SAREUM HOLDINGS PLC

("Sareum" or the "Company")

Half-Year Results for the Six Months Ended 31 December 2021 and Notice of Investor Presentation

Cambridge, UK, 21 February 2022 – Sareum Holdings plc (AIM: SAR), the specialist drug development company delivering targeted small molecule therapeutics to improve the treatment of autoimmune diseases and cancer, announces its unaudited half-year results for the six months ended 31 December 2021 and provides an update on significant post-period developments.

The Company will be holding a presentation to investors on Monday, 28 February 2022, immediately following the planned extraordinary general meeting, via the Investor Meet Company platform – please click on this link to register to attend:

https://www.investormeetcompany.com/sareum-holdings-plc/register-investor

OPERATIONAL HIGHLIGHTS (including post-period updates)

Proprietary Programmes – Selective TYK2/JAK1 Inhibitors

SDC-1801 (autoimmune diseases and severe Covid-19)

- Progress made advancing SDC-1801 towards clinical development as a potential treatment for autoimmune diseases and the acute respiratory symptoms of Covid-19
- Final toxicology and safety studies required to file for an exploratory Clinical Trial Authorisation ("CTA") were successfully completed in Q4 2021, and the final report is expected in Q1 2022
- Preliminary findings from these studies continue to support Sareum's plans to enter SDC-1801 into a first-in-human (Phase 1a) clinical study in healthy volunteers, and allow selection of an initial dose range
- The CTA is expected to be filed during mid-2022
- The synthesis of SDC-1801 drug substance under GMP conditions for formulating as an oral capsule is nearing completion. Development of the capsule formulation, also under GMP, intended for use in the Phase 1 trial is progressing to plan
- Planning for first clinical study is underway and the trial is expected to begin in H2 2022, subject to CTA approval and drug product supply

SDC-1802 (cancer immunotherapy)

- Translational studies underway to define the optimal cancer application prior to completing toxicology and manufacturing studies
- New US patent granted (September 2021) strengthening patent protection for SDC-1802, which is now in place across all major territories

Licensed Programmes

SRA737: A Selective Chk1 inhibitor (cancer)

- During the second half of 2021 and early 2022, Sierra Oncology, Inc. ("Sierra"), the licence holder for SRA737, noted it is finalising the design of several potential clinical trials to advance its pipeline candidates, including SRA737, which could start in 2022. These trials are expected to investigate SRA737 in combination with other agents in haematologic and solid tumour indications

- The dosing of the first patient with SRA737 in any new clinical trial would result in a $2.0m payment from Sierra under the amended $290m licensing deal on SRA737 between Sierra and CRT Pioneer Fund LP. Under the amended agreement, Sareum continues to be eligible to receive a 27.5% share of this and any future milestone payments as well as royalties on any future sales

FINANCIAL HIGHLIGHTS (unaudited)

- Raised £3.9m before expenses in the second half of 2021 largely through three subscriptions by high-net-worth individuals, bringing the total raised before expenses in 2021 to £6.3m
- Cash at bank as of 31 December 2021 of £5.6m (£2.7m as of 30 June 2021; £1.3m as of 31 December 2020)
- R&D tax credit of £0.2m received in December 2021
- Loss on ordinary activities (after taxation) for the six months ended 31 December 2021 of £0.9m (2020: loss of £0.5m), reflecting the increased R&D expenditure required for preclinical development

Post Period End

- On 4 February 2022, the Company published a circular containing details of the proposed adoption of new articles of association (the "New Articles") and a proposed 50:1 consolidation of the Company's Ordinary Shares (the "Consolidation"). Implementation of the Consolidation and adoption of New Articles are both conditional upon approval by the Company's shareholders at an extraordinary general meeting to be held at 2:30 p.m. on 28 February 2022 at The City Centre, 80 Basinghall Street, London EC2V 5AG. Copies of the Circular and Notice are available at www.sareum.com

Dr Tim Mitchell, CEO of Sareum, commented:

