29 June 2018

hardman&co

Evgen Pharma

2018, a pivotal year

EVG is a virtual pharmaceutical company focused on the development of a synthetic version of a natural product, sulforaphane, which is known to modulate key signalling pathways involved in cellular protection and inflammation. EVG has created new and stable variants of sulforaphane using its proprietary technology, Sulforadex, enabling it to be used as a therapeutic for the first time. SFX-01 is currently in Phase II trials for both subarachnoid haemorrhage and ER+ metastatic breast cancer, with read-outs expected around the end of 2018. The result meeting was an opportunity to present the encouraging interim STEM trial data.

- **Strategy**: EVG is focused on the clinical development of synthetic and stable variants derived from sulforaphane using its proprietary technology, Sulforadex. Lead candidate SFX-01 is being assessed in Phase II trials for SAH and breast cancer, both strategic entry portals for other uses in neurology and oncology.

- **Results:** It might be too early to draw any firm conclusions, but the initial data of the STEM trial in breast cancer provide reassurance that the study should hit its primary end-point of safety, tolerability and signs of efficacy in this hard-to-treat population. Net cash at 31 March 2018 was £3.6m

- **Plans:** EVG is planning the next steps in anticipation of positive outcomes from its clinical trials in both conditions. A Phase IIb/III for second-line treatment in metastatic breast cancer is likely to be with a partner. In contrast, it would be viable for EVG to run a Phase III in SAH itself and retain full value.

- **Risks:** As with all drug development companies, there is a risk that products will fail in clinical trials. However, sulforaphane has been through a number of encouraging clinical trials despite its stability and dosing limitations. Therefore, coupled with two potential targets, EVG's risk profile is arguably reduced.

- **Investment summary:** SFX-01 will be entering multi-billion-dollar global markets that are currently unsatisfied. There is also potential to use sulforaphane in other indications. EVG intends to out-license its drugs to the pharma majors for commercialisation. Despite some share price appreciation recently, the enterprise value afforded to EVG by the market does not reflect properly the development stage of SFX-01, and lower than usual risk profile.

Financial summary and valuation

Year-end March (£000)	2016	2017	2018	2019E	2020E	2021E
Sales	0	0	0	0	0	0
SG&A	-620	-949	-1,015	-1,056	-1,108	-1,175
R&D	-612	-2,500	-1,900	-2,660	-3,059	-3,212
EBITDA	-1,224	-3,432	-2,894	-3,695	-4,146	-4,366
Underlying EBIT	-1,232	-3,449	-2,915	-3,716	-4,167	-4,387
Reported EBIT	-2,434	-3,658	-3,026	-3,832	-4,290	-4,515
Underlying PBT	-2,015	-3,435	-2,915	-3,712	-4,167	-4,387
Statutory PBT	-3,217	-3,644	-3,026	-3,828	-4,290	-4,515
Underlying EPS (p)	-3.9	-3.9	-3.1	-3.3	-3.7	-3.9
Statutory EPS (p)	-6.3	-4.2	-3.3	-3.4	-3.8	-4.0
Net (debt)/cash	7,126	3,859	3,626	290	-3,298	-7,006
Capital increase	8,565	0	2,115	0	0	0

Source: Hardman & Co Life Sciences Research

Pharmaceuticals & Biotechnology

Source: Eikon Thomson Reuters

Market data

EPIC/TKR	**EVG**
Price (p)	18.1
12m High (p)	29.3
12m Low (p)	12.2
Shares (m)	93.3
Mkt Cap (£m)	16.9
EV (£m)	13.2
Free Float*	64%
Market	AIM

**As defined by AIM Rule 26*

Description

Evgen (EVG) is a virtual pharmaceutical company using its proprietary technology, Sulforadex, to create new synthetic and stable variants of the natural product, sulforaphane. Lead product, SFX-01, is now in two Phase II trials

Company information

CEO	Dr Stephen Franklin
CFO	Richard Moulson
Chairman	Barry Clare
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	www.evgen.com

Key shareholders

Directors	2.8%
North West Fund	17.4%
Rising Stars	12.8%
AXA	9.2%
Seneca	7.4%
South Yorkshire	4.0%

Diary

2H'18	SAS trial read-out
2H'18	STEM trial read-out

Analysts

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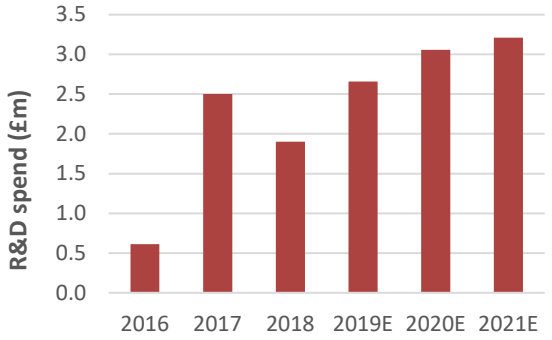
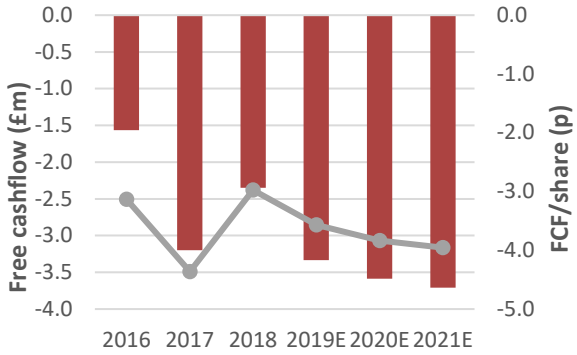
R&D investment



