Aptamer Group plc

Seeking to satisfy interest from existing non-UK shareholders who could not be contacted in time to participate in the Group's August 2023 fundraise, Aptamer has raised a further £310,772 through the issue of 28.3m new ordinary shares by way of a subscription and a placing by Turner Pope ('the Fundraise'). Priced at 1.1p/share, a full 10% above the level achieved last month, the Group was able to take advantage of demand from other existing shareholders while utilising only its remaining net authorised unissued share capital. The Fundraise included a subscription by Dr Adam Hargreaves, one of Aptamer's non-executive directors, as a result of which he now holds 4.81% of the Group's enlarged issued share capital, while keynote life sciences investor, Nicholas Slater, now stands at 5.57%. With the Board repeating its ambition to ensure higher-risk development activities remain almost entirely dependent on grants/collaboration agreements, the net new funds will be directed toward internal validation of its technology in key focus areas.

Stock Data	
Share Price:	1.27p
Market Cap.:	£5.94m*
Shares in issue:	467.34m*
52 week high/low:	91.50p/1.05p

**Post-placing numbers*

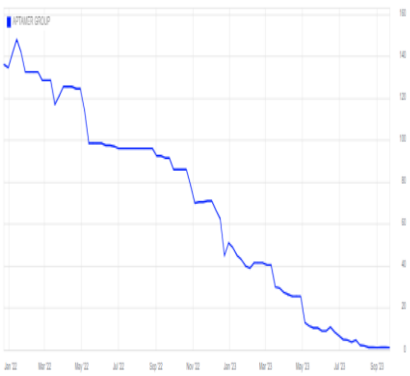
Company Profile	
Sector:	Health Care
Ticker:	APTA
Exchange:	AIM

Activities

Aptamer Group plc ('APTA', 'Aptamer' 'the Group') is a leading provider of custom aptamer selection and development services for a wide range of research, diagnostic and therapeutic applications.

www.aptamergroup.com

Share price performance since Admission*



**22 December 2021*

Source: *LSE*

Past performance is not an indication of future performance.

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Targeting cash neutrality within two years

The net proceeds of yesterday's Fundraise will be ringfenced in support of existing developments/activities only, including ongoing process improvements. They can be expected to bolster work that was significantly curtailed as part of the Group's aggressive cost-cutting exercises earlier this year and so might accelerate internal validation of its technology in key focus areas.

Aptamer's reset cost base is expected to have almost halved monthly FY2022/23 outgoings by the end of this month. Taken together with the Board's confidence that existing contract visibility places it on a trajectory sufficiently solid to deliver of £3m-plus of high margin sales in FY2023/24, yesterday's Fundraise added to the £3.6m (gross) secured on 31 July 2023 appears to provide a forward runway in excess of 18 months.

Supported by its unique proprietary Optimer® platform ('the Platform') for automated discovery and development of Optimer® binders, this period might also witness accelerated conversion of a pipeline plus repeat business from an existing list of pharmaceutical majors and sector innovators, while continuing to develop multiple new business opportunities within its rapidly emerging subsector of next generation affinity ligands, for which APTA justifiably claims technological leadership.

Restructured Board – Focussing back on the Group's strengths

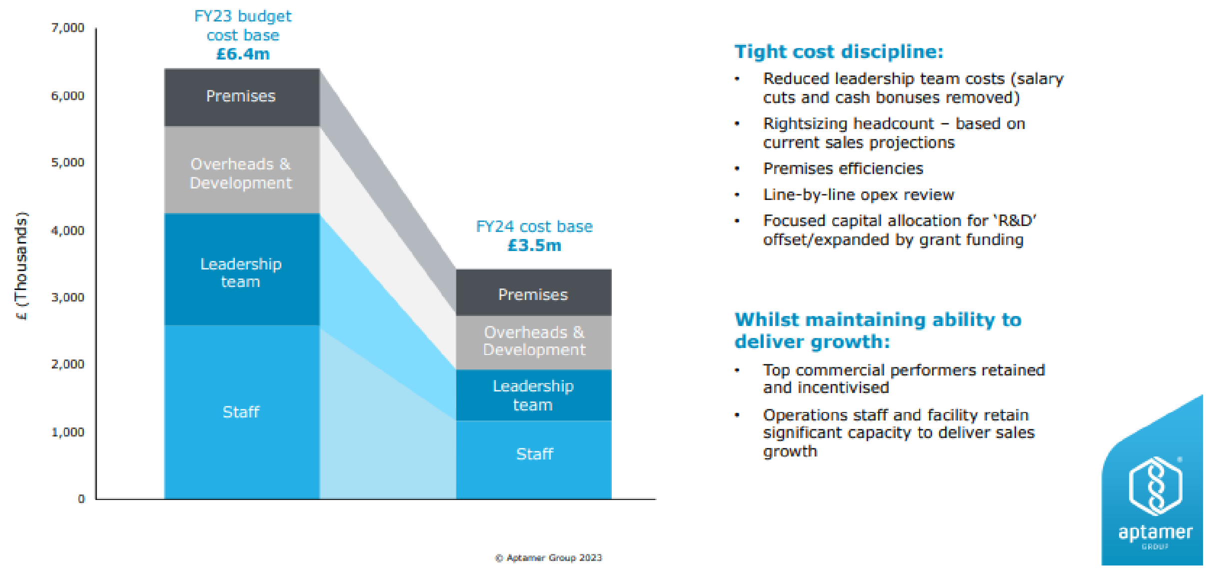
In line with its planned headcount reduction from >60 (shortly after IPO) to <40 now amid scaled-down operations; the Directorate has also been shrunk back to the original key executives who were responsible for recognition and promotion of aptamer technology over the past decade or more. The new executive Board now comprises both of the Group's Co-Founders, Dr. Arron Tolley (CTO) and Dr. David Bunka (CSO) plus Steve Hull as executive Chairman. Dean Fielding, with a strong financial background has also joined the Board as an Independent NED, as has sector experienced Dr. Adam Hargreaves.

