unique cellular targeting properties of the stem cells from which the exosomes were produced. Proof-of-concept studies have determined unique *in vitro* targeting and delivery characteristics for all seven exosome populations and demonstrated a significant improvement in uptake and subsequent delivery of a therapeutic siRNA cargo using the CustomEX™ platform compared to current delivery methods and a HEK 293-derived exosome.

Further proof-of-concept *in vivo* studies are ongoing to validate the benefits observed *in vitro* of the CustomEX™ platform to deliver therapeutic cargoes

To demonstrate the enhanced utility of the CustomEX™ drug delivery platform, the R&D team has made significant improvements to the loading of nucleic acid cargos. In-house optimisation and further modifications to the downstream manufacturing process has led to increases in exosome concentration and purity, leading to an approximate 30-fold increase in siRNA being associated with CustomEX™ exosomes. In addition, further *in vitro* proof-of-concept for our engineered exosome product, Exo-BDNF was established through a collaboration with Cardiff University that demonstrated the products efficacy to improve retinal ganglion cell survival in a model of glaucoma.

The Group's iPSC platform continues to support the expansion of the CustomEX™ platform and following Dr Pell's presentation at the 2nd iPSC derived Cell Therapy Summit in December, there is growing interest in the platform in its own right. ReNeuron's iPSCs were developed from the Group's conditionally immortalised CTX stem cell line. This immortalisation characteristic is retained by the iPSCs (conditionally immortalised iPSCs or CI-iPSCs), allowing subsequent cell lines to be rapidly developed that benefit from their highly stable and reproducible expansion. Investigation into the utility of CI-iPSCs continues with two groups at University College London (UCL), firstly investigating the potential use of CI-iPSCs 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.

In July, ReNeuron negotiated and signed the CTX Technology Transfer Supplemental Terms Agreement with Fosun Pharma, underscoring Fosun Pharma's continued commitment to the CTX stroke disability programme. In addition to the £320k upfront payment received in January 2022 for services delivered in FY23, ReNeuron has received approximately a further £100k for supply of initial CTX working cell bank vials and additional ReNeuron resources and project related costs; with further milestone payments expected in accordance with defined project milestones. Under the Technology Transfer agreement there is potential 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 license agreement signed in 2019.

In 2022, Dr Corteling was a guest speaker at two international conferences where he presented, for the first time, the full breadth of the Group's CustomEX™ exosome platform. Consisting of four distinct neural producer stem cell lines (cortical, striatal, hippocampal and mesencephalic), three non-neural stem cell lines (liver, retinal and pancreatic), and its conditionally immortalised induced pluripotent stem cell line (CI-iPSCs) which can be used to produce further exosome producer cell lines depending on the target required.

Outlook

As of today, ReNeuron has seven proprietary, conditionally immortalised exosome producer stem cell lines. We believe that our catalogue of proprietary stem cells, from neural and non-neural tissue, differentiates us from competitors in the field and leads to a greater chance of success for optimised delivery of a payload to a particular target. The Company has years of experience and knowledge in the manufacture of consistent stem cell banks to good manufacturing practice (GMP), including two investigation new drugs (INDs), and is continuing to work with third parties to develop improvements in downstream processing and analytics.

In summary, over the next 3-6 months the Company will continue to develop its exosome platform, generating *in vivo* data exemplifying the cellular and tissue targeting capabilities of exosomes produced from its multiple conditionally immortalised producer cell lines and the subsequent functional delivery of therapeutic payloads. Favourable *in vivo* data will allow the Group to differentiate its exosome platform and progress ongoing partnering and licensing discussions. The Board has identified a number of potential sources of revenue and non-dilutive funding in order to maintain the business as a going concern and is confident it will be able to conclude third party transactions and/or issue new equity as required. Such transactions will further strengthen and differentiate our exosomes platform, highlighting our potential leadership in the field.

Finally, I would like to thank past and present members of the Board, Management team and staff for their continued commitment and hard work throughout what has been a tough and challenging year. I would especially like to thank Catherine Isted for her contribution as CFO and latterly as CEO and to wish her well in the future.

