EDISON

ReNeuron Group

Interim results

Time to reflect

Pharma & biotech

ReNeuron's H119 results highlighted cash of £30.7m, allowing it to execute on its ongoing clinical trials, although execution will bring a funding requirement in 2020. Operating expenses – expected to accelerate in H219 – resulted in total operating costs of £10.1m (vs £10.8m in H118) reflecting clinical study investment. Other operating income was a welcome buffer. Our revision of the clinical timelines has deferred revenues and moved our valuation to £192m or 608p per share from £280m or 885p per share.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/17	0.9	(18.2)	(0.49)**	0.0	N/A	N/A
03/18	0.9	(21.0)	(55.66)	0.0	N/A	N/A
03/19e	0.0	(22.0)	(55.17)	0.0	N/A	N/A
03/20e	0.0	(27.2)	(70.94)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **Before share consolidation.

H119 results: Robust cash balance

ReNeuron's H119 cash balance was £30.7m (vs £37.4m at end FY18). Our FY19 cash estimate of £19.7m implies a significant increase in (clinical trial) spend before YE19. Net losses in H119 were £5.3m vs £9.6m in H118 due to the later start of the PISCES III study. R&D expenses were £7.5m, down £1.1m on a comparable basis. General and administrative expenses increased by £0.4m to £2.6m, reflecting higher business development activity. The FX losses of FY18 were reversed with a £0.8m gain in H119, within finance income of £0.9m (vs £0.2m H118), and other operating income of £2.4m (vs £0.2m in H118) resulted in cash consumed from operations declining by £1.7m y-o-y to £7.5m.

Progress on products and platforms

ReNeuron is about to dose the first patient in the US placebo-controlled pivotal study in chronic stroke disability and now expects to report top-line results in early 2020. With the timings deferred on the CTX product, attention should turn to the next clinical trial result. The Phase I/II results for the hRPC cell line for retinitis pigmentosa (RP) are expected in mid-2019 which we expect to become a focus for investors. We have looked in more detail at this platform-in-a product, which has been the source of product development and business development news flow in the last year. We have also adjusted our expected timelines for both studies.

Deferred clinical trials affect valuation

We made two sets of changes to our model ahead of ReNeuron's interim results. Updating FX rates and carrying forward the recent R&D tax credit rate had minor effects (c £6m), reducing our estimated post-tax loss by c £7.0m in FY19 and FY20. More materially, the delayed start dates of ReNeuron's clinical studies and the requirement for two pivotal studies defers our estimated launches and positive cash flows until 2023 or 2024, depending on the product. The delay to the sales/royalty cash flows has a greater effect on our valuation than the R&D tax rebates, reducing our rNPV valuation to £192m or 608p per share from £280m or 885p per share, highlighting a c £10m funding requirement in 2020.

21 December 2018

Price	**50.00p**
Market cap	**£16m**
Net cash (£m) at 31 September 2018	30.7
Shares in issue	31.6m
Free float	100%
Code	RENE
Primary exchange	LSE AIM
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(15.3)	(25.9)	(74.7)
Rel (local)	(12.0)	(17.7)	(71.4)
52-week high/low		197.5p	50.0p

Business description

ReNeuron is a UK biotech company developing allogeneic cell therapies. The first pivotal Phase IIb trial for CTX neural stem cells for chronic stroke disability is underway. Human retinal progenitor cells (hRPCs) are also being studied for RP (in Phase I/IIa).