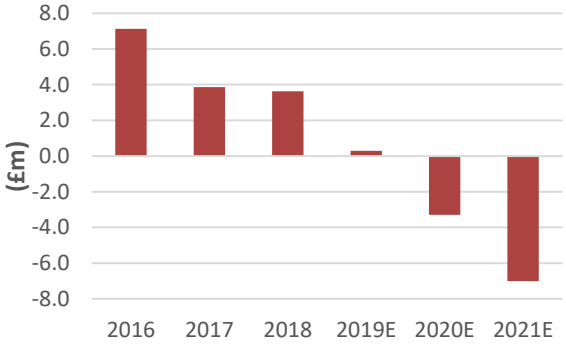
- Investment in R&D has been ramped up to fund the current Phase II trial programmes with SFX-01
- Investment in R&D is lower in 2019E to prepare for the subsequent Phase II/III trials with potential partners
- EVG has sufficient funds to complete both Phase II clinical trials with SFX-01
- EVG aims to find a partner in the next stage of the STEM trial, and intends to run the subsequent SAH Phase III itself

Free cashflow



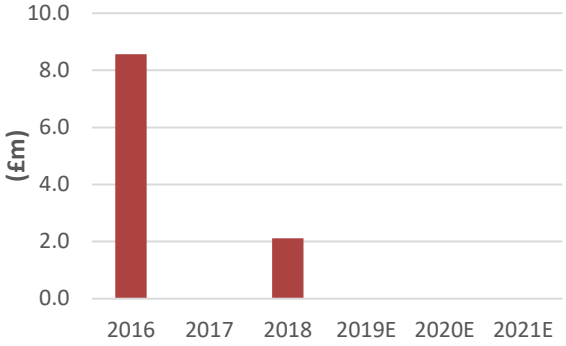
- Cashflow is driven by the corporate overhead (SG&A) and R&D investment
- We estimate cash burn of ca.£0.25m per month for the full year (ca.£0.3m for the first six months)

Net cash



- Net cash at 31 March 2018 was £3.6m
- New capital will be needed before the end of the period
- EVG has sufficient capital to complete both Phase II trials in SAH and breast cancer

Capital increases



- EVG raised £8.6m net of expenses in pre-IPO and IPO funding during fiscal 2016
- A Placing of £2.3m gross (£2.1m net of expenses) was realised in December 2017

Source: Company data; Hardman & Co Life Sciences Research

2018 results

Key features

SFX-01 in advanced breast cancer

- Interim data released from the STEM trial, encompassing outcomes from 20 ER+ metastatic breast cancer patients, showed encouraging signs of anti-tumour activity and no safety concerns to date
- A total of 14 sites have opened for the STEM trial, with 44 patients (73%), out of a maximum of 60, having been recruited to date.
- There was further elucidation on the mechanism of action, with evidence that SFX-01 modulates the STAT3 pathway in breast cancer patients.

SFX-01 in subarachnoid haemorrhage (SAH)

- To date, 65 patients (72%) have been recruited, out of a total target of 90, in the two arms that comprise the SAS Phase II trial.
- Four sites have been opened, two are actively recruiting, with the third expected to recruit its first patient in July. The read-out of the SAS trial is expected around the end of calendar 2018.

Building up the pipeline

- Appointment of a Scientific and Medical Advisory Board.
- Screening of SFX-01 analogues in cancer cells at the University of Liverpool.
- Collaboration with the Manchester Cancer Research Centre has been initiated; a pre-clinical study is focusing on the effect of SFX-01 in triple-negative breast cancer.
- Following requests by potential partners, EVG is evaluating the use of SFX-01 in several other indications including NASH, stroke, autism and bone regeneration.

Financial highlights

- **R&D spend:** R&D investment was lower than forecast at £1.90m (2017: £2.50m), primarily reflecting timing differences and the slower rate of recruitment into trials.
- **Net cash:** The cash position at the year-end was much better than expected at £3.6m, which was the direct consequence of the lower than forecast R&D spend.
- **New funds:** During the reporting period, the company raised £2.3m gross new capital through a Placing at 12p, which will be sufficient to complete both its ongoing Phase II trials with SFX-01.

Evgen 2018 results – actual vs expectations

Year-end March (£m)	2017 actual	2018 actual	Growth %	2018 forecast	Delta Δ
R&D spend	-2.50	-1.90	-24%	-3.25	+1.35
Administration	-0.95	-1.01	+6%	-1.07	+0.06
EBIT loss	-3.45	-2.91	-16%	-4.31	+1.40
Tax credit	+0.58	+0.44	-	+0.75	-0.31
Net loss	**-2.86**	**-2.47**	**-14%**	**-3.56**	**+1.09**
Net cash/(debt)	+3.86	+3.63	-6%	+2.45	+1.18

Figures may not add up exactly due to rounding
Source: Hardman & Co Life Sciences Research

Corporate update

Pipeline

In-house programmes

An updated pipeline extending the use of sulforaphane in several disease areas

EVG has two Phase II programmes in oncology and neurology, with both being on schedule for final data read-outs of towards the end of calendar 2018.

- **Subarachnoid haemorrhage (SAS trial):** Sulforaphane activates the Nrf2 pathway leading to a reduction in oxidative stress and toxicity caused by free haemoglobin from the haemorrhage that usually occurs after a brain incident.
- **Advanced breast cancer (STEM trial):** A new mechanism of action has been identified whereby sulforaphane is thought to exert its cytoprotective properties via the inhibition of the STAT3 pathway. In addition, sulforaphane has been proven to stop the replication of cells through its action on the cell cycle at the G2/M stage, as well as the modulation of the NF-κB pathway.
- Promising pre-clinical data have highlighted the potential for new in-house Phase II clinical programme(s) in areas such as in multiple sclerosis (MS) and/or prostate cancer, which would need further capital.

