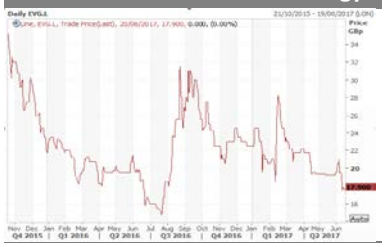
hardman&co

Pharmaceuticals & Biotechnology



Source: Eikon Thomson Reuters

Market data	
EPIC/TKR	EVG
Price (p)	17.5
12m High (p)	35.0
12m Low (p)	14.5
Shares (m)	73.3
Mkt Cap (£m)	12.8
EV (£m)	9.0
Free Float*	50%
Market	AIM

**As defined by AIM Rule 26*

Description

Evgen 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
	+44 (0) 151 705 3532
	www.evgen.com

Key shareholders

Directors	3.2%
North West Fund	22.1%
Rising Stars	16.3%
AXA	8.9%
South Yorkshire	5.2%
Seneca	4.8%

Diary

Jul-17	AGM
Dec-17	Interims
Mid-18	STEM interim data

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Evgen Pharma

Making clinical progress

Evgen 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. Evgen's proprietary technology, Sulforadex, creates new and stable variants of sulforaphane, enabling it to be used as a therapeutic for the first time. The results presentation is a good opportunity for Evgen to present the progress of its clinical pipeline. SFX-01 is progressing in two Phase II clinical trials for both subarachnoid haemorrhage (SAH) and ER+ metastatic breast cancer.

- **Strategy**: Evgen 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 both SAH and breast cancer, both strategic entry portals for other uses in neurology and oncology.

- **Results:** Consistent with its strategy, most of the operating expenditure is being invested in R&D to support the clinical programme for SFX-01. The two ongoing trials are expected to cost ca.£5.7m split over a two-year period, with £3.2m earmarked for fiscal 2018. Net cash at the end of the period was £3.9m.

- **Clinical update:** Both Phase II clinical trials, in subarachnoid haemorrhage and metastatic breast cancer, are progressing well with no safety and tolerability concerns observed with SFX-01. Further sites are being opened to accelerate recruitment. Additional in-house/external opportunities are being reviewed.

- **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, Evgen's risk profile is arguably reduced.

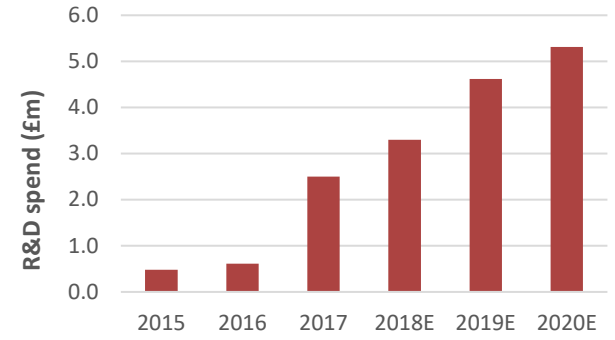
- **Investment summary:** SFX-01 would be entering multi-billion dollar global markets that are currently unsatisfied. There is also potential to use sulforaphane in other indications. Evgen intends to out-license its drugs to the pharmaceutical majors for global commercialisation. The enterprise value afforded to Evgen 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)	2015	2016	2017	2018E	2019E	2020E
Sales	0	0	0	0	0	0
SG&A	-312	-620	-949	-1,063	-1,105	-1,161
R&D	-484	-612	-2,500	-3,250	-4,550	-5,233
EBITDA	-789	-1,224	-3,432	-4,296	-5,638	-6,376
Underlying EBIT	-796	-1,232	-3,449	-4,313	-5,655	-6,393
Reported EBIT	-1,246	-2,434	-3,658	-4,532	-5,886	-6,635
Underlying PBT	-1,853	-2,015	-3,435	-4,309	-5,660	-6,393
Statutory PBT	-2,303	-3,217	-3,644	-4,528	-5,890	-6,635
Underlying EPS (p)	-6.2	-3.9	-3.9	-4.9	-6.3	-7.1
Statutory EPS (p)	-7.8	-6.3	-4.2	-5.2	-6.6	-7.4
Net (debt)/cash	-903	7,126	3,859	268	-4,545	-9,823
Capital increases	0	8,565	0	0	0	0

