Sareum Holdings PLC

("Sareum" or the "Company")

Final Results for the Year Ended 30 June 2022

Cambridge, UK, 24 October 2022 – Sareum Holdings plc (AIM: SAR), a biotechnology company developing next generation kinase inhibitors for autoimmune disease and cancer, announces its audited results for the year ended 30 June 2022.

Sareum also provides a broader update on operational activities and pipeline progress.

OPERATIONAL HIGHLIGHTS – INCLUDING POST-PERIOD UPDATES

SDC-1801 (autoimmune disease)

- SDC-1801 is a TYK2/JAK1 inhibitor being developed as a potential new therapeutic for a range of autoimmune diseases with an initial focus on psoriasis, an autoimmune condition affecting the skin
- A Clinical Trial Application for a Phase 1a/b study with SDC-1801 has been submitted to the Medicines and Healthcare products Regulatory Agency (MHRA)
- Sareum is advancing SDC-1801 towards clinical development and plans to initiate Phase 1 clinical trials in 2022 in healthy subjects, with a study in psoriasis patients planned for 2023

SDC-1802 (cancer immunotherapy)

- Sareum continues to work on the translational studies needed to support its cancer immunotherapy candidate, SDC-1802, defining the optimal cancer application prior to completing toxicology and manufacturing studies
- New patent issued by the European Patent Office (granted April 2022 and effected 4 May 2022), protecting the SDC-1802 molecule and pharmaceutical preparations as a therapeutic to treat T-cell acute lymphoblastic leukaemia

SRA737 (cancer)

- After the period end, Sareum and its development partner, the Cancer Research Technology Pioneer Fund ("CPF") were informed by Sierra Oncology, Inc. ("Sierra") (a subsidiary of GSK plc ("GSK") that it intends to return the rights for SRA737 to CPF
- Sareum will discuss with CPF the potential options for future development opportunities for SRA737 and evaluate its next steps accordingly

FINANCIAL HIGHLIGHTS

- Raised £3.6m after expenses in the financial year through subscriptions
- Cash at the bank as of 30 June 2022 of £4.3m (£2.7m as of 30 June 2021)
- R&D tax credit of £0.2m received in December 2021, anticipating a further £0.4m in December 2022
- Loss on ordinary activities (after taxation) for the year ended 30 June 2022 of £2.2m (2021: loss of £1.5m), reflecting the increased R&D investment required for late preclinical development

Dr Tim Mitchell, CEO of Sareum, commented:

"We close this financial year with growing excitement around the potential for our portfolio of differentiated TYK2/JAK1 inhibitors.

"Our lead programme, SDC-1801, is a TYK2/JAK1 inhibitor which we believe has significant potential for superior efficacy in autoimmune disease compared to oral therapies currently available and in development. We have submitted a Clinical Trial Authorisation (CTA) application to the UK Medicines and Healthcare products Regulatory Agency (MHRA) and, subject to the required approval, hope to begin clinical trials in healthy volunteers before the end of 2022, with a psoriasis trial planned for 2023. This comes against a background of increased recognition around the potential for the TYK2/JAK1 class, and we have been encouraged by the recent FDA approval of BMS's Sotyktu, the first approved TYK2 therapeutic, and the interest building around the space."

"Our expertise in kinase inhibition, alongside momentum in our translational work, also supports confidence in SDC-1802, our immunotherapy programme targeting cancer. We are working to further define an appropriate patient population for clinical work and look forward to continued progress with this and our other programmes.

"We are pleased to have clarity on SRA737 and to be able to plan the next steps for SRA 737 together with CPF. We continue to believe that SRA737 has great potential for the treatment of cancer, particularly in combination settings."

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About Sareum

Sareum Holdings (AIM:SAR) is a biotechnology company developing next generation kinase inhibitors for autoimmune disease and cancer.

