e-therapeutics plc
("e-therapeutics" or “ETX” or the "Company")

Interim results for the six months to 31 July 2023

Six months of progress with positive proof-of-concept data generated with lead GalOmic™ RNAi assets in cardiometabolic disease and haemophilia

Continued integration of generative artificial intelligence into HepNet™

London, UK, 26 October 2023 - e-therapeutics plc (AIM: ETX; OTCQX; ETXPF), a company integrating computational power and biological data to discover life-transforming RNAi medicines, announces its unaudited interim results for the six months to 31 July 2023.

Operational Highlights

- Continued growth and rapid advancement of GalOmic™ RNAi therapeutics against target genes discovered using our HepNet™ computational platform, including preclinical programs in cardiometabolic and metabolic disease, haemophilia, and two further undisclosed programs.
- Generated positive proof-of-concept data for ETX-291 in cardiometabolic disease and ETX-148 in haemophilia, demonstrating disease-modifying potential of HepNet™ identified targets.
- Increased pool of novel targets identified and assessed *in silico* by HepNet™, ensuring a continual supply of in-house preclinical programs and a variety of partnering opportunities spanning a broad range of therapeutic areas.
- Continued validation of HepNet™, including our hepatocyte-specific knowledge graph, proprietary target identification approaches, and siRNA (short interfering RNA) construct design capabilities.
- Advanced projects developing and implementing generative artificial intelligence (“AI”) including large language models (“LLMs”) across ETX processes and systems, further enhancing computational capabilities, and transforming HepNet™ into a dynamic knowledge resource.
- Continued expansion of AI approaches, enabling the transformation of siRNA construct design and selection to reduce timelines and associated costs dramatically.
- Sustained intellectual property ("IP") activity continued, with priority forming patent applications filed on three new inventions, and consolidated international filing programs for eight inventions, all arising from the Company's proprietary GalNAc-siRNA technology, GalOmic™.
- Strong progress made in immuno-oncology collaboration with iTeos Therapeutics, Inc. (“iTeos”), with continued delivery against pre-agreed milestones.

Post Period Highlights

- Effective 20 September 2023, Timothy Bretherton assumed the role of Chief Financial Officer (non-board). Michael Bretherton stepped down from his role as interim CFO and will now focus on his role as a Non-Executive Director of the Company.

Financial Highlights

- Revenue of £0.2 million (H1 2022: £0.3 million)
- R&D spend of £5.3 million (H1 2022: £3.1 million)
- Operating loss for the period of £7.0 million (H1 2022 loss: £4.6 million)

- Loss after tax for the period of £5.6 million (H1 2022 loss: £3.8 million)
- Cash and cash equivalents as at 31 July 2023 of £24.8 million (31 January 2023: £31.7 million)
- R&D tax credit receivable as at 31 July 2023 of £2.5 million (31 January 2023: £1.5 million)
- Headcount (excluding Non-Executive Directors) as at 31 July 2023 of 34 (31 January 2023: 38)

Ali Mortazavi, Chief Executive Officer of e-therapeutics, commented:

"Despite a severe macroeconomic climate, we have made significant progress during the past six months. It is a tribute to our team that we have been able to translate our computational analyses into tangible assets, generating compelling preclinical data at a fraction of the R&D spend of any competitor. We look forward to showcasing additional data from our preclinical pipeline in the near future.

"It has only been six months since we began incorporating generative AI into our processes and projects, but the significant impact of these technologies throughout ETX is already apparent. Through this work, we continue to address directly the long, expensive, and risky product lifecycle of drug discovery, solidifying ourselves as one of the leading companies in the emerging TechBio sector. A year ago, generative AI technologies did not exist. Now, we are integrating them into every aspect of our drug development process, allowing us to develop our life-transforming RNAi medicines at pace. As we continue to leverage the most cutting-edge computation, I look forward to the future with confidence."

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

e-therapeutics plc	
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About e-therapeutics plc

e-therapeutics plc ("ETX") integrates computational power and biology information to discover life-transforming RNAi medicines. The Company's technology uses computation to capture and model human biology, identify novel targets, and develop RNAi medicines against those targets that can be rapidly progressed to the clinic.

ETX's proprietary HepNet™ platform enables the generation and analysis of biological network models, providing a novel and mechanistic approach to drug discovery. This approach explicitly considers the true complexity of biology to make more reliable predictions from large complex data sets and ETX's proprietary hepatocyte knowledgebase - the world's most comprehensive and integrated hepatocyte-centric data resource. The Company generates, prioritises, and tests millions of hypotheses *in silico* to identify better therapeutic targets with higher confidence.