Evgen R&D pipeline – June 2018

Drug (MoA)	Indication	Preclinical	Phase I	Phase IIa	Phase IIb	Phase III
SFX-01 (Nrf2)	Subarachnoid Haemorrhage					
SFX-01 (STAT3)	Metastatic Breast Cancer (ER+)					
SFX-01	Investigator-Initiated Clinical Studies† e.g. Triple Negative Breast Cancer, Ischaemic stroke					

Source: Evgen Pharma

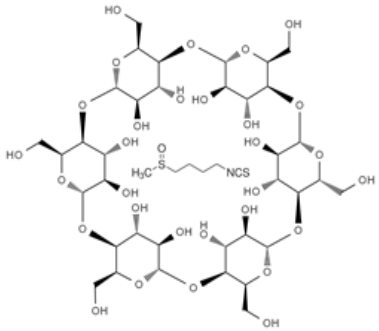
The completion of Phase I studies in healthy human volunteers means that SFX-01 is Phase II-ready for other indications.

Collaborations

Although EVG is concentrating all of its resources on the two leading clinical programmes, the company has been approached with great opportunities to assess sulforaphane analogues in a number of other disease areas through collaborators using grant funding, as highlighted below:

- **Breast cancer:** In line with its current clinical pipeline, a pre-clinical programme is about to start/has started at the University of Manchester, funded by the UK charity, Shine Bright Foundation, focusing on triple negative breast cancer. The study will focus on how SFX-01 can enhance the effect of chemotherapy on patient-derived triple negative breast cancer.
- **Bone regeneration:** a collaboration with the Mayo Clinic (US) and the London Royal Veterinary College (RVC) for the use of SFX-01 in bone regeneration for osteoporosis and osteoarthritis, respectively. Mayo demonstrated an increase in bone mass by increasing osteoblast differentiation, while the RVC presented data showing the effect of SFX-01 in the improvement of bone architecture and gait in an osteoarthritis model.

SFX-01

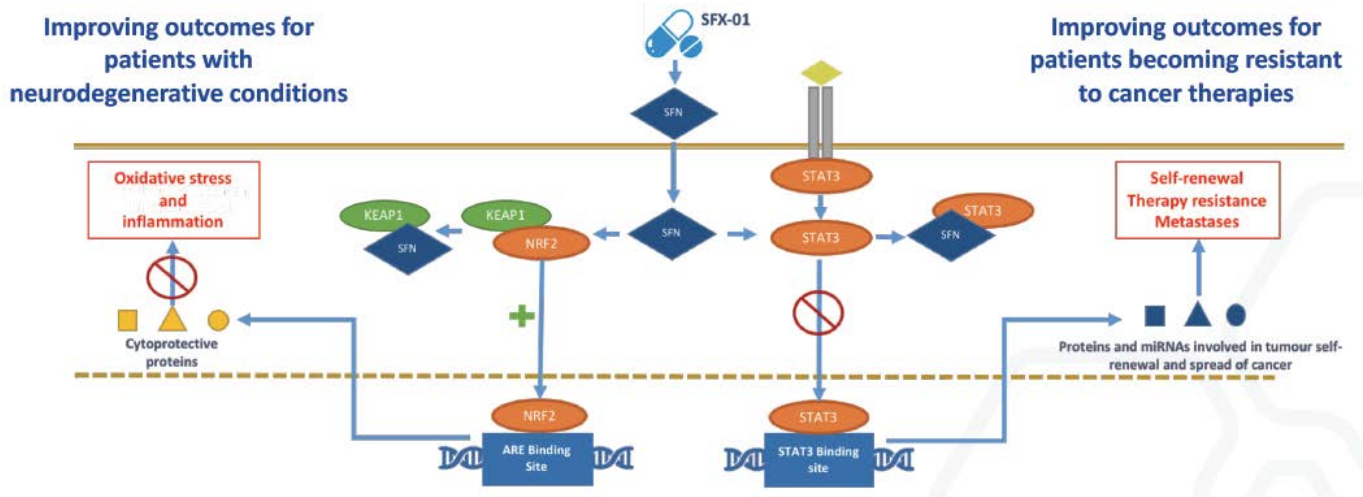


Source: Evgen Pharma

- **Imperial College:** EVG has announced a collaboration whereby Imperial College London will investigate further the mechanism of the action of SFX-01 with the use of advanced chemical proteomics technology. The project is being funded mainly by Imperial College through a research grant.
- **King's College:** The attraction on SFX-01 is expanding, as illustrated by two investigator-led programmes in breast cancer and bone regeneration. The latest news of a collaboration with King's College London will allow EVG to retain the option to continue development and commercialisation. A clinical trial could start in 2019.
- **SFX-01 analogues:** The activity of 41 analogues of SFX-01 have been evaluated for their cytotoxicity in breast cancer cells and their ability to activate the Nrf2 pathway. The study revealed that 21 analogues are at least twice more potent than SFX-01 against breast cancer cells, with the most active being eight-fold more cytotoxic. None of the analogues exhibit higher potency in activating the Nrf2 pathway than SFX-01. Options are available to further evaluate the analogues.

SFX-01 has the characteristic of modulating two important biochemical pathways that are key in various medical conditions.

