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

Interim results for six months ended 31 July 2021

Significantly strengthened cash position to facilitate a number of initiatives, expanding the Company's platform capabilities and acceleration of the development of in-house RNAi pipeline

Oxford, UK, 26 October 2021 - e-therapeutics plc (AIM: ETX; OTCQX; ETXPF), a specialist in computational drug discovery with a focus on developing RNA interference ("RNAi") therapeutics, announces its unaudited interim results for the six months ended 31 July 2021.

Operational Highlights

- The Company has undergone a number of Board and leadership changes in addition to a significant increase in scientific staff. The roles of Executive Chairman and CEO were split, and Professor Trevor Jones was appointed Non-Executive Chairman, Ali Mortazavi continued in his role as CEO and two leadership appointments were made; Dr Karl Keegan as CFO and Dr Alison Gallafent as Head of IP. Staff numbers rose from 27 (31 January 2021) to 33 (31 July 2021)
- In February 2021, the Company announced it had:
    - Filed a patent application related to its innovative GaINAc-conjugated siRNAs (short interfering RNA) construct designs, an important element of its RNAi platform technology
    - Commenced multiple *in vitro* and *in vivo* studies to test newly designed siRNA constructs with potentially beneficial safety and potency profiles. Headline results of these experiments have been separately announced today and show at least equivalent performance and safety to industry-leading RNAi platforms
- In April 2021, the Company received two key milestone payments from Galapagos NV ("Galapagos") as part of its collaboration to identify new therapeutic approaches to modulate a specific mechanism involved in idiopathic pulmonary fibrosis ("IPF") and other fibrotic indications. In July 2021, the Company received an additional milestone payment from Galapagos
- In June 2021, a £22.5 million gross fundraise was successfully completed securing investment from new and existing shareholders. This raise enables further expansion of the Company's computational platform and the acceleration of the development of RNAi therapeutics
- During the period, the Company has continued to advance its computational platform, with an increased focus on network-aware novel target identification, mode of action elucidation and target deconvolution

Post Period Highlights:

Additional patent applications
In October 2021, the Company announced it had filed five new patent applications relating to its innovative GalNAc-conjugated siRNA construct designs, including around stabilising chemical modifications enabling specific hepatocyte (liver cell) targeting and a further six new patent applications have now also been filed. The relevant summary dataset will be presented at the Company's R&D Day in 2022 and headline non-human primate data can be found in the interim results presentation at News & Media - e-therapeutics plc (etherapeutics.co.uk)

Positive progress on RNAi platform; GaINAc-siRNA constructs successfully characterised

- In a separate announcement today, e-therapeutics announced positive headline results from *in vivo* characterisation studies in non-human primates, testing the Company's proprietary GaINAc-siRNA constructs:
    - Constructs demonstrated equivalence performance to leading competitor platforms, showing deep and durable target gene knock-down
    - GaINAc-siRNA constructs successfully characterised and show reproducible performance across three target genes

- The Company anticipates offering early-stage RNAi business development opportunities to potential partners in the coming months

- The Company is building the most complete hepatocyte Knowledge Graph ("KG"), integrating numerous data sources and its newly created AI-enhanced, hepatocyte protein-protein interactome. Proprietary omics data from experimental studies will be included in due course and will enhance the computer-laboratory interface

Commencement of trading on the OTCQX Best Market

- In September 2021, e-therapeutics commenced trading on the OTCQX market in the U.S. which was an important step for the Company to broaden its shareholder base

Financial highlights

During the period, the Company strengthened its financial position following the successful equity fund raise which was completed in June 2021.

- Revenues of £0.5 million (H1 2020: £0.04 million)
- Operating loss for the period of £3.5 million (HY20 loss: £2.7 million)
- £22.5 million before expenses, from Placing, Subscription and Retail Offer in May 2021
- Cash and cash equivalents at 31 July 2021 £31.6 million (31 January 2021: £13.0 million)
- R&D spend £2.5 million (HY20: £1.2 million)

Ali Mortazavi, Chief Executive Officer of e-therapeutics, commented: *"I am extremely pleased with the progress the Company has made in the period. In particular, with further milestone achievements in our partnership with Galapagos and the completion of a successful equity fund raise. The raise enables enhanced investment for the Company to accelerate the development of RNAi therapeutics and to further develop our computational capabilities. Since the fund raise, we have made excellent progress in all areas of the Company and we are building on this positive momentum.*

