e-therapeutics plc
("e-therapeutics" or the "Company")

Interim Financial Results for the six months ended 31 July 2019

New collaborations generating revenue as cost base is reduced further

New commercial collaborations

- Positive progress leading to extension of existing network-driven drug discovery ("NDD") collaboration with Novo Nordisk in a specific area of Type-2 diabetes
- First collaboration on our new "GAINs" functional genomics platform with Novo Nordisk in Type-2 diabetes announced on 1 August 2019
- New NDD collaboration with US-based, top 5 pharmaceutical company in a specific area of neurodegeneration announced on 13 August 2019
- Multiple proposals submitted to potential partners for revenue and cash generating deals for both NDD discovery programmes and GAINs projects

Successful launch of new Genome Associated Interaction Networks ("GAINs") technology

- GAINs is a revolutionary and entirely novel proprietary functional genomics approach
    - analyses human genetic data to allow a deep and valuable understanding about the mechanisms that cause disease
    - potential to enable the discovery of novel drugs, diagnostics and biomarkers in a way not possible using existing techniques

Proprietary network-driven drug discovery ("NDD") platform advanced and strengthened

- Continued enhancement of the NDD platform to include patient segmentation and target identification work
- Additions to our new NDD platform patent filed to cover new breakthroughs

Progress on discovery programmes in complex disease areas where there is significant unmet need

- Continued business development discussions on existing and new NDD-derived therapeutic programmes in commercially relevant areas such as immuno-oncology, fibrosis and neurodegeneration

Financial highlights

- Cash of £5.2m at 31 July 2019 (FY19 as at 31 January 2019: £5.9m)
- Revenue of £0.2m (H1 19 to 31 July 2018: £nil)
- Reduced operating loss of £1.6m (H1 19 to 31 July 2018: loss of £2.8m)
- R&D tax credit for FY19 of £1.1m
- New revenue generating collaborations signed post period

Ray Barlow, CEO of e-therapeutics, said:

"*The business has continued to make good progress over the past six months and is continuing to convert the extensive work done in business development into a range of potential revenue and cash generating partnerships. We are conscious of our finite capital resources and continue to operate a lean organisation with a keen focus on underlying costs. We remain actively engaged in exploring all organic and non-organic opportunities that have the potential to create incremental value for our shareholders.*"

For more information, please contact:

e-therapeutics plc	Tel: +44 (0)1993 883 125
Ray Barlow, Chief Executive Officer	www.etherapeutics.co.uk
Steve Medlicott, Finance Director	
Numis Securities Limited	Tel: +44 (0)207 260 1000
Freddie Barnfield/Duncan Monteith (Nominated Adviser)	www.numis.com
James Black (Corporate Broking)	
FTI Consulting	Tel: +44 (0)203 727 1000
Simon Conway/Brett Pollard	etherapeutics@fticonsulting.com

About e-therapeutics

e-therapeutics is an Oxford, UK-based company with a unique and powerful computer-based approach to drug discovery, founded on our industry-leading expertise in network biology.

We have created two proprietary, unique and productive technology platforms. The first is our proprietary Network-Driven Drug Discovery ("NDD") platform, which is based on sophisticated network science and employs techniques such as machine learning, artificial intelligence ("AI") and state-of-the-art data analysis tools. NDD allows the more efficient discovery of new and better drugs and has been validated in multiple and diverse areas of biology.

The second is our Genome Associated Network Interactions ("GAINs") platform. GAINs is a revolutionary and entirely novel approach to functional genomics, based on the same validated network biology and analytics expertise that underpins our NDD technologies. GAINs analyses human genetic data to allow a deep and valuable understanding about the mechanisms that cause disease. GAINs has the potential to uncover unrecognised disease processes and pathways and can enable the discovery of novel drugs, diagnostics and biomarkers in a way not previously possible from population genomics data, such as genome-wide association studies ("GWAS").