The Company is focused on developing next generation small molecules which modify the activity of the JAK kinase family and have best-in-class potential. Its lead candidate, SDC-1801, simultaneously inhibits TYK2 and JAK1. SDC-1801 is a potential treatment for a range of autoimmune diseases, which, subject to MHRA approval, will shortly enter clinical development with an initial focus on psoriasis.

Sareum has an economic interest in SRA737, a clinical-stage Chk1 inhibitor which it originally developed in collaboration with several Cancer Research UK-related organisations. SRA737 has shown promising safety and efficacy in two Phase 1/2 clinical trials.

Sareum is also developing SDC-1802, a TYK2/JAK1 inhibitor with a potential application for cancer immunotherapy.

Sareum Holdings plc is based in Cambridge, UK, and 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

CHAIRMAN'S STATEMENT

Sareum is making exciting progress in advancing its programme of next generation kinase inhibitors for autoimmune disease and cancer into clinical development.

The Company has emerged strongly from the challenges of the COVID-19 pandemic with a new focus on autoimmune disease and particularly psoriasis, an area of high unmet need and one with significant commercial potential.

Management believes that dual inhibition of both TYK2 and JAK1 has the potential to offer superior efficacy, in comparison to other small molecule approaches, for the treatment of autoimmune diseases, and that the Company has a compelling and differentiated offering.

With this goal in mind, for much of the year, the Company has been focused on preparatory work to begin clinical development. All preliminary work, including toxicology studies, drug manufacture and formulation, and regulatory submission, is now complete and we look forward to advancing into the clinic soon, subject to approval from the MHRA.

Although SDC-1801 is the Company's primary focus, translational studies are also progressing in SDC-1802, an immunomodulating molecule that has demonstrated good efficacy in preclinical models of cancer.

Post-period, Sareum was advised that Sierra intends to return the rights for SRA737 to CPF. The Company and CPF will discuss the potential options for future development opportunities for SRA737 and evaluate its next steps accordingly.

Sareum continues to believe that, based on preclinical and early clinical data, SRA737 holds strong promise for the treatment of cancer, particularly in combination settings and are confident in the potential of this molecule.

COMPANY STRATEGY

Sareum is a clinical-stage small molecule drug development company which is focused on advancing inhibitors of the JAK kinase family into clinical development for autoimmune disease and cancer. It is led by a highly experienced team with expertise in kinase inhibition and decades of experience in R&D and public company management.

Sareum's pipeline is focused on TYK2/JAK1 inhibitors, which are involved in signalling pathways that are deregulated in multiple autoimmune diseases. Inhibition of TYK2 and JAK1 has the potential to yield a superior efficacy compared with agents that block just one of these two kinases and with a superior safety profile than "first generation" JAK family inhibitors that also modulate JAK2 and JAK3.

Our approach is to discover and develop programmes to late preclinical or early clinical stages before licensing or partnering.

We maintain a lean cost base with a small, highly specialised team and use trusted third-party providers to maximise return on investment.

PROGRAMME UPDATES

SDC-1801

SDC-1801 is a TYK2/JAK1 inhibitor being developed as a potential new therapeutic for a range of autoimmune diseases with an initial focus on psoriasis, an autoimmune condition affecting the skin.

Preclinical development activities required to apply for the CTA have been concluded and, consistent with the Company's clinical development plan, an application for a CTA has now been filed with the MHRA for the development of SDC-1801.

TYK2/JAK1 inhibition has demonstrated benefits in maintaining a healthy immune system and has strong clinical validation in psoriasis and psoriatic arthritis. Psoriasis is an autoimmune dermatological condition affecting more than 60 million adults worldwide, with a market size for potential treatments worth more than US$30 billion. Sareum believes that TYK2/JAK1 inhibition offers the potential for increased efficacy in psoriasis, compared with existing approved oral therapies.

