24 November 2020 **AIM: RENE**

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

Interim Results for the six months ended 30 September 2020

ReNeuron Group plc (AIM: RENE), a UK-based global leader in the development of cell-based therapeutics, is pleased to announce its interim results for the six months ended 30 September 2020.

Operational highlights

hRPC stem cell therapy candidate for retinal disease:

- Further positive and sustained top-line efficacy data at all time-points from Phase 2a patients in ongoing US Phase 1/2a clinical trial in retinitis pigmentosa ("RP")
- Ongoing Phase 2a segment of the study expanded in US and UK to allow for a single pivotal Phase 3 clinical study before marketing approval application
- Further readouts from expanded Phase 1/2a clinical trial expected over next 12 months, leading to planned commencement of pivotal clinical study in H2 2022

Exosome and iPSC platforms:

- Three collaboration agreements signed with major pharmaceutical/biotechnology companies to explore the potential of the Company's exosomes to deliver therapeutic agents to the brain
- New immortalised, licensable cell lines generated from the Company's iPSC (induced pluripotent stem cell) platform as potential therapeutic agents for cancer immunotherapy and type 1 diabetes

Other activities:

- Strategic decision in June 2020 to progress stroke disability programme through regional partnerships
    - Fosun Pharma to develop and commercialise CTX and hRPC programmes in China under exclusive out-licence agreement signed in April 2019
    - CTX cell therapy candidate available for licensing in stroke disability outside China and in all territories in other potential indications
    - Publication of new positive non-clinical data demonstrating ability of CTX cells to rescue deficits associated with Huntington's disease
- Non-executive Board membership reconfigured to reflect the Company's new emphasis on retinal diseases and commercial partnerships

Financial highlights

- Loss for the period of £7.1 million (2019: loss of £3.9 million, including an upfront payment of £5.4 million, net of withholding tax, received through the licence agreement with Fosun Pharma)
- Reduced costs incurred in the period of £7.9 million (2019: £11.8 million)
- Reduced net cash used in operating activities of £2.6 million (2019: £5.8 million)
- Cash, cash equivalents and bank deposits at 30 September 2020 of £9.8 million (31 March 2020: £12.6 million)
- Conditional Placing and Subscription announced on 23 November 2020 to raise a minimum of £15.0 million before expenses and, subject to successful closing of the Placing, an Open Offer to raise up to a further £2.5 million (the **"Fundraise"**)
- The Fundraise, which is subject to completion of the Placing and Subscription, shareholder approval at a General Meeting on 11 December 2020 and subsequent admission of shares to AIM, is forecasted to extend the Company's cash runway for at least the period of 18 months following the date of Admission

Commenting on the results, Olav Hellebø, Chief Executive Officer, said:

"During the period under review, and subsequent to it, we have continued to generate encouraging positive efficacy data from the ongoing US Phase 2a clinical trial of our hRPC cell therapy candidate in retinitis pigmentosa. Having received regulatory approvals in both the US and the UK to expand the ongoing study, we have recently commenced treating patients at a higher dose level and we look forward to presenting further data from this extended study over the coming year. The enhanced data set will inform the design of the subsequent pivotal Phase 3 study required for marketing approval. Our exosome and iPSC platforms have also progressed well during the period, with multiple industry-based collaborations now in progress across both platforms and the prospect of pre-clinical proof-of-concept data over the coming months.

"Our decision earlier this year to focus the Company's resources on our retinal disease programme and our exosome and iPSC platforms has resulted in significantly lower operating costs, as reflected in the interim results for the period under review. This renewed clarity of focus, together with the Fundraise announced separately yesterday, will enable us to reach important, data-driven value inflection points across our programmes over the next 12 months and beyond."

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This announcement contains inside information. The person responsible for arranging for the release of this announcement on behalf of the Company is Olav Hellebø, Chief Executive Officer.

About ReNeuron

ReNeuron is a global leader in cell-based therapeutics, harnessing its unique stem cell technologies to develop 'off the shelf' stem cell treatments, without the need for immunosuppressive drugs. The Company's lead cell therapy candidate is in clinical development for the blindness-causing disease, retinitis pigmentosa.

ReNeuron is also advancing its proprietary exosome technology platform as a potential delivery system for drugs that treat diseases of the brain. The Company also has the ability through its conditionally immortalised induced pluripotent stem cell (iPSC) platform to make any tissue cells of choice; in-house programmes are focused on treatments for blood cancers and diabetes.

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.