We use our highly productive drug discovery engine to develop our own IP-protected, pre-clinical drug discovery programmes, particularly appealing to partners looking to acquire or in-license novel and differentiated assets. We are currently developing two programmes in immuno-oncology in-house and have a number of partner-ready projects in areas including fibrosis and the tumour microenvironment.

We have partnerships with Novo Nordisk in Type-2 diabetes and a US-based, top 5 pharmaceutical company in neurodegeneration. We are working on different types of collaborative partnerships with biotech, pharma and other technology companies to create sustainable mutual value.

Business Review

Collaborations

The business continues to make good progress in converting the extensive work done in the past 18 months on international business development into a range of actual and potential revenue and cash generating partnerships.

Post period we were pleased to announce two new collaborations, as well as an extension to our existing collaboration with Novo Nordisk, a world leader in diabetes care.

In our communication on the extension of our existing collaboration with Novo Nordisk of 1 August we also announced the first deal on our functional genomics platform (GAINs) in the area of Type-2 diabetes. This collaboration will focus on the use of our new GAINs technology to analyse population genomics data from patients with Type-2 diabetes.

GAINs has a potentially broad application in therapeutic, diagnostic and biomarker fields. We are very excited by the promise of GAINs to greatly improve the understanding of commercially and clinically important diseases and have been very encouraged by the level of interest shown by the industry in this new innovation. We have already submitted a number of new proposals to potential new partners.

On 13 August, we announced a deal with a US-based, top 5 pharmaceutical company on a project in a specific area of neurodegeneration. This deal will allow us to showcase our NDD technologies to a world-leading company by identifying novel disease pathways and small molecules. This deal followed a deep diligence exercise conducted by the partner and has the potential to generate new therapeutic assets to add to our existing portfolio.

These initial collaborations were structured in a way that will allow e-therapeutics to retain ownership of key data and inventions whilst also enabling the output from our platforms to be tested in partners' in-house assays. Testing the output from our platforms in partners' assays has two main advantages: first, the (often appreciable) costs of biological tests are borne by the partner and second, the partner is much more likely to consider results obtained in its own hands to be valid and valuable.

Importantly, if these existing partners wish to progress the assets and data obtained in the collaborations, then they will need to broker a commercial deal with e-therapeutics which will include financial terms agreed on both sides. The period of time available to partners to reach agreement is limited and, if the terms and conditions offered are not acceptable to e-therapeutics, then we will be free to offer the project to different commercial partners.

In addition to managing and nurturing our existing partnerships our external focus is to broker new deals with new partners that will bring in cash and revenue to support operations. As noted previously, we continue to work on a number of different types of external collaboration and look forward to sharing further news during the remainder of the financial year.

Cost control and capital

As detailed in the Financial Review, we have benefitted from our first commercial revenues from the ongoing Novo Nordisk collaboration but continue to focus keen attention on the underlying costs and associated cash burn.

As communicated in the full year results to 31 January 2019, we have had to make the difficult decision to significantly slow the investment in the self-funded, NDD-derived therapeutic assets. This decision was based on the overarching aim to use our available capital to maintain our core platforms and capabilities and enable us to offer a range of capabilities to commercial partners. Given the nature of the commercial discussions we are now engaged in, we feel comfortable with this tactical decision, although are cognisant of the fact that there is an opportunity cost to not developing our therapeutic asset base further.

To this end, we have created detailed plans for further development of our NDD-derived assets and will be re-engaging with partners to continue the discussions we have initiated on 'risk and reward share' funding approaches for these assets.

Outlook

We are pleased that the active marketing of our technologies has resulted in collaborations with highly respected, science-driven pharmaceutical partners who are world-leaders in their fields.

We are continuing with our comprehensive business development activities and, as noted, are engaged with a number of different partners on commercial deals that have the potential to be revenue and/or cash generative opportunities for the business.

In the immediate term, we will continue to focus our efforts on the monetisation of the NDD and GAINs platforms through industrial collaborations. If executed successfully, this will enable the business to become self-sufficient and cash flow positive.