Sareum, working alongside a specialist contract drug development organisation, has designed a Phase 1a/b clinical trial with SDC-1801 in healthy subjects and psoriasis patients. Subject to regulatory approval from the MHRA, the Phase 1a trial is planned to commence in Q4 2022 and will investigate the safety and tolerability of an oral formulation of SDC-1801 in ascending doses administered to healthy subjects. In addition, the trial will evaluate the effect of SDC-1801 on certain biomarkers of autoimmune disease that could be predictive of efficacy when tested in patients.

The Phase 1a part of the trial is expected to provide safety and dosing information applicable for any future trials in patients with other autoimmune diseases and the acute respiratory symptoms of viral infections, including COVID-19, should the Company decide to progress such trials.

Provided satisfactory safety data is obtained from this initial study, and subject to additional funding, a Phase 1b clinical study will commence in psoriasis patients in 2023. The Clinical Research Organisation conducting and managing the studies has extensive experience in conducting trials in inflammatory diseases and up to 120 subjects will be recruited at a site in Manchester, UK.

Synthesis of SDC-1801 drug substance under GMP conditions has been completed successfully, with a surplus of material for the planned Phase 1 clinical trials. GMP-compliant manufacture of capsules of SDC-1801, intended for use in the Phase 1 trial, is also complete, and the capsules are undergoing rigorous quality control checks before delivery to the clinical unit.

SDC-1802

SDC-1802 is a TYK2/JAK1 inhibitor being developed for cancer and cancer immunotherapy applications.

Sareum continues to work on the translational studies needed to define the optimal cancer application prior to completing toxicology and manufacturing studies.

In April 2022, the Company was granted a new patent, protecting the SDC-1802 molecule and pharmaceutical preparations thereof as a therapeutic to treat T-cell acute lymphoblastic leukaemia

(T-ALL – a cancer of a particular type of white blood cell called a T lymphocyte) and other cancers that are dependent on TYK2 kinase for survival.

SRA737

SRA737 is a clinical-stage oral, selective Chk1 inhibitor that targets cancer cell replication and DNA damage repair mechanisms.

The asset was originally developed by Sareum in collaboration with several Cancer Research UK-related organisations, including CPF with whom the Company entered a co-development agreement in 2013. Under the terms of the agreement, Sareum is entitled to a 27.5% share of any commercialisation revenues.

CPF has been informed by Sierra Oncology that it intends to terminate the SRA737 licence agreement and return the rights for SRA737. Sareum will discuss with CPF the potential options for future development opportunities for SRA737 and evaluate its next steps accordingly. The SRA737 licence agreement has a 90-day notice period for termination, therefore the Company expects the rights to the programme to be returned to CPF during January 2023 and further updates will be made in due course, as and when appropriate.

Sierra had reported positive preliminary efficacy and safety data in two clinical trials evaluating it as a monotherapy and in combination with chemotherapy in 2019, and preclinical data have been reported that support the potential for SRA737 in combination against hard-to-treat cancers.

We continue to believe that, based on preclinical and early clinical data, SRA737 holds strong promise for the treatment of cancer, particularly in combination settings and are confident in the potential of this molecule.

FINANCIAL REVIEW

Sareum ended the full year to 30 June 2022 with a robust cash position following subscriptions in July, August and December 2021 that raised £3.6m after expenses.

As a result, the cash at the bank as of 30 June 2022 was £4.3m (£2.7m as of 30 June 2021).

The Company also received an R&D tax credit of £0.2m in December 2021 and expects to receive £0.4m in R&D tax credit in December 2022.

Loss on ordinary activities (after taxation) for the year ended 30 June 2022 was £2.2m (2021: loss of £1.5m), which reflects the increased R&D investment required for late preclinical development and preparation for clinical trials.

OUTLOOK

Sareum plans to initiate clinical trials for SDC-1801 by the end of 2022 to provide critical safety and dosing information, with a planned trial in psoriasis patients in 2023. Preparatory work has largely concluded, and we look forward to advancing this study as soon as possible.

Our preclinical work, combined with the growing commercial and scientific momentum building around the TYK2/JAK1 class, gives us growing optimism about the commercial potential for this molecule and we are excited to be nearing clinical development.

