e therapeutics™

Computing the future of medicine™

e-therapeutics plc
Annual report and accounts 2023

We integrate computational power and biology to discover life-transforming RNAi medicines.

Vision

Solve human disease through computation

Mission

Integrating computational power and biological data to discover life-transforming RNAi medicines

Purpose

Build an in-house pipeline of more effective medicines at a greater speed and significantly reduced costs compared to industry standards

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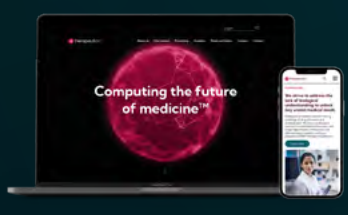


To view our website visit
www.etherapeutics.co.uk

Operational highlights

Pipeline

- RNAi strategy delivering a rapidly growing in-house pipeline of early first-in-class candidates, against target genes discovered using our HepNet™ computational platform. Comprehensive *in vivo* proof-of-concept data packages being generated.
- Active across a variety of areas of high unmet medical need, including cardiovascular disease, non-alcoholic steatohepatitis (NASH) and haematology. Investing in the cardiometabolic space as a key focus area.

Data

- Expansion of world's most comprehensive knowledge base of hepatocyte-centric biology to capture and model complex biological processes in the liver and tissues influenced by the liver, completing proprietary curation of 100s of data sources.
- Increased integration of HepNet™ functionality and continued validation of our tools, in particular our hepatocyte-specific knowledge graph and proprietary target identification approaches.
- Mapping of human genetic validation of potential targets completed for more informed target triage.

Computation

- Integration of large language models (LLMs), such as OpenAI's GPT model, to radically enhance computational capabilities and transform HepNet™ into a dynamic knowledge resource.
- Expansion of artificial intelligence (AI) approaches that learn from experimental data deployed into siRNA (short interfering RNA) drug design.

IP

- Sustained intellectual property (IP) activity with patent applications filed on eight further inventions arising from the Company's proprietary GalNAc-siRNA technology, GalOmic™.

Partners

- New collaboration with iTeos Therapeutics in immuno-oncology announced on 5 April 2022. Several milestone payments received since, in addition to upfront consideration, following the successful identification of potential targets and small molecule compounds.
- Successful completion of Galapagos NV collaboration in idiopathic pulmonary fibrosis (IPF), with all near-term milestones achieved demonstrating our ability to effectively identify potential therapeutic strategies and targets.

Post Period Highlights

- Filing of four new patent applications to protect innovation around novel gene targets, and associated disease relevant biology as well as proprietary siRNA stabilisation chemistries.
- Additional milestone achieved in collaboration with iTeos Therapeutics, resulting in an additional payment to the Company.

Financial highlights

Revenue

£0.5m

2023	**£0.5m**
2022	£0.5m
2021	£0.3m

Successful fundraise

£13.5m

2023	**£13.5m**
2022	£22.5m
2021	£13.2m

Year-end cash and short-term investment bank deposits

£31.7m

2023	**£31.7m**
2022	£26.4m
2021	£12.80m

Operating loss

£10.2m

2023	**£10.2m**
2022	£9.6m
2021	£4.5m

R&D spend

£7.2m

2023	**£7.2m**
2022	£6.1m
2021	£2.7m

R&D tax credit receivable

£1.5m

2023	**£1.5m**
2022	£1.5m
2021	£0.8m

Better medicines faster

To materially increase the likelihood of successfully developing effective medicines, it is essential to overcome some fundamental obstacles in drug development:

Biology... there is a limited understanding of human biology across the biopharma industry

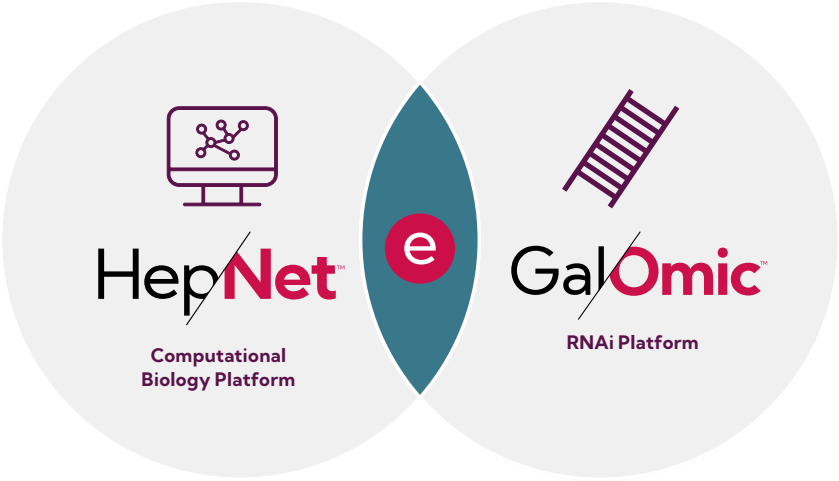
Druggability... conventional modalities are often challenged by an inability to design and develop a drug despite having identified a potential target

Efficiency... the R&D process is slow and expensive with poor methods of de-risking therapeutic hypotheses early

Novelty... new target discovery remains rare, with crowded competitive landscapes around the same established targets

At e-therapeutics, we have developed a powerful validated platform approach to help overcome these obstacles. By uniquely connecting the worlds of computation and RNA interference (RNAi) we can rapidly generate and prosecute novel potential drug candidates in a reproducible and translatable way.

Hepatocyte-focused computational biology platform to identify novel gene targets, improve drug design and increase automation



RNAi platform to generate GalNac-siRNA drug candidates that silence novel gene targets

learn more on page 18

We use our HepNet™ computational biology platform to model disease complexity, test millions of therapeutic hypotheses *in silico* and then rank potential novel gene targets. Our GalOmic™ platform then allows us to generate RNAi medicines that specifically silence those genes.

The medicines we create are focused on silencing genes expressed in hepatocytes (liver cells) which perform key functions in biological processes vital for human health and represent important targets for a broad range of diseases.

Our investment case

Unique market position

Our highly differentiated market position combining computational drug discovery with RNAi as a modality enables us to prosecute therapeutic hypotheses at some of the fastest speeds and lowest development costs currently available in the industry.

learn more on page 16

Computational biology pedigree

We have a long history in computationally modelling biology and enabling drug discovery. The expertise in this space and proprietary technology have been successfully translated to focus on hepatocytes and identifying novel targets.

learn more on page 18

Single-cell focus advantage

Hepatocyte-targeted interventions offer the opportunity to address a large variety of diseases and potentially access thousands of gene targets while also enabling a focus on highly specific datasets and tools that promote superior computational depth and accuracy.

learn more on page 16

Unrivalled hepatocyte knowledge

We have built the world's most comprehensive knowledge resource in hepatocyte-centric biology, creating a '*Google for hepatocytes*' that models complex biological processes in the liver and in tissues influenced by the liver.

learn more on page 7

Proven RNAi platform

Benchmarking studies have demonstrated our GalOmic™ RNAi platform can effectively silence genes to industry leading standards. The platform is now being actively used to generate drug candidates that silence novel disease-associated genes identified by HepNet™.

learn more on page 19

Expanding in-house pipeline

We are growing an in-house pipeline of compelling first-in-class and 'first-on-target' RNAi candidates to treat a wide range of complex liver-associated diseases that are being rapidly progressed towards the clinic.

learn more on page 20

High barrier to entry

The field of RNAi requires a high degree of technical expertise while operating in a highly active intellectual property landscape. We have deep expertise in the space across biology, chemistry, and IP.

learn more on page 16

Demonstrable speed of execution

In less than three years we have built and validated an entire proprietary RNAi platform approach, pivoted our computational biology platform to hepatocyte-focused target identification and generated a wealth of in-house experimental data.

learn more on page 7

A year of progress

I am pleased to report a year of significant progress across all elements of the business culminating in the rapid establishment of an in-house pipeline of RNAi candidates and the continued advancement of our highly differentiated computational tools and approach.

Prof Trevor M Jones CBE FMedSci
Independent Non-Executive Chair

Our RNAi focus

The focus on RNAi as a modality of choice enables the Company to realise some key advantages associated with this ground-breaking technology which include:

- High specificity against their target gene, thus minimising potential off-target effects
- No druggability issues, being able to silence virtually any gene in the genome
- Long duration of action, supporting infrequent administration and reduced patient burden
- Reversible effects (no changes to DNA)
- Good safety profile

The recent strategic focus on RNAi, together with the use of sophisticated computational approaches to identify novel therapies, has resulted in a frenetic period of innovation which is outlined throughout this report.

Our hepatocyte expertise

Whilst our methodology is applicable to a wide range of diseases, our focus is specific to diseases associated with the liver. Hepatocytes are highly metabolically active cells, and their targeting enables the Company to develop therapeutic strategies in a broad variety of therapeutic areas, including cardiovascular, metabolic, renal, and rare diseases.

Developing and protecting a pipeline

During the year, the Company has further leveraged its HepNet™ computational biology platform to identify novel gene targets resulting in the initiation of our own in-house therapeutic pipeline. This represents a move away from earlier stage partnering towards prosecuting our own ideas where we believe there is greater potential for later-stage higher value commercial opportunities.

The in-house pipeline contains a number of novel targets undergoing advanced experimental evaluation and prosecution. Behind this sits a large portfolio of additional ideas for targets that are constantly being discovered and assessed *in silico* as well as experimentally.

Importantly, we continue to protect our innovation through patent applications for Intellectual Property Rights around novel gene targets and associated disease-relevant biology discoveries, as well as proprietary siRNA stabilisation chemistries. During the reported year, and continuing into the new financial year, we have filed a series of patent applications to protect 17 inventions.

Board and governance

As an AIM-quoted company we have chosen to apply the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board remains committed to high standards of corporate governance that ensure the Company operates in a transparent and ethical way that delivers value for employees, shareholders and stakeholders. This includes activities undertaken during the period across the areas of risk management control, financial planning, organisational structure, and resource allocation.

People and culture

The Board is committed to building a diversified inclusive workplace and creating a thriving culture of integrity and trust where people can freely innovate. During the period we have sought ways to further develop initiatives that promote employee wellbeing and engagement. We continue to seek and attract high calibre talent with plans to add further expert resource to the existing team in the year ahead.

Our move from Oxford to London has been completed successfully and places us in a position to access a larger pool of talent without losing our close proximity to the centres of excellence in Oxford and Cambridge.

Financial position

Through the activities of the Audit Committee, the Board, and the Executive Management Team, the Company continues to implement and maintain robust financial controls and reporting.

Via a £13.5m fundraise announced in September 2022, we strengthened our financial position which provides us with the capital to support the execution of our immediate strategy. The fundraising also provided an important endorsement of our differentiated approach and expertise in integrating computational power and biological data to accelerate the discovery of novel RNAi medicines. I would like to acknowledge and thank our shareholders for their continued support.

I am delighted to represent this dynamic and progressive company as its Chair. We are in a strong position financially, making good scientific progress and are committed to creating value for all our stakeholders.

Prof Trevor M Jones CBE FMedSci

Independent Non-Executive Chair
4 May 2023

A positive year

I am pleased to report that 2022 has been a successful year in the execution phase of our strategy and that the process of nomination and execution of pre-clinical targets using our RNAi platform is well underway.

Ali Mortazavi
Chief Executive Officer

2022/23 was a pivotal year for e-therapeutics as we made significant progress towards realising our goal of Computing the Future of Medicine™. Through our innovative computational approach and RNAi-based therapeutic modality, we were able to rapidly identify and pursue promising targets in multiple disease areas. We are now well-positioned to advance our pipeline of first-in-class preclinical RNAi candidates across multiple therapeutic areas, making significant progress in just one year.

Pivot from small molecules to RNAi: GalOmic™

The opportunity to pivot into RNAi as a modality of choice to prosecute our novel target ideas presented several key advantages. In particular, focussing on GalNAc-conjugated siRNA, using our proprietary GalOmic™ platform, allows us to leverage the existing safety and performance precedent of a commercial-stage technology and take more biological risks by pursuing novel targets. In addition, RNAi enables rapid and comparatively inexpensive candidate generation once a target is selected. This allows us to have multiple 'shots on goal' for the same cost as a single small molecule programme with a much higher probability of success. Critically, domain knowledge of the RNAi therapeutics space is extremely niche, and I believe that the previous experience in the field of our senior leadership team will prove to be a crucial component of our success.

We have now shown across multiple targets that we can design and synthesise lead GalNAc-conjugated siRNAs in approximately 6 months and at an approximate cost of $500K (including healthy *in vivo* pharmacology). This capability has enabled us to generate and progress drug candidates at a greatly accelerated pace and scale compared to more traditional modalities, and we believe that RNAi-based therapeutics have the potential to transform the treatment landscape across multiple disease areas.

Significant progress in RNAi IP, drug design and speed of execution

During the year, we have also made significant progress in our intellectual property (IP) portfolio, with the filing of multiple patent applications to protect both our RNAi platform (GalOmic™) inventions and novel targets. We have gained significant new know-how whilst optimising our drug design process and reducing the associated timelines. These include the protection of siRNA chemical modification "stamps" thereby reducing the number of permutations and combinations in our screening cascades as well as predictive methodologies to reduce the number of sequences that need to be tested for *in vivo* studies.

This is part of our goal to apply computation across all aspects of our business, eventually allowing us to confidently predict the attributes of our siRNA molecules without the need for cell-based or *in vivo* screening. This will allow us to progress our siRNA molecules from *in silico* drug design straight to *in vivo* experiments, increasing our

speed of execution. In addition, following the success of the mRNA-based COVID-19 vaccines, we have noted a significant change in policy from regulators to use compelling computational data to help reduce preclinical timelines and start first in human (FIH) clinical trials as quickly as possible. We believe, given that computation and data is used at every step of our drug discovery efforts, ETX is extremely well-positioned to take advantage of the changing regulatory landscape going forward.

HepNet™: Our computational solution to human biology modelling and novel target ID

We continue to make significant strides in our expansion of HepNet™, the most comprehensive hepatocyte data and analytics resource in the world. HepNet™ enables generation and analysis of biological network models, providing a novel and mechanistic approach to drug discovery that explicitly considers the true complexity of biology. Our computational network models represent, as closely as possible, the biological systems ETX is seeking to impact. The approach allows us to identify, prioritise and test millions of hypotheses in silico to make more reliable predictions with higher confidence and generate gene target hypotheses based on large complex data sets.

HepNet™ was built on the Company's previously established proprietary network biology knowledge, tools and algorithms to model and interrogate human biology. This powerful modular platform was originally cell type agnostic. Extensive work has recently been undertaken to extend its capability and to leverage the focus on a single modality, RNAi, to create the most comprehensive and integrated proprietary hepatocyte-centric data resource.

We have invested in the licensing and generation of a range of proprietary liver omics data resources to support disease related process and target discovery, particularly in the realm of cardiometabolic disorders. The Company's proprietary hepatocyte-focused Knowledge Graph has been further enhanced with additional data derived from both experimental Natural Language Processing (NLP) approaches and through AI-driven predictive approaches to knowledge inference. This allows the discovery of hidden relationships in data whilst providing the capability to impute missing information. Furthermore, the application of robust standards of validation for all our tools and approaches remains an important focus, and this rigour will continue to be a critical part of our development going forward.

In terms of scalability, the HepNet™ platform and data resources are now entirely cloud-based, ushering in a new era of effectively unlimited computational power and data storage. Using cutting-edge technologies we have been able to speed up our analytical pipelines by orders of magnitude, reducing compute times from weeks or months to a few hours. This has enabled the development of proprietary large-scale statistical approaches to analysis that were previously unfeasible.

RNAi strategy has been quickly executed

January 2023
Further patent application filings on novel on novel targets and new siRNA chemistries

September 2022
In-house pipeline announced, advancing experimental evaluation and prosecution of novel targets across a range of cardiometabolic indications

August 2022
Further patent applications filed to protect inventions in novel targets, siRNA chemistries and GalNAc-siRNA silencing construct designs

February 2022
Nomination of first in-house RNAi target

November 2021
RNAi Platform benchmarking complete, demonstrating gold standard depth and duration of gene knockdown patent applications filed

April 2021
Hepatocyte-specific computational biology platform migration and target selection strategies commence

February 2021
RNAi Platform benchmark studies commence

October 2020
Ali Mortazavi appointed as CEO and starts building expert RNAi team

HepNet™ has been instrumental in enabling us to develop a deep understanding of hepatocyte biology and giving us the ability to identify novel targets for potential drug candidates. We have continued to build on the platform, generating proprietary data inputs, exploring additional datasets of interest, and keeping our data foundation updated. Through this, we have been able to generate a multitude of potential target hypotheses, enabling us to rapidly prosecute many high conviction, computationally-derived gene targets in relevant disease areas as possible.

Target nomination and pipeline

We believe that we now have a robust process to assess and prosecute any hepatocyte gene target from idea to FIH studies. In addition, we are continually refining and improving our methodologies, algorithms, datasets and implementing one of the fastest cascades in preclinical drug development. This has resulted in the Company having a number of high conviction therapeutic target-indication pairs which can be prosecuted at speed, dependent on our capital position.

Our preclinical pipeline has progressed at a rapid rate and we have initiated preclinical activities for additional targets while continuing to pursue previous projects. We expect to nominate our first candidate for IND/CTA enabling studies before the end of 2023, while we continue to advance projects through construct design and in vitro studies into *in vivo* testing. Cardiometabolic indications continue to be a key focus, but we remain open to pursuing promising hepatocyte-expressed targets identified by our computational methods that have effects in other disease areas, as exemplified by our active haematology programmes.

Through this pipeline, we aim to translate our discoveries into real-world, highly specific, and effective medicines in record time. We have also continued to nominate new targets, with a key pipeline priority being targets within cardiometabolic indications, such as cardiovascular disease (CVD) and non-alcoholic steatohepatitis (NASH). We have active programmes in these areas, and we plan to continue to add projects across metabolic syndrome indications.

Non-dilutive funding opportunities via collaborations/partnerships remains a key component of the Company's strategy. Future collaborations will be in line with our current liver and RNAi focus, with an expectation for later-stage partnerships that maximise value retention and reflect the development of ETX's early in-house RNAi pipeline. A balance will be found between preclinical assets to partner and assets that the Company will progress to early clinical trials to reach a more significant value inflection point.

KPIs

Corporate

38
full time employees

£13.5m
fundraise in September 2022

17
inventions protected through patent filings

1
existing pharmaceutical collaboration successfully completed in Idiopathic Pulmonary Fibrosis

1
new pharmaceutical collaboration signed in immuno-oncology

Technology

14m
hepatocyte specific data points

16,000 genes and **1,300**
hepatocyte associated diseases in knowledge base

Outperformance
of proprietary network algorithms against industry standards

Millions
of hypotheses identified & tested *in silico*

Pipeline

Multiple
RNAi targets in preclinical development

10s
of further target hypotheses undergoing assessment

1000s
of accessible target genes in multiple disease areas

Large Language Models and GPT-4

I believe that the most significant development at e-therapeutics over the past year occurred during Q4 2022, when we began investigating the integration of large language models (LLMs) and GPT-4 as a core component and enabling technology within all of our computational efforts. The drug discovery landscape is on the brink of a transformative revolution, driven by LLMs such as GPT-4. As I have already stated, e-therapeutics has made remarkable progress in multiple discovery programs, transitioning from small molecule discovery to hepatocyte-targeted GalNAc-siRNA drugs, and our HepNet™ proprietary platform for insights and predictions.

Nevertheless, a weakness in our computation has been the immaturity of NLP algorithms to couple large corpora of text alongside our machine learning (ML) and statistical approaches. However, LLMs, such as GPT-4, now offer a unique opportunity to revolutionise e-therapeutics' text capabilities and materially enhance HepNet's™ capabilities.

By placing LLMs at the core of our computation and harnessing GPT-4's capabilities, we can create specialised LLM "agents" and transform HepNet™ into a dynamic knowledge resource. Integration of GPT-4 and LLMs integration will provide a unifying framework from which to drive every aspect of our pipeline and position e-therapeutics as a global leader in hepatocyte biology and related diseases. Our long-term vision is to fully automate the preclinical drug discovery process, using GPT-4 and LLMs to access real-time information and interface with external applications, ultimately accelerating the development of life-saving treatments.

Immediate use cases for LLMs include our "Straight to *In vivo*" project, target identification, patent extraction, and an *in silico* cell type delivery project. We aim to create a robust pipeline and business model leveraging GPT-4 and LLMs' full potential, ensuring our place at the forefront of the AI-driven drug discovery revolution.

By integrating GPT-4 and LLMs, e-therapeutics will continue to break new ground in drug discovery, create novel therapeutic strategies, and improve patient outcomes. Central to this vision is the ongoing advancement of our RNAi chemistry platform (GalOmic™) for developing hepatocyte targeted GalNAc-siRNA drugs. These cutting-edge AI technologies hold the key to unlocking new treatments for various diseases and conditions, transforming the future of medicine.

In conclusion, integrating GPT-4 and LLMs into our drug discovery pipeline will revolutionise hepatocyte biology, RNAi chemistry, and the development of novel therapeutics. By harnessing these AI technologies, we can accelerate the development of life-saving treatments, improve patient outcomes, and realise our vision of computing the future of medicine.

Collaborations

In April 2022, we announced a new collaboration with iTeos Therapeutics. We are using our unique computational methodology to enable the discovery of highly differentiated novel immuno-oncology therapeutics. The work is progressing well against pre-defined plans and milestones. As well as receiving near-term cash payments material to the revenue of the Company, we are eligible to receive undisclosed milestone payments through preclinical and clinical development, in addition to regulatory milestones, per programme. Several milestone payments have been received since we first announced this collaboration and, after the period, we have achieved an additional success milestone associated with a further cash payment to the Company.

The collaboration with Galapagos NV (Galapagos) in idiopathic pulmonary fibrosis (IPF) has now successfully concluded and offers further evidence and third-party validation of our ability to effectively identify potential therapeutic strategies and targets computationally. We achieved all near-term milestones resulting in several cash payments to the Company. The future of the identified hits and targets will be determined by Galapagos according to its strategic priorities. If progressed, we are eligible to receive further milestones throughout development and commercial stages.

Capital raise

2022/23 was an extremely difficult year for the biotechnology sector. However, in September 2022 we successfully raised £13.5m through a share placing and subscription with M&G Investments which we believe is a recognition of our unique business model. This capital injection enables us to continue our growth and development. I would like to take this opportunity to thank M&G for their continued support.