I look forward to an exciting and rewarding year ahead and would like to thank the shareholders for their continued support.

Iain Ross
Executive Chairman

FINANCIAL REVIEW

During the financial year costs continued to be closely controlled with spend primarily directed towards progressing the CustomEX™ proprietary exosome platform. In January 2023, the Company undertook a restructuring of the business with headcount reducing by 40% and the variable costs of the business lowered.

The full benefit of these cost savings will not be seen until the next financial year, but the decision made in January 2022 to shift away from clinical development programmes to the exosome platform has enabled a reduction in costs of £4.0 million compared to the year ended 31 March 2022. As a result, the total comprehensive loss for the year reduced to £5.4 million (2022: £9.7 million).

At 31 March 2023, the Group had cash, cash equivalents and bank deposits of £7.2 million with the latest base case forecast showing a cash runway to July 2024. This base case forecast includes assumed further revenues/funding. Without such revenues/funding, the forecast indicates a cash runway until February 2024. Details on the Directors' assessment on going concern is provided in note 3 to the condensed financial statements.

FINANCIAL HIGHLIGHTS (£'000)	Year ended 31 March 2023	Year ended 31 March 2022
Cash, cash equivalents & bank deposits	7,153	14,548
Net cash used in operating activities	7,484	7,411
Revenue	530	403
Operating expenses	7,645	11,631
Total comprehensive loss	5,408	9,689

Revenue and Other Operating Income

In the year to 31 March 2023, revenues, which relate to research and collaboration activities and royalty income, were £530,000 (2022: £403,000).

Operating expenses

Total operating expenses reduced in the year to £7.6 million (2022: £11.6 million).

As noted above, this reduction in costs follows the strategic decision made in January 2022 to halt clinical development and instead focus resources on the exosome platform. Research and development costs in the year reduced to £4.5 million (2022: £8.1 million), primarily reflecting the refocussing of activities as described above, together with other cost reductions. General and administrative expenses also reduced in the year to £3.2 million (2022: £3.6 million).

Finance income/expense

Finance income represents income received from the Group's cash and investments and gains from foreign exchange.

Finance income was £478,000 in the period (2022: £195,000), the increase on the prior year being explained by an increase in both interest receivable and foreign exchange gains. In the year, finance expense solely comprises lease interest of £20,000 (2022: £25,000).

Taxation

Taxation for the year at £1.2 million primarily comprises an R&D tax credit (2022: £1.4 million). The amount of the R&D tax credit for the year has reduced as a result of the lower research and development spend in the period.

Cash flow

Net cash used in operating activities in the year increased to £7.5 million (2022: £7.4 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.

The Group had cash, cash equivalents and bank deposits totalling £7.2 million as of 31 March 2023 (31 March 2022: £14.5 million).

Statement of financial position

Non-current assets – Property, plant and equipment have increased as we invest in our exosome technology platform.

Current assets – Corporation tax receivable of £1.2 million comprises the amount due from R&D tax credits for the full year ended 31 March 2023 (2022: £1.4 million). This debtor is lower than 2022 due to the reduction in research and development expenditure.

Current liabilities – Trade and other payables at £4.2 million have reduced (2022: £6.9 million). This reduction primarily reflects changes in the level of accruals (mainly across the legacy clinical trials).

John Hawkins
Chief Financial Officer

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Note	Unaudited 2023 £'000	Audited 2022 £'000
Revenue		530	403
Research and development costs	4,5	(4,463)	(8,068)
General and administrative costs	5	(3,182)	(3,563)
Operating loss		(7,115)	(11,228)
Finance income		478	195
Finance expense		(20)	(25)
Loss before income tax		(6,657)	(11,058)
Taxation	6	1,249	1,369
Loss and total comprehensive loss for the year		(5,408)	(9,689)
Loss and total comprehensive loss attributable to equity owners of the Company		(5,408)	(9,689)
Basic and diluted loss per ordinary share	7	(9.5p)	(17.0p)