We continue to believe that the best way to create significant incremental value is to generate proprietary pre-clinical data, particularly on our in-house novel therapeutic assets. As such, if we are able to generate sufficient income, we would reinvest incremental capital back into the business. In particular, we think that there is an exciting opportunity to develop our own data sets in other core disease areas using our new GAINs approach. In addition, as noted, we have also created detailed plans on the experiments we would do next on our existing portfolio of pre-clinical assets, particularly in the immuno-oncology space.

Given the above, we continue to look at alternative sources of funding, including 'shared funding' approaches, and continue to proactively consider non-organic opportunities, including M&A.

We look forward to maintaining an open dialogue with all of our shareholders as the year progresses.

Ray Barlow
Chief Executive Officer
4 October 2019

Financial Review

Period end cash of £5.2m and reduced operating loss of £1.6m in H1

In the first half of the year the Company has continued to carefully manage the underlying cash burn whilst focusing on generating income and achieving external commercial validation with our market-leading pharma partners.

The first half operating loss was £1.6m, this compares to £2.8m in the same period last year (H1 to 31 July 2018) and an operating loss of £2.3m in the second half of last year.

The Company benefitted from £0.2m of income in the first half, arising from the ongoing Novo Nordisk collaboration. Notwithstanding this income, the underlying costs and cash burn of the Company has continued to reduce. The new collaboration announced in August will add to the revenue line and we have a number of proposals with partners that have the potential to be revenue and/or cash generating activities.

R&D spend in H1 was £1.1m (H1 to 31 July 2018: £2.1m). The reduction in spend was due to a combination of lower internal project spend and the closure of the remaining clinical trial in August 2018, resulting in no associated cost in the current financial year.

Whilst we continue to look to invest in advancing the two immuno-oncology drug discovery projects, our current focus has been to reduce spend and progress commercial deals that utilise our NDD and GAINs technologies. We are looking at alternative, non-dilutive approaches to fund these discovery projects but, in the absence of such funding, then investment in these projects will remain at a low level.

Administrative expenses in the first half, of £0.6m, were lower than the previous year (H1 to 31 July 2018: £0.7m) reflecting both a reduction in personnel costs and an ongoing internal focus on cost control.

Cash and fixed deposits as at 31 July 2019 stood at £5.2m, a reduction of £0.7m when compared to the start of the current financial year. We received a £1.1m R&D tax credit in May. The lower tax credit of £1.1m (H1 to 31 July 2018: £1.4m) reflected the trend of reducing R&D costs that has been seen over the last two years. A further reduction in the R&D tax credit receivable is expected in the next financial year.

Underlying cash burn excluding R&D tax credits receipts in H1, of £1.8m, was £1.6m lower than the same period in the prior year (H1 to 31 July 2018: £3.4m).

Our current expectations for cash burn in the second half of the current financial year are lower than the £1.8m incurred in H1. The cash burn in H2 will be further reduced as we benefit from income receipts from the recently signed commercial deals. At planned activity levels, no further significant working capital change is expected by the year end.

Summary Outlook

Based on our current strategy it is likely that there will be a further reduction in the operating loss in the second half when compared to the first half. This reduction reflects revenues received from collaborations, an ongoing cost reduction plan and anticipated lower spend on the two core drug discovery projects.

The current cash position of the Company remains sound and our financial projections mean that, based on current funding, we can finance operations into the first quarter of 2021.

Steve Medlicott
Chief Financial Officer
4 October 2019

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 JULY 2019

	6 months ended 31 July 2019 (un-audited) £000	6 months ended 31 July 2018 (un-audited) £000	Year ended 31 January 2019 (audited) £000
Revenue	**188**	-	44
Cost of sales	**-**	-	-
Gross profit	**188**	-	44
Research and development expenditure	**(1,147)**	(2,051)	(3,673)
Administrative expenses	**(599)**	(742)	(1,485)
Operating loss	**(1,558)**	(2,793)	(5,114)
Investment income	**9**	13	29
Loss before tax	**(1,549)**	(2,780)	(5,085)
Taxation	**260**	603	1,086
Loss for the period/year attributable to equity holders of the Company	**(1,289)**	(2,177)	(3,999)
Loss per share: basic and diluted	**(0.48)p**	(0.81)p	(1.49)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 JULY 2019