Conclusion

In conclusion, I believe that 2022/23 will be seen as a transformative year for e-therapeutics. Through our computational approach, we have been able to generate a multitude of potential target hypotheses and progress an in-house pipeline of preclinical RNAi candidates across multiple therapeutic areas. I would like to reiterate that we believe that LLMs such as GPT-4 are a new enabling technology that will completely transform our business. Given our established position in computational drug discovery, we are ideally positioned to capitalise on this opportunity and look forward to the future with great confidence.

Ali Mortazavi
Chief Executive Officer
04 May 2023

Delivering results

This has been another year of significant progress towards building and populating an internal pipeline of high-conviction early RNAi assets. In addition, the Company raised net proceeds of £13.4m through an equity issue in order to fund its ongoing R&D activities, including expansion of the Company's GalOmic™ and HepNet™ platform capabilities.

Michael Bretherton
Chief Financial Officer

Revenue

Revenue of £0.5m for the year (2022: £0.5m) relates mainly to the recognition of upfront payments and the achievement of milestones under the immuno-oncology collaboration agreement with iTeos in addition to a remaining milestone payment with Galapagos on successful conclusion of the collaboration in idiopathic pulmonary fibrosis.

We are actively generating valuable data packages for several target genes and indications, and currently have live targets progressing through *in vivo* studies and disease models, together with additional targets in earlier stages. In addition, we continue target identification and triaging, continuously generating additional targets ready for project initiation. This is further validation of the Company's ultimate goal of developing a highly differentiated in-house RNAi pipeline with future scope for early-stage partnering and revenue generation.

Fundraise

An equity fundraise of £13.4m (gross £13.5m less related costs and commissions of £0.1m) was announced in September 2022 by way of a direct subscription by funds managed by M&G Investment Management Limited. The net proceeds are being used to expand the Company's platform capabilities and RNAi asset pipeline.

R&D expenditure

R&D expenditure totalled £7.2m this year (2022: £6.1m). Significant progress has been made in further developing the Company's RNAi therapeutics platform and we have now filed patent applications to protect 17 inventions, including around stabilising chemical modifications enabling specific hepatocyte targeting. The Company has also continued to advance its HepNet™ computational platform and to leverage the focus on a single modality, RNAi, to create the most comprehensive and integrated proprietary hepatocyte-centric data resource. This platform enables generation and analysis of biological network models, providing a novel and mechanistic approach to drug discovery that explicitly considers the true complexity of biology.

Administrative expenditure

Administrative expenditure for the year totalled £3.5m (2022: £3.9m) inclusive of a share-based payment employee option charge of £0.2m (2022: £0.5m). The decreased administration cost is mainly due to a reduction of the share-based payment charge which results from a significant number of options lapsing in relation to employee leavers during the year.

Operating loss

The operating loss for the year of £10.2m is £0.6m higher than that in the prior year. This is mainly attributable to increased R&D expenditure reflecting further progress and development of our business strategy to compute the future of medicine.

Interest and investment income

Interest and investment income for the year amounted to £0.5m (2022: £0.1m). The increase includes interest income higher by £0.2m on higher cash deposit balances and improved deposit rates, coupled with receipt of a £0.2m dividend from a non-operating subsidiary which was dissolved in the year and following which the Company no longer has any subsidiaries.

R&D tax credits and loss for the year

The income statement includes an R&D tax credit of £1.5m (2022: £1.5m) in relation to the current year, resulting in a loss for the year of £8.3m (2022: £8.1m). The R&D tax credit claim has not yet been submitted to HM Revenue and Customs. Historically the amounts received have been materially in line with our calculated tax receivable estimate included at the year-end.

Cash flow

Year-end cash and short-term investment bank deposits amounted to £31.7m, which is £5.3m higher than at the previous year-end. The increase reflects an equity fundraise inflow of £13.4m, together with R&D tax credits received of £1.5m, partially offset by an underlying net outflow cash burn of £9.6m. That cash burn relates mainly to operating losses exclusive of non-cash charges in respect of share-based payment employee option costs of £0.2m, and depreciation, amortisation and impairment costs of £0.5m. In addition, £0.2m was spent on the acquisition of capital equipment and capitalised patents and IP during the year.

Financial outlook

In the coming financial year, we will drive forward with our strategic plans for nomination and execution of preclinical targets using our GalOmic™ platform. Non-dilutive funding opportunities via collaborations/partnerships remains a key component of the Company's strategy and a balance will be found between preclinical assets to partner and assets that the Company will progress to early clinical trials.

Our budget, which has been prepared to reflect the above strategic plans, shows that we have sufficient funds to continue in operational existence for at least 12 months from the signing of these financial statements. We anticipate a considerable increase in our rate of spend and our budget remains prudent and incorporates discretionary spend which could be scaled back if considered appropriate.

Michael Bretherton
Chief Financial Officer
4 May 2023

Financial review

Revenue **£0.5m** **2022: £0.5m** 2021: £0.3m	**Increase/(decrease) in cash and short-term investment bank deposits** **£5.3m** **2022: £13.6m** 2021: £8.9m	**Cash and short-term investment bank deposits balance** **£31.7m** **2022: £26.4m** 2021: £12.8m	**R&D tax credit receivable** **£1.5m** **2022: £1.5m** 2021: £0.8m
R&D spend **£7.2m** **2022: £6.1m** 2021: £2.7m	**Operating loss** **£10.2m** **2022: £9.6m** 2021: £4.5m	**Loss for the year** **£8.3m** **2022: £8.1m** 2021: £3.7m	**Average headcount** **38** **2022: 32** 2021: 18

Management Q&A

What was the rationale for moving away from small molecules?

Historically we made strong progress in using computation to model biology and discover novel small molecules, with a 100-1000x increased hit rate compared to industry standards which was reproducible across internal and partnered projects. However, the discovery and development of small molecules poses myriad of issues (e.g. druggability, specificity, time, cost) that make it less tractable for a small company to build a deep, proprietary pipeline based on this modality.

As we increased the focus on target identification, RNAi is a better fit than small molecules given its higher degree of specificity when it comes to drugging a particular gene target. In addition, the characteristics of RNAi as a modality with no druggability issues, fast drug design times at a far lower cost, mean that we can carry the accelerative impact of computation through to pipeline execution.

Consequently, we can now address some of the fundamental obstacles associated with more traditional drug discovery, invest in our own ideas, and retain value by building an in-house pipeline with a relatively small team and modest R&D expenditure.

Does moving away from small molecules make your previous technology, data, and research progress redundant?

No. Much of the technology, particularly the development of our computational biology platform, remains a fundamental part of our approach in interrogating biology to learn about key disease-relevant mechanisms and derive new targets.

Building on the strong foundation we had in place, our computational biology platform's capability has been extended and leveraged for hepatocyte specificity and increased target identification power. New modules such as bioinformatic siRNA design have also been added.

What is your core strategy?

Our core strategy centres around utilising computational methods to gain a better understanding of human disease biology and design better, life-transforming RNAi based medicines. In summary, this encompasses:

- Discovering novel hepatocyte targets
- Building an in-house pipeline of highly differentiated RNAi medicines
- Generating strong experimental data packages and realising part of the value of those candidates through commercial partnerships
- Using computational methods across the board to accelerate the R&D process and increase its probability of success

Are you looking to sign an RNAi partnership deal?

Yes, this is a key part of our strategy. We expect future collaborations to be at a later stage, maximising value retention and reflecting the development of our in-house pipeline. A balance will be found between partnered preclinical assets and assets that we will progress to early-stage clinical trials.

How many computationally generated targets are you working on?

We are actively generating valuable data packages for several target genes and indications. We continue to build our cardiometabolic focus with one project making good progress through *in vivo* studies and additional targets in earlier stages. Furthermore, we entered late-stage *in vivo* experiments in different disease models in haematology. In addition, we continue target identification and triaging, continuously generating additional targets ready for project initiation.

How do you know your computational approach is working?

The hit rate of predicted active molecules which pass stringent criteria in the wet laboratory is a clear metric that validates our computational predictions and methods. In our projects this hit rate has consistently been 100–1000 fold higher than the industry standard rate. This is across different therapeutic areas both internally and with partners, who run the screening and counter screening assay systems themselves.

In addition, we have run a series of validation analyses to confirm that our target identification methods are able to predict targets likely to be sufficiently causal and impactful in disease. For instance, we have assessed our ability to recover targets that have been validated with positive clinical data.

What are your plans for HepNet™?

We will continue to develop HepNet™ across all elements of the platform, from deepening the proprietary hepatocyte-centric data resource, to refining its analytical, predicative and network biology modelling capabilities.

The biggest limitation currently facing RNAi as a highly potent, patient-friendly, and reproducible commercial stage modality, is the identification of novel hepatocyte targets to address indications with high unmet medical need. We plan to leverage HepNet's™ unrivalled data and suite of computational tools to unearth better therapeutic targets for human diseases.

What differentiates you from all the other AI-led biotech's in the space?

We are the only company combining computation and RNAi, with a liver-associated disease focus and the added edge of a comprehensive proprietary data foundation that is hepatocyte specific. Our validated network biology-centred approach to computational methods and tools, while AI-enhanced, focusses on building mechanistic versus statistical models of biology, which is key for drug discovery. Using our proprietary HepNet™ and GalOmic™ technologies, has enabled us to create something extremely rare – a reproducible target discovery engine and therapeutic platform that leads to fast clinical candidate generation.

Given the challenging economic environment, how confident are you that you can succeed?

The fundamentals of the company remain very strong – a validated RNAi platform, rapid scientific progress, a differentiated strategy placing us in a unique market position, and, very importantly, an excellent team of people to execute our strategy. We believe this makes us attractive to investors regardless of stock market dynamics and, given our modest market capitalisation, presents good value compared to similar stage biotech company valuations.

What will we see from you over the next 12 months?

We aim to advance our in-house pipeline and increase the number of novel targets we prosecute. We will also continue to innovate our computational approaches and data foundation with a hepatocyte-centric focus, implement LLMs across HepNet™, successfully complete our existing partnership and work to secure a future RNAi partnership. We will also continue to invest in talent and build a high-performing team and culture.

Strategic Summary

Our strategy is to combine the power of HepNet™, our computational biology platform, with GalOmic™, our RNAi gene silencing platform, to generate an in-house pipeline of life-transforming medicines for patients.

2022 Progress

Continue to develop HepNet™, our hepatocyte-centric computational biology platform

- Enhanced computational discovery and target ID capabilities.
- Expanded highly differentiated hepatocyte-specific data resource including additional liver omics datasets and ongoing integration of experimental data.
- Advanced cell type-specific AI-enhanced tools and precision discovery approaches.
- Transferred platform and data resource to be entirely cloud-based enabling greater computational power and unlimited scalability.

Further advance our GalOmic™ RNAi platform

- Continued development of proprietary enabling RNAi technology.
- Patents filed for eight further inventions arising from proprietary GalNAc-siRNA technology.

Develop an in-house pipeline of novel candidates

- Rapidly growing in-house pipeline of first-in-class candidates derived from target genes discovered using HepNet™.
- Pipeline addressing areas of high unmet need in cardiometabolic indications and promising hepatocyte-expressed targets with extra-hepatic effects in other disease areas.
- Progressing projects through construct design and *in vitro* studies into *in vivo* testing.
- Large number of further target hypotheses undergoing assessment.

Enter into collaborations that maximise value retention

- Validation and monetisation of disease process and target ID computational capabilities:
  1. Upfront and several milestone payments received for new collaboration with iTeos in immuno-oncology.
  2. Galapagos collaboration successfully concluded in IPF triggering multiple milestone payments.
- Active exploration of future RNAi partnering opportunities.

Create an efficient and high-performing company

- Successful strategic pivot away from small molecules to RNAi as a modality of choice, increasing focus and direction.
- Increased blend across informatics and biology-focused business functions.
- Implementation of more structure around project management and reporting.
- Continued investment in attracting and retaining a talented team.

2023 Focus

Continue to innovate around HepNet™ and GalOmic™

- Further develop and validate hepatocyte target ID capabilities.
- Increase the predictive power of our computational tools for siRNA design to minimise *in vitro* screening.
- Continue to generate proprietary data to feed into HepNet™.
- Explore additional datasets of interest to embed in HepNet™, either public or licensed.
- Keep our data foundation updated and our RNAi inventions protected.

Develop an in-house pipeline of novel candidates

- Advance selected existing programmes towards the clinic.
- Continue to learn about novel hepatocyte biology mechanisms for medicine generation.

Enter into collaborations that maximise value retention

- Continue to deliver on iTeos collaboration and realise further upside.
- Seek partnerships around pipeline candidates and/or HepNet™ and GalOmic™.

Create an efficient and high-performing company

- Build a dedicated project and portfolio management function.
- Continue to refine frameworks, structures and standard operating procedures for increased efficiency.
- Continued investment in attracting and retaining a talented team.

Approach

We summarise our approach as *Computing the Future of Medicine*™. This means embedding computation in every aspect of the R&D process to improve drug discovery and overcome the inherent challenges associated with discovering new drugs for patients quickly.

Pioneering computationally driven RNAi medicines

We use computation to rapidly identify promising targets. This approach helps us to:

- Generate *in silico* network models which help us understand and analyse connections between genes and proteins in a hepatocyte-centric biological ecosystem.
- Interrogate biological processes to generate hypotheses and test millions of potential interventions including the downstream effect of silencing a specific gene.
- Uncover novel biology and the right mechanisms/nodes to target as a therapeutic strategy in a given indication.
- Bioinformatically design novel GalNAc-siRNA drug candidates with higher predictive power.

Computational methods not only help us start with a better model of biology to understand complex systems, but also make the whole target identification process reproducible end-to-end so that the discovery of each novel drug is not a brand new scientific problem.

When this approach is integrated with the significant advantages associated with RNAi as a modality, the accelerative effect of using computation can be carried forward into the rapid prosecution of therapeutic ideas.

Clear benefits associated with hepatocyte-centric approach

Focusing on hepatocytes combines the advantages of being able to tackle a wide variety of therapeutic areas with the greater computational depth and accuracy that comes from a single-cell approach.

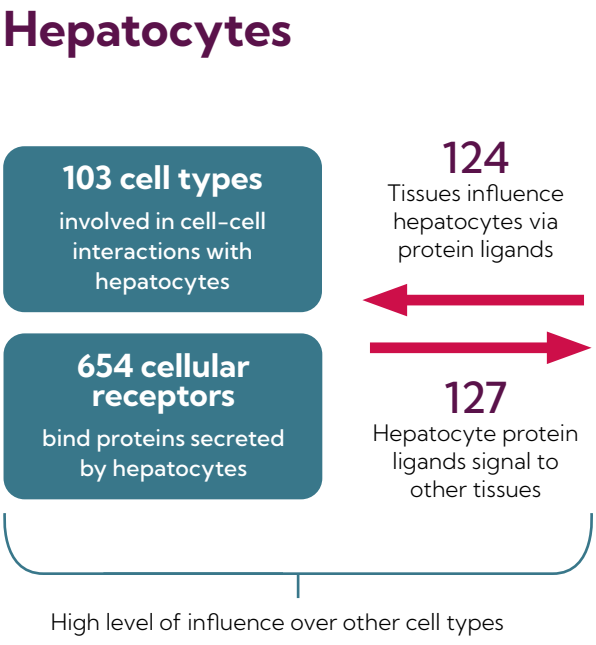
Key hepatocyte characteristics:

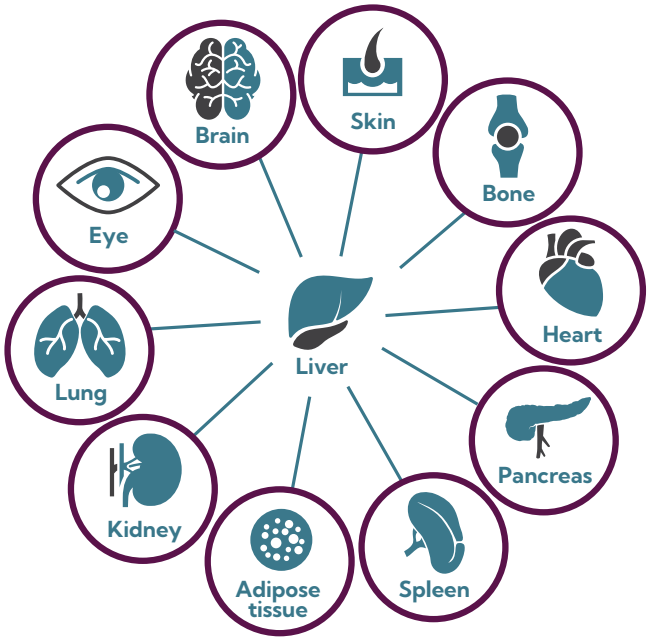
- The liver plays a critical role in human health and is associated with a broad range of diseases with high unmet medical need. Hepatocytes are highly influential both within and beyond the liver.
- Over 12,000 genes are expressed in hepatocytes and are amenable to our GalOmic™-siRNA platform, which can selectively deliver to hepatocytes.

Advantages of focussing on one cell type:

- Reduced complexity and increased depth of knowledge which improves the accuracy of our computational methods and analytical tools.
- Retained ability to model the cross-talk of hepatocytes with other cells in the body by capturing signals that leave the cells to influence other cell types/tissues and vice versa.
- Enhanced ability to invest in more specific data sources, establish wet lab assays and generate proprietary experimental datasets, which are then integrated into our comprehensive hepatocyte knowledge base .

Hepatocytes

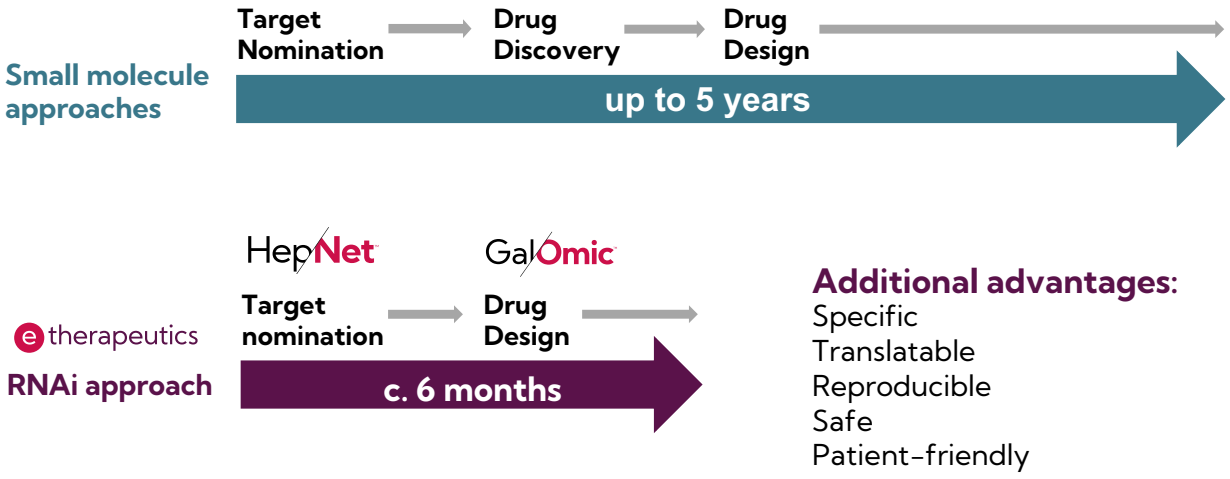




Using RNAi to deliver on our computational advantage

We want to have a tangible impact. It is not enough to just discover novel targets. We want to translate those discoveries into real world, highly specific, and effective medicines in record time.

The use of RNAi-based therapeutics as a breakthrough, clinically validated, and now commercial-stage therapeutic modality allows us to generate and progress drug candidates at a greatly accelerated pace and scale compared to more traditional modalities.



But it's not just about speed of execution. RNAi based medicines have some compelling characteristics:

Specific: Sparing other cell types in the body, helping to ensure that therapeutic levels of a drug are delivered to one cell type and target one gene

Translatable: The test agent used for target validation becomes the clinical candidate

Druggable: Can selectively silence any gene in hepatocytes

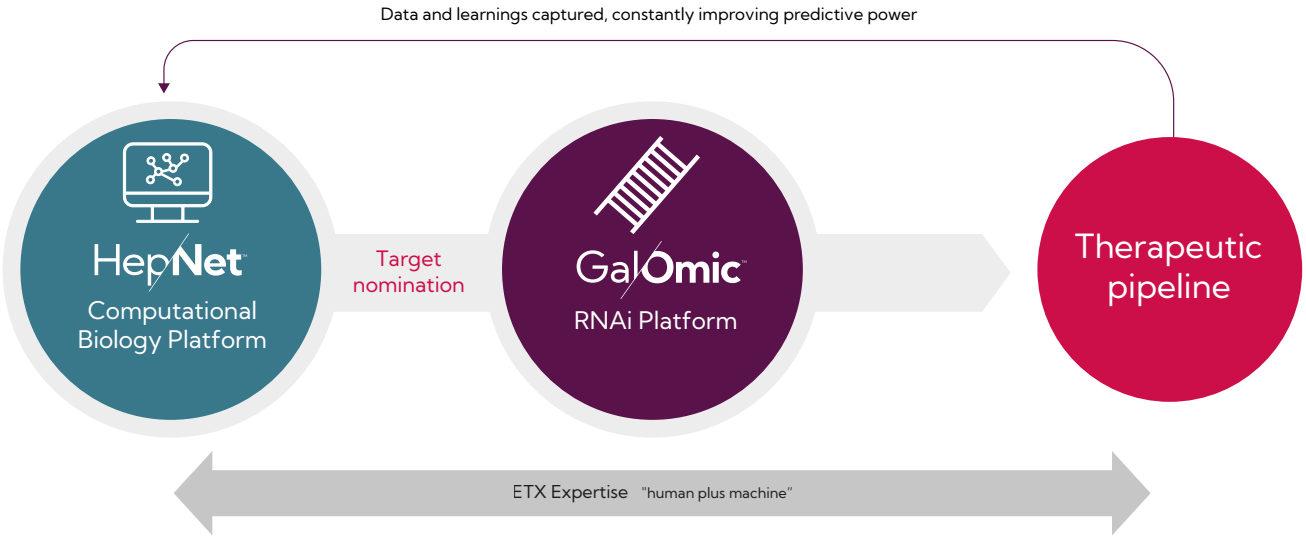
Reproducible: New drug candidates can be generated quickly by changing the existing genetic sequence to target a different gene and treat a different disease

Safe: Clinical studies have demonstrated siRNAs are safe and well tolerated

Patient friendly: Infrequent subcutaneous administration and long therapeutic effect (duration of action). Typically months before the next injection is needed.