Review of operations

hRPC (human retinal progenitor cells) for retinal disease

During the period under review, we have continued to make good progress with our lead clinical programme targeting RP. RP is a group of hereditary diseases of the eye that lead to progressive loss of sight due to cells in the retina becoming damaged and eventually dying.

In June 2020, we announced an update regarding the ongoing Phase 2a study of our hRPC cell therapy candidate in RP patients. The data at that point continued to demonstrate the efficacy of the therapy, with a clinically meaningful benefit being observed at all time-points. Since then, all patients in the study have reached 6 months follow-up post-treatment, eight patients have reached 9 months follow-up, seven patients have reached 12 months follow-up and two patients have reached 18 months follow-up. The data collected from these patients continue to show the efficacy of the therapy at these time-points, with the mean increase against baseline in the number of letters read on the ETDRS chart (the principal measure of visual acuity used in the study) ranging from +7.1 to +11.5 in the treated eye across these time-points.

The ongoing Phase 1/2a clinical trial is an open-label study to evaluate the safety, tolerability and preliminary efficacy of our hRPC stem cell therapy candidate in patients with advanced RP. The Phase 2a segment of the study, which uses a cryopreserved hRPC formulation, enrols subjects with some remaining retinal function and, thus far, has been conducted at two clinical sites in the US.

During the period, we announced that the Company had received regulatory approval from both the FDA and MHRA to expand the ongoing clinical study to treat patients with RP at a higher dose level, at clinical sites in both the US and the UK. These approvals will enable the treatment of up to a further nine patients in the Phase 2a extension segment of the study (beyond the ten Phase 2a patients already treated). During the period, we commenced dosing patients in the extension segment of the study.

Data from the expanded Phase 2a clinical trial is expected to be presented during the next twelve months. We expect this expanded Phase 2a study to generate sufficient data to enable the Company to commence a single pivotal clinical study in the second half of 2022 with our hRPC cell therapy candidate in RP. The pivotal study will be designed to demonstrate further the efficacy of this treatment and, assuming a successful outcome, to enable ReNeuron to seek marketing approvals for its hRPC cell therapy candidate in RP in selected major markets.

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

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

Exosome and iPSC platforms

Our exosome technology is being exploited as a novel vector for delivering third party biological drugs and this partnering strategy reflects increasing industry interest in exosomes. Our exosomes are derived from our CTX human neural stem cell line. They have a natural ability to cross the blood brain barrier and can thus be used to deliver therapeutics for diseases of the brain. These exosomes can be produced through a fully qualified, xeno-free, scalable process and the clinical-grade source cell-line ensures consistent exosome product. The exosomes can be loaded with a diverse range of potential therapeutics, such as siRNA/mRNA/miRNA, CRISPR/Cas9, antibodies, peptides and small molecules.

During the period under review, we signed three separate commercial collaboration agreements with pharmaceutical and biotechnology companies to explore the potential of our exosomes to deliver novel therapeutic agents to the brain and other regions of the body. We expect the first pre-clinical proof-of-concept data from these collaborations to be available during the first half of 2021, enabling subsequent potential out-licensing deals with this platform.

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

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

We have also produced pancreatic progenitor cells from our CTX-iPSCs and from these, insulin-producing β-islet cells. We are currently scaling up this process prior to phenotype analysis and confirmation of the glucose responsiveness of these derived, mature β-islets. We are collaborating with a further commercial third party to test our CTX-iPSC-derived β-islets in a cell encapsulation device as a potential novel, allogeneic cell therapy candidate for type 1 diabetes.

Other activities

During the period, we announced that, following a review of programme priorities and resource requirements, we intended to focus the Company's resources on our retinal disease programme and our exosome and iPSC platforms. As a result, we are winding down the PISCES III clinical trial of our CTX cell therapy candidate for stroke disability in the US and our stroke disability programme will now continue through regional partnerships. Fosun Pharma, our exclusive licensing partner in China, is developing the CTX cell therapy candidate for stroke disability in the licensed territory (Greater China including Hong Kong, Macao and Taiwan). To this end, we have recently commenced a programme to transfer the CTX cell manufacturing process to Fosun Pharma in order for that market to be ultimately served by locally manufactured product. Under the exclusive out-licence agreement signed in April 2019, Fosun Pharma will also develop our hRPC cell therapy candidate for retinal disease for the Chinese market.

Our CTX cell therapy candidate is available for licensing in stroke disability outside China and is also available for licensing in other indications where the candidate might have the potential to address those indications. As an illustration of this potential, during the period we announced the publication of new positive data relating to our CTX cell therapy candidate in the journal Stem Cells. The new data showed for the first time that our CTX human neural stem cell line can rescue deficits associated with an accepted animal model of Huntington's disease, a progressive genetic brain disorder.