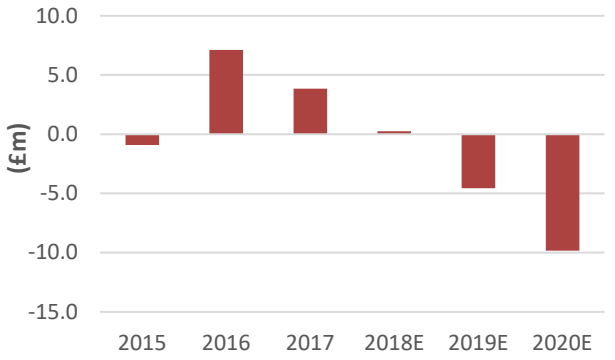
Source: Hardman & Co Life Sciences Research

R&D investment



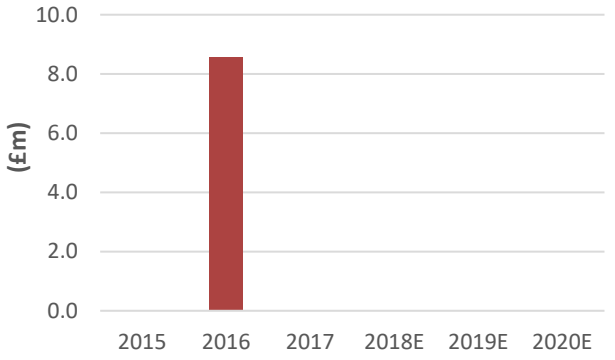
- Investment in R&D has been ramped up to fund the current Phase II trial programmes with SFX-01
- Total cost of the ongoing two trial programme is estimated at -£5.5m spread over a two-year period (fiscal 2017 & 2018)
- Evgen has sufficient funds to complete both Phase II clinical trials with SFX-01 in metastatic breast cancer and subarachnoid haemorrhage

Net cash



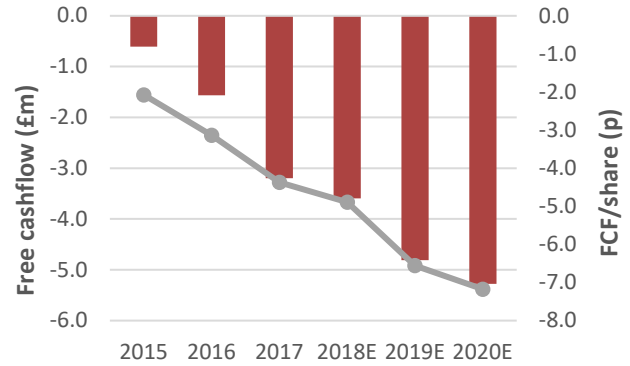
- Cash at 31st March of £3.9m
- Forecast net cash at the end of March 2018 is £270k
- On the basis that Evgen is successful with at least one of its two trials, more cash will be needed to undertake a full Phase II trial
- No fundraise has been included in our forecasts

Capital increases



- The last capital increase was £8.5m net of expenses at the time of its IPO
- Further capital will be needed in 2018-2019

Free cashflow



- Cashflow is driven by the corporate overhead (SG&A) and R&D investment
- Cash burn of ca.£0.3m per month
- Timing of receipt of HMRC tax credits is important

Source: Company data; Hardman & Co Life Sciences Research

2017 results

Key highlights

Development highlights

- Initiated a Phase IIa trial with SFX-01 in metastatic breast cancer, currently recruiting in two centres
- Phase II SFX-01 trial initiated in subarachnoid haemorrhage (SAH) in two UK centres, with first data disclosed
- Orphan Drug status assigned for SFX-01 in SAH by the FDA in the US
- Progress in multiple sclerosis, with superior effect of SFX-01 compared to Tecfidera (Biogen), the current standard of care
- Strengthening of intellectual property protection from composition of matter to include manufacturing process and purification of SFX-01 and Sulforadex; a number of patents have been granted, taking protection through to 2033
- Evgen has recently passed the Good Clinical Practice inspection by the MHRA
- Continuing exploratory studies with research groups for additional uses of SFX-01 in other disease areas