Our experienced team continues to advance translational studies around SDC-1802, which we believe has attractive potential in cancer immunotherapy. We have a robust data package to support partnering activities for both these assets.

Following its acquisition by GSK, Sierra informed SRA737 co-development partner, CPF, of its intention to return the rights to SRA737. Sareum plans to discuss the potential for future development opportunities with CPF. While it is too early to comment on future strategy, we continue to believe that there is strong potential for this molecule in ‘hard-to-treat’ cancers. The Company currently expect these rights to revert in January 2023 and we will update the market accordingly.

The Board and management of Sareum continue to apply a rigorous approach to capital allocation to the development of our assets, particularly in the current challenging economic environment, and maintain a clear focus on bringing these medicines to patients as efficiently as possible, while maximising value for shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £'000	2021 £'000 As restated
CONTINUING OPERATIONS			
Revenue		**-**	-
Other operating income		**-**	171
Administrative expenses		**(2,577)**	(1,875)
Share of loss of associates		**(3)**	(14)
OPERATING LOSS		**(2,580)**	(1,718)
Finance income	5	**1**	-
LOSS BEFORE TAXATION	6	**(2,579)**	(1,718)
Taxation	7	**407**	218
LOSS FOR THE YEAR		**(2,172)**	(1,500)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(2,172)**	(1,500)
Loss attributable to owners of the parent		**(2,172)**	(1,500)
Total comprehensive income attributable to owners of the parent		**(2,172)**	(1,500)
Basic and diluted loss per share expressed in pence per share	8, 21	**(3.2) p**	(2.3) p

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET
30 JUNE 2022

	Note	2022 £'000	2021 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**2**	1
Investment in associate	10	**23**	26
		25	27
CURRENT ASSETS			
Trade and other receivables	11	**500**	366
Cash and cash equivalents	12	**4,261**	2,686
		4,761	3,052
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**(455)**	(284)
NET CURRENT ASSETS		**4,306**	2,768
NET ASSETS		**4,331**	2,795
SHAREHOLDERS' EQUITY			
Called up share capital	16	**851**	833
Share premium	17	**20,925**	17,235
Share-based compensation reserve	17	**325**	362
Retained earnings	17	**(17,770)**	(15,635)
TOTAL EQUITY		**4,331**	2,795

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Called up share capital £'000	Share premium £'000	Share-based compensation reserve £'000
Balance at 1 July 2020	810	14,766	408
Issue of share capital	23	2,469	-
Transfer for options exercised / expired	-	-	(46)
Total comprehensive income	-	-	
Balance at 30 June 2021	833	17,235	362
Issue of share capital	18	3,690	-
Total comprehensive income	-	-	-
Transfer for options exercised / expired	-	-	(37)
Balance at 30 June 2022	**851**	**20,925**	**325**

	Retained earnings £'000	Total equity £'000
Balance at 1 July 2020	(14,181)	**1,803**
Issue of share capital	-	**2,492**
Transfer for options exercised / expired	46	**-**
Total comprehensive income	(1,500)	**(1,500)**
Balance at 30 June 2021	(15,635)	**2,795**
Issue of share capital	-	**3,708**
Total comprehensive income	(2,172)	**(2,172)**
Transfer for options exercised / expired	37	**-**
Balance at 30 June 2022	**(17,770)**	**4.331**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash used in operations	19	**(2,349)**	(1,705)
Tax received		**218**	134
Net cash outflow from operating activities		**(2,131)**	(1,571)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(3)**	-
Investment in associate		**-**	(38)
Interest received		**1**	-
Net cash inflow from investing activities		**(2)**	(38)
Cash flows from financing activities			
Share issue		**3,708**	2,492
Net cash inflow from financing activities		**3,708**	2,492
Increase in cash and cash equivalents		**1,575**	883
Cash and cash equivalents at beginning of year		2,686	1,803
Cash and cash equivalents at end of year	20	**4,261**	2,686

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements of Sareum Holdings plc ("the Company") have been prepared in accordance with UK-adopted international accounting standards, and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, with IFRIC interpretations. On 1 January 2021 the UK-adopted IAS and EU-adopted IFRS were identical. Since this date timing differences in endorsement have arisen, however no amendments would be required to these financial statements if they were prepared in accordance with EU-adopted IFRS as at 30 June 2022. The financial statements have been prepared under the historical cost convention.