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

Financial review

In the six months to 30 September 2020, revenues were £41,000 (2019: £6.03 million). The prior period included a £6.0 million initial payment received from Fosun Pharma. Grant income of £78,000 (2019: £64,000) was received in the period and is shown as other operating income. The 2020 figure represents funds received under the Government's Coronavirus Job Retention Scheme.

Total operating costs reduced in the period to £7.8 million (2019: £11.8 million). This reduction in costs follows a review of programme priorities and resource requirements, with the Company making the decision to focus its resources on its retinal disease programme and its exosome and iPSC platforms. Research and development expenditure reduced to £5.9 million (2019: £9.2 million), primarily reflecting the cost savings achieved as a result of this review. General and administrative expenses also reduced in the period to £1.9 million (2019: £2.6 million).

Finance income represents income received from the Group's cash and investments and gains from foreign exchange, with losses from foreign exchange shown in finance expense. Finance income was £16,000 in the period (2019: £0.6 million). In 2019, finance income

included foreign exchange gains of £0.4 million. In 2020, the movement in exchange rates has led to a foreign exchange loss of £0.2 million, which is therefore included in finance expense. Finance expense also includes lease interest of £18,000 (2019: £22,000). The Group holds cash and investments in foreign currencies in order to hedge against operational spend and the strengthening of sterling against the US dollar during the period has resulted in a relative devaluation of the Group's foreign currency deposits.

The total tax credit for the period was £0.9 million (2019: £1.8 million). The figure in 2019 was offset by overseas taxes paid of £0.6 million, related to the income received from Fosun Pharma, to give a net reported tax credit of £1.2 million.

As a result of the above, the total comprehensive loss for the period increased to £7.1 million (2019: £3.9 million).

Net cash used in operating activities in the period reduced to £2.6 million (2019: £5.8 million), broadly reflecting the above-mentioned reduction in operating costs and the receipt during the period of the £2.9 million tax credit due for the year ended 31 March 2019. The Group had cash, cash equivalents and bank deposits totalling £9.8 million as at 30 September 2020 (31 March 2020: £12.6 million).

The Company separately announced on 23 November 2020 the launch of a Placing and Subscription to raise a minimum of £15.0 million (before expenses). Subject to completion of the Placing, the Company also announced an Open Offer to raise up to a further £2.5 million. The Fundraise is subject to shareholder approval at a General Meeting on 11 December 2020 and admission of shares to AIM. The Fundraise is forecasted to extend the cash runway for at least the period of 18 months following the date of Admission and is expected to deliver extended clinical data from its RP Phase 2a study and to deliver proof-of-concept pre-clinical data from ongoing exosome collaborations which could enable potential out-licensing deals, as detailed below more fully.

Summary and outlook

During the period under review, and subsequent to it, we have continued to generate encouraging positive efficacy data from the ongoing US Phase 2a clinical trial of our hRPC cell therapy candidate in retinitis pigmentosa. Having received regulatory approvals in both the US and the UK to expand the ongoing study, we have recently commenced treating patients at a higher dose level and we look forward to presenting further data from this extended study over the coming year. The enhanced data set will inform the design of the subsequent pivotal Phase 3 study required for market approval. Our exosome and iPSC platforms have also progressed well during the period, with multiple industry-based collaborations now in progress across both platforms and the prospect of pre-clinical proof-of-concept data over the coming months.

Our decision earlier this year to focus the Company's resources on our retinal disease programme and our exosome and iPSC platforms has resulted in significantly lower operating costs, as reflected in the interim results for the period under review. This renewed

clarity of focus, together with the conditional Fundraise announced separately on 23 November 2020, will enable us to reach important, data-driven value inflection points across our programmes over the next 12 months and beyond.

Olav Hellebø
Chief Executive Officer

24 November 2020

Interim Financial Statements

Unaudited Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2020

	Note	**Six months ended 30 September 2020 £'000**	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Revenue	4	**41**	6,030	6,065
Other operating income	6	**78**	64	100
Research and development costs		**(5,941)**	(9,227)	(16,335)
General and administrative costs		**(1,918)**	(2,575)	(4,239)
Operating loss		**(7,740)**	(5,708)	(14,409)
Finance income	7	**16**	588	593
Finance expense	8	**(243)**	(22)	(42)
Loss before income taxes		**(7,967)**	(5,142)	(13,858)
Taxation	9	**875**	1,245	2,446
Loss and total comprehensive loss for the period		**(7,092)**	(3,897)	(11,412)
Loss and total comprehensive loss attributable to equity owners of the company		**(7,092)**	(3,897)	(11,412)
Basic and diluted loss per ordinary share	10	**(22.3p)**	(12.3p)	(35.9p)