Financial highlights

- **R&D spend:** R&D costs jumped more than 400% to £2.5m in relation to the planned initiation of the two Phase II trials. However, they were about £0.5m below our forecast
- **Corporate overhead:** Administration costs increased due to the planned strengthening of the management team – modestly below our forecast
- **R&D tax credit:** The HMRC application for tax credit on R&D investment of £576k was about £150k higher than expected
- **Net cash:** Evgen had £3.86m cash on the balance sheet at 31st March 2017, and with an average cash burn of ca. £300k per month, this will be sufficient to take the company through the next 12 months

Evgen 2017 results summary – actual vs expectations

Year end March (£000)	2016 actual	2017 actual	Growth %	2017 forecast	Delta
R&D spend	-612	-2,500	+408%	-3,029	+529
Administration	-620	-949	+53%	-980	+31
Underlying EBIT loss	**-1,232**	**-3,449**	**+385%**	**-4,010**	**+560**
Tax credit	+85	+576		+421	+155
Net loss (underlying)	**-1,930**	**-2,859**	**+48%**	**-3,578**	**+719**
Net cash/(debt)	7,126	3,859		3,264	-595

Figures may not add up exactly due to rounding

Source: Evgen Pharma; Hardman & Co Life Sciences Research

Corporate Highlights

- Richard Moulton has been appointed CFO
- Strengthening of the Board with the appointment of two Medical Advisers – Dr Bob Holland and Dr Tom Morris, in neurology and oncology, respectively
- David Chadwick promoted as Head of Clinical Operations

R&D update

Pipeline

A new updated pipeline extending the use of sulforaphane in several disease areas

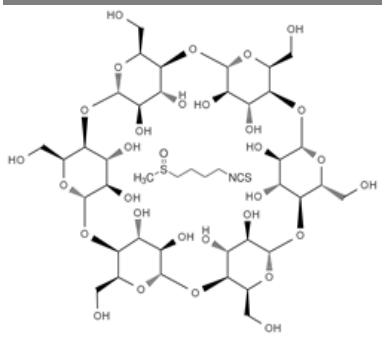
During the last 12 months, Evgen has progressed R&D in line with the strategy set out at the time of its IPO in October 2015. The company is running two Phase II programmes in oncology and neurology and both are scheduled to read-out in late 2018, with the likelihood of interim readouts during 2018. Meanwhile, its relationship with the Spanish National Research Council and the University of Seville has generated a large number (n=40) of new chemical leads that have been tested in *in-vitro* oncology models.

Evgen – Current pipeline

Drug	Indication	2017	2018	2019
SFX-01	Subarachnoid Haemorrhage	Phase II		
SFX-01	Metastatic Breast Cancer	Phase IIa		
SFX-01	Potential Company-Sponsored Phase II in core area (MS or Prostate Cancer)		Phase II (tbc)	
SFX-01	Potential Investigator-Initiated Phase II in non-core area (e.g. autism, regenerative medicine)		Phase II (tbc)	
New SFX analogues	Various	Preclinical		

Source: Evgen Pharma

SFX-01



Source: Evgen Pharma

While Evgen is concentrating all of its resources on the two clinical programmes, the company is seeing great opportunities to progress sulforaphane analogues in a number of other disease areas through collaborators using grant funding.

- Potential new in-house Phase II clinical programme(s) in 2018 in multiple sclerosis (MS) and/or prostate cancer, which would need further capital, with promising pre-clinical data (in MS, see page 6).
- Potential Phase II clinical programme(s) progress by collaborators using the potential of sulforaphane in other disease area (e.g. autism, regenerative medicine, see page 7)

SFX-01: Phase IIa in advanced breast cancer

Clinical update

The STEM (**S**FX-01 **T**reatment & **E**valuation in Patients with **M**etastatic Breast Cancer) programme is a multicentre study, with two centres already recruiting in Manchester and Brussels, led by Principal Investigator Dr Sacha Howell of the Christie Hospital in Manchester. This trial is recruiting advanced breast cancer patients who originally responded to hormone treatment but who then started to show resistance and disease progression.

No tumour progression has been observed after 24 weeks of treatment with SFX-01…

Nine patients have been recruited to date. The first patient was dosed in January 2017 and is now approaching the 24th week of treatment, which corresponds to the end of the trial protocol. Tumour progression has been assessed by four consecutive scans and analysis of the images has provided evidence of efficacy, with no tumour progression observed during the treatment period.