Going concern

The Group made a loss after tax of £2.2 million (2021: £1.5 million), as it continued to progress its research and development activities. These activities, and the related expenditure, are in line with the budgets previously set and are funded by regular cash investments.

The Directors consider that the cash held at the year-end, together with that projected to be received, will be sufficient for the Group to meet its forecast expenditure for at least one year from the date of signing the financial statements. If there is a shortfall the Directors will implement cost savings to ensure that the cash resources last for this period of time.

For these reasons the financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary and an associate, together, "the Group") made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of another entity or business, so as to obtain benefits from its activities. The consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. Inter-company transactions and balances between group companies are eliminated on consolidation.

2. STATUTORY INFORMATION

Sareum Holdings plc is a public limited company, registered in England and Wales.

3. ACCOUNTING POLICIES

The principal accounting policies applied are set out below.

Property, plant and equipment

Depreciation is provided on a straight-line basis over three years in order to write off each asset over its estimated useful life.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value.

Pension contributions

The Group does not operate a pension scheme for the benefit of its employees but instead makes contributions to their personal pension plans. The contributions due for the period are charged to the profit and loss account.

Employee share schemes

The Group has in place a share option scheme for employees, which allows them to acquire shares in the Company. Equity settled share-based payments are measured at fair value at the date of grant. The fair value of options granted is recognised as an expense spread over the estimated vesting period of the options granted. Fair value is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Research and development

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes and is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group. Revenues from licensing agreements are recognised in line with the performance obligations being met, as outlined in the terms of the agreement. Grant income is recognised as earned based on contractual conditions, generally as expenses are incurred. Such income is recognised as Other Operating Income.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are considered to be research and development costs and equity settled share-based payments.

Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the Investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the associate's net assets with recognition in the profit and loss of the share of the associate's profit or loss.

Impairment of assets

At the date of the statement of financial position, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

New or revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Company or the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. EMPLOYEES AND DIRECTORS

	2022 £'000	2021 £'000
Directors' remuneration		
Directors' emoluments	**450**	450
Directors' pension contributions to money purchase schemes	**26**	26

	£'000	£'000
Remuneration of the highest paid Director		
Directors' emoluments	**175**	175
Director's pension contributions to money purchase schemes	**14**	14

There are 2 (2021: 2) Directors who are members of third party held money purchase retirement benefits schemes.

Average monthly number of persons employed	**Number**	Number
Office and management	**4**	5
Research	**1**	1
	5	6

	£'000	£'000
Staff costs during the year		
Wages and salaries	**450**	452
Social security costs	**48**	48
Pension costs	**26**	26
	524	526

The Directors comprise the key management personnel of the Company. All Directors and staff are employed and paid by the subsidiary, Sareum Limited.

5. NET FINANCE INCOME

	2022 £'000	2021 £'000
Deposit account interest	1	-

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:	2022 £'000	2021 £'000
Depreciation – owned assets	**2**	1
Research and development	**1,780**	1,239
Other operating leases	**19**	17
Foreign exchange differences	**6**	10
Auditor's remuneration	**13**	13
Auditor's remuneration for non-audit work		
- taxation services	**1**	1
- other work	**-**	1

7. INCOME TAX

	2022 £'000	2021 £'000
Current tax		
Adjustment to prior years	**(1)**	**-**
UK corporation tax credit on losses for the period	**408**	**218**
	407	218