Condensed Consolidated Statement of Financial Position

as at 31 March 2023

	Note	Unaudited 2023 £'000	Audited 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment		338	288
Right-of-use asset		283	373
Intangible assets		186	186
		807	847
Current assets			
Trade and other receivables		500	536
Income tax receivable		1,185	1,392
Investments – bank deposit		-	5,000
Cash and cash equivalents		7,153	9,548
		8,838	16,476
Total assets		9,645	17,323
Equity			
Equity attributable to owners of the Company			
Share capital		572	571
Share premium account		113,925	113,925
Capital redemption reserve		40,294	40,294
Merger reserve		2,223	2,223
Accumulated losses		(151,957)	(147,125)
Total equity		5,057	9,888
Liabilities			
Current liabilities			
Trade and other payables		4,167	6,873
Lease liabilities		153	146
		4,320	7,019
Non-current liabilities			
Lease liabilities		268	416
		268	416
Total liabilities	8	4,588	7,435
Total equity and liabilities		9,645	17,323

Condensed Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	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
Issue of ordinary shares	2	21	–	–	–	23
Credit on share-based payment	–	–	–	–	649	649
Loss and total comprehensive loss for the year	–	–	–	–	(9,689)	(9,689)
As at 31 March 2022 (audited)	571	113,925	40,294	2,223	(147,125)	9,888
Issue of ordinary shares	1	–	–	–	–	1
Credit on share-based payment	–	–	–	–	576	576
Loss and total comprehensive loss for the year	–	–	–	–	(5,408)	(5,408)
As at 31 March 2023 (unaudited)	572	113,925	40,294	2,223	(151,957)	5,057

Condensed Consolidated Statement of Cash Flows

for the year ended 31 March 2023

		Unaudited	Audited
		2023	Restated
	Note	£'000	£'000
Cash flows from operating activities			
Cash used in operations	9	(8,920)	(9,196)
Overseas taxes paid		(5)	(52)
Income tax credit received		1,461	1,862
Interest paid		(20)	(25)
Net cash used in operating activities		(7,484)	(7,411)
Cash flows from investing activities			
Capital expenditure - Fixed Assets		(220)	(302)
Bank deposit matured	2	5,000	2,500
Interest received		131	26
Net cash generated from investing activities		4,911	2,224
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		1	23
Lease payments		(148)	(157)
Net cash used in financing activities		(147)	(134)
Net decrease in cash and cash equivalents		(2,720)	(5,321)
Effect of FX movements on cash balances		326	166
Cash and cash equivalents at the start of year		9,548	14,703
Cash and cash equivalents at the end of the year		7,153	9,548

Notes to the Financial Statements

for the year ended 31 March 2023

1. General information

ReNeuron Group plc (“the Company”) and its subsidiaries (together the “Group”) are engaged in the research and development of therapies using stem cells. The Company is a public limited company incorporated and domiciled in England with registered number 05474163. Its shares are admitted to trading on the AIM market of the London Stock Exchange.

2. Basis of preparation

The unaudited financial information included in this preliminary results announcement for the year ended 31 March 2023 and audited financial information for the year ended 31 March 2022 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The information has been extracted from the draft statutory financial statements for the year ended 31 March 2023 which will be delivered to the Registrar of Companies in due course and the report of the auditors for these statutory financial statements is expected to include an emphasis of matter in respect of a material uncertainty in relation to going concern, as further outlined in note 3. Statutory financial statements for the year ended 31 March 2022 were approved by the Board of directors on 11 August 2022 and have been delivered to the Registrar of Companies. The report of the auditors on these financial statements also included an emphasis of matter in respect of a material uncertainty in relation to going concern.

The prior year statement of cash flows has been restated due to a reclassification from financing activities to investing activities of a £2.5m cash inflow relating to the maturity of short term investments. This restatement does not impact the opening or closing cash balances.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not contain sufficient information to comply with IFRS. The accounting policies used in the preparation of these unaudited financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 March 2022.

3. Going concern

The operations of the Group are financed from funds that have been raised from share placings, commercial partnerships and grants.