…with excellent safety and tolerability over the period, triggering the initiation of a compassionate use programme

These early data suggest that the trial with SFX-01 is progressing well towards meeting its primary endpoints of safety and tolerability. As a result of the positive impact of SFX-01, Evgen is proposing to commence a compassionate use programme that will allow patients to continue with treatment after completion of the 24-week trial. This will provide Evgen with further, and long-term, safety and tolerability data and some indication of efficacy.

Potential for interim data during 1H 2018, with full read-out at the end of 2018

At 1st June 2017, the nine patients recruited into this trial have come from two centres. The rate of enrolment is expected to accelerate with the opening of a further 13 sites in the near term. The process of adding additional sites has been slower than expected due to protracted ethics procedures/regulatory authorisations taking longer than expected, particularly in France, Spain and the Czech Republic. Consequently, there is likely to be a modest delay in completion of the trial and subsequent regulatory submission by about 3-4 months. Evgen is now projecting the final read-out of the trial towards the end of 2018 (previously expected mid-2018), with interim data analysis from at least one of the cohorts being available in 1H 2018 due to the trial being 'open label'.

Description of the STEM trial

SFX-01 is added to the current hormone therapy in breast cancer patients

The primary objective of the open label STEM trial is evaluation of safety and efficacy and, in addition, the effect of SFX-01 on tumour size, as measured by RECIST criteria. SFX-01 (300mg bd., corresponding to 92mg of sulforaphane) is being given in combination with three different hormone-based therapies 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, open label, and enrolling patients that are 'quite poorly', the outcomes will allow a better decision to be made regarding the subsequent Phase II trial.

SFX-01 as an anti-cancer agent

Also, during the last 12 months, there has been an increasing number of scientific research papers demonstrating that sulforaphane, the active ingredient of SFX-01, is an effective chemo-protective and therapeutic agent against a vast number of tumours. Sulforaphane is thought to exert its cytoprotective properties through the modulation of enzymes that are active in the initiation phase of carcinogenesis. Importantly however, sulforaphane has been proven to stop the cell cycle at the G2/M stage by inhibiting cell proliferation in a dose-dependent manner in xenograft and cellular cancer models, ultimately triggering cell apoptosis and suppressing angiogenesis and metastasis.

SFX-01 reduces the number of CSCs in breast cancer xenograft studies, hypothesised to bring resistance in hormone treatment

A collaboration with the Cancer Research UK Manchester Institute has highlighted the role of SFX-01 in reducing the number of cancer stem cells (CSCs) in patient-derived breast cancer tissue in xenograft models. It is thought that, while the hormonal treatment is affecting cancer cells, it leaves the CSCs untouched allowing them to proliferate. This ultimately brings the cancer into relapse and permits the tumour to become hormone-independent.

SFX-01: Phase II in subarachnoid haemorrhage

Phase II clinical trial update

The Phase II trial, SAS (**S**FX-01 **A**fter **S**ubarachnoid Haemorrhage), was initiated in May 2016 in patients suffering aneurysmal subarachnoid haemorrhage. The study is being led by the principal investigator, Diederik Bulters, Consultant Neurosurgeon at the University Hospital Southampton NHS Foundation Trust. In addition, Evgen announced that a second site, Queen Elizabeth Hospital in Birmingham, has just been added to accelerate recruitment.

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

To date, 34 patients have been enrolled into the two arms of the trial, which is being monitored by an independent Data Safety Monitoring Board (DSMB). Following its second recent meeting regarding analysis of the unblinded data, the committee confirmed that, as expected, there are no safety issues attributable to the administration of SFX-01.

The DSMB has recommended a rebalancing of the two cohorts

However, the DSMB also observed that there was a difference in the baseline status (disease severity) of patients in the two arms and recommended an algorithm to rebalance the cohorts. Consequently, there is a temporary pause (1-2 months) in recruitment while this stratification process is implemented. The read-out is now estimated toward end 2018.