Next events

Interim results	13 December 2018
Phase I/IIa hRPC study readout	Mid-2019
Chronic stroke Phase IIb readout	Early 2020

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Edison profile page

ReNeuron Group is a research client of Edison Investment Research Limited

Investment summary

Company description: A clinical-stage stem cell company

ReNeuron is a UK clinical-stage company developing a portfolio of stem cell-based therapies and technologies. Two programmes are in clinical development; the lead programme: the CTX-derived cell line – about to dose its first patient in a US placebo-controlled Phase IIb study for chronic stroke disability. The hRPC product is currently in a Phase I/IIa study for retinitis pigmentosa (RP). In addition, the exosome platform is a potential source of products and licensing revenues. The company was established in 1998, listed on AIM in 2005 and has 65 employees. In 2013, ReNeuron raised £25.3m (gross) through a placement of 1,014m shares at 2.5p (pre-consolidation) to new investors including Invesco, Abingworth and the Wales Life Sciences Investment Fund, and secured a £7.8m grant package from the Welsh government to build a new manufacturing and research facility in South Wales. Following this, in 2015, it raised £68.4m (£65m net) through a placement of 1,367.4m shares at 5p (pre-consolidation) per share. CEO Olav Hellebø was appointed in September 2014. A 100-to-one share consolidation was completed in January 2018.

Valuation: A discount to cash

Having already incorporated the grant and evaluation revenues in our previous valuation, we have made further changes to our risk-adjusted NPV valuation that includes the end-H119 cash and is now £192m or 608p per share from £280m or 885p per share previously. The minor changes to our model were updated foreign exchange rates and recalculation the R&D tax credit, which only affects EPS (see Exhibit 1 below), and the cash at the end of H119. Major changes resulting from shifting forward the launch of ReNeuron's products thereby delaying sales and royalties, and the requirement for a second CTX pivotal study, materially affected our valuation. We note that ReNeuron's market capitalisation of £16m is considerably below its cash balance (£30.7m at end H119) and is valued significantly below its closest public comparator, SanBio, which is listed in Japan and has a c £3bn market capitalisation.

Financials: Recent revenues are incrementally welcome

ReNeuron has received grants and technology evaluation income in H119, of which we recognised £3.9m in FY19 and £1.0m in the subsequent two years. While these and the H119 R&D tax credit of £1.5m are welcome offsets to operational expense, and extend the cash runway, they do not change ReNeuron's investment proposition. This is based on the products and platforms in development, and the potential business development transactions. The proceeds from any deals could address the need for the funding requirement in 2020, while a positive investor response to the clinical data in 2019 and 2020 and the appetite for UK public life science equity could limit the requirement to raise equity and therefore any dilution. Its H119 cash balance was £30.7m, and we expect R&D costs to accelerate to £22.7m in FY19 (vs £16.7m in FY18) as the PISCES III study costs accelerate. We now expect the net loss to increase to £17.5m in FY19 (from £17.6m in FY18) as its two clinical trials progress.

Sensitivities: Clinical results could result in earlier launches

ReNeuron is expected to be in Phase II studies, or report Phase II data between mid-2019 and early 2020. The data from these results could be binary events for the share price. Better than expected clinical results could enable an earlier than anticipated, or accelerated approval pathway with lower costs and a shorter time to commercialisation. Conversely, disappointing or delayed results could remove or delay the cash flows and the product from our valuation. Our recently revised launch estimates for ReNeuron's products illustrate the magnitude of the effect that delays

to commercialisation can have, not just in delaying positive cash flows, but also increasing the time over which R&D spend continues.

Interim H119 financial results

ReNeuron's H119-end cash balance was £30.7m (vs £37.4m at end-FY18), giving it the capacity to execute on its clinical programs. The net loss in H119 was £5.3m, down from £9.6m in H118, which was partly due to the delay in starting the PISCES III study. These incorporated R&D expenses of £7.5m were down from £8.6m on a comparable basis and G&A expense of £2.6m (vs £2.2m in H118), the latter of which reflected higher business development activity. The material FX losses of FY18 were reversed in a £0.8m FX gain. Finance income (£0.9m vs £0.2m in H118), the R&D tax credit (£1.5m vs £1.4m in H118) and the exclusivity fee of £1.9m (now classified as other income rather than revenue in our previous model) all helped reduce the net loss.