"We are delighted to announce top-line positive results from in vivo studies in non-human primates, confirming the Company's proprietary GalNAc-siRNA platform has been successfully benchmarked against leading competitor RNAi platforms. These excellent results show that our proprietary delivery system and siRNA chemistries are competitive relative to peer platforms. This is a material step in the Company's ultimate goal of developing an in-house RNAi pipeline with future scope for early-stage partnering. Eleven new patent applications have been filed to protect these innovations. In parallel, we are developing the world's largest data resource in hepatocyte biology which will enable the identification and prosecution of novel therapeutic targets, both internally and with collaborators.

"We believe that e-therapeutics offers a differentiated strategy, with the ability to silence any gene in the liver with extremely rapid pre-clinical timelines, coupled with powerful computational capabilities, including in hepatocyte biology. We look forward to the future with great excitement."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR') which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

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About e-therapeutics plc

e-therapeutics plc is an Oxford, UK-based company integrating computational power and biology to accelerate the discovery of life-transforming medicines. The Company has developed and validated a powerful, disease and modality agnostic computational approach to drug discovery, leveraging its industry-leading expertise in network biology to fully capture and interrogate human disease complexity.

The Company's multi-disciplinary team builds computational models of biological functions to transform the search for new medicines, interventions, mechanisms and genetic support. Its biology-led *in silico* laboratory enables rapid hypothesis generation and phenotypic screening of millions of compounds leading to 100-1000x higher hit rates in the wet lab and successful mode of action elucidation. Novel targets can also be identified, prioritised and assessed. Harnessing internal target gene discoveries, e-therapeutics is currently building an in-house pipeline of RNAi based medicines, using its proprietary GalNAc-siRNA technology.

e-therapeutics has deployed and validated its disease-agnostic computational drug discovery platform both in house and with partners, including Novo Nordisk, Galapagos NV and a US-based, top 5 pharmaceutical company.

Chief Executive's Statement

I am pleased to report a strong and productive six months for the Company where we have successfully achieved numerous milestones. e-therapeutics' ambition is to successfully integrate computational power and biology to discover life-transforming medicines and enable all diseases to be treated. For this to happen, we believe that the traditional drug discovery process needs to be transformed and we are in a position to significantly contribute to, and be leaders in, this transformation.

RNAi liver platform

A key component of our strategy was to establish a therapeutic technology platform which is reproducible and would give us the ability to design potential drug candidates as quickly as possible. This would put us in a position of being able to rapidly prosecute novel target genes identified using our computational engine.

Our modality of choice is RNAi. GalNAc (N-Acetylgalactosamine)-conjugated siRNA is a powerful and well validated commercial-stage technology, which enables specific delivery to hepatocytes in the liver, patient-friendly subcutaneous administration and a long duration of therapeutic action. There is a high barrier to entry in GalNAc-siRNA as it is a highly sophisticated and advanced therapeutic modality, with unique advantages. As reflected in today's separate announcement, which includes headline data on our proprietary RNAi platform, we now have the ability to inhibit any of the c.10,000 genes expressed in hepatocytes (liver cells) and design candidates in 3-6 months and at a cost of c.$500,000. By way of comparison, the average time and cost of discovering a small molecule drug is over 4 years and with a cost of c.$4 million.

A further example of the speed and cost of so called "information molecules" (drug agents which are based on genetic sequences) is the remarkable timelines of mRNA (messenger RNA) COVID-19 vaccines. By way of our own example, in February 2021, we designed 24 of these GalNAc-siRNA information molecules against 3 gene targets in the liver. By October 2021, we successfully tested these molecules in cell-based assays, rodents and non-human primates. The capability of a platform such as GalNAc-siRNA, with remarkable specificity (both in terms of delivery and target gene inhibition) and the above timelines will be a critical competitive advantage to test the outputs from our computational biology platform.

Target identification is currently the biggest limitation in GalNAc-siRNA and there is a high degree of overlap in competitive pipelines. An important differentiator for the Company relative to RNAi peers is the ability to leverage its computational platform to identify better, novel therapeutic targets. Our computational platform is also an enabler in the discovery of mechanistic insights, assessment of genetic support and in silico evaluation of target hypothesis ahead of wet lab experiments.