	6 months ended 31 July 2019 (un-audited) £000	6 months ended 31 July 2018 (un-audited) £000	Year ended 31 January 2019 (audited) £000
Loss for the period	**(1,289)**	(2,177)	(3,999)
Other comprehensive income	**-**	-	-
Total comprehensive income for the period/year attributable to equity holders of the Company	**(1,289)**	(2,177)	(3,999)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JULY 2019

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 1 February 2018	**269**	**65,154**	**(54,685)**	**10,738**
Total comprehensive income for the period				
Loss for the period	-	-	(2,177)	(2,177)
Total comprehensive income for the period	-	-	(2,177)	(2,177)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	-	6	-	6
Equity-settled share-based payment transactions	-	-	33	33
Total contributions by and distribution to owners	-	6	33	39
As at 31 July 2018	**269**	**65,160**	**(56,829)**	**8,600**
Total comprehensive income for the period				
Loss for the period	-	-	(1,822)	(1,822)
Total comprehensive income for the period	-	-	(1,822)	(1,822)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	-	5	-	5
Equity-settled share-based payment transactions	-	-	19	19
Total contributions by and distribution to owners	-	5	19	24
As at 31 January 2019	**269**	**65,165**	**(58,632)**	**6,802**
Total comprehensive income for the period				
Loss for the period	-	-	(1,289)	(1,289)
Total comprehensive income for the period	-	-	(1,289)	(1,289)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	-	6	-	6
Equity-settled share-based payment transactions	-	-	20	20
Total contributions by and distribution to owners	-	6	20	26
As at 31 July 2019	**269**	**65,171**	**(59,901)**	**5,539**

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2019

	Note	**31 July 2019 (un-audited) £000**	31 July 2018 (un-audited) £000	31 January 2019 (audited) £000
Non-current assets				
Intangible assets		**112**	141	119
Property, plant and equipment		**125**	56	42
		237	197	161
Current assets				
Tax receivable		**277**	612	1,098
Trade and other receivables		**26**	105	18
Prepayments		**199**	495	328
Fixed-term deposits		**-**	2,000	-
Cash and cash equivalents		**5,213**	5,643	5,904
		5,715	8,855	7,348
Total assets		**5,952**	9,052	7,509
Current liabilities				
Trade and other payables		**348**	452	501
Contract liabilities		**19**	-	206
		367	452	707
Non-current liabilities				
Other payables		**46**	-	-
Total liabilities		**413**	452	707
Net assets		**5,539**	8,600	6,802
Equity				
Share capital	2	**269**	269	269
Share premium		**65,171**	65,160	65,165
Retained earnings		**(59,901)**	(56,829)	(58,632)
Total equity attributable to equity holders of the Company		**5,539**	8,600	6,802

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2019

	6 months ended 31 July 2019 (un-audited) £000	6 months ended 31 July 2018 (un-audited) £000	Year ended 31 January 2019 (audited) £000
Loss for the period/year	**(1,289)**	(2,177)	(3,999)
Adjustments for:			
Depreciation, amortisation and impairment	**47**	29	73
Investment income	**(9)**	(13)	(29)
Equity-settled share-based payment expenses	**20**	33	52
Taxation	**(267)**	(603)	(1,086)
Operating cash flows before movements in working capital	**(1,498)**	(2,731)	(4,989)
Decrease/(increase) in trade and other receivables	**121**	(7)	252
Decrease in trade and other payables	**(393)**	(572)	(317)
Tax received	**1,088**	1,355	1,352
Net cash from operating activities	**(682)**	(1,955)	(3,702)
Interest received	**9**	15	26
Acquisition of property, plant and equipment	**-**	(5)	(20)
Acquisition of other intangible assets	**(1)**	(15)	(8)
Decrease in fixed-term deposits	**-**	500	2,500
Net cash from investing activities	**8**	495	2,498
Net proceeds from issue of share capital	**6**	6	11
Payments under lease liabilities	**(23)**	-	-
Net cash from financing activities	**(17)**	6	11
Net decrease in cash and cash equivalents	**(691)**	(1,454)	(1,193)
Cash and cash equivalents at the beginning of the period/year	**5,904**	7,097	7,097
Cash and cash equivalents at the end of the period/year	**5,213**	5,643	5,904

