Sareum Holdings PLC

("Sareum" or the "Company")

HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 AND NOTICE OF INVESTOR PRESENTATION

Cambridge, UK, 23 April 2021 – Sareum Holdings plc (AIM: SAR), the specialist drug development company delivering targeted small molecule therapeutics to improve the treatment of cancer and autoimmune diseases, announces its unaudited half-yearly results for the six months ended 31 December 2020 and provides an update on significant post-period events.

The Company will hold a presentation to investors on 28 April 2021 at 11.00 a.m. via the Investor Meet Company platform. The presentation is open to all existing and potential shareholders. Questions can be submitted before the event via the Investor Meet Company dashboard up until 9:00 a.m. the day before the meeting or at any time during the live presentation. 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)

- The Company has made substantial progress despite the challenges of the Covid-19 pandemic
- Completed dose range finding studies in two preclinical toxicology species
- New formulation designed to deliver higher exposure levels found to be well-tolerated
- UK Research & Innovation grant of £174,000 awarded in December 2020 for six-month research project to investigate therapeutic potential of SDC-1801 in severe phase Covid-19, with results expected mid-year 2021
- Initial results are encouraging and demonstrate that SDC-1801 reduces the levels of cytokines associated with Acute Respiratory Distress Syndrome in human lung cells infected with SARS-CoV-2
- Exploratory Clinical Trial Application ("CTA") expected to be filed mid-year 2021 subject to successful completion of final toxicity and safety studies

SDC-1802 (cancer immunotherapy)

- Designing translational studies to define the optimal cancer application prior to completing toxicology and manufacturing studies
- US patent (US 10,882,829) granted in January 2021 completes patent protection for SDC-1802 in the US and across all major territories

Licensed Programmes

SRA737: A Selective Chk1 inhibitor (solid cancers)

- Sierra Oncology, Inc. ("Sierra") and CRT Pioneer Fund LP ("CPF") amended their 2016 licensing agreement for SRA737: revised milestone schedule includes $2.0 million payment upon the dosing of the first patient in the next clinical trial, and slightly reduced overall outstanding milestones payable by Sierra
- Sareum remains eligible to receive 27.5% of the economics of the Licence Agreement
- Sierra continues to explore internal and external options for continuing development and Sareum believes that the licensing agreement amendment will prove important in expediting this development

FLT3+Aurora Inhibitors (haematological cancers)

- Licensing partner for FLT3+Aurora kinase inhibitor programme discontinued development as it was unable to achieve required bioavailability and returned worldwide rights to Sareum

FINANCIAL HIGHLIGHTS (subject to audit)

- Loss on ordinary activities for the six months ended 31 December 2020 (after taxation) of £0.55m (2019: loss of £0.61m),
- Cash at bank as of 31 December 2020 was £1.30m (£1.80m as of 30 June 2020, £1.00m as of 31 December 2019)
- R&D Tax Credit of £0.13m received in January 2021
- Salary Deferral Scheme updated

Dr Tim Mitchell, CEO of Sareum, commented:

"Sareum has continued to make good progress with the preclinical development of our proprietary dual TYK2/JAK1 inhibitor programmes. We are working hard to finalise the preclinical programme for SDC-1801, which is needed to complete our preparations for clinical trials. We expect to submit our exploratory CTA mid-year 2021, which if approved would allow the first human trials with SDC-1801 to commence, marking an important milestone for the Company.

"We were also pleased to receive UK grant funding to investigate the therapeutic potential of SDC-1801 in severe phase Covid-19. Early indications are encouraging, and we expect to see the final results from this initial six-month study mid-year 2021. If this study continues to be successful, it may allow us to apply for further non-dilutive government funding from the recently announced AGILE platform to advance this programme into clinical trials. We are further encouraged to note the UK Government commitment to accelerate the development of Covid-19 therapeutics through initiatives such as the DHSC-led Therapeutics Taskforce and believe that SDC-1801 could benefit from this.

"Regarding SRA737, we continue to monitor Sierra Oncology's activities as it explores options to fund the future development of this novel compound. We believe that the amended licensing agreement between Sierra and CPF could expedite the advancement of the SRA737 programme in a timely manner.

"It has been a busy first half for the Company, and we look forward to further important progress during the rest of 2021 as we continue to advance the development of SDC-1801 and SDC-1802."