"We continue to advance SDC-1801 towards its first clinical trial as a potential new treatment for autoimmune diseases including the acute respiratory symptoms of Covid-19. The preliminary findings from the safety and toxicology studies completed in late 2021 were highly encouraging and give us confidence in the promising safety profile of SDC-1801. We look forward to receiving the final report in the coming weeks, and to progressing our plan to begin the first clinical trial with SDC-1801 during H2 2022 – an important and exciting milestone for Sareum and supported by the substantial additional funding raised during 2021. These new funds will also enable us to accelerate the preclinical development of SDC-1802 through preclinical development.

"Furthermore, we are also very encouraged that Sierra Oncology is considering several clinical combination studies with SRA737 and that these may begin in the first half of 2022. We look forward to further updates on the clinical development of this candidate as the programme progresses."

For further information, please contact:

Sareum Holdings plc	
Tim Mitchell, CEO	01223 497700
Strand Hanson Limited (Nominated Adviser)	
James Dance / James Bellman	020 7409 3494
Peel Hunt LLP (Joint Corporate Broker)	
James Steel	020 7418 8900
Hybridan LLP (Joint Corporate Broker)	
Claire Noyce	020 3764 2341

MEDiSTRAVA Consulting (Financial PR)
Mark Swallow / George Underwood / Evelyn McCormack 0203 928 6900

About Sareum

Sareum is a specialist drug development company delivering targeted small molecule therapeutics to improve the treatment of cancer and autoimmune diseases. The Company aims to generate value through licensing its candidates to international pharmaceutical and biotechnology companies at the preclinical or early clinical trials stage.

Sareum is advancing internal programmes focused on distinct dual tyrosine kinase 2 (TYK2) / Janus kinase 1 (JAK1) inhibitors through preclinical development as therapies for autoimmune diseases, including the 'cytokine storm' immune system overreaction to Covid-19 and other viral infections (SDC-1801) and cancer immunotherapy (SDC-1802).

Sareum also has an economic interest in SRA737, a clinical-stage oral, selective Checkpoint kinase 1 (Chk1) inhibitor that targets cancer cell replication and DNA damage repair mechanisms. Preliminary Phase 2 and comprehensive preclinical data suggest SRA737 may have broad application in combination with other oncology and immune-oncology drugs in genetically defined patients.

SRA737 was discovered and initially developed by scientists at The Institute of Cancer Research in collaboration with Sareum, and with funding from Sareum and Cancer Research UK. SRA737 was licensed by CRT Pioneer Fund (CPF) to Sierra Oncology Inc. Sierra continues to explore options that would enable the development of SRA737 to advance.

Sareum Holdings plc is listed on the AIM market of the London Stock Exchange, trading under the ticker SAR. For further information, please visit the Company's website at www.sareum.com

- Ends -

HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Chairman and CEO's Statement

The Board is pleased with the progress Sareum made during the first six months of its financial year 2021/2022.

SDC-1801 – our proprietary, selective dual tyrosine kinase 2 ("TYK2") / Janus kinase 1 ("JAK1") inhibitor in development as a potential new treatment of autoimmune diseases as well as acute respiratory symptoms of Covid-19 – continues to advance towards a first clinical trial in H2 2022. We are in a robust position financially to support this further development, having raised over £6m during 2021. In addition, the Board is highly optimistic about the future of its out-licensed asset SRA737, which could enter new clinical trials in 2022 under the guidance of Sierra Oncology, the licence holder for this exciting candidate.

PROGRAMME UPDATES

SDC-1801 (autoimmune diseases, including acute respiratory symptoms of Covid-19)

We were very encouraged with the preliminary results from the preclinical toxicology and safety studies on SDC-1801 that were completed in late 2021, and we expect to receive the final report confirming these findings in Q1 2022. These studies met the objectives of identifying any organs or tissues that might be susceptible to high-dose toxicity and determining an appropriate dose range to test in first-in-human studies.