Cash consumed by operations was £7.5m (£9.2m in H118) and we now estimate cash flows from operations of £22.4m and £26.0 in FY19 and 20 respectively. We have incorporated the funding requirement that is a result of executing on its clinical programmes as a £10m cash inflow shown as illustrative debt. Licensing or business development transactions in or before 2020 could reduce or eliminate the need to raise more equity and any dilution if ReNeuron's clinical trial results are well received by investors.

The changes to our financial estimates as a result of the reduced cash consumption, FX benefit and the exclusivity fee are shown in Exhibit 1.

Exhibit 1: Changes to financial estimates

	EPS (p)			PBT (£m)			EBITDA (£m)		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2019e	(71.2)	(55.2)	22.5	(25.6)	(22.0)	14.1	(25.7)	(23.6)	8.2
2020e	(84.4)	(70.9)	16.0	(30.4)	(27.3)	10.2	(30.3)	(27.2)	10.2

Source: Edison Investment Research

The minor changes to our model are from updating foreign exchange rates and recalculating the R&D tax credit affects EPS more in Exhibit 1 (above) since the tax credit is below the operating line. Our forecasts point to ReNeuron being funded into 2020, which should enable significant advancement of the two clinical studies (the first US pivotal chronic stroke Phase IIb in early 2020 and RP Phase I/IIa in mid-2019). Our revised estimate of the first CTX product launch in 2023 suggests a funding requirement in 2020, which could be from licensing transactions, a stock offering following positive clinical results, or a combination of both. Indeed, US biotechnology companies have licensed or acquired advanced technologies (gene and cellular therapies) from European companies such as Oxford Biomedica and TxCell in 2018. We have simulated this 2020 cash flow by the illustrative £10m increase in debt, which could come from a number of transactions, including business development or an issue of equity. With £30.7m in cash at the end of September 2018, our assumption of £4m out of the £5m in research grants over the next 24 months, and the £1.9m from the exclusivity assessment for hRPC, ReNeuron has the resources to progress to potential valuation inflection points and continue to develop its broad portfolio until 2020. This includes the acceleration of its investment in operating activities, particularly in R&D, in line with the progression of its clinical pipeline.

The clinical updates on ReNeuron's programmes announced at the H119 results have been included in our update below.

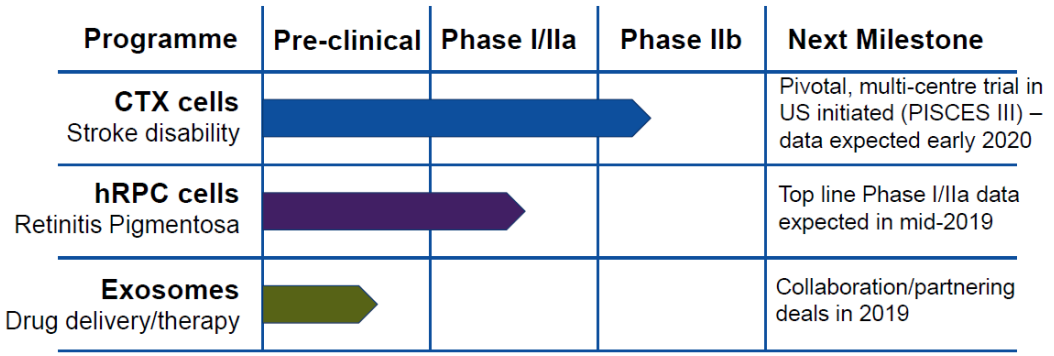
Focus shifts to retinitis pigmentosa (RP)

With the Phase IIb study of the CTX cell line in chronic stroke disability about to dose its first patient after its H119 results and ahead of a results announcement in early 2020, investors' focus on ReNeuron's pipeline should turn to its other products, the most advanced of which is in a 21-patient Phase I/IIa study of human retinal progenitor cells (hRPCs) and is expected to report results in mid-2019.