For further information, please contact:

Sareum Holdings plc
Tim Mitchell, CEO 01223 497 700

Strand Hanson Limited (Nominated Adviser)
James Dance / James Bellman 020 7409 3494

Hybridan LLP (Nominated Broker)
Claire Noyce 020 3764 2341

Citigate Dewe Rogerson (Financial PR)
Mark Swallow/ David Dible 020 7638 9571

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 to 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 2020

Chairman's and CEO's Statement

The first half of our current financial year has seen Sareum make good progress despite the challenges from the Covid-19 pandemic, including successfully gaining government funding to investigate SDC-1801 as a potential treatment for the severe respiratory symptoms of Covid-19.

Our key focus remains on advancing the development of our two TYK2/JAK1 programmes, namely SDC-1801, targeting autoimmune diseases, and SDC-1802, targeting cancer.

We are focusing on finalising the preclinical programme for SDC-1801, which is needed to complete our preparations for clinical trials. We now have the exciting prospect of submitting our first exploratory Clinical Trial Application ("CTA") for approval mid-year 2021, a key step in allowing the first human studies with SDC-1801 to be conducted.

We were also pleased to receive UK grant funding in December 2020 to investigate SDC-1801 as a potential new treatment for severe phase Covid-19 and that TYK2 was recognised as a key target for therapeutic intervention in this disease. Despite the successful UK vaccination programme, we believe that there is still a clear need for new therapies to treat severe respiratory inflammation arising from viral infections such as Covid-19.

We were delighted therefore that the UK government launched its AGILE clinical trial platform in February 2021 to fund Phase 1 trials and fast-track the development of potentially ground-breaking Covid-19 treatments. Should the Company's ongoing programme be successful, we will consider this new initiative as a potential source of funding to advance the development of SDC-1801 into clinical trials. We are pleased to note the commitment from the UK Government to promote the development of Covid-19 therapeutics through initiatives such as the DHSC-led Therapeutics Taskforce.

We also believe that the recently amended deal between Sierra Oncology, Inc. ("Sierra") and CRT Pioneer Fund LP ("CPF") on SRA737 is a key step in restarting the clinical development of this promising candidate and we look forward to further updates from Sierra.

Turning to business development, a critical element of the Company's value generating strategy, we continue to actively engage with potential partners with a view to securing commercial licences for our TYK2/JAK1 programmes. We will, as usual, keep shareholders updated in this regard as appropriate.

PROGRAMME UPDATES

SDC-1801 (autoimmune diseases)

Sareum has progressed SDC-1801 through preclinical development and recently completed dose range finding studies in two preclinical toxicology species, which have confirmed that the recently developed formulation has delivered the high exposure levels required for completing the toxicology studies. Although analysis is still in progress, only effects associated with pan-JAK inhibition, which are believed to be a consequence of these exposure levels being far higher than would be expected in a therapeutic setting, have been observed to date. These findings have allowed Sareum to determine indicative maximum tolerated doses (MTD) for both preclinical species and to establish the doses to take forward into the pivotal toxicology studies required for CTA submission.

The same formulation is being used in the final set of toxicology and safety studies needed prior to applying to investigate SDC-1801 in human trials. This work is now in progress, and the exploratory CTA is expected to be submitted mid-year 2021, subject to successful completion of the final toxicity and safety studies.

A robust manufacturing route has been developed to produce the SDC-1801 active ingredient under Good Manufacturing Practice ("GMP") conditions for both preclinical and clinical studies, and a specialist Contract Manufacturing Organisation has been appointed to provide GMP material for clinical trials.

SDC-1801 (severe Covid-19 – a promising new indication)

TYK2 was identified in a recent *Nature* publication as a key gene causing the over-active inflammatory response ("cytokine storm") that leads to progression of severe disease in Covid-19 patients.*

In December 2020, Sareum was granted £174,000 by UK Research & Innovation to investigate the potential of SDC-1801 to treat severe phase Covid-19. The project began immediately following the receipt of grant funding and is expected to take approximately six months to complete.

The aim is to investigate whether SDC-1801 can down-regulate or block the TYK2/JAK1-mediated Interferon Type 1 pathway in cells infected with SARS-CoV-2. This pathway is over-active in severe Covid-19 and can lead to life-threatening Acute Respiratory Distress Syndrome.