Unaudited Consolidated Statement of Financial Position

as at 30 September 2020

	Note	**30 September 2020 £'000**	30 September 2019 £'000	31 March 2020 £'000
Assets				
Non-current assets				
Property, plant and equipment		**314**	557	452
Right-of-use asset	11	**529**	654	591
Intangible assets		**186**	186	186
		1,029	1,397	1,229
Current assets				
Trade and other receivables		**835**	924	696
Corporation tax receivable		**3,778**	4,618	5,826
Investments - bank deposits		**-**	2,500	-
Cash and cash equivalents		**9,768**	18,771	12,625
		14,381	26,813	19,147
Total assets		**15,410**	28,210	20,376
Equity				
Equity attributable to owners of the company				
Share capital	12	**319**	318	318
Share premium account	12	**97,904**	97,888	97,890
Capital redemption reserve		**40,294**	40,294	40,294
Merger reserve		**2,223**	2,223	2,223
Accumulated losses		**(134,111)**	(120,499)	(127,502)
Total equity		**6,629**	20,224	13,223
Liabilities				
Current Liabilities				
Trade and other payables		**7,987**	7,038	6,280
Lease liabilities		**159**	154	166
		8,146	7,192	6,446
Non-current liabilities				
Lease liabilities		**635**	794	707
		635	794	707
Total liabilities		**8,781**	7,986	7,153
Total equity and liabilities		**15,410**	28,210	20,376

Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 September 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 April 2019	**316**	**97,704**	**40,294**	**2,223**	**(117,293)**	**23,244**
Exercise of employee share options	2	184	-	-	-	186
Credit on share-based payment	-	-	-	-	691	691
Loss and total comprehensive loss for the period	-	-	-	-	(3,897)	(3,897)
As at 30 September 2019	**318**	**97,888**	**40,294**	**2,223**	**(120,499)**	**20,224**
Credit on share-based payment	-	2	-	-	512	514
Loss and total comprehensive loss for the period	-	-	-	-	(7,515)	(7,515)
As at 31 March 2020	**318**	**97,890**	**40,294**	**2,223**	**(127,502)**	**13,223**
Exercise of employee share options	1	14	-	-	-	15
Credit on share-based payment	-	-	-	-	483	483
Loss and total comprehensive loss for the period	-	-	-	-	(7,092)	(7,092)
As at 30 September 2020	**319**	**97,904**	**40,294**	**2,223**	**(134,111)**	**6,629**

Unaudited Consolidated Statement of Cash Flows

for the six months ended 30 September 2020

	Note	**Six months ended 30 September 2020 £'000**	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities				
Cash used in operations	13	**(5,493)**	(5,145)	(13,651)
Overseas taxes paid		**(3)**	(605)	(611)
Income tax credit received		**2,926**	-	-
Interest paid		**(18)**	(22)	(42)
Net cash used in operating activities		**(2,588)**	(5,772)	(14,304)
Cash flows from investing activities				
Capital expenditure		**(3)**	(81)	(119)
Interest received		**23**	185	300
Net cash generated by investing activities		**20**	104	181
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		**15**	186	188
Bank deposits matured		**-**	3,718	6,093
Lease payments		**(79)**	(69)	(144)
Lease finance		**-**	12	12
Net cash (used in)/generated by financing activities		**(64)**	3,847	6,149
Net decrease in cash and cash equivalents	14	**(2,632)**	(1,821)	(7,974)
Effect of foreign exchange rates		**(225)**	160	167
Cash and cash equivalents at the start of period		**12,625**	20,432	20,432
Cash and cash equivalents at the end of period	15	**9,768**	18,771	12,625

Notes to the Interim Financial Statements

for the six months ended 30 September 2020

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.

These Interim Financial Statements were prepared by the Directors and approved for issue on 03 December 2020. 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 2020 were approved by the Board of Directors on 12 August 2020 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 auditors' report did however contain an emphasis of matter relating to a material uncertainty related to going concern.

As permitted these Interim Financial Statements have been prepared in accordance with UK AIM rules and the IAS 34, 'Interim financial reporting' as adopted by the European Union. They should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019, which have been prepared in accordance with IFRS as adopted by the European Union.

2. Accounting policies

The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 31 March 2020, 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.

Revenue

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

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

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

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

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

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

IFRS 16 'Leases'

IFRS 16 'Leases replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease', SIC-15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard applies a single recognition and measurement approach for all applicable leases under which the Group is the lessee.