A platform approach where biotech meets tech

To deliver our approach we have developed two proprietary platforms:



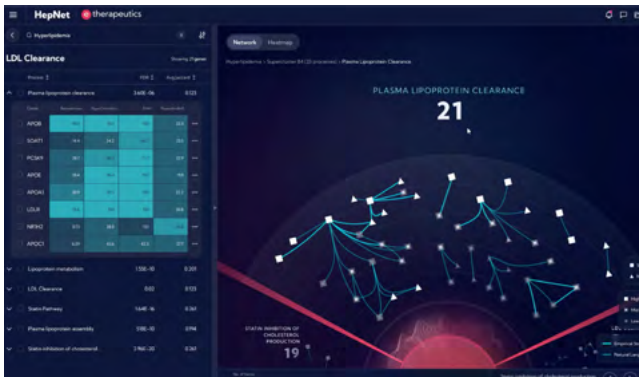
HepNet™ – Identifying novel gene targets

A proprietary computational biology platform that leverages an unparalleled hepatocyte-specific knowledge base, creates, and analyses biological network models, providing a novel and mechanistic approach to drug discovery.

The platform considers the true complexity of biology, utilising large complex data sets and our world class hepatocyte-centric knowledgebase to make more reliable predictions. HepNet™ then generates, prioritises, and tests millions of hypotheses *in silico* to identify better therapeutic targets with higher confidence. The most attractive targets are prosecuted using our GalOmic™ RNAi platform.

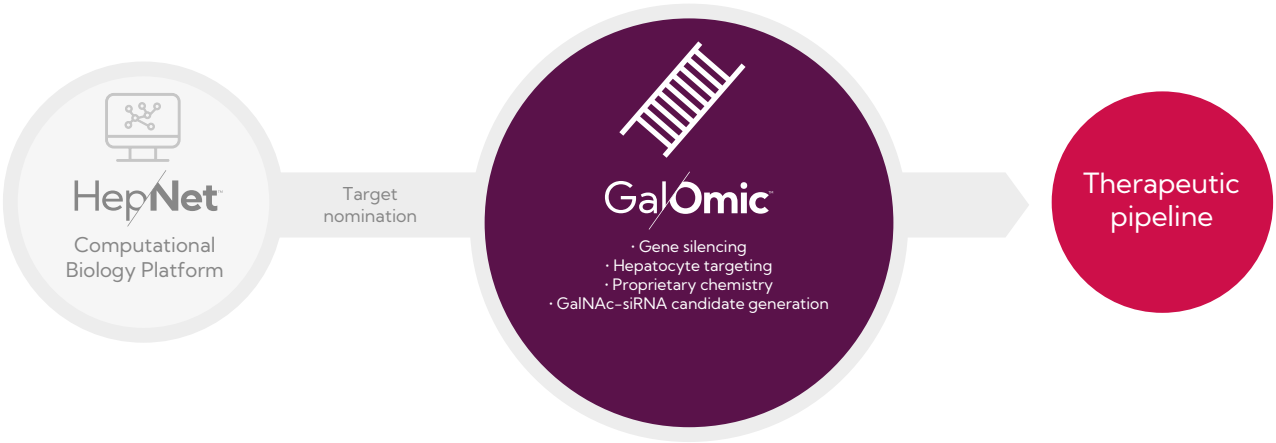
HepNet™– Discovering relevant biological processes and disease mechanisms

HepNet™ – Exploring potential therapeutic targets



GalOmic™ – Silencing novel gene targets

A proprietary platform that enables us to generate GalNAc–siRNA first-in-class drug candidates that target hepatocytes in the liver and selectively silence novel disease-associated genes identified by HepNet™



RNAi is a biological process that occurs naturally within our cells to help regulate gene expression. The mechanism by which RNAi mediates its biological function is specific targeting of messenger RNA (mRNA) molecules, which carry the instructions cells need to make proteins out of the genetic manual encoded in our DNA.

GalOmic™ enables us to generate proprietary potent and safe siRNA therapeutics by creating synthetic molecules to silence the expression of disease-associated genes in a highly specific manner. Additional levels of specificity can be achieved by coupling siRNA molecules to delivery systems for cell type-specific targeting.

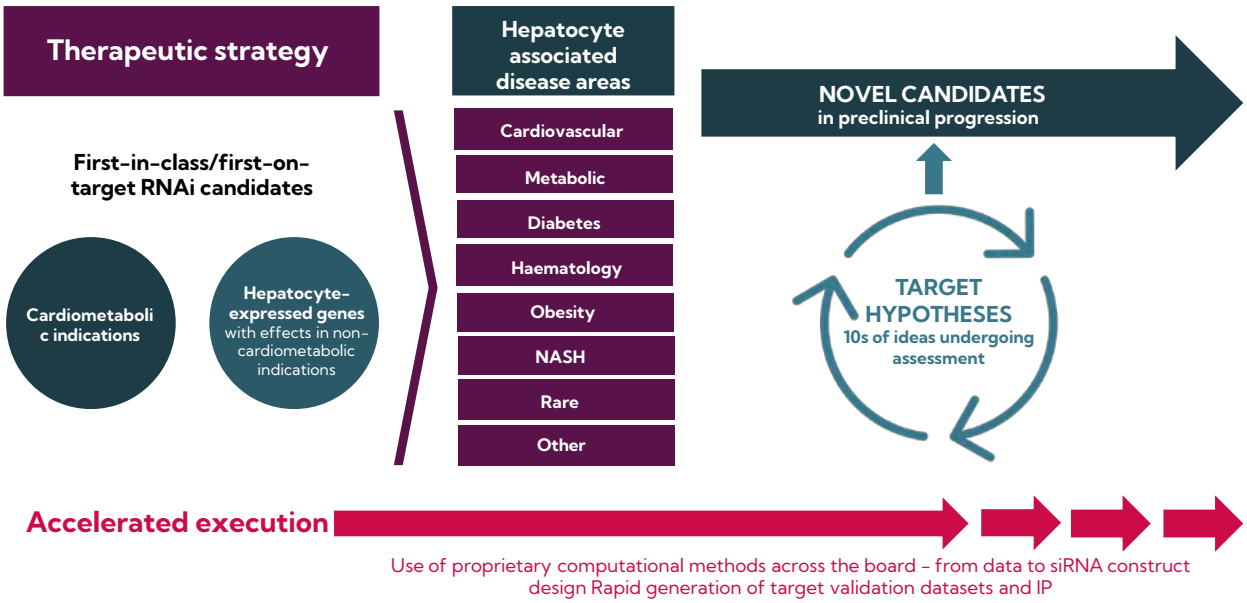
Our siRNA constructs are conjugated to GalNAc (N-Acetylgalactosamine) moieties, which mediate highly specific delivery to hepatocytes in the liver. As the liver is a highly active organ, hepatocyte targeting unlocks opportunities in a wide variety of therapeutic areas.

This hepatocyte specificity spares other cell types in the body and ensures that therapeutic levels of the drug reach the target cells.

Therapeutic pipeline: progressing preclinical RNAi candidates

In backing our own ideas, we have been able to quickly progress an in-house pipeline of first-in-class preclinical RNAi candidates across multiple therapeutic areas. As an indicator of the novelty of our approach and current portfolio, no competitors, RNAi or otherwise, are active on the targets we are prosecuting at the time of target nomination.

A key pipeline priority is targets within cardiometabolic indications, where we already have active programmes in cardiovascular disease (CVD) and non-alcoholic steatohepatitis (NASH), and we plan to continue to add projects across metabolic syndrome indications. Furthermore, we are pursuing promising hepatocyte-expressed targets in non-cardiometabolic areas, such as haematology.



Disease Area Focus

Cardiometabolic Disease

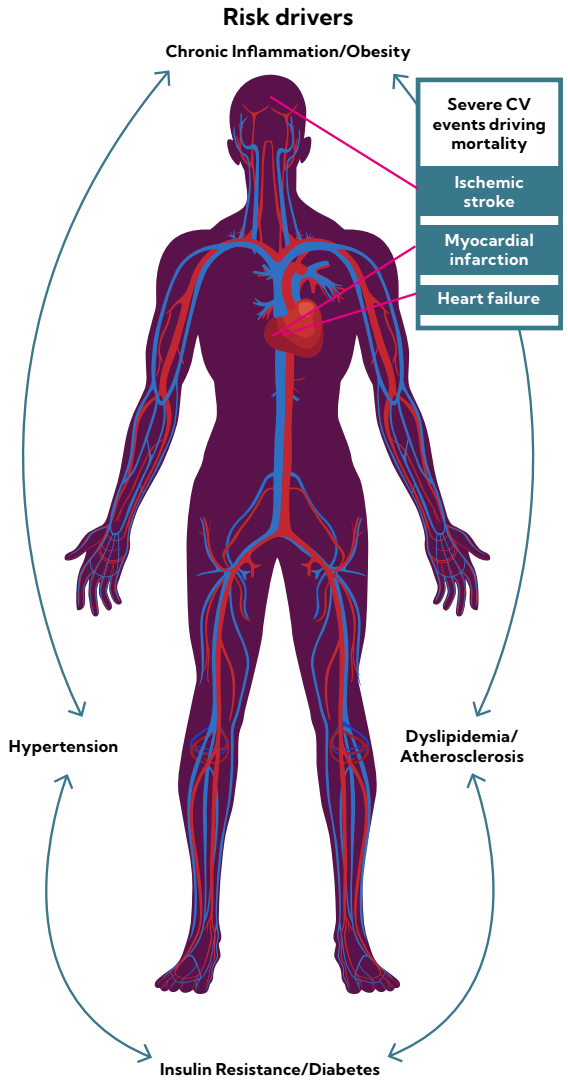
Cardiovascular and metabolic diseases (CVMD) represent the leading cause of global mortality. Despite the recognised unmet need in cardiometabolic disease, there is a relative lack of investment in the space by key biopharma players and investors (e.g. between 2016 and 2021, for every active clinical-stage program in CVD there were 18 oncology programmes). This represents a key opportunity in a very large addressable market, as well as for sector investment and partnering, given that there is a shortage of potentially effective therapies in development.

A key challenge in reducing cardiovascular events is the heterogeneity and complexity of the underlying aetiology, which is poorly understood. The overall risk of a severe cardiovascular event is driven by several risk factors including arteriosclerosis and what is referred to as 'metabolic syndrome', characterised by a combination of hypertension, obesity, and diabetes.

These diseases all share strong links to liver biology and therefore could be addressable with a liver-targeted approach such as our GalOmic™ platform.

A key barrier to innovation in the cardiometabolic field is the identification of novel targets and mechanisms of action that account for complex and variable disease aetiology. Our approach is uniquely positioned to transform the treatment landscape in the space. Hepatocytes, which we target using GalOmic™, are centrally involved in lipid and glucose homeostasis, and we leverage HepNet™ to identify novel targets.

We currently have preclinical candidates in development for the treatment of cardiovascular disease (CVD) and non-alcoholic steatohepatitis (NASH):



Cardiovascular Disease (CVD)

Disease Demographics

- Globally, an estimated 550 million people are living with heart and circulatory diseases
- Cardiovascular disease is a leading cause of death causing 20% of deaths in the US[4] and resulting in annual costs of $29bn in the US.

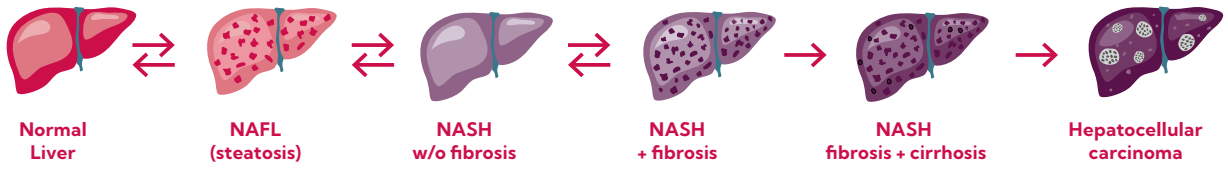
Patient Need

- Despite advances in lipid management, atherosclerosis remains a major cause of cardiovascular disease. There is a need for novel targets to tackle the independent risk factors driving atherosclerotic cardiovascular disease risk and progression.
- People living with metabolic syndrome continue to be at markedly increased risk of experiencing severe cardiovascular events and need new effective treatments for prevention.

Non-Alcoholic Fatty Liver Disease (NAFLD)/Non-alcoholic steatohepatitis (NASH)

Disease Demographics

- Non-alcoholic fatty liver disease (NAFLD) is an increasingly prevalent progressive condition with a complex pathophysiology, affecting up to 25% of the World's population.
- While early stages tend to be asymptomatic and are potentially reversible, it can develop into chronic hepatitis, cirrhosis and the development of hepatocellular carcinoma; resulting in directly attributable medical costs estimated in excess of $100bn in the US.



Patient Need

- Despite the tremendous unmet need, there are no US Food and Drug Administration (FDA) or European Medicines Agency (EMA) approved treatments and recent years have seen several clinical programs for a range of targets fail.

Haematology

The liver is the primary site of synthesis of most procoagulant and anticoagulant proteins, making it a central organ in non-malignant haematological disorders affecting haemostasis and thrombosis.

Disease Demographics

- Non-malignant haematological disorders affecting haemostasis and thrombosis cover a range of diseases including anaemias, haemorrhagic disorders, blood cell disorders and disorders involving blood-forming organs or the immune mechanism.
- Across indications, the economic cost related to these conditions is estimated at €11bn in Europe.

Patient Need

- Rare haematological diseases that are multigenic or have allele heterogeneity and/or phenotypic plasticity continue to be undertreated despite overall improvements in the standard of care.
- Using our network biology approach, we are ideally placed to identify novel targets that can better address complex disease biology, while the infrequent, patient-friendly profile of our RNAi therapeutics is well suited to patients' needs.
- We are currently investigating two therapeutic targets in preclinical development.

Other therapeutic areas

Reflecting the high levels of metabolic activity of our cell type of focus – hepatocytes – we are also investigating additional therapeutic areas enabled by targeting the liver with our GalOmic™ platform. These include other cardiometabolic indications, as well as non-cardiometabolic ones, selected to maximise our exposure in areas of high unmet medical needs.

Our diversified therapeutic portfolio spans across common and rare diseases, including indications with both hepatic and extra-hepatic manifestations.

Business Model

Traditional drug discovery approaches the discovery of each drug as a brand new scientific problem. With RNAi based drugs we can generate a more translatable, reproducible, and balanced portfolio where drug development largely becomes an execution problem.

This reproducibility is key to our business model and commercial strategy, as it builds a discovery engine where the same timelines and costs apply to the early stages of any pipeline programme. We aim to prosecute as many high conviction, computationally-derived gene targets in relevant disease areas as possible.

We believe this approach is commercially robust and fulfils a need in pharma for biotechnology innovation, whilst aiming to accelerate the journey to key validating datasets, ahead of generating human data in the clinic.

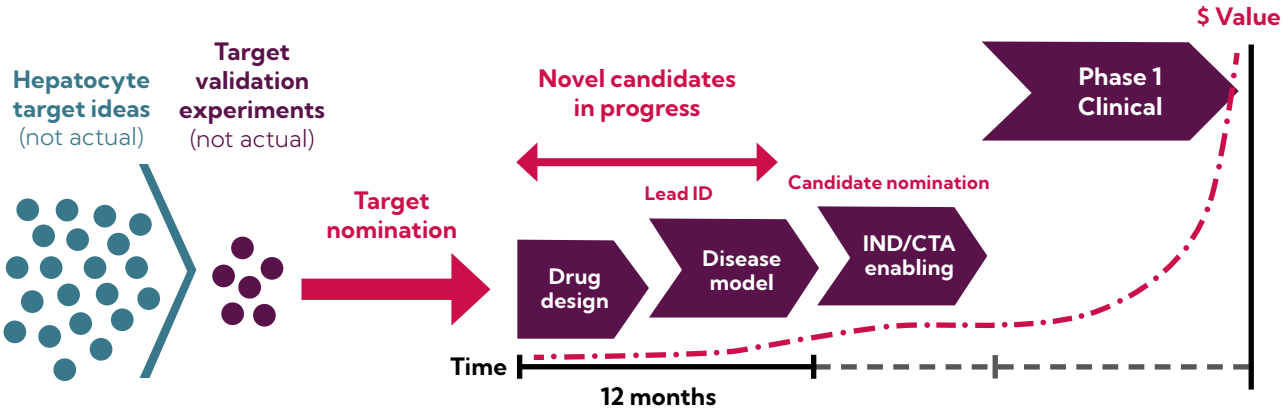
Using HelpNet™, we are able to generate a multitude of potential target hypotheses. Given the size of the Company and the need for focus on a few selected targets to make tangible progress, we are unable to prosecute all of these targets at once. However, having a large volume of novel ideas is advantageous to cater for pipeline attrition, diversify our commercial approach and attract partners.

Partnering revenue going forward is principally expected to be generated by collaborating with biopharmaceutical players with complementary capabilities to advance our active pipeline assets. We can leverage our HepNet™ platform to identify *de novo* targets and then design RNAi-based candidates (using GalOmic™) against them.

Opportunity to maximise value

Exploring opportunities to collaborate with biopharmaceutical partners is a key component of our business model and over time we expect to derive a mix of revenues from these partnerships by either licensing or co-developing the liver-targeting RNAi therapeutic candidates being generated in our pipeline.

The stage at which we enter these partnerships will vary but a balanced approach will be found between preclinical assets to partner and assets that the Company will progress to early clinical trials to reach a more significant value inflection point.



Section 172(1) statement

Openly engaging and maintaining strong relationships with stakeholders forms a critical part of our strategy. The Directors recognise that proactive dialogue, and the consideration of consequent feedback, contributes directly to our long-term success and creates value for our shareholders, employees, partners and suppliers.

S172 Statement

The Directors are aware of their duty under Section 172(1) of the Companies Act 2006, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's relationships with suppliers, customers, and others
- The impact of the Company's operations on the community and environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

The Company has adopted the Corporate Governance Code for Small and Mid-Sized Quoted Companies from the Quoted Companies Alliance (the QCA code). The QCA code is an appropriate code of conduct for the Company's size and stage of development. Details of how the Company applies the principles of the QCA Code are set out in the Corporate Governance section of this report.

learn more on page 33

Responsibility	Our Approach
The likely consequences of any decision in the long term	The Company's long-term strategic objectives, including progress made during the year and principal risks to these objectives, are shown in the Our Strategy and Risk Management sections of this Strategic Report.
The interests of the Company's employees	Our employees are fundamental to us achieving our long-term strategic objectives, as more fully disclosed in Principle 3 of the Corporate Governance Statement.
The need to foster the Company's business relationships with suppliers, customer and others	A consideration of our relationship with wider stakeholders and their impact on our long-term strategic objectives is also disclosed in Principle 3 of the Corporate Governance Statement.
The impact of the Company's operations on the community and the environment	The Company operates honestly and transparently. We consider the impact on the environment of our day-to-day operations and how we can minimise this. Further disclosure on how we promote a corporate culture based on ethical values and behaviours is included in Principle 8 of the Corporate Governance Statement and in the Risk Management section.
The desirability of the Company maintaining a reputation for high standards of business conduct	Our intention is to behave in a responsible manner, operating within high standards of business conduct and good corporate governance. Not only is this covered in our Corporate Governance Statement but is also epitomised in the Risk Management section.
The need to act fairly as between members of the Company	Our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so that they too may benefit from the successful delivery of our strategic objectives.

Engaging with our stakeholders

Employees

Why we engage

The Company relies on the qualities of its people for success. While the Company may be relatively small, it recognises the importance of a diverse and engaged workforce and the value of each persons' contribution.

How we engage

- Provision for the development of skills and knowledge.
- Promotion of principles and policies to ensure equality and diversity.
- Regular formal and informal contact at a corporate, divisional and team level to create understanding of the Company's strategy, progress, and achievements.
- Regular sharing of key news and information to ensure employees are informed and engaged.
- Anonymised surveys to gauge employee satisfaction and enable employee feedback.
- Regular discussions at a senior management and Board level on how to maintain a positive company culture.

Value and outcomes

- Amongst 38 employees there are 12 nationalities.
- Engagement initiatives in the areas of employee social events, learning & development, appraisal systems, transparent reporting, flexible working, and competitive reward structures.
- Clear understanding of our corporate values linked to 'objectives and key results' (OKR) approach.
- Strong evidence of mutual respect and honesty as key working practices.

CROs

Why we engage

The Company does not have in-house wet laboratories, so enables the selection of the best experimental expertise for each therapeutic programme and ensures the most efficient use of capital. The Company works with world leading external organisations who provide the experimental capacity and capabilities needed to advance our candidates.

How we engage

- Maintain a variety of trusted contract research organisation (CRO) relationships with no single provider being unduly favoured.
- Select the right partner depending on the specific needs and expertise required for each project.
- Agree clear project timelines and milestones in advance which are then monitored closely.
- Undertake communications to closely track project progress including daily correspondence, high frequency update meetings and regular site visits.

Value and outcomes

- Generating preclinical data critical to validate and progress the Company's RNAi candidates.
- Valuable CRO input, insight, and expertise to guide quick data-driven decisions.
- Experimental data to refine our computational tools and improve algorithmic predictive power.
- Reducing development costs while assessing promising therapeutic hypotheses at speed and scale.

Pharmaceutical partners

Why we engage

The Company's unique model helps to overcome critical challenges associated with drug discovery and development. Collaborations with industry partners offer the opportunity to work with disease area and clinical experts that can help turn potential therapeutic candidates into novel medicines for patients.

How we engage

- Pre-agree detailed workplans towards key deliverables, which are reflected by the financial structure of the agreement.
- Maintain close interactions with our partners throughout a project to ensure good information flow, informed decision making and intellectual exchange.
- Balance in-house and partnering of our pre-clinical RNAi assets to maximise value retention, while exploring platform-based collaborations leveraging access to HepNet™ and GalOmic™

Value and outcomes

- Successful conclusion of collaboration with Galapagos NV in idiopathic pulmonary fibrosis (IPF). All milestones were achieved demonstrating our ability to effectively identify potential therapeutic strategies and targets computationally.
- Positive progress in immune-oncology collaboration with iTeos Therapeutics Inc. with achievement of early-stage milestones.
- Such collaborations have provided valuable learnings and validation of the Company's approach in addition to the monetary value.
- Helping patients with high unmet need by bringing new RNAi therapies to the market at an increased scale.

Advisors

Why we engage

The Company works closely with advisors to provide additional insight and expertise. This is done from a corporate perspective to ensure critical business functions are enhanced and from an R&D perspective to gain independent input on our therapeutic areas of interest and programmes.