Initial studies, using isolated human lung cells, are encouraging and show that SDC-1801 does indeed downregulate the increase in cytokines believed to be responsible for ARDS and the cytokine storm following infection with SARS-CoV-2.

The final stage of this project, to investigate these effects in mouse Covid-19 models and also to study whether SDC-1801 can re-establish protection against bacterial pneumonia in disease models following SARS-CoV-2 infection, is in progress. Positive results from these studies may also highlight the broader potential for SDC-1801 as a treatment for severe and life-threatening inflammation that can occur with other viral infections.

We expect to report the outcome of these initial studies mid-year 2021. If successful, the programme may be eligible for further UK government funding from the recently launched AGILE clinical development platform, which has been established to fund Phase 1 trials and fast-track the development of potentially ground-breaking Covid-19 treatments.

**Pairo-Castineira, E. et al. Genetic mechanisms of critical illness in Covid-19. Nature https://doi.org/10.1038/s41586-020-03065-y (2020).*

SDC-1802 (cancer)

Formulation work for oral dosing with SDC-1802 has been completed during 2020 and toxicology studies and further manufacturing work will be scheduled later in 2021, subject to funds being available.

Sareum is currently designing a programme of translational studies to define the optimal cancer application and to identify a patient population most likely to benefit from SDC-1802, prior to completing these studies.

In January 2021, the United States Patent and Trademark Office formally granted Sareum's patent (US 10,882,829), completing patent protection for SDC-1802 and pharmaceutical preparations thereof in the US and across all major territories in Europe, Japan and China. Sareum received a Notice of Allowance for this patent application in October 2020.

The Company believes that this granted patent enhances the value of its TYK2/JAK1 inhibitor programmes overall and the Company's negotiating position as it continues to engage in discussions with potential licence partners.

Licensed programme - SRA737 (solid cancers)

SRA737, a potent, highly selective, orally bioavailable small molecule inhibitor of Checkpoint Kinase 1 ("Chk1"), is licensed to Sierra Oncology. SRA737 has shown positive preliminary safety & efficacy data in combination with low-dose gemcitabine ("LDG") in a broad Phase 1/2 clinical development programme in solid cancers, particularly anogenital cancer, as well as very promising results in preclinical studies in combination with LDG and an immune checkpoint inhibitor.

Development of SRA737 has been on hold since H2 2019 as Sierra prioritised its resources on the development of its Phase 3 candidate momelotinib. Since then, Sierra has been exploring internal and external options to support the continued development of SRA737.

In November 2020, Sierra and CPF agreed an amendment to their original 2016 licence agreement that reduces the aggregate outstanding milestone payments payable by Sierra from up to $319.5 million to up to $290.0 million.

The amendment also reduced potential near-term payments from Sierra and now includes a milestone payment of $2.0 million upon the dosing of the first patient in the next clinical trial of SRA737.

Post the amendment, Sareum continues to be eligible for 27.5% of the economics of the Licence Agreement.

We continue to believe that, based on preclinical and early clinical data, SRA737 holds great promise for the treatment of cancer, particularly in combination with existing treatments, and we believe that the amendment will prove important in advancing the SRA737 programme in a timely manner.

Sareum will provide updates on progress as and when Sierra makes further disclosures in relation to the development of SRA737.

FLT3+Aurora Inhibitors (haematological cancers)

In January 2021, the Company announced the licensing partner for its previously deprioritised FLT3+Aurora kinase programme had decided not to exercise its option to continue the development of the programme as it was unable to achieve a sufficient level of bioavailability. Worldwide rights to the programme, as well as data relating to progress made by the Licensee, have reverted to Sareum and the programme remains available for further licensing opportunities.

Impact of Covid-19 on operations

The Covid-19 pandemic has affected everyday activities on an unprecedented global scale. The Company has been following UK government advice to minimise risk to staff. Sareum has remained

fully operational despite these restrictions and management continues to prioritise the health and safety of its staff and external partners.

As the pandemic restrictions have continued, some impact on the Company's network of Contract Research Organisations is now being felt, with lead times increasing for new experiments. This has caused some delays to the conduct of the final preclinical studies the Company had planned to complete with SDC-1801 prior to CTA filing. Furthermore, these lead times may be further impacted if restrictions on work and movement continue.

