



ROQUEFORT
THERAPEUTICS PLC

Annual Report & Financial Statements

for the year ended 31 December 2022

Company Registration No. 12819145 (England and Wales)

Contents

	Page
Corporate Information	2
Chairman's Statement	3
Board of Directors and Senior Management	6
Directors' Report	9
Strategic Report	13
Governance Report	23
Remuneration Committee Report	27
Audit Committee Report	33
Nomination Committee Report	35
Independent Auditors' Report	36
Consolidated Statement of Comprehensive Income	46
Consolidated Statement of Financial Position	47
Statement of Financial Position	48
Consolidated Statement of Changes in Equity	49
Statement of Changes in Equity	50
Consolidated Statement of Cash Flow	51
Statement of Cash Flow	52
Notes to the Financial Statements	53

Corporate Information

Directors

Stephen West

Trevor Ajanthan (Ajan) Reginald (appointed 16 September 2022)

Prof. Sir Martin Evans (appointed 16 September 2022)

Dr Darrin Disley (appointed 16 September 2022)

Ms Jean Duvall (appointed 5 April 2022)

Dr Simon Sinclair (appointed 20 April 2022)

Dr Michael Stein

Mark Freeman (resigned 16 September 2022)

Mark Rollins (resigned 4 April 2022)

Company Secretary

Orana Corporate LLP

Registered Office

85 Great Portland Street

First Floor

London W1W 7LT

Registered Number

12819145

Joint Brokers

Hybridan LLP

1 Poultry

London EC2R 8EJ

Optiva Securities Limited

118 Piccadilly

London W1J 7NW

Independent Auditor

BDO LLP

Level 12, Thames Tower

Station Road

Reading RG1 1LX

Solicitors

Axiom Ince Limited

Aldgate Tower, 2 Leaman Street

London E1 8QN

Principal Bankers

Alpha FX

2 Eastbourne Terrace

London W2 6LG

Registrars

Share Registrars Limited

27/28 Endcastle Street

London W1W 8DH

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."

Chairman's Statement

continued

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

Chairman's Statement

continued

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 licensing 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

Board of Directors and Senior Management

Board of Directors

Stephen West,

Executive Chairman

Stephen is a Fellow Chartered Accountant with over 30 years of financial and corporate experience gained in public practice, the resource sector, life sciences and investment banking. Stephen has a proven track record in working with growth companies with extensive experience in IPOs, secondary listings, corporate finance, fundraising and investor relations. Stephen is currently a non-executive director of EnergyPathways Ltd.

Ajan Reginald,

Chief Executive Officer

(appointed 16 September 2022)

Ajan is an experienced biotechnology CEO with a 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.

With Prof. Sir Martin Evans, Ajan founded Celixir, and developed a novel cardiac cellular medicine which completed pre-clinical development and won FDA, MHRA and EU regulatory trial approvals. Celixir completed a licensing for the Japan market only with Daiichi Sankyo, a Japanese Big Pharma company which included a £12.5 million upfront payment and a £5 million equity investment which valued Celixir at ~£220M.

Ajan is an alumni of Harvard Business School (AMP) and is recipient of the Fulbright Scholarship. He is also a graduate of the University of Oxford (MSc Experimental Therapeutics), Kellogg Business School (MBA) Northwestern University and University of London (BDS). He has represented England at the Hockey Masters World Cup and European Championships.

Professor Sir Martin Evans, Nobel Laureate,

Chief Scientific Officer

(appointed 16 September 2022)

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."

Sir Martin has published more than 120 scientific papers. He was elected a Fellow of the Royal Society in 1993 and is a founder Fellow of the Academy of Medical Sciences. He was awarded the Walter Cottman Fellowship and the William Bate Hardy Prizes in 2003 and in 2001 was awarded the Albert Lasker Medal for Basic Medical Research in the US. In 2002 he was awarded an honorary doctorate from Mount Sinai School of Medicine in New York, regarded as one of the world's foremost centres for medical and scientific training. He has also received honorary doctorate awards from the University of Bath, University of Buckinghamshire, University College London, University of Wales and the University of Athens. Sir Martin gained his BA in Biochemistry from Christ College, University of Cambridge in 1963. He received an MA in 1966 and a DSc in 1966. In 1969 he was awarded a PhD from University College, London. He joined the Cardiff University School of Biosciences in 1999. He was knighted in 2004 for his services to medical science and in 2009 was awarded the Gold Medal of the Royal Society of Medicine in recognition of his valuable contribution to medicine. In 2009 he also received the Baly Medal from the Royal College of Physicians and the Copley Medal, the Royal Society's oldest award, joining an eminent list of previous recipients including Albert Einstein.

Board of Directors and Senior Management

continued

Dr Darrin Disley, OBE

Non-Executive Director

(appointed 16 September 2022)

Darrin 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. He was awarded a lifetime Queen's Award for Enterprise Promotion in 2016 for his work in promoting enterprise across the UK and appointed OBE in 2018 for his services to business and enterprise in the healthcare sector.

Ms Jean Duvall,

Non-Executive Director

(appointed 5 April 2022)

Jean is highly accomplished in the biotech and pharma sector, with over 25 years experience in executive roles in the industry. During this time, Jean acted for Ferring Pharmaceuticals, as one of the Executive Board Members who built the company from a US\$700 million to US\$2 billion in revenue. Jean has a significant track record in corporate development having led multiple successful M&A, divestment and licensing deals throughout her career. She previously had the role of General Counsel at Elan Corporation and was legal lead, negotiating the divestment of over \$2bn in assets. Additionally, she has co-founded and led biopharma start-ups including Trizell and Amzell, resulting in multiple products having successful phase 2 and 3 clinical studies. Jean is currently CEO and co-founder of ReproNovo SA and a non-executive director of Ondine Biomedical Inc. (AIM:OBI).

Dr Simon Sinclair,

Non-Executive Director

(appointed 20 April 2022)

Simon is a senior executive physician scientist with over 20 years' pharma, medtech and consumer healthcare industry experience. He is currently Chief Safety Officer at Reckitt Benckiser. Simon was previously at Johnson and Johnson Medical Devices, first as International Clinical Director, then leading Medical Affairs for its EMEA region. Prior to this, Simon led translational medicine efforts and the early clinical development at Merck and Co (MSD) in the USA. Originally trained as an ophthalmologist, Simon holds a medical degree and a PhD in neural transplantation from the University of Cambridge. Simon is currently a non-executive director of Ondine Biomedical Inc. (AIM:OBI) and a non-executive director at Renovos Biologics Limited.