SFX-01 opportunities in both oncology and neurology



Source: Evgen Pharma

Scientific and Medical Advisory Board

In order to support and advise the company, Evgen has set up a Scientific and Medical Advisory Board, which aims to provide expertise in the key areas of oxidative stress and cancer, and support for current and future clinical trials.

- **Professor Giovanni E Mann (King's College):** Professor Mann's Vascular Biology Group is investigating the signalling cascades involved in the transcriptional activation of antioxidant defence genes in endothelial and smooth muscle cells in oxidative stress. His interest is mainly in vascular dysfunction induced by oxidative stress in diseases such as atherosclerosis, pre-eclampsia, chronic renal failure and diabetes. His research focuses on the L-arginine-nitric oxide (NO) and haem oxygenase-carbon monoxide (CO) signalling pathways, and the role of the redox-sensitive transcription factor Nrf2 as a major regulator of antioxidant responsive element (ARE) mediated gene expression.

- **Professor Albena Dinkova-Kostova (University of Dundee):** Professor Dinkova-Kostova is one of the main UK specialists on sulforaphane and its role in cancer and is author of many publications on the subject. She is a specialist on the "phase 2" genes involved in anti-oxidative and anti-inflammatory responses, and their role in preventing cancer via the Nrf2 pathway.

SFX-01: Phase IIa in advanced breast cancer

Clinical update

EVG has reported interim data from its Phase IIa STEM (**S**FX-01 **T**reatment & **E**valuation in Patients with **M**etastatic Breast Cancer) trial, investigating its proprietary therapeutic SFX-01 in advanced and metastatic breast cancer patients. The target patient population must be showing resistance to endocrine therapy and disease progression prior to entering the study. The patients will continue to receive endocrine therapy in addition to SFX-01. Out of a maximum target of 60 breast cancer patients, 44 have been recruited to date, and this interim analysis was performed on the first 20 patients once they had completed the trial, by reaching week 24 or by being discontinued due to progression at any of the preceding six-weekly scans. The final read-out of the STEM trial is anticipated towards the end of 2018.

- **SFX-01 is well tolerated with no safety concerns:** SFX-01 was seen to be well tolerated at the dose used for the trial, i.e. 300mg twice daily. SFX-01 has an excellent safety profile, with no drug related serious adverse events recorded so far. One patient experienced gastric and gastro-intestinal discomforts, which were resolved by reducing the dosing regimen by half. This patient enrolled in the compassionate use programme following the formal six-month part of the study.

Early signs of anti-tumour activity

Interim data indicated that, out of the 20 patients that had disease progression despite hormonal treatment prior to entering the trial, six had seen a beneficial effect of SFX-01 in stopping tumour progression:

- The tumour stopped progressing in four patients, providing some evidence of the beneficial effect of SFX-01. This was for the full duration of the 24-week study, which included a favourable scan at week 24. One of these four patients showed a partial response with tumour shrinkage of at least 30% on one scan.
- Two patients showed disease stabilisation up to the 18-week scan, but then the disease relapsed by the final 24-week scan. One of these was starting to show disease regression (>30%) in a scan prior to the final scan recorded at 24 weeks

These results are very encouraging for patients who have very limited other treatment options for their cancers and remain on a treatment that their tumour has progressed on. EVG has been told by its clinical advisors that if at least 20% of patients have their tumour growth halted for the 24-week duration of the study, then they will have an interesting option for this hard-to-treat patient population. It is probably too early to say but, with four patients, out of 20, seeing their tumours responding positively to SFX-01, EVG appears to be on the way to reaching a challenging goal in this patient population.

Compassionate use programme

EVG has initiated a compassionate use programme for patients who respond positively at 24 weeks of treatment without disease progression. Six patients have enrolled into the programme so far, with two reaching the one-year anniversary, providing confidence that the trial will satisfy one of the primary end-points: safety and tolerability. The efficacy end-point also looks to be on track.

Clinicians comments

Two of the study investigators, Dr Sacha Howell the Principal Investigator at the Christie Hospital Manchester and Professor François Duhoux, from University Clinics St-Luc, Brussels, have indicated the excellent safety profile of SFX-01.

