

14 June 2023

Successful completion of in vitro studies of anti-cancer Midkine mRNA therapeutic

Key Statistics:

Code	ROQ
Listing	LSE; OTCQB
Sector	Biopharma
Market cap*	£8.7m
Shares in issue*	129.15m
Current price*	6.75p
12-month high/low*	9p/6.375p
Free float**	55%

*Closing price on 13 June 2023. High/low based on closing prices. **Free float based on Hybridan estimates.

Share Price Performance

Year to date	2%
Past 12 months	-16%
2021	75%

Source: Alpha Terminal

Financials Y/E Dec (£)

	Sales	EBIT	Net cash
2021	719	(917,433)	899,721
2022	-	(1,634,303)	2,322,974

Source: Company Data

Company Description


Roquefort Therapeutics is a drug and therapy discovery and development company for hard-to-treat cancers 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 five best-in-class oncology drug development programs: (1) Midkine antibodies; (2) Midkine RNA therapeutics with novel anti-cancer gene editing action; (3) Midkine mRNA program; (4) Mesodermal Killer (MK) cell therapy with direct and nature-killer-mediated anti-cancer action; and (5) siRNA targeting novel STAT-6 target in solid tumours.

HYBRIDAN LLP

Website: www.hybridan.com

1 Poultry, London, EC2R 8EJ

 @HybridanLLP

Emily Liu, CFA, CAIA

Tel: 020 3764 2344

Email: Emily.Liu@hybridan.com

Roquefort Therapeutics yesterday announced the successful completion of in vitro studies for its anti-cancer mRNA therapeutic in breast and liver cancer. The studies demonstrated a statistically significant reduction in both proliferation (cancer growth) and migration (as an early proxy for metastasis). This follows the development of a new platform of anti-cancer mRNA therapeutics targeting the novel Midkine target (MDK mRNA Program) announced on 8 March 2023. The Roquefort Therapeutics team and collaborators at the University of New South Wales have accelerated development of the MDK mRNA Program and demonstrated its cancer killing ability in validated in vitro models of breast and liver cancer.

The MDK mRNA program will now progress into in vivo studies with a targeted delivery technology to be developed in the Company's laboratory in Stratford-upon-Avon.

The Company has recently updated its filed patents to protect the MDK mRNA Program including composition patents and method patents, which further consolidates its leadership position in the Midkine field.

Hybridan's view: While mRNA has become synonymous with the Covid-19 vaccines, the technology was in fact invented to combat cancer. According to forecasts by the research firm 360 Market Updates, in June 2023, the global mRNA Cancer Vaccines and Therapeutics market size was valued at US\$31.9bn in 2022 and is expected to reach US\$50.2bn in 2028, at a CAGR of 7.83%.

Meanwhile, biopharma companies held more than \$1.4tn in dealmaking capacity at the beginning of December 2022, according to "Firepower 2023" a report by EY in January 2023, as pharma giants face patent expiry for key drugs.

Given the demand potential for mRNA cancer drugs and the appetite of biopharma companies for quality assets, we think that Roquefort's MDK mRNA Program should have a high visibility in the pipeline market. According to the article "Evolution of the market for mRNA technology" in Springer Nature, among the 180 assets within 31 mRNA companies as of July 2021, only 13 mRNA non-vaccine therapeutics under development are for cancer.

Roquefort's MDK mRNA Program consists of four mRNA pre-clinical therapeutics targeting the novel Midkine target. We believe this unique positioning will help Roquefort to monetise its intellectual property by out-licensing its core cancer therapeutic programs, as well as non-core applications such as diagnostics, biomarker detection and therapy areas outside of cancer.

The MDK mRNA cancer program is the fifth program within the Group and the third in its Midkine family. This pioneering mRNA anti-cancer program was developed in-house by the team led by its Vice President of Drug Discovery, Professor Graham Robertson. The mRNA anti-cancer program is highly synergistic with Roquefort's Midkine RNA oligonucleotide program in development at the University of New South Wales.