Dr Michael Stein,

Non-Executive Director

Michael is a business leader and strategic adviser with C-suite experience in healthcare. Michael was the founding CEO of Valo Therapeutics and of OxStem Ltd. In addition, Michael has served as founding CEO for Doctor Care Anywhere, acquired by Synergix in 2015. In 2001, he co-founded the Map of Medicine Ltd (the Map) with University College London. As founding CEO (and later CMO), the Map was nationally licensed across NHS England (2005-15) and acquired by Hearst Business Media (HBM) in 2008, after which Michael transitioned to executive vice-president of healthcare innovation. Michael graduated as a medical doctor (Honours) and biochemist (First Class Honours) from the University of Cape Town (1988) and from the University of Oxford (Rhodes Scholar) with a doctorate in Physiological Sciences (Immunology).

Board of Directors and Senior Management

continued

Senior Management

Dr Graham Robertson,

Vice President – Drug Discovery

Dr Robertson gained his PhD in molecular virology from Macquarie University, Australia before undertaking Post-Doctoral training in gene regulation and nuclear architecture at Oxford. He returned to Australia as a Post-Doc in the laboratory of Prof. Emma Whitelaw at University of Sydney where he set up a transgenic mouse facility and discovered repeat-induced silencing as an epigenetic process on mammalian transgenes. Dr Robertson then moved to Westmead Hospital Millennium Institute where he pursued studies on the fibrotic liver disease NASH and the impact of inducible xenobiotic/drug interactions on drug clearance pathways. A component of this work involved creating a transgenic mouse model for studying gene regulation of human CYP3A4, the main pathway for drug metabolism. The model was subsequently commercially leveraged as a screening tool for drug development. At the ANZAC and Garvan Institutes in Sydney (2004-2014), Dr Robertson explored the impact of cancer-associated inflammation in repressing drug clearance leading to excessive toxicity. Dr Robertson also explored the link between chronic inflammation and disrupted energy metabolism as the basis for cancer cachexia. A key discovery from this work was the activation of thermogenesis in white & brown fat, linked to body wasting. These findings were published in *Cancer Research* and *Cell Metabolism* where it was ranked amongst the 10th highest papers in the latter journal. He has published ~60 papers with >3,000 citations.

Dr Sabena Sultan

Vice President – Drug Development

Dr Sultan studied for her PhD in Cardiovascular Biology at Imperial College London and undertook postdoctoral research at the Rayne Institute, University College London and worked within the Cardiovascular Department at Kings College London as a British Heart Foundation Principle Grant Investigator. Dr Sultan was previously Global Head of Research at Cell Therapy Limited, working to bring cellular therapies to clinic.

Directors' Report

The Directors present their report with the audited financial statements of Roquefort Therapeutics plc ("the Company") and its subsidiaries Lynamid Pty Limited ("Lynamid"), 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 on page 3. A review of the business is also included in the Strategic Report on pages 13 to 22.

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

Directors' Report

continued

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 on pages 13 to 22. 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 and is disclosed on pages 23 to 26.

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.

Directors' Report

continued

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.

Directors' Report

continued

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, whose names and functions are listed on pages 6 and 7 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 Lynamid 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 at pages 23 to 26 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.

Strategic Report

continued

Maintain a reputation for high standards of business conduct

The Corporate Governance section of this Annual Report at pages 23 to 26 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 on page 11.

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.

Strategic Report

continued

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 Lynamid 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.

Strategic Report

continued

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.

Strategic Report

continued

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	<p>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.</p> <p>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.</p> <p>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.</p>	<p>The Directors have appointed a CEO to actively manage the commercial activities of the Group as it develops.</p> <p>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.</p>
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	<p>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. 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.</p>	<p>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.</p>

Strategic Report

continued

Issue	Risk/Uncertainty	Mitigation
<p>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</p>	<p>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.</p>	<p>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.</p> <p>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.</p>
<p>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</p>	<p>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.</p>	<p>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.</p>

Strategic Report

continued

Issue	Risk/Uncertainty	Mitigation
<p>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</p>	<p>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.</p>	<p>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.</p>
<p>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</p>	<p>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.</p> <p>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.</p>	<p>The Group seeks to protect its intellectual property through the filing of patent applications, as well as robust confidentiality obligations on its employees.</p> <p>The Board intends to defend the Group's intellectual property vigorously, where necessary through litigation and other means.</p>

Strategic Report

continued

Issue	Risk/Uncertainty	Mitigation
	<p>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.</p>	

Strategic Report

continued

Issue	Risk/Uncertainty	Mitigation
	<p>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.</p> <p>The Group is not currently aware of any such active or pending litigation risk.</p>	
<p>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</p>	<p>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.</p> <p>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.</p>	<p>The Board will be monitoring the speed and output of the programs closely and challenging where it believes things could be done more quickly.</p> <p>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.</p>

Strategic Report

continued

Issue	Risk/Uncertainty	Mitigation
The successful operation of the Group will depend partly upon the performance and expertise of its current and future management and employees	<p>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.</p>	<p>The Group offers incentives to Directors and employees through share warrants, which makes them linked to the long-term success of the business.</p>

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

Governance Report

Introduction

The Directors acknowledge the importance of high standards of corporate governance and endeavours, given the Company's size and the constitution of the Board, to comply with the principles set out in the QCA Corporate Governance Code that are relevant to the Group. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies.

Compliance with the QCA Code

Set out below are the Company's corporate governance practices for the year ended 31 December 2022. Following the enlargement of the Group with the acquisition of Oncogeni these corporate governance practices are being considered and reviewed to ensure they remain appropriate.

Maintain governance structures and processes that are fit for purpose and support good decision making by the board

The Board is responsible for the determination of the investment decisions of the Company and for its overall supervision via the investment policy and the objectives that it has set out. At the date of this report, the Board comprises seven Directors, three of whom are Executive Directors and four are Non-Executive Directors, reflecting a blend of different experiences and backgrounds.