Trial design

The SAS clinical trial is assessing the safety, tolerability, pharmacodynamics (PD) and pharmacokinetics (PK) of SFX-01 in patients affected by a type of aneurismal stroke called subarachnoid haemorrhage. 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 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 of nimodipine

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

SFX-01 for subarachnoid haemorrhage

Subarachnoid haemorrhage is a $1.7bn market opportunity with a high unmet medical need

Evgen is targeting the population affected by aneurysm SAH, estimated at more than 80,000 individuals in the US and Europe. Our estimation of the market opportunity equates to $1.7bn. SFX-01 is not attempting to cure blood leakage or to even prevent SAH, but aims to prevent the oxidative stress and the toxicity caused by free haemoglobin from the haemorrhage that usually occurs after the brain incident.

SFX-01 aims to inhibit the oxidative stress usually occurring after the vascular incident

When blood is released into this space, it increases pressure, irritates the surrounding tissues and induces vasospasm. Moreover, the vascular event deprives this area of brain of oxygen when it previously received oxygen-rich blood, resulting in a stroke. The pressure resulting from the excess of blood creates a complication called vasospasm that narrows the inside diameter of nearby arteries that could cause a secondary brain incident 4 to 10 days after SAH.

Sulforaphane is a known activator of the antioxidant transcription factor Nrf2, bringing protection against oxidative stress caused by the blood leakage. Administration of sulforaphane has been shown to reduce inflammation and neurological deficits in rats after intracerebral haemorrhage and subarachnoid haemorrhage. In addition, Nrf2 deficient mice are significantly more prone to the neurological deficits of haemorrhagic brain injury.

Pre-clinical opportunities

Multiple sclerosis

SFX-01 shows superior effects compared to Tecfidera, the standard of care in MS animal models

Efficacy of SFX-01 in multiple sclerosis (MS) has been validated through *in vivo* studies and has been compared to Tecfidera (Biogen), which is the current standard of care. In a mouse autoimmune encephalomyelitis (EAE) model which replicates some features of MS, SFX-01 was shown to have a superior effect compared to Tecfidera, and in a dose dependent manner. SFX-01 appears to produce a maximum effect in the course of the disease by enabling superior neurological recovery during the chronic stage after relapse. By upregulating the Nrf2-mediated anti-oxidant protective mechanisms and inhibiting NF-κB-mediated inflammatory responses, SFX-01 is thought to have a dual therapeutic potential in MS.

More data needed with minimal investments before taking the decision to take SFX-01 forward in a Phase II MS trial

Following a full strategic review of the MS opportunity, Evgen has adopted a prudent stance to considering two additional set of data with minimal further investment prior to committing to a major trial:

- Confirmation that sufficient drug is getting into the brain at therapeutically active doses, by examining sulforaphane in the cerebrospinal fluid of patients enrolled in the SAS Phase II trial
- An additional *in vivo* dose escalation study, with histology examination at all doses

With positive outcomes in the MS opportunity, Evgen would consider two options:

- Conducting and investing by itself the Phase II clinical trial. This option is not included in our forecast, and it would cost approximatively £10m, enrol 120 patients and take two years to perform
- Partnering the opportunity with a biotech/pharma company

Collaborations

Evgen is in discussion with many research institutes and potential collaborators to extend the use of SFX-01 in other disease areas

Research publications and clinical studies that claim to have used sulforaphane are plentiful. However, most investigators are using sulforaphane in the form of a frozen broccoli sprout extract that contains only an unmeasurable approximate level of the active ingredient. Therefore, the fact that Evgen has managed to successfully synthesise a stable version of sulforaphane that can be used as a therapeutic agent is attracting many research groups and charities. These studies require minimal investment from Evgen other than the supply of SFX-01, as they are completely or largely supported by the investigator through grants or through relevant charities.

These following collaborations have been disclosed:

- **Autism:** A consortium led by a group in St Thomas' Hospital (London) is currently investigating SFX-01 for a potential Phase II trial for the treatment of autism in children; the double blind trial will enrol up to 154 patients. Evgen is contemplating a grant application to support pre-clinical development
- **Bone Regeneration:** Collaboration with the Mayo Clinic (US) and the London Royal Veterinary College (London) for the use of SFX-01 in bone regeneration for osteoporosis and osteoarthritis, respectively. The Mayo clinic demonstrated an increase in bone mass by increasing osteoblast differentiation, while the RVC presented data showing the effect of SFX-01 in improvement of bone architecture and gait in an osteoarthritis model

Financial update

Evgen's reporting period is the year to 31st of March. Evgen operates as a virtual company with most of its activities being outsourced.

