Sareum Holdings PLC

("Sareum" or the "Company")

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

Cambridge, UK, 13 October 2020 – 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 results for the year ended 30 June 2020.

The Company will be holding a presentation to investors on 16 October 2020 at 10.00 a.m. via the Investor Meet Company platform – please click on this link to register to attend: https://www.investormeetcompany.com/sareum-holdings-plc/register-investor.

The Company expects to publish its Annual Report and Accounts, along with the Notice of the Company's Annual General Meeting, in November 2020.

OPERATIONAL HIGHLIGHTS (including post-period updates)

Proprietary Programmes – Selective TYK2/JAK1 Inhibitors in Autoimmune Diseases and Cancer

SDC-1801 (autoimmune diseases)

- A new formulation specifically designed to deliver higher exposure levels of SDC-1801 has recently been developed by the Company, which is suitable for progressing into the further toxicology studies needed prior to applying to investigate SDC-1801 in human trials.
- SDC-1801 has demonstrated excellent tolerability in initial toxicology studies in rodents. A formulation that is predicted to deliver a therapeutic dose level has also been identified.
- If progress is successful, the application to commence first human trials is expected to be made during Q1 2021.

SDC-1802 (cancer immunotherapy)

- Formulation work for oral dosing of SDC-1802 is complete and toxicology studies and further manufacturing work are planned over the coming months.
- In October 2019, Sareum presented new findings showing that SDC-1802, dosed orally as a monotherapy and in combination with chemotherapy, significantly reduces tumour growth in models of solid tumours and blood cancers.
- In October 2020, the Company received a Notice of Allowance for its US patent covering SDC-1802, the grant of which will complete the patent protection of this compound in all major territories.

TYK2/JAK1 Inhibitors for treating symptoms of Covid-19

- A grant application has been submitted to UK Research and Innovation (UKRI) to fund preliminary laboratory studies investigating the potential of Sareum's TYK2/JAK1 inhibitors to address the severe inflammatory responses (the "cytokine storm") and potentially fatal respiratory symptoms of Covid-19 and other viral infections.
- A response is expected by the end of October 2020 which, if successful, will enable initial studies to begin shortly thereafter.

Licensed Programmes

FLT3+Aurora Inhibitors (haematological cancers)

- On 26 March 2020, Sareum announced it entered a global licensing deal for its FLT3+Aurora kinase inhibitor programme targeting blood cancers with a China-based specialty pharmaceutical company (the "Licensee").
- Sareum received an upfront payment and is eligible to receive an additional c.£0.90m should certain milestones be achieved by January 2021, being within nine months of signing and receipt of programme materials by the Licensee. Sareum is also eligible to receive a further development-based milestone, and revenues upon the commercialisation of any resulting products.

SRA737: A Selective Chk1 inhibitor (solid cancers)

- The licence holder for SRA737, Sierra Oncology Inc. ("Sierra"), stated in August 2020 that it was exploring internal and external options to support the continued development of SRA737.
- As of 25 September 2020, Phase 1/2 trials of SRA737 as a monotherapy and in combination with low dose gemcitabine were both reported to be complete.
- In March 2020, new research published in *Cancer Research* highlighted the anti-cancer effect of SRA737 in multiple human lung and colorectal cancer cells, when used in combination with small molecules that block DNA replication and repair (B-family DNA polymerases), further adding to the encouraging data generated on SRA737.

AUDITED FINANCIAL HIGHLIGHTS

- As previously indicated, R&D Tax Credit of £0.23m was received in January 2020.
- Raised £1.02m (gross) in June 2020 through a placing by Hybridan LLP in conjunction with an offer via PrimaryBid to progress the Company's TYK2/JAK1 drug development programmes as well as for working capital purposes.
- Loss on ordinary activities for the year ended 30 June 2020 (after taxation) of £0.99m (2019: loss of £1.45m), reflecting the Company's careful management of cash resources.
- Cash at bank as of 30 June 2020 was £1.80m (£1.0m as of 31 December 2019; £0.92m as of 30 June 2019).
- 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. On 1 July 2020, the Company announced an update to the Salary Deferral Scheme and announced the settlement of directors' deferred salary through the issue of new ordinary 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.

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. Most recently, we have overcome an important formulation challenge with SDC-1801, which will now be advanced into the toxicology studies needed to complete our preparations for clinical trials.