The MDK mRNA cancer program is currently focused on breast and liver cancer, as both cancers are associated with high rates of Midkine expression.

Breast cancer drug market

Elevated Midkine has been associated with breast cancer progression, metastasis and chemotherapy resistance.

Breast cancer is the most frequently diagnosed life-threatening cancer in women with 2.3 million new diagnoses per year and the second leading cause of cancer death among women worldwide with approximately 685,000 deaths per year, according to the World Health Organization in 2021. While the overall survival rate is 91%, metastatic breast cancer survival rates are circa 30% and metastasis constitute the primary cause of death for >90% of breast cancer deaths.

According to the forecasts by Global Market Insights in 2022, the global breast cancer therapeutic market is expected to grow from US\$25.5bn in 2021 to US\$42.6bn in 2028, at a CAGR of 8%.

Liver cancer drug market

Elevated Midkine has been associated with progression, metastasis and chemotherapy resistance in liver cancer.

World Cancer Research Fund International indicates that liver cancer is the 6th most common cancer worldwide (905,677 deaths in 2020). Because of the limited efficacy of conventional therapy, the 5-year survival rate is just 21% (American Cancer Society). Hepatocellular carcinoma (HCC) accounts for around 90% of liver cancers.

According to the forecast by the research firm ResearchAndMarkets in February 2023, the global market for liver cancer drugs is expected to grow from US\$2.4 bn in 2022 to US\$9.3bn by 2030, growing at a CAGR of 18.6%.

Financial Statements

Income Statement (£) Y/E December	2021	2022	Notes
Revenue	719	-	
Other income	130	-	
Cost of goods	(10,069)	-	
Administrative expenses	(252,392)	(1,306,561)	Director and employee costs and other expenditures
Costs associated with the IPO	(182,053)	-	
Share based payments	(248,326)	(8,427)	
Costs associated with acquisition	(224,744)	-	
Research and development expenditure	(698)	(319,315)	
Amortisation of Intangible assets	-	-	
Operating loss	(917,433)	(1,634,303)	
Finance income	-	-	
Profit (loss) before tax	(917,433)	(1,634,303)	
Taxation	-	18,886	
Profit (loss) for the period	(917,433)	(1,615,417)	
Other comprehensive loss	624	(14,989)	
Total comprehensive income (loss)	(916,809)	(1,630,406)	
Earnings (loss) per share	(3.71)	(1.56)	
Weighted average number of shares	24,701,793	103,479,476	
Balance Sheet (£) Y/E December	2021	2022	
Intangible assets	1,481,530	5,343,505	Including £5,061,594 in-progress R&D
TOTAL NON-CURRENT ASSETS	1,481,530	5,343,505	Including goodwill of £281,911
Trade and other receivables	2,178,783	101,738	2021 receivable due to shares issued to acquire Lyramid
Cash and cash equivalents	899,721	2,322,974	
TOTAL CURRENT ASSETS	3,078,504	2,424,712	
TOTAL ASSETS	4,560,034	7,768,217	
Deferred tax liabilities	281,911	281,911	
TOTAL NON-CURRENT LIABILITIES	281,911	281,911	
Trade and other payables	195,517	279,670	
TOTAL CURRENT LIABILITIES	195,517	279,670	
TOTAL LIABILITIES	477,428	561,581	
Share capital	719,000	1,291,500	
Share premium	3,460,595	4,403,094	£3.75m equity consideration for acquisition of Oncogeni
Share based payments reserve	366,708	375,135	
Merger relief reserve	450,000	3,700,000	Including £3,250,000 due to acquisition of Oncogeni
Retained deficit	(914,321)	(2,548,728)	
Currency translation reserve	624	(14,365)	
TOTAL EQUITY	4,082,606	7,206,636	
TOTAL LIABILITIES AND EQUITY	4,560,034	7,768,217	

