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Roquefort Therapeutics PLC
05 June 2023

# Roquefort Therapeutics plc

("Roquefort Therapeutics" or the "Company")

## Annual Report & Financial Statements - 31 Dec 2022

*Foundation & team in place to deliver key R&D and commercial milestones*

Roquefort Therapeutics plc (LSE:ROQ), the Main Market listed biotech company focused on developing first in class medicines in the high value and high growth oncology market, announces its audited results for year ended 31 December 2022.

Copies of the Annual Report and Financial Statements will be made available on the Company's website at: https://www.roquefortplc.com/results-centre

### Highlights

- Acquisition of Oncogeni in September 2022 through the issue of 50,000,000 new ordinary shares in the Company, together with successful Placing raising gross proceeds of £1,015,000
- Further strengthened Board and senior management team through the appointment of Ajan Reginald as CEO, Professor Sir Martin Evans as Chief Scientific Officer and Dr Darrin Disley as Non-Executive Director
- Reinforced the Company's foundation through Oncogeni's state of the art laboratory located in Stratford-upon-Avon which has the infrastructure required for the pre-clinical development of the Group's portfolio of antibodies, oligonucleotides and cell and gene therapies - significant cost advantages
- Cash at year end 31 December 2022 of £2,322,974

### Pre-clinical highlights

- Acquisition of Oncogeni significantly increased pre-clinical portfolio to four fully funded pre-clinical drug development programs providing multiple opportunities for success
- Highly synergistic programs focused on the pre-clinical development of the Midkine antibodies, Midkine RNA, MK Cell Therapies and STAT-6, siRNA
- Signed partnership agreements and commenced pre-clinical development programs with leading academic cancer research centres

### Post Period End Highlights

- Key milestone achieved with ROQ-A1 and ROQ-A2 Midkine antibody programs, targeting metastatic breast cancer, and lung and liver metastasis, successfully demonstrated *in vivo* safety in pre-clinical development programs and progressed into *in vivo* efficacy studies
- siRNA, MK cell therapy and Midkine oligonucleotide programs progressing pre-clinical development
- Signed exclusive worldwide license agreement (excluding Japan) with Randox Laboratories for 10 years to utilise Midkine antibodies in medical diagnostics
    - Highly synergetic - deal will accelerate ability to diagnose patients and therefore reduce time and costs when it reaches clinical trials
- Randox deal expected to strengthen balance sheet and highlights the Company's deal making capabilities
- Portfolio further enhanced to a total of five programmes with the in-house development of a platform of novel mRNA cancer medicines

- Formation of Scientific Advisory Board

**Outlook**

- On course with targets for clinical readiness for one of the Company's development programs during H2 2023
- Near-term IND and licensing opportunities from advanced stage of development of Midkine portfolio products, MK cell and siRNA products
- Strategic goal to take advantage of the paradigm shift that 90% of successful biotech programs are acquired
- Create value by identifying early innovation, developing it either in-house or with a research partner towards clinical trials and utilise experience to licence or sell to big pharma

**Commenting on the Annual Results, Chief Executive Officer, Ajan Reginald said:** "In 2022 Roquefort Therapeutics made significant progress, notably with the successful fundraise and completion of the acquisition of Oncogeni in September 2022 which pivoted the Company into a material oncology group. Post the acquisition of Oncogeni, the Group's portfolio consisted of four highly complementary fully funded programs with multiple novel patent-protected pre-clinical anti-cancer medicines. Each lead program is capable of becoming a first-in-class medicines targeting some of the hardest to treat cancers."

"In 2023, the Midkine antibody program has successfully demonstrated *in vivo* safety and progressed into *in vivo* efficacy studies. In March 2023, the Company announced the successful development of a fifth program, the mRNA Midkine cancer program, the third in its Midkine family. Anti-cancer mRNA is a highly attractive field with a relatively small number of highly innovative companies able to develop mRNA cancer therapeutics."

"In H1 2023, the Group made significant strategic and commercial progress by completing a licence and royalty agreement with Randox Laboratories to utilise the Group's Midkine antibody portfolio for clinical diagnostics. The transaction highlights the Group's in-house deal making capabilities and strategic focus in therapeutics. The partnership with Randox for cancer diagnostics validates the Company's strategy to target Midkine and brings a companion diagnostic, which increases the likelihood of clinical trial success and reduces the associated time and cost."

"In summary, in the first 6 months of 2023, we have successfully integrated Oncogeni to form a material oncology group, accelerated the cancer programs to meet critical R&D milestones on-time and on-budget and demonstrated our business model of realising value through licensing transactions. This has established the strategic and commercial foundation from which the Group will deliver shareholder value in 2023-4."

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**CHAIRMAN'S STATEMENT**

I am pleased to report the audited financial statements to shareholders for the year ended 31 December 2022. During the year Roquefort Therapeutics (the "Company" and together with its subsidiaries, the "Group") has made substantial progress towards its corporate goals.

Most notably, in September 2022, Roquefort Therapeutics successfully completed a fundraise via the issue of 7,249,998 ordinary shares raising total gross cash proceeds of £1,015,000 and the acquisition of Oncogeni for an aggregate equity consideration fair value of £3.75 million through the issue of 50,000,000 new ordinary shares in the Company (the "Acquisition"), transforming Roquefort Therapeutics into a material oncology Group.

Roquefort Therapeutics completed the integration of the Oncogeni portfolio and enhanced the Group's network of partnerships with leading academic cancer research centres. These partners complement the Group's own world-class in-house expertise and laboratory infrastructure and enable Roquefort Therapeutics to implement a broader and more effective development strategy. The Group believes its distributed R&D model is highly scalable and cost effective.

In parallel, business development activities were significantly enhanced by meeting a number of leading pharmaceutical companies to introduce Roquefort Therapeutics and present the novel portfolio. This has enabled the Group to accelerate the out-licensing strategy in both core and non-core applications.

**Acquisition of Oncogeni**

The acquisition of Oncogeni, diversified Roquefort Therapeutics into a material oncology group with a pre-clinical anti-cancer portfolio that is patent protected and fully funded to complete pre-clinical development activities and submit applications to commence clinical trials. In addition to significantly expanding the portfolio, Roquefort Therapeutics now has a state-of-the-art laboratory in

the UK which provides the Group with major cost saving and time advantages as the Group progresses through the pre-clinical stage of development. The Acquisition also strengthened the Roquefort Therapeutics Board and senior management with complementary skills and expertise. The team in place has exceptional experience in drug development and driving and realising value in biotech. The Acquisition introduced new shareholders into the Group, including Daiichi Sankyo, a global pharmaceutical Group and CH Health, a specialist biotech venture capital investor - validating the high potential of the Group's investment proposition and growth strategy.

Oncogeni has developed two families of innovative cell and RNA oncology medicines, both in pre-clinical development, which are protected by nine patents and complement the existing Midkine programs well:

- Mesodermal Killer ("MK") cells: a new class of cellular medicine engineered to kill cancer cells both directly and by enhancing the activity of natural killer cells; and
- Small interfering RNA ("siRNA") therapeutics: kill cancer cells by inhibiting a novel cancer target STAT6 (signal transducer and activator of transcription 6).

The MK and siRNA families consist of six and four drug candidates each i.e., MK1-6 and siRNA 1-4. Each candidate is protected by composition of matter patents and has the potential to be a new medicine subject to the successful completion of development.

The Board and senior management team was significantly expanded with the acquisition of Oncogeni with Ajan Reginald joining as CEO of Roquefort Therapeutics. Ajan has a strong track record in drug development, biotech transactions and commercialisation. Over 20 years, he has served as the Global Head of Emerging Technologies for Roche Group (SWX: ROG), Chief Operating Officer and Chief Technology Officer of Novacyt S.A (LON: NCYT) and CEO of Celixir Ltd.

In addition, Professor Sir Martin Evans was appointed as Chief Scientific Officer. Sir Martin was the first scientist to identify embryonic stem cells, which can be adapted for a wide variety of medical purposes. His discoveries are now being applied in virtually all areas of biomedicine - from basic research to the development of new therapies. In 2007, he was awarded the Nobel Prize for Medicine, the most prestigious honour in world science, for these "ground-breaking discoveries concerning embryonic stem cells and DNA recombination in mammals."

Further, Dr Darrin Disley was appointed Non-Executive Director, and is a renowned scientist, entrepreneur, angel investor and enterprise champion who has started, grown, or invested in over 40 start-up life science, technology and social enterprises, raising US$600 million in business financing and closing US$700 million in commercial deals. He was CEO of Horizon Discovery Group plc for 11 years, during which he led the company from start-up through a US$113 million IPO, and rapid scale-up powered by multiple acquisitions of US peer companies to become a global market leader in gene editing and gene modulation technologies.

Since listing in March 2021, Roquefort Therapeutics has established a quality team, underpinned by a proven collective track record in the development, progression and commercialisation of relevant medicines, a key aspect of Roquefort Therapeutics' investment proposition and leaves the Group well

placed, subject to further funding, to deliver its growth objectives.

**Pre-clinical development during 2022**

During the period, the Group enhanced the portfolio significantly, completed the integration of the Oncogeni portfolio. Post the Acquisition, the Group's portfolio consisted of four fully funded, novel patent-protected pre-clinical anti-cancer medicines. The highly complementary profile of four best-in-class medicines consists of:

- Midkine antibodies with significant in vivo efficacy and toxicology studies;
- Midkine RNA oligonucleotide therapeutics with novel anti-cancer gene editing action;
- STAT-6 siRNA therapeutics targeting solid tumours with significant in vivo efficacy; and
- MK cell therapy with direct and NK-mediated anti-cancer action.

The Group continued to progress its four novel patent-protected pre-clinical anti-cancer medicines during the period through a combination of partnerships with leading academic cancer research centres and at the Group's state of the art laboratory.

With the programs focused on the pre-clinical development of the Midkine antibodies, Midkine RNA oligonucleotide and STAT-6 siRNA, the Group signed partnership agreements and commenced pre-clinical development programs with the following leading academic cancer research centres:

- Olivia Newton-John Cancer Research Institute, La Trobe University, Melbourne
  - Breast cancer metastasis, Midkine antibody program
- Lowy Cancer Research Centre, University of New South Wales
  - Liver and Colorectal cancer, Midkine RNA oligonucleotide and STAT-6 siRNA programs
- Hawkins Laboratory Biochemistry and Genetics, La Trobe University, Melbourne
  - Lung cancer metastasis, Midkine antibody program
- School of Medical Sciences, University of Sydney
  - Midkine RNA oligonucleotide program

In addition, the Group is utilising its state of the art laboratory in Stratford-upon-Avon to develop the MK cell therapy program in-house. The laboratory includes a clean room, laminar flow cabinets and cryopreservation infrastructure required for pre-clinical development of innovative new medicines, particularly cell and gene therapies.

**Post Period End**

2023 started with significant momentum, with the Group's Midkine antibody program, targeting metastatic breast cancer and metastatic lung cancer, successfully demonstrating *in vivo* safety in pre-clinical development programs carried out by leading cancer research groups (stated above), a key development milestone. ROQ-A1 and ROQ-A2 are the patented humanised antibody medicines designed by Roquefort Therapeutics to target the novel Midkine target prevalent in hard-to-treat cancers. These milestones were completed on schedule and within budget. Both Midkine antibody candidates will now progress into *in vivo* pre-clinical efficacy studies to assess cancer killing ability in primary and metastatic breast cancer and lung cancer. Both antibodies are valuable assets that fit the established Big Pharma paradigm of treating cancer with novel antibody therapeutics. The siRNA, MK cell therapy

and Midkine RNA oligonucleotide programs are also progressing well and are expected to complete pre-clinical development milestones in Q2 2023.

The Group has always believed Midkine to be a truly novel target and has been optimistic in the therapeutic potential of Midkine. In February 2023 Roquefort Therapeutics validated Midkine as a target by signing a Licence and Royalty agreement with leading diagnostics group, Randox Laboratories in relation to the Group's Midkine antibody portfolio. The Group is eligible to receive upfront and potential marketing milestone receipts, as well as royalties on diagnostics products sold. The Group received from Randox an upfront amount of £200,000 and can earn further potential milestone receipts of up to £150,000 for marketing approval in certain jurisdictions. The Group will also receive royalties from Randox on net sales of any commercialised diagnostic products. Randox is developing a diagnostic to identify patients with cancers that overexpress Midkine which is highly synergistic with Roquefort Therapeutics' development of first-in-class cancer medicines. The Licence and Royalty agreement also benefits the Group's preparation for clinical trial readiness because diagnosing patients early will accelerate the ability to diagnose patients for clinical trials which will dramatically reduce time and costs associated, and in addition, clinical trials with companion diagnostics have a much higher success rate - 15.9% vs 7.6% (BIO, QSL Advisors and Informa UK 2021 Report).

