

## e-therapeutics

### Second agreement helps validate capabilities

13 August 2019

- e-therapeutics has announced an agreement to work on a neuro-degeneration project with a top 5 global pharmaceutical company. We believe the agreement is with MSD, the ex-US businesses of Merck & Co Inc, but this has not been confirmed.
- The 12-month agreement employs the NDD platform to target the discovery of novel biological mechanisms and therapeutic approaches for neuro-degenerative diseases, such as Alzheimer's and Huntington's.
- The initial terms are that e-therapeutics will be reimbursed for agreed costs, but a review will allow MSD to extend the deal into a full collaboration. If no collaboration is agreed, all rights arising from the agreement will be retained by e-therapeutics. Any small-molecule compounds generated will be tested through MSD's assay systems.
- This second agreement follows from the extension of the Novo Nordisk collaboration announced earlier in August. The original terms, from December 2018, have been extended by six months to June 2020 but, importantly, now also includes work using the GAINs (Genome-Associated Interaction Networks) platform.

**Trinity Delta view:** Business development and cost control remains management's primary focus. These announcements suggest that business development activities are starting to gain traction. Demonstrable results will help validate the value of the NDD and GAINs platforms. In the meantime, we believe e-therapeutics remains well funded. End-January 2019 cash of £5.9m, plus a £1.1m tax credit, provides funding through FY21. Clearly, potential payments from new partners, cost-sharing deals, or M&A could extend this.

Price (p)	2.5
Market Cap (£m)	6.8
Primary exchange	AIM London
Sector	Healthcare
Company Code	ETX
Corporate client	Yes

#### Company description:

e-Therapeutics is a drug discovery company with a proprietary network-driven drug discovery (NDD) platform. Following management changes and a strategic review, the focus is on its immuno-oncology projects, the next generation of the platform, and on securing industry collaborations and partners.

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