Importantly, these data fully support our plan to file for an exploratory Clinical Trial Authorisation (CTA) for SDC-1801 during mid-2022 as a key step towards beginning our first clinical trial with SDC-1801, which is targeted to begin in H2 2022.

We are working with specialist clinical trial consultants to design a Phase 1a trial to investigate the safety of ascending doses of SDC-1801 in healthy volunteers prior to the selection of an initial indication for further clinical study in patients in any subsequent trials. The Phase 1a trial will also investigate the effect of SDC-1801 on certain biomarkers of autoimmune disease that could be predictive of efficacy when tested in patients.

In addition, the manufacture of SDC-1801 drug substance and oral capsule formulation under GMP conditions is on track to enable the Phase 1a trial to commence in H2 2022, pending their successful completion and the requisite CTA approval.

Furthermore, the results of this trial will support future clinical trials with SDC-1801 for Covid-19 indications, and, in parallel, we intend to discuss the design and timing of such trials with experts in the field. As noted in previous disclosures, these trials may be eligible for further UK government funding from the recently launched AGILE clinical development platform, or equivalent programmes, which have been established to fund Phase 1 trials and fast-track the development of potentially ground-breaking Covid-19 treatments.

SDC-1802 (cancer)

With regards to our second TYK2/JAK1 inhibitor candidate, SDC-1802, we continue to advance the preclinical development of an oral formulation and have designed and initiated translational studies to define the optimal cancer application prior to completing toxicology and manufacturing studies. The funds raised during 2021 will allow us to accelerate these studies.

SRA737 (haematologic and solid tumours)

During the second half of 2021 and early 2022, Sierra Oncology ("Sierra"), the licence holder of SRA737, consistently noted it is finalising the design of a number of potential clinical trials to advance its pipeline candidates, including SRA737, which could start in 2022. These trials are expected to investigate SRA737 (a Chk1 inhibitor) in combination with SRA515 (a BET inhibitor) and/or other agents, such as immune-oncology agents and gemcitabine, in haematologic and solid tumour indications.

The dosing of the first patient with SRA737 in any clinical trial would trigger a $2.0m payment from Sierra under the amended $290m licensing deal on SRA737 between Sierra and CRT Pioneer Fund LP. Under the amended agreement, Sareum continues to be eligible to receive a 27.5% share of this and any future milestone payments as well as royalties on potential sales.

Sareum continues to believe that, based on preclinical and early clinical data, SRA737 holds great promise for the treatment of cancer, particularly in combination settings, and looks forward to Sierra providing further updates on its progress.

FINANCIAL REVIEW

Sareum ended the fiscal half year ended 31 December 2021 with a robust cash position of £5.6m (30 June 2021: £2.7m; 31 December 2020: £1.3m) having raised approximately £3.9m before expenses largely through three subscriptions by high-net-worth individuals. The total raised by Sareum before expenses in calendar 2021 from subscriptions and a warrant exercise by high-net-worth individuals was £6.3m.

The Company reported a loss after tax during the fiscal half year ended 31 December 2021 of £0.9m, versus a loss of £0.5m during the same period in 2020, reflecting the increased R&D expenditure required for preclinical development.

Sareum received an R&D Tax Credit of £0.2m in December 2021.

POST-PERIOD EVENTS

On 4 February 2022, the Company published a circular containing details of the proposed adoption of new articles of association (the "New Articles") and a proposed 50:1 consolidation of the Company's Ordinary Shares (the "Consolidation").

The Company is also proposing to adopt New Articles to reflect good corporate governance and changes in company law and market practice in recent years, as its current articles of association have been in place since 5 July 2004.

Regarding the Consolidation, the Board is of the opinion that the high number of Existing Ordinary Shares (currently 3,403,470,791) and the low absolute share price negatively affect investors' perception of the Company and considers the Consolidation to be in the best interests of the Company and its shareholders.

If approved by shareholders, the proposed Consolidation would reduce the number of Ordinary Shares in issue by a factor of 50 and the Board believes that this will increase the trading price of the shares and make the Company and its shares more attractive to a broader range of investors, including institutional investors.