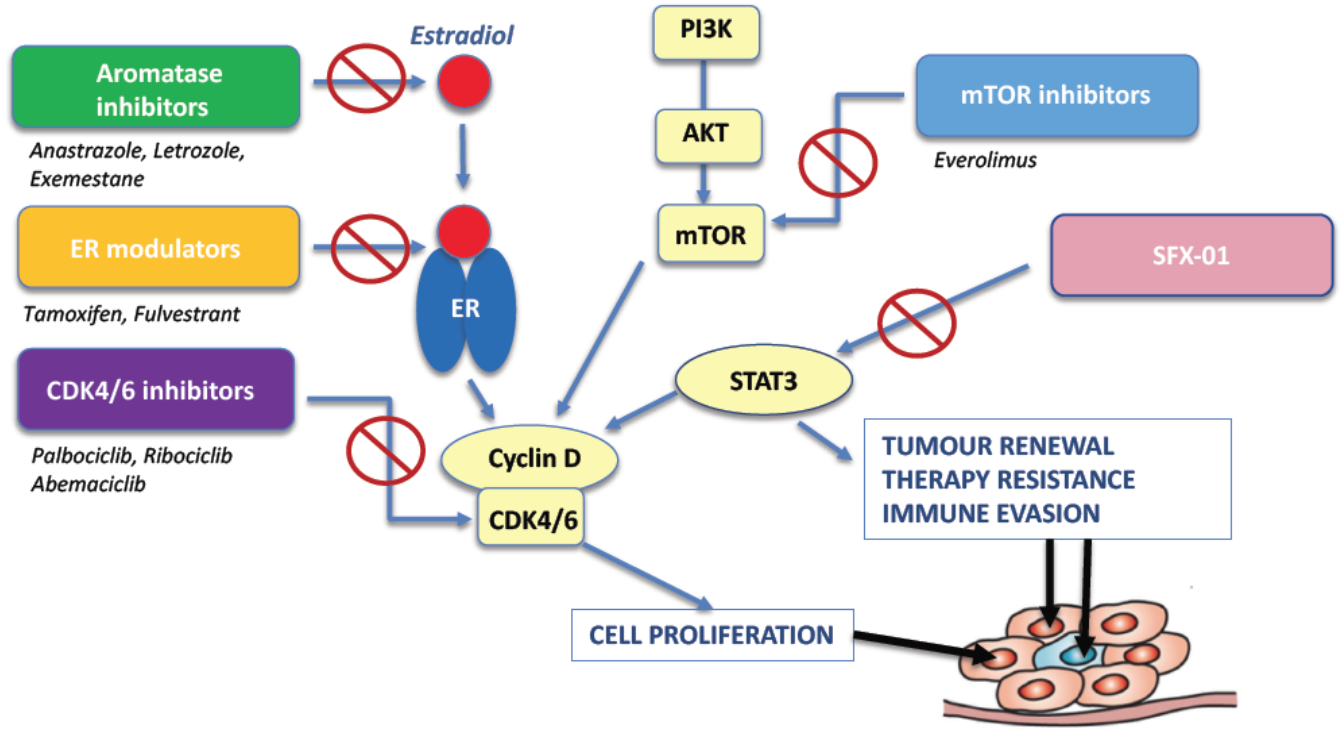
> ***Dr Sacha Howell:*** *"In light of this, these interim results are highly encouraging. Objective responses indicate activity in this setting, and disease stabilisation for 6-12+ months represents clinically meaningful prolongation of response".*

> ***Prof. François Duhoux:*** *"While we must of course wait for the results of the entire study before making any definitive judgment, in this context I think that the initial results pertaining to efficacy are highly encouraging".*

Clinical strategy

Evgen estimates that SFX-01 has a unique position in the existing arsenal against metastatic breast cancer. By targeting the STAT3 pathway, and therefore working in a different way to the CDK4/6 inhibitors, SFX-01 has not only the potential to halt tumour progression post CDK4/6 inhibitor failure, but also to prevent the progression by targeting cancer stem cells.

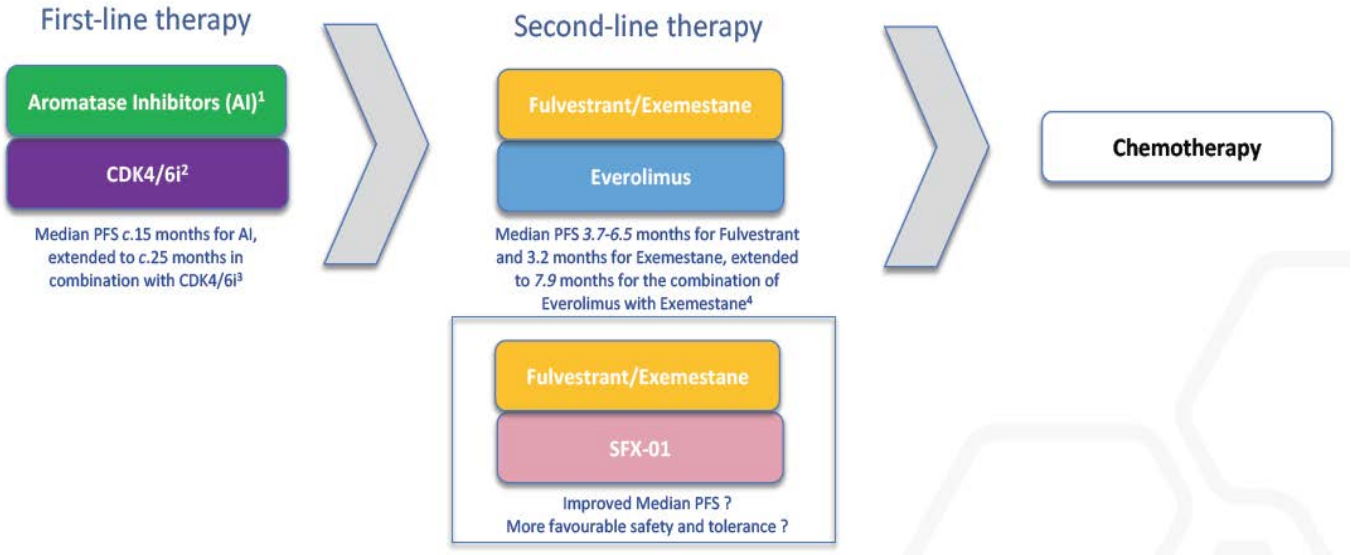
Potential modes of action



Source: Evgen Pharma

One of the most promising options available in first-line treatment of hormone receptor positive/ Her2 negative advanced breast cancer, is the addition of a CDK4/6 inhibitor to the standard aromatase inhibitor therapy, which increases the progression-free survival from ca.15 months to ca.25 months, when resistance starts to appear. The option then is to introduce a m-Tor inhibitor to the oestrogen receptor inhibitor/aromatase inhibitor therapy, which is able to stop the progression of cancer for additional few months, before the appearance of resistance to the treatment. In addition. However, discontinuation rates due to toxicity are high and may limit the efficacy of the combination.