Source: Company Data

Cash Flow Statement (£) Y/E December	2021	2022	
Profit (loss) before tax	(996,068)	(1,634,303)	
Adjustment for:			
Foreign exchange	765	(9,918)	
Non-cash adjustment	(2,602)	-	
Share based payment	366,708	8,427	
Taxation	-	18,886	
Changes in working capital:			
Change in trade and other receivables	(24,434)	(20,318)	
Change in trade and other payables	129,525	59,750	
Change in inventory	9,273	-	
CASHFLOWS FROM OPERATING ACTIVITIES	(516,833)	(1,577,476)	
Acquisition of subsidiary, net of cash acquired	(606,226)	(103,478)	-
CASHFLOWS FROM INVESTING ACTIVITIES	(606,226)	(103,478)	-
Proceeds from issue of ordinary shares	2,182,798	3,121,202	£2m received in Jan 2022 +£1m in Sep 2022
Share issuance costs	(159,405)	(18,990)	
CASHFLOWS FROM FINANCING ACTIVITIES	2,023,393	3,102,212	
Net change in cash & cash equivalents	900,335	1,421,258	
FX translation difference	(614)	1,995	
Cash at the beginning of the period	-	899,721	
Cash at the end of the period	899,721	2,322,974	

Source: Company Data

Research Disclaimer

This document should not be relied upon as being an impartial or objective assessment of the subject matter and does not constitute **investment research** for the purposes of the Conduct of Business Sourcebook ("**COBS**") issued by the Financial Conduct Authority ("**FCA**") to reflect the requirements of the UK retained version of Regulation 600/2014/EU (the "**MIFID II Regulation**") and the UK retained version of Directive 2014/65/EU (the "**MIFID II Directive**") and all rules made in connection therewith (together, known as "**MIFID II**"). The individuals who prepared this document may be interested in shares in the company concerned and/or other companies within its sector. As a consequence, the research (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research under MIFID II; and (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research (although Hybridan does impose restrictions on personal account dealing in the run up to publishing research as set out in our Conflicts of Interest Policy).

Hybridan LLP is involved in providing other financial services to the **Company which is the subject of this document ("the Company")** and, as a result, Hybridan LLP may have responsibilities to the Company which conflict with the interests of the persons who receive this document.

This document has been issued by Hybridan LLP for **information purposes only** and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action. This document has no regard for the specific investment objectives, financial situation or needs of any specific entity. Hybridan LLP and/or connected persons may, from time to time, effect transactions in any investment or related investment mentioned herein and may provide financial services to the issuers of such investments. The information contained herein is based on materials and sources that we believe to be reliable, however, Hybridan LLP makes no representation or warranty, either express or implied, in relation to the accuracy, completeness or reliability of the information contained herein. Opinions expressed are our current opinions as of the date appearing on this material only. Any opinions expressed are subject to change without notice and Hybridan LLP is under no obligation to update the information contained herein. None of Hybridan LLP, its affiliates or employees shall have any liability whatsoever for any indirect or consequential loss or damage arising from any use of this document.

In the United Kingdom, this report is directed at and is for distribution only to persons who (i) fall within article 19(1) (persons who have professional experience in matters relating to investments) or article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (SI 2005/1529) (as amended) or (ii) persons who are each a **professional client or eligible counterparty** (as those terms are defined in COBS (issued by the FCA) of Hybridan LLP (all such persons together being referred to as "**relevant persons**"). This report must not be acted on or relied upon by persons in the United Kingdom who are not relevant persons.

Neither this report, nor any copy or part thereof may be distributed in any other jurisdictions where its distribution may be restricted by law and persons into whose possession this report comes should inform him or herself about and observe any such restrictions. Distribution of this report in any such other jurisdictions may constitute a violation of securities laws in the United Kingdom, the United States (or any part thereof) or any other jurisdiction in any other part of the world.