GalOmic™, ETX's proprietary RNAi platform, enables targeted delivery to hepatocytes in the liver and the specific silencing of novel disease-associated genes, identified by HepNet™. The focus on hepatocytes offers the opportunity to tackle a wide variety of diseases. The liver is a highly metabolically active organ which performs a key role in many biological processes and vital functions crucial for human health. ETX's GalOmic™ constructs have demonstrated compelling *in vivo* performance in terms of depth of gene silencing and duration of action.

The Company is progressing a pipeline of first-in-class RNAi candidates across a variety of therapeutic areas with high unmet need, including preclinical programs in cardiometabolic and metabolic diseases, haemophilia, and other undisclosed indications. ETX has also partnered with biopharma companies such as Novo Nordisk, Galapagos NV and iTeos Therapeutics using its computational network biology approach across a diverse range of drug discovery projects.

The Company is based in London, UK and listed on the Alternative Investment Market of the London Stock Exchange ("AIM"), with ticker symbol ETX. e-therapeutics is also traded on the OTCQX Best Market (OTCQX) in the United States, under ticker symbol ETXPF.

Chief Executive's Statement

During the past six months, we have concluded the successful transition into a proven RNAi biotech company. Our lead assets in cardiometabolic disease and haemophilia have progressed to preclinical proof-of-concept experiments, validating our HepNet™ computational platform, our GalOmic™ chemistry platform, and delivering proof in support of our goal of Computing the Future of Medicine™.

While we continue to build our in-house pipeline of assets, we are progressing HepNet™ into the central nexus within e-therapeutics. By leveraging generative artificial intelligence ("AI") and large language model ("LLM") advances, we have built on the validated technology and data resources in HepNet™ and are beginning to unlock next-level predictive power in a truly seamless system. This transformation will continue to deliver novel therapeutics at an unprecedented scale, increasing the pace of target identification and dramatically reducing the time and cost of developing life-transforming medicines.

GalOmic™ RNAi Platform and Continued Execution of Therapeutic Pipeline

We continue to progress our therapeutic pipeline, with five assets currently in preclinical studies across a range of therapeutic areas, including cardiometabolic disease and haemophilia. During the past six months, we have generated positive proof-of-concept data for ETX-291 in cardiometabolic disease and ETX-148 in haemophilia, underscoring the robustness of the GalOmic™ platform and validating HepNet™'s ability to identify novel genes with therapeutic potential. These proof-of-concept data are underpinned by the silencing profile of our siRNA platform. GalOmic™ constructs have demonstrated potent and durable knockdown of target mRNA expression of therapeutically relevant targets *in vivo*, supporting infrequent dosing.

ETX-291 for the Treatment of Cardiometabolic Disease

Cardiometabolic diseases are a leading cause of death and encompass multiple conditions including obesity, cardiovascular disease, and Type 2 diabetes. ETX-291 targets a gene with human genetic evidence of disease-modifying benefit. In preclinical studies in a representative disease model, ETX-291 impacts multiple cardiometabolic disease drivers resulting in a pleiotropic benefit and highlighting its potential to treat a broad range of cardiometabolic indications.

ETX-148 for the Treatment of Haemophilia

ETX-148 is our preclinical pan-haemophilia asset. We have generated data that suggests it is safe, effective, and able to address a key remaining unmet need in haemophilia: protection from joint bleeds. Histological data from a preclinical joint bleed model suggests ETX-148 can protect against bleed-induced joint damage. Importantly, this protection is achieved without an increased risk of thrombosis, which has been characterised in a variety of safety experiments.

ETX-291 and ETX-148 are due to complete preclinical proof-of-concept studies by the end of the year and we are looking forward to presenting further details of our preclinical data packages in the near future. Additionally, we continue to add to our pool of novel targets, ensuring our early pipeline is populated and generating additional partnering opportunities.

Non-dilutive funding opportunities via collaborations and partnerships remain a key component of the Company's strategy. Successfully demonstrating preclinical proof-of-concept for our first RNAi assets is fuelling partnering and out-licensing conversations both for individual assets and platform access, striking a balance between preclinical assets to partner and assets that we will progress to early clinical trials to reach a more significant value inflection point.