FINANCIAL REVIEW

In its fiscal first half-year ended 31 December 2020, Sareum reported a loss after tax of £0.55 million versus a loss of £0.61 million in the first half ended 31 December 2019.

Cash at the period end was £1.30 million versus £1.80 million as of 30 June 2020 and £1.00 million as of 31 December 2019, reflecting the Company's careful management of its cash resources, including the voluntary salary deferral scheme entered by all directors in December 2019 and updated in July 2020.

As previously indicated, a R&D Tax Credit of £0.13 million was received in January 2021.The Board continues to actively monitor the working capital position of the company and has taken steps to maximise the cash runway, to ensure that the two TYK2/JAK1 compounds are prioritised and adequately resourced as they move towards the clinic.

Salary Deferral Scheme

As announced on 17 December 2019, the Company confirmed that all directors had entered a voluntary salary deferral scheme, whereby 33% of directors' salaries were being deferred until further notice (the "Salary Deferral Scheme").

On 1 July 2020, the Company announced an update on the Salary Deferral Scheme and announced the settlement of directors' accrued deferred salaries up to 30 June 2020, after deducting all applicable taxes, by the issue of new Ordinary Shares (the "Deferred Salary Shares"). The Company also agreed to reduce the terms of CEO Dr Tim Mitchell's salary deferral from 33% to 20% of his salary going forward. All other directors agreed to continue to defer 33% of their salaries until further notice.

The issue of the Deferred Salary Shares on 8 July 2020 had the positive effect of reducing the Company's accrued liabilities by an aggregate amount of £124,152 (including the cash settlement of applicable taxes).

OUTLOOK

Sareum continues to advance the preclinical development of its proprietary dual TYK2/JAK1 inhibitor programmes.

Following development of a higher dose formulation of SDC-1801, the final stages of preclinical work are now well underway and the exploratory CTA to gain approval to start first-in-human trials is expected to be submitted mid-year 2021, subject to successful completion of the final toxicity and safety studies. Achieving this milestone would mark a significant step forward for the Company.

Our UK grant-funded research project to investigate the therapeutic potential of SDC-1801 in severe phase Covid-19 is progressing well and we expect to report final data from these preliminary studies mid-year 2021. If these studies are successful, we may be eligible to apply for further UK government funding from the recently announced AGILE clinical development platform to advance the programme into the clinic.

We continue to deploy our funds to advance our TYK2/JAK1 programmes towards clinical development and build a robust data package to support ongoing partnering activities for these differentiated assets. Further updates will be given as these programmes advance through material milestones.

Regarding SRA737, Sareum continues to monitor Sierra's activities as it explores internal and external options to fund the future development of this novel compound. We are confident that the amended licensing agreement between Sierra and CPF could expedite the SRA737 programme allowing it to advance in a timely manner. Sareum will provide further updates on this programme when information becomes available.

Overall, the Company expects to report on continued progress with its internal, proprietary programmes during the remainder of 2021, in particular the advancement of SDC-1801 towards the clinic.

For both its TYK2/JAK1 inhibitor programmes, the Directors will continue to review the potential higher value of a later-stage licensing deal versus the requirement for any additional funding.

As ever, the Board and management will 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 in 2021.

Dr Stephen Parker
Chairman

Dr Tim Mitchell
Chief Executive Officer

22 April 2021

Consolidated Income Statement for the six months ended 31 December 2020

	Notes	Unaudited Six months ended 31 Dec 20 £'000	Unaudited Six months ended 31 Dec 19 £'000	Audited Year ended 30 Jun 20 £'000
Revenue		**-**	**-**	**47**
Other operating income		-	-	-
Operating expenses		(594)	(690)	(1,142)
Share of loss of associates		(16)	(4)	(30)
Operating loss		**(610)**	**(694)**	**(1,125)**
Finance income		-	3	5
Loss before tax		(610)	(691)	(1,120)
Tax	3	63	85	134
Loss on ordinary activities after taxation		**(547)**	**(606)**	**(986)**
Basic and diluted loss per share (pence)	**5**	**0.02p**	**0.02p**	**0.03p**