Investments in general involve some degree of risk, including the risk of capital loss. The services, securities and investments discussed in this document may not be available to or suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor. Past performance is not necessarily a guide to future performance and an investor may not get back the amount originally invested. Where investment is made in currencies other than the investor's base currency, movements in exchange rates will have an effect on the value, either favourable or unfavourable. Levels and bases for taxation may change. When Hybridan LLP comments on AIM or AQSE Exchange shares investors should be aware that because the rules for those markets are less demanding than the Official List of the London Stock Exchange the risks are higher. Furthermore, the marketability of these shares is often restricted.

Hybridan LLP and/or its associated companies may from time-to-time provide investment advice or other services to, or solicit such business from, any of the companies referred to in this document. Accordingly, information may be available to Hybridan LLP that is not reflected in this material and Hybridan LLP may have acted upon or used the information prior to or immediately following its publication. In addition, Hybridan LLP, the partners, directors, and employees thereof and/or any connected persons may have an interest in the securities, warrants, futures, options, derivatives, or other financial instrument of any of the companies referred to in this document and may from time-to-time add or dispose of such interests. Neither the whole nor any part of this material may be duplicated in any form or by any means. Neither should any of this material be redistributed or disclosed to anyone without the prior consent of Hybridan LLP.

Hybridan LLP is authorised and regulated by the FCA and is a member of the London Stock Exchange.

Dissemination of Research: Reports are made available to all relevant recipients at the same time. Issuers may, in certain circumstances, be permitted to review investment analysts' investment research prior to publication for review of factual accuracy only. Investment research prepared and disseminated by Hybridan LLP is monitored to ensure that it is only provided to relevant persons. Research prepared by Hybridan LLP is not intended to be received and/or used by any person who is categorised as a **retail client** under COBS.

Hybridan LLP

1 Poultry, London, EC2R 8EJ

Email: research@hybridan.com

www.hybridan.com

**Hybridan LLP
Research Disclosures**

Investment analyst certification:

All research is issued under the regulatory oversight of Hybridan LLP. Each investment analyst of Hybridan LLP whose name appears as the author of this research hereby certifies that the opinions expressed in such research accurately reflect the investment analyst's personal and objective views about any and all of the companies or the Company discussed herein that are within such investment analyst's coverage universe.

The investment analyst who is responsible for the preparation of this research is Emily Liu, who is an employee of Hybridan.

1. Hybridan LLP may receive compensation for corporate finance services from this Company in the next twelve months.
2. Hybridan LLP acts as broker to the Company.
3. Hybridan may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this research report which is not known to the researcher who has compiled this research report.

Hybridan, its partners, officers or employees or any connected persons may at the time of publication have an interest in the equity of the Company through the holding of warrants, securities, futures, options, derivatives, and any other financial instrument of any of the companies referred to in this document. Hybridan at the time of publication currently has no interest of this nature in the Company discussed herein. If exercised such interest would not be required to be notified as it would comprise less than 3% of the Company's issued share capital. Hybridan reserves the right to increase or dispose of this interest and/or the underlying shares resulting from exercise, without further notice. Any disposal or acquisition of warrants or shares will be undertaken under the FCA Disclosure Guidance and Transparency Rules Sourcebook.

No Research recommendations:

In line with our conflicts of interest policy Hybridan LLP does not produce recommendations or publish target prices on companies who are corporate clients of Hybridan LLP.

MIFID II status of Hybridan LLP research:

The cost of production of our corporate research is met by retainers from our corporate broking clients. In addition, from time to time we issue further communications as market commentary (such as our daily newsletter), which we consider to constitute a minor non-monetary benefit which is capable of enhancing the quality of service provided by Hybridan LLP and which is of a scale and nature which could not be judged to impair the duty of Hybridan LLP to act in the best interest of its client falling within article 24(7)(b) of the **MIFID II Regulation**.