Together the Board speaks for 11.83% of the Group's pre-raise ordinary capital.

Tight cost discipline whilst maintaining ability to deliver growth

Line-by-line cost cutting and refocused capital allocation across the Group, is expected to deliver almost a halving of its cost base to £3.5m in FY2023/24 from last year's budgeted £6.4m. Within this, its refreshed Board will ensure retention and incentivisation of APTA's principal commercial team, in order to focus on winning sales/delivering reputation-building projects. These will utilise remaining operational capacity that remains sufficient to meet the market's revenue expectations and which can be re-expanded in short order as required. The Group will also retain future upside through various key technological developments, along with longer-term opportunities to capture milestones/up-front payments/ royalties/licensing fees that should drop almost straight through to the bottom line.

Aptamer Group – Applying Strict Cost Discipline while Maintaining Ability to Deliver Growth



Source: Aptamer, Investor Presentation, July 2023

Current trading and outlook

RNS announcements released on 5 May, 4 July, 7 July and 17 August provide a reasonably detailed picture of current trading and activity. Unaudited revenue for the year ended 30 June 2023 of approximately £1.75m was materially below the £4.0m delivered in the comparable period. While the sales pipeline in Q4 FY2022/23 remained reasonably healthy across Fee-for-Service operations, the Board noted that the majority of this was likely, if converted, to fall into the new financial year. As of 4th July for example, the FY2023/24 pipeline for Fee-for-Service revenues stood at c.£2.2m across 30 discrete projects (after risk-adjustment for anticipated commercial and scientific attrition). Prudently, this figure only included opportunities for which the Group had current visibility (even though anticipated incoming work over the remainder of the year is expected to increment it further), while also excluding any contribution from licensing opportunities etc. which could, of course, still contribute meaningful, even transformational, upside to the final number.

Noting that the Group's unaudited cash balance at the end of June 2023 totalled just £0.2m, the Directors stated they were urgently reviewing all financing options and taking steps to carefully manage working capital. Given that an earlier attempt to raise fresh capital in April 2023 had not been successful, the refreshed Board recognised that investors were demanding a 'root and branch' approach to cost elimination be taken, in the absence of which they would be unlikely to attract even a relatively modest amount of new funding. In response, it targeted a reduction in operating cash outflow to below £3m for FY2023/24 (compared with more than £6m for FY2022/23) following a significant reset of the overall cost base. The Board went on to note its ambition to reach positive cash flow by the end of FY2025/26, which will require revenue of approximately £6m to be achieved over the period.

Significantly, on 7th July, following a difficult year during which new business was taking longer than expected to convert, particularly with respect to licensing and royalty-based contracts against a backdrop of continuing market headwinds, APTA reported its signing of four new contracts over the previous three weeks. All relate to the current financial year and were included in the pipeline set out in the trading update of 4th July. Since then, two further contracts have also been signed with top-five pharma partners valued at £219,000. The combined contract value of up to £726,000 may, of course, be subject to scientific attrition as the contracts progress, but nevertheless still represents an important, early contribution to the revenue target set for FY2023/24. Details as follows:

1. The first contract is with a top ten pharmaceutical company that requires Optimer® binders to support a bioprocessing application. As part of this agreement, Aptamer will develop Optimer® binders to enable new methods to purify gene therapies. Following successful Optimer® development and customer validation, there is potential for additional downstream licensing revenue.
2. The second contract is to support a US-based gene therapy company with Optimer® binders to a key target in neurodegenerative disease. Aptamer will develop Optimer® binders to enable reliable measurements of a disease biomarker in the Company's research immunoassays. The Optimer® binders will be used with an antibody in a sandwich pair format to advance neuroscience disease research.
3. The third contract is with a US-based genetic medicine company to generate Optimer® binders for two viral targets. The developed Optimer® binders will be critical reagents in QC assays to enable batch release of new medicines. Following the successful development of the Optimer® binders, there is potential for further downstream licensing revenue should the binders be integrated into the Company's processes.
4. The fourth contract signed is a follow-on deal with a US-based vaccine development company. Following initial positive results in an earlier project, as part of a new agreement, Aptamer will develop Optimer® binders to viral targets to improve the selectivity and enable multiplex analysis in QC assays. Again, upon successful customer validation of the developed Optimer® binders, there is potential for further downstream licensing revenue if the binders are used as critical reagents within the intended assays.
5. The final contracts signed comprise (i) The development of an Optimer® pair to a neurodegenerative biomarker for use in an immunoassay platform and, (ii). Follow-on work for the final stage of Optimer development to a neuronal protein target for immunohistochemistry ('IHC'), following positive results in the earlier stages of Optimer® development. Significantly, this builds on the adoption of the Group's Optimer-Fc platform for use in automated IHC workflows.

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