Notes

1. Basis of Preparation

These unaudited interim financial statements do not comprise statutory accounts as defined within section 434 of the Companies Act 2006. The Company is a public limited company; it is listed on the London Stock Exchange's AIM market and is incorporated and domiciled in the United Kingdom. The address of its registered office is 17 Blenheim Office Park, Long Hanborough, Oxfordshire, OX29 8LN, UK.

Statutory accounts for the year ended 31 January 2019 were approved by the Board of Directors on 4 March 2019 and delivered to the Registrar of Companies. The report of the Auditor on the accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

While this interim statement, which is neither audited nor reviewed, has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards as adopted by the European Union ("IFRS"), it does not in itself contain sufficient information to comply with IFRS. It does not include all the information required for the full annual financial statements and should be read in conjunction with the financial statements of the Group as at, and for the year ended, 31 January 2019. It does not comply with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as is permissible under the rules of AIM.

The accounting policies applied in preparing these interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 January 2019 (as defined therein) other than standards, amendments and interpretations which became effective after 1 February 2019 and were adopted by the Group.

New or revised standard effective from 1 February 2019:

- IFRS 16 'Leases'. As at 31 January 2019, the Group had non-cancellable operating lease commitments of £121,000. The Group has not elected to recognise assets and liabilities for leases with a lease term of 12 months or less, which accounts for £6,000 of the year end operating lease commitment. For leases not covered by this exemption, the Group has applied a modified retrospective approach, measured at the fair value of the remaining lease payments, of £115,000, and a corresponding right-of-use asset, adjusted for amounts prepaid before the date of transition, of £123,000 was recognised upon transition to IFRS 16. The liability has not been discounted on the basis that this is immaterial.

Amendments effective from 1 February 2019, with no material impact on the amounts reported or disclosures made:

- IFRS 9 'Prepayment features with Negative Compensation'
- IFRS 10 'Consolidated Financial Statements' and IAS 18 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- IAS 19 'Employee Benefits'
- IAS 28 'Long-term Interests in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to IFRS Standards 2015-2017 Cycle

Going Concern: The Company made an operating loss of £1.6m in the first six months of the current financial year, this compares to an operating loss of £2.8m in the same period of the prior year. Cash balances as at 31 July 2019 were £5.2m, this compares to £5.9m as at the end of 31 January 2019. The cash outflow in the six-month period to 31 July 2019 of £0.7m was after receipt of a £1.1m R&D tax credit. The underlying cash burn for the period 31 July 2019 was £1.8m, this was £1.6m lower than the same period of the prior year. Cash burn continues to be tightly controlled.

Based on the current cash position and anticipated cash burn and without including the anticipated R&D tax credit expected to be received in 2020, the Director's believe that the Company is able to fund its operations from existing resources until the first quarter of 2021.

In assessing the Company's position with respect to going concern the Directors have considered all relevant available information including a review of operating performance and future prospects and detailed cash projections for the current financial year. Based on this assessment the interim results have been prepared on a going concern basis.

2. Share Capital

	31 July 2019 (un-audited)	31 July 2018 (un-audited)	31 January 2019 (audited)
In issue - fully paid			
Ordinary shares of £0.001 each (number)	**268,948**	268,605	268,690
Allotted, called up and fully paid			
Ordinary shares of £0.001 each (£'000)	**269**	269	269

During the period, 258,216 ordinary shares were issued at 2.13p.