In the same way that the CTX cell line can differentiate into a repertoire of functional and structural neurological cells, hRPCs can differentiate into any of the cellular components of the retina, all of which are required for full vision. This flexibility is important since RP is a heterogeneous disease with genetic, environmental or idiopathic effects that can result in vision loss. The use of a single small molecule drug directed against a single molecular target will only treat RP in a small subset of patients and could result in limited efficacy in patients whose disease has more than one aetiology. In addition, the majority of the clinical trials in RP are gene therapies, which seek to correct one of the 70 genes that have been associated with RP and therefore cannot have applicability across the various phenotypes of RP. Stem cell therapy, like ReNeuron's hRPCs, could have broad therapeutic potential across RP. For a broad label across many RP phenotypes, the hRPC product would need a large and comprehensive safety database, which could take a number of additional clinical trials than the current 21-patient Phase I/II study.

The exosome platform is a flexible source of products and licensing opportunities. Although ReNeuron's CTX cell line is its most advanced product, the hRPCs are by no means the poor relation since they are being evaluated in two separate clinical trial indications – in RP and cone rod dystrophy – but have also been the subject of licensing evaluation revenues in 2018.

Exhibit 2: ReNeuron's development pipeline



Source: ReNeuron

ReNeuron's hRPC platform

ReNeuron's human retinal progenitor cells are an allogeneic stem cell line that has been partially differentiated using low-oxygen expansion into the cells that could form a functional retina, but have not yet fully differentiated into the individual photoreceptors, nor can they go back to being pluripotent stem cells. In this respect, the hRPCs could adapt the differentiation process to fill the retinal function left by the patient's disease. hRPCs could perform two important functions in RP: firstly, the process of fully differentiating is likely to release growth factors that could help preserve the patient's existing retinal function, and secondly, the newly differentiated rods and cones could integrate into the patient's retina, restoring visual acuity. Although the cost of goods (CoGS) of stem cells is higher than small molecule drugs, ReNeuron's hRPCs have a lower CoGS and are more flexibly supplied than many other stem cell treatments, which are either allogeneic and/or genetically manipulated since allogeneic hRPCs are off-the-shelf products. For such an allogeneic

product, hRPCs in the RP indication have a significant advantage since the inner eye is isolated from the patient's immune system, so hRPCs not originating from the patient can be safely used.

In the last year a new cryopreserved formulation of the hRPC product has been developed that is optimised for sub-retinal implantation and disbursement of the hRPC cells in the retina. A comparison with the previous product has been finalised and the new formulation is already being used in the ongoing Phase I/II study, which is in any event being expanded to include patients with less-impaired vision. A second clinical site was announced at the H119 interims and has the potential to extend the number of patients to higher-dosed cohorts.

RP is a large and underserved market

RP is an incurable progressive eye disease that destroys the cells of the retina and ultimately leads to blindness. Once lost, photoreceptors do not regenerate. In many patients, RP is an inherited disease with many patients showing the initial symptoms of night blindness, blind spots or tunnel vision in their teens and going blind in their forties. GlobalData has estimated that:

- RP has a global prevalence of 1:4,000, which translates into c 1.5 million patients worldwide including over 67,000 patients in the US in 2016 (over 13,000 in the UK). This is an orphan drug market and ReNeuron has that designation for the hRPC product in the US and EU.
- There are very limited therapeutic options to treat RP and none prevents photoreceptor loss.
- The existing standard of care is generic cortisone and vitamin A, which are not disease-modifying in RP.
- The first gene therapy product (Luxturna; voretigene neparvovec) was approved by the FDA in 2017 for the treatment of RP caused by the RPE65 mutation and GlobalData estimates that there are 68 drugs in development (including 26 gene therapy drugs), with almost 6%, or eight of them, in late-stage. However, GlobalData described the RP pipeline as 'weak'.
- ReNeuron is not the only company developing hRPCs for RP, which investors should interpret as positive because if the market were too small or RP unlikely to be treated, no other company would be developing hRPCs for RP. US company jCyte also has a hRPC product in Phase II, with an estimated completion date of August 2019. ReNeuron investors should be comforted by jCyte's preclinical data which, similar to ReNeuron's preclinical data, demonstrated that transplantation of hRPCs into the eye resulted in photoreceptor replacement and a significant slowing of host photoreceptor loss.