The QCA Code states that a company should have at least two independent non-executive directors. The Company had six independent non-executive directors active during the year being Michael Stein, Mark Rollins, Mark Freeman, Jean Duvall, Simon Sinclair and Darrin Disley. At any one time a minimum of three of these were in office and at the year end four were in office. The Board believes that its composition brings a desirable range of skills and experience in light of the Company's challenges and opportunities, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision making. The Company will appraise the structure of the Board on an ongoing basis.

All new Directors received an informal induction as soon as practical on joining the Board. No formal induction process exists for new Directors, given the size of the Company, but the Chairman ensures that each individual is given a tailored introduction to the Company and fully understands the requirements of the role.

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The Board had satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

The Board intends to meet formally at least six times each year to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals, and to ensure the Directors maintain overall control and supervision of the Company's affairs.

Attendance at meetings in the year:

Member	Position	Meetings attended
Stephen West	Executive Chairman	6 of 6
Ajan Reginald	Chief Executive Officer	1 of 1
Sir Martin Evans	Chief Scientific Officer	1 of 1
Dr Michael Stein	Non-Executive Director	5 of 6
Ms Jean Duvall	Non-Executive Director	5 of 5
Dr Simon Sinclair	Non-Executive Director	5 of 5
Dr Darrin Disley	Non-Executive Director	1 of 1
Mark Rollins	Non-Executive Director	1 of 1
Mark Freeman	Non-Executive Director	3 of 5

The Board is pleased with the high level of attendance and participation of Directors at Board meetings.

Governance Report

continued

At each Board meeting the Executive Chairman, Stephen West, proposes and seeks agreement to the Board Agenda and ensures adequate time for discussion.

The Board maintains regular contact with all its service providers and are kept fully informed of investment and financial controls and any other matters that should be brought to the attention of the Directors. The Directors also have access where necessary to independent professional advice at the expense of the Company.

Audit Committee

The Company has established an Audit Committee with delegated duties and responsibilities.

The Audit Committee has the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than three times in each financial year and has unrestricted access to the Group's external auditors. Prior to the acquisition of Oncogeni on 16 September 2022, the Audit Committee comprised Mark Freeman (as chair) and Dr Michael Stein. From 16 September 2022 the Audit Committee comprised Jean Duvall (as chair) and Dr Michael Stein. All members of the Audit Committee are non-executive directors.

The Audit Committee meets with the auditors at least twice a year and more frequently if required.

Terms of reference of the Audit Committee will be made available upon written request.

The Audit Committee report is included on pages 33 to 34.

Remuneration Committee

The Company has established a Remuneration Committee to assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the policy on remuneration.

The Remuneration Committee reviews the performance of executive directors, chairman of the Board and senior management of the Group and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The members of the Remuneration Committee include two Non-Executive Directors. Prior to 4 April 2022, the Remuneration Committee comprised Mark Rollins (as chair) and Mark Freeman. On 28 April 2022 Jean Duvall was appointed as chair of the Remuneration Committee, with Dr Michael Stein acting as a temporary member during the interim period between the date of Mark Rollins resignation and the appointment of Jean Duvall. From 16 September 2022 the Remuneration Committee comprised Darrin Disley (as chair) and Jean Duvall.

Formal terms of reference for the Remuneration Committee will be made available upon written request.

The Remuneration Committee report is included on pages 27 to 32.

Nomination Committee

The Company has established a Nomination Committee. The Nomination Committee leads the process for board appointments and makes recommendations to the Board. The Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee meets as and when necessary, but at least twice each year. The Nomination Committee comprised Dr Michael Stein (as chair) and Mark Freeman during the period to 28 April 2022 when Mark Freeman resigned from, and Dr Simon Sinclair was appointed to, the Nomination Committee.

Governance Report

continued

Terms of reference for the Nomination Committee will be made available upon written request.

The Nomination Committee report is included on page 35.

Market Abuse Regulations

The Company has adopted a share dealing policy, in conformity with the requirements of the Listing Rules and the Market Abuse Regulation, regulating trading and confidentiality of inside information for persons discharging managerial responsibility ("PDMRs") and persons closely associated with them which contains provisions appropriate for a company whose shares are admitted to trading on the Official List. The Company intends to take all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of its share dealing policy.

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

All Board appointments have been made after consultation and detailed due diligence is carried out on all new potential board candidates. The Board will consider using external advisers to review and evaluate the effectiveness of the Board and Directors in future to supplement its own internal evaluation processes.

All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

The Group's Articles require that all Directors are submitted for election at the AGM following their first appointment to the Board, and Directors for whom it is their third annual general meeting during their appointment, are subject to retirement by rotation on an annual basis to refresh the Board, irrespective of performance.

The terms and conditions of appointment of Non-Executive Directors will be made available upon written request.

Seek to understand and meet shareholder needs and expectations

The Company is committed to engaging and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. All Board members have responsibility for shareholder liaison, but queries are primarily delegated to the Company's advisors in the first instance or the Company's Executive Chairman. Details of the Company's advisors can be found on the Company's website.

Copies of the annual and interim reports will be made available to all shareholders and copies may be downloaded from the Company's website.

Other Company information for shareholders is also available on the website.

The Company also engages with shareholders at its AGM each year which gives investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action if and when necessary. The results of the AGM are subsequently announced via RNS and published on the Company's website.

Establish a strategy and business model which promote long-term value for shareholders

The Company is developing pre-clinical next generation medicines focused on hard to treat cancers, with the aim of generating optimal returns for our shareholders.

The investment strategy is to provide shareholders with an attractive total return achieved primarily through capital appreciation.

Governance Report

continued

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is aware that engaging with Roquefort Therapeutics' stakeholders strengthens relationships, assists the Board in making better business decisions and ultimately promotes the long-term success of Roquefort Therapeutics plc. The Group's stakeholders include shareholders, and other service providers, suppliers, auditors, lenders, regulators, industry bodies and the surrounding communities of where its future investments will be located. The Board as a whole are responsible for reviewing and monitoring the parties contracted to the Company, including their service terms and conditions.

The Board is regularly updated on wider stakeholder views and issues concerning the portfolio both formally at Board meetings and informally through ad hoc updates.

This Governance Report was approved by the Board and signed on its behalf by:

Stephen West

Executive Chairman

4 June 2023

Remuneration Committee Report

The Remuneration Committee presents its report for the year ended 31 December 2022.