The credit for the year can be reconciled to the accounting loss as follows:	2022 £'000	2021 £'000
Loss before tax	**(2,579)**	(1,718)
Notional tax credit at average rate of 19%	**490**	**326**
Effects of:		
Capital allowances more than depreciation	**7**	**-**
Other timing differences	**(1)**	**-**
Unutilised tax losses	**(258)**	**(209)**
Losses surrendered for research and development tax credits	**(239)**	**(113)**
Tax on RDEC tax credit	**-**	**(4)**
Research and development tax credits claimed	**408**	**218**
Actual current tax credit in the year	**407**	**218**

The tax rate of 19% used above is the average corporation tax rate applicable in the United Kingdom.

A potential deferred tax asset as at 30 June 2022 of £2.8 million (2021: £1.9 million) has not been recognised, as there remains a significant degree of uncertainty that the Group will make sufficient profits in the foreseeable future to justify recognition.

8. EARNINGS PER SHARE

The calculation of loss per share is based on the following data:	2022	2021
Loss on ordinary activities after tax	**£2,172,000**	£1,500,000
Weighted average number of shares in issue (*)	**67,679,329**	65,332,046
Basic and diluted loss per share (* (pence)	**(3.2)**	(2.3)

As the Group has generated a loss for the period, there is no dilutive effect in respect of share options.

* The weighted average number of shares in issue during 2022 and 2021 has been restated as if the share consolidation referred to in note 16 had been in effect for the whole of each year.

9. PROPERTY PLANT AND EQUIPMENT

	Fixtures and computers £'000
Cost	
At 1 July 2021	10
Additions	3
At 30 June 2022	**13**
Depreciation	
At 1 July 2021	9
Charge for the year	2
At 30 June 2022	**11**
Carrying amount	
At 30 June 2021	1
	=======
At 30 June 2022	**2**

10. INVESTMENTS

	Interest in associate £'000
Cost	
At 1 July 2021	1,176
Additions	-
At 30 June 2022	**1,176**
Provision for impairment	
At 1 July 2021	1,150
Impairment for year	3
At 30 June 2022	**1,153**
Net book value	
At 30 June 2021	26
At 30 June 2022	**23**

Interest in associate

The investment in associate represents the investment by the Group in the partnership with the Cancer Research Technology Pioneer Fund to advance the SRA737 programme and has been accounted for using the equity method. Sareum's interest in the associate partnership is 27.5%. As at 30 June 2022 the partnership had net assets of £0.1 million (2021: £0.1 million) and had incurred cumulative losses of £0.7 million (2021: £0.7 million).

11. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Taxation receivable	**455**	236
Prepayments and accrued income	**45**	44
Other debtors	**-**	86
	500	366

12. CASH AND CASH EQUIVALENTS S

	2022 £'000	2021 £'000
Bank deposit accounts	**4,261**	2,686

13. TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade creditors	**387**	100
Social security and other taxes	**18**	12
Other creditors	**5**	156
Accrued expenses	**45**	16
	455	284

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit term agreed with suppliers is 30 days and payment is generally made within the agreed terms.

14. LEASING AGREEMENTS

The lease on the office occupied by the Group is of low value, expiring in December 2023. The rent payments in the year are also not material to the financial statements

15. FINANCIAL INSTRUMENTS

The Group's principal financial instruments are trade and other receivables, trade and other payables and cash. The main purpose of these financial instruments is to finance the Group's ongoing operational requirements. The Group does not trade in derivative financial instruments.

The major financial risks faced by the Group, which remained unchanged throughout the year, are interest rate risk, foreign exchange risk and liquidity risk. Policies for the management of these risks are shown below and have been consistently applied.

MARKET RISKS

Interest rate risk
The Group is exposed to interest rate risk as cash balances in excess of immediate needs are placed on short term deposit. The Group seeks to optimise the interest rates received by continuously monitoring those available. The value of the Group's financial instruments is not considered to be materially sensitive to these risks and therefore no sensitivity analysis has been provided.