How we engage

- Maintain good relationships with highly regarded key opinion leaders (KOLs) to add industry, research, clinical and patient perspectives in key disease areas of interest.
- Regular consultation with the Scientific Advisory Board and participation at various events and meetings that benefit the Company.

Value and outcomes

- Prevents the Company from operating in a vacuum by providing external expert insight across all drug discovery and development stages as therapeutic areas.
- Detailed independent analysis and assessment of strategy and therapeutic pipeline.
- Broader market intelligence relating to current/ future disease landscapes and clinical trial considerations.

Data providers

Why we engage

Building a deep data resource is critical for the successful application of computational methods to interrogate biology and discover novel gene targets. Data from external providers is used in combination with the Company's proprietary data which is captured in a continual feedback loop to ensure our learnings are used to improve future prediction and discovery.

How we engage

- Ongoing long-term agreements with leading data providers in the areas of biological and chemical data.
- Fast and efficient processes that facilitate data ingestion and updates.
- Collaborative feedback mechanisms that enable suggestions for data improvement.
- Constant assessment that data sources meet strategic requirements and contribute to the development of HepNet™.

Value and outcomes

- The integration of complex datasets to create an unrivalled proprietary hepatocyte knowledge resource.
- The ability to effectively model and interrogate human biology and processes within the liver.
- Strong relationships with data providers that enable the continual expansion of data diversity to suit the Company's specialisation in RNAi and hepatocytes.

Shareholders

Why we engage

As an AIM quoted company listed on the London Stock Exchange the Company recognises the importance of consistent communications with shareholders to provide a clear understanding of its strategy and business performance.

How we engage

- Proactive dialogue with shareholders through timely and relevant news distribution across the Regulatory News Service (RNS) and multi-media channels.
- Conduct planned investor relations events to educate and inform.
- Provide the opportunity for meetings with the management team for existing investors, potential investors, and analysts.
- Feedback from institutional investors following twice-yearly roadshow meetings held following full-year and half-year results reporting.
- A regularly maintained investor relations section on the website providing key information on the Company, its shareholders and corporate governance updates under AIM Rule 26.
- Hosting of an Annual General Meeting (AGM) that allows institutional and private shareholders to engage with the Directors of the Company.

Value and outcomes

- Transparency of the Company, its strategy and business operations.
- A well-informed investor base that clearly understands the benefits and risks associated with the Company's investment case.
- Investors that can play an active role in monitoring and safeguarding the governance of the Company.
- Ensuring investors views are heard and embedded into Board decision making.

ESG strategy

As a company seeking to discover and develop new medicines, we are committed to having a positive impact on people's lives. Over the period we have placed an increasing importance on extending our responsibilities beyond the Company's mission and purpose to incorporate an active ESG strategy.

This is our first formal ESG statement which builds on existing activity by identifying a framework of priorities and ambitions that we will hold ourselves accountable to moving forward. We look forward to providing further information as this journey continues and demonstrating our progress against these commitments in future Annual Reports.

Societal Value

Our ambition

Have a positive impact on society at a global level by discovering and developing novel therapeutics in areas of high unmet need

Our approach

- Accelerate the rate at which new therapeutic treatments are discovered and developed for patients in need
- Maximise the efficiency and yield of capital invested in R&D by combining computational methods and a powerful therapeutic modality (RNAi) with distinct time, cost, and translatability advantages
- Engage with non-profit and patient organisations to advance research in the key disease areas we focus on

Ethical Standards

Our ambition

Operate with integrity through the maintenance of very high professional standards

Our approach

- Ensure robust governance that promotes high ethical standards and transparency
- Build trusted relationships with our stakeholders by being clear, honest and open in all our communications and transactions
- Responsibly harness technology as a force for good that drives greater efficiency and effectiveness in medicinal research

Environmental Responsibility

Our ambition

Reduce the environmental impact of our business operations and measure improvement

Our approach

- Minimise environmental impact of experimental work by doing as much as possible computationally and streamlining the stages of the R&D process that rely on *in vitro* and *in vivo* work
- Review and effectively manage our energy and carbon emissions
- Embed sustainability as a key consideration in partner and supplier agreements
- Use technology to embrace remote, flexible, and collaborative ways of working

Nurturing Talent

Our ambition

Continue to craft a diverse and positive culture establishing us as a 'go-to' employer in the biotech sector where people are able do their best work

Our approach

- Live by our Company values to deliver meaningful and impactful work
- Support our people by investing in initiatives that will increase wellbeing and personal development
- Create opportunities that enhance communication and engagement
- Provide a financial, benefits and feedback structure that recognises, celebrates, and rewards performance

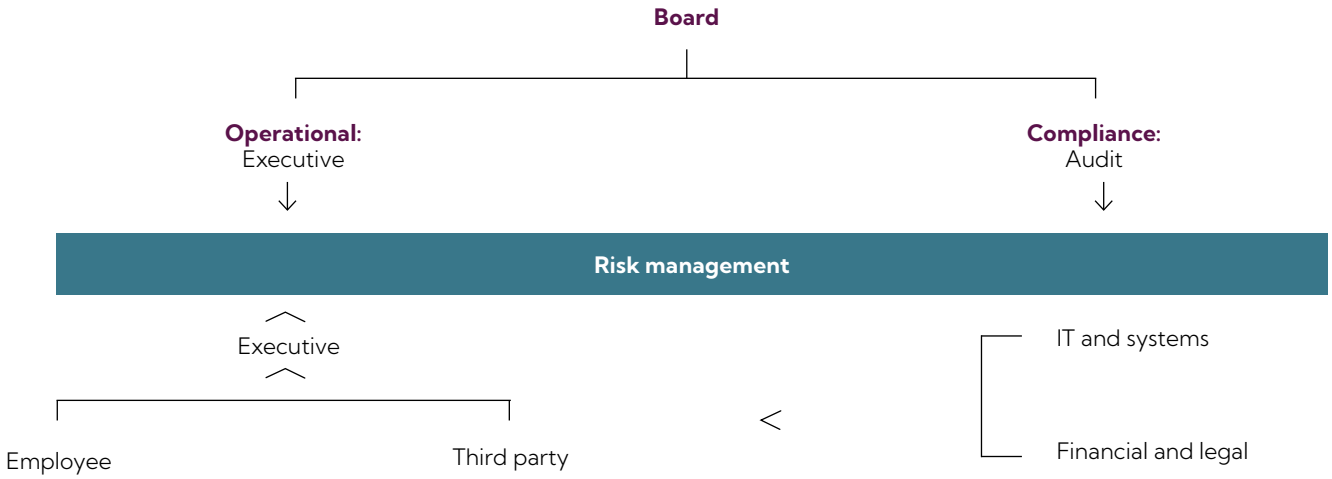
Principal risks and uncertainties

Set out in the table below are the principal risks and uncertainties that the Board considers could adversely impact the business together with an explanation of how they are managed and controlled. Some risks are common across the industry, while others reflect current business operations or specific elements of the Company's strategy.

The Company has initiated, and follows, a robust system of risk management and business continuity. The system can be summarised as:

- The Board, with support from the Audit Committee, identify procedures to minimise risk impact and ensure implementation of a 'Risk Management System' "RMS".
- The Executive Committee manages the internal control and day-to-day execution of the RMS which includes considerations on risk assessment, mitigation policies, Company asset safeguarding, information reliability and the health and safety of employees.
- The RMS is embedded through the entire business through a top-down and bottom-up approach (see *Diagram)*
- Risks are continually monitored, and specialists are engaged where appropriate to mitigate identified risks.
- Risk assessments and risk registers are used to drive business continuity planning and employee policies.

***Diagram* – Risk Management System – top down and bottom up approach**



Strategic Risks

Risk	Management and mitigation
Funding the business	
We anticipate generating non-dilutive funding via revenues from commercial agreements with pharmaceutical partners. If we are unable to do this reliance falls on raising further capital from investors or potential M&A opportunities. General market trends, which are unrelated to our performance may have an adverse effect on our market capitalisation. Against a negative economic climate raising capital is currently challenging. Eventual failure to generate additional funding will compromise the ability to achieve our strategic objectives and operate as a going concern.	• Gross proceeds of £13.5m raised in September 2022 provide sufficient capital to execute immediate strategic objectives • Strengthening of the business development function with a significant investment in establishing an expert market intelligence team to identify the best strategic and commercial opportunities for pipeline assets • Our technology approach and focus on RNAi as a modality enables us to make fast early pre-clinical progress for relatively modest cost against industry standards • Detailed financial planning and analysis is regularly undertaken. This ensures our existing financial position is constantly monitored and, if required, appropriate budgetary adjustments are made • Together with our nominated advisor, we are in continuous proactive dialogue with investors and the wider investor community to manage capital market risk
Feasibility of drug candidates	
There is a risk we may not successfully progress any viable drug candidates. Drug candidates fail due to a lack of efficacy or potency, unacceptable toxicology results or insurmountable challenges in medicinal chemistry. This is the main reason that the conventional pharmaceutical R&D model takes many years and billions of dollars from discovery to approved medicines.	• Focus on the continued enhancement of computational approaches designed to improve predictive power and identification of therapeutic targets with the greatest chance of success • Ensure asset risk is diversified across the in-house therapeutic pipeline • Positive advantages associated with GalNAc-siRNA medicines lead to a higher confidence that the novel gene targets we identify are 'druggable' • The probability of success associated with RNAi being highly specific and translatable from animals to humans is significantly higher than other drug modalities
Protecting our intellectual property (IP)	
If IP rights are not adequately secured or defended against infringement, or conversely become subject to infringement claims by others, commercial exploration could be compromised or completely inhibited.	• Overseen by our experienced Chief Intellectual Property Officer we actively manage IP, engaging with specialists to protect our inventions, periodically monitor freedom to operate and defend IP rights. The Company has recently filed patent applications protecting 17 inventions • The operation and maintenance of our technology platforms requires detailed know-how and specialist expertise which would be difficult and timing-consuming for competitors to replicate

Strategic Risks continued

Risk	Management and mitigation
Competition and new technologies	
The scientific and technological sectors are by their nature innovative and fast moving. There is a risk that competitors with greater financial resource develop new, more developed technologies that render our approaches less competitive. Any failure associated with these risks will have a material impact on our competitiveness and financial performance.	• We continue to invest in and progress scientific R&D and technologies to create new differentiated internal assets that will be valuable to our customers • Considerable innovation has been undertaken in the period developing the data resources, biology modelling and novel target identification capabilities of HepNet™ • The GalOmic™ platform has also been significantly developed to further improve siRNA construct design capabilities, speed of execution and our robust IP position.

Operational Risks

Risk	Management and mitigation
Availability of non-human primates (NHP) for research	
A post-pandemic shortage of NHP is affecting the biopharmaceutical sector at large. There is a risk that reduced availability of NHPs may slow down our experimental progress and our ability to validate hypotheses.	• We are anticipating our need for more NHP in good time and have mapped suppliers in different geographies, establishing relationships • We are planning to conservative timeline and cost estimates, assuming long lead times to secure slots with CROs that have access to NHP and an increased cost for any experiments requiring these animals
Reliance on key suppliers	
We work with various key suppliers to provide data for our platform technologies and perform experimental work in the wet laboratory. Retaining good relationships with these suppliers is important in order to execute key elements of our strategy. Failure to do so would delay our progress. There is a risk that suppliers will not deliver the expected quality of data or to the agreed timelines, which may result in inferior research output.	• We undertake effective supply chain management and diversify, where practicable, the use of specialist suppliers to reduce the risk of over reliance on any one organisation • The CROs we use to carry out experimental studies are carefully selected through a diligence process. All research data is systematically quality controlled, reviewed and reanalysed internally to ensure consistent quality and standards • We continuously assess alternative and complementary data providers while also generating our own proprietary data, which mitigates reliance on any one data provider
Information governance and security	
A cyber-attack, whether by a third party or insider, may incur significant costs, cause disruption to our technology infrastructure and compromise IP. Any breach in our cyber-security may incur severe reputational damage, loss of key stakeholder confidence and negative investor sentiment. As a consequence of increased remote working additional risks arise which increases the necessity to secure, monitor and protect our technology infrastructure and workforce.	As part of our risk management framework, we undertake best practice cyber-security and information management. We have been independently audited by an accredited body and been awarded Cyber Essentials Plus certification which requires us to maintain: • a business continuity management strategy and established information privacy and security policies; • regular employee training which is provided in-house and via third parties; • physical and software-based protection, such as firewalls, anti-malware, anti-phishing, encryption, and website risk analysis, which is reviewed as part of regular system vulnerability testing; • regular data backups or key systems and information which are tested regularly; • a register of our categorised data, recording access limitation and security measures, including a review of our data processors, cloud-based storage providers and organisational data flows; and • a log of all security incidents, which is reported to the Board There have been no significant incidents and no cyber breaches during the year.

Operational Risks continued

Risk	Management and mitigation
People and culture	
There is a risk that we fail attract, recruit, develop and retain the global talent needed to develop our technology, progress our candidates and deliver on our strategy. There is a risk that increased remote working can erode successful collective working and knowledge sharing which may impact collaborative innovation. The loss of key employees might weaken our capabilities and negatively impact our business.	• We are committed to an active people planning and development programme to ensure employees feel valued, can develop professionally, and are competitively rewarded. This includes industry benchmarking, effective performance management systems and regular employee feedback surveys • We work with specialist recruitment agencies to ensure we hire the skills we need through best-in-class talent acquisition approaches • Our Reward Gateway employee engagement platform supports the mental, physical and financial wellbeing of our people • Employees are provided with all the technologies and equipment they need to be safe and comfortable when working flexibly • We have built a strong culture of cross-team collaboration that operates regardless of in-person or virtual ways of working

This Strategic Report was approved by the Board of Directors on 4 May 2023 and is signed on its behalf by:

Ali Mortazavi
Chief Executive Officer
4 May 2023

Corporate governance statement

Chairman's introduction to governance

Statement by the Non-Executive Chairman

On behalf of the Board, I have the pleasure of presenting the Corporate Governance Statement for the year ended 31 January 2023. I am responsible for leading the Board to ensure that the Company has in place the strategy, people and structure to deliver value to shareholders and other stakeholders over the medium to long term, supported by a corporate culture based on sound ethical values and behaviour, as more fully explained in the Corporate Governance Statement on the following pages.

The Directors recognise the fundamental need for good corporate governance in providing an efficient, effective, and dynamic system to ensure that the Company is managed in the right way for the benefit of all shareholders over the medium to long term. As mentioned in my statement for the previous year, the Board of e-therapeutics has chosen to apply the QCA Corporate Governance Code (the "QCA Code") published by The Quoted Companies Alliance. The QCA Code is a pragmatic and practical tool, which adopts a principles-based approach to corporate governance, which the Directors believe is an appropriate framework for the relatively small company that e-therapeutics is, at an early revenue-generating stage of development.

In compliance with the QCA Code I hold the position of Non-Executive Chairman, Ali Mortazavi is the Chief Executive Officer and Michael Bretherton is a Non-Executive Director and Interim Chief Financial Officer. We continue to search for an additional Non-Executive Director to further strengthen the Board.

As individual Directors we are mindful of our statutory duty to act in the way each of us considers, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole, as set out in our S.172(1) Statement on page 24.

We regularly review how we govern the Company, working for the best long-term interests of our shareholders in an open, transparent, and ethical manner. Further, during the year, we have ensured that these principles have been communicated to all staff.

The principal methods of communicating our application of the QCA Code are this annual report and accounts and through our website, at www.etherapeutics.co.uk/investors/corporate-governance. The QCA Code sets out ten principles, in three broad categories.

In this Corporate Governance Statement I have set out the Company's application of the QCA Code, including, where appropriate, cross-references to other sections of the annual report and accounts. Further information on how we comply with the QCA principles can be found on our website above.

The SARS-CoV-2 pandemic has provided unique challenges in delivering a robust governance management framework. I am pleased to report that the working from home policy that we agreed with staff and that was instituted in 2020 has now successfully transitioned into a hybrid working phase and is working efficiently for the safety of our people and the compliance of the Company with corporate governance principles.

Prof Trevor M Jones CBE FMedSci
Independent Non-Executive Chairman
4 May 2023

Standing agenda and key topics considered by the Board in 2022/23

At each meeting comprehensive Board packs are provided in advance and the following standing items are discussed:

- strategy;
- management accounts and financial KPIs;
- progress reports on major R&D projects;
- recruitment and people update;
- business development update; and
- intellectual property update

Key topics considered by the Board in 2022/23

- Review, debate and challenge of the corporate strategy and plan
- Risk management and internal controls, including a robust assessment of the principal risks
- Budget to 31 January 2023
- Operating model and resource allocation
- Organisational structure review and adjustment
- Financial results announcements, presentations, reports and accounts and market updates (annual and half year)
- Investor engagement

Leading with experience

KEY TO COMMITTEE MEMBERSHIP

(R) Remuneration Committee (A) Audit Committee ● Chair of Committee

Prof Trevor M Jones CBE FMedSci

Independent Non-Executive Chairman

(R) (A)

Appointed to board
October 2015

Skill and experience
Trevor was appointed to the Board in October 2015 as a Non-Executive Director and appointed Independent Non-Executive Chairman in March 2021. Trevor has over 40 years' distinguished experience in the pharmaceutical and biotechnology industry as well as in academia. He is a member of the boards of Techimmune LLC and Ascension Healthcare plc and a Visiting Professor at King's College London; he holds honorary degrees and Gold Medals from eight universities. Previously, Trevor held significant roles in industry including Director of Allergan Inc. from 2005 to 2015 and R&D Director of The Wellcome Foundation from 1987 to 1994, where he was responsible for the development of AZT, Zovirax, Lamictal, Malarone and other medicines. Trevor has also held a number of advisory and regulatory roles including Director General of the Association of the British Pharmaceutical Industry (ABPI); board member of the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA); a member of the UK Government regulatory agency The Medicines Commission; a member of the UK Government Pharmaceutical Industry Ministerial Strategy Working Group on Pharmaceuticals; an advisor to the Cabinet Office on the Human Genome Project; a member of the Prime Minister's Task Force on the Competitiveness of the Pharmaceutical Industry (PICTF); and Chair of the Government Advisory Group on Genetics Research.

Ali Mortazavi

Chief Executive Officer

Appointed to board
February 2020

Skill and experience
Ali was appointed to the Board as Executive Chairman in February 2020 and Chief Executive Officer in October 2020, retaining his position as Chairman, and subsequently split these roles in March 2021 to continue as Chief Executive Officer. Ali has extensive experience in the biotechnology sector and financial markets. His most recent roles include Chief Executive Officer of Silence Therapeutics plc, from 2012 to 2018, as well as a founder shareholder of Evolution Group, a UK-based investment bank, from 2001 to 2008. Ali is an experienced investor in small companies and has held numerous declarable stakes in listed/private biotechnology and technology companies. Ali holds a BSc in Computer Science, an International Master of chess and a former professional chess player. During his chess career, Ali was actively involved in the development of chess databases and the analysis of chess positions using chess computer engines.

Michael Bretherton

Non-Executive Director and Interim Chief Financial Officer

(R) ● (A)

Appointed to board
February 2020

Skill and experience
Michael was appointed to the Board as a Non-Executive Director in February 2020 and subsequently took on the additional role as Interim Chief Financial Officer with effect from December 2021. Michael has many years of financial and commercial experience as a Director of numerous AIM quoted companies including DeepMatter Group plc, Tissue Regenix Group plc, Nanoco Group plc and Ceres Power Holdings plc. Michael has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse for seven years in London and Abu Dhabi. Michael is currently also Chief Executive Officer of Sarossa plc, Chairman of Adams plc and Hardy plc and a Non-Executive Director of Blake Holdings Limited and ORA Limited.

Dr Paul Burke

Chair of SAB

Commenced role
May 2020

Skill and experience
Paul is Principal of Burke Bioventures LLC, a biotechnology consultancy based in Cambridge, Massachusetts, focused on translating research breakthroughs – particularly those based on nanotechnology, targeting and RNA – into products. He provides strategic advice and scientific direction for biotechnology, pharmaceutical and drug delivery companies and interim R&D management of venture-backed start-ups.

Dr Burke was formerly the Founding Head of Pfizer's global Centre of Excellence for targeted drug delivery and imaging, and Chief Technology Officer of the Oligonucleotide Therapeutics Unit. Previously he was Executive Director, RNA Therapeutics at Merck & Co., where he led delivery R&D, charged with developing enabling technologies for maximising the value from the company's $1.1bn acquisition of Sirna Therapeutics. The effort encompassed five discovery and preclinical departments and multiple external partnerships. Paul joined Merck following a decade-long tenure at Amgen, where he held positions of increasing responsibility including his most recent as Executive Director, Pharmaceutics. He received his BSc in Chemistry with Distinction and Departmental Honours from Harvey Mudd College and his PhD in Biological Chemistry from MIT. He is an Affiliate Professor of Bioengineering at the University of Washington and, for the winter 2017 term, was the Distinguished Visiting Professor at City of Hope's Beckman Research Institute.

Prof John Mattick

Member of SAB

Commenced role
September 2020

Skill and experience
John is Professor of RNA Biology at UNSW Sydney, and one of the world's foremost experts in the field. He was previously the Chief Executive of Genomics England, Executive Director of the Garvan Institute of Medical Research in Sydney, Director of the Institute for Molecular Biology at the University of Queensland, and Director of the Australian Genome Research Facility. He has published over 300 scientific articles, which have been cited over 70,000 times. His work has received editorial coverage in Nature, Science, Scientific American and The New York Times, among others. His awards include the International Union of Biochemistry and Molecular Biology Medal, the Australian Government Centenary Medal, the University of Texas MD Anderson Cancer Center Bertner Award for Distinguished Contributions to Cancer Research, and the Human Genome Organisation Chen Medal for Distinguished Achievement in Human Genetics and Genomic Research.

Dr Bill Harte

Member of SAB

Commenced role
September 2020

Skill and experience
Bill is a pharmaceutical veteran and serial entrepreneur with more than 30 years in both research and executive positions. He currently serves as the Chief Translational Officer at the Case Western Reserve University School of Medicine, advising and translating preclinical programmes into patients. Previously, Bill had executive roles at Amgen, Bristol Myers Squibb, Visum Therapeutics and E3X Therapeutics. Dr Harte's broad experience spans computational chemistry, structural biology and modelling, medicinal chemistry, product development and portfolio prioritisation as well as CEO experience. Bill has also done extensive work with top-tier VC firms.