Implementation of the Consolidation and adoption of New Articles are both conditional upon approval by the Company's shareholders at an extraordinary general meeting to be held at 2:30 p.m. on 28 February 2022 at The City Centre, 80 Basinghall Street, London EC2V 5AG. Copies of the Circular and Notice are available at www.sareum.com.

OUTLOOK

We are looking forward with optimism to 2022, during which time we expect to report on continued progress both with our proprietary programmes, in particular the advancement of SDC-1801 into clinical trials, and with our partnered asset, SRA737, should Sierra advance its development.

We continue to deploy funds to advance SDC-1801 and SDC-1802 and build a robust data package and patent portfolio to support ongoing partnering activities for these differentiated assets.

For both TYK2/JAK1 inhibitor programmes, the Board will continue to review the potential higher value of a later-stage licensing deal versus the requirement for any additional funding. The injection of capital received in 2021 allows us to enter the clinic with our development assets in order to approach future partnering discussions with safety data and biomarker indicators of potential efficacy. These data should form the basis of attractive commercial terms in partnering deals with companies capable of developing and marketing the drugs in the global market.

The Board and management also continue to employ rigorous capital allocation in the development of internal assets and the overall business, with a clear focus on generating value for shareholders.

We would like to thank our shareholders, suppliers, contractors and other stakeholders for their continued support and look forward to providing further updates on progress as we move forward through 2022.

Dr Stephen Parker
Chairman

Dr Tim Mitchell
Chief Executive Officer

18 February 2022

Consolidated Income Statement for the six months ended 31 December 2021

	Notes	Unaudited Six months ended 31 Dec 21 £'000	Unaudited Six months ended 31 Dec 20 £'000	Audited Year ended 30 Jun 21 £'000
Revenue		**-**	**-**	**-**
Other operating income		-	-	171
Operating expenses		(1,017)	(594)	(1,875)
Share of loss of associate		-	(16)	(14)
Operating loss		**(1,017)**	**(610)**	**(1,718)**
Finance income		-	-	-
Loss before tax		**(1,017)**	**(610)**	**(1,718)**
Tax	3	160	63	218
Loss on ordinary activities after taxation		**(857)**	**(547)**	**(1,500)**
Basic and diluted loss per share (pence)	**5**	**(0.03)p**	**(0.02)p**	**(0.05)p**

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2021

	Unaudited Six months ended 31 Dec 21 £'000	Unaudited Six months ended 31 Dec 20 £'000	Audited Year ended 30 Jun 21 £'000
Loss for the period	**(857)**	**(547)**	**(1,500)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the period	**(857)**	**(547)**	**(1,500)**
Total comprehensive income attributable to:			
Owners of the parent	**(857)**	**(547)**	**(1,500)**

Consolidated Balance Sheet as at 31 December 2021

	Unaudited As at 31 Dec 2021 £'000	Unaudited As at 31 Dec 2020 £'000	Audited As at 30 Jun 2021 £'000
Non-current assets			
Computers and equipment	3	2	2
Investment in associate	25	23	25
	28	**25**	**27**
Current assets			
Debtors	236	283	366
Cash and cash equivalents	5,613	1,297	2,686
	5,849	**1,580**	**3,052**
Creditors: amounts due within one year	(198)	(245)	(284)
Net current assets	**5,651**	**1,335**	**2,768**
Net assets	**5,679**	**1,360**	**2,795**
Equity			
Called-up share capital	851	817	833
Share premium	20,958	14,863	17,235
Share-based compensation reserve	341	368	362
Retained earnings	(16,471)	(14,688)	(15,635)
Total equity	**5,679**	**1,360**	**2,795**

Consolidated Statement of Changes in Equity for the six months ended 31 December 2021

