

16 September 2022

Oncogeni acquisition, equity raise and Board changes

Key Statistics:

Code	ROQ
Listing	LSE; OTCQB
Sector	Biopharma
Market cap*	£5.4m
Shares in issue*	71.9m
Current price*	7.5p
12-month high/low*	12.5p/7.375p
Free float**	55%

*Closing price on 15 September 2022. High/low based on closing prices.

**Free float based on Hybridan estimates.

Note: Shares in issue is 129.1m after the admission of 57,249,998 new ordinary shares today.

Share Price Performance

Year to date	-29%
Past 12 months	-29%
2021	75%

Source: Alpha Terminal

Financials Y/E Dec (£)

	Sales	EBIT	Net cash
2021	917	(917,433)	899,721

Source: Company Data

As of April 30, 2022, Roquefort Therapeutics had £2.49m in cash.

Company Description

Roquefort Therapeutics is a drug and therapy discovery and development company for hard-to-treat cancers by focusing on novel targets. All of its development programs are supported with licensed patents and anchored on Roquefort's own knowhow and intellectual property.

Roquefort has four best-in-class oncology drug development programs: (1) Midkine antibodies; (2) Midkine RNA therapeutics with novel anti-cancer gene editing action; (3) Mesodermal Killer (MK) cell therapy with direct and nature-killer-mediated anti-cancer action; and (4) siRNA targeting novel STAT-6 target in solid tumours.

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Roquefort Therapeutics announces today the completion of its acquisition of the entire issued share capital of Oncogeni Limited for an aggregate consideration of £5.5m satisfied by the issue of 50m new ordinary shares. Oncogeni, spun off from Celixir PLC., has two development programs: (1) Mesodermal Killer (MK) cells, a new class of cellular medicine engineered to kill cancer both directly and by enhancing the activity of natural killer cells; (2) novel siRNAs (small interfering RNA) inhibit STAT-6 to kill solid tumours.

New appointments: In conjunction with the acquisition, Roquefort appoints Ajan Reginald as Executive Director and Chief Executive Officer and Professor Sir Martin Evans, a Nobel Laureate, joins as Group Chief Scientific Officer. Ajan is an experienced biotechnology CEO with a track record in drug development, biotech transactions and commercialisation. He cofounded Celixir PLC with Professor Sir Martin Evans. Professor Armand Keating, an internationally recognised leader in blood and marrow transplantation and cell therapy, is appointed as Independent Chief Medical Advisor. Dr Darrin M Disley, who has started or invested in over 40 start-up life science, technology, and social enterprises, is appointed as a Non-Executive Director.

Placing to raise £1m: Roquefort has also issued 7,249,998 ordinary shares at a price of 14p per share and raised gross proceeds of £1m. Executive Chairman and Founder, Stephen West, subscribed for 19,485 shares in the placing. The net proceeds of £825k will be used to fund the Oncogeni pre-clinical drug development programs and working capital.

Intellectual property: Roquefort's Midkine (MDK) programs are supported with the exclusive licensing from Anagenics. Oncogeni has two global license agreements in place: (1) licensing from Cell Therapy Limited, the owner of three pending patent families on specific MK cells; and (2) licensing from SIRNA Limited, the owner of eleven granted patents on novel siRNAs. Roquefort also files patent applications for its own work and places an emphasis on composition of matter patents.

Development pipeline: Roquefort believes that its MDK antibodies program and MDK RNA therapeutics program are the most advanced in the industry and the enlarged company now has four best-in-class oncology drug development programs. Management is targeting clinical readiness for one of its development programs by the end of 2023.

Please refer to our Initiation Research Note published on 12 September 2022 regarding Roquefort's MDK programs and corporate strategy.

Financial Statements

Income Statement (£) Y/E December	2021	Notes
Revenue	719	
Other income	130	
Cost of goods	(10,069)	
Administrative expenses	(252,392)	
Costs associated with the IPO	(182,053)	
Share based payments	(248,326)	
Costs associated with the acquisition of Lynamid	(224,744)	
Research and development expenditure	(698)	
Operating loss	(917,433)	
Finance income	-	
Profit (loss) before tax	(917,433)	To be carried forward indefinitely against future profits
Taxation	-	
Foreign exchange loss	-	
Total comprehensive income (loss)	(917,433)	Weighted average number of shares: 24,701,793
Earnings (loss) per share	(3.71)	
Balance Sheet (£) Y/E December	2021	Notes
Intangible assets	1,481,530	£1.2m: license with Anagenics
TOTAL NON-CURRENT ASSETS	1,481,530	£0.28m: deferred tax associated with license
Trade and other receivables	2,178,783	£2.1m receivable for share issue collected in Jan 2022
Cash and cash equivalents	899,721	
TOTAL CURRENT ASSETS	3,078,504	
TOTAL ASSETS	4,560,034	
Share capital	719,000	
Share premium	3,910,595	
Share based payments reserve	366,708	
Retained deficit	(914,321)	
Currency translation reserve	624	
TOTAL EQUITY	4,082,606	
Deferred tax liabilities	281,911	
TOTAL NON-CURRENT LIABILITIES	281,911	
Trade and other payables	195,517	
TOTAL CURRENT LIABILITIES	195,517	
TOTAL LIABILITIES	477,428	
TOTAL EQUITY AND LIABILITIES	4,560,034	

Source: Company Data

Cash Flow Statement (£) Y/E December	2021	Notes
Profit (loss) before tax	(996,068)	Including negative adjustment by £78,635 due to acquisition
Adjustment for:		
Foreign exchange	765	
Non-cash adjustment	(2,602)	
Share based payment	366,708	
Changes in working capital:		
Change in trade and other receivables	(2,130,636)	£2.1m: receivables related to share issue in Dec 2021
Change in trade and other payables	129,525	
Change in inventory	9,273	
CASHFLOWS FROM OPERATING ACTIVITIES	(2,623,035)	
Acquisition of subsidiary, net of cash acquired	(1,106,225)	£0.6m paid in cash; £0.5m paid in shares
CASHFLOWS FROM INVESTING ACTIVITIES	(1,106,225)	
Proceeds from issue of ordinary shares	4,789,000	
Share issuance costs	(159,405)	
CASHFLOWS FROM FINANCING ACTIVITIES	4,669,502	
Net change in cash & cash equivalents	900,335	
FX translation difference	(614)	Australia \$ translated to GBP
Cash at the beginning of the period	-	
Cash at the end of the period	899,721	

Source: Company Data

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