Executive Team

Ali Mortazavi

Chief Executive Officer

Commenced executive role
October 2020

Skill and experience
Ali was appointed to the Board as Executive Chairman in February 2020 and Chief Executive Officer in October 2020, retaining his position as Chairman, and subsequently split these roles in March 2021 to continue as Chief Executive Officer. Ali has extensive experience in the biotechnology sector and financial markets. His most recent roles include Chief Executive Officer of Silence Therapeutics plc, from 2012 to 2018, as well as a founder shareholder of Evolution Group, a UK-based investment bank, from 2001 to 2008. Ali is an experienced investor in small companies and has held numerous declarable stakes in listed/private biotechnology and technology companies.

Alan Whitmore

Chief Scientific Officer

Commenced executive role
December 2014

Skill and experience
Alan has been instrumental in defining and developing the conceptual framework on which e-therapeutics' computational platform is based. Alan moved from academia into biotech over ten years ago and he has worked in both drug delivery and drug discovery. Alan is a clinician scientist with over 30 years' experience in cell biology research and clinical medicine in a variety of roles including MRC Fellow, UCL Laboratory for Molecular Cell Biology; Visiting Fellow, The Jackson Laboratory, US; Lecturer and Medical Advisor, UCL Institute of Ophthalmology; and Hon Senior Lecturer, UCL School of Pharmacy, as well as senior clinical management positions. He gained a BSc in Biology and Computing, and a PhD in Neuroscience from the University of London, followed by postdoctoral work in Cambridge and medical studies at Oxford leading to the BMBCh in Clinical Medicine.

Laura Roca-Alonso

Chief Operating Officer

Commenced executive role
April 2020

Skill and experience
Laura oversees business and corporate development, alliance management, competitive intelligence, and strategic communications. She works to maximise the value of our platform technologies and the growth of the business. Laura teams up with the rest of the Executive Leadership Team to devise and drive the execution of the Company's corporate strategy. Laura has a background in genetic medicines and has previously held senior business development and strategy positions during transformational times at fast-paced biotech companies such as Gyroscope Therapeutics (acquired by Novartis) and Silence Therapeutics plc. Laura received her PhD from Imperial College London, MRes in Biomedicine from UCL and BSc (Hons) in Biotechnology from UAB.

Timothy Bretherton

Director of Finance and Operations

Commenced executive role
August 2022

Skill and experience
Timothy is a qualified chartered accountant with 12 years' experience in operational and finance roles. Includes line management to deliver all aspects of financial accounting, control, reporting and analysis, budgeting, and forecasting. Prior to joining the Company, Timothy was a Consulting Manager at PwC London for 4 years where he led numerous rationalisation projects to design and implement improved accounts and budgetary workflow automation processes and to provide value added services to client operational stakeholders. He has also spent 3 years in audit at Mazars London and 4 years with Zurich Insurance plc in a variety of roles. Timothy holds a BA (Hons) in Economics received from University of Leicester.

Alison Gallafent

Chief Intellectual Property Officer

Commenced executive role
June 2021

Skill and experience
Alison is a UK Chartered Patent Attorney and European Patent Attorney, with many years of intellectual property experience in the pharmaceutical and biotech industries. Alison has previously worked as in-house Patent Counsel for a range of pharmaceutical companies, such as Merck & Co., Glaxo Wellcome and PLIVA, and more recently as Head of IP at Silence Therapeutics plc. She has also held senior Patent Attorney roles in several leading international law firms, and has successfully represented many international pharmaceutical companies in high-profile and pivotal patent cases before the European Patent Office. In recent years, Alison has developed a wealth of knowledge of the siRNA patent landscape and how to strategically operate in this IP space.

Corporate governance statement

Deliver growth: Principles 1–4 of the QCA code	
1	**Establish a strategy and business model which promote long-term value for shareholders** We bring to the biotechnology and pharmaceutical industries the power to discover new and better drugs in a more efficient and effective way – our RNAi therapeutic programmes and network-driven approach are disruptive to the conventional pharmaceutical R&D model.
2	**Seek to understand and meet shareholder needs and expectations** The Board is keen to promote greater awareness of the Company and a detailed report on the Company's activities during the reporting period is contained within the Chief Executive Officer's Statement. More recent Company announcements may be found at www.etherapeutics.co.uk/investors/regulatory-announcements. Responsibility for day-to-day shareholder liaison lies with Ali Mortazavi as Chief Executive Officer and ultimately lies with the Board. The Company receives occasional feedback direct from investors. The Directors take all feedback very seriously and shareholders' views and concerns are carefully considered by the Board, with appropriate action being taken where necessary. None of the feedback received from investors has involved non-compliance with the QCA Code.
3	**Take into account wider stakeholder and social responsibilities and their implications for long-term success** In addition to our shareholders, we believe our main stakeholder groups are our employees, suppliers, and customers. Employees Our people give us the knowledge that feeds into our network biology expertise and our core technological capabilities and that knowledge flows through our business model to directly create value for our shareholders. Accordingly, the long-term success of the Company relies upon the knowledge and dedication of our people, as is reflected in our strategic objectives. The Board therefore understands the importance of employee engagement, not only by offering a beneficial remuneration package and professional development support, but in engaging employees with the strategy of the Company. We continue to develop and enhance our people strategy on an ongoing basis. Suppliers We engage in open discussions with key suppliers and expert advisors to review progress on internal discovery programmes, platform technology and corporate functions to ensure that we continue to remain aligned with our strategic objectives. Customers We approach all of our commercial collaborations with honesty and transparency. A successful working relationship is beneficial to all parties involved as successful projects can lead to further deals that would add value to both our shareholders and our customers, either through advancing an asset further through the drug discovery process or by applying our expertise and technologies, such as our RNAi therapeutic platform and our NDD or GAINs technologies, to a different area of biology or in a different way to the same area of biology. Health and safety We are committed to high standards of health and safety at work and understand that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all of our employees. Our health and safety procedures are independently audited on an annual basis. Sustainability We care about our planet and are committed to minimising our impact on the environment. Through the use of our in-silico discovery engine, we dramatically reduce the number of therapeutic hypotheses that are experimentally tested. This reduction in wet laboratory need translates into multiple resource savings, including the use of animals, energy, water and general overheads that typically contribute to a company's environmental footprint. In addition, our recent migration to cloud-based computing, including both our platform and entire back office, will help us further reduce our carbon footprint as our providers are targeting to be carbon neutral in the next two years.
4	**Embed effective risk management, considering both opportunities and threats, throughout the organisation** The Board has overall responsibility for the Company's internal control systems and for monitoring their effectiveness and is accountable for identifying procedures to minimise risk impact and implementing these at every level of the business in an ongoing process overseen by the Audit Committee.

Maintain a dynamic management framework: Principles 5–9 of the QCA code

5	**Maintain the Board as a well-functioning, balanced team led by the Chair** To enable the Board to discharge its duties, briefing papers are distributed to all Directors in advance of Board and Committee meetings. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. The Board is responsible to shareholders and sets the Company's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Company. The Directors are searching for an additional Non-Executive Director to strengthen the Board and ensure it is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders. **Board of Directors** The composition of the Board has remained unchanged during the last year and comprises Trevor Jones as Non-Executive Chairman, Ali Mortazavi as Chief Executive Officer and Michael Bretherton as Non-Executive Director. Michael also took on the role of Interim Chief Financial Officer. The Directors are also searching for an additional Non-Executive Director to strengthen the Board. A formalised Executive Committee was established in 2020, made up of senior management and Ali Mortazavi to manage the day-to-day operational delivery of the business model and corporate strategy. A Scientific Advisory Board was also created during that year. The biographies of the Board, Scientific Advisory Board and Executive Team, are on pages 34 to 37. All Directors also have access to the Company Secretary.
6	**Ensure that between them the Directors have the necessary up-to-date experience and skills** The current Directors' biographical details are set out on page 34 and provide an indication of the breadth of skills and experience of the Board. Full details of the Board's skills and experience can be found on page 42.
7	**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvements** The Chief Executive Officer of the Company is measured against a clearly defined set of personal objectives agreed by the Board and monitored by the Remuneration Committee. The Board keeps under review its composition and the balance of skills and experience of Non-Executive Directors.
8	**Promote a corporate culture that is based on ethical values and behaviours** We value individuality and self-awareness and at the heart of our organisation is a philosophy of honesty and authenticity. The Company adopts a policy of equal opportunities and diversity in the recruitment and engagement of staff, as well as during the course of their employment. We endeavour to promote the best use of our human resources on the basis of individual skills and experience, matched against those required for the work to be performed. We recognise the importance of investing in our employees, , and provide opportunities for training and personal development and encourage the involvement of employees in the planning and direction of their own work in line with our people strategy. We are committed to respecting the human rights of our employees, to providing them with favourable working conditions that are free from unnecessary risk and to maintaining fair and competitive terms and conditions of service at all times. These values are applied regardless of age, race, religion, gender, sexual orientation or disability. Whilst the Company will continue to make all appointments based on the best candidate for the role, it is acknowledged that diversity supports the strength and future success of the business, and the Company remains focused on achieving the right level of diversity whether related to ethnicity, gender, creed or culture. We understand that the inherent uncertainty around the long-term outlook of an R&D company can impact morale and we address this by being honest about the Company's prospects and emphasising that the contribution of each individual counts and is recognised. Regular meetings are held at which all employees have an opportunity to discuss any matters that they wish to raise in an open forum and receive updates on performance against our strategic aims. The Chief Executive Officer and all members of the Executive Committee are available and willing for all employees to discuss more sensitive or personal matters.

9	**Maintain governance structures and processes that are fit for purpose and support good decision making** As Non-Executive Chairman, Trevor Jones is responsible for leadership of the Board, ensuring its effectiveness in all aspects of its role, setting its agenda in consultation with the other Directors and ensuring that the Directors receive accurate, timely and clear information. He also facilitates effective communication with shareholders and facilitates the effective contribution of Non-Executive Directors. Ali Mortazavi, as Chief Executive Officer, is responsible for the operational management of the Company and the implementation of Board strategy and policy. There is a dedicated staff member who is responsible for the health and safety matters of the Company and who also acts as Data Protection Officer. The Board is responsible to shareholders for the effective stewardship of the Company's affairs and there is a formal schedule of matters reserved for decision by the Board in place which enables the Board to provide leadership and ensure effectiveness. A copy of this schedule is available on the Corporate Governance page of our website. **Board Committees** The Board has established Audit and Remuneration Committees. Given the size of the Board, a nomination committee has not been established. New appointments of Directors are considered by the Board as a whole. As noted in section 5 of this Corporate Governance Statement the Directors are also searching for an additional Non-Executive Director to strengthen the Board and the composition of the Audit and Remuneration Committees. **Audit and Remuneration Committees** The Committees' terms of reference can be found on the Corporate Governance page of our website. The Audit Committee Report and the Remuneration Committee Report for the year ended 31 January 2023 are set out on page 45 and page 46 respectively.

Build trust: Principle 10

Communicate how the Company is governed and performing	
10	The Board has established an Audit Committee and a Remuneration Committee. As mentioned above, the work of each of the Board Committees undertaken during the year ended 31 January 2022 is detailed in the Audit Committee Report and the Remuneration Committee Report on the pages noted in section 9 of this Corporate Governance Statement above. The results of the proxy votes received in relation to the 2022 Annual General Meeting are available at www.etherapeutics.co.uk/reports-results. No resolutions had a significant proportion (>20%) of votes cast against them at that meeting. The Board has a healthy dialogue with all of its stakeholders, and throughout the course of the financial year the Board communicates with shareholders to seek their views, concerns and expectations.

Governance structure

As Non-Executive Chairman, Trevor Jones is responsible for organising the business of the Board, ensuring its effectiveness, and setting its agenda in consultation with the other Directors. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

Below is a summary of the various Boards that are currently in place along with their key duties and responsibilities

Executive Team

- The Executive Team assists the Board in implementing strategy and policies and managing the operational and financial performance of the Company.
- Led by Ali Mortazavi as Chief Executive Officer.

Members: See pages 36-37

Audit Committee

- The Audit Committee is responsible for all aspects of the financial reporting of the Company and ensuring the internal controls are adequate to sufficiently mitigate risk.
- Led by Michael Bretherton as Chair of the Audit Committee.
- Further details can be found within the Audit Committee Report on page 45.

Members: See page 34

Board

- The Board is responsible for establishing a strategy and business model which promote long-term value for shareholders in alignment with the Company's vision, mission, and values.
- Oversees the adoption and delivery of the corporate governance model.
- Led by Trevor Jones as Non-Executive Chairman.

Members: See page 34

Remuneration Committee

- The Remuneration Committee is responsible for ensuring the levels of remuneration are sufficient to attract and retain the Executive Directors and senior management needed in order to support the Company's strategy and promote long-term sustainable success.
- Led by Trevor Jones as Chair of the Remuneration Committee.
- Further details can be found within the Remuneration Committee Report on page 46.

Members: See page 34

Scientific Advisory Board

- The SAB provides strategic advice and insight to help the Company continue to grow and meet its future commercial goals.
- The members of the SAB have a significant amount of industry experience including, but not limited to, genetics, computational approaches to drug discovery and deep drug development expertise, across small molecules and RNAi.
- Led by Dr Paul Burke as Chair of the SAB.

Members: See page 35

Board and Committee skills and experience

The Board and Committees have a broad range of skills, including in-depth experience in the biotechnology and pharmaceutical sector, and an appropriate balance of financial and public market skills and experience to enable the Board to deliver the Company's strategy for the benefit of shareholders over the medium to long term. The balance of skills and experience of the Board and Committees during the year under review and up to the date of this report is summarised below:

	Biotech pharma sector	Financial	Strategic leadership	Corporate governance	Employee engagement and remuneration	Other public company (Board level)
Executive Director						
Ali Mortazavi	✓	✓	✓	✓	✓	✓
Non-Executive Directors						
Trevor Jones	✓		✓	✓	✓	✓
Michael Bretherton	✓	✓	✓	✓	✓	✓
Executive Committee						
Alan Whitmore	✓		✓			
Laura Roca-Alonso	✓		✓		✓	
Timothy Bretherton		✓	✓	✓	✓	
Alison Gallafent	✓		✓			

Each Director takes responsibility for maintaining their own skill set, which includes roles and experience with other boards and organisations, as well as attending formal training and seminars. The experience and knowledge of each of the Directors gives them the ability to constructively challenge the Company's strategy and to scrutinise performance. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties.

Throughout their period in office, the Directors are regularly updated on the Company's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Company and the industry it operates in as a whole by written briefings and meetings with senior management and, where appropriate, external advisors. Directors are also advised on appointment of their legal and other duties and obligations as a Director of an AIM-listed company, both in writing and in meetings with the Company Secretary and NOMAD. They are reminded of these duties, and they are also updated on changes to the legal and governance requirements of the Company and on themselves as Directors.

The Company Secretary provides information and advice on corporate governance and individual support to Directors on any aspect of their role. The Company Secretary is also responsible for ensuring that Board procedures are followed, that the Company complies with company law and AIM Rules and that the Board receives the information it needs to fulfil its duties effectively.

e-therapeutics is a strong supporter of diversity in the boardroom and remains of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

Independence of Directors

The Board has considered and determined that, since the date of his respective appointment, Trevor Jones is independent in character and judgement and he:

- has not been an employee of the Company within the last five years;
- has not, or has not had within the last three years, a material business relationship with the Company;
- has no close family ties with any of the Company's advisors, Directors or senior employees;
- does not hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies; and
- does not represent a significant shareholder.

Michael Bretherton is not considered independent because of his potential dealing with one of the Company's major shareholders, Richard Griffiths. Richard Griffiths owns 29.26% of the ordinary share capital of e-therapeutics through a number of his controlled companies including Blake Holdings Limited, where Michael is also a Non-Executive Director. Michael is deemed independent in all other matters.

The QCA Code recommends that a board has at least two independent non-executive directors.

Michael Bretherton, who was appointed as a Non- Executive Director of the Company in February 2020, also took on the role of Interim Chief Financial Officer with effect from December 2021.

The Non-Executive Directors constructively challenge and help develop proposals on strategy and bring strong judgement, knowledge, and experience to the Board's deliberations. The Non-Executive Directors are of sufficient experience and competence that their views carry significant weight in the Board's decision making.

Trevor Jones receives 50% of his remuneration by the issue of fully paid shares and the Board does not deem this to impugn his independence as a Non-Executive Director but considers rather that this arrangement aligns the interests of shareholders and the Non- Executive Directors in an appropriate manner. Trevor is, therefore, considered to be independent.

The Company Secretary maintains a register of outside interests and any potential conflicts of interest are reported to the Board. The Non-Executive Directors have regular opportunities to meet without the Chief Executive Officer being present (including time after Board and Committee meetings).

Time commitments

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential Director candidate (whether an Executive Director or Non-Executive Director) is required to disclose all significant outside commitments prior to their appointment. The Board is satisfied that the Non- Executive Director and Non-Executive Chairman can, and do, devote sufficient time to the Company's business.

Attendance at Board and Committee meetings

During the financial year, the Board met seven times by video conference in person and by telephone. In addition, authority was delegated on an ad hoc basis to subcommittees to deal with statutory matters, such as the final approval of the announcements of the full year results and interim statement. Attendance at those subcommittee meetings is not reported below. The number of meetings attended by each Director who held office during the year was as follows:

	Board	Audit Committee	Remuneration Committee	Scientific Advisory Board	Executive Committee
Executive Director					
Ali Mortazavi	7/7		2/2	–	10/10
Non-Executive Directors					
Trevor Jones	7/7	2/2	2/2		
Michael Bretherton[a]	7/7	2/2	2/2		
SAB					
Paul Burke				–	
John Mattick				–	
Bill Harte				–	
Executive Committee					
Alan Whitmore				–	10/10
Laura Roca-Alonso				–	9/10
Timothy Bretherton[b]					5/5
Alison Gallafent					9/10
Jonny Wray[c]					5/5
Stephanie Maley[d]					4/5

[a] Michael Bretherton has also taken on the role of CFO with effect from 31 December 2021.
[b] Timothy Bretherton joined the Executive Committee on 30th August 2022
[c] Jonny Wray ceased to be a member of the Executive Committee on 12th August 2022
[d] Stephanie Maley ceased to be a member of the Executive Committee on 31st August 2022

Attendance is expressed as the number of meetings attended/number eligible to attend. Directors' attendance by invitation at meetings of Committees of which they are not a member is not reflected in the above table.

Board performance

The Board is mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that board evaluation is a useful tool for enhancing a board's effectiveness.

Any performance-related remuneration is determined by the Remuneration Committee.

In conducting the formal annual evaluation, the Board undertakes an assessment of its own performance, balance of skills, experience, independence, diversity (including gender diversity) and other factors relevant to its effectiveness (and also of that of its committees) and the performance of its individual Directors.

Audit Committee report

Statement by the Chair of the Audit Committee

On behalf of the Board, I am pleased to present our Audit Committee Report for the year ended 31 January 2023.

The Audit Committee is responsible for all aspects of the financial reporting of the business and has considered not only the integrity of financial reporting, but also how the challenges faced by the Company may flow through into internal control and the procedures implemented to sufficiently mitigate risk.

The Company's risk management, including review of principal risks and mitigations, is a permanent focus of the Audit Committee, although particular focus would be made in the context of any issues raised by the independent Auditor, a member of the Board or any employee under the whistleblowing policy.

The Audit Committee is also responsible for monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, including a review of the Company's accounting policies and areas of significant judgement and uncertainty.

The Audit Committee manages the relationship between the Company and its external Auditor.

The independence of the Auditor is kept under review and is considered at least annually with the aid of a memorandum presented to the Audit Committee by the Auditor.

The Audit Committee reviews the fee proposals presented by the Auditor and the scope of work is monitored carefully to ensure that independence is not compromised. Audit fees for the Company for the year amounted to £60,000 (2022: £58,000) and non-audit fees amounted to £nil (2022: £nil).

During 2022, the Audit Committee considered it appropriate to propose a retendering of the audit contract and which resulted in the appointment of Crowe U.K. LLP as external Auditor to the Company in replacement of Grant Thornton UK LLP. The Audit Committee is satisfied with the independence, objectivity and effectiveness of the current external Auditor and does not consider it necessary at this stage to propose a further retendering of the audit contract. A resolution for the reappointment of Crowe U.K. LLP as the statutory Auditor will therefore be proposed at this year's Annual General Meeting.

No other formal recommendations have been made to the Board by the Audit Committee and no external reports have been commissioned on financial control processes during the year ended 31 January 2023.

The Audit Committee is chaired by me, Michael Bretherton. The other member is Trevor Jones.

Whilst Trevor is considered independent, I am not because I also act as a Non-Executive Director on the board of Blake Holdings Limited, a company controlled by, and through which shares in e-therapeutics are held by, Richard Griffiths, a significant shareholder of the Company. In addition, I also took on the role of Interim Chief Financial Officer with effect from December 2021.

Given that there are currently only two Non-Executive Directors on the Board, and given my relevant financial skills and experience, Trevor and I believe that it is the right course of action for me to chair this Committee and that my potential conflicts of interest do not impair my ability to do so. However, in the meantime, we will continue to search for an additional independent Non-Executive Director to strengthen the Board and the Audit Committee.

At the invitation of the Committee, representatives of the external Auditor usually attend Committee meetings.

Two meetings of the Audit Committee were held during the year ended 31 January 2023 and one further meeting after the year end. In addition to formal reviews of reports from the external Auditor, the Audit Committee discussed matters relating to financial policy, controls and reporting, as follows:

Date	Matters discussed
April 2022	Review of external audit for the year ended 31 January 2022 Internal controls and risk management
December 2022	Review of external audit planning report including audit risk areas for the year ended 31 January 2023
April 2023	Review of external audit for the year ended 31 January 2023 Internal controls and risk management

The Audit Committee acts independently to ensure the interests of shareholders are protected in relation to financial reporting, internal controls, and risk management.

Michael Bretherton

Chair of the Audit Committee
4 May 2023

Remuneration Committee report

Statement by the Chair of the Remuneration Committee

As Chair of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 January 2023.

This report does not constitute a full directors' remuneration report in accordance with the Companies Act 2006. As a company whose shares are admitted to trading on AIM, the Company is not required by the Companies Act 2006 to prepare such a report. We do, however, aim to achieve transparency in our decision-making process and have regard to the principles of the QCA Code which we consider to be appropriate for an AIM-listed company of our size. This report provides details of remuneration for all Directors and gives a general statement of policy on Directors' remuneration as it is currently applied. It also provides a summary of the long-term share incentive scheme currently in place.