Strategy for second-line therapy



Source: Evgen Pharma

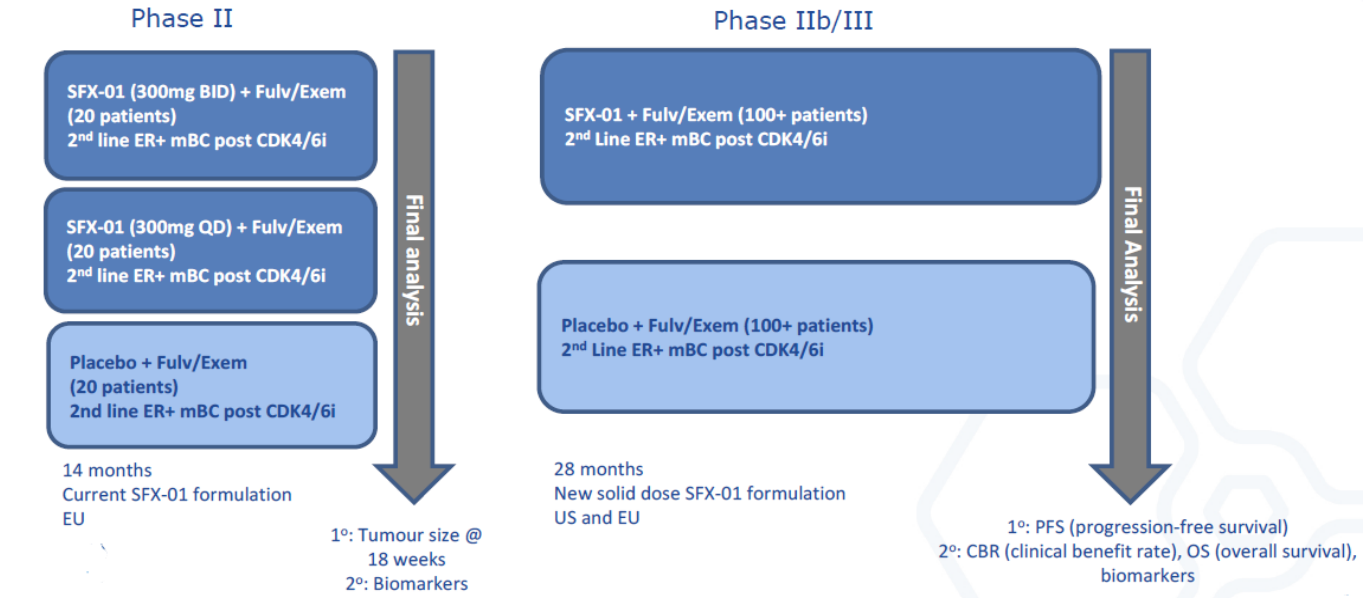
There are few options for the patients who relapse the CDK4/6 and aromatase inhibitor combination, and Evgen suggests that SFX-01 has the opportunity to be introduced in the second-line therapy, and act downstream in the pathway through the inhibition of the complex Cyclin/CDK4-6 via the STAT3 pathway. Due to the high tolerability and mechanism of action of SFX-01, Evgen believes this offers better compliance in the treatment.

Future clinical studies

Evgen is fairly confident about the outcome of the Phase II trial in oestrogen-positive, Her2-negative metastatic breast cancer. To pursue its strategy of proposing SFX-01 in second-line therapy, following relapse after resistance in the CDK4/6 inhibitor, management is putting in place a subsequent Phase II trial that it intends to run in collaboration with a partner. The European Phase II trial will consist of three arms, with SFX-01 at a dose of 300mg, once daily or twice daily, and a placebo arm.

The study is expected to last for 14 months, with a reduction of the tumour size at 18 weeks as a primary end-point. The SFX-01 arm will then be extended in a more global Phase II/III study, in Europe and the US, at the best dose regimen. Evgen has suggested that a new formulation will be available at that point in time.

Planned clinical studies



Source: Evgen Pharma

Description of the STEM trial

The STEM programme is a multi-centre study, with a total of 14 centres recruiting across the UK and mainland Europe. The trial is being led by the principal investigator, Dr Sacha Howell, from the Christie Hospital in Manchester. This study is recruiting advanced breast cancer patients who originally responded to hormone treatment but who then started to show resistance and disease progression. Tumour progression/regression is monitored via six-weekly scans, and patients are discontinued from the study as soon as a scan shows disease progression.

The primary objective of the open-label STEM trial is evaluation of safety, tolerability and signs of efficacy by measuring the Clinical Benefit Rate at 24 weeks (this includes the proportion of patients that have a stable disease, a partial response or a complete response through to, and including, week 24). Patients who show disease progression at any of the six-weekly scans are discontinued from the study. The effect of SFX-01 on tumour size is measured by RECIST criteria. SFX-01 (300mg twice daily, corresponding to 92mg of sulforaphane) is being given in combination with three different hormone-based therapies (to which the patient has become resistant and is progressing) in 60 ER+ patients in three cohorts, following their current therapy:

- **Cohort 1**: SFX-01 (300mg twice daily) + Aromatase inhibitors
- **Cohort 2**: SFX-01 (300mg twice daily) + Tamoxifen
- **Cohort 3**: SFX-01 (300mg twice daily) + Fulvestrant

Although this trial is quite broad, and open-label, and enrols patients who are 'quite poorly', the outcomes will allow a better decision to be made regarding the subsequent Phase II trial.