Membership of the Remuneration Committee

During the period to 4 April 2022 the Remuneration Committee comprised of two Non-Executive Directors Mark Rollins (chair) and Mark Freeman. On 4 April 2022 Mark Rollins resigned from the Board and the Remuneration Committee. On 28 April 2022 Jean Duvall was appointed as chair of the Remuneration Committee, with Dr Michael Stein acting as a temporary member during the interim period between the date of Mark Rollins resignation and the appointment of Jean Duvall. On 16 September 2022 Mark Freeman resigned from the Board and the Remuneration Committee; Dr Darrin Disley was appointed as chair of the Remuneration Committee; and Jean Duvall remained a member of the Remuneration Committee.

During the year ended 31 December 2022, one formal meeting of the Remuneration Committee was held.

Subject to what appears below, no other third parties have provided advice that materially assisted the Remuneration Committee during the year.

The items included in this report are unaudited unless otherwise stated.

Remuneration Committee's main responsibilities

- The Remuneration Committee considers the remuneration policy, employment terms and remuneration of the Board and advisors;
- The Remuneration Committee's role is advisory in nature, and it makes recommendations to the Board on the overall remuneration packages;
- The Remuneration Committee, when considering the remuneration packages of the Company's Board, will review the policies of comparable companies in the industry.

Report Approval

Resolution to approve this report will be proposed at the Annual General Meeting ("AGM") of the Company. The votes will have advisory status, will be in respect of the remuneration policy and overall remuneration packages and will not be specific to individual levels of remuneration.

At the Company's 2022 AGM a combined resolution to approve the directors' remuneration report and remuneration policy was passed with 100% votes in favour of the resolution. At the 2022 AGM, the Company did not receive any views from shareholders regarding directors' remuneration.

Remuneration policy

There was no external remuneration advice received by the Company during the year ended 31 December 2022 or 2021.

The remuneration policy of the Company is that each Director is entitled to a salary per annum from the date of their appointment. The Executive Directors have entered into Service Agreements with the Company and continue to be employed until terminated by the Company.

Non-Executive Directors fees are £24,000 each per annum, and are unchanged from last year.

Stephen West, as Executive Chairman, entered into a service agreement (the "Service Agreement") with the Company dated 26 February 2022 under which Mr West is employed until terminated by either party giving 6 months' prior written notice. Mr West received an annual salary of £120,000 until 15 September 2022 (pursuant to the terms of a side letter dated 7 March 2022 amending the Service Agreement). On the successful acquisition of Oncogeni on 16 September 2022, Mr West's salary was increased to £139,000 (pursuant to a side letter dated 29 November 2022 amending the Service Agreement) and he became entitled to pension contributions of 10% of salary into a nominated scheme from that date. Mr West is not entitled to any other benefits other than the reimbursement of his reasonable expenses. In 2021 Mr West received a cash bonus of £10,000 to compensate him for work performed in 2020, prior to entering into the Service Agreement. The Service Agreement is governed by English law.

Remuneration Committee Report

continued

Ajan Reginald, as Chief Executive Officer, entered into a service agreement with the Company dated 9 September 2022 (the "AR Service Agreement"). The AR Service Agreement was conditional on completion of the acquisition of Oncogeni Ltd and will remain in force until terminated by either party giving not less than twelve months' written notice. Mr Reginald receives an annual salary of £278,000 plus any discretionary bonus which the Company may choose to award in its sole and absolute discretion. Mr Reginald is entitled to pension contributions of 10% of his salary into a nominated scheme. Mr Reginald is not entitled to any other benefits other than the reimbursement of his reasonable expenses. For a period of twelve months following termination of employment, Mr Reginald is subject to certain restrictive covenants preventing him from competing against the Group, amongst other matters. The AR Service Agreement is governed by English law.

Sir Martin Evans, as Chief Scientific Officer, entered into a service agreement with the Company dated 9 September 2022 (the "ME Service Agreement"). The ME Service Agreement was conditional on completion of the acquisition of Oncogeni Ltd and will remain in force until terminated by either party giving not less than three months' notice. Sir Evans will receive an annual salary of £100,000 for two days of work per week, plus any discretionary bonus which the Company may choose to award in its sole and absolute discretion. Sir Evans is not entitled to any other benefits other than the reimbursement of his reasonable expenses. For a period of twelve months following termination of employment, Sir Evans is subject to certain restrictive covenants preventing him from competing against the Group, amongst other matters. The ME Service Agreement is governed by English law.

The Company's Remuneration Committee oversees decisions regarding the remuneration of the Board. The Board believes that shares and warrants owned by Directors strengthens the link between their personal interests and those of shareholders and is in line with the share dealing code adopted by the Company. Apart from the Company's share dealing code, there are no specific requirements or guidelines determined by the Remuneration Committee for Directors to own shares in the Company.

Should the Company award share-based remuneration in the future, appropriate vesting and holding periods will be determined by the Remuneration Committee.

Non-Executive Directors

The Company policy is that the Non-Executive Directors are expected to attend scheduled board meetings and attend committee meetings as required.

Terms of appointment

The services of the Directors during the year ended 31 December 2022 were provided in accordance with their appointment letters. Directors were expected to devote such time as was necessary for the proper performance of their duties, but as a minimum they were expected to commit at least one day per month, which should include attendance at all meetings of the Board and any sub-committees of the Board.