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2020

	Unaudited Six months ended 31 Dec 20 £'000	Unaudited Six months ended 31 Dec 19 £'000	Audited Year ended 30 Jun 20 £'000
Loss for the period	**(547)**	**(606)**	**(986)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the period	**(547)**	**(606)**	**(986)**
Total comprehensive income attributable to:			
Owners of the parent	**(547)**	**(606)**	**(986)**

Consolidated Balance Sheet as at 31 December 2020

	Unaudited As at 31 Dec 20 £'000	Unaudited As at 31 Dec 19 £'000	Audited As at 30 Jun 20 £'000
Non-current assets			
Property, plant and equipment	2	3	2
Investment in associates	23	27	2
	25	**30**	**4**
Current assets			
Debtors	85	48	60
Tax receivable	198	311	135
Cash and cash equivalents	1,297	995	1,803
	1,580	**1,354**	**1,998**
Creditors: amounts due within one year	(245)	(160)	(199)
Net current assets	**1,335**	**1,194**	**1,799**
Net assets	**1,360**	**1,224**	**1,803**
Equity			
Called-up share capital	817	768	810
Share premium	14,863	13,849	14,766
Share-based compensation reserve	368	408	408
Retained earnings	(14,688)	(13,801)	(14,181)
Total equity	**1,360**	**1,224**	**1,803**

Consolidated Statement of Changes in Equity for the six months ended 31 December 2020

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total £'000
As at 30 June 2019 (Audited)	**719**	**13,162**	**408**	**(13,195)**	**1,094**
Issue of share capital (net)	49	687	-	-	736
Loss for the period	-	-	-	(606)	(606)
As at 31 December 2019 (Unaudited)	768	13,849	408	(3,801)	1,224
Issue of share capital (net)	42	917	-	-	959
Loss for the period	-	-	-	(380)	(380)
As at 30 June 2020 (Audited)	**810**	**14,766**	**408**	**(14,181)**	**1,803**
Issue of share capital (net)	7	97	-	-	104
Loss for the period	-	-	-	(547)	(547)
Transfer	-	-	(40)	40	-
As at 31 December 2020 (Unaudited)	**817**	**14,863**	**368**	**(14,688)**	**1,360**

Consolidated Cash Flow Statement for the six months ended 31 December 2020

	Unaudited Six Months ended 31 Dec 20 £'000	Unaudited Six Months ended 31 Dec 19 £'000	Audited Year ended 30 Jun 20 £'000
Net cash flow from operating activities			
Continuing operations:			
Loss before tax	(610)	(691)	(1,120)
Depreciation	-	-	1
Share-based compensation charge	-	-	-
Share of loss of associate	16	4	30
Finance income	-	(3)	(5)
	(594)	(690)	(1,094)
(Increase)/decrease in trade and other receivables	(25)	11	-
Increase in trade and other payables	46	13	50
Cash (used in)/generated from operations	(573)	(666)	(1,044)
Tax received	-	5	230
Net cash outflow from operating activities	**(573)**	**(661)**	**(814)**
Cash flows from investing activities			
Purchase of tangible fixed assets	-	(3)	(3)
Investment in associate	(37)		
Interest received	-	3	5
Net cash (outflow)/inflow from investing activities	**(37)**	**-**	**2**
Cash flows from financing activities			
Net proceeds from issue of share capital	104	736	1,695
Net cash inflow from financing activities	**104**	**736**	**1,695**
(Decrease)/increase in cash and equivalents	**(506)**	**75**	**883**
Cash and cash equivalents at start of period	**1,803**	**920**	**920**
Cash and cash equivalents at end of period	**1,297**	**995**	**1,803**

NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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 2020 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 2020, 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 2021.

The Group's current cash and short-term deposits will not meet the existing commitments and operating needs for at least twelve months. However, 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. Therefore, these financial statements have been prepared on a going concern basis.

3. Taxation

No liability arises for corporation tax for the six-month period ended 31 December 2020. Research and Development tax credits, receivable as cash, are estimated to be £63,000 for the period.

4. Dividends

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2020.

5. Loss per share

Basic loss per share is 0.02p (2019: 0.02p). The basic loss per ordinary share is calculated by dividing the Group's loss for the six months of £547,000 (2019: £606,000) by 3,259,576,925 (2019: 3,069,240,621), 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 2020 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.com