The goal of the Group is to achieve the commercial validation of the CustomEx™ platform by generating *in vivo* data aimed at differentiating the platform from that of the Group’s competitors. In addition, the plan is to realise value from the Group’s other assets via potential out-licencing and/or disposal. The Directors continue to seek opportunities to secure further revenues/funding sufficient for the short to medium term future needs of the business and favourable *in vivo* data should enhance those opportunities.

As previously noted, in January 2023, the Group undertook a restructuring of the business with the underlying cost base reduced and resources re-aligned to meet the immediate needs of the business. Based on the Directors’ base case assessment, the current cash runway is forecast to extend until July 2024, at which point a further capital injection would be required. The base case assessment includes assumed upfront payments over the next 6 to 12 months from potential future partners and collaborators on the Group’s exosome platform, intellectual property (IP) and legacy assets and potential further equity fund raising. The Directors recognise that not all of these assumed inflows are fully within the control of the Group and Company and have prepared a further plausible but downside

scenario which excludes these inflows and indicates a cash runway until February 2024.

Based on the forecasts prepared and considered by the Board, the Directors consider it appropriate to continue to adopt the going concern basis in the preparation of these preliminary results. However, there is no guarantee that attempts to secure adequate cash inflows from the Group's exosome platform, IP and legacy assets or through equity fund raising with the timescales stated above will be successful. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Group's and Company's ability to continue as a going concern. These condensed financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

4. Research and development costs

All research and development costs incurred in the year have been charged directly to the Group Statement of Comprehensive Income.

5. Operating expenses

	Unaudited 2023 £'000	Audited 2022 £'000
Loss before income tax is stated after charging:		
Research and development costs:		
Employee benefits	2,162	2,530
Depreciation of property, plant and equipment	159	199
Other expenses	2,141	5,339
Total research and development costs	4,463	8,068
General and administrative costs:		
Employee benefits	1,943	2,308
Legal and professional fees	596	176
Depreciation of property, plant and equipment	10	25
Depreciation of right-of-use asset	97	100
Loss on disposal of fixed assets	-	3
Other expenses	535	951
Total general and administrative costs	3,182	3,563
Total research and development costs and general and administrative costs	7,645	11,631

6. Taxation

	Unaudited 2023 £'000	Audited 2022 £'000
UK research and development tax credit at 14.5% (2022: 14.5%)	1,185	1,392
Overseas taxation	(5)	(53)
Adjustments in respect of prior years	69	30
	1,249	1,369

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% (2022: 14.5%) on 230% (2022: 230%) of qualifying expenditure for the year to 31 March 2023.

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

7. 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 £5,408,000 (2022: £9,689,000) by 57,125,960 shares (2022: 56,975,677 shares), being the weighted average number of 1 penny Ordinary shares in issue during the year.

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

8. Ageing profile of financial liabilities

	Unaudited 2023 £'000	Audited 2022 £'000
Trade and other payables due within twelve months	4,167	6,873
Current lease liabilities – due within one year	153	146
Non-current lease liabilities – due after more than one year	268	416
	4,588	7,435

9. Cash used in operations

	Unaudited Year ended 31-Mar 2023 £'000	Audited Year ended 31-Mar 2022 £'000
Loss before income tax	(6,657)	(11,058)
Adjustments for:		
Finance income	(478)	(195)
Finance expense	20	25
Depreciation of property, plant and equipment	170	224
Depreciation of right-of-use-asset	97	100
Loss on disposal of fixed assets	-	3
Share-based payment charges	576	649
Changes in working capital:		
Receivables	58	(90)
Payables	(2,706)	1,146
Cash used in operations	(8,920)	(9,196)

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

	Unaudited 2022 £'000	Audited 2021 £'000
Decrease in cash and cash equivalents	(2,720)	(5,321)
Effect of foreign exchange differences	326	166
Cash inflow from increase in lease liability	(7)	-
Lease repayments	168	182
Lease interest	(20)	(25)
Net funds at start of period	8,986	13,984
Net funds at end of period	6,732	8,986

11. Analysis of net funds

	Unaudited 2023 £'000	Audited 2022 £'000
Cash and cash equivalents	7,153	9,548
Lease liabilities	(421)	(562)
Net funds	6,732	8,986