Director	Year of appointment
Stephen West	2020
Ajan Reginald	2022
Sir Martin Evans	2022
Dr Michael Stein	2021
Ms Jean Duvall	2022
Dr Simon Sinclair	2022
Dr Darrin Disley	2022
Mark Rollins (resigned 4 April 2022)	2020
Mark Freeman (resigned 16 September 2022)	2021

Remuneration Committee Report

continued

Directors' emoluments and compensation (audited)

Set out below are the emoluments of the Directors who served in the year ended 31 December 2022 (GBP):

Name of Director	Salary and Fees	Taxable Benefits	Annual Bonus and Long Term Benefits	Pension Related	Share Based Payment	Total
Stephen West	114,251	–	–	4,054	–	118,305
Ajan Reginald	81,269	–	–	8,108	–	89,377
Sir Martin Evans	29,807	–	–	–	–	29,807
Dr Michael Stein	24,354	–	–	–	–	24,354
Ms Jean Duvall	17,753	–	–	–	2,808	20,561
Dr Simon Sinclair	16,738	–	–	–	2,808	19,546
Dr Darren Disley	7,015	–	–	–	–	7,015
Mark Rollins	–	–	–	–	–	–
Mark Freeman	17,505	–	–	–	–	17,505
Total	308,692	–	–	12,162	5,616	326,470

Set out below are the emoluments of the Directors who served in the period ended 31 December 2021 (GBP):

Name of Director	Salary and Fees	Taxable Benefits	Annual Bonus and Long Term Benefits	Pension Related Benefits	Share Based Payment	Total
Stephen West	18,645	–	10,000	–	132,180	160,825
Glenn Whiddon	6,968	–	–	–	–	6,968
Mark Rollins	9,677	–	–	–	7,808	17,485
Dr Michael Stein	9,323	–	–	–	22,449	31,772
Mark Freeman	2,688	–	–	–	15,616	18,304
Total	47,301	–	10,000	–	178,053	235,354

Directors warrants (audited)

Details of warrants in the Company held by Directors who served during the year are set out below:

Name of Director	As at 1 January 2022	Granted during the year	Exercised or lapsed during the year	As at 31 December 2022	Vested but unexercised at 31 December 2022	Exercise price	Date of grant	Final Vesting date
Stephen West*	3,000,000	–	–	3,000,000	3,000,000	£0.10	25/11/2020	21/12/2021
	500,000	–	–	500,000	500,000	£0.10	22/03/2021	22/03/2021
	3,000,000	–	–	3,000,000	3,000,000	£0.10	13/10/2021	13/10/2021
	1,000,000	–	–	1,000,000	333,333	£0.15	13/10/2021	21/12/2024
	7,500,000	–	–	7,500,000	6,833,333			
Ms Jean Duval	–	300,000	–	300,000	–	£0.15	22/06/2022	28/04/2024
Dr Simon Sinclair	–	300,000	–	300,000	–	£0.15	22/06/2022	28/04/2024
Mark Rollins	3,000,000	–	–	3,000,000	3,000,000	£0.10	25/11/2020	21/12/2021
	500,000	–	–	500,000	500,000	£0.10	22/03/2021	22/03/2021
	250,000	–	–	250,000	83,333	£0.15	13/10/2021	21/12/2024
	3,750,000	–	–	3,750,000	3,583,333			
Dr Michael Stein	750,000	–	–	750,000	750,000	£0.05	22/03/2021	21/12/2021
	750,000	–	–	750,000	750,000	£0.10	22/03/2021	21/12/2021
	500,000	–	–	500,000	166,667	£0.15	13/10/2021	21/12/2024
	2,000,000	–	–	2,000,000	1,666,667			
Mark Freeman	500,000	–	–	500,000	166,667	£0.15	13/10/2021	21/12/2024
	500,000	–	–	500,000	166,667			

*held by Cresthaven Investments Pty Ltd ATF The Bellini Trust – an entity associated with S West

Remuneration Committee Report

continued

Details of warrants in the Company held by Directors who served during the year ended 31 December 2021 are set out below:

Name of Director	As at 1 January 2021	Granted during the year	Exercised or lapsed during the year	As at 31 December 2021	Vested but unexercised at 31 December 2022	Exercise price	Date of grant	Vesting date
Stephen West*	3,000,000	–	–	3,000,000	3,000,000	£0.10	25/11/2020	21/12/2021
	–	500,000	–	500,000	500,000	£0.10	22/03/2021	22/03/2021
	–	3,000,000	–	3,000,000	3,000,000	£0.10	13/10/2021	13/10/2021
	–	1,000,000	–	1,000,000	–	£0.15	13/10/2021	21/12/2024
	3,000,000	4,500,000	–	7,500,000	6,500,000			
Mark Rollins	3,000,000	–	–	3,000,000	3,000,000	£0.10	25/11/2020	21/12/2021
	–	500,000	–	500,000	500,000	£0.10	22/03/2021	22/03/2021
	–	250,000	–	250,000	–	£0.15	13/10/2021	21/12/2024
	3,000,000	750,000	–	3,750,000	3,500,000			
Dr Michael Stein	–	750,000	–	750,000	750,000	£0.05	22/03/2021	21/12/2021
	–	750,000	–	750,000	750,000	£0.10	22/03/2021	21/12/2021
	–	500,000	–	500,000	–	£0.15	13/10/2021	21/12/2024
	–	2,000,000	–	2,000,000	1,500,000			
Mark Freeman	–	500,000	–	500,000	–	£0.15	13/10/2021	21/12/2024
	–	500,000	–	500,000	–			

*held by Cresthaven Investments Pty Ltd ATF The Bellini Trust – an entity associated with S West

Pension contributions (audited)

The Company does not currently have any pension plans for any of the Directors. It pays any pension amounts due in relation to their remuneration into funds nominated by them.

The Company has not paid out any excess retirement benefits to any Directors or past Directors.

Payments to past directors (audited)

The Company has not paid any compensation to past Directors.

Payments for loss of office (audited)

No payments were made for loss of office during the year.

The Committee will honour contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Remuneration Committee Report

continued

UK Remuneration percentage changes

The Executive Chairman, Stephen West was awarded total fees of £18,645 in the period ended 31 December 2021. Fees were paid from 1 April 2021, a nine month period. Mr West's fees were £24,000 per annum until the acquisition of Lynamid on 21 December 2021, when his fees increased 100% to £48,000.

In the year ended 31 December 2022, Stephen West was awarded total fees of £114,251. Mr West's fees have increased twice during 2022 to reflect the growth of the Company and the extra time commitment required from Mr West. On 26 February 2022 Mr West's fees increased by 150% to £120,000. Following the acquisition of Oncogeni Mr West's fees increased by a further 15.8% to £139,000.

The CEO, Ajan Reginald and the Chief Scientific Officer, Sir Martin Evans, were appointed in 2022. These are new roles.

All Non-Executive Directors were paid £12,000 until 21 December 2021, when on the acquisition of Lynamid their fees increased 100% to £24,000 per annum. This doubling affected three Non-Executives, Dr Michael Stein, Mark Rollins (resigned 4 April 2022), and Mark Freeman (resigned 16 September 2022). All other Non-Executive Directors have been appointed in 2022, and there has been no further change to their remuneration in the year.