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total £'000
As at 30 June 2020 (audited)	**810**	**14,766**	**408**	**(14,181)**	**1,803**
Issue of share capital (net)	7	97	-	-	**104**
Transfer in respect of options exercised	-	-	(40)	40	**-**
Loss for the period	-	-	-	(547)	**(547)**
As at 31 December 2020 (unaudited)	**817**	**14,863**	**368**	**(14,688)**	**1,360**
Issue of share capital (net)	16	2,372	-	-	**2,388**
Transfer in respect of options exercised	-	-	(6)	6	**-**
Loss for the period	-	-	-	(953)	**(953)**
As at 30 June 2021 (audited)	**833**	**17,235**	**362**	**(15,635)**	**2,795**
Issue of share capital (net)	18	3,723	-	-	**3,741**
Transfer in respect of options exercised	-	-	(21)	21	**-**
Loss for the period	-	-	-	(857)	**(857)**
As at 31 December 2021 (unaudited)	**851**	**20,958**	**341**	**(16,471)**	**5,679**

Consolidated Cash Flow Statement for the six months ended 31 December 2021

	Unaudited Six months ended 31 Dec 2021 £'000	Unaudited Six months ended 31 Dec 2020 £'000	Audited Year ended 30 Jun 2021 £'000
Net cash flow from operating activities			
Continuing operations:			
Loss before tax	**(1,017)**	**(610)**	**(1,717)**
Depreciation	-	-	1
Share of loss of associate	-	16	13
	(1,017)	(594)	(1,703)
(Increase)/decrease in trade and other receivables	73	(25)	(88)
Increase/(decrease) in trade and other payables	(86)	46	86
Cash used in operations	**(1,030)**	**(573)**	**(1,705)**
Tax received	217	-	134
Net cash outflow from operating activities	**(813)**	**(573)**	**(1,571)**
Cash flows from investing activities			
Purchase of tangible fixed assets	(1)	-	-
Investment in associate	-	(37)	(37)
Net cash (outflow) from investing activities	**(1)**	**(37)**	**(37)**
Cash flows from financing activities			
Net proceeds from issue of share capital	3,741	104	2,492
Net cash inflow from financing activities	**3,741**	**104**	**2,492**
(Decrease)/increase in cash and equivalents	**2,927**	**(506)**	**833**
Cash and cash equivalents at start of period	2,686	1,803	1,803
Cash and cash equivalents at end of period	**5,613**	**1,297**	**2,686**

NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

1. Financial information

These half-yearly financial statements are unaudited and do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 30 June 2021 have been delivered to the Registrar of Companies and are available from Sareum's web site, www.sareum.com. The report of the auditor on those accounts was not qualified and contained no statement under Section 498 of the Companies Act 2006.

2. Basis of accounting

The accounting policies adopted are consistent with those of the financial statements for the year ended 30 June 2021, as described in those financial statements. As at the date of signing the interim financial statements, there are no new standards likely to materially affect the financial statements for the year ending 30 June 2022.

The Group's current cash and short-term deposits will meet the existing commitments and operating needs for at least twelve months. The directors anticipate that the Group will secure sufficient equity-based funding and/or revenue from partnering agreements during the coming year to ensure the continued advancement of the Group's programmes.

3. Taxation

No liability arises for corporation tax for the six-month period ended 31 December 2021. Research and development tax credits, receivable as cash, are estimated to be £160,000 for the period.

4. Dividends

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2021.

5. Loss per share

Basic loss per share is 0.03 pence (2020: 0.02 pence). The basic loss per ordinary share is calculated by dividing the Group's loss for the six months of £857,000 (2020: £547,000) by 3,364,138,015 (2020: 3,259,576,925), the weighted average number of shares in issue during the period.

There is no dilutive effect in respect of share options during the six months to 31 December 2021 because the Group generated a loss in that period.

6. Availability of Half-yearly Report

This Half-yearly Report is available on request from the offices of the Company at Unit 2a, Langford Arch, London Road, Pampisford, Cambridge CB22 3FX or can be downloaded from the Company's website www.sareum.co.uk.