Profit & Loss

In the medium term, the P&L account is being driven by two numbers – the investment in clinical trials and the corporate overhead/administration costs (SG&A) required to support these activities.

- **R&D costs**: The spend on R&D was estimated -£2.5m, including staff costs of ca.£0.4m), reflecting the two ongoing Phase II trials. We are expecting that the costs will rise modestly in the current year as the trials approach read-out
- **SG&A**: Following IPO, the company enacted a planned investment in senior personnel in readiness for commencement of the R&D programme. Increases in SG&A will be modest and generally in-line with inflation going forward
- **Tax credit**: Increased investment in R&D is being matched by increased HMRC tax credits. In fiscal 2017, to +£576k (2016: £85k) has been accrued

Profit & Loss account

Year end March (£000)	2015	2016	2017	2018E	2019E	2020E
Sales	0	0	0	0	0	0
COGS	0	0	0	0	0	0
SG&A	-312	-620	-949	-1,063	-1,105	-1,161
R&D	-484	-612	-2,500	-3,250	-4,550	-5,233
EBITDA	-789	-1,224	-3,432	-4,296	-5,638	-6,376
Depreciation	-7	-8	-17	-17	-17	-17
Licensing/Royalties	0	0	0	0	0	0
Underlying EBIT	**-796**	**-1,232**	**-3,449**	**-4,313**	**-5,655**	**-6,393**
Share based costs	-155	-519	-209	-219	-230	-242
Exceptional items	-295	-683	0	0	0	0
Statutory EBIT	-1,246	-2,434	-3,658	-4,532	-5,886	-6,635
Net financials	-1,057	-783	14	4	-4	0
U/L pre-tax profit	**-1,853**	**-2,015**	**-3,435**	**-4,309**	**-5,660**	**-6,393**
Reported pre-tax	-2,303	-3,217	-3,644	-4,528	-5,890	-6,635
Tax liability/credit	30	85	576	749	1,048	1,206
Tax rate	0	0	0	0	0	0
Underlying net income	**-1,823**	**-1,930**	**-2,859**	**-3,560**	**-4,611**	**-5,188**
Statutory net income	-2,273	-3,132	-3,068	-3,779	-4,842	-5,430
Ordinary shares:						
Period-end (m)	0.0	73.1	73.2	73.3	73.4	73.5
Weighted average (m)	29.2	49.8	73.0	73.2	73.3	73.4
Fully diluted (m)	36.2	58.3	81.4	81.7	81.8	81.9
Underlying basic EPS (p)	**-6.2**	**-3.9**	**-3.9**	**-4.9**	**-6.3**	**-7.1**
Statutory basic EPS (p)	-7.8	-6.3	-4.2	-5.2	-6.6	-7.4
U/l Fully-diluted EPS (p)	**-5.0**	**-3.3**	**-3.5**	**-4.4**	**-5.6**	**-6.3**
Stat. Fully-diluted EPS (p)	-6.3	-5.4	-3.8	-4.6	-5.9	-6.6
DPS (p)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Hardman & Co Life Sciences Research

Balance sheet

The balance sheet of Evgen is quite straight-forward. The company has few assets and no liabilities.

- **Net cash/(debt):** The cash balance at 31st March 2017 was of £3.86m (2016: £5.12mk)
- **Working capital:** The nature of the operations means that the company has only modest trade debtors and trade creditors and any change in working capital is simply a reflection of timing differences at the period end
- **Tax credit:** Accrued tax credits of £0.66m are held in the balance sheet. Most of this is expected to be received from HMRC during the current financial year