Computational drug discovery

To complement our GalNAc-siRNA capabilities and feed our in-house pipeline, the Company has created a hepatocyte-focused specialisation within its core computational platform. e-therapeutics is also executing on an ambitious data strategy to create the most comprehensive and integrated hepatocyte-centric data resource in the world, tailored to our computational biology approach to drug discovery. We are compiling experimental data at genome-wide scale using bespoke human hepatocyte assays and combining it with our existing state-of-the-art network analytics and artificial intelligence/machine learning ("AI/ML") approaches to create a seamless connection between the computer and the laboratory. Our assays are guided by our *in silico* work and our *in vitro* experimental data feed back into making better and better models of biology. In addition, the Company is building the most complete hepatocyte KG, integrating its experimental data and its newly created AI/ML enhanced, hepatocyte protein-protein interactome. The KG already includes data derived from natural language processing of hundreds of thousands of documents and data sources, patient-derived information, patent mining and human expertise.

The Company's KG is structured in such a way as to allow it to perform ML-driven mechanistic inference to impute missing links and uncover hidden knowledge. This integrated resource will provide the Company with an unprecedented foundation from which to derive disease intervention hypotheses, support network model construction, carry out target identification, support target validation and discover genetic support for targets. It will also provide data and insights to feed into its AI-driven siRNA design workflows, which are another addition to our tool kit. The foundations for this data strategy are already in place and providing insights as we continue to grow and enhance our capabilities. Furthermore, the KG and tailored computational tools we have developed in hepatocytes can be replicated in additional cell types of interest.

Importantly, the Company has expanded its network-aware target identification, MoA (mode of action) elucidation and target deconvolution capabilities. This has been possible via the augmentation of network-based analysis with a suite of proprietary AI/ML approaches.

The enhanced applications of the Company's computational platform that have been achieved to date will be a key enabler both internally and for partners and will complement the Company's phenotypic focused approaches. In addition, e-therapeutics continues to streamline its computational platform via increased automation and cloud computing.

Partnerships and Collaborations

During the period, the Company made further progress on its collaboration with Galapagos to identify new therapeutic approaches to modulate a specific mechanism involved in IPF and potentially in other fibrotic indications with high unmet need.

The Company met three key pre-defined milestones in the period, receiving three payments from Galapagos. e-therapeutics successfully identified hit compounds for Galapagos, which were experimentally validated. In keeping with previous validation of the Company's computational platform, experimental testing of compounds predicted by e-therapeutics in several relevant assays, yielded a hit rate several orders of magnitude higher than industry standards. The collaboration is on track and these hits are currently being characterised further, including target deconvolution (identification of targets). Under the terms of the agreement, the Company is eligible to receive additional milestone payments through pre-clinical and clinical development as well as commercial milestones.

Additional discussions are in progress with other biopharma companies in diverse therapeutic areas including CNS disorders, oncology and rare disease.

Additional patent applications

Post period in October 2021, the Company announced it had filed five new patent applications relating to its innovative GalNAc-conjugated siRNA construct designs, including around stabilising chemical modifications enabling specific hepatocyte (liver cell) targeting. A further six new patent applications have now also been filed.

These patent applications will protect the Company's inventions in GalNAc-siRNA and its position in the field. Further filings are anticipated as we continue to make progress.

Outlook

We expect to continue progressing our GalNAc-RNAi platform and to populate our in-house liver centric RNAi pipeline, spanning both complex disease (e.g. cardiovascular, metabolic) and systems biology approaches to mono- and oligogenic diseases. Based on recent progress, we also anticipate offering our RNAi platform to potential business development partners over the coming months.

The Company continues to look to maximise the value of its computational biology platform, both applying all its functionality to its RNAi platform, from novel target identification to siRNA sequence design and beyond, as well as through collaborations around network biology approaches to drug discovery outside RNAi.

We look forward to presenting further details on the GalNAc-siRNA and computational platforms and our strategy as part of an R&D Day in 2022. The Company is firmly of the belief that e-therapeutics will be at the forefront in the emerging field of Pharmatech.