UK 10-year performance graph

The Directors have considered the requirement for a UK 10-year performance graph comparing the Company's Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the Company only listed in 2021, is not paying dividends, is currently incurring losses as it gains scale, and its focus during the year ended 31 December 2022 was to integrate the acquisition of Oncogeni. In addition, and as mentioned above, the remuneration of Directors was not linked to performance and we therefore do not consider the inclusion of this graph to be useful to shareholders at the current time. The Directors will review the inclusion of this graph for future reports.

UK 10-year CEO table and UK percentage change table

The Company has employed a CEO from 16 September 2022 therefore the Directors do not currently consider that including such a table would be meaningful. The Directors will review the inclusion of this table for future reports. The CEO's remuneration was agreed with reference to the advice of a third-party recruitment company. They provided evidence of salaries in similar organisations, giving a benchmark for the salary of the new CEO.

Relative importance of spend on pay

The table below illustrates the year-on-year change in total remuneration compared to distributions to shareholders and operational cash flow for the financial periods ended 31 December 2022 and 2021:

	Distributions to shareholders £	Total directors and employee pay £	Operational cash outflow £
Year ended 31 December 2022	–	572,538	1,577,476
Period ended 31 December 2021	–	300,124	516,833

Total employee pay includes wages and salaries, social security costs and pension cost for employees in continuing operations. Further details on Employee remuneration are provided in note 6. Operational cash outflow has been shown in the table above as cash flow monitoring and forecasting is an important consideration for the Remuneration Committee and Board of Directors when determining cash-based remuneration for directors and employees.

Remuneration Committee Report

continued

UK Directors' shares (audited)

The interests of the Directors who served during the year in the share capital of the Company at 31 December 2022 and at the date of this report has been set out in the Directors' Report on pages 9 to 12.

Other matters

The Company does not currently have any other annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

Approved on behalf of the Board of Directors by:

Dr Darrin Disley

Chair of the Remuneration Committee

4 June 2023

Audit Committee Report

The Audit Committee comprised of two Non-Executive Directors Mark Freeman as chair and Dr. Michael Stein until 16 September 2022 when Mark Freeman resigned from the Board and the Audit Committee. On this date Jean Duvall was appointed as chair of the Audit Committee, and Dr. Michael Stein remained a member of the Committee.

The Audit Committee oversees the Company's financial reporting and internal controls and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the annual report and financial statements and the half-yearly report remains with the Board.

Main Responsibilities

The Audit Committee acts as a preparatory body for discharging the Board's responsibilities in a wide range of financial matters by:

- monitoring the integrity of the financial statements and formal announcements relating to the Company's financial performance;
- reviewing significant financial reporting issues, accounting policies and disclosures in financial reports, which are considered to be in accordance with the key audit matters identified by the external auditors;
- overseeing that an effective system of internal control and risk management systems are maintained;
- ensuring that an effective whistle-blowing, anti-fraud and bribery procedures are in place;
- overseeing the Board's relationship with the external auditor and, where appropriate, the selection of new external auditors;
- monitoring the statutory audit of the annual financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority;
- approving non-audit services provided by the external auditor, or any other accounting firm, ensuring the independence and objectivity of the external auditors is safeguarded when appointing them to conduct non-audit services; and
- ensuring compliance with legal requirements, accounting standards and the Listing Rules and the Disclosure and Transparency Rules.

Governance

Good practice suggests that at least one member of the Audit Committee has recent and relevant financial experience. The Audit Committee's previous chair, Mark Freeman, is a Chartered Accountant with over 25 years' experience in corporate finance and the public markets. The Audit Committee's current chair, Jean Duvall, has significant business and commercial experience, including with public companies. The Board is satisfied that the Audit Committee has recent and relevant financial experience.

Members of the Audit Committee are appointed by the Board and whilst warrant holders, the Company believes they are considered to be independent in both character and judgement.

The Company's external auditor is BDO LLP (2021: Jeffreys Henry LLP) and the Audit Committee will closely monitor the level of audit and non-audit services they provide to the Company.

Audit Committee Report

continued

Meetings

For the year to 31 December 2022 the Board has met with the auditors on two occasions.

The key work undertaken by the Audit Committee is as follows:

- interview of external auditors and recommendation to the Board;
- review of audit planning and update on relevant accounting developments;
- consideration and approval of the risk management framework, appropriateness of key performance indicators;
- consideration and review of full-year results;
- review of the effectiveness of the Audit Committee;
- review of internal controls; and
- considered whether an internal audit function is required and confirmed it is not considered necessary given the present size of the Company.

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment or removal of the external auditor.

The Audit Committee noted the level of prior period adjustments, as described in respect of the Group and Company cashflow statements, the Group and Company statements of financial position, the Group and Company statements of changes in equity, and the notes to the Group and company financial statements for the year ended 31 December 2021. Further control processes will be implemented by the finance department, to assure the Committee that the Group's financial statements prepared for audit are free from material misstatement.

External auditor

The Company's external auditor is BDO. The external auditor has unrestricted access to the Audit Committee chair. The Committee is satisfied that BDO has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained.

The external auditors report to the Audit Committee annually on their independence from the Company. In accordance with professional standards, the partner responsible for the audit is changed every five years. The current auditor, BDO was first appointed by the Company in 2023, and therefore the current partner is due to rotate off the engagement after completing the audit for the year ended 31 December 2026. Having assessed the performance objectivity and independence of the auditors, the Committee will be recommending the reappointment of BDO as auditors to the Group at the 2023 Annual General Meeting.

Approved on behalf of the Board of Directors by:

Ms Jean Duvall

Chair of the Audit Committee

4 June 2023

Nomination Committee Report

The Nomination Committee comprised of two Non-Executive Directors Dr Michael Stein (as chair) and Mark Freeman during the period to 28 April 2022. On 28 April 2022 Mark Freeman resigned from, and Simon Sinclair was appointed to, the Nomination Committee. The committee considers potential candidates for appointment to the Company's Board who maintain the highest standards of corporate governance and have sufficient time to commit to the role.