The Directors' Remuneration Policy and Statement of Remuneration which follow this Annual Statement set out the Remuneration Committee's approach to future remuneration and provide details of remuneration for the year ended 31 January 2023. This report is intended to provide shareholders with sufficient information to judge the impact of the decisions taken by the Remuneration Committee and to assess whether remuneration packages for Directors are fair in the context of business performance.

The parts of the Statement of Remuneration that are subject to audit are highlighted within that statement.

The Remuneration Committee is mindful of shareholder views and interests, and we believe that our Directors' Remuneration Policy continues to be aligned with the achievement of the Company's business objectives. As always, the Annual General Meeting provides an opportunity for face-to-face discussions on important matters for the Company and its shareholders and I will be available to answer any questions you may have.

The Remuneration Committee aims to attract, retain, and motivate the executive management of the Company.

Prof Trevor M Jones CBE FMedSci

Chair of the Remuneration Committee
4 May 2023

Key responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for reviewing and recommending the framework and policy for remuneration of the Executive Director. The Remuneration Committee is responsible for recommending any changes in the structure of remuneration packages for the Executive Director. It also plays an important role when an Executive Director joins and leaves the Company. It recommends to the Board the terms of employment for any appointment of an Executive Director and any subsequent changes which may be needed.

It also reviews any payments which might arise on termination of an Executive Director's contract.

The Remuneration Committee recognises the importance of our reward and performance strategy in recruiting and retaining high-quality individuals who can lead, develop and sustain business growth over the longer term, bearing in mind that, being an R&D business only starting out on its revenue-generating activities, the long-term prospects are higher risk than non-R&D companies and that the Directors need to be awarded accordingly.

Membership and meetings of the Remuneration Committee

The Remuneration Committee is chaired by me, Trevor Jones, the Independent Non-Executive Chairman. The other member is Michael Bretherton, who is a Non-Executive Director of the Company. Michael also acts as a Non-Executive Director on the board of Blake Holdings Limited, a company controlled by, and through which shares in e-therapeutics are held by, Richard Griffiths, a significant shareholder of the Company. Michael is, therefore, not deemed to be independent but, due to the small size of the Board, he is required to sit on the Remuneration Committee. We do not believe his potential conflicts of interest impact his ability to be a balanced and impartial member of the Committee. We will continue to search for an additional independent Non-Executive Director to strengthen the Board and the Remuneration Committee.

The Company Secretary acts as secretary to the Remuneration Committee.

Other Directors may attend by invitation of the Remuneration Committee. It is a fundamental principle that no individual should be able to participate in discussions about their own remuneration. The Remuneration Committee operates within terms of reference adopted by the Committee and updated and approved by the Board in March 2022.

The Remuneration Committee met two times during the year ended 31 January 2023 and one further meeting after the year end. The main matters of business were:

- the establishment of corporate goals and performance targets for individual Executive Team members;
- the approval of performance targets for Chief Executive Officer (CEO) and;
- a review of CEO performance achievement against targets and;
- a review and approval of CEO and executive team member salary and bonus awards.

The Remuneration Committee did not undertake formal benchmarking of Directors' remuneration in the year ended 31 January 2023, although it did compare current remuneration with published surveys, and does not have retention agreements with any external remuneration consultants. Advice is taken from external advisors as needed in relation to specific questions and projects.

The policy of the Remuneration Committee is to ensure that the Executive Director is fairly rewarded for his individual contribution to the Company's overall performance and to provide a competitive remuneration package to the Executive Directors (including long-term option award incentive plans under the Company's Long-Term Incentive Plan 2020 (LTIP) and, pre- November 2020, under the Share Plan 2013 (PSP) to attract, retain and motivate individuals of the experience and competence required to ensure that the Company is managed successfully in the interests of shareholders.

In addition, the Remuneration Committee's policy is to reward performance in a way which seeks to align the interests of management with those of shareholders.

Remuneration Policy

Policy on executive remuneration

Purpose and link to strategy	Operation	Maximum potential value
Basic salary		
Attract and retain Executive Directors with sufficient experience and competence to deliver strategy.	Paid in 12 equal monthly instalments during the year	Reviewed annually and as required to reflect the role, responsibility and performance of the individual and the Company and informally to take into account rates of pay for comparable roles in similar companies. There is no prescribed minimum or maximum increase. Current annual rates are set out on page 53.
Benefits		
Provide benefits consistent with the role.	Currently these consist of health insurance and membership of a Group life assurance scheme.	The Remuneration Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practices or the operational needs of the Company.
Discretionary bonus		
Incentivise achievement of business objectives by providing a reward for performance against annual targets.	Paid in cash after the end of the financial year to which it relates.	Targets are based on the appropriate progression of specific projects, together with the performance of the business as a whole. Payment of any bonus is subject to the overarching direction of the Remuneration Committee.
Long-term incentives		
Alignment of interests with shareholders delivered in the form of shares.	Grant of awards under the PSP (pre-November 2020) and LTIP (November 2020 onwards). Participants are entitled to acquire award shares after a vesting period and subject to payment of an exercise price.	There is no individual limit. For performance metrics attached to outstanding rewards see page 52 and Note 9 to the financial statements.
Pension		
Attract and retain Executive Directors for the long term by providing funding for retirement.	The Executive Directors are entitled to participate in money purchase arrangements.	The Company makes payments of 10% of basic salary into any pension scheme or similar arrangement as the participating Executive Director may reasonably request. Such payments are not counted for the purpose of determining bonuses or awards under the PSP/LTIP.

Long-term incentives

Long-term incentive option awards are used to ensure that the focus of Directors remains on the long-term added value to the shareholders. No long-term incentive option awards were made to Directors in the current or previous year. The Remuneration Committee will consider granting further options at the appropriate time upon careful consideration of the Company's performance and long-term goals.

Remuneration policy for all employees

All employees of the Company are entitled to base salary, benefits and bonus. The opportunity to earn a bonus is made available to all of the Company's employees. The maximum opportunity available is based on the seniority and responsibility of the role.

All the Company's employees are eligible to be considered for long-term incentive option awards under the Long-Term Incentive Plan 2020.

Statement of consideration of employment conditions of employees

The Remuneration Committee receives reports on an annual basis on the level of pay rises awarded across the Company and takes these into account when determining total remuneration for Executive Directors.

In addition, the Remuneration Committee receives regular reports on the structure of remuneration for senior management in the tier below the Executive Director and uses this information to ensure a consistency of approach for the most senior managers in the Company. The Remuneration Committee also approves the award of any long-term option award incentives for the most senior managers in the Company.

The Remuneration Committee does not specifically invite colleagues to comment on the Directors' Remuneration Policy, but it does take note of any comments made by colleagues.

Statement of consideration of shareholder views

As Chair of the Remuneration Committee, I may consult with major shareholders from time to time, or when any significant remuneration changes are proposed, to understand their expectations with regard to Executive Directors' remuneration, and report back to the Remuneration Committee. The Remuneration Committee previously consulted with certain major shareholders in relation to the introduction of the long-term incentive option awards plan. Any other concerns raised by individual shareholders are also considered. The Remuneration Committee also takes into account emerging best practice.

Approach to recruitment remuneration

The Remuneration Committee's approach to recruitment is to offer a market competitive remuneration package sufficient to attract candidates who are appropriate to the role but without paying any more than is necessary.

Any new Executive Director's regular remuneration package would include the same elements and be in line with the policy table set out earlier in this Directors' Remuneration Policy, including the same limits on performance-related remuneration.

Non-Executive Directors' fee policy

The policy for the remuneration of the Non-Executive Directors is as set out below. Non-Executive Directors cannot participate in the PSP or LTIP. Non-Executive Directors are not eligible for Company pension contributions.

Purpose and link to strategy

Attract Non-Executive Directors with a broad range of experience and skills to oversee the implementation of the Company's strategy.

Operation

Non-Executive Director fees are determined by the Board within the limits set out in the articles of association and are paid in 12 equal monthly instalments during the year (subject to part-payment of fees in fully paid shares by agreement between the Company and the Director). Notice periods are three months by the Company or Non-Executive Director.

Maximum potential value

There is no prescribed minimum or maximum range increase. Current annual salary fee rates are set out on page 53.

Executive Directors' service contracts, notice periods and termination payments

Provision	Policy
Notice periods in Executive Director's service contracts	Six months by the Company or Executive Director. The Executive Director may be required to work during the notice period.
Compensation for loss of office	Depending on the notice period, no more than 12 months' basic salary and benefits (including Company pension contributions and other non-cash benefits).
Treatment of annual bonus on termination	Bonuses which have already been declared and paid before the giving of notice may be retained by the Executive Director.
Treatment of unvested PSP or LTIP awards	Awards lapse on the termination of employment, although the Board has an absolute discretion (which may be exercised within the 30-day period following the termination of employment) to permit part of the awards to be exercised during the 90-day period thereafter.
Exercise of discretion	Intended only to be relied upon to provide flexibility in exceptional or inequitable circumstances. The Remuneration Committee's determination will take into account the particular circumstances of the Executive Director's departure and the recent performance of the Company.
All Directors	All Directors are subject to re-election every three years. No compensation is payable if they are required to stand down.

In the event of the negotiation of a compromise or settlement agreement between the Company and a departing Director, the Remuneration Committee may make such payments it considers reasonable in settlement of potential legal claims. Such payments may also include reasonable reimbursement of professional fees in connection with such agreements. The Remuneration Committee may also include the reimbursement of repatriation costs or fees for professional or outplacement advice in the termination package, if it considers it reasonable to do so. It may also allow the continuation of benefits for a limited period.

Michael Bretherton was appointed as a Non-Executive Director in February 2020 and subsequently also took on the role of Interim Chief Financial Officer with effect from December 2021. Whilst his salary fee rate was increased to £120,000 per annum during his period as Interim Chief Financial Officer, his contract letter of appointment remained unchanged with a notice period of three months and no payment of Company pension contributions, all in line with the Non-Executive Directors' fee policy. Michael's current annual salary fee rate is set out on page 53.

Directors' service contracts and letters of appointment

Copies of the current Directors' service contracts and letters of appointment (listed below) are available for inspection at the Company's registered office.

Director	Date of service contract/letter of appointment
Ali Mortazavi	10 February 2020 and subsequently 11 October 2020
Trevor Jones	28 October 2015 and subsequently 23 February 2021
Michael Bretherton	10 February 2020

Directors' insurance and indemnity

Directors' and officers' liability insurance is provided at the cost of the Company for all Directors and officers. The articles of association provide for the Company to indemnify Directors against losses and liabilities properly incurred in the execution of their duties.

Statement of Remuneration

Remuneration arrangements for the Executive Director are set by the Remuneration Committee. Remuneration is designed to align the Executive Director's remuneration with shareholders' interests. As well as fixed compensation, the Executive Director and other employees can receive cash bonuses based on achievement of individual and corporate objectives.

The Remuneration Committee decides the bonuses to be awarded.

The remuneration of the Directors for the years ended 31 January 2023 and 31 January 2022 is shown below:

	2023				
	Base salary £'000	Bonus £'000	Contributions to money purchase schemes £'000	Benefits in kind £'000	Total remuneration £'000
Executive Director					
Ali Mortazavi	208	–	21	41	270
Non-Executive Directors					
Trevor Jones	55	–	–	–	55
Michael Bretherton[b]	120	–	–	–	120
	283	**–**	**21**	**41**	**445**

	2022				
	Base salary £'000	Bonus £'000	Contributions to money purchase schemes £'000	Benefits in kind £'000	Total remuneration £'000
Executive Director					
Ali Mortazavi[a]	200	94	20	34	348
Non-Executive Directors					
Trevor Jones	54	–	–	–	54
Michael Bretherton[b]	53	–	–	–	53
	307	**94**	**20**	**34**	**455**

[a] Ali Mortazavi was awarded a £62,500 bonus entitlement by the Remuneration Committee in respect of the year ended 31 January 2023 but he has waived this entitlement and therefore no bonus is payable to him.

[b] Michael Bretherton was appointed as a Non-Executive Director on 10 February 2020 and subsequently also took on the role of Interim CFO with effect from December 2021. Michael's salary was increased during that period in accordance with his expanded role. His current annual salary fee rate is set out on page 53.

Upon his initial appointment in February 2020, Ali Mortazavi was awarded 9,672,836 share options under the Share Plan 2013 (PSP) with an exercise price of 0.1p and a vesting period of two years.

The options had a performance condition attached whereby options will only vest if the share price stays above 6.0p for 30 consecutive days. More information can be found in Note 9 to the financial statements.

Options granted to, and held by, Directors who served during the year are summarised below:

	Years ended 31 January 2023 and 2022				
	Options held at beginning of the year No.	Options granted during the year No.	Options exercised during the year No	Options forfeited during the year No	Options held at end of the year No.
Ali Mortazavi	9,672,836	–	–	–	9,672,836
	9,672,836	**–**	**–**	**–**	**9,672,836**

The options granted to, and held by, Directors who served during the year, represent the following awards:

	Years ended 31 January 2023 and 2022				
	At end of year	At beginning of year	Exercise price (p)	Date from which exercisable	Expiry date
Ali Mortazavi	9,672,836	9,672,836	0.1	11 February 2022	11 February 2030

The mid-market price of the Company's shares at 31 January 2023 (the last trading day of the period) was 16.10p and the range during the year was 33.50p to 15.47p.

Directors' shareholdings

The Directors of the Company who served during the year, and their interests in the issued ordinary shares of the Company, were as follows:

	Ordinary shares of 0.1p each at 31 January 2023
Ali Mortazavi	50,941,666
Trevor Jones	1,167,741
Michael Bretherton	500,000

During the period between 31 January 2023 and 28 April 2023, the Company received no notifications under the Market Abuse Regulation. Details of the most recently notified transactions in the ordinary shares of the Company by the Directors are available on the Company's website at www.etherapeutics.co.uk/investors/regulatory-announcements.

Implementation of Remuneration Policy for the year ended 31 January 2024

The annual salaries and fees payable under the Directors' service contracts and letters of appointment as at 4 May 2023 are set out in the table below, together with any increase versus those reported in the previous year's Directors' Remuneration Report expressed as a percentage:

	Annual base salary/fees		
	At 4 May 2023 £'000	At 4 May 2022 £'000	Increase/ (decrease)
Ali Mortazavi	223	208	7%
Trevor Jones	55	55	Nil%
Michael Bretherton	120	120	Nil%

The increased fees for Ali Mortazavi reflect an inflationary increase of 7% as of 1 March 2023.

The basis for determining annual bonus payments for the year to 31 January 2023 is set out in the Remuneration Policy pages of this report. The performance targets are considered commercially sensitive because of the information that they would provide to the Company's competitors but are aligned with the Company's strategic objectives set out in the Strategic Report.

The Remuneration Committee may make further awards under the LTIP during the year ending 31 January 2024. Any awards will be made subject to appropriate exercise prices and vesting periods.

Conclusion

This report is intended to provide shareholders with sufficient information to judge the impact of the decisions taken by the Remuneration Committee and to assess whether remuneration packages for Directors are fair in the context of business performance.

The Remuneration Committee is mindful of shareholder views, and we believe that our Directors' Remuneration Policy is aligned with the achievement of the Company's business objectives and the interests of shareholders.

The Directors' Remuneration Report, including the Remuneration Policy and Statement of Remuneration, were approved by the Remuneration Committee and by the Board on 4 May 2023.

Prof Trevor M Jones CBE FMedSci

Chair of the Remuneration Committee
4 May 2023

Directors' report

The Directors present their Annual Report together with the financial statements and Auditor's Report for the year ended 31 January 2023. The Corporate Governance Statement on pages 33 to 44 also forms part of this Directors' Report.

General information

e-therapeutics plc (the "Company") is a public limited company incorporated in the United Kingdom, registered number 04304473, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

Review of business

All operational activities were undertaken through the Company in both the year ended 31 January 2023 and the prior year. The Company previously also had two non-operating subsidiaries as detailed in Note 16 to the financial statements, but applications for dissolution and strike off of these were made in the final quarter of 2022 and the entities were subsequently removed from the UK Companies House register. As a result, the Company no longer has any subsidiaries and all reported assets and liabilities at 31 January 2023 are, therefore, those of the Company and all of the financial information provided in the Annual Report is for the Company only.

The Company continues to invest in drug discovery research activities. The Strategic Report provides a review of the business, including the Company's trading for the year ended 31 January 2023, an indication of likely future developments, key performance indicators and risks.

Results and dividend

The Company has reported its financial statements in accordance with UK adopted international accounting standards. The results for the period and financial position of the Company are set out in the Financial Statements and reviewed in the Financial Review section of the Strategic Report. The Directors do not recommend the payment of a dividend (2022: £nil).

Directors' interests

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration Committee Report on page 52.

Directors' remuneration

Details of the Directors' remuneration appear in the Remuneration Committee Report on page 51.

Directors' and officers' liability insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors, indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Political donations

The Company made no political donations during the current or prior year.

Financial instruments – risk management

The Company's financial risk management policy is set out in Note 21 to the financial statements.

The Directors of the Company who served during the year ended 31 January 2023 and up to the date of this report were:

Directors

Director	Capacity
Ali Mortazavi	Chief Executive Officer
Trevor Jones	Non-Executive Chairman
Michael Bretherton	Non-Executive Director*

* Michael Bretherton took on the additional job of Interim Chief Financial Officer with effect from 31 December 2021.

Major shareholdings

As at 28 April 2023 (being the latest practicable date prior to the publication of this report) the Company had been notified of the following shareholders with 3% or more of the issued share capital of the Company:

	Ordinary shares of 0.1p each Number	% of ordinary shares of 0.1p each held at 28 April 2023
Richard Griffiths and controlled undertakings	170,510,905	29.26
M&G	101,875,000	17.48
Robert Quested	52,000,000	8.92
Ali Mortazavi	50,941,666	8.74
Trillian Ltd	29,769,326	5.11
David Richardson	26,812,312	4.60

Research and development

During the year ended 31 January 2023 the Company's expenditure on R&D was £7,224,000 (2022: £6,109,000).

Statement of engagement with suppliers, customers and others in a business relationship with the Company

The Directors are mindful of their statutory duty to act in the way they each consider, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole, as set out in our S.172(1) Statement.

A consideration of the Company's relationship with wider stakeholders, including suppliers and customers, is disclosed in Principle 3 of the Corporate Governance Statement.

Articles of association and capital structure

The Company's share capital, traded on AIM, comprises a single class of ordinary shares of 0.1p each in nominal value, each carrying one vote and all ranking equally. The rights and obligations attaching to the Company's ordinary shares are set out in the Company's articles of association, copies of which can be obtained from Companies House in the UK, downloaded from the Company's website at www.etherapeutics.co.uk/investors/Aim Rule 26 or by writing to the Company Secretary at 4 Kingdom Street, Paddington, London W2 6BD.

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in Note 22 to the financial statements. There are no restrictions on the transfer or voting of securities in the Company, and there are no agreements known to the Company which might result in such restrictions.

There are no shareholdings carrying special rights with regard to the control of the Company.

As at 31 January 2023, the Company's issued share capital was £582,159 divided into 582,159,332 ordinary shares of 0.1p each in nominal value.

Re-election of Directors

The appointment of the Chief Executive Officer is terminable by either the Company or the Chief Executive Officer on six months' notice. The appointments of both of the other Directors are terminable by either the Company or the individual Director on three months' notice. Each appointment is contingent on satisfactory performance and on re-election criteria.

In accordance with the Company's articles of association, each Director must be subject to re-election at least every three years. All newly appointed Directors are also subject to election by the shareholders at the first Annual General Meeting following their appointment. Accordingly, Ali Mortazavi, who has been a Director since 10 February 2020 and was last re-elected by shareholders in March 2020, will again offer himself for re-election at the forthcoming Annual General Meeting of the Company on 18 July 2023.

Disclosure of information to Auditor

Each Director who held office at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware and the Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of Crowe U.K. LLP as Auditor of the Company is to be proposed at the forthcoming Annual General Meeting. Crowe U.K. LLP was first appointed as Auditor of the Company by the Board in January 2023 following a tender process.

Subsequent events

There were no material subsequent events requiring disclosure in the financial statements.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Company's registered office at 4 Kingdom Street, Paddington, London W2 6BD at 12:30 on 18 July 2023. The notice convening the meeting is set out on pages 80 and 81 together with a summary of the business to be transacted. A copy of the notice is also available on the Company's website at www.etherapeutics.co.uk/ investors/reports-results.

Going concern

Although the Company has recognised revenue from commercial deals during the current and prior year, it is still largely reliant on its cash balance to fund ongoing operations.

At 31 January 2023, we reported cash and liquid resources of £31,689,000. The Board has prepared a detailed budget covering the forthcoming financial year, together with financial projections for the year thereafter. These support the view that the Company has sufficient cash to meet its operational requirements for at least 12 months from the signing of these financial statements.

By order of the Board

Ali Mortazavi
Chief Executive Officer
4 May 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, IAS 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.etherapeutics.co.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibilities statement

We confirm that, to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Ali Mortazavi
Chief Executive Officer
4 May 2023

Independent auditor's report

to the members of e-therapeutics plc

Opinion

We have audited the financial statements of e-therapeutics plc (the "Company") for the year ended 31 January 2023, which comprise:

- the income statement for the year ended 31 January 2023;
- the statement of comprehensive income for the year ended 31 January 2023;
- the statement of changes in equity for the year ended 31 January 2023;
- the statement of financial position as at 31 January 2023;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 January 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- an assessment of the appropriateness of the approach, assumptions and arithmetic accuracy of the approved budget used by management when performing their going concern assessment for a period of at least twelve months from the date of the approval of the financial statements;
- our challenge of the underlying data and key assumptions used to make the assessment and the results of management's stress testing, to assess the reasonableness of economic assumptions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Company financial statements as a whole to be £460,000 based on a percentage of loss before tax.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at 70% of materiality for the financial statements as a whole, which equates to £322,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £23,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The company's operations are based in the UK at one central location. The audit team performed a full scope audit of the financial statements of the company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Occurrence and accuracy of research and development ("R&D") tax credit (income statement) and existence and accuracy of R&D tax receivable (statement of financial position) We identified the occurrence and accuracy of the R&D tax credit (income statement) and the existence and accuracy of the R&D tax receivable (statement of financial position) as one of the most significant assessed risks of material misstatement due to error	In responding to the key audit matter, we performed the following audit procedures: • obtained an understanding of the relevant controls that management have implemented over the process for evaluating the occurrence and accuracy of the R&D tax credit and the existence and accuracy of the R&D tax receivable; • obtained management's R&D tax credit calculation and checked the mathematical accuracy of the calculations; • assessed the consistency of the calculation with that of the prior year and compared the prior year's receivables to the amounts actually paid by HMRC; • engaged our tax specialist to perform an assessment of R&D claim calculations including the reasonableness of the claim. This included reviewing the current year expenses for inclusion in the R&D claim, based on taxation legislation.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 56, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation (including in relation to claims for R&D tax credits).
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report..