Financial Review

Period end cash of £31.6m and an operating loss of £3.5m in H1 2022.

In the first half of the financial year, the Company has continued to carefully manage the underlying cash burn whilst focusing on generating income and achieving external commercial validation with our partners as well as investing in a new RNAi platform. In addition, we completed a significant fund raise of £22.5 million gross in June 2021.

Revenue
The Company's on-going collaboration with Galapagos continued to progress resulting in recognition of £0.5 million of revenue, a significant increase on the prior year (H1 2020: £0.04 million), driven primarily by receipt of payments associated with milestones.

Research & development
The research and development expenditure in H1 2021 increased to £2.5 million (H1 2020: £1.2m). The increase reflects a doubling in salaries in line with the enlarged scientific headcount and the significant additional investment, both in-house and outsourced, in our computational and RNAi platforms.

We are expecting the R&D in H2 2022 to continue to increase significantly as we accelerate investment in our RNAi platform. We intend to progress further with scaling the existing platform capabilities in H2 2022.

General & Administrative expenses
Administrative expenses in the first half of the financial year of £1.5m were in line with the same period in the prior year (H1 2020: £1.5m).

Loss for the period
The Net Loss for the period was £2.8m (H1 2020: £2.4m).

Cash flow
Cash as at 31 July 2021 stood at £31.6m, an increase of £18.6m when compared to the start of the current financial year (cash as at 31 January 2021: £13.0m). The net income from the fundraise accounts for £21.6m and we received R&D tax credits in relation to the prior year of £780k, leaving an underlying net cash outflow of £3.8m attributable to the operating loss, cash receipts from the Galapagos collaboration and working capital movements.

Financial outlook
Our current expectations for underlying cash burn in the second half of the current financial year will be higher than that incurred in H1 as we further progress our R&D activities and build administrative infrastructure capable of supporting the scaling of the business.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 JULY 2021

	6 months ended 31 July 2021 (un-audited) £000	6 months ended 31 July 2020 (un-audited) £000	Year ended 31 January 2021 (audited) £000
Revenue	**477**	37	317
Cost of sales	**-**	**-**	0
Gross profit	**477**	37	317
Research and development expenditure	**(2,512)**	(1,242)	(2,705)
Administrative expenses	**(1,470)**	(1,539)	(2,097)
Operating loss	**(3,505)**	(2,744)	(4,485)
Investment income	**44**	7	17
Loss before tax	**(3,461)**	(2,737)	(4,468)
Taxation	**673**	387	784
Loss for the period/year attributable to equity holders of the Company	**(2,788)**	(2,350)	(3,684)
Loss per share: basic and diluted	**(0.54)p**	(0.56)p	(0.99)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 JULY 2021

	6 months ended 31 July 2021 (un-audited) £000	6 months ended 31 July 2020 (un-audited) £000	Year ended 31 January 2021 (audited) £000
Loss for the period	**(2,788)**	(2,350)	(3,684)
Other comprehensive income	**-**	-	-
Total comprehensive income for the period/year attributable to equity holders of the Company	**(2,788)**	(2,350)	(3,684)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JULY 2021

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 1 February 2020	**269**	**65,176**	**(60,943)**	**4,502**
Total comprehensive income for the period				
Loss for the period	**-**	**-**	**(2,350)**	**(2,350)**
Total comprehensive income for the period	**-**	**-**	**(2,350)**	**(2,350)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	**152**	**12,492**	**-**	**13,196**
Equity-settled share-based payment transactions	**-**	**-**	**261**	**261**
Total contributions by and distribution to owners	**152**	**12,492**	**261**	**13,457**
As at 31 July 2020	**421**	**77,668**	**(63,032)**	**15,609**
Total comprehensive income for the period				
Loss for the period	**-**	**-**	**(1,334)**	**(1,334)**
Total comprehensive income for the period	**-**	**-**	**(1,334)**	**(1,334)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	**-**	**-**	**-**	**(552)**
Equity-settled share-based payment transactions	**-**	**-**	**161**	**161**
Total contributions by and distribution to owners	**-**	**-**	**161**	**(391)**
As at 31 January 2021	**421**	**77,668**	**(64,205)**	**13,884**
Total comprehensive income for the period				
Loss for the period	**-**	**-**	**(2,788)**	**(2,788)**
Total comprehensive income for the period	**-**	**-**	**(2,788)**	**(2,788)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	**94**	**21,562**	**-**	**21,656**
Equity-settled share-based payment transactions	**-**	**-**	**251**	**251**
Total contributions by and distribution to owners	**94**	**21,562**	**251**	**21,907**
As at 31 July 2021	**515**	**99,230**	**(66,742)**	**33,003**