Foreign exchange risk
The Group's activities expose it to fluctuations in the exchange rate for the Euro and the US dollar. Funds are maintained in sterling and foreign currency is acquired on the basis of committed expenditure. The value of the Group's financial instruments is not considered to be materially sensitive to these risks and therefore no sensitivity analysis has been provided.

NON-MARKET RISKS

Liquidity risk

The Board has responsibility for reducing exposure to liquidity risk and ensures that adequate funds are available to meet anticipated requirements from existing operations by a process of continual monitoring. The value of the Group's financial instruments is not considered to be materially sensitive to these risks and therefore no sensitivity analysis has been provided.

16. SHARE CAPITAL

Called up, allotted and fully paid (*)	**2022** **£**	**2021** **£**
68,069,416 (2021: 66,657,313) Ordinary Shares of 1.25p each (*)	850,867	833,215

The Ordinary Shares carry equal rights in respect of voting at a general meeting of shareholders, payment of dividends and return of assets in the event of a winding up.

On 20 July 2021, 6,428,581 new Ordinary Shares of 0.025 pence were issued at 2.8 pence per share in respect of a warrant exercise that raised, in aggregate, £180,000 before expenses.

On 23 July 2021, 14,285,714 new Ordinary Shares of 0.025 pence were issued at 7 pence per share in respect of a fundraise that raised, in aggregate, £1,000,000 before expenses.

On 17 August 2021, 12,121,212 new Ordinary Shares of 0.025 pence were issued at 8.25 pence per share in respect of a fundraise that raised, in aggregate, £1,000,000 before expenses.

On 10 November 2021, 5,133,332 new Ordinary Shares of 0.025 pence were issued at 0.6 pence per share in respect of a fundraise that raised, in aggregate, £30,800 before expenses.

On 23 December 2021, 32,636,311 new Ordinary Shares of 0.025 pence were issued at 5 pence per share in respect of a fundraise that raised, in aggregate, £1,631,816 before expenses.

On 28 February 2022, in order to facilitate the Consolidation, 9 new Ordinary Shares of 0.025 pence were issued at 3.4 pence per share in respect of a fundraise that raised, in aggregate, £nil before expenses.

* On 28 February 2022, a resolution was made to consolidate every 50 shares with a nominal value of 0.025 pence into 1 share with a nominal value of 1.25 pence per share (the "Consolidation"). The number of shares as at 30 June 2021 has been restated assuming that the Consolidation had happened at that date.

17. RESERVES

Reserve	Description and purpose
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Cumulative net gains and losses recognised in the consolidated and the Company Balance Sheet.
Share-based compensation reserve	Cumulative fair value of share options granted and recognised as an expense in the Income Statement.

Details of movements in each reserve are set out in the Consolidated Statement of Changes in Equity.

18. PENSION COMMITMENTS

The Group makes contributions to its employees' own personal pension schemes. The contributions for the period of £26,000 (2021: £26,000) were charged to the profit and loss account. At the balance sheet date contributions of £4,000 (2021: £4,000) were owed and are included in creditors.

19. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2022	**2021**
	£'000	**£'000**
Operating loss from continuing operations	**(2,580)**	(1,718)
Adjustments for:		
Depreciation	**2**	1
Share of loss of associate	**3**	14
Finance income	**(1)**	-
Operating cash flows before movements in working capital	**(2,576)**	(1,703)
Decrease/(increase) in receivables	**56**	(88)
Increase in payables	**171**	86
Cash used in operations	**(2,349)**	(1,705)
	=======	=======

20. RECONCILIATION CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts which comprise bank balances only:

	2022	**2021**
	£'000	£'000
Cash and cash equivalents	**4,261**	2,686

21. PRIOR YEAR ADJUSTMENT

Earnings per share has been restated for the share consolidation in February 2022 referred to in note 16. The impact of this has £nil impact on equity.