SFX-01: Phase II in SAH

Phase II clinical trial update

65 SAH patients have been enrolled into the SAS trial with no safety and tolerability concerns

To date, 65 patients (72% enrolment) have been enrolled into the Phase II SAS trial (**S**FX-01 **A**fter **S**ubarachnoid Haemorrhage). The study consist of two arms, with two additional recruiting sites (out of a total of four) being opened. In June 2017, at its second meeting regarding analysis of the unblinded data, the Data Safety Monitoring Board (DSMB) confirmed that, as expected, there were no safety issues attributable to the administration of SFX-01.

However, the DSMB observed that there was a difference in the baseline status (disease severity) of patients in the two arms, and it recommended an algorithm to rebalance the cohorts. Consequently, there was a temporary pause (six months) in recruitment while this stratification process was implemented. This was completed and allowed a continuation of the trial, which is now expected to read-out around the end of 2018.

Trial design

The SAS clinical trial is a double-blind, placebo-controlled study assessing the safety, tolerability, pharmacodynamics (PD) and pharmacokinetics (PK) of SFX-01 in patients affected by a type of aneurismal stroke called subarachnoid haemorrhage (SAH). SFX-01 is administered alongside nimodipine, the standard of care that possesses a different mode of action. Evaluation of the clinical benefit will be measured by ultrasonography of blood flow in the brain.

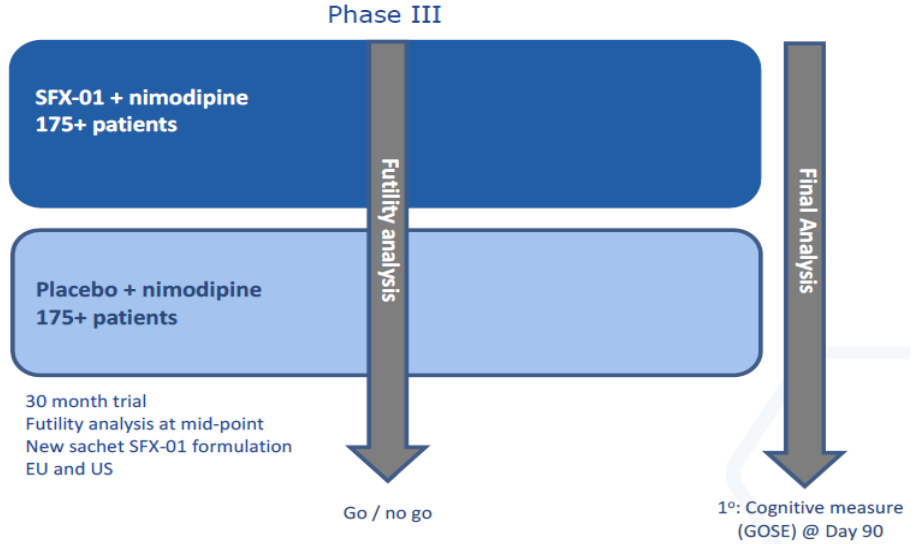
The improved trial design will enrol a total of 90 patients, and consists of two arms, and it will now include the severity stratification criteria in both arms:

- 45 patients receiving nimodipine, the current standard of care, and placebo
- 45 patients receiving SFX-01 (300mg bid), in addition to nimodipine

SFX-01 is administered as capsules or as a suspension *via* a nasogastric tube for up to 28 days, within 48 hours of experiencing SAH.

Next stage

Planned Phase III trial



Source: Evgen Pharma

Opportunity

There has been no improvement in clinical outcomes for SAH for at least 20 years. Although early repair of ruptured aneurysms has improved overall outcomes, it remains a devastating condition, with mortality approaching 50% within 30 days, and fewer than 60% of survivors returning to functional independence. In addition, the pressure resulting from the excess of blood creates an oxidative stress and complication called vasospasm, which narrows the inside diameter of nearby arteries that could cause a secondary stroke four to 10 day after SAH. It is this second event that Evgen is targeting with SFX-01, with the subsequent target of improving the neurological recovery.

Financials and investment case

Profit & Loss

- **SG&A**: EVG has a corporate overhead of ca.£1.0m p.a. SG&A is expected to rise only modestly given that management is committed to retaining a virtual drug development model with only five FTEs.
- **R&D:** Investment rises sharply as a consequence of the Phase II trial programmes for SFX-01 in SAH (accounting for an estimated one-third of the spend) and breast cancer (accounting for two-third). Short term, only very modest investment will be made into other studies.
- Investment in R&D reduced in 2019 to prepare for the subsequent Phase II/III trials with potential partners.

Profit & Loss account						
Year-end March (£000)	**2016**	**2017**	**2018**	**2019E**	**2020E**	**2021E**
Sales	0	0	0	0	0	0
COGS	0	0	0	0	0	0
Gross profit	**0**	**0**	**0**	**0**	**0**	**0**
Gross margin	**0**	**0**	**0**	**0**	**0**	**0**
SG&A	-620	-949	-1,015	-1,056	-1,108	-1,175
R&D	-612	-2,500	-1,900	-2,660	-3,059	-3,212
EBITDA	-1,224	-3,432	-2,894	-3,695	-4,146	-4,366
Depreciation	-8	-17	-21	-21	-21	-21
Licensing/Royalties	0	0	0	0	0	0
Underlying EBIT	**-1,232**	**-3,449**	**-2,915**	**-3,716**	**-4,167**	**-4,387**
Share-based costs	-519	-209	-111	-117	-122	-128
Exceptional items	-683	0	0	0	0	0
Statutory EBIT	-2,434	-3,658	-3,026	-3,832	-4,290	-4,515
Net financials	-783	14	0	4	0	0
U/L pre-tax profit	**-2,015**	**-3,435**	**-2,915**	**-3,712**	**-4,167**	**-4,387**
Reported pre-tax	-3,217	-3,644	-3,026	-3,828	-4,290	-4,515
Tax liability/credit	85	576	443	620	713	749
Tax rate	0	0	0	0	0	0
Underlying net income	**-1,930**	**-2,859**	**-2,472**	**-3,091**	**-3,454**	**-3,638**
Statutory net income	-3,132	-3,068	-2,583	-3,208	-3,577	-3,766
Ordinary 0.25p shares:						
Period-end (m)	73.1	73.2	93.3	93.4	93.5	93.6
Weighted average (m)	49.8	73.2	78.7	93.3	93.4	93.5
Fully-diluted (m)	58.3	81.6	87.2	101.8	101.9	102.0
Underlying basic EPS (p)	**-3.9**	**-3.9**	**-3.1**	**-3.3**	**-3.7**	**-3.9**
Statutory basic EPS (p)	-6.3	-4.2	-3.3	-3.4	-3.8	-4.0
U/l fully-diluted EPS (p)	**-3.3**	**-3.5**	**-2.8**	**-3.0**	**-3.4**	**-3.6**
Stat. fully-diluted EPS (p)	-5.4	-3.8	-3.0	-3.2	-3.5	-3.7
DPS (p)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Hardman & Co Life Sciences Research