The Group has lease contracts for property and equipment. Prior to the adoption of IFRS 16, these were classified as operating leases under IAS 17.and the lease payments were recognised as rental costs in the Consolidated Income Statement. Any pre-payed rent and accrued rent were recognised under prepayments and accruals respectively.

The Group applied IFRS 16 for the first time for the 6 months ended 30 September 2019 using the fully retrospective method. Therefore, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

At transition, the Group used the practical expedient allowing IFRS 16 to be applied only to contracts that were previously classified as leases under IAS 17 and IFRIC 4.

For leases where the Group is a lessee, IFRS 16 requires the recognition of a right of use asset and a corresponding lease liability at the lease commencement date.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments, less any incentives received. The lease payments are discounted at the rate implicit in the lease.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are initially measured at cost which comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right of use assets are depreciated on a straight line basis over the shorter of the lease period or the useful economic life of the asset.

Certain statements within this report are forward looking. The expectations reflected in these statements are considered reasonable. However, no assurance can be given that they are correct. As these statements involve risks and uncertainties the actual results may differ materially from those expressed or implied by these statements.

3. Going concern

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

After making enquiries, and assuming completion of the above-mentioned Placing and Subscription, together with any funds raised from the Open Offer announced yesterday, the directors expect that the Group's current financial resources will be sufficient to support operations for at least the next 12 months from the date of this announcement. The Group therefore continues to adopt the going concern basis in the preparation of these financial statements.

4. Revenue

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Royalty income	**41**	30	65
Initial licence fee	**-**	6,000	6,000
	41	6,030	6,065

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

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

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

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

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 cell-based therapies. 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. The Group's revenue derives wholly from assets located in the United Kingdom. Revenue is analysed in note 4 above. Analysed by location of customer all royalty income is derived from the United States of America. The initial license fee is derived from the People's Republic of China.

6. Other operating income

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Government grants	**78**	64	100

In 2020, £78,000 was received under the Government's Coronavirus Job Retention Scheme.

7. Finance income

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Interest received	**16**	164	287
Foreign exchange gains	**-**	424	306
	16	588	593

8. Finance expense

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Lease interest	**18**	22	42
Foreign exchange losses	**225**	-	-
	243	22	42

9. Taxation

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
R & D tax credit	**878**	1,850	3,057
Foreign taxation	**(3)**	(605)	(611)
	875	1,245	2,446

10. Basic and diluted loss per share

The basic and diluted loss per share is calculated by dividing the loss for the financial period of £7,092,000 (September 2019: £3,897,000, March 2020: £11,412,000) by 31,846,537 shares (September 2018: 31,789,724 and March 2020: 31,811,456 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.

11. Right-of-use-asset

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
At beginning of the period	**591**	704	704
Additions	**-**	12	12
Depreciation charge	**(62)**	(62)	(125)
At end of the period	**529**	654	591

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

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Land and buildings	**516**	612	564
Computer and office equipment	**13**	42	27
At end of the period	**529**	654	591

12. Share capital and share premium

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
As at 30 September 2019	31,832,270	318	97,888	98,206
Issue of new shares - share options exercised	1,500	-	2	2
As at 31 March 2020	31,833,770	318	97,890	98,208
Issue of new shares - share options exercised	40,554	1	14	15
As at 30 September 2020	**31,874,324**	**319**	**97,904**	**98,223**

13. Cash used in operations

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Loss before income tax	**(7,967)**	(5,142)	(13,858)
Adjustment for:			
Finance income	**(16)**	(588)	(593)
Finance expense	**243**	22	42
Depreciation of property, plant and equipment	**141**	144	287
Depreciation of right-of-use asset	**62**	62	125
Share-based payment charges	**483**	691	1,203
Changes in working capital:			
Receivables	**(146)**	(110)	126
Payables	**1,707**	(224)	(983)
Cash used in operations	**(5,493)**	(5,145)	(13,651)

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

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Decrease in cash and cash equivalents	**(2,632)**	(1,821)	(7,974)
Effect of foreign exchange rates	**(225)**	160	167
Non-cash inflow from increase in lease liabilities	**-**	(12)	(12)
Lease repayments	**97**	91	186
Lease interest	**(18)**	(22)	(42)
Net funds at start of period	**11,752**	19,427	19,427
Net funds at end of period	**8,974**	17,823	11,752

15. Analysis of net funds

	Six months Ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Cash and cash equivalents	**9,768**	18,771	12,625
Lease liabilities	**(794)**	(948)	(873)
Net funds	**8,974**	17,823	11,752