RP is more an orphan market than a mass-market indication

RP ranks well below the bigger ophthalmic indications in the size of the addressable patient population and therefore the number of ongoing clinical trials. Age-related macular degeneration (AMD) tops the list with 846 ongoing clinical trials and RP is in 20th place with 2% of the total number of trials. This has a number of interpretations. Firstly, RP is not among the low-hanging fruit of ophthalmic indications because it has been very difficult to treat. This is confirmed by the large number of gene therapy clinical trials for RP, which suggests that small molecules and even monoclonal antibodies, the backbone of AMD therapy, have found a disease-modifying effect in RP a difficult nut to crack. This suggests a more radical therapeutic intervention like gene or stem cell therapy is needed to treat RP.

Secondly, as more than one-third of investigational treatments are gene therapies, premium prices in these smaller and more defined populations can be expected. Gene therapy is a case in point, as Luxturna's US list price is $425,000 per eye for a single injection. Stem cell therapies, like ReNeuron's hRPC cell line, do not have as low a cost of goods as small molecules or even monoclonal antibodies, but as an allogeneic cell line are likely to have much lower CoGS than the autologous CAR-T products, which are still profitable at a US list price of $475,000 per treatment.

Our model assumes a list price of $75,000 in the US and Japan at launch and $52,000 for Europe. This suggests that as competition to an expensive Luxturna product, but with a broader application across the RP patient population, a very favourable pricing environment exists for ReNeuron's hRPC cell line, if it is approved.

RP has been a source of revenue

In early July, ReNeuron announced that it had signed an exclusivity agreement with an unnamed US speciality pharmaceutical company relating to the potential out-licensing of its hRPC retinal technology and therapeutic programmes (which we assumed would have included the RP programme). ReNeuron received a non-refundable $2.5m payment, which we recognised in our model as revenue. In the event, the US company did not progress to a licensing agreement, although the decision was not related to the hRPC technology or the data generated by the platform. Despite this opportunity falling away, ReNeuron stated that it would resume discussions with the other parties that had expressed an interest in the hRPC retinal cell-based activities but had been excluded by the previous agreement.

CRD is a useful extension of the hRPC platform

The hRPC product is also in a Phase I study in cone rod dystrophy (CRD), which is also an inherited retinal disease and associated with the loss of only the cones from the retina, resulting in the loss of colour vision. Whereas RP affects between 1:3,000 and 1:4,000 US patients, CRD affects about one tenth of that number so, on the one hand could be an ultra-orphan disease with premium pricing but, on the other, CRD currently represents a small part of our valuation in Exhibit 3. If the Phase I/IIa study in RP is positive, the CRD programme could potentially use the same safety database and move straight to a Phase II study after completion of the RP study. We have estimated that the CRD programme is currently about a year behind RP.

First patient dosed soon in the CTX Phase IIb study

ReNeuron's most advanced product (with the highest value in our model) is a conditionally immortalised neural stem cell-derived CTX cell line for the treatment of stroke disability, which is expected to dose its first patient in the 110-patient, US placebo-controlled, Phase IIb study with top-line results expected in early 2020 (from late 2019). The study will enrol patients at 40 centres and has agreed well-validated clinical endpoints with the FDA, for example, the modified Rankin Scale (mRS) at six months post-treatment compared to baseline. The six-point mRS endpoint was used as a secondary endpoint in the last single-arm Phase II study, which found that the response rate was maintained 12 months post-transplantation. In this last study, 35% of patients demonstrated a clinically meaningful improvement at 12 months post-implantation. The timings have now been set for the PISCES III study and we are not expecting any further updates from ReNeuron until the top-line results announcement in early 2020, which should be an important binary event for the company.

At its H119 interim results, ReNeuron provided more detail on the clinical trial design that is aimed at optimising its chances for clinical success. Stable patients will be selected that have had a stroke six months to a year previously to minimise the placebo response that might be observed in acute patients still recovering from their stroke. The patients in the PISCES III study will also be recruited with an NIHSS upper limb score of 4 or greater as this group had the greatest response in the PISCES II study. Similarly, milder patients – with a lower level of disability (mRS 3 and 4) and a greater chance of a clinical response – will be the study population.

With 800,000 strokes each year in the US, like RP, there are very few disease-modifying options for chronic patients, so this represents a large unmet need. The 33% decrease in stroke mortality since

1996 means that acute treatment has improved and many deaths prevented. However, this has resulted in the prevalent chronic stroke population expanding. ReNeuron is developing products that become platforms, an example being the exosome platform (below). With its hRPC product, ReNeuron has also demonstrated the ability to develop a cell line product that differentiates into a range of therapeutically active and functional cells. Recently, ReNeuron announced that it had brought these two facets together in the CTX cell line, with early data suggesting that the CTX cell line can be reprogrammed to a pluripotent state that can be differentiated into any cells.

The exosome platform emerges

In our note on ReNeuron's capital markets day earlier in the year, we commented on the potential for its preclinical exosome platform to generate new therapeutic products on its own account and to generate collaborative and licensing revenue. The exosome platform also builds on ReNeuron's experience with the CTX cell line platform from which the exosome are derived. CTX-derived exosomes are small (30-100nm) subcellular nanoparticles that are thought to play a role in cell-to-cell signalling. Animal model work has demonstrated preferential uptake or sequestering of exosomes in tumours and hence the potential for ReNeuron's first exosome product as an oncology therapeutic that could deliver high concentrations of an anti-cancer drug to the tumour. Since the capital markets day, preclinical evaluation has continued and in its H119 interims, ReNeuron announced its first therapeutic product is expected to be a delivery vehicle for recombinant proteins and mRNA drugs. We look forward to the developments and update from this broadly applicable platform, which we and ReNeuron have speculated has significant licensing potential.

Valuation

Despite updating the foreign exchange rates and carrying them forward in our model, together with increasing the R&D tax credit as a proportion of R&D spend, these two minor changes added c £6m to our valuation. We calculated the 2018 R&D tax rebate as a percentage of 2017 R&D spend as an approximation of the R&D tax credit to use in our forecasts, which resulted in a change from c 6.0% to 20.1% of the previous year's forecast R&D spend. This change resulted in a c £7m increase in our forecast tax rebates in FY19 and FY20. We have also updated the cash at the end of September 2018 in our valuation.

Deferred launches materially affect valuation

With the first patient to be dosed imminently in the first of what is likely to be two US CTX pivotal studies in chronic stroke (NCT03629275) and results from that first study expected in early 2020 (from late 2019 before) and the expectation of the requirement for a second pivotal study, we have moved our expected launch of the CTX product to 2023 (from 2021), with peak sales expected in 2030 (previously 2028). This takes into account the start of the second Phase II pivotal study and adds about a year for filing and approval. Since ReNeuron has designated both Phase II studies as 'pivotal', we have estimated filing in late 2021 or early 2022 (from 2020 previously) and a normal review cycle although, depending on the results of the first Phase II study, these timelines could be accelerated. With the Phase I/II hRPC study in RP (NCT02464436) expected to report results for the safety portion in mid-2019, we have estimated a requirement for an additional Phase II study and a normal review cycle, which also implies the launch of hRPC in RP in 2023, and peak sales in 2027. We have estimated the clinical programme for hRPC in CRD to be about a year behind hRPC in RP. These changes have two effects that reduce our valuation:

- The R&D spend continues for a longer period than we had previously forecast.
- The deferred launches push out near-term revenues (other than licensing and grant revenues).

Together, these have a material effect on the rNPV valuation since R&D costs continue and revenues are pushed out. In addition, the deferred revenues and continued R&D spend conspire to highlight a funding need in 2020. We have illustrated this with the £10m increase in debt in 2020, but note that the funding requirement could potentially be met from a number of transactions including business development. Should investors react positively to the clinical study results in 2019 and 2020, any share issuance and the associated dilution could be reduced. Our valuation is lowered to £192m or 608p per share from £280m, or 885p per share.

Exhibit 3: rNPV valuation

Product	Setting	Status	Launch	NPV (£m)	Peak global sales ($m)	Probability of success	Royalty rate	rNPV (£m)	rNPV per share (p)
CTX	Stroke disability	Phase IIb	2023	429	1,428	25%	30%	106	335.6
hRPC	CRD	Phase I/II	2024	49	185	20%	30%	10	31.9
hRPC	RP	Phase I/II	2023	230	691	20%	30%	45	143.6
Portfolio total				684				162	511.2
Cash (end March 2018)								30.7	96.92
Overall valuation								192	608.1

Source: Edison Investment Research, company announcements. Note: Number of shares in issue is 31.6m.

Sensitivities: Clinical results determine earlier launches

In our note, Biblical aspirations, we suggested that ReNeuron is not developing products for trivial indications, for example helping the disabled to walk and the blind to see. These are therefore high-risk/high-return indications associated with significant unmet clinical needs that have been notoriously difficult to treat in previous experimental interventions. Chronic stroke disability and inherited retinal diseases can therefore probably only be addressed by a novel therapy like stem cells or gene therapy. With these low expectations for previously intractable indications, if a small demonstration of positive reproducible activity is observed in a placebo-controlled study, regulators are likely to facilitate accelerated reviews and rolling submissions that could result in faster approvals (and lower R&D spend) than we have forecast.

Thus, the Phase II studies that report between mid-2019 and early 2020 could be catalysts for the share price. Better than expected clinical results could enable an earlier than anticipated, or accelerated approval pathway with lower costs and a shorter time to commercialisation, whereas disappointing results could remove a product from our valuation. Further delays in the completion of ReNeuron's clinical trials will result in a delay to our revenue expectations and additional costs to those we have most recently revised. The failure of one of ReNeuron's products in clinical trials, while allowing the removal of subsequent R&D spend, would have a more material effect on our valuation as a result of the removal (rather than the deferral) of its future revenues.

Exhibit 4: Financial summary

£'000s	2017	2018	2019e	2020e
Year end 31 March	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	900	897	43	43
Cost of Sales	0	0	0	0
Gross Profit	900	897	43	43
R&D expenses	(16,648)	(16,657)	(22,656)	(23,788)
SG&A expenses	(4,139)	(4,616)	(5,078)	(5,585)
EBITDA	(19,814)	(20,222)	(23,561)	(27,158)
Operating Profit (before amort. and except.)	(19,887)	(20,376)	(23,706)	(27,331)
Intangible Amortisation	0	0	0	0
Exceptionals	0	0	0	0
Operating Profit	(19,887)	(20,376)	(23,706)	(27,331)
Other	0	0	0	0
Net Interest	1,722	(591)	1,693	99
Profit Before Tax (norm)	(18,165)	(20,967)	(22,013)	(27,232)
Profit Before Tax (FRS 3)	(18,165)	(20,967)	(25,013)	(27,232)
Tax	2,592	3,352	4,554	4,781
Profit After Tax (norm)	(15,573)	(17,615)	(17,459)	(22,451)
Profit After Tax (FRS 3)	(15,573)	(17,615)	(17,459)	(22,451)
Average Number of Shares Outstanding (m)	3,164.6	31.6	31.6	31.6
EPS - normalised (p)	(0.49)	(55.66)	(55.17)	(70.94)
EPS - FRS 3 (p)	(0.49)	(55.66)	(55.17)	(70.94)
Dividend per share (p)	0.0	0.0	0.0	0.0
BALANCE SHEET				
Fixed Assets	724	912	1,050	1,215
Intangible Assets	0	186	186	186
Tangible Assets	724	726	864	1,029
Other	0	0	0	0
Current Assets	58,136	41,706	25,580	14,114
Stocks	0	0	0	0
Debtors	1,060	1,285	1,285	1,285
Cash	53,061	37,411	19,741	8,048
Other	4,015	3,010	4,554	4,781
Current Liabilities	(5,703)	(5,949)	(5,949)	(5,949)
Creditors	(5,703)	(5,949)	(5,949)	(5,949)
Short term borrowings	0	0	0	0
Short term leases	0	0	0	0
Other	0	0	0	0
Long Term Liabilities	0	0	0	(10,000)
Long term borrowings	0	0	0	(10,000)
Long term leases	0	0	0	0
Other long term liabilities	0	0	0	0
Net Assets	53,157	36,669	20,681	(619)
CASH FLOW				
Operating Cash Flow	(13,976)	(19,244)	(22,433)	(26,007)
Net Interest	520	383	1,693	99
Tax	1,340	4,357	3,352	4,554
Capex	(532)	(235)	(282)	(338)
Acquisitions/disposals	0	0	0	0
Financing	0	0	0	0
Dividends	0	0	0	0
Other	0	0	0	0
Net Cash Flow	(12,648)	(14,739)	(17,670)	(21,693)
Opening net debt/(cash)	(65,708)	(53,060)	(37,410)	(19,740)
HP finance leases initiated	0	0	0	0
Other	(0)	(911)	0	0
Closing net debt/(cash)	(53,060)	(37,410)	(19,740)	1,953

Source: ReNeuron, Edison Investment Research

Contact details	Revenue by geography
ReNeuron Group Pencoed Business Park, Pencoed, Bridgend Wales CF35 5HY +44 (0) 203 819 8400 www.reneuron.com	N/A

Management team

Chairman: John Berriman	CEO: Olav Hellebø
John Berriman was appointed to the board in July 2011 and became chairman in March 2015. He is the chairman of Confo Therapeutics, Autifony Therapeutics and Depixus. John was a past chairman of Heptares Therapeutics (sold to Sosei in February 2015) and Algeta (sold to Bayer in 2014 and previously listed on the Oslo stock exchange). He is a non-executive director (NXD) of Autolus was a NXD of Micromet (until its sale to Amgen in 2012) and Abingworth Management, an international healthcare venture capital firm. Previously, he spent 14 years with Celltech Group and was a member of its board when it listed on the London Stock Exchange in 1994.	Appointed CEO in September 2014. Previously CEO of Clavis Pharma, a Norwegian oncology company, from February 2010 to June 2013. Before that he was senior VP of UCB Pharma (2004-10), COO of Novartis UK (2003-04) and for 10 years prior to that held a series of senior roles at Schering-Plough, the last as head of the company's oncology biotech division in the US. He graduated summa cum laude in international business studies from Hofstra University, New York, and has an MBA from the IESE Business School-Barcelona.
CFO: Michael Hunt	**CSO: Dr John Sinden**
Joined ReNeuron in 2001 as CFO, was appointed COO in 2003 and CEO in 2005. Skilfully guided the company through the difficult period to 2014 and has since returned to the CFO role. Previously spent six years at Biocompatibles International (sold to BTG) where he held a number of senior financial and general management roles. His early industrial career was spent at Bunzl. He studied economics at UCL.	John is a co-founder and has been a director of ReNeuron since October 1998. Previously Reader in Neurobiology of Behaviour at the Institute of Psychiatry at Kings College University of London. He graduated in psychology from the University of Sydney, with a PhD in neuroscience from the University of Paris at the College de France. He held post-doctoral appointments at Oxford University and the Institute of Psychiatry before joining the permanent staff of the Institute in 1987.

Principal shareholders	(%)
Woodford Investment management	35.4
Invesco	11.9
Arthurian Life Sciences	9.5
Hargreaves Lansdown	7.5
Interactive Investor	4.1
Barclays	2.5
Halifax	2.5

Companies named in this report

jCyte (private)

EDISON

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