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2021

	Note	**31 July 2021 (un-audited) £000**	31 July 2020 (un-audited) £000	31 January 2021 (audited) £000
Non-current assets				
Intangible assets		**88**	104	82
Property, plant and equipment		**74**	83	80
		162	187	162
Current assets				
Tax receivable		**1,442**	355	769
Trade and other receivables		**229**	94	57
Prepayments		**416**	340	296
Cash and cash equivalents		**31,605**	15,065	13,027
		33,692	15,854	14,149
Total assets		**33,854**	16,041	14,311
Current liabilities				
Trade and other payables		**851**	192	327
Lease Liability		**-**	46	23
Contract liabilities		**-**	194	77
		851	432	427
Non-current liabilities				
Lease Liability		**-**	-	-
Total liabilities		**851**	432	427
Net assets		**33,003**	15,609	13,884
Equity				
Share capital	2	**515**	419	421
Share premium		**99,230**	78,222	77,668
Retained earnings		**(66,742)**	(63,032)	(64,205)
Total equity attributable to equity holders of the Company		**33,003**	15,609	13,884

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2021

	6 months ended 31 July 2021 (un-audited) £000	6 months ended 31 July 2020 (un-audited) £000	Year ended 31 January 2021 (audited) £000
Loss for the period/year	**(2,788)**	(2,350)	(3,684)
Adjustments for:			
Depreciation, amortisation and impairment	**44**	41	112
Investment income	**(44)**	(7)	(17)
Equity-settled share-based payment expenses	**251**	267	422
Taxation	**(673)**	(387)	(802)
Operating cash flows before movements in working capital	**(3,210)**	(2,436)	(3,969)
(Increase)/Decrease in trade and other receivables	**(292)**	(250)	(168)
Increase/(Decrease) in trade and other payables	**425**	172	189
Tax received	**-**	589	590
Net cash from operating activities	**(3,077)**	(1,925)	(3,358)
Interest received	**44**	7	17
Acquisition of property, plant and equipment	**(30)**	(23)	(53)
Acquisition of other intangible assets	**(15)**	(2)	(18)
Net cash from investing activities	**(1)**	(18)	(54)
Net proceeds from issue of share capital	**21,656**	13,190	12,644
Payments under lease liabilities	**-**	(23)	(46)
Net cash from financing activities	**21,656**	13,167	12,598
Net decrease in cash and cash equivalents	**13,027**	11,224	9,186
Cash and cash equivalents at the beginning of the period/year	**18,578**	3,841	3,841
Cash and cash equivalents at the end of the period/year	**31,605**	**15,065**	**13,027**

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 2021 were approved by the Board of Directors on 12 May 2021 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 recognition and measurement criteria of International accounting standards in conformity with the requirements of the Companies Act 2006 this announcement 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 2021. 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 2021 (as defined therein) other than standards, amendments and interpretations which became effective after 1 February 2021 and were adopted by the Group.

New standards, amendments and interpretations not adopted in the current financial year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

2. Share Capital

	31 July 2021 (un-audited)	31 July 2020 (un-audited)	31 January 2021 (audited)
In issue - fully paid			
Ordinary shares of £0.001 each (number)	514,553,598	419,056,706	420,774,000
Allotted, called up and fully paid			
Ordinary shares of £0.001 each (£'000)	515	419	152

On 17 June 2021 a new placing of 93,750,000 new ordinary shares of 0.1p each was completed at a price of 24p each to raise gross proceeds of £22.5m to be used to facilitate a number of initiatives, with a focus on expanding its proprietary, disease-agnostic, drug discovery and development platform capabilities and asset pipeline.

Additionally, during the period, 30,052 new ordinary shares of 0.1p each were issued at a price of 22.88p each in lieu of fees payable to a non-executive director in accordance with his service agreement.