Nomination committee evaluation

The Nomination Committee evaluates the composition, skills, and diversity of the Board and its committees and identifies a requirement for a Board appointment.

Identify suitable candidates

The Nomination Committee undertakes a review of each candidate and their experience in accordance with the Company's 'director's profile' and suitable candidates are identified.

For the appointment of a Chairman, the Nomination Committee will prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises.

Nomination committee recommendation

Following interviews with a candidate conducted by the Chairman, and other members of the Board, the Nomination Committee makes a recommendation on a preferred candidate to the Board. Ms Duvall and Dr Sinclair were appointed as non-executive directors of the Company on 5 April 2022 and 20 April 2022, respectively, after following this process.

Upon completion of the acquisition of Oncogeni on 16 September 2022, Mr Reginald and Prof. Evans were appointed as executive directors of the Company (Chief Executive Officer and Chief Scientific Officer respectively), and Dr Disley was appointed a non-executive director of the Company. Prior to their appointment as directors of the Company, Mr Reginald, Prof. Evans and Dr Disley were interviewed by the Chairman and members of the Nomination Committee, with the Nomination Committee subsequently recommending their appointments to the Board.

Due diligence

After a candidate has been recommended to the Board by the Nomination Committee, the company secretary undertakes appropriate background checks on a candidate. The Board of directors meets any candidate recommended by the Nomination Committee and the candidate is given an opportunity to make a presentation to the Board prior to deciding on their appointment.

Board appointment

The Board formally approves a candidate's appointment to the Board.

Approach to Diversity

The Nomination Committee believes in the benefits of diversity, including the need for diversity in order to effectively represent shareholders' interests. This diversity is not restricted to gender but also includes geographic location, nationality, skills, age, educational and professional background. The Board's policy remains that selection should be based on the best person for the role.

On behalf of the Nomination Committee

Dr Michael Stein

Chair of the Nomination Committee

4 June 2023

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Roquefort Therapeutics Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Statement of financial position, the Consolidated statement of changes in Equity, the Statement of changes in equity, the Consolidated statement of cash flows, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 13 January 2023 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ended 31 December 2022. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Material uncertainty related to going concern

We draw attention to Note 3b of the financial statements, which indicates the Directors' assessment that the Group is dependent on raising further funds, in order to meet its forecast cash flow requirements for the going concern period being at least 12 months from the date of approval of these financial statements. As stated in Note 3b, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and procedures in response to the key audit matter included:

We obtained the Directors' going concern assessment, including the detailed forecast for the period ending 31 December 2024 and:

- Evaluated the Directors' method of assessment, including the relevance and reliability of underlying data used to make the assessment, and whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other.
- Tested the assumptions used, including the level of forecast research and development (R&D) costs and general and administrative expenditure by corroborating a sample of costs to supporting evidence, including third party cost estimates for development projects.
- Determined through inspection and testing of the methodology and calculations that the methods utilised were appropriate to be able to make an assessment for the Group taking into consideration the nature of the Group's cost base and cash inflows.
- We evaluated the Directors' sensitivity analysis for reasonably possible changes in the cost base, tested the arithmetic accuracy of this analysis and challenged the assumptions applied.
- We enquired of management regarding fundraising and out -licensing activities to date, including review of correspondence with potential partners.
- We evaluated the period assessed by the Directors to determine that they had considered a period of at least 12 months from the date of approval of the financial statements. We also enquired whether the Directors had considered and identified any events or conditions that may exist beyond that period; examined board meeting minutes and press releases for any such events or conditions.

We assessed the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment.

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

Other matter

The corresponding figures presented in the Parent Company's statement of cash flows are unaudited.

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

Overview

Coverage	100% of Group loss before tax
	100% of Group total assets

Key audit matters

	2022
Going concern	✓
Impairment review of carrying value of goodwill and intangible assets & Impairment review of carrying value of investments in subsidiaries (Parent Company statement of financial position)	✓
Oncogeni acquisition accounting	✓

Materiality

Group financial statements as a whole

£76,300 based on 4.9% of loss before tax

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

At 31 December 2022, the Group comprised of the Parent Company; one trading UK company (Oncogeni Ltd), one trading Australian company (Lyramid Pty Ltd) and two dormant companies.

The Parent Company and the Australian trading company (Lyramid Pty Ltd) were deemed to be the significant components for the Group and were subject to full scope audit procedures. For the non-significant UK trading company, specified audit procedures were performed over material balances. The financial information of the remaining non-significant components were subject to analytical review procedures. The audit procedures over all these entities were carried out by the group audit team for the purposes of this opinion.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meetings.

We challenged the extent to which climate-related considerations have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of management's disclosures included as 'Other Information' with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter set out in the Material uncertainty related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Impairment review of carrying value of goodwill and intangible assets</p> <p>Goodwill of £281,911 (2021 - £281,911); in-progress R&D of £5,061,594 (2021 - £1,199,619); accounting policy note 3h and note 12.</p> <p>Impairment review of carrying value of investments in subsidiaries (Parent Company statement of financial position)</p> <p>Investments in subsidiaries of £4,874,774 (2021 - £1,015,695); accounting policy note 3h and note 13.</p>	<p>The Group has significant intangible assets arising from a business acquisition and an asset acquisition.</p> <p>The Parent Company holds significant investments in subsidiaries arising from the same two acquisition transactions.</p> <p>Management's determination of recoverable values of the goodwill, identifiable intangible assets (representing in-progress research and development) and investments in subsidiaries is based on fair value less costs to sell and includes management's judgements over the selection of relevant transactions of oncology drug candidates at a similar stage of development, to provide benchmark values.</p> <p>These assumptions are subjective in nature.</p> <p>As there are judgemental areas within the assessment of the carrying values, a significant risk was identified which we deemed to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ● We assessed whether management's approach for assessing the impairment of its intangible assets and investments was appropriate, and if the assessment complied with the requirements of the applicable accounting standards. ● We obtained an understanding of the research and development activities for each intangible asset and investment to assess and evaluate the existence of any internal or external indicators of impairment, by inspecting minutes of meetings, investor information, analyst notes and R&D investor presentation information; ● With the assistance of our internal valuation experts, we reviewed the comparator transactions identified by management's valuation experts, and valuations thereof, and corroborated a sample back to publicly available supporting documentation. Using our industry knowledge, we assessed whether the comparator transactions were appropriately selected based on disease area and stage of development. ● We considered other data supporting the original price paid for intangible assets and investments, including research costs incurred and spin-out transaction valuations. <p>Key observations</p> <p>Based on the procedures performed we consider that the assumptions made by management in their carrying value assessments are reasonable.</p>