HepNet™ and Integration of Large Language Models

We continue to strengthen, innovate, and validate HepNet™, the most comprehensive hepatocyte data and analytics resource in the world. This has included the generation of positive proof-of-concept data for our in-house GalOmic™ pipeline programs, validating HepNet™'s ability to reliably identify novel gene targets and design potent siRNA constructs. Furthermore, we have continued to expand our knowledgebase, initiating partnerships that will provide access to proprietary data assets that will support disease-related process and target discovery.

We are fully embracing generative AI and LLMs by creating specialised LLM "agents" and transforming HepNet™ into a dynamic knowledge resource. Over the past six months, this ambitious agenda has driven design and development of infrastructure and model development and refinement. Over the coming months it will deliver a unifying framework driving every aspect of our pipeline, solidifying e-therapeutics' position as a global leader in AI-driven drug development.

Our projects include our "Straight to *In Vivo*" efforts, which will allow us to bypass *in vitro* screening and move straight to *in vivo* models. This will dramatically reduce timelines and costs associated with identifying optimal siRNA constructs to silence any hepatocyte-expressed target gene. We ultimately aim to create a robust pipeline and business model leveraging the full potential of Generative AI and LLM to continue breaking new ground in drug discovery, creating novel therapeutics, and improving patient outcomes.

Intellectual Property

The Company continues to execute its very active IP strategy that is indicative of both the high volume of novel innovations being generated and the critical importance ETX attributes to protecting its inventions. The patent applications filed over the period 31 January 2023 to 31 July 2023 cover eleven inventions arising from the Company's innovation around novel target ideas, novel siRNA therapeutics, and novel siRNA chemistries.

Partnerships and Collaborations

We continue to deliver on our collaboration with iTeos Therapeutics, leveraging 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, successfully passing decision gates. 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.

Organisation

ETX continues to invest in and attract leading industry talent, adding to an existing world class multi-disciplinary team of experts in computational biology and RNAi therapeutics. This is exemplified by our recent hires in the USA, driven by our desire to hire the best talent and resulting in a lean presence on the East Coast, a major biotech hub.

The team has worked hard to deliver the progress highlighted in this statement and I should like to thank them for their continued commitment and dedication in helping ETX to deliver on its strategy and key objectives.

At a Board level, there is an open position for an additional independent NED to broaden the Board experience further and adhere to best practice corporate governance guidelines.

Post Period

On 20 September 2023, ETX announced that Michael Bretherton had stepped down from his role as interim CFO and will now focus on his role as a Non-Executive Director of the Company. Timothy Bretherton, Director of Finance and Operations, assumed the CFO role (non-board) with immediate effect.

Outlook

Despite a severe macroeconomic climate, we have made significant progress during the past six months. It is a tribute to our team that we have been able to translate our computational analyses into tangible assets, generating compelling preclinical data at a fraction of the R&D spend of any competitor. We look forward to showcasing additional data from our preclinical pipeline in the near future.

It has only been six months since we began incorporating generative AI into our processes and projects, but the significant impact of these technologies throughout ETX is already apparent. Through this work, we continue to address directly the long, expensive, and risky product lifecycle of drug discovery, solidifying ourselves as one of the leading companies in the emerging TechBio sector. A year ago, generative AI technologies did not exist. Now, we are integrating them into every aspect of our drug development process, allowing us to develop our life-transforming RNAi medicines at pace. As we continue to leverage the most cutting-edge computation, I look forward to the future with confidence.

Ali Mortazavi
Chief Executive Officer

Financial Review

Period end cash of £24.8m and operating loss of £7.0m in H1, FY2024.

The Company continues to manage the underlying cash burn carefully whilst focusing on the development of ETX engineered large language models ("LLMs") to enhance and expand our computational capabilities leading to development of multiple preclinical assets across a variety of therapeutic areas with unmet medical needs.

Revenue

The Company reached another milestone with iTeos in May this year, resulting in the recognition of £0.2 million of revenue (H1 2022: £0.3 million including remaining Galapagos milestone). This collaboration is focusing on the discovery of novel therapeutic approaches and targets in immuno-oncology. The last phase of this project is underway and is expected to be completed during Q1 of FY2025.

Research and Development

R&D expenditure in H1 2023 increased to £5.3 million (H1 2022: £3.1 million). This mainly reflects an increase in outsourced CRO costs to progress the execution of preclinical targets, together with additional cost in relation to our computational and RNAi platforms and associated patent applications. Through increased expenditure, we have made compelling advancements in our goal of Computing the Future of Medicine™.