Balance sheet						
@ 31st March (£000)	**2015**	**2016**	**2017**	**2018E**	**2019E**	**2020E**
Shareholders' funds	-358	7,087	4,228	668	-3,943	-9,131
Cumulated goodwill	0	0	0	0	0	0
Total equity	-358	7,087	4,228	668	-3,943	-9,131
Share capital	73	183	183	183	183	183
Reserves	-1,260	6,904	4,045	485	-4,126	-9,314
Provisions/liabilities	0	0	0	0	0	0
Long-term loans	1,646	0	0	0	0	0
Short-term debt	3	0	0	0	0	0
less: Cash	163	5,120	3,859	268	-4,545	-9,823
less: Deposits	0	2,006	0	0	0	0
Invested capital	**-284**	**-39**	**369**	**400**	**601**	**692**
Fixed assets	1	6	11	0	-10	-19
Intangible assets	45	74	128	128	128	128
Inventories	0	0	0	0	0	0
Trade debtors	*6*	*3*	*5*	*5*	*5*	*5*
Other debtors	*111*	*76*	*79*	*79*	*79*	*79*
Tax credit/liability	*30*	*115*	*660*	*749*	*1,048*	*1,206*
Trade creditors	*-130*	*-86*	*-120*	*-120*	*-120*	*-120*
Other creditors	*-347*	*-227*	*-394*	*-441*	*-529*	*-587*
Debtors less creditors	-330	-119	230	272	483	583
Invested capital	**-284**	**-39**	**369**	**400**	**601**	**692**
Net cash/(debt)	**-903**	**7,126**	**3,859**	**268**	**-4,545**	**-9,823**

Source: Hardman & Co Life Sciences Research

Cashflow

The cashflow is broadly governed by the operating costs (R&D and SG&A) dropping through the P&L account being offset by tax credits received from HMRC.

- **Free cashflow:** Evgen had cash burn of at -£3.2m in fiscal 2017 which was about +£0.6m better than forecast largely due to timing differences on R&D investment. In fiscal 2018, the cash burn is forecast to rise to around -£3.6m, or £300k/month
- **Tax credits:** Most of the accrued tax credits in the balance sheet are expected to be received in the current financial year
- **Net cash/debt:** Based on our projections, Evgen is expected to have a modest net cash position at the end of fiscal 2018

Cashflow

Year end March (£000)	2015	2016	2017	2018E	2019E	2020E
Underlying EBIT	-796	-1,232	-3,449	-4,313	-5,655	-6,393
Depreciation	7	8	17	17	17	17
Inventories	*0*	*0*	*0*	*0*	*0*	*0*
Receivables	*-20*	*-47*	*-4*	*-8*	*-9*	*-10*
Payables	*101*	*104*	*198*	*139*	*97*	*68*
Change in working capital	81	57	194	131	88	58
Other	0	282	0	0	0	0
Company op cashflow	**-708**	**-1,568**	**-3,238**	**-4,165**	**-5,550**	**-6,318**
Net interest	0	8	17	4	-4	0
Tax paid/received	103	0	30	576	749	1,048
Operational cashflow	-605	-1,560	-3,191	-3,585	-4,806	-5,270
Capital expenditure	-1	-6	-8	-6	-7	-8
Free cashflow	**-606**	**-1,566**	**-3,199**	**-3,591**	**-4,813**	**-5,278**
Dividends	0	0	0	0	0	0
Acquisitions	0	-36	-68	0	0	0
Disposals	0	0	0	0	0	0
Cashflow after invest.	**-606**	**-1,602**	**-3,267**	**-3,591**	**-4,813**	**-5,278**
Share repurchases	0	0	0	0	0	0
Share issues	0	8,565	0	0	0	0
Change in net debt	**-606**	**6,963**	**-3,267**	**-3,591**	**-4,813**	**-5,278**
Hardman FCF/share (p)	-2.1	-3.1	-4.4	-4.9	-6.6	-7.2
Opening net cash	-297	163	7,126	3,859	268	-4,545
Closing net cash	**163**	**7,126**	**3,859**	**268**	**-4,545**	**-9,823**

Source: Hardman & Co Life Sciences Research

Changes to forecasts

There are no material changes to forecasts. Any changes are largely the result of re-balancing the total expected costs expected over the two-year period from IPO, coupled with the increased tax credits.

Cashflow

Year end March	2017			2018E		
(£000)	forecast	actual		old	new	delta
SG&A	-980	-949	+31	-1,010	-1,063	-53
R&D	-3,030	2,500	+530	-2,180	-3,250	-1,070
Underlying EBIT	**-4,010**	**3,449**	**+561**	**-3,190**	**-4,313**	**-1,123**
Net cash	3,264	3,859	+595	543	268	-275

Source: Hardman & Co Life Sciences Research

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