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
4 May 2023

Income statement

For the year ended 31 January 2023

	Notes	2023 £'000	2022 £'000
Revenue	5	**475**	477
Cost of sales		**–**	–
Gross profit		**475**	477
Research and development expenditure		**(7,224)**	(6,109)
Administrative expenses		**(3,490)**	(3,935)
Operating loss		**(10,239)**	(9,567)
Interest and investment income	10	**490**	61
Interest expense	11	**(23)**	(10)
Loss before tax		**(9,772)**	(9,516)
Taxation	12	**1,498**	1,449
Loss for the year attributable to equity holders of the Company		**(8,274)**	(8,067)
Loss per share: basic and diluted	13	**(1.54)p**	(1.65)p

Statement of comprehensive income

For the year ended 31 January 2023

	2023 £'000	2022 £'000
Loss for the financial year	**(8,274)**	(8,067)
Other comprehensive income	**–**	–
Total comprehensive loss for the year attributable to equity holders of the Company	**(8,274)**	(8,067)

Statement of changes in equity

For the year ended 31 January 2023

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 February 2021	421	77,668	(64,455)	13,634
Total comprehensive income for the year				
Loss for the financial year	–	–	(8,067)	(8,067)
Total comprehensive loss for the year	–	–	(8,067)	(8,067)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	94	21,575	–	21,669
Equity-settled share-based payment transactions	–	–	490	490
Total contributions by and distribution to owners	94	21,575	490	22,159
As at 31 January 2022	515	99,243	(72,032)	27,726
Total comprehensive income for the year				
Loss for the financial year	**–**	**–**	**(8,274)**	**(8,274)**
Total comprehensive loss for the year	**–**	**–**	**(8,274)**	**(8,274)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	**67**	**13,370**	**–**	**13,437**
Equity-settled share-based payment transactions	**–**	**–**	**155**	**155**
Total contributions by and distribution to owners	**67**	**13,370**	**155**	**13,592**
As at 31 January 2023	**582**	**112,613**	**(80,151)**	**33,044**

Statement of financial position

As at 31 January 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	14	**239**	102
Property, plant and equipment	15	**400**	805
Investments	16	**–**	–
		639	907
Current assets			
Tax receivable	12	**1,500**	1,474
Trade and other receivables	17	**259**	236
Prepayments		**553**	501
Cash and cash equivalents	18	**31,689**	11,346
Short term investments	18	**–**	15,051
		34,001	28,608
Total assets		**34,640**	29,515
Current liabilities			
Trade and other payables	19	**1,301**	1,103
Lease liability	20	**295**	391
		1,596	1,494
Non-current liabilities			
Lease liability	20	**–**	295
		1,596	1,789
Total liabilities		**33,044**	27,726
Net assets			
Equity			
Share capital	22	**582**	515
Share premium		**112,613**	99,243
Retained earnings deficit		**(80,151)**	(72,032)
Total equity attributable to equity holders of the Company		**33,044**	27,726

These financial statements were approved and authorised for issue by the Board of Directors on 4 May 2023 and were signed on its behalf by:

Michael Bretherton
Chief Financial Officer

Registered number: 04304473

Statement of cash flow

For the year ended 31 January 2023

	Notes	2023 £'000	2022 £'000
Loss for the year		**(8,274)**	(8,067)
Adjustments for:			
Depreciation, amortisation and impairment	14,15	**468**	218
Loss on disposal of fixed assets	15	**10**	–
Equity–settled share–based payment expense	9	**155**	490
Interest income	10	**(490)**	(61)
Interest expense	11	**23**	10
Taxation	12	**(1,522)**	(1,484)
Operating cash flows before movements in working capital		**(9,630)**	(8,894)
Increase in trade and other receivables		**(75)**	(384)
Increase in trade and other payables		**198**	700
R&D tax received		**1,496**	779
Net cash used in operating activities		**(8,011)**	(7,799)
Interest received	10	**490**	61
Interest expense	11	**(23)**	(10)
Acquisition of intangible assets	14	**(142)**	(55)
Acquisition of property, plant and equipment	15	**(68)**	(908)
Increase in short term investments	18	**15,051**	(9,029)
Net cash generated/(used) from investing activities		**15,308**	(9,941)
Proceeds from issue of share capital		**13,437**	21,669
Proceeds from lease liability	20	**–**	793
Repayment of lease liability	20	**(391)**	(130)
Net cash from financing activities		**13,046**	22,332
Net increase in cash and cash equivalents		**20,343**	4,592
Cash and cash equivalents at 1 February		**11,346**	6,754
Cash and cash equivalents at 31 January		**31,689**	11,346

The acquisition of property, plant and equipment in the year to 31 January 2022 includes a non–cash amount of £0.79 million capitalised in respect of a right of use property for which a corresponding non–cash amount has been recognised in proceeds from lease liability.

Notes to the financial statements

1. General information

e-therapeutics plc is a company incorporated and domiciled in the UK. The nature of the operations and principal activities of the Company are set out in the Strategic Report on pages 1 to 32 and the Directors' Report on pages 54 and 55. The registered address of the Company is 4 Kingdom Street, Paddington, London W2 6BD.

These financial statements are presented in the currency of the economic environment in which the company operates, being Sterling. Financial information presented has been rounded to the nearest thousand pounds.

All operational activities were undertaken through the Company in both the year ended 31 January 2023 and the prior year. The Company previously also had two non-operating subsidiaries as detailed in Note 16 to the financial statements, but applications for dissolution and strike off of these were made in the final quarter of 2022 and the entities were subsequently removed from the UK Companies House register. As a result, the Company no longer has any subsidiaries and all reported assets and liabilities at 31 January 2023 are, therefore, those of the Company and all of the financial information provided in the Financial Statements is for the Company only.

2. Standards and interpretations applied for the first time

No new standards, amendments or interpretations have become effective for the first time in these financial statements that have a material impact on the amounts reported or disclosures made.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost basis of accounting, except where fair value measurement is required under UK adopted international accounting standards. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently to all years presented.

Going concern

Although the company has recognised revenue from commercial deals during the current and prior year, it is still largely reliant on its cash balance to fund ongoing operations.

At 31 January 2023, we reported cash and liquid resources of £31,689,000 inclusive of short-term investment bank deposits versus an underlying cash burn during the year of £9,642,000, excluding R&D tax credits received and net proceeds from the equity fundraise.

We prepared detailed strategic plans as part of the fundraise process announced in September 2022, which raised total gross proceeds of £13,500,000. We have also prepared a detailed annual budget and follow on projections which together cover a 24-month period and provide support for the view that the company has sufficient cash to meet its operational requirements for at least 12 months from the signing of these financial statements. The budget includes a considerable increase in R&D expenditure, in line with progressing our strategic aims as detailed on pages 14 and 15 of the Strategic Report. This expenditure is largely uncommitted and discretionary and would be reduced or postponed if required to manage the company's cash resources.

The financial performance and position of the company are discussed in more detail on pages 10 and 11 of the Strategic Report.

These financial statements have been prepared on a going concern basis, given the points discussed above. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Foreign currencies

The financial statements are presented in Sterling, being the functional currency. Transactions in foreign currencies are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in the Income Statement.

Revenue

Rendering of services under contracts with customers

Revenue is recognised on collaborative transactions in the area of drug discovery. All contracts with customers are reviewed individually in accordance with the IFRS 15 five-step process for revenue recognition. Where consideration is fixed and services are deemed to be transferred over time, on the basis that customers influence the direction of the project and therefore the requirements of the performance obligations to be delivered, revenue is recognised over time based on the ratio of time spent by employees in the period to the total time expected to be spent to complete the performance obligation.

All other revenue for services is recognised at the point at which the performance obligation, as defined in the contract and as aligned to a customer deliverable, has been

completed. Every performance obligation has a defined transaction price. Milestone payments, all of which have a defined transaction price, will be recognised when the related performance obligation is satisfied, and the company considers that it is highly probable that there will not be a significant reversal of cumulative revenue in future periods. e-therapeutics utilises its powerful computer-based platform technologies in the delivery of its projects with collaborators. Licence income fees associated with the right to access the company's proprietary platform throughout the project are recognised as revenue over the length of the contract in accordance with IFRS 15.B58. Customers may be invoiced wholly or partly upfront, with the balance upon completion of specific performance obligations. The company recognises contract liabilities on the Balance Sheet for consideration received in excess of the revenue recognised.

Interest income and expenditure

Interest income and expenditure is recognised in the Income Statement as it accrues on a timely basis, by reference to the principal outstanding and effective interest rate applicable.

Expenses

Defined contribution pension plans

Payments to defined contribution pension plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payments to employees are measured at fair value of the equity instruments at the grant date, excluding the effect of non-market-based vesting conditions. Details regarding the determination of the fair value are included in Note 9.

The grant-date fair value is expensed over the vesting period, based on the company's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimate is recognised in the Income Statement such that the cumulative share-based payments charge reflects the revised amount. The share-based payments charge is matched by a corresponding credit to the retained earnings reserve in the Statement of Changes in Equity.

Taxation

Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Small and medium-sized enterprise (SME) R&D tax credits receivable are recognised within taxation in the Income Statement. Research and development expenditure credit (RDEC) is recognised within operating loss.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years. R&D tax credits are recognised in the period to which the corresponding R&D spend relates, to the extent that any R&D tax credits receivable are expected to be recovered and meet R&D tax rule requirements.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, using tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws that have been enacted or substantively enacted at the Balance Sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Intangible assets

Goodwill

Goodwill is initially recognised and measured as set out in the "Business combinations" policy above. Goodwill is not amortised but is tested at least annually for impairment, reducing the carrying amount down to the recoverable amount if this is lower. The recoverable amount is calculated as the higher of fair value less costs to sell and value in use. Goodwill is stated at cost less accumulated impairment losses.

R&D expenditure

All R&D expenditure, which comprises a proportion of employee salaries and directly attributable overheads, is currently recognised in the Income Statement as incurred on the basis that the recognition criteria of IAS 38 'Intangible Assets' are currently not met.

Patents and trademarks

External expenditure on the creation of patents and trademarks is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Expenditure to maintain patents and trademarks after the date of their grant is written off as incurred. Patents and trademarks are amortised on a straight-line basis over the remainder of their term from the date of their grant.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses from derecognition of an intangible asset are recognised in the Income Statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of the assets, on the following bases:

Right-to-use property:	Over the remaining lease term
Plant and equipment:	33% per annum
Fixtures and fittings:	15% per annum

Depreciation methods, useful lives and residual values are reviewed at each Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

Impairment of intangible and tangible assets

The carrying amounts of the company's intangible and tangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss is recognised in the Income Statement to the extent that the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset or its cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years.

Leased assets

Right-of-use assets are measured at cost, being the initial measurement of the lease liability plus any prepaid amounts and less depreciation which is calculated on a straight-line basis over the lease term. A corresponding lease liability is recognised at the present value of lease payments unpaid at the Balance Sheet date. Interest accrues on the lease liability at a rate of interest appropriate for financing such assets or as stipulated on the lease agreement. Subsequent to initial measurement, the liability will be reduced by lease payments.

The company has elected to account for short-term leases of 12 months or less and low value leases using the practical expedients. Payments in relation to these leases are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

Investment in subsidiaries

Investments in subsidiaries are shown in the Company Balance Sheet at cost less any appropriate provision for impairment. The Company had no subsidiaries at 31 January 2023.

Financial Instruments

The company applies IFRS 9 'Financial Instruments'. Financial assets and financial liabilities are recognised in the company's Balance Sheet when the company becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Financial assets

All financial assets will be realised through the collection of contractual cash flows; hence they are subsequently measured at amortised cost using the effective interest method, less expected credit losses judged as the discounted probability weighted outcomes of default at recognition. Interest income and expense is recognised in the Income Statement as interest accrues using the effective interest rate.

Financial liabilities

All financial liabilities are measured at amortised cost using the effective interest method. The company derecognises financial liabilities when the company's obligations are discharged, cancelled or expired. The difference between the carrying amount and the consideration payable is recognised in the Income Statement. Interest expense is recognised in the Income Statement, except for short-term payables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and term deposits with an initial maturity of not more than three months.

4. Accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on a going concern basis.

The following are the key judgements that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in these financial statements:

- As detailed in Note 3, there are various revenue streams from collaborative partnerships. Management reviews these revenue streams against the IFRS 15 criteria to establish whether revenue should be recognised over time or at a point in time. Revenue recognised over time results in a difference between upfront cash receipts and revenue recognised, the balance of which is recorded on the Balance Sheet. Revenue recognised from collaborative partnerships and corresponding contract liabilities reflect management's best estimate of each contract's stage of completion. Management estimates project progress at each reporting date, with consideration to project plans outlined in customer contracts, and remeasures revenue accordingly. At the year end, deferred revenue liability was £nil (2022: £nil). Revenue of £475,000 (2022: £477,000) is made up of £475,000 (2022: £400,000) recognised at a point in time and £nil (2022: £77,000) over time.
- The Directors have not recognised a deferred tax asset based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. The potential deferred tax asset is disclosed in Note 12.

The following are the key assumptions concerning estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- The current tax receivable, of £1,500,000 (2022: £1,474,000), represents an R&D tax credit based on an advance claim with HMRC. The final receivable is subject to judgement and the correct application of complex R&D tax rules. The minimum receipt approved by HMRC could be £nil. Historically, final claims have been successful and materially in line with the receivable recognised in the financial statements. The company expects the current year to be successful too.

5. Segmental reporting

Financial information is reported to the Company's Chief Executive Officer (the Chief Operation Decision Maker) as one business segment, being that of drug discovery.

All company activities are carried out in the UK and all of the company's assets and liabilities are located in the UK.

Revenue recognised of £475,000 (2022: £477,000) includes £nil (2022: £nil) of deferred revenue at the beginning of the period.

There are no performance obligations from existing revenue contracts that are unsatisfied or partially satisfied as at 31 January 2023.

Revenue during the current financial year was generated from two external customers. Management expects to enter into further commercial collaborations in the coming financial year, diversifying revenue from external customers.

6. Auditor's remuneration

	2023 £'000	2022 £'000
Amounts receivable by the Auditor and its associates in respect of:		
– audit of the Company's annual financial statements	**60**	58

7. Staff numbers and costs

The average number of persons employed by the Company (including Executive Directors and excluding Non-Executive Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
R&D staff	**26**	21
Finance and administration staff	**11**	10
Executive Directors	**1**	1
	38	32

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	**4,213**	3,637
Share-based payments (see Note 9)	**155**	490
Social security costs	**509**	455
Contributions to money purchase pension schemes	**316**	279
Compensation for loss of office	**–**	47
	5,193	4,908

The Company makes defined pension contributions into money purchase schemes nominated by employees. The total expense relating to these plans is £316,000 (2022: £279,000). At the reporting date, there were outstanding contributions of £40,000 (2022: £33,000).

8. Directors' remuneration

	2023 £'000	2022 £'000
Directors' emoluments	**424**	435
Contributions to money purchase pension schemes	**21**	20
Compensation for loss of office	**–**	–
	445	455

The remuneration of the highest paid Director during the year was £249,000 (2022: £328,000). Contributions to money purchase schemes in respect of the highest paid Director during the year were £21,000 (2022: £20,000).

During the year, one Director (2022: one) accrued retirement benefits under a money purchase scheme. No Director sold or exercised share options during the year. Further information on the Directors' remuneration can be found within the Remuneration Committee Report on pages 46 to 53.

9. Share-based payments

The company uses share options to incentivise, attract and retain the best people as part of our comprehensive people strategy and to align remuneration with the medium to long-term strategic goals of the company. All options granted before October 2020 were granted under the e-therapeutics Performance Share Plan 2013 (PSP) and all options granted from October 2020 onwards were granted under the e-therapeutics Long-Term Incentive Plan 2020 (LTIP), which was launched in the previous year.

All of the 2,600,000 share options granted during the year carry no performance conditions other than for remaining as an employee on the basis that the key aim was to ensure the continued motivation of the current employees and to attract certain new skills integral to the Company's scale-up growth ambitions, details of which are included in the Strategic Report accompanying these financial statements. Despite the absence of performance conditions on share options granted during the year, management understands the importance of attaching performance conditions to share options granted and will continue to fully consider this on a case-by-case basis depending on how the granting of options fits in with our overall people strategy.

Vesting periods reflect a period of time that management believes will motivate and retain employees whilst taking into account the stage of R&D development and business lifecycle of e-therapeutics.

The terms and conditions of all options in issue during the year are shown below:

Date of grant	Number of instruments at end of year	Number of instruments at beginning of year	Exercise price p	Vesting period	Date exercisable	Performance conditions
March 2019	1,250,000	1,427,778	2.80	3 years	Upon vesting	1
May 2019	500,000	500,000	2.08	3 years	Upon vesting	1
February 2020	9,672,836	9,672,836	0.1	2 years	Upon vesting	2
March 2020	3,550,000	3,700,000	0.1	3 years	Upon vesting	N/A
April 2020	3,000,000	3,000,000	0.1	3 years	Upon vesting	N/A
November 2020	–	1,700,000	0.1	3 years	Upon vesting	N/A
December 2020	–	500,000	3.0	3 years	Upon vesting	N/A
December 2020	–	100,000	0.1	3 years	Upon vesting	N/A
March 2021	–	300,000	3.0	3 years	Upon vesting	N/A
June 2021	300,000	600,000	10.0	3 years	Upon vesting	N/A
June 2021	500,000	500,000	12.0	3 years	Upon vesting	N/A
September 2021	100,000	100,000	20.0	3 years	Upon vesting	N/A
February 2022	700,000	–	20.0	3 years	Upon vesting	N/A
March 2022	1,000,000	–	20.0	3 years	Upon vesting	N/A
May 2022	600,000	–	23.2	3 years	Upon vesting	N/A
Total	**21,172,836**	**22,100,614**				

Note 1

Options vest on a straight-line basis between 50% and 100% if share performance is between the minimum and maximum performance targets. These targets are based on the percentage increase in share price in relation to a comparator group of peer companies.

Note 2

These options were granted to Ali Mortazavi, current CEO, upon his initial appointment as Executive Chairman in February 2020. The options include the performance condition whereby they will vest in full, at the end of the vesting period, if e-therapeutics' share price reaches and remains at 6.0p for a period of 30 consecutive days at any time during that period. This performance condition was met in previous years.

If any of the above options remain unexercised after a period of ten years from the date of grant they will automatically expire, with the exception of 800,000 options issued in November 2020, which expire seven years after the date of grant.

The number and weighted average exercise prices of share options are as follows:

Options	Weighted average exercise price 2023 p	Number of options 2023	Weighted average exercise price 2022 p	Number of options 2022
Outstanding at the beginning of the year	**1.1**	**22,100,614**	0.4	22,622,836
Exercised during the year	**–**	**–**	–	–
Forfeited during the year	**(3.4)**	**(3,527,778)**	(5.2)	(3,772,222)
Expired during the year	**–**	**–**	–	–
Granted during the year	**20.7**	**2,600,000**	10.3	3,250,000
Outstanding at the end of the year	**3.1**	**21,172,836**	1.1	22,100,614
Exercisable at the end of the year	**0.5**	**11,422,836**	–	–

The options outstanding at the year end have a weighted average remaining contractual life of seven years (2022: eight years).

Where options have performance conditions attached, the fair value of those options have been valued using the Monte Carlo option pricing model. Where options have no performance conditions attached, the fair value of those options have been valued using the Black Scholes option pricing model. In both models, volatility has been estimated by reference to historical share price data over a period commensurate with the expected term of the options awarded.

The assumptions for the option grants during the current year were:

Date of grant	May 2022	March 2022	Feb 2022
Option pricing model used	Black Scholes	Black Scholes	Black Scholes
Share price at date of grant (p)	25.15	24.00	30.20
Minimum vesting period	3 years	3 years	3 years
Exercise price (p)	23.20	20.00	20.00
Expected volatility	82.67%	84.85%	83.41%
Risk-free rate	1.57%	1.31%	1.32%
Dividend yield	0%	0%	0%
Number of shares	600,000	1,000,000	1,000,000
Fair value per option (p)	13.98	14.11	19.10

The total expense recognised for the year arising from equity-settled share-based payments is as follows:

	2023 £'000	2022 £'000
Company equity-settled share-based payments	**155**	490

10. Interest income

	2023 £'000	2022 £'000
Bank interest receivable	**242**	61
Dividend from subsidiary (see note 16)	**248**	–
	490	61

11. Interest expense

	2023 £'000	2022 £'000
Lease interest payable	**23**	10

12. Tax

	2023 £'000	2022 £'000
SME R&D tax credit receivable for the current year	**(1,483)**	(1,439)
Adjustments for prior year in respect of SME R&D tax credit	**(15)**	(10)
Current tax credit	**(1,498)**	(1,449)
Deferred tax	**–**	–
Total tax credit on loss on ordinary activities	**(1,498)**	(1,449)

The standard rate of corporation tax applied to reported profit is 19% (2022: 19%). The credit for the year can be reconciled to the Income Statement as follows:

	2023 £'000	2022 £'000
Loss before tax	**(9,772)**	(9,519)
Tax at the UK corporation tax rate of 19% (2022: 19%)	**(1,857)**	(1,809)
Expenses not deductible for tax purposes	**(3)**	(4)
Enhanced relief for SMEs in relation to R&D	**(635)**	(619)
Unrelieved tax losses	**1,034**	920
Income not taxable	**(47)**	–
Other	**25**	73
Adjustments in respect of prior year	**(15)**	(10)
Total tax credit for the year	**(1,498)**	(1,449)

The total tax credit recognised within the Income Statement is £1,522,000(2022: £1,484,000), which is made up the small or medium-sized enterprise (SME) R&D tax relief of £1,498,000 (2022: £1,449,000) and research and development expenditure credit (RDEC) of £24,000 (2022: £35,000). The SME tax credit is shown within taxation, as reconciled above. The RDEC is included within administrative expenses in the Income Statement on the basis that the RDEC is treated as taxable income, being an "above the line" relief.