During H2, we are expecting a further increase in R&D costs as we continue to focus on the development of our LLMs, alongside progressing the execution of preclinical targets and growing our in-house pipelines across a variety of therapeutic areas.

General and Administrative Expenses

General and administrative expenses have remained broadly in-line with the prior half year and amounted to £1.8 million (H1 2022: £1.7 million). We continue to monitor and control these costs closely to ensure maximum cash availability for R&D expenditure to help us accomplish our mission to discover life-transforming RNAi medicines.

R&D tax credits and loss for the half year

The income statement includes an R&D tax credit of £1.0 million (H1 2022: £0.7 million) in relation to the current year, bringing down the loss after tax for the half year to £5.6 million (H1 2022: £3.8 million). The increase in tax credit from the prior half year reflects the increase in qualifying R&D spend in the period.

Cash flow

Cash as at 31 July 2023 stood at £24.8 million, which is £6.8 million lower than the start of the year. The reduction reflects an operating cash outflow of £6.6 million, net of non-cash share-based employee option charges, depreciation and amortisation, coupled with working capital outflows of £0.2 million, property lease liability payments of £0.2 million and purchase additions of £0.1 million to fixed and intangible assets, partially offset by interest income receipts of £0.3 million. Cash balances are expected to benefit by a cash receipt of £1.5 million in the last quarter of the current financial year in respect of the R&D tax credit relating to FY2023.

Financial Outlook

Our current expectations for the underlying cash burn in the second half of the financial year will be higher than that incurred in H1 2023. This is due to our planned increase in R&D spend to continue the expansion of our AI capabilities and progress the identification and execution of preclinical targets, together with sustaining our active IP strategy as novel inventions are generated.

INCOME STATEMENT FOR THE PERIOD ENDED 31 JULY 2023

	6 months ended 31 July 2023 (unaudited) £'000	6 months ended 31 July 2022 (unaudited) £'000	Year ended 31 January 2023 (audited) £'000
Revenue	**160**	295	475
Cost of sales	**-**	-	-
Gross profit	**160**	295	475
Research and development expenditure	**(5,324)**	(3,123)	(7,224)
Administrative expenses	**(1,806)**	(1,727)	(3,490)
Operating loss	**(6,970)**	(4,555)	(10,239)
Interest income	**343**	46	490
Interest expense	**(4)**	(12)	(23)
Loss before tax	**(6,631)**	(4,521)	(9,772)
Taxation	**1,037**	709	1,498
Loss for the period/year attributable to equity holders of the Company	**(5,594)**	(3,812)	(8,274)
Loss per share: basic and diluted	**(0.97)p**	(0.74)p	(1.54)p

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 JULY 2023

	6 months ended 31 July 2023 (unaudited) £'000	6 months ended 31 July 2022 (unaudited) £'000	Year ended 31 January 2023 (audited) £'000
Loss for the period	**(5,594)**	(3,812)	(8,274)
Other comprehensive income	**-**	-	-
Total comprehensive income for the period/year attributable to equity holders of the Company	**(5,594)**	(3,812)	(8,274)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JULY 2023

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 February 2022	515	99,243	(72,032)	27,726
Total comprehensive income for the period				
Loss for the period	-	-	(3,812)	(3,812)
Total comprehensive income for the period	-	-	(3,812)	(3,812)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	-	8	-	8
Equity-settled share-based payment transactions	-	-	196	196
Total contributions by and distribution to owners	-	8	196	204
As at 31 July 2022	515	99,251	(75,648)	24,118
Total comprehensive income for the period				
Loss for the period	-	-	(4,462)	(4,462)
Total comprehensive income for the period			(4,462)	(4,462)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	67	13,362	-	13,429
Equity-settled share-based payment transactions	-	-	(41)	(41)
Total contributions by and distribution to owners	67	13,362	(41)	13,388
As at 31 January 2023	**582**	**112,613**	**(80,151)**	**33,044**
Total comprehensive income for the period				
Loss for the period	**-**	**-**	**(5,594)**	**(5,594)**
Total comprehensive income for the period	**-**	**-**	**(5,594)**	**(5,594)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	**1**	**21**	**-**	**22**
Equity-settled share-based payment transactions	**-**	**-**	**59**	**59**
Total contributions by and distribution to owners	**1**	**21**	**59**	**81**
As at 31 July 2023	**583**	**112,634**	**(85,686)**	**27,531**