Balance sheet

- **Net cash:** At the 31 March 2018, EVG had net cash of £3.6m
- New funds will be needed before the end of fiscal 2019, but are likely after the Phase II trial outcomes are known.

Balance sheet

@ 31 March (£000)	2016	2017	2018	2019E	2020E	2021E
Shareholders' funds	7,087	4,228	3,871	780	-2,675	-6,313
Cumulated goodwill	0	0	0	0	0	0
Total equity	7,087	4,228	3,871	780	-2,675	-6,313
Share capital	183	183	183	183	183	183
Reserves	6,904	4,045	3,688	597	-2,858	-6,496
Provisions/liabilities	0	0	0	0	0	0
Long-term loans	0	0	0	0	0	0
Short-term debt	0	0	0	0	0	0
less: Cash	5,120	3,859	3,626	290	-3,298	-7,006
less: Deposits	2,006	0	0	0	0	0
Invested capital	**-39**	**369**	**245**	**489**	**624**	**694**
Fixed assets	6	11	12	13	14	15
Intangible assets	74	128	113	113	113	113
Inventories	0	0	0	0	0	0
Trade debtors	*3*	*5*	*5*	*5*	*5*	*5*
Other debtors	*76*	*79*	*72*	*72*	*72*	*72*
Tax credit/liability	*115*	*660*	*432*	*620*	*713*	*749*
Trade creditors	*-86*	*-120*	*-120*	*-120*	*-120*	*-120*
Other creditors	*-227*	*-394*	*-269*	*-214*	*-174*	*-140*
Debtors less creditors	-119	230	120	363	497	566
Invested capital	**-39**	**369**	**245**	**489**	**624**	**694**
Net cash/(debt)	**7,126**	**3,859**	**3,626**	**290**	**-3,298**	**-7,006**

Source: Hardman & Co Life Sciences Research

Cashflow

- **Cashflow:** Cashflow is driven entirely by R&D investment and SG&A spend from the P&L account.
- **Placing** –Placing of £2.3m gross (£2.1m net) realised in December 2017.
- Our forecast for net cash at the end of March 2019 is +£0.29m, excluding any new funding and/or licensing income.

Cashflow

Year-end March (£000)	2016	2017	2018	2019E	2020E	2021E
Underlying EBIT	-1,232	-3,449	-2,915	-3,716	-4,167	-4,387
Depreciation/amortisation	8	17	21	21	21	21
Inventories	*0*	*0*	*0*	*0*	*0*	*0*
Receivables	*-47*	*-4*	*7*	*8*	*8*	*9*
Payables	*104*	*198*	*-125*	*-88*	*-61*	*-43*
Change in working capital	57	194	-118	-80	-53	-45
Other	282	0	0	0	0	0
Company op cashflow	**-1,568**	**-3,238**	**-3,012**	**-3,774**	**-4,199**	**-4,411**
Net interest	8	17	0	4	0	0
Tax paid/received	0	30	671	443	620	713
Operational cashflow	-1,560	-3,191	-2,341	-3,327	-3,579	-3,697
Capital expenditure	-6	-8	-7	-8	-10	-12
Free cashflow	**-1,566**	**-3,199**	**-2,348**	**-3,336**	**-3,589**	**-3,708**
Dividends	0	0	0	0	0	0
Acquisitions	-36	-68	0	0	0	0
Disposals	0	0	0	0	0	0
Cashflow after invest.	**-1,602**	**-3,267**	**-2,348**	**-3,336**	**-3,589**	**-3,708**
Share repurchases	0	0	0	0	0	0
Share issues	8,565	0	2,115	0	0	0
Change in net debt	**6,963**	**-3,267**	**-233**	**-3,336**	**-3,589**	**-3,708**
Hardman FCF/share (p)	-3.1	-4.4	-3.0	-3.6	-3.8	-4.0
Opening net cash	163	7,126	3,859	3,626	290	-3,298
Closing net cash	**7,126**	**3,859**	**3,626**	**290**	**-3,298**	**-7,006**

Source: Hardman & Co Life Sciences Research

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(Disclaimer Version 4 – Effective from January 2018)

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The fact that we are commissioned to write the research is disclosed in the disclaimer, and the research is widely available.

The full detail is on page 26 of the full directive, which can be accessed here: http://ec.europa.eu/finance/docs/level-2-measures/mifid-delegated-regulation-2016-2031.pdf

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