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Oncogeni acquisition accounting</p> <p>Intangible asset – £3,880,985 (Accounting policy note 3h, notes 4 and 12)</p>	<p>Management has applied the concentration test under IFRS3 to the acquisition of Oncogeni Limited, and determined to account for the transaction as an asset acquisition under IAS38. The directly attributable issuance costs have been included in the asset acquisition cost.</p> <p>As there is management judgement regarding the application of the concentration test and the determination of the cost of the asset acquisition, a significant risk was identified which we deemed to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ● We reviewed management's IFRS3 concentration test, for appropriateness based on our understanding of the acquisition, the underlying assets and liabilities acquired and the nature of the in-progress research and development programs, through review of the acquisition agreement, the acquisition prospectus, the investor presentation and inquiries of management, and determined whether it was appropriate to account for the transaction as an asset acquisition under IAS38. ● We reviewed the nature of costs directly incurred in association with the acquisition, verified a sample to supporting documentation, and confirmed their accounting treatment as part of the cost of the asset acquisition in accordance with the requirements of IAS38. <p>Key observations</p> <p>Based on the procedures performed, we consider that management's use of the asset acquisition accounting treatment and assessment of directly related acquisition costs are reasonable.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2022	2022
	£	£
Materiality	76,300	68,600
Basis for determining materiality	4.9% of Loss before tax	90% of group materiality
Rationale for the benchmark applied	Loss before tax is considered the most appropriate measure in assessing the performance of the Group given that the primary focus of the users relates to overall expenditure (including research and development costs) to progress development of drug candidates.	Materiality was capped at 90% Group materiality given the assessment of the components' aggregation risk.
Performance materiality	38,150	34,300
Basis for determining performance materiality	50% of materiality	50% of materiality
Rationale for the percentage applied for performance materiality	Performance materiality was set taking into consideration our risk assessment and the fact that this is our first year as auditors of the Group.	Performance materiality was set taking into consideration our risk assessment and the fact that this is our first year as auditors of the Parent Company.

Component materiality

For the purposes of our Group audit opinion, we set materiality for the significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 37% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £28,000. In the audit of the component, we further applied a performance materiality level of 50% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £2,300. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> ● the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ● the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> ● adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ● the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ● certain disclosures of Directors' remuneration specified by law are not made; or ● we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance and the Audit Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations, we considered the significant laws and regulations to be the accounting framework (UK-adopted international accounting standards); the Companies Act 2006; Listing Rules; and relevant tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the requirements for developing regulated therapeutic products.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, specifically in relation to management bias and the judgements involved in accounting estimates (such as impairment review valuation of goodwill, intangible assets and investments; and valuation of provision for deferred contingent consideration).

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by inquiry and agreeing to supporting documentation; and
 - Assessing significant estimates made by management for potential bias, in particular the estimates regarding the goodwill, intangible assets and investments impairment reviews (refer to key audit matter section above).
 - Inquiry of management regarding confirmation that future market capitalisation increases above the level required for deferred contingent consideration to be payable could not be reliably estimated, and therefore the fair value is continued to be estimated as nil. Our procedures included confirmation to publicly available market price information, that the Group's market capitalisation had not reached the level required for any deferred consideration to be payable, prior to the date of this report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent Auditors' Report to the Members of Roquefort Therapeutics plc

continued

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

Use of our report

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

Ian Oliver (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK

4 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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 Lynamid, 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.

This report was approved by the Board and authorised for issue on 4 June 2023 and signed on its behalf by:

Stephen West
Executive Chairman

Company Registration Number: 12819145

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 Lynamid, 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.

The financial statements were approved by the Board and authorised for issue on 4 June 2023 and signed on its behalf by:

Stephen West
Executive Chairman

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
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			
Cash and cash equivalents at the beginning of the period		1,421,258	900,335
Foreign exchange impact on cash		899,721	–
		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 Lynamid 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			
Cash and cash equivalents at the beginning of the period		1,416,863	857,614
Foreign exchange impact on cash		857,614	–
		–	–
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

For the Year Ended 31 December 2022

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.

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.

Notes to the Financial Statements

continued

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. Lynamid 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.

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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 Lynamid Pty Limited

On 21 December 2021, Roquefort Therapeutics acquired 100% of the equity instruments of Lynamid 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 Lynamid 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.

Notes to the Financial Statements

continued

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.

Lynamid's contribution to the Group results

Lynamid 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 Lynamid 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:

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Subsidiary undertakings				
Oncogeni Limited	England	Ordinary shares	100%	Biotechnology research company
Lynamid 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.

Notes to the Financial Statements

continued

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.

Lynamid'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 £	31 December 2021 £
Opening Balance	624	–
Foreign exchange impact	(14,989)	624
Closing Balance	(14,365)	624

Notes to the Financial Statements

continued

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

Notes to the Financial Statements

continued

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)

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

	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.

Notes to the Financial Statements

continued

13. Investments

Company	Investment in Lynamid 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 Lynamid 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 Lynamid Pty Limited. The Directors have concluded that there has been no impairment to the investment in Lynamid 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 Lynamid. These monies were collected in full in January 2022.

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

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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

¹ On 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.

² On 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.

³ On 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.

⁴ On 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.

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

20. Merger Relief Reserve

Group and Company	£
At 1 January 2021	–
Acquisition of Lynamid 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 Lynamid 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 Lynamid 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

Notes to the Financial Statements

continued

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.

Notes to the Financial Statements

continued

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	Financial Assets At amortised Cost £	Financial Liabilities At amortised Cost £	Total £
31 December 2022			
Financial assets/liabilities			
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	Financial Assets At amortised Cost £	Financial Liabilities At amortised Cost £	Total £
31 December 2022			
Financial assets/liabilities			
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	–

Notes to the Financial Statements

continued

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 of the Company.



Roquefort Therapeutics plc

85 Great Portland Street

First Floor

London W1W 7LT

www.roquefortplc.com