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	Note	**31 July 2023 (unaudited) £'000**	31 July 2022 (unaudited) £'000	31 January 2023 (audited) £'000
Non-current assets				
Intangible assets		**301**	182	239
Property, plant and equipment		**175**	617	400
		476	799	639
Current assets				
Tax receivable		**2,537**	2,184	1,500
Trade and other receivables		**302**	192	259
Prepayments		**647**	563	553
Cash and cash equivalents		**24,845**	21,561	31,689
		28,331	24,500	34,001
Total assets		**28,807**	25,299	34,640
Current liabilities				
Trade and other payables		**1,186**	687	1,301
Lease Liability		**90**	405	295
Contract liabilities		**-**	-	-
		1,276	1,092	1,596
Non-current liabilities				
Lease Liability		**-**	89	-
Total liabilities		**1,276**	1,181	1,596
Net assets		**27,531**	24,118	33,044
Equity				
Share capital	2	**583**	515	582
Share premium		**112,634**	99,251	112,613
Retained earnings		**(85,686)**	(75,648)	(80,151)
Total equity attributable to equity holders of the Company		**27,531**	24,118	33,044

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2023

	6 months ended 31 July 2023 (unaudited) £'000	6 months ended 31 July 2022 (unaudited) £'000	Year ended 31 January 2023 (audited) £'000
Loss for the period/year	**(5,594)**	(3,812)	(8,274)
Adjustments for:			
Depreciation, amortisation and impairment	**271**	242	468
Loss on disposal of fixed assets	**-**	-	10
Interest income	**(343)**	(46)	(490)
Interest expense	**4**	12	23
Equity-settled share-based payment expenses	**59**	196	155
Taxation	**(1,037)**	(709)	(1,522)
Operating cash flows before movements in working capital	**(6,640)**	(4,117)	(9,630)
(Increase)/Decrease in trade and other receivables	**(137)**	(19)	(75)
Increase/(Decrease) in trade and other payables	**(110)**	(608)	198
Tax received	**-**	-	1,496
Net cash from operating activities	**(6,887)**	(4,744)	(8,011)
Interest received	**343**	46	490
Interest paid	**(4)**	(12)	(23)
Acquisition of property, plant and equipment	**(5)**	(51)	(68)
Acquisition of other intangible assets	**(103)**	(83)	(142)
Movement in short term investments	**-**	15,051	15,051
Net cash from investing activities	**231**	14,951	15,308
Net proceeds from issue of share capital	**22**	8	13,437
Payments under lease liabilities	**-**	-	-
Repayment of lease liability	**(210)**	-	(391)
Net cash from financing activities	**(188)**	8	13,046
Net decrease in cash and cash equivalents	**(6,844)**	10,215	20,343
Cash and cash equivalents at the beginning of the period/year	**31,689**	11,346	11,346
Cash and cash equivalents at the end of the period/year	**24,845**	21,561	31,689

Notes

1. Basis of Preparation

These unaudited interim financial statements do not comprise statutory accounts as defined within section 434 of the Companies Act 2006. The Company is a public limited company; it is listed on the London Stock Exchange's AIM market and is incorporated and domiciled in the United Kingdom. The address of its registered office is 4 Kingdom Street, Paddington, London, W2 6BD, UK.

Statutory accounts for the year ended 31 January 2023 were approved by the Board of Directors on 4 May 2023 and delivered to the Registrar of Companies. The report of the Auditor on the accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

While this interim statement, which is neither audited nor reviewed, has been prepared in accordance with the recognition and measurement criteria of international accounting standards in conformity with the requirements of the Companies Act 2006 this announcement does not in itself contain sufficient information to comply with IFRS. It does not include all the information required for the full annual financial statements and should be read in conjunction with the financial statements as at, and for the year ended, 31 January 2023. It does not comply with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as is permissible under the rules of AIM.

The accounting policies applied in preparing these interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 January 2023 (as defined therein) other than standards, amendments and interpretations which became effective after 1 February 2023.

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

2. Share Capital

	31 July 2023 (unaudited)	31 July 2022 (unaudited)	31 January 2023 (audited)
In issue - fully paid			
Ordinary shares of £0.001 each (number)	582,694,162	514,614,982	582,159,332
Allotted, called up and fully paid			
Ordinary shares of £0.001 each (£'000)	583	515	582

During the six-month period to 31 July 2023, 500,000 new ordinary shares of 0.1p each were issued following the exercise of share options at a price of 2.8p per share by a former employee and 34,830 new ordinary shares of 0.1p each were issued at a price of 21.71p each in lieu of fees payable to a non-executive director in accordance with his service agreement.