Finally in March 2023, Roquefort Therapeutics announced the successful development of a fifth program and a third in its Midkine family. The Roquefort Therapeutics team led by Vice President of Drug Discovery, Professor Graham Robertson, has delivered a pioneering mRNA anti-cancer program. This new platform of mRNA therapeutics was developed in-house and consists of four mRNA pre-clinical therapeutics targeting Roquefort Therapeutics' novel Midkine target. Developing the mRNA anti-cancer program is highly synergistic with the Group's existing Midkine RNA oligonucleotide program in development at the University of New South Wales, ensuring development continues to remain on budget and on schedule. The addition of the mRNA family expanded Roquefort Therapeutics' portfolio to five highly innovative programs which remain fully funded to the critical value inflection point of clinical trial readiness. The Group is now working towards demonstrating efficacy of the mRNA therapeutics in specific cancer targets, alongside the Group's existing Midkine RNA oligonucleotide program.

**Strategy & Outlook**

Roquefort Therapeutics' strategy is to identify the next generation of medicines for the most difficult to treat cancers which have a high mortality rate, and develop medicines in-house and with academic partners through the pre-clinical phase to clinical trial readiness and IND filings. The Group has the necessary expertise and experience to package up the programs for licence or sale to big pharma which is the Group's ultimate aim to realise value. Through the material strategic progress delivered over the course of the prior year, Roquefort Therapeutics is well positioned with currently five pre-clinical programs, and a considerably strengthened team to deliver significant progress in a focused and cost-effective manner, through a combination of partnerships with leading academic cancer research centres and a high-quality in-house laboratory.

2023 has started with significant momentum and the Group has laid the foundations to realise this strategy having expanded the Group in September 2022 and by its pre-clinical and commercial successes announced during Q1 2023. The Randox licensing agreement has demonstrated the Group's ability

to achieve deals, and out licencing to strategic partners, both in diagnostics and therapeutics, is a key priority for Roquefort Therapeutics during 2023. The pre-clinical progress is highly encouraging and the Group will update shareholders as to its further progress in due course.

The Chairman's statement should be read as part of the strategic report.

Stephen West, Executive Chairman
4 June 2023

**DIRECTORS' REPORT**

The Directors present their report with the audited financial statements of Roquefort Therapeutics plc ("the Company") and its subsidiaries Lyramid Pty Limited ("Lyramid"), Oncogeni Limited ("Oncogeni") and Tumorkine Pty Limited ("Tumorkine") (together "the Group") for the year ended 31 December 2022. A commentary on the business for the year is included in the Chairman's Statement. A review of the business is also included in the Strategic Report.

The Company's Ordinary Shares are listed on the London Stock Exchange, on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings.

## Directors

The Directors of the Company during the year and their beneficial interest in the Ordinary shares of the Company at 31 December 2022 were as follows:

| Director | Position | Appointed | Ordinary shares | Warrants |
|---|---|---|---|---|
| Stephen West[1] | Executive Chairman | 17/08/2020 | 5,313,264 | 7,500,000 |
| Ajan Reginald | Chief Executive Officer | 16/09/2022 | 11,627,786 | - |
| Sir Martin Evans | Chief Scientific Officer | 16/09/2022 | - | - |
| Dr Michael Stein | Non-Executive Director | 22/03/2021 | - | 2,000,000 |
| Ms Jean Duvall | Non-Executive Director | 05/04/2022 | - | 300,000 |
| Dr Simon Sinclair[2] | Non-Executive Director | 20/04/2022 | 60,415 | 300,000 |
| Dr Darrin Disley | Non-Executive Director | 16/09/2022 | 1,225,966 | - |

[1] 4,628,485 Ordinary shares and 7,500,000 warrants held by Cresthaven Investments Pty Ltd ATF The Bellini Trust; and 684,779 Ordinary shares were held by Stephen West direct

2 300,000 warrants held by Livingstone Investment Holdings Ltd; and 60,415 Ordinary shares were held by Simon Sinclair direct

## Qualifying Third Party Indemnity Provision

At the date of this report, the Company has a third-party indemnity policy in place for all Directors.

## Substantial shareholders

As at 31 December 2022, the total number of issued Ordinary Shares with voting rights in the Company was 129,149,998. Details of the Company's capital structure and voting rights are set out in note 18 to the financial statements.

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at the date of approval of this report.

| Party Name | Number of Ordinary Shares | % of Share Capital |
|---|---|---|
| Ajan Reginald | 11,627,786 | 9.00% |
| Abdelatif Lachab | 7,750,000 | 6.00% |
| Jane Whiddon[1] | 7,300,000 | 5.65% |
| M Sheikh | 5,744,870 | 4.45% |
| Stephen West[2] | 5,313,264 | 4.11% |
| Provelmare SA | 5,000,000 | 3.87% |
| Z Sheikh | 4,018,910 | 3.11% |
| M Rollins | 4,000,000 | 3.10% |
| K Fallon | 3,905,215 | 3.02% |

[1] 2,500,000 shares held by MIMO Strategies Pty Ltd (ATF the MIMO Trust); 4,100,000 shares held by 6466

Investments Pty Ltd; 700,000 shares held by Nautical Holdings WA Pty Ltd - all of which are entities controlled by J Whiddon

[2] 4,628,484 shares held by Cresthaven Investments Pty Ltd (ATF the Bellini Trust) - an entity associated with S West

**Financial instruments**
Details of the Company's financial risk management objectives and policies as well as exposure to financial risk are contained in the accounting policies and note 21 of the financial statements.

## Greenhouse Gas (GHG) Emissions

The Company is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, due to its operational footprint being limited to a laboratory leased from August 2022, consuming less than 40,000 kWh of energy, the Company is currently exempt from GHG reporting requirements.

In the future, the Company will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

**TCFD Disclosure**
The Group was incorporated in August 2020, and operated virtually until its acquisition of Oncogeni Limited in September 2022, at which point the Group commenced a short-term lease of laboratory and office facilities. The Group therefore will begin to consider its impact on the environment and the risks it faces from climate change, for the first time during 2023 and expects to develop its sustainability plans over a 5 year period, commensurate with the size of its operations. Climate change was not considered a principal risk or uncertainty for the year ended 31 December 2022.

In line with the requirements of the Financial Conduct Authority's Listing Rule 14.3.27R, and for the above reasons, we note that we have not made the disclosures, in respect of the financial year ended 31 December 2022, in line with the recommendations and recommended disclosures of the TCFD.

## Dividends

The Directors do not propose a dividend in respect of the year ended 31 December 2022.

## Research and development, Future developments and events subsequent to the year end

Further details of the Company's research and development, future developments and events subsequent to the year-end are set out in the Strategic Report. Research and development costs incurred for the year ended 31 December 2022 were £319,315 (2021 - £698).

**Corporate Governance**
The Governance report forms part of the Director's Report.

## Going Concern

The Directors have prepared financial forecasts to estimate the likely cash requirements of the Group over the period to 30 June 2024, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the Directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The Directors have considered the sensitivity of the financial forecasts to changes in key assumptions, including, among others, potential cost overruns within committed spend and changes in exchange rates.

The Group's available resources are sufficient to cover the Group's plans to complete pre-clinical development activities and submit applications to commence clinical trials during 2023, however, they are not sufficient to cover existing committed costs and the costs of planned activities for at least 12 months from the date of signing these consolidated and company financial statements.

The Directors plan to raise further funds during 2023 (either through licencing deals and/or equity placements) and have reasonable expectations that

sufficient cash will be raised to fund the planned operations of the Group for a period of at least 12 months from the date of approval of these financial statements. The funding requirement indicates that a material uncertainty exists which may cast significant doubt over the Group's and Company's ability to continue as a going concern, and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

After due consideration of these forecasts, current cash resources, including the sensitivity of key inputs, and plans to raise further funds, the Directors consider that the Group will have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least 12 months from the date of this report) and, for this reason, the financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

## Principal Activities

The Company's principal activity in the reporting period was the preclinical development of next generation medicines focused on hard to treat cancers.

## Auditors

On 1 December 2022, Jeffreys Henry LLP resigned as the Company's auditors and confirmed that there are no circumstances connected with their resignation which they considered should be brought to the attention of the Company's members or creditors in accordance with Section 519 of the Companies Act 2006.

On 16 January 2023 it was announced that the Company had appointed BDO LLP as its auditors with immediate effect. The appointment of BDO LLP will be subject to approval by shareholders at the next Annual General Meeting of the Company.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report alongside 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 have prepared the financial statements in accordance with UK adopted International Accounting Standards.

Under company law the Directors must not approve the financial statements 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 year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies with a Standard Listing.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 and the Remuneration Committee Report 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. They are also responsible to make a statement that they consider that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for the

shareholders to assess the Company's position and performance, business model and strategy.

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

## Statement of Directors' responsibilities pursuant to Disclosure and Transparency Rules

Each of the Directors confirm that, to the best of their knowledge and belief:

- the financial statements prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company; and
- the Annual Report and financial statements, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

## Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This directors' report was approved by the Board of Directors on 4 June 2023 and is signed on its behalf by:
Stephen West, Executive Chairman

# STRATEGIC REPORT

The Directors present the Strategic Report of the Company and the Group for the year ended 31 December 2022.

## Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The Company acquired Lyramid Pty Ltd in late 2021 and then subsequently acquired Oncogeni Limited in September 2022. The pre-revenue nature of the business is important to the understanding of the Company by its members and suppliers, and the Directors are as transparent about the cash position and funding requirements as is allowed under LSE regulations.

We aim to work responsibly with our stakeholders, including suppliers. The key Board decisions made in the year and post year end are set out below:

| Significant events / decisions | Key s172 matter(s) affected | Actions and Consequences |
|---|---|---|

| | | |
|---|---|---|
| Entering into an agreement to purchase the entire issued share capital of Oncogeni Limited and the associated Share Placing | Shareholders and Business Relationships | Completion of the acquisition and associated Placing, with the enlarged share capital listed on the London Stock Exchange, leading to greater likely outcomes for shareholders in the future. Shareholders were communicated to and decisions made by the Directors were notified via the Regulatory New Service. |

*Interests of Employees*
The Company's Corporate Governance Statement of this Annual Report sets out (under board responsibilities) the processes in place to safeguard the interests of employees.

*Foster business relationships with suppliers, joint venture partners and others*
Potential suppliers and joint venture partners are considered in the light of their suitability to comply with the Company's policies.

*Impact of operations on the community and environment*
The Company will continue to monitor the impact of its research facilities on the community and environment.

*Maintain a reputation for high standards of business conduct*
The Corporate Governance section of this Annual Report sets out the Board and Committee structures and Board and Committee meetings held during the year, together with the experience of executive management and the Board and the Company's policies and procedures.

*Act fairly as between members of the Company*
The Board takes feedback from a wide range of shareholders (large and small) and endeavours at every opportunity to pro-actively engage with all shareholders (via regulatory news reporting-RNS) and engage with any specific shareholders in response to particular queries they may have from time to time. The Board considers that its key decisions during the year have impacted equally on all members of the Company.

**Review of Business in the Year**

## Operational Review

The Company's principal activity is set out in the Directors' Report.

During the first nine months of the year under review the Company was primarily focused on the pre-clinical development of RNA oligonucleotide drugs targeting Midkine. These RNA oligonucleotide drugs interfere with processing of the Midkine mRNA ultimately leading to reduced active Midkine protein produced in diseased tissues and tumours.

On 22 June 2022 the Company announced that it had entered into a conditional sale and purchase agreement with the shareholders of Oncogeni Limited ("Oncogeni") to acquire 100% of the total issued equity in Oncogeni for an aggregate consideration of £3,750,000 to be satisfied by the issue of 50,000,000 new ordinary shares in the Company.

Oncogeni was established in 2019 by Nobel Laureate Professor Sir Martin Evans. It had an experienced leadership team developing novel cell and RNA

based cancer medicines, which the Board believed were complementary to the Company's existing pre-clinical drug development business.

To fund the future pre-clinical drug development work of Oncogeni and the working capital requirements of the enlarged Group, the Company also announced a placing of 7,249,998 new ordinary shares to new and existing investors to raise funds of £1.015 million.

The transaction and placing were successfully completed on 16 September 2022 with 57,249,998 new ordinary shares being issued and admitted to the Official List of the UKLA by way of a standard listing under Chapter 14 of the UKLA's Listing Rules and to trading on the London Stock Exchange's main market for listed securities on that date.

On completion of the transaction Professor Sir Martin Evans, Ajan Reginald and Dr Darrin Disley (all directors of Oncogeni) were appointed to the Board of the Company.

Post-acquisition of Oncogeni the Company was focused on integrating the Oncogeni business into the existing business and progressing development of the enlarged pre-clinical drug portfolio.

**Events since the year end**

On 20 February 2023 the Company announced that it had signed an exclusive licence and royalty agreement, for the field of medical diagnostics only, with a leading international diagnostics company, Randox Laboratories Ltd ("Randox"), in relation to its Midkine antibody portfolio. Randox and Roquefort Therapeutics will now engage in collaborative research programs to develop new cancer diagnostics that will identify patients treatable with the Company's Midkine therapeutics.

On 8 March 2023 the Company announced that it had successfully developed a new novel platform of anti-cancer mRNA therapeutics.

**Financial review**

## Results for the year to 31 December 2022

The Consolidated Statement of Comprehensive Income for the year shows a loss of £1,615,417 (2021: £917,433) and the Consolidated Statement of Financial Position at 31 December 2022 shows net assets of £7,206,638 (2021: £4,082,606) for the Group.

The total comprehensive loss for the year of £1,630,406 (2021: loss of £916,809) occurred as a result of on-going research and development costs, and administrative expenses required to operate the Company, and costs in relation to the completion of the acquisition of Oncogeni.

Administrative expenses increased to £1,306,561 (2021: £252,392) mainly due to Directors' and employee costs increasing to £365,564 (2021: £59,607), consulting and professional fees increasing to £209,768 (2021: £125,807), the audit fee increasing to £157,336 (2021: £22,000) and other expenditure (excluding audit fees) increasing to £527,520 (2021: £13,818) - reflecting an increase in staff and operational activities during the year. Research and development expenditure increased to £319,315 (2021: £698) as the Group carried out external studies with Murdoch University for the Midkine RNA oligonucleotide pre-clinical program in the first half of the year and commenced internal and external studies on the other programs later in the year.

The intangible assets of the Group increased to £5,343,506 (2021: £1,481,530) as a result of accounting for the fair value of shares issued for the acquisition of Oncogeni Limited (Refer to note 12).

Other receivables reduced significantly to £45,154 (2021: £2,135,031) due to the receipt of outstanding placing proceeds of £2,106,202 in January 2022.

**Cash flow**
Net cash inflow for the Group for 2022 was £1,421,258 (2021: £900,335).

Net cash used in investing activities for 2022 decreased to £122,468 (2021: £606,226) reflecting the acquisition of Oncogeni Limited in 2022 for equity consideration and associated costs, compared with the acquisition of Lyramid Pty Ltd in 2021 for a mixture of cash consideration, equity consideration and associated costs.

Net flows from financing activities for 2022 was £3,121,202 reflecting the receipt of proceeds from an equity placement undertaken in December 2021 of £2,106,202 and an equity placement in September 2022 raising £1,014,999. This compares to the net flows from financing activities for 2021 of £2,023,393 reflecting, after costs of £159,405, pre-IPO equity placements in 2020 raising £124,000, the IPO equity placement in March 2021 raising £1,000,000, the exercise of broker warrants for £15,000, an equity placement in August 2021 raising £150,000 and an equity placement in December 2021 raising £3,000,000 (less proceeds outstanding and received in early 2022 of £2,106,202).

**Closing cash**
As at 31 December 2022, the Group held £2,322,974 (2021: £899,721) of cash.

## Key Performance Indicators
The Company's non-financial KPIs are the development of new novel anti-cancer therapeutics, the registration of new patents to protect the clinical advancements in anti-cancer therapeutics being achieved during the pre-clinical stages of drug discovery and entering into licencing deals with other companies.

The Company's financial KPIs are the Company's cash runway and budgeted R&D spend compared to actuals.

## Position of Company's Business

*At the year end*
At the year end the Company's Statement of Financial Position shows net assets totalling £7,481,382 (2021: £4,014,683). The Company's current cash resources are sufficient to cover the Company's plans to complete pre-clinical development activities and submit applications to commence clinical trials for all of the Company's pre-clinical programs. However, the ability of the Company to continue as a going concern, for at least 12 months from the date of signing this Annual Report, is dependent upon the completion of licencing deals that include upfront consideration and/or the successful future raising of further capital, which the Directors are confident of achieving. There can be no assurance that these plans will be successful and so there is a material uncertainty over the Company's ability to continue as a going concern.

*Environmental matters*
The Board contains personnel with a good history of running businesses that have been compliant with all relevant laws and regulations and there have been no instances of non-compliance in respect of environmental matters.

*Employee information*
As at the date of this report, the Company has an Executive Chairman, two Executive Directors and four Non-Executive Directors. The Company is committed to gender equality and, as future roles are identified, a wide-ranging search would be completed with the most appropriate individual being appointed irrespective of gender.

A split of our employees and directors by gender at the date of this report, is shown below:

| | Male | Female |
|---|---|---|
| Directors | 6 | 1 |
| Employees | - | 2 |
| **Total employees (including directors)** | **6** | **3** |

*Social/Community/Human rights matters*
The Company ensures that employment practices take into account the necessary diversity requirements and compliance with all employment laws. The Board has experience in dealing with such issues and sufficient training and qualifications to ensure they meet all requirements.

*Anti-corruption and anti-bribery policy*
The government of the United Kingdom has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has conducted a review into its operational procedures to consider the impact of the Bribery Act 2010 and the Board has adopted an anti-corruption and anti-bribery policy.

## Principal Risks and Uncertainties

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors are of particular relevance to the Group's activities although it should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

| Issue | Risk/Uncertainty | Mitigation |
|---|---|---|
| **The Group is a pre-revenue business and there is no guarantee that it will generate significant or any revenue in the near future** | The generation of revenues is difficult to predict and there is no guarantee that the Group will generate significant or any revenues in the foreseeable future.<br>The Group will face risks frequently encountered by pre-revenue businesses looking to bring new products and devices to the market. There is also no guarantee that the intellectual property held will ultimately result in a commercially viable product. It is also possible that technical and/or regulatory hurdles could lengthen the time required for the delivery of such a testing product.<br>The Group's future growth will also depend on its ability to secure commercialisation partnerships on appropriate terms, to manage growth and to expand and improve operational, financial and management information, quality control systems and its commercialisation function on a timely basis, whilst at the same time maintaining effective cost controls. | The Directors have appointed a CEO to actively manage the commercial activities of the Group as it develops.<br>The CEO and the Directors will oversee the progress of the development of the Group's research programs and associated technologies and will ensure funding is in place to support the necessary trials and further development steps as these come on stream. |
| **Research and development risks carry technical risks, including the programs undertaken by the Group and there is no guarantee that these technical risks can be effectively overcome, and a successful, approved product can be developed** | All therapeutic research and development programs carry technical risks, including the programs undertaken by the Group. These risks include: those associated with delays in development of effective and potent drugs; failure of delivery by third party suppliers of research services or materials essential to the programs; and outcomes of clinical testing.<br>There is no guarantee that these technical risks can be effectively overcome, and a successful, approved product can be developed. Furthermore, the Group is pursuing relatively new drug classes. Whilst several examples of approved drugs now exist in these classes, as yet no such drug has been developed for the Group's targets. There is a risk that these novel classes of drugs may not be an effective way of modulating the target's expression to exert appropriate clinical benefit in the target conditions. | The Directors will engage in continuous dialogue with the Chief Scientific Officer to critically review the technical risks. The Board has established a Scientific Advisory Board to support them in this review process. |
| **Biotechnology programs are subject to the most stringent regulatory oversight by various government agencies and ethics committees and there is no guarantee that the proposed development work will result in an efficacious treatment, or even if it does, that the drug will be approved by regulatory authorities** | Biotechnology programs are subject to the most stringent regulatory oversight by various government agencies and ethics committees. Key regulatory focus areas are safety and efficacy, and future clinical trials conducted by the Group may be suspended or abandoned entirely in the event that regulatory agencies consider that continuation of these trials could expose participants to undue risks. Before obtaining regulatory approval of a product for a target indication, substantial evidence must be gathered in controlled clinical trials that the product candidate is safe and effective for use for that clinical setting. Similar approvals must be obtained from the relevant regulatory authorities in each country in which the product may be made available, including Australia, US and the EU. | The Scientific Advisory Board will be critical in supporting the Board in understanding and mitigating these risks. Even so, a sudden unforeseen change in the regulations could have a material adverse impact on the development program.<br>The Group cannot guarantee that the proposed development work will result in an efficacious treatment, or even if it does, that the drug will be approved by regulatory authorities. |

| Issue | Risk/Uncertainty | Mitigation |
| --- | --- | --- |
| **Even where the Group is successful in terms of technical and regulatory approvals, there is no guarantee it will be successful in securing an appropriate licensing deal or in achieving alternative means of commercialising its drugs** | There may be other companies developing effective treatments for the same conditions as the Group, which could make commercialising any drug more difficult. The research and development programs planned are expected to take several years before any drug might be ready and the market for such drugs may contract significantly or become too competitive for an economically viable drug launch. In addition, even post regulatory approval, any drug may need to be withdrawn from the market, as well as expose the Group to claims for compensation as a result of serious adverse events associated with the treatment. Historically, very few drugs make it from discovery to regulatory approval and commercialisation. | During 2022, the Board appointed new Directors, senior management and advisors with appropriate experience and expertise to give the Group the best chance of commercialising any successful drug in the future. |
| **Existing patents and licences are subject to the terms and conditions of the relevant licence agreement which could be terminated for non-compliance with the terms of such licence agreement** | The Group's subsidiary Lyramid Pty Ltd operates its Midkine antibody research and development programs under a worldwide, licence agreement with Anagenics Ltd, the owner of the Midkine patents. Similarly, the Group's subsidiary Oncogeni Ltd operates its MK Cell and siRNA programs under worldwide licencing agreements with Cell Therapy Limited and Sirna Limited respectively. Whilst the Group is currently compliant, there is a risk that the rights to these patents, as defined by the relevant licence agreement, will be forfeited by virtue of either party failing to meet licence conditions. | The CEO has a good understanding of the details of the licence agreements and the Group's obligations under them. Should any areas of concern arise, legal counsel will be sought before further steps are taken. |

| Issue | Risk/Uncertainty | Mitigation |
| --- | --- | --- |
| **The Group's ability to compete will depend in part, upon the successful protection of its intellectual property, in particular its patents and know-how** | The Group's ability to compete will depend in part, upon the successful protection of its intellectual property, in particular its Patents Rights and Know-How. Filing, prosecuting and defending patents in all countries throughout the world would be prohibitively expensive. It is possible that competitors will use the technologies in jurisdictions where the Group has not registered patents.<br>Any such claims are likely to be expensive to defend, and the other litigating parties may be able to sustain the costs of complex patent litigation more effectively than the Group can, because they have substantially greater resources. Moreover, even if the Group is successful in defending any infringement proceedings, it may incur substantial costs and divert management's time and attention in doing so, which may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations. Further, disputes can often last for a number of years, and can be subject to lengthy appeals processes before any final resolution is achieved through the various different courts and/or tribunals. Furthermore, it cannot be guaranteed that a court will not rule against the Group were such claims to be defended.<br>Despite these precautions that may be taken by the Group to protect its intellectual technology and products, unauthorised third parties may attempt to copy, or obtain and use its technology and products. A third party may infringe upon the Group's intellectual property, release information considered confidential about the Group's intellectual property and/or claim technology that is registered to the Group. In addition, the Group may fail to discover infringement of its intellectual property, and/or any steps taken or that will be taken by it may not be sufficient to protect its intellectual property rights or prevent others from seeking to invalidate its intellectual property (for example, in response to a claim for infringement or where an attempt is made to "clear a path" for a new competing product) or block sales of its products by alleging a breach of their intellectual property. Third parties can bring material and arguments which the patent office granting the patent may not have seen at the time of granting the patent. Therefore, whilst a patent may be granted to the Group it could in the future be found by a court of law or by a patent office to be invalid or unenforceable or in need of further restriction. As a result of a validity challenge, a patent may be amended so as to narrow its scope to an extent that it may be more difficult to restrict activities of competitors. Applications filed by the Group in respect of new patents and trademarks may also not be granted or, if granted, may still be subject to opposition. In addition, there can be no guarantee that the patents or trademarks will be granted on a timely basis. Subject to certain time limits, there may, in certain circumstances, also be claims to entitlement, and/or compensation arising from contributions made, to granted patents by those who have assisted with the relevant research or project.<br>In the event that litigation is necessary in the future in order to enforce the Group's intellectual property rights, determine the scope and validity of proprietary rights of other companies, and/or defend claims of infringement or invalidity, it could require the Group to commit significant resource to pursue the protection of its intellectual property and there is no guarantee that the result of such litigation would result in a favourable outcome to the Group, or the damages or other remedies awarded, if any, may not be commercially meaningful or represent acceptable compensation in respect to the infringement.<br>The Group is not currently aware of any such active or pending litigation risk. | The Group seeks to protect its intellectual property through the filing of patent applications, as well as robust confidentiality obligations on its employees. The Board intends to defend the Group's intellectual property vigorously, where necessary through litigation and other means. |

| Issue | Risk/Uncertainty | Mitigation |
|---|---|---|
| **Competition and the pace of development in the biotechnology sector could lead to the market participants creating approaches, products and services equivalent or superior to the diagnostic testing products and services than those to be offered by the Group** | The Group operates within the biotechnology sector, a complex area of the healthcare industry. Rapid scientific and technological change within the biotechnology sector could lead to other market participants creating approaches, products and services equivalent or superior to the diagnostic testing products and services than those to be offered by the Group, which could adversely affect the Group's performance and success. Better resourced competitors may be able to devote more time and capital towards the research and development process, which, in turn, could lead to scientific and/or technological breakthroughs that may materially alter the outlook or focus for markets in which the Group will operate.<br>If the Group is unable to keep pace with the changes in the biotechnology sector and in the wider healthcare industry, the demand for its platforms and associated products and services could fall, which may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations. In addition, certain of the Group's competitors may have significantly greater financial and human resource capacity and, as such, better manufacturing capability or sales and marketing expertise. New companies with alternative technologies and products may also emerge. | The Board will be monitoring the speed and output of the programs closely and challenging where it believes things could be done more quickly.<br>The Board is aware of the potential need for further funding as the programs develop. Being a listed company gives the Group the ability to raise more funds in the future should they be required. |
| **The successful operation of the Group will depend partly upon the performance and expertise of its current and future management and employees** | The successful operation of the Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of certain of these members of the Group's key management, including Ajan Reginald, the CEO, Professor Sir Martin Evans, the Chief Scientific Officer, and Dr Graham Robertson, the Vice President of Drug Discovery or the inability to identify, attract and retain a sufficient number of suitably skilled and qualified employees may have a material adverse effect on the Group. Any future expansion of the Group may require considerable management time which may in turn inhibit management's ability to conduct the day to day business of the Group. | The Group offers incentives to Directors and employees through share warrants, which makes them linked to the long-term success of the business. |

## Composition of the Board

A full analysis of the Board, its function, composition and policies, is included in the Governance Report.

## Capital structure

The Company's capital consists of ordinary shares which rank *pari passu* in all respects which are traded on the Standard segment of the Main Market of the London Stock Exchange. There are no restrictions on the transfer of securities in the Company or restrictions on voting rights and none of the Company's shares are owned or controlled by employee share schemes. There are no arrangements in place between shareholders that are known to the Company that may restrict voting rights, restrict the transfer of securities, result in the appointment or replacement of Directors, amend the Company's Articles of Association or restrict the powers of the Company's Directors, including in relation to the issuing or buying back by the Company of its shares or any significant agreements to which the Company is a party that take effect after or terminate upon, a change of control of the Company following a takeover bid or arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur because of a takeover bid.

Approved by the Board on 4 June 2023
Stephen West, Executive Chairman

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Year ended 31 December 2022 | Period ended 31 December 2021 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Revenue | 7 | - | 719 |
| Other income | | - | 130 |
| Cost of goods sold | | - | (10,069) |
| Administrative expenses | 9 | (1,306,561) | (252,392) |
| Costs associated with the IPO | 9 | - | (182,053) |
| Share based payments - directors and senior managers | 9 | (8,427) | (248,326) |
| Costs associated with acquisition of subsidiary | 9 | - | (224,744) |
| Research and development expenditure | 9 | (319,315) | (698) |
| **Operating loss & loss before taxation** | | **(1,634,303)** | **(917,433)** |
| Taxation | 10 | 18,886 | - |
| **Loss for the period** | | **(1,615,417)** | **(917,433)** |
| Other comprehensive (loss) income | 8 | (14,989) | 624 |
| **Total comprehensive loss for the period attributable to equity holders of the parent** | | **(1,630,406)** | **(916,809)** |
| Loss per share (basic and diluted) attributable to the equity holders (pence) | 11 | (1.56) | (3.71) |

*The notes to the financial statements form an integral part of these financial statements.*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 December 2022 £ | Restated As at 31 December 2021 £ |
|---|---|---|---|
| **Assets** | | | |
| ***Non-current assets*** | | | |
| Intangible assets | 12 | 5,343,505 | 1,481,530 |
| ***Total non-current assets*** | | **5,343,505** | **1,481,530** |
| ***Current assets*** | | | |
| Trade and other receivables | 14 | 101,738 | 2,178,783 |
| Cash and cash equivalents | 15 | 2,322,974 | 899,721 |
| **Total current assets** | | **2,424,712** | **3,078,504** |
| **Total assets** | | **7,768,217** | **4,560,034** |
| **Equity and liabilities** | | | |
| ***Equity attributable to shareholders*** | | | |
| Share capital | 18 | 1,291,500 | 719,000 |
| Share premium | 18 | 4,403,094 | 3,460,595 |
| Share based payments reserve | 19 | 375,135 | 366,708 |
| Merger relief reserve [1] | 20 | 3,700,000 | 450,000 |
| Retained deficit | | (2,548,728) | (914,321) |
| Currency translation reserve | | (14,365) | 624 |
| **Total equity** | | **7,206,636** | **4,082,606** |
| **Liabilities** | | | |
| ***Non-Current liabilities*** | | | |
| Deferred tax liabilities | 17 | 281,911 | 281,911 |
| ***Current liabilities*** | | | |
| Trade and other payables | 16 | 279,670 | 195,517 |
| **Total liabilities** | | **561,581** | **477,428** |
| **Total equity and liabilities** | | **7,768,217** | **4,560,034** |

[1] In the prior period Merger relief reserve was not applied for the consideration shares issued for the acquisition of Lyramid, in error. £450,000 previously recorded as share premium has been reclassified into a merger relief reserve in accordance with the UK Companies Act. There has been no impact to the prior period's consolidated statement of comprehensive income or net asset position.

*The notes to the financial statements form an integral part of these financial statements.*

## STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 December 2022 £ | Restated As at 31 December 2021 £ |
|---|---|---|---|
| **Assets** | | | |
| ***Non-current assets*** | | | |
| Investments | 13 | 4,874,774 | 1,015,695 |
| Intercompany receivables | | 451,622 | 132,800 |
| **Total non-current assets** | | **5,326,396** | **1,148,495** |
| ***Current assets*** | | | |
| Trade and other receivables | 14 | 64,309 | 2,136,224 |
| Cash and cash equivalents | 15 | 2,274,478 | 857,614 |
| **Total current assets** | | 2,338,787 | 2,993,838 |
| **Total assets** | | **7,665,183** | **4,142,333** |
| **Equity and liabilities** | | | |
| ***Equity attributable to shareholders*** | | | |
| Share capital | 18 | 1,291,500 | 719,000 |
| Share premium | 18 | 4,403,094 | 3,460,595 |
| Share based payments reserve | 19 | 375,135 | 366,708 |
| Merger relief reserve [1] | 20 | 3,700,000 | 450,000 |
| Retained deficit | | (2,288,350) | (981,620) |
| **Total equity** | | **7,481,379** | **4,014,683** |
| **Liabilities** | | | |
| ***Current liabilities*** | | | |
| Trade and other payables | 16 | 183,804 | 127,650 |
| **Total liabilities** | | 183,804 | 127,650 |
| **Total equity and liabilities** | | **7,665,183** | **4,142,333** |

1- In the prior period Merger relief reserve was not applied for the consideration shares issued for the acquisition of Lyramid, in error. £450,000 previously recorded as share premium has been reclassified into a merger relief reserve in accordance with the UK Companies Act. There has been no impact to the prior period's consolidated statement of comprehensive income or net asset position.

*The notes to the financial statements form an integral part of these financial statements.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Ordinary Share capital £ | Share Premium £ | Share Based Payment Reserve £ | Merger relief reserve £ | Retained earnings £ | Translation Reserve £ | Total equity £ |
|---|---|---|---|---|---|---|---|
| On Incorporation | - | - | - | - | 3,112 | - | 3,112 |
| Loss for the period | - | - | - | - | (917,433) | - | (917,433) |
| Exchange differences | - | - | - | - | - | 624 | 624 |
| **Total comprehensive income / (loss) for the period** | - | - | - | - | **(914,321)** | **624** | **(913,697)** |
| **Transactions with owners** | | | | | | | |
| Ordinary Shares issued (restated) [1] | 719,000 | 3,620,000 | - | 450,000 | - | - | 4,789,000 |
| Share issue costs | - | (159,405) | - | - | - | - | (159,405) |
| Warrants charge | - | - | 366,708 | - | - | - | 366,708 |
| **Total transactions with owners (restated)** | **719,000** | **3,460,595** | **366,708** | **450,000** | **-** | **-** | **4,996,303** |

| | Ordinary Share capital | Share Premium | Share Based Payment Reserve | Merger relief reserve | Retained earnings | Translation Reserve | Total equity |
|---|---|---|---|---|---|---|---|
| **As at 31 December 2021 (restated)** | **719,000** | **3,460,595** | **366,708** | **450,000** | **(914,321)** | **624** | **4,082,606** |
| Loss for the period | **-** | - | - | - | (1,615,417) | - | (1,615,417) |
| Exchange differences | - | - | - | - | - | (14,989) | (14,989) |
| **Total comprehensive income / (loss) for the year** | **-** | **-** | **-** | | **(1,615,417)** | **(14,989)** | **(1,630,406)** |
| **Transactions with owners** | | | | | | | |
| Ordinary shares issued | 572,500 | 942,499 | - | 3,250,000 | - | **-** | **4,764,999** |
| Stamp duty on share issue | | | | | (18,990) | | **(18,990)** |
| Warrants charge | - | - | 8,427 | - | - | **-** | **8,427** |
| **Total transactions with owners** | **572,500** | **942,499** | **8,427** | **3,250,000** | **(18,990)** | **-** | **4,754,436** |
| **As at 31 December 2022** | **1,291,500** | **4,403,094** | **375,135** | **3,700,000** | **(2,548,728)** | **(14,365)** | **7,206,636** |

[1]In the prior period Merger relief reserve was not applied for the consideration shares issued for the acquisition of Lyramid, in error. £450,000 previously recorded as share premium has been reclassified into a merger relief reserve in accordance with the UK Companies Act. There has been no impact to the prior period's consolidated statement of comprehensive income or net asset position.

*The notes to the financial statements form an integral part of these financial statements.*

## STATEMENT OF CHANGES IN EQUITY

| | Ordinary Share capital | Share Premium | Merger relief reserve | Share Based Payment Reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| | **£** | **£** | **£** | **£** | **£** | **£** |
| On Incorporation | - | - | | - | - | - |
| Loss for the period | - | - | | - | (981,620) | (981,620) |
| **Total comprehensive loss for the period** | - | - | | - | (981,620) | (981,620) |
| **Transactions with owners** | | | | | | |
| Ordinary Shares issued (restated)[1] | 719,000 | 3,620,000 | 450,000 | - | - | 4,789,000 |
| Share issue costs | - | (159,405) | - | - | - | (159,405) |
| Warrants issued | - | - | - | 366,708 | - | 366,708 |
| Total transactions with owners (restated) | 719,000 | 3,460,595 | 450,000 | 366,708 | - | 4,996,303 |
| **As at 31 December 2021 (restated)** | **719,000** | **3,460,595** | **450,000** | **366,708** | **(981,620)** | **4,014,683** |
| Loss for the year | - | - | - | - | (1,287,740) | (1,287,740) |
| **Total loss for the year** | **-** | **-** | **-** | **-** | **(1,287,740)** | **(1,287,740)** |
| **Transactions with owners** | | | | | | |
| Ordinary Shares issued | 572,500 | 942,499 | 3,250,000 | - | **-** | **4,764,999** |
| Stamp duty on share issue | | | | | (18,990) | **(18,990)** |
| Warrants issued | **-** | **-** | - | 8,427 | **-** | **8,427** |
| Total transactions with owners | **572,500** | **942,499** | **3,250,000** | **8,427** | **(18,990)** | **4,754,436** |
| **As at 31 December 2022** | **1,291,500** | **4,403,094** | **3,700,000** | **375,135** | **(2,288,350)** | **7,481,379** |

[1]In the prior period Merger relief reserve was not applied for the consideration shares issued for the acquisition of Lyramid, in error. £450,000 previously recorded as share premium has been reclassified into a merger relief reserve in accordance with the UK Companies Act. There has been no impact to the prior period's consolidated statement of comprehensive income or net asset position.

*The notes to the financial statements form an integral part of these financial statements.*

## CONSOLIDATED STATEMENT OF CASH FLOW

| | Note | Year ended 31 December 2022 £ | Restated Period ended 31 December 2021 £ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Loss before income tax | | (1,634,303) | (996,068) |
| *Adjustments for:* | | | |
| Amortisation | | - | - |
| Foreign Exchange | | (9,918) | 765 |
| Non-cash adjustment | | - | (2,602) |
| Share based payment | 19 | 8,427 | 366,708 |
| Taxation | | 18,886 | - |
| *Changes in working capital:* | | | |
| Increase in trade and other receivables[2] | | (20,318) | (24,434) |
| Increase in trade and other payables | | 59,750 | 129,525 |
| Decrease in Inventory | | - | 9,273 |
| **Net cash used in operating activities** | | **(1,577,476)** | **(516,833)** |
| **Cash flow from Investing activities** | | | |
| Acquisition of subsidiary, net of cash acquired[1] | | (103,478) | (606,226) |
| **Net Cash used in investing activities** | | **(103,478)** | **(606,226)** |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of ordinary shares [1,2] | 18 | 3,121,202 | 2,182,798 |
| Share issue costs | 18 | (18,990) | (159,405) |
| **Net cash from financing activities** | | **3,102,212** | **2,023,393** |
| **Net increase in cash and cash equivalents** | | **1,421,258** | **900,335** |
| Cash and cash equivalents at the beginning of the period | | 899,721 | - |
| Foreign exchange impact on cash | | 1,995 | (614) |
| **Cash and cash equivalents at the end of the period** | 15 | **2,322,974** | **899,721** |

1 An error was identified in the prior year's cash flow statement. The error pertains to £500,000 of consideration shares issued for the acquisition of Lyramid Pty Ltd, with no cashflow, that was incorrectly included in these line items. This was incorrectly considered as cash inflow from 'Proceeds from the issue of ordinary shares' and cash outflow for 'Acquisition of subsidiary, net of cash acquired'. There is no impact on the company and consolidated statement of comprehensive income or statement of financial position.

2 An error was identified in the prior year's cash flow statement. The error pertains to £2,106,202 of proceeds from share issues which was recorded in 2021 but not received until after period end. As a result, the Group has restated the cash flow from 'Proceeds from the issue of ordinary shares' and 'Increase in trade and other receivables'. The impact of the correction on the prior year's financial results is a decrease in the cash used in operating activities of £2,106,202 and a decrease in cash from financing activities for the same amount. There is no impact on the consolidated and company statements of comprehensive income or statements of financial position.

## STATEMENT OF CASH FLOW

| | Note | Year ended 31 December 2022 £ | Unaudited period ended 31 December 2021[1] £ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Loss before income tax | | (1,287,740) | (981,620) |
| *Adjustments for:* | | | |
| Non-cash adjustment | | | |
| Share based payment | 19 | 8,427 | 366,708 |
| *Changes in working capital:* | | | |
| Increase in trade and other receivables | | (34,288) | (30,222) |

| | | | |
|---|---|---|---|
| Increase in trade and other payables | | 56,153 | 127,649 |
| **Net cash used in operating activities** | | **(1,257,448)** | **(517,485)** |
| | | | |
| **Cash flow from Investing activities** | | | |
| Acquisition of subsidiary | | (109,079) | (648,496) |
| Borrowings to subsidiaries | | (318,822) | - |
| **Net Cash used in investing activities** | | **(427,901)** | **(648,496)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of ordinary shares | 18 | 3,121,202 | 2,183,000 |
| Share issue costs | 18 | (18,990) | (159,405) |
| **Net Cash from financing activities** | | **3,102,212** | **2,023,595** |
| | | | |
| **Net increase in cash and cash equivalents** | | **1,416,863** | **857,614** |
| Cash and cash equivalents at the beginning of the period | | 857,614 | - |
| Foreign exchange impact on cash | | - | - |
| **Cash and cash equivalents at the end of the period** | 15 | **2,274,477** | **857,614** |

[1]The Company Statement of Cashflow was incorrectly excluded from the 2021 Annual Report and as such the 2021 comparative amounts presented above have not been audited.

*The notes to the financial statements form an integral part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**

## 1. General Information

Roquefort Therapeutics plc, the Group's ultimate parent company, was incorporated on 17 August 2020 as a public company in England and Wales with company number 12819145 under the Companies Act.

The address of its registered office is 85 Great Portland Street, First Floor, London W1W 7LT, United Kingdom.

The principal activity of the Company is to develop pre-clinical next generation medicines focused on hard to treat cancers.

The Company listed on the London Stock Exchange ("LSE") on 22 March 2021.

The consolidated financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards as issued by the UK Accounting Standards Board (ASB). They have been prepared under the assumption that the Group operates on a going concern basis.

The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 December 2022 or 31 December 2021. The auditors reported on those accounts and their report (i) was unqualified; (ii) included references to the following two matters to which the auditors drew attention by way of emphasis without qualifying their report - material uncertainty over going concern, as disclosed by the Directors in note 3b; and that the Parent Company statement of cashflow for the year ended 31 December 2021 is unaudited; and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2022 have not yet been delivered to the Registrar of Companies.

## 2. New Standards and Interpretations

New and revised accounting standards adopted for the year ended 31 December 2022 did not have any material impact on the Group's accounting policies. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- FRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

## 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

### a) Basis of Preparation

The financial statements of Roquefort Therapeutics plc have been prepared in accordance with UK adopted International Accounting Standards, and the Companies Act 2006.

The financial statements have been prepared on an accrual basis and under the historical cost convention.

### b) Going Concern

The Directors have prepared financial forecasts to estimate the likely cash requirements of the Group over the period to 30 June 2024, given its stage of development and lack of recurring revenues. In preparing these financial forecasts, the Directors have made certain assumptions with regards to the timing and amount of future expenditure over which they have control. The Directors have considered the sensitivity of the financial forecasts to changes in key assumptions, including, among others, potential cost overruns within committed spend and changes in exchange rates.

The Group's available resources are sufficient to cover the Group's plans to complete pre-clinical development activities and submit applications to commence clinical trials during 2023, however, they are not sufficient to

cover existing committed costs and the costs of planned activities for at least 12 months from the date of signing these consolidated and company financial statements.

The Directors plan to raise further funds during 2023 (either through licencing deals and/or equity placements) and have reasonable expectations that sufficient cash will be raised to fund the planned operations of the Group for a period of at least 12 months from the date of approval of these financial statements. The funding requirement indicates that a material uncertainty exists which may cast significant doubt over the Group's and Company's ability to continue as a going concern, and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

After due consideration of these forecasts, current cash resources, including the sensitivity of key inputs, and plans to raise further funds, the Directors consider that the Group will have adequate financial resources to continue in operational existence for the foreseeable future (being a period of at least 12 months from the date of this report) and, for this reason, the financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

## c) Basis of Consolidation

The Group's financial statements consolidate those of the parent company and its subsidiaries as of 31 December 2022. Lyramid and Oncogeni have a reporting date at 31 December and 31 May respectively.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of its subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### d) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs

are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

## e) Foreign Currency Translation

i) *Functional and Presentation Currency*

The financial statements are presented in Pounds Sterling (GBP), which is the Group's functional and presentation currency.

ii) *Transactions and Balances*

Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of assets and liabilities are recognised immediately in profit or loss.

iii) *Foreign operations*

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate on the acquisition date. Income and expenses have been translated into GBP at the average rate of over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

### f) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Board of Directors.

All operations and information are reviewed together so that at present there is only one reportable operating segment.

In the opinion of the Directors, during the period the Group operated in

the single business segment of biotechnology.

**g) Goodwill and Intangible assets**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note (h) for a description of impairment testing procedures.

Transactions where the definition of a business combination, per IFRS 3, is not met due to the asset or group of assets not meeting the definition of a business, or where the concentration test affords the Directors the option not to treat as a business, are recognised as an asset acquisition. The Group identifies and recognises the individual identifiable assets acquired and liabilities assumed and allocates the cost of the group of assets and liabilities (including directly attributable costs of making the acquisition) to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Other intangible assets, including licences and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Refer to Note (h) for amortisation procedures.

**h) Impairment testing of goodwill, other intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, from the date the assets are available for use and is recognised in profit or loss. The available for use date is determined as the date from which a product is commercialised - this had yet to occur, for all intangible assets, at 31 December 2022 and 2021. Goodwill is not amortised.

## i) Financial Instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

*i) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

ii) *Recognition*

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Receivables

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

*iv) Impairment*

The Group assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**j) Taxation**

Taxation comprises current and deferred tax.

Current tax is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

R&D tax rebate receivable represents refundable tax offsets, in cash, from the Australian Taxation Office ("ATO") in relation to expenditure incurred in the current year for eligible research and development activities.

Research and development activities are refundable at a rate of 43.5% for each dollar spent, subject to meeting certain eligibility criteria. Funds are expected to be received subsequent to the lodgement of the income tax return and research and development tax incentive schedule for the current financial year. The Group recognises a taxation credit, in the year the cash is received, which generally relates to expenses during the prior period. In future periods (which will include UK R&D tax credits), once an established pattern of successful claims is recorded, the Group will consider an accruals basis, recording the tax credit and a receivable in the period the eligible expenditure was incurred.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

**l) Equity, reserves and dividend payments**

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs directly associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share based payments represents the value of equity settled share-based payments provided to employees, including key management personnel, and third parties for services provided.

Translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into GBP on consolidation.

Retained losses represent the cumulative retained losses of the Group at the reporting date.

All transactions with owners of the parent are recorded separately within equity.

No dividends are proposed for the period.

**m) Earnings per Ordinary Share**

The Company presents basic and diluted earnings per share data for its Ordinary Shares.

Basic earnings per Ordinary Share is calculated by dividing the profit or loss attributable to Shareholders by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per Ordinary Share is calculated by adjusting the earnings and number of Ordinary Shares for the effects of dilutive potential Ordinary Shares.

**n) Employee benefits**

Provision is made for Lyramid's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

***Short term obligations***

Liability for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

***Other long-term employee benefit obligations***

Liability for annual leave and long service leave not expected to be settled within 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, of employee departures and period of service.

***Retirement benefit obligations***

Contributions for retirement benefit obligations are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. Contributions are paid into the fund nominated by the employee.

***Employee benefits provision***

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## o) Leases

Leases are accounted for by recognising a right-of-use asset and a lease liability, except for leases of low value assets and leases with a duration of 12 months or less, for which the lease cost is expensed in the period to which it relates.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate,

amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

## p) Share-based payments

The Company has applied the requirements of IFRS 2 Share-based payments.

The Company issues equity settled share-based payments to the Directors and to third parties for the provision of services provided for assistance in raising private equity. Equity settled share-based payments are measured at fair value at the date of grant, or the date of the service provided. The fair value determined at the grant date or service date of the equity settled share-based payment is recognised as an expense, or recognised against share premium where the service received relates to assistance in raising equity, with a corresponding credit to the share based payment reserve. The fair value determined at the grant date of equity settled share based payment is expensed on a straight-line basis over the life of the vesting period, based on the Company's estimate of shares that will eventually vest. Once an option or warrant vests, no further adjustment is made to the aggregate expensed.

The fair value Is measured by use of the Black Scholes model as the Directors view this as providing the most reliable measure of valuation. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The market price used in the model is the quoted LSE closing price. The fair value calculated is inherently subjective and uncertain due to the assumptions made and the limitation of the calculation used.

### q) Financial Risk Management Objectives and Policies

The Group does not enter into any forward exchange rate contracts.

The main financial risks arising from the Group's activities are market risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk and capital risk management. Further details on the risk disclosures can be found in Note 21.

### r) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors consider the significant accounting judgements, estimates and assumptions used within the financial statements to be:

***Impairment of non-financial assets and goodwill***

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on estimated cashflows from similar market transactions.

***Business combinations***

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see Notes 1d and 4.2). In particular, the fair value of contingent consideration is dependent on the market capitalisation of the Group exceeding a threshold amount.

Management has performed the optional concentration test available under IFRS3, in order to determine that the acquisition of Oncogeni Ltd can be treated as an asset acquisition. Judgement is required to determine whether 'substantially all' the fair value is concentrated in a single asset or group of assets, and when considering a group of assets, assessing whether those assets are similar. In determining whether assets are similar, judgement is required to consider the nature of each single identifiable asset and the risks associated with managing and creating outputs from the assets (that is, the risk characteristics). Management has considered that the two separate in-progress research and development programs, MK cell therapy and STAT-6 siRNA therapeutics, are similar as they are both pre-clinical stage oncology treatments.

### *Share Based Payments*

In the year to 31 December 2022, 900,000 (31 December 2021: 35,875,000) warrants were granted. When accounting for the share-based payment expense in respect of those warrants granted, management must calculate the fair value of the share warrants issued. Management have done so using the Black Scholes model, however, a number of the inputs in this model are subjective and thus management must make estimates.

## 4. Acquisitions

### 4.1. Acquisition of Oncogeni Limited

On 16 September 2022, the Group acquired 100% of the equity instruments of Oncogeni Limited, a UK based business, thereby obtaining control. The acquisition was assessed as being complementary to the Group's existing pre-clinical drug development business. The Group applied the concentration test under IFRS3 and considered it as an asset

acquisition.

The details of the asset acquisition are as follows:

| **Fair value of consideration transferred** | **£** |
|---|---|
| Equity consideration | 3,750,000 |
| Costs directly attributable to acquisition | 109,079 |
| **Total** | **3,859,079** |
| | |
| **Recognised amounts of identifiable net assets at book values** | |
| Trade and other receivables | 7,294 |
| Cash and cash equivalents | 5,601 |
| **Total current assets** | **12,895** |
| | |
| Trade and other payables | 15,792 |
| **Total current liabilities** | **15,792** |
| | |
| **Identifiable net liabilities** | **2,897** |
| | |
| **Intangible asset at cost** | **3,861,975** |
| | |
| Consideration transferred settled in cash | - |
| Cash and cash equivalents acquired | 5,601 |
| **Net cash inflow on acquisition** | 5,601 |

**Consideration transferred**
The acquisition of Oncogeni was settled for a consideration of £3,750,000, all of which was payable in shares. £109,079 of costs directly attributable to the acquisition have been included in the consideration of the transaction.

**Identifiable net assets**
The carrying value of the trade and other receivables acquired as part of the business combination amounted to £7,294. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to zero.

### 4.2. Acquisition of Lyramid Pty Limited

On 21 December 2021, Roquefort Therapeutics acquired 100% of the equity instruments of Lyramid Pty Limited, an Australian based business, thereby obtaining control. The acquisition was made in line with the Group's stated strategic objective to pursue investments in the global biotechnology sector.

The details of the business combination as follows:

| **Fair value of consideration transferred** | **£** |
|---|---|
| Amount settled in cash | 648,495 |
| Equity consideration | 500,000 |
| Loans assigned at acquisition | (132,800) |
| Fair value of contingent consideration | - |
| **Total** | **1,015,695** |
| | |
| **Recognised amounts of identifiable net assets at book values** | |
| Inventories | 9,273 |
| Trade and other receivables | 42,674 |
| Cash and cash equivalents | 42,270 |
| **Total current assets** | **94,217** |

| | |
|---|---|
| Borrowings | 212,065 |
| Deferred tax liabilities | 281,911 |
| **Total non-current liabilities** | **493,976** |
| | |
| Other liabilities | 28,195 |
| Trade and other payables | 37,881 |
| **Total current liabilities** | **66,076** |
| | |
| **Identifiable net liabilities** | **465,835** |
| | |
| **Intangible asset at fair value** | **1,481,530** |
| | |
| Consideration transferred settled in cash | 648,496 |
| Cash and cash equivalents acquired | (42,270) |
| **Net cash outflow on acquisition** | **606,226** |
| | |
| Acquisition costs charged to expenses | 224,744 |

**Consideration transferred**

The acquisition of Lyramid was settled for a consideration of £1,148,495; £648,495 being payable in cash and £500,000 payable in shares. On acquisition, loans of £132,800 were assigned from the previous owner to the Company.

The purchase agreement included an additional contingent deferred consideration to the Seller to be satisfied in the form of Ordinary Shares as follows:

(a) if prior to fifth anniversary of Admission (on 21 December 2021), the Company's market capitalisation exceeds £25,000,000 for a period of 5 or more consecutive trading days the Company shall issue to the Seller (or its nominee) 5,000,000 Ordinary Shares; and

(b) if prior to fifth anniversary of Admission (on 21 December 2021) the Company's market capitalisation exceeds £50,000,000 for a period of 5 or more consecutive trading days the Company shall issue to the Seller (or its nominee) a further 5,000,000 Ordinary Shares.

The fair value of contingent deferred consideration was estimated to be nil at acquisition, at 31 December 2021 and at 31 December 2022.

Acquisition-related costs amounting to £224,744 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

**Identifiable net assets**

The fair value of the trade and other receivables acquired as part of the business combination amounted to £42,674. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to zero.

**Lyramid's contribution to the Group results**

Lyramid incurred a loss of £14,449, for the eleven days from 21 December 2021 to the reporting date. Revenue for this period was £719.

If Lyramid had been acquired on 17 August 2020, revenue of the Group for

the period would have been £23,857, and loss for the period would have increased by £193,881.

## 5. Investments in subsidiaries

The parent company has investments in the following subsidiary undertakings which are unlisted:

| NName | Country of incorporation | Holding | Proportion of voting rights | Principal activity |
|---|---|---|---|---|
| **Subsidiary undertakings** | | | | |
| Oncogeni Limited | England | Ordinary shares | 100% | Biotechnology research company |
| Lyramid Pty Limited | Australia | Ordinary shares | 100% | Biotechnology research company |
| Tumorkine Pty Limited | Australia | Ordinary shares | 100% | Dormant |

## 6. Directors' and Employees' Remuneration

### Directors' Remuneration

| | Year ended 31 December 2022 £ | Period ended 31 December 2021 £ |
|---|---|---|
| Fees to directors | 308,692 | 47,301 |
| Bonus | - | 10,000 |
| Post-employment benefits | 12,162 | - |
| Share based payment charge | 5,616 | 178,053 |
| | 326,470 | 235,354 |

The total remuneration of the highest paid director was £118,305 (2021: £160,825), including pension contributions of £4,054 (2021: £Nil).

Further information about the remuneration of individual directors are provided in the Directors' Remuneration Report.

### Remuneration of Key Management Personnel

| | Year ended 31 December 2022 £ | Restated Period ended 31 December 2021 £ |
|---|---|---|
| Salaries and short-term employee benefits | 308,692 | 49,200 |
| Long term benefits | - | 10,221 |
| Post-employment benefits | 12,162 | 186 |
| Share based payment charge | 5,616 | 240,517 |
| | 326,470 | 300,124 |

2021 Remuneration of key management personnel has been restated to include all directors and Graham Robertson; it was previously disclosed incorrectly as Graham Robertson only, which does not meet the IAS24 definition of key management personnel as requiring the inclusion of directors. Total key management personnel remuneration was therefore restated from £64,770 to £300,124.

For 2022, upon the appointment of Ajan Reginald as director and Chief Executive Officer, key management personnel has been re-defined as the directors of Roquefort Therapeutics plc only.

**Average number of employees during the year (including Directors full time equivalent)**

| | Year ended 31 December 2022 £ | Period ended 31 December 2021 £ |
|---|---|---|
| Continuing operations | 5 | 1 |

At 31 December 2022 the Company had nine (9) employees in total; seven (7) Directors: Stephen West, Ajan Reginald, Martin Evans, Michael Stein, Simon Sinclair, Darrin Disley, Jean Duvall and two (2) laboratory staff: Sabena Sultan and Emma Morris.

Lyramid's sole employee is Graham Robertson.

Oncogeni has no employees.

## 7. Revenue

Revenue in the period was £NIL (2021: £716).

## 8. Other comprehensive income

Items credited/(charged) to the other comprehensive income line of the statement of comprehensive income relate to the impact of foreign exchange movements on cash and cash equivalents balances. The corresponding movement is offset against the foreign exchange reserve in the statement of financial position :

| | 31 December 2022 £ | 31December 2021 £ |
|---|---|---|
| **Opening Balance** | **624** | **-** |
| Foreign exchange impact | (14,989) | 624 |
| **Closing Balance** | **(14,365)** | **624** |

## 9. Operating Loss

The following items have been charged/(credited) to the statement of comprehensive income in arriving at the Group's operating loss from continuing operations:

| | Year ended 31 December 2022 £ | Period ended 31 December 2021 £ |
|---|---|---|
| Directors' and employee costs | 365,564 | 59,607 |
| Legal fees | 46,373 | 31,165 |
| Consulting and professional fees | 209,768 | 125,807 |
| Other expenditure | 684,854 | 35,818 |
| **Administrative expenses** | **1,306,561** | **252,392** |
| Costs associated with the IPO | - | 182,053 |
| Share based payments to directors and senior management | 8,427 | 248,326 |
| Costs associated with acquisition of subsidiary | - | 224,744 |
| Research and development expenditure[1] | 319,315 | 698 |
| **Total operating expenditure** | **1,634,303** | **908,213** |

[1] Includes short term lease expense of £81,250 for rental of laboratory during the year (2021: £Nil).

During the year the Group obtained the following services from its auditor:

| | Year ended 31 December 2022 £ | Period ended 31 December 2021 £ |
|---|---|---|
| **Audit Services** | | |
| Statutory audit - Group and Company | 157,336 | 22,000 |

The Group incurred no finance costs during the year ended 31 December 2022 (2021: £nil).

## 10. Taxation

| | Year ended 31 December 2022 £ | Period ended 31 December 2021 £ |
|---|---|---|
| Current tax | - | - |
| Deferred tax | - | - |
| Australian R&D rebate [1] | 18,886 | - |
| **Income tax credit** | 18,886 | - |

[1] R&D tax rebate receivable represents refundable tax offsets, in cash, from the Australian Taxation Office ("ATO") in relation to expenditure incurred in the prior year for eligible research and development activities

Income tax can be reconciled to the loss in the statement of comprehensive income as follows:

| | Year ended 31 December 2022 £ | Restated Period ended 31 December 2021 £ |
|---|---|---|
| Loss | (1,615,417) | (917,433) |
| R&D tax rebate | 18,886 | - |
| | (1,634,303) | (917,433) |
| Tax at the UK Corporation rate of 19% | 310,517 | 174,312 |
| Effect of overseas tax rates | 21,642 | - |
| Expenditure disallowable for taxation | (82,705) | (75,850) |
| Share based payment temporary difference on which no deferred tax asset has been recognised | (1,067) | (47,181) |
| Remeasurement of deferred tax for changes in tax rates | 74,363 | 12,377 |
| Tax losses on which no deferred tax asset has been recognised | (322,750) | (63,658) |
| **Total tax (charge)/credit** | - | - |
| | | |
| UK | - | - |
| Overseas | - | - |
| **Total tax (charge)/credit)** | - | - |

The above tax reconciliation and unrecognised deferred tax disclosure in the 2021 Annual Report was incorrectly calculated based on the 2021 financial year tax rate of 19% applied to the consolidated accounting loss of £917,433, rather than the substantively enacted expected future tax rate when the differences reverse, applied to the taxable loss, and incorrectly disclosed all such deferred tax (£175,000) as relating to losses. The 2021 deferred tax disclosures have been restated to reflect the expenditure disallowable for taxation to derive the taxable losses and share-based payment timing differences, the substantively enacted expected future tax rate when the differences reverse of 25%, and to disclose tax losses separately from other timing differences such as share-based payments, and deferred tax thereon. Disclosures have been expanded to separate UK from Australian tax losses and deferred tax thereon.

The Group has accumulated tax losses of approximately £1,557,117 (Restated 2021: £254,638) that are available, under current legislation, to be carried forward indefinitely against future profits. An error was identified in the prior year's accumulated tax losses and the amount has been restated.

The tax losses can be broken down to the following:

| | Year ended 31 December 2022 £ | Restated Period ended 31 December 2021 £ |
|---|---|---|
| AU | (125,138) | (62,784) |
| UK | (1,431,979) | (191,854) |
| **Carried forward tax losses** | **(1,557,117)** | **(254,638)** |

A deferred tax asset has not been recognised in respect of these losses due to the uncertainty of future profits. The amount of the deferred tax asset not recognised is approximately £389,279 (2021: £63,660). An error was identified in the prior year's deferred tax asset amount and the amount has been restated.

| | Year ended 31 December 2022 £ | | Restated Period ended 31 December 2021 £ | |
|---|---|---|---|---|
| | UK | AU | UK | AU |
| Tax effect of temporary differences: | | | | |
| Accumulated losses | (357,995) | (31,285) | (47,964) | (15,696) |
| Deductible temporary differences | (14,181) | - | (53,502) | - |
| **Deferred tax (asset)/liability not recognised** | (372,176) | (31,285) | (101,466) | (15,696) |

On 3 March 2021, the Chancellor announced that the corporation tax rate would be increasing to 25% from 1 April 2023 for Companies with profits over £250,000. The Company calculated the UK deferred tax balances at 25% and the Australian deferred tax balances at the current small company tax rate of 25%, which is expected to continue in future periods.

## 11. Earnings per share

| | Year ended 31 December 2022 £ | Period ended 31 December 2021 £ |
|---|---|---|
| Loss attributable to equity shareholders | (1,615,417) | (917,433) |
| Weighted average number of ordinary shares | 103,479,476 | 24,701,793 |
| **Loss per share in pence** | | |
| Basic | (1.56) | (3.71) |
| Diluted | (1.56) | (3.71) |

There is no difference between the basic and diluted earnings per share as the effect would be to decrease earnings per share.

As at the end of the financial period there were 35,272,000 (2021: 34,375,000) warrants in issue, which could potentially have an anti-dilutive impact depending on the results of the Company.

## 12. Intangible Assets

| | In-progress R&D £ | Goodwill £ | Total £ |
|---|---|---|---|
| **Cost** | | | |

| | | | |
|---|---|---|---|
| At 1 January 2022 | 1,199,619 | 281,911 | 1,481,530 |
| Acquired through asset acquisition | 3,861,975 | - | 3,861,975 |
| At 31 December 2022 | 5,061,594 | 281,911 | 5,343,505 |
| **Amortisation** | | | |
| At 1 January 2022 | | - | - |
| Amortisation | - | - | - |
| Impairment Charge | - | - | - |
| At 31 December 2022 | - | - | - |
| **Carrying value** | | | |
| **At 31 December 2022** | **5,061,594** | **281,911** | **5,343,505** |

The Directors have concluded that there has been no impairment of the goodwill associated with the acquisition of Lyramid Pty Limited at 31 December 2022. The Goodwill represents the offsetting balance to the deferred tax liability for the acquisition of Lyramid.

| | **In-progress R&D £** | **Goodwill £** | **Total £** |
|---|---|---|---|
| **Cost** | | | |
| At 17 August 2020 | - | - | - |
| Acquisition through business combination | 1,119,619 | 281,911 | 1,481,530 |
| At 31 December 2021 | 1,119,619 | 281,911 | 1,481,530 |
| **Amortisation** | | | |
| At 17 August 2020 | - | - | - |
| Impairment Charge | - | - | - |
| At 31 December 2021 | - | - | -- |
| **Carrying value** | | | |
| At 17 August 2020 | | - | |
| **At 31 December 2021** | **1,119,619** | **281,911** | **1,481,530** |

At 31 December 2022, the Group performed its annual impairment test in relation to intangible assets not yet available for use and identified no indicators of impairment in line with IAS 36 Impairment of Assets, as all acquired in-progress R&D programs are in active development and progressing as planned. At the test date, it was determined that due to the ongoing pre-clinical research and development using in-progress R&D acquired, there was too much uncertainty to estimate a value-in-use, based on discounted future cash flows from the assets. The Group estimated fair value less costs to sell, by referring to market transactions for pre-clinical and clinical oncology drug candidates. Due to the nature of oncology drug development, the fair value is not considered to be particularly sensitive to any one underlying valuation assumption other than the ultimate outcome of drug development and commercialisation, which is binary.

Accordingly, the Group has concluded that the estimated recoverable amount of the assets did exceed the carrying amount and therefore no impairment was identified.

## 13. Investments

| **Company** | **Investment in Lyramid Ltd £** | **Investment in Oncogeni Ltd £** | **Shares in subsidiary undertakings £** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Cost at 1 January 2022 | 1,015,695 | - | 1,015,695 |
| Additions | - | 3,859,079 | 3,859,079 |
| Cost at 31 December 2022 | 1,015,695 | 3,859,079 | 4,874,774 |
| **Impairment** | | | |
| At 1 January 2022 | - | - | - |
| Charge for the period | - | - | - |
| At 31 December 2022 | - | - | - |
| **Net book value at 31 December 2022** | **1,015,695** | **3,859,079** | **4,874,774** |

| **Company** | **Investment in Lyramid Ltd** |
|---|---|
| | **£** |
| Cost at 17 August 2020 | - |
| Additions | 1,015,695 |
| Cost at 31 December 2021 | 1,015,695 |
| **Impairment** | |
| At 17 August 2020 | - |
| Charge for the period | - |
| At 31 December 2021 | - |
| Net book value at 17 August 2020 | - |
| **Net book value at 31 December 2021** | **1,015,695** |

In the period the Company acquired 100% of the issued shares of Oncogeni Limited. The Directors have concluded that there has been no impairment to the investment in Oncogeni Limited at 31 December 2022.

In 2021 the Company acquired 100% of the issued shares of Lyramid Pty Limited. The Directors have concluded that there has been no impairment to the investment in Lyramid Pty Limited at 31 December 2022 or 31 December 2021.

Impairment review disclosures required by IAS36 are included in note 12 to the financial statements.

## 14. Trade and other receivables

| | **Group 31 December 2022 £** | **Group 31 December 2021 £** | **Company 31 December 2022 £** | **Company 31 December 2021 £** |
|---|---|---|---|---|
| Trade receivables | - | 17,825 | - | - |
| Other receivables | 45,124 | 2,135,031 | - | 2,130,875 |
| Prepayments and accrued income | 56,614 | 25,927 | 64,309 | 5,349 |
| | 101,738 | 2,178,783 | 64,309 | 2,136,224 |

There are no material differences between the fair value of trade and other receivables and their carrying value at the year end.

The other receivables balance in the prior year relates primarily to shares issued in December 2021 as part of the acquisition of Lyramid. These monies were collected in full in January 2022.

No receivables were past due or impaired at the year end.

## 15. Cash and cash equivalents

| | Group 31 December 2022 £ | Group 31 December 2021 £ | Company 31 December 2022 £ | Company 31 December 2021 £ |
|---|---|---|---|---|
| Cash at bank and in hand | 2,322,974 | 899,721 | 2,274,478 | 857,614 |

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

## 16. Trade and other payables

| | Group 31 December 2022 £ | Group 31 December 2021 £ | Company 31 December 2022 £ | Company 31 December 2021 £ |
|---|---|---|---|---|
| Trade creditors | 68,379 | 40,718 | 26,209 | 962 |
| Accruals and other creditors | 211,291 | 154,799 | 157,593 | 126,688 |
| | 279,670 | 195,517 | 183,802 | 127,650 |

The fair value of trade and other payables approximates their current book values.

## 17. Deferred tax assets and liabilities

| | Group £ | Company £ |
|---|---|---|
| At 1 January 2022 | 281,911 | - |
| Released in year | - | - |
| Deferred tax liability recognised in business combination | - | - |
| **At 31 December 2022** | 281,911 | - |
| At 17 August 2020 | - | - |
| Deferred tax liability recognised in business combination | 281,911 | - |
| **At 31 December 2021** | 281,911 | - |

See note 4.2 - Acquisition of Lyramid Pty Limited.

## 18. Share capital

| Group and Company | Ordinary Shares No. | Share Capital £ | Share Premium £ | Total £ |
|---|---|---|---|---|
| Issue of ordinary shares on incorporation[1] | 5,000,000 | 50,000 | - | 50,000 |
| Issue of ordinary shares [2] | 7,400,000 | 74,000 | - | 74,000 |
| Issue of ordinary shares [3] | 20,000,000 | 200,000 | 800,000 | 1,000,000 |
| Exercise of broker warrants [4] | 1,500,000 | 15,000 | - | 15,000 |
| Issue of ordinary shares [5] | 3,000,000 | 30,000 | 120,000 | 150,000 |
| Issue of ordinary shares [6] | 30,000,000 | 300,000 | 2,700,000 | 3,000,000 |
| Issue of ordinary shares [7] | 5,000,000 | 50,000 | - | 50,000 |
| Share issue costs | - | - | (159,405) | (159,405) |
| **At 31 December 2021 (restated)** | **71,900,000** | **719,000** | **3,460,595** | **4,179,595** |
| Issue of ordinary shares[8] | 50,000,000 | 500,000 | - | 500,000 |

| | | | | |
|---|---|---|---|---|
| Issue of ordinary shares[9] | 7,249,998 | 72,500 | 942,499 | 1,014,999 |
| **At 31 December 2022** | **129,149,998** | **1,291,500** | **4,403,094** | **5,694,594** |

The share premium account balance for the year ended 31 December 2021 has been restated due to an amount of £450,000 previously recognised in 2021 as being credited to the share premium account, reclassified as being credited to the merger reserve (refer to the consolidated and company statements of financial position, and to Note 20).

1 On incorporation on 17 August 2020, the Company issued 5,000,000 ordinary shares of £0.01 at their nominal value of £0.01 per share.

2 On 20 November 2020, the Company issued 7,400,000 ordinary shares at their nominal value of £0.01 per share.

3 On admission to the Standard List of the LSE on 22 March 2021, 20,000,000 shares were issued at a placing price of £0.05 per share.

4 On 19 April 2021 1,500,000 brokers warrants were exercised at the exercise price of £0.01 per share, resulting in the issue of 1,500,000 ordinary shares.

5 On 18 August 2021, the Company issued 3,000,000 ordinary shares of £0.01 at an issue price of £0.05 per share.

6 On 21 December 2021, the Company issued 30,000,000 ordinary shares of £0.01 at an issue price of £0.10 per share.

7 On 21 December 2021, the Company issued 5,000,000 ordinary shares of £0.01 at an issue price of £0.10 per share.

8 On 16 September 2022, the Company issued 50,000,000 ordinary shares of £0.01 to acquire Oncogeni Limited, recorded at the market price of £0.075 per share.

9 On 16 September 2022, the Company issued 7,249,998 ordinary shares of £0.01 for cash at a placing price of £0.14 per share.

## 19. Share Based Payment Reserves

| **Group and Company** | **2022 £** | **2021 £** |
|---|---|---|
| Opening balance | 366,708 | - |
| Directors warrants issued [1] | - | 6,833 |
| Broker seed warrants issued [2] | - | 60,002 |
| Broker placing warrants issued [3] | - | 8,076 |
| Completion warrants issued [4] | - | 100,947 |
| Senior management warrants issued [5] | - | 140,544 |
| Optiva warrants issued [6] | - | 44,417 |
| Orana warrants issued [7] | - | 5,889 |
| NED and Advisor warrants issued[8] | 8,427 | - |
| **At 31 December** | **375,135** | **366,708** |

1On admission to LSE on 22 March 2021 750,000 directors' warrants were issued that entitle the warrant holder to subscribe for one Ordinary Share at £0.05 per ordinary share and a further 750,000 directors warrants were issued that entitle the warrant holder to subscribe for one ordinary share at £0.10 per ordinary share. Upon issue all warrants vested on the earlier of 12 months or the Company completing the acquisition of a company or business. All warrants vested on 21 December 2021 when the Company completed the acquisition of Lyramid Pty Ltd.

2On admission to LSE on 22 March 2021 1,500,000 brokers warrants were issued that entitle the warrant holder to subscribe for one Ordinary Share at £0.01 per ordinary share. The warrants vested immediately upon grant.

3On admission to LSE on 22 March 2021, 480,000 Broker Placing Warrants were issued that entitle the warrant holder to subscribe for one ordinary share at the placing price of £0.05 per ordinary share. The warrants vested immediately upon grant.

4On readmission to LSE on 21 December 2021, 3,000,000 Completion Warrants were issued that entitle, Stephen West (the warrant holder) to subscribe for one ordinary share at £0.10 per ordinary

share. The warrants vested immediately upon grant.

[5]On readmission to LSE on 21 December 2021, 4,500,000 Senior Management Warrants were issued that entitle the warrant holder to subscribe for one ordinary share at £0.15 per ordinary share. One third of the warrants vest on 21 December 2022, 21 December 2023 and 21 December 2024.

[6]On readmission to LSE on 21 December 2021, 1,320,000 Optiva Warrants were issued that entitle the warrant holder to subscribe for one ordinary share at £0.10 per ordinary share. The warrants vested immediately upon grant.

[7]On re-admission to LSE on 21 December 2021, 175,000 Orana Warrants were issued that entitle the warrant holder to subscribe for one ordinary share at £0.10 per ordinary share. The warrants vested immediately upon grant.

[8]On 26 June 2022, Ms Jean Duvall, Dr Simon Sinclair and Professor Trevor Jones were awarded 300,000 NED and Advisor warrants each. These warrants entitle the warrant holder to subscribe for one ordinary share at £0.15 per ordinary share. 50% Warrants are exercisable one year after grant date with the remaining balance exercisable two years after grant date.

The fair value of the services received in return for the warrants granted are measured by reference to the fair value of the warrants granted. The estimate of the fair value of the warrants granted is measured based on the Black-Scholes valuations model. Measurement inputs and assumptions are as follows:

| Warrant | Number of warrants | Share Price | Exercise Price | Expected volatility | Expected life | Risk free rate* | Expected dividends |
|---|---|---|---|---|---|---|---|
| Director | 750,000 | £0.05 | £0.05 | 50.00% | 5 | 0.15% | 0.00% |
| Director | 750,000 | £0.05 | £0.10 | 50.00% | 5 | 0.15% | 0.00% |
| Broker | 1,500,000 | £0.05 | £0.01 | 50.00% | 0.08 | 0.15% | 0.00% |
| Broker Placing | 480,000 | £0.05 | £0.05 | 50.00% | 3 | 0.15% | 0.00% |
| Completion | 3,000,000 | £0.10 | £0.10 | 50.00% | 3 | 0.15% | 0.00% |
| Senior Mgt | 4,500,000 | £0.10 | £0.15 | 50.00% | 5 | 0.15% | 0.00% |
| Optiva | 1,320,000 | £0.10 | £0.10 | 50.00% | 3 | 0.15% | 0.00% |
| Orana | 175,000 | £0.10 | £0.10 | 50.00% | 3 | 0.15% | 0.00% |
| NED and Advisor | 900,000 | £0.08 | £0.15 | 50.00% | 5 | 0.15% | 0.00% |
| **TOTAL** | **13,375,000** | | | | | | |

* restated - the risk-free rate for all 2021 warrants was incorrectly disclosed as 15% in the 2021 Annual Report. The correct figure (0.15%) was used in the underlying share-based payment calculations and therefore there is no effect on the 2021 performance or position of the Group and Company.

## Warrants

| | Number of Warrants | Exercise Price | Expiry date |
|---|---|---|---|
| **On incorporation** | - | - | - |
| Issued on 25 November 2020 | 5,000,000 | £0.10 | 22 March 2026 |
| Issued on 25 November 2020 | 7,000,000 | £0.10 | 22 March 2026 |
| Issued on 17 March 2021 | 1,500,000 | £0.01 | 20 April 2021 |
| Issued on 17 March 2021 | 480,000 | £0.05 | 22 March 2024 |
| Issued on 17 March 2021 | 750,000 | £0.05 | 22 March 2026 |
| Issued on 17 March 2021 | 750,000 | £0.10 | 22 March 2026 |
| Issued on 17 March 2021 | 10,000,000 | £0.10 | 21 March 2023 |
| Exercised on 19 April 2021 | (1,500,000) | £0.01 | 20 April 2021 |
| Issued on 18 August 2021 | 1,500,000 | £0.10 | 22 March 2023 |
| Issued on 13 October 2021 | 3,000,000 | £0.10 | 21 December 2024 |
| Issued on 13 October 2021 | 4,500,000 | £0.15 | 21 December 2026 |
| Issued on 13 October 2021 | 1,320,000 | £0.10 | 21 December 2024 |
| Issued on 13 October 2021 | 175,000 | £0.10 | 21 December 2024 |
| **At 31 December 2021** | **34,475,000** | **£0.105** | |
| Issued on 28 April 2022[1] | 900,000 | £0.15 | 28 April 2027 |
| **At 31 December 2022** | **35,375,000** | **£0.106** | |

[1]50% of the warrants vest on 28 April 2023 and the remainder vest on 28 April 2024

The weighted average time to expiry of the warrants as at 31 December 2022 is 3.10 years (2021: 3.05 years).

The expected volatility was calculated using the Exponentially Weighted Moving Average Mode. Due to limited trading history comparable listed peer company information was used.

## 20. Merger Relief Reserve

**Group and Company**

| | **£** |
|---|---|
| At 1 January 2021 | - |
| Acquisition of Lyramid Pty Ltd [1] | 450,000 |
| **At 31 December 2021** | **450,000** |
| Acquisition of Oncogeni Limited [2] | 3,250,000 |
| **At 31 December 2022** | **3,700,000** |

[1] The issue on 21 December 2021 of 5,000,000 new shares relating to the acquisition of Lyramid Pty Ltd. The reserve reflects the difference between the nominal value of shares at the date of issue of £0.01 and the share price immediately preceding the issue of £0.10 per share. The shares issued formed part of the consideration for the acquisition of 100% of the equity of Lyramid and therefore qualify for merger relief.

[2] The issue on 16 September 2022 of 50,000,000 new shares relating to the acquisition of Oncogeni Ltd. The reserve reflects the difference between the nominal value of shares at the date of issue of £0.01 and the share price immediately preceding the issue of £0.75 per share. The shares issued formed part of the consideration for the acquisition of 100% of the equity of Oncogeni and therefore qualify for merger relief.

## 21. Financial Instruments and Risk Management

### *Capital Risk Management*

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the Group, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange, commodity and liquidity risks. The management of these risks is vested to the Board of Directors.

The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense / decrease in interest income.

***Credit Risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to make contractual payments for a period of greater than 120 days past due.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Group are bank balances. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings, and the Directors consider the credit risk to be minimal.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

| | **Carrying value at 31 December 2022 £** | **Maximum exposure at 31 December 2022 £** |
|---|---|---|
| Trade receivables | 56,613 | 56,613 |
| Other receivables | 45,124 | 45,124 |
| Cash and cash equivalents | 2,322,974 | 2,322,974 |
| | 2,424,741 | 2,424,741 |

***Currency Risk***

The Group operates in a global market with income and costs possibly arising in a number of currencies and is exposed to foreign currency risk arising from commercial transactions, translation of assets and liabilities and net investment in foreign subsidiaries. Exposure to commercial transactions arise from sales or purchases by operating companies in currencies other than the Group's functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange risk through their foreign currency denominated cash balances and a portion of the Group's costs being incurred in Australian Dollars. Accordingly, movements in the Sterling exchange rate against these currencies could have a detrimental effect on the Group's results and financial condition.

Currency risk is managed by maintaining some cash deposits in currencies other than Sterling.

The table below shows the currency profiles of cash and cash equivalents:

| | **At 31 December 2022** |
|---|---|
| **Cash and cash equivalents** | **£** |
| Sterling | 2,279,240 |
| Australian Dollars | 43,734 |
| | 2,322,974 |

*Foreign currency sensitivity analysis*

As at 31 December 2022, the sensitivity analysis assumes a +/-10% change of the AUD/GBP, exchange rates, which represents management's assessment of a reasonably possible change in foreign exchange rates (2021: 10%). The sensitivity analysis was applied on net loss on the Australian operations and the carrying value of financial assets and liabilities.

| | At 31 December 2022 £ | | At 31 December 2021 £ | |
|---|---|---|---|---|
| | +10% weaker | (10%) stronger | +10% weaker | (10%) stronger |
| Net Loss[1] | (34,181) | 34,181 | (1,445) | 1,445 |
| Carrying value of net assets | (594) | 594 | (167) | 167 |

[1] 10% weaker relates to the Great British Pound weakening against the currency and therefore the Group would incur greater *expenditure in its functional currency*

[2] 10% weaker relates to the Great British Pound weakening against the currency and therefore the net *liabilities (excluding intercompany borrowings) denominated in AUD will increase*

***Liquidity Risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The principal current asset of the business is cash and cash equivalents and is therefore the principal financial instrument employed by the Group to meet its liquidity requirements. The Board ensures that the business maintains surplus cash reserves to minimise any liquidity risk.

The financial liabilities of the Group and Company, predominantly trade and other payables, are mostly due within 3 months (2021: 3 months) of the Consolidated Statement of Financial Position date; therefore, the undiscounted amount payable is the same as their carrying value. Further analysis of the lease commitment is provided in note 23. All other non-current liabilities are due between 1 to 5 years after the period end. The Group does not have any borrowings or payables on demand which would increase the risk of the Group not holding sufficient reserves for repayment.

The Group had cash and cash equivalents at period end as below:

| | At 31 December 2022 £ |
|---|---|
| Cash and cash equivalents | 2,322,974 |
| | 2,322,974 |

***Interest Rate Risk***

The Group is exposed to interest rate risk whereby the risk can be a

reduction of interest received on cash surpluses held and an increase in interest on borrowings the Group may have. The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

| | At 31 December 2022 £ |
|---|---|
| Bank balances | 2,322,974 |
| | 2,322,974 |

The Group does not currently earn interest on its cash deposits.

## 22. Financial assets and financial liabilities

| Group<br><br>*31 December 2022*<br>*Financial assets/liabilities* | Financial Assets At amortised Cost £ | Financial Liabilities At amortised Cost £ | Total £ |
|---|---|---|---|
| Trade and other receivables | 101,737 | - | 101,737 |
| Cash and cash equivalents | 2,322,974 | - | 2,322,974 |
| Trade and other payables | - | (279,668) | (279,668) |
| | 2,424,711 | (279,668) | 2,145,043 |

| Company<br><br>*31 December 2022*<br>*Financial assets/liabilities* | Financial Assets At amortised Cost £ | Financial Liabilities At amortised Cost £ | Total £ |
|---|---|---|---|
| Trade and other receivables | 515,931 | - | 515,931 |
| Cash and cash equivalents | 2,274,478 | - | 2,274,478 |
| Trade and other payables | - | (183,802) | (183,802) |
| | 2,790,409 | (183,802) | 2,606,607 |

## 23. Commitments

| | At 31 December 2022 £ | At 31 December 2021 £ |
|---|---|---|
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Laboratory rental | 37,500 | - |
| Research & Development | 105,655 | - |

## 24. Contingent Liabilities

There were no contingent liabilities at 31 December 2022 or 31 December 2021. Details of deferred contingent consideration are disclosed in note 4.2.

## 25. Related party transactions

There were no related party transactions during the years ended 31 December 2021 and 2022.

## 26. Post reporting date events

On 20 February 2023 the Company announced that it had signed an exclusive licence and royalty agreement, for the field of medical diagnostics only, with a leading international diagnostics company, Randox Laboratories Ltd ("Randox"), in relation to its Midkine antibody portfolio.  Randox and Roquefort Therapeutics will now engage in collaborative research programs to develop new cancer diagnostics that will identify patients treatable with the Company's Midkine therapeutics. The Group is eligible to receive upfront and potential marketing milestone receipts, as well as royalties on diagnostics products sold. The Group received from Randox an upfront amount of £200,000 and can earn further potential milestone receipts of up to £150,000 for marketing approval in certain jurisdictions.

On 8 March 2023 the Company announced that it had successfully developed a new novel platform of anti-cancer mRNA therapeutics.

**27. Ultimate controlling party**

As at 31 December 2022, there was no ultimate controlling party



END

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