The tax receivable on the Balance Sheet, of £1,500,000 (2022: £1,474,000), is made up of current year SME tax relief of £1,483,000 (2022: £1,439,000) and RDEC of £17,000 (2022: £35,000). Historically, R&D credits relating to both the SME scheme and the RDEC scheme have been received from HMRC as a single payment.

The company has accumulated losses available to carry forward against future trading profits of £38,162,000 (2022: £33,623,000). No deferred tax has been recognised in respect of tax losses since it is uncertain at the Balance Sheet date as to whether future profits will be available against which the unused tax losses can be utilised. The estimated value of the deferred tax asset not recognised, measured at the main rate of 25% which will become effective from 1 April 2023 (2022: 19%), is £10,237,000 (2022: £9,792,000).

The current year R&D credit has not yet been approved by HMRC and, therefore, there is a risk that this claim may not be successful.

13. Loss per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022
Earnings for the purposes of basic earnings per share and diluted earnings per share, being loss attributable to owners of the Company (£'000)	**(8,274)**	(8,067)
Weighted average number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share (number)	**537,346,310**	488,342,124
Loss per share – basic and diluted (p)	**(1.54)**	(1.65)

Diluted EPS is calculated in the same way as basic EPS but also with reference to reflect the dilutive effect of share options in existence at the year end over 21,172,836 (2022: 22,100,614) ordinary shares (see Note 9). The diluted loss per share is, however, identical to the basic loss per share, as potential dilutive shares are not treated as dilutive where they would reduce the loss per share.

14. Intangible assets

	Goodwill £'000	Patents and trademarks £'000	Total £'000
Cost			
As at 1 February 2021	2,824	1,350	4,174
Additions	–	55	55
As at 31 January 2022	2,824	1,405	4,229
Additions	–	142	142
Disposals	(2,824)	–	(2,824)
As at 31 January 2023	**–**	**1,547**	**1,547**
Amortisation and impairment			
As at 1 February 2021	2,824	1,267	4,091
Impairment losses	–	25	25
Amortisation charge for the year	–	11	11
As at 31 January 2022	2,824	1,303	4,127
Amortisation charge for the year	–	5	5
Disposals	(2,824)	–	(2,824)
As at 31 January 2023	**–**	**1,308**	**1,308**
Net book value			
As at 1 February 2021	–	83	83
As at 31 January 2022	–	102	102
As at 31 January 2023	**–**	**239**	**239**

Research and development costs of £7,224,000 (2022: £6,109,000) have been recognised in the Income Statement.

Amortisation

Amortisation has been charged on patents for which the registration process is complete, over the term granted. Amortisation is included within administrative expenses.

The goodwill in the Balance Sheet arose following the hive-up of the trade and assets of InRotis Technologies Limited in 2007. That goodwill was fully impaired during 2020, reflecting the fact that the Company's business model was then founded upon a very different, and significantly advanced, technological capability versus that at the date of the hive-up in 2007. This goodwill was accounted for as disposed in the current year following an application for dissolution and strike off of InRotis Technologies that was made in the final quarter of 2022. InRotis Technologies was subsequently removed from the UK Companies House register – see note 16.

15. Property, plant and equipment

	Right-of-use property £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
As at 1 February 2021	123	214	103	440
Additions	802	64	42	908
Disposals	(123)	–	–	(123)
As at 31 January 2022	802	278	145	1,225
Additions	–	68	–	68
Disposals	–	(23)	–	(23)
As at 31 January 2023	**802**	**323**	**145**	**1,270**
Depreciation				
As at 1 February 2021	92	168	101	361
Depreciation charge for the year	148	31	3	182
Disposals	(123)	–	–	(123)
As at 31 January 2022	117	199	104	420
Depreciation charge for the year	401	55	7	463
Disposals	–	(13)	–	(13)
As at 31 January 2023	**518**	**241**	**111**	**870**
Net book value				
As at 1 February 2021	31	46	2	79
As at 31 January 2022	685	79	41	805
As at 31 January 2023	**284**	**82**	**34**	**400**

Disclosure relating to the corresponding lease relating to the right-of-use asset is shown in Note 20. Depreciation charges are included within administrative expenses.

16. Investments in subsidiaries

	Total £'000
Cost	
As at 1 February 2021, 31 January 2022 and 31 January 2023	2,374
Provision for impairment	
As at 1 February 2021, 31 January 2022 and 31 January 2023	2,374
Net book value	
As at 1 February 2021, 31 January 2022 and 31 January 2023	–

The Company previously held 100% of the ordinary share capital of two subsidiary undertakings as follows:

	Principal activity	Registered address	Registered number
InRotis Technologies Limited	Dormant	4 Kingdom Street, Paddington, London, W2 6BD, UK	05019565
Searchbolt Limited	Non-operational	4 Kingdom Street, Paddington, London, W2 6BD, UK	06323379

Provisions for full impairment against the cost of both of these investments in subsidiaries had been made in previous years to reflect an expected nil recoverable amount after taking in to account losses incurred by these to date, together with anticipated future losses. At Searchbolt, however, actual historic losses incurred were £248,086 lower than anticipated and a capital reduction was subsequently undertaken in November 2022 in order to create distributable reserves and permit the payment of a capital dividend of £248,086 to the Company later that month.

Applications for dissolution and strike off of both of these investments in subsidiaries were made in the final quarter of 2022 and the entities were subsequently removed from the UK Companies House register. As a result, the Company no longer has any subsidiaries.

17. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	–	–
Other receivables	259	236
	259	236

There is no expected credit loss provision in respect of other receivables in the current or prior year for the company. All debts are not past due in the current or prior year. The Company's management has received no indication that any unimpaired amounts will be irrecoverable. Further details of financial assets are shown in Note 21.

18. Cash and cash equivalents and short term investments

	2023 £'000	2022 £'000
Cash at bank and in hand	3,616	3,316
Bank deposits on 32 days notice	12,879	8,030
Bank deposits on 35 days notice	15,194	–
Cash and cash equivalents	31,689	11,346
Short term investments (bank deposits on 95 day notice)	–	15,051
Total cash and cash equivalents and short term investments	31,689	26,397

The Company's primary objective is to minimise the risk of a loss of capital and to eliminate any loss of liquidity which would have a detrimental effect on the business. Short term surplus funds are deposited with reputably rated banks for maturities of not more than 35 days.

19. Trade and other payables

	2023 £'000	2022 £'000
Current		
Trade payables	429	199
Other taxation and social security	124	4
Other payables	70	40
Accrued expenses	678	860
	1,301	1,103

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Further details of financial liabilities are shown in Note 21.

20. Lease liability

	2023 £'000	2022 £'000
Current		
Lease liability	**295**	391
Non-current		
Lease liability	**–**	295
	295	686

The lease liability relates to one office property. The second lease began in October 2021 and has a remaining term of 9 months. The corresponding right-of-use asset is disclosed in Note 15.

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or leases for which the underlying asset value is low. Payments made under such leases are expensed on a straight-line basis. The amount recognised within administrative expenses for short-term leases was £19,000 (2022: £12,000) and the minimum lease payment at the Balance Sheet date totalled £nil (2022: £23,000). The amount recognised within administrative expenses for low value leases was £6,000 (2022: 1,000) and the minimum lease payment at the Balance Sheet date was £11,000 (2022: £17,000). The movement in the Company's lease liability, as reflected in the cash flow, is as follows:

	£'000
As at 1 February 2021	23
Additions	793
Repayments	(130)
As at 31 January 2022	686
Additions	–
Repayments	(391)
As at 31 January 2023	**295**

21. Financial instruments

The prime objectives of the Company's policy towards financial instruments are to maximise returns on the Company's cash balances, manage the Company's working capital requirements and finance the Company's ongoing operations. Details of the significant accounting policies for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

The carrying amount of financial assets, all measured as loans and receivables at amortised cost, and financial liabilities, all measured at amortised cost, is as follows:

	2023 £'000	2022 £'000
Financial assets		
Included within other receivables (Note 17)	**259**	236
Cash and cash equivalents (Note 18)	**31,689**	11,346
Short term investments (bank deposits on 95 day notice) (Note 18)	**–**	15,051
	31,948	26,633
Financial liabilities		
Trade payables (Note 19)	**429**	199
Lease liability (Note 20)	**295**	686
Included within other payables (Note 19)	**70**	40
	794	925

Management believes that there is no material difference between the carrying value of financial assets or financial liabilities and their fair value. There were no net gains or losses, except interest revenue and expenditure, recognised in the Income Statement in relation to financial assets or liabilities recognised at amortised cost. Interest and investment income received on cash balances and fixed-term deposits totalled £490,000 (2022: £61,000). Interest expenditure recognised on lease liabilities and cash balances totalled £23,000 (2022: £10,000).

Capital management

The Company finances its operations through its revenue generating commercial collaborations, the issue of new shares and the management of working capital. The Company's capital resources are managed to ensure it has resources available to invest in operational activities designed to generate future income. These resources were represented by £31,689,000 of cash and short term investment bank deposits as at 31 January 2023 (2022: £26,397,000).

Management of financial risk

The key risks associated with the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Board is responsible for managing these risks and the policies adopted, which have remained largely unchanged throughout the year, and are set out below.

Credit risk

The Company has adopted a treasury policy that aims to maintain a high level of security of deposited funds as well as optimising income generated from those funds and ensuring that the Company has adequate working capital for ongoing activities. Management considers the credit risks on liquid funds to be limited, since the counterparties are banks with high credit ratings and balances are monitored to prevent reliance on any one bank. There are no material supplier financing arrangements. A list of approved deposit counterparties with monetary limits for each is maintained and is reviewed by the Audit Committee.

The carrying amount of trade and other receivables, of £259,000 (2022: £236,000), represents the maximum exposure to credit risk from financial assets excluding cash. Management does not expect any future credit loss; hence no loss allowance has been recognised in these financial statements for the current or prior year. Management considers the Company's exposure to credit risk to be immaterial.

The Company only deals with reputable customers and customers are required to pay an upfront element, which mitigates the credit risk. Credit terms average 20 days (2022: 33 days).

Liquidity risk

The Company manages its liquidity risk by monitoring short-term cash flows, both short and long term, against monthly forecast requirements and longer-term cash flows against annual budgets and rolling monthly cash forecasts and by matching the maturity profiles of financial assets and liabilities. All of the financial assets disclosed in the table above have a contractual maturity of not more than 35 days (2022: not more than 95 days).

Interest rate risk

The Company has deemed interest-bearing debt in issue applying to the lease liability at a deemed rate appropriate for financing of such assets and which has been determined as 4.1%. Interest payable on lease liability balances was £20,000 (2022: £10,000). Interest received on bank deposit balances was £195,000 (2022: £61,000), earned at interest rates of between 0% and 3.35% (2022: 0% and 1%). Management does not consider that a fluctuation in interest rates would have a material impact on the Company.

Foreign exchange rate risk

Financial assets and liabilities at the year end and at the prior year end that are not originally Sterling balances are immaterial. Net foreign exchange losses of £140,000 (2022: £82,000) are recognised in administrative expenses.

22. Share capital

The share capital of e-therapeutics plc consists of fully paid ordinary shares with a nominal value of £0.001 each. The Company has one class of ordinary shares, which carries no right to fixed income. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings.

	No. of ordinary shares	
	2023 '000	**2022 '000**
In issue as at 1 February	**514,571**	420,773
Share issue	**67,588**	93,798
Total shares authorised and in issue as at 31 January – fully paid	**582,159**	514,571

As part of an equity fundraise initiative during the year, 67,500,000 shares were issued with an allotment date of 30 September 2022 at a price of 20.0p per share to raise gross proceeds of £13.5 million for general working capital purposes and to enable e-therapeutics' next stage of growth and value creation by expanding its platform capabilities and asset pipeline.

In addition, 88,263 shares were issued during the year as part-payment of Non-Executive Director fees. Proceeds received in excess of the nominal value of the shares issued during the year have been included in share premium. As at 31 January 2023, the Company had 582,159,332 (2022: 514,571,069) ordinary shares of 0.1p each in issue.

23. Capital commitments

At the year end, the Company had not entered into contractual commitments for the acquisition of any capital items (2022: £nil).

24. Related parties

The remuneration of the Directors, who are the key management personnel of the Company, is disclosed in Note 8.

Key management personnel

The Executive Committee and Board of Directors are designated as key management personnel. Key management personnel remuneration includes the following expenses:

	2023 £'000	2022 £'000
Short-term employee benefits		
Salaries including bonuses	**1,549**	1,980
Social security costs	**203**	257
Health insurance	**48**	41
Compensation for loss of office and payments in lieu of notice	**–**	47
	1,800	2,325
Post-employment benefits		
Defined contribution pension plans	**102**	113
Share-based payments	**160**	353
Total remuneration	**2,062**	2,791

No key management personnel exercised share options during the year (2022: nil).

25. Subsequent events

There have been no events since the Balance Sheet date that require disclosure in these financial statements.

Notice of Annual General Meeting of e-therapeutics plc

(Incorporated and registered in England and Wales under company number 04304473)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about its content or as to what action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorised independent advisor if you are in a territory outside the United Kingdom.

If you have sold or transferred all your shares in e-therapeutics plc, please pass this document and the accompanying proxy form to the purchaser or transferee or to the stockbroker or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

Notice is hereby given that the 2023 Annual General Meeting of e-therapeutics plc (the "Company") will be held at the Company's registered office at 4 Kingdom Street, Paddington, London W2 6BD at 12:30 on 18 July 2023 to consider and, if thought fit, pass the following resolutions as ordinary resolutions other than resolution 6, which will be proposed as a special resolution:

Ordinary business

1. To receive the accounts for the financial year ended 31 January 2023 together with the Directors' Report and the Auditor's Report for that period.

2. To re-elect Ali Mortazavi as a Director of the Company, who has been a Director since 10 February 2020 and was last re-elected by shareholders in March 2020.

3. To re-appoint Crowe U.K. LLP as the Auditor of the Company.

4. To authorise the Directors to set the remuneration of the Auditor of the Company.

Special business

To consider and, if thought fit, to pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution, and resolution 6 will be proposed as a special resolution:

5. That the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:

   a) up to an aggregate nominal amount (within the meaning of Section 551(3) and (6) of the Act) of £194,219.78 (being 1/3 (approximately 33.33%) of the Company's issued share capital as at close of business on 3 May 2023), such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum; and

   b) comprising equity securities (as defined in Section 560(1) of the Act) up to an aggregate nominal amount of £388,439.55 (being 2/3 (approximately 66.67%) of the Company's issued share capital as at close of business on 3 May 2023), such amount to be reduced by any allotments or grants made under (a) above, in connection with or pursuant to an offer by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or, if the Directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal, regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever, these authorities to expire on the earlier of: (i) the date falling 15 months after the date of the passing of this resolution; and (ii) the conclusion of the Annual General Meeting of the Company in 2024 (save that the Company may before such expiry, make any offer or enter into any agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired).

6. That, subject to the passing of resolution 5 above, the Directors be and are hereby authorised pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company for cash pursuant to the authorisation conferred by that resolution, as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash:

   a) in connection with or pursuant to an offer of or invitation to acquire equity securities (but in the case of the authorisation granted under resolution 5(a), by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or, if the Directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

   b) in the case of the authorisation granted under resolution 5(a) above, and otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £194,219.78 (being 1/3 (approximately 33.33%) of the Company's issued share capital as at close of business on 3 May 2023) and this power shall expire on the earlier of: (i) the date falling 15 months after the date of the passing of this resolution; and (ii) the conclusion of the Annual General Meeting of the Company to be held in 2024 (save that the Company may, at any time before the expiry of such power, make any offer or enter into any agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power conferred hereby had not expired).

Recommendation

Your Board believes that the resolutions to be proposed as ordinary and special business at the 2023 Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company.

Action to be taken

A form of proxy for use at the AGM is enclosed. You are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event so that it is received by the Company's registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD not later than 12:30 on 14 July 2023.

The right to attend and vote at the 2023 Annual General Meeting is determined by reference to the Company's register of members. Only a member entered in the register of members as at close of business on 14 July 2023 (or, if the 2023 Annual General Meeting is adjourned, in the register of members as at the close of business on the date which is two business days before the time of the adjourned 2023 Annual General Meeting) is entitled to attend and vote at the 2023 Annual General Meeting.

By order of the Board

Timothy Bretherton
Company Secretary
4 May 2023

Registered office
4 Kingdom Street
Paddington
London
W2 6BD

Explanatory notes to the resolutions

The notes on the following pages explain the resolutions to be proposed at the 2023 Annual General Meeting of e-therapeutics plc (the "Company") to be held at the Company's registered office at 4 Kingdom Street, Paddington, London W2 6BD at 12:30 on 18 July 2023.

Resolutions 1 to 5 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of each resolution. Resolution 6 is proposed as a special resolution. This means that for that resolution to be passed, at least three-quarters of the votes cast must be in favour of each resolution.

Resolution 1 – Adoption of reports and accounts

For each financial year, the Directors are required to present the Directors' Report, the audited accounts and the Auditor's Report to shareholders at a general meeting. The financial statements and reports laid before the 2023 Annual General Meeting are for the financial year ended 31 January 2023, and the Company proposes a resolution on its financial statements and reports.

Resolution 2 – Election of Directors

In accordance with the Company's articles of association, each Director must be subject to re-election at least every three years. Accordingly, Ali Mortazavi, who has been a Director since 10 February 2020 and was last re-elected by shareholders in March 2020, will again stand for re-election by shareholders. His biography appears on page 34 of the Annual Report and Accounts for the year ended 31 January 2023.

The Board is satisfied that Ali Mortazavi will contribute effectively and demonstrate commitment to his role as Chief Executive Officer. Accordingly, the Board unanimously recommends the election of Ali Mortazavi.

Resolutions 3 and 4 – Reappointment of Auditor and Auditor's remuneration

Resolutions 3 and 4 propose the reappointment of Crowe U.K. LLP as the Company's Auditor for the year ending 31 January 2024 and the authorisation of the Directors to agree the Auditor's remuneration. The Directors will delegate this authority to the Audit Committee.

Resolution 5 – Authority to allot shares

Your Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. This resolution, if passed, will give the Directors flexibility to act in the best interests of shareholders, when the opportunity arises, by issuing new shares. Accordingly, resolution 5 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares: (a) up to an aggregate nominal amount of £194,219.78; and (b) in connection with a rights issue up to an aggregate nominal amount (reduced by allotments under part (a) of the resolution) of £388,439.55.

These amounts represent approximately 33.33% and 66.67% respectively of the total issued ordinary share capital of the Company as at close of business on 3 May 2023, being the last practicable day prior to the publication of this notice. If given, these authorities will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the Annual General Meeting of the Company in 2024.

Your Directors have no present intention of issuing shares pursuant to this authority, although they did undertake an equity share issue fundraise in June 2021 pursuant to an authority taken at the last Annual General Meeting. As at the date of this notice the Company holds no treasury shares.

Resolution 6 – Disapplication of pre-emption rights

Your Directors also require additional authority from shareholders to allot equity securities for cash and otherwise than to existing shareholders pro rata to their holdings.

Resolution 6 will be proposed as a special resolution to grant such an authority. Apart from offers or invitations in proportion to the respective number of shares held, the authority will be limited to the allotment of equity securities for cash up to an aggregate nominal value of £194,219.78 (being approximately 33.33% of the Company's issued ordinary share capital as at close of business on 3 May 2023, being the last practicable day prior to the publication of this notice). If given, this authority will expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the Annual General Meeting of the Company in 2024.

Procedural and explanatory notes

The following notes explain your general rights as a shareholder of the Company and your right to vote by proxy at this meeting.

Entitlement to vote

1. The right to attend and vote at the 2023 Annual General Meeting is determined by reference to the Company's register of members. Only a member entered in the register of members as at close of business on 14 July 2023 (or, if the 2023 Annual General Meeting is adjourned, in the register of members as at the close of business on the date which is two business days before the time of the adjourned 2023 Annual General Meeting) is entitled to attend and vote at the 2023 Annual General Meeting and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person at the 2023 Annual General Meeting.

2. A member entitled to attend, speak and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote at a meeting of the Company. On a poll vote, all of a member's voting rights may be exercised by one or more duly appointed proxies.

3. A form of appointment of proxy is enclosed. To appoint the chair as proxy, this form must be completed, signed and sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney of the Company. If you return more than one proxy appointment in respect of a share, that received last by the registrar before the latest time for the receipt of proxies will take precedence.

4. The form of proxy includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any particular resolution.

5. The appointment of a proxy and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with Neville Registrars Limited at the address shown on the proxy form not later than 12:30 on 14 July 2023 or 48 hours before the time for holding any adjourned meeting or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or lodged.

6. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

7. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent, Neville Registrars Limited, whose CREST participant ID is 7RA11, by 12:30 on 14 July 2023. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Save through CREST, we do not have a facility to receive proxy forms electronically. Therefore, you may not use any electronic address referred to in the proxy form or any related document to submit your proxy form.

Voting results

The results of the voting at the 2023 Annual General Meeting will be announced through a regulatory information service and will appear on our website, www.etherapeutics.co.uk, as soon as reasonably practicable.

Inspection of documents

9. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day and they may also be inspected at the Company's London office at 4 Kingdom Street, Paddington, London W2 6BD from 12:15 on the day of the meeting until the conclusion of the meeting:

   9.1 copies of Directors' service contracts with the Company; and

   9.2 copies of the Non-Executive Directors' letters of appointment.

Corporate representatives

10. A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the 2023 Annual General Meeting. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, though there are restrictions on more than one such representative exercising powers in relation to the same shares.

Nominated persons

11. Any person to whom this notice is sent as a person nominated under Section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the 2023 Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

    The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

12. As at close of business on 3 May 2023, being the last practicable day prior to the publication of this notice, the Company's issued share capital comprised 582,659,332 ordinary shares of 0.1p. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice is 582,659,332.

Members' requests under Section 527 of the Act

13. Under Section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the 2023 Annual General Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the last Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the 2023 Annual General Meeting includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

Website

14. A copy of this notice, and other information required by Section 311A of the Act, can be found at www.etherapeutics.co.uk.

Except as provided above, members who have general queries about the meeting should contact the Company Secretary in writing at the Company's registered office. No other methods of communication will be accepted

Advisors

Nominated advisor and broker

SP Angel Corporate Finance LLP
Prince Frederick House
4th Floor
35–39 Maddox Street
London
W1S 2PP

Auditor to the Company

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Registrar

Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

Solicitors

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Bankers

Bank of Scotland
75 George Street
Edinburgh
EH2 3EW

Company Secretary

Timothy Bretherton
4 Kingdom Street
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