"In addition, we are pleased to have raised additional funding during the period, which will be deployed to advance our proprietary programmes towards clinical development and build a robust data package to support our ongoing partnering activities for these exciting and differentiated assets.

"We were pleased to sign a global licensing deal for our FLT3+Aurora inhibitor programme targeting blood cancers with a China-based specialty pharma company during the period. Progress is being made by the Licensee in line with its development plan. Further good progress would enable us to receive a success-dependent milestone payment by January 2021 from this agreement.

"Regarding SRA737, we continue to monitor Sierra Oncology's activities as it explores options to fund the future development of this novel compound. We were pleased to note that as of 25 September 2020, the website www.clinicaltrials.gov is reporting that the Phase 1/2 trials of SRA737 as a monotherapy and in combination with low dose gemcitabine in solid cancers are complete. We look forward to the results of these completed trials being disclosed. We will provide further updates on this and other programmes when appropriate."

For further information, please contact:

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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).

The Company's preclinical FLT3+Aurora inhibitor programme targeting haematological cancers is licensed to a China-based specialty pharma company.

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 is currently exploring options to obtain the funding or support necessary to advance the future development of SRA737.

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 -

Full year results for the 12 months ended 30 June 2020

Chairman's and CEO's Statement

Sareum's primary focus during the year has been to continue advancing its proprietary, selective dual tyrosine kinase 2 (TYK2) / Janus kinase 1 (JAK1) inhibitors through preclinical development. These exciting candidates are being developed as potential once-daily, oral immunotherapies targeting autoimmune diseases (SDC-1801) and cancers (SDC-1802).

Both molecules demonstrate high selectivity for TYK2 and JAK1 kinases, with promising early safety data as well as compelling activity being seen in relevant disease models.

In addition, both programmes represent unique licensing opportunities for pharmaceutical partners as there are currently no marketed products with the selectivity profile of these molecules.

The Company continues to advance these development programmes and was successful in raising just over £1 million in June 2020 to enable it to continue pursuing the following key objectives:

- Complete experimental clinical trial enabling studies with at least one candidate by the end of 2020. Having recently succeeded in developing a higher dose formulation for toxicity testing, the Company expects to submit a Clinical Trials Application (CTA) in Q1 2021.
- Continue preclinical studies to determine the initial target indications prior to the start of first-in-human studies.
- Continue building a robust preclinical data package to support ongoing partnering activities.
- Continue and advance initial discussions with potential partners to secure commercial licences for these assets when they reach late preclinical or early clinical stages.

In addition, the Covid-19 pandemic has presented a further opportunity where these programmes may have application. The Company has submitted an application for grant funding from UK Research and Innovation (UKRI) for preliminary laboratory studies to assess the potential of its TYK2/JAK1 inhibitors to address the severe inflammatory responses (the "cytokine storm") and potentially fatal respiratory symptoms of Covid-19 and other viral infections. Whilst there can be no certainty that the application will be successful, a decision is expected by the end of October, and if it is positive, the Company intends to initiate the studies as soon as possible thereafter.

The Company was pleased to announce in March 2020 that it had signed a global licensing agreement for its FLT3+Aurora kinase inhibitors targeting haematological (blood) cancers with a China-based specialty pharmaceutical company. Under this agreement, Sareum received a small upfront payment of £50,000 and is eligible to receive a further c.£0.90 million should certain milestones be achieved by January 2021. The Licensee reports that progress is being made in line with its development plan, with the prospect that further good progress will enable the Company to receive the milestone payment. The Company is also eligible for additional success-based development and commercialisation payments. However, there can be no certainty that the milestones will be achieved or that any further payments will become due.

With regards to the Chk1 inhibitor SRA737, the licensee, Sierra Oncology Inc. ("Sierra"), noted in August 2020 that it was exploring options to support the continued development of SRA737. This candidate has demonstrated encouraging preliminary results in Phase 1/2 clinical trials, particularly in anogenital cancer, and promising data from preclinical studies in combination with a range of other therapeutic approaches. The Board was pleased to see that both clinical trials are now being reported as completed on the website www.clinicaltrials.gov and looks forward to the final results being

disclosed. The Company remains in dialogue with CRT Pioneer Fund (CPF), the licensor of SRA737 to Sierra, and will update the market with any meaningful developments.

From an operational perspective, Sareum has remained fully functional during the Covid-19 pandemic. To date there has been limited impact on the Company's network of Contract Research Organisations. While this has not so far affected the Company's timeline to a large extent, there may be longer delays or other factors that impact effectiveness if restrictions on work and movement are increased.

Finally, the Board continues rigorously to manage the working capital position of the Company and has taken steps, including through a Board salary deferral scheme, to maximise its cash runway. The Company remains focused on deploying its funds to ensure the continued progress of its two TYK2/JAK1 programmes towards achieving their key development objectives and thereby increasing the value of the business.

PROGRAMME UPDATES

Selective TYK2/JAK1 Inhibitors in Autoimmune Diseases and Cancer

SDC-1801 (autoimmune diseases)

SDC-1801 and related molecules have shown promising activity in autoimmune disease models, including psoriasis, rheumatoid arthritis, inflammatory bowel disease and systemic lupus erythematosus (SLE).

Sareum has progressed SDC-1801 through preclinical studies that have shown the compound to have excellent tolerability in toxicology studies in rodents and work is continuing towards completing the dose-finding and longer-term toxicology studies ahead of human trials.

The Company has identified a formulation that is predicted to deliver a therapeutic dose level. A higher dose formulation has recently been developed, which is suitable to enable progression into the toxicology studies needed prior to applying to investigate SDC-1801 in human trials. This work is expected to be substantially complete in 2020 and, if successful, the CTA to gain approval to start first in human trials is expected to be submitted during Q1 2021.

A robust manufacturing route has been developed to produce active ingredient under GMP (Good Manufacturing Practice) conditions for both preclinical and clinical studies.

In addition, in June 2020, encouraging data were reported from preclinical studies with Sareum's TYK2/JAK1 inhibitors in disease models of systemic lupus erythematosus. These studies were conducted by co-development partner SRI International (Menlo Park, CA, USA) under a US Department of Defense (DoD) grant and published on the website of the Defense Technical Information Center.

SDC-1802 (cancer immunotherapy)

SDC-1802 and related TYK2/JAK1 inhibitors have shown encouraging anti-tumour activity in multiple cancer disease models. Sareum has global commercialisation rights for TYK2/JAK1 inhibitors with profiles optimised for oncology and immuno-oncology applications.

SDC-1802 is advancing behind SDC-1801 in preclinical development. Formulation work for oral dosing is complete and toxicology studies and further manufacturing work are planned over the coming months.

In October 2019, Sareum presented new findings showing that SDC-1802, dosed orally as a monotherapy and in combination with chemotherapy, significantly reduces tumour growth in models of solid tumours and blood cancers. SDC-1802 was found to act through a novel immunotherapeutic mechanism of action.

These findings were presented at the American Association for Cancer Research (AACR) National Cancer Institute (NCI) European Organisation for Research and Treatment of Cancer (EORTC) International Conference.

On 8 October 2020, Sareum received a Notice of Allowance from the US Patent and Trademark Office for a US patent to protect SDC-1802 and pharmaceutical preparations thereof. Subject to certain formalities being completed, the Company expects that the patent will be granted within three months of this date. Grant of this patent will complete the patent protection for this programme across all major territories and follows similar patent protection granted in Europe and in Japan and China.

The Company believes that the grant of this patent will enhance 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.

TYK2/JAK1 Inhibitors for treating symptoms of Covid-19

There is substantial evidence in the scientific literature to suggest that inhibitors of TYK2/JAK1 signalling could address the severe inflammatory responses (the "cytokine storm") and potentially fatal respiratory symptoms of Covid-19 and other viral infections.

Several clinical trials with JAK kinase inhibitors have been started to investigate the potential of targeting this pathway as a therapeutic approach. On 8 October 2020, Eli Lilly & Co. reported promising data from its Phase 3 trials of baricitinib, which inhibits JAK1/JAK2 kinase-mediated cytokine release, in hospitalised Covid-19 patients. The data showed that baricitinib in combination with the anti-viral drug remdesivir significantly reduced the time to recovery vs remdesivir alone, particularly in patients that required supplemental oxygen. Mortality was also decreased, again more pronounced in patients receiving oxygen.

Based on the growing evidence to support this approach, and the fact that several other clinical studies with JAK inhibitor molecules have been initiated in response to the Covid-19 pandemic, Sareum has applied for grant funding to conduct preliminary laboratory studies investigating the ability of its TYK2/JAK1 inhibitors to modulate (down-regulate) the overactive immune system in relevant cellular and mouse disease models.

A grant application has been submitted to UK Research and Innovation (UKRI) and, whilst there can be no certