

# ReNeuron Group

## Funding to complete Phase IIa and other projects

ReNeuron is focused on human retinal progenitor cell therapy (hRPC) for retinitis pigmentosa (RP). Ongoing Phase IIa data show a stable average gain in visual acuity. A nine-patient continuation Phase IIa study is underway at a higher dose. A placing of £15m and an open offer of up to £2.5m at 70p/share, totalling up to £17.5m before costs, are planned to give at least 18 months cash to complete the Phase IIa, potentially initiate a pivotal study in H2 CY22 and progress preclinical exosome and other cell therapy projects. The valuation is adjusted to £190m, formerly £170m.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/19	2.7	(17.2)	(45.34)	0.0	N/A	N/A
03/20	6.2	(13.9)	(35.85)	0.0	N/A	N/A
03/21e	0.2	(14.4)	(32.85)	0.0	N/A	N/A
03/22e	0.2	(13.3)	(20.55)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. Shares in issue forecast at 56.85m at YE2020

## Placing gives funding to at least Q2 CY22

The oversubscribed placing is raising £13.9m with a further £1.1m from directors and associated funds. This is at 70p, a discount of 27% to the November 23 close of 96.45p. There is also a one-for-nine open offer for up to £2.5m; we do not factor this into our current cash forecast as the take-up is unknown. These transactions need EGM approval on 11 December. Total shares in issue could rise by up to 25m to 56.85m from 31.85m. The new shares, if all are issued, will be 43.9% of the new share capital, giving a dilution of about 79%. Management expects the placing, net of costs, to provide cash to at least Q2 CY22.

## H121 results and FY21 outlook

In H1 FY21 to 30 September, the loss (after a £0.9m tax credit) was £7.1m. The operating cash outflow, helped by working capital gains, was £5.5m, offset by receipt of the £2.9m FY19 tax credit. This gave a cash outflow of £2.6m. For FY21, we expect operating cash use to be c £13.8m. We assume the raised H1 creditor level (£8m), possibly related to the closed stroke trial, to reduce to £6m. Given £9.8m H1 FY21 cash, we estimate FY21 year-end cash of about £16m based on the placing proceeds, a reduction in working capital and receipt of tax credits from FY19 and FY20. FY22 costs are expected to be lower after the June CY20 restructuring.

## Valuation: Revised to £190m

The value has been adjusted to take account of the prospective funding, adjusted after H221 results for income, lower costs and revised cash flow. A hRPC approval (unchanged probability of 30%) is now expected around H2 CY25, formerly by Q4 CY24. The immunotherapy and diabetes cell therapy projects have good deal potential but are preclinical. Exosome evaluation projects to deliver RNA drugs are promising and require early licensing. This takes the indicative value to £190m; the valuation point is now 1 January 2021. If the maximum 25m shares are issued, this would be 3.3p per share (formerly 5.3p). We note current high deal values in the gene and cell retinal therapy area, with one totalling \$250m plus royalties in June 2020. Deals on RP from CY22 and on exosomes from CY21 might occur.

## Placing and rights issue

### Pharma & biotech

8 December 2020

**Price** **81.0p**

**Market cap** **£26m**

\$1.32/£

Gross cash (£m) at 30 September 2020 9.8

Shares in issue at 30 September 31.85m  
(Note, with placing and offer will be up to 56.85m shares)

Free float 99.7%

Code RENE

Primary exchange LSE

Secondary exchange N/A

### Share price performance



% 1m 3m 12m

Abs (8.1) (4.9) (41.0)

Rel (local) (17.3) (14.4) (35.8)

52-week high/low 168.5p 74.5p

### Business description

ReNeuron Group is a UK biotech company developing allogeneic cell therapies. Human retinal progenitor cells are the lead Phase I/IIa project for retinitis pigmentosa. There is a strong preclinical technology base in exosomes.

### Next events

Further hRPC Phase I/IIa data CY21

FY21 results July 2021

hRPC pivotal study start H2 CY22

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**Exhibit 1: Financial summary**

	£'000s	2019	2020	2021e	2022e
Year end 31 March		IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>					
Revenue		2,720	6,165	238	182
Cost of Sales		0	0	0	0
Gross Profit		2,720	6,165	238	182
R&D expenses		(16,246)	(16,335)	(10,618)	(10,500)
SG&A expenses		(4,773)	(4,239)	(3,836)	(3,028)
EBITDA		(18,129)	(13,997)	(13,811)	(12,941)
Operating Profit (before amort. and except.)		(18,299)	(14,409)	(14,216)	(13,346)
Intangible Amortisation		0	0	0	0
Exceptionals		0	0	0	0
Operating Profit		(18,299)	(14,409)	(14,216)	(13,346)
Other		0	0	0	0
Net Interest		1,064	551	(211)	64
Profit Before Tax (norm)		(17,235)	(13,858)	(14,427)	(13,282)
Profit Before Tax (FRS 3)		(17,235)	(13,858)	(14,427)	(13,282)
Tax		2,887	2,446	1,600	1,600
Profit After Tax (norm)		(14,348)	(11,412)	(12,827)	(11,682)
Profit After Tax (FRS 3)		(14,348)	(11,412)	(12,827)	(11,682)
Average Number of Shares Outstanding (m)		31.6	31.8	39.0	56.8
EPS - normalised (p)		(45.34)	(35.85)	(32.85)	(20.55)
EPS - FRS 3 (p)		(45.34)	(35.85)	(32.85)	(20.55)
Dividend per share (p)		0.0	0.0	0.0	0.0
<b>BALANCE SHEET</b>					
Fixed Assets		1,522	1,229	1,104	979
Intangible Assets		186	186	186	186
Tangible Assets		632	452	452	452
Other		704	591	466	341
Current Assets		29,988	19,147	18,637	6,914
Stocks		0	0	0	0
Debtors		834	696	696	696
Cash and deposits		26,386	12,625	15,887	4,164
Other		2,768	5,826	2,054	2,054
Current Liabilities		(7,402)	(6,446)	(4,446)	(4,446)
Creditors		(7,261)	(6,280)	(4,280)	(4,280)
Short term borrowings		0	0	0	0
Short term leases		(141)	(166)	(166)	(166)
Other		0	0	0	0
Long Term Liabilities		(864)	(707)	(541)	(375)
Long term borrowings		0	0	0	0
Long term leases		0	0	0	0
Other long term liabilities		(864)	(707)	(541)	(375)
Net Assets		23,244	13,223	14,754	3,072
<b>CASH FLOW</b>					
Operating Cash Flow		(15,037)	(13,651)	(15,752)	(13,143)
Net Interest		303	258	14	64
Tax		3,129	(611)	5,369	1,600
Capex		(239)	(119)	(100)	(100)
Acquisitions/disposals		0	0	0	0
Financing		0	188	15,000	0
Dividends		0	0	0	0
Other		4,365	6,128	(1,269)	(144)
Net Cash Flow		(7,479)	(7,807)	3,262	(11,723)
Opening net debt/(cash)		(27,911)	(26,245)	(12,459)	(15,721)
HP finance leases initiated		0	0	0	0
Other		5,813	(5,979)	0	0
Closing net debt/(cash)		(26,245)	(12,459)	(15,721)	(3,998)

Source: Source: ReNeuron accounts, Edison Investment Research. Note only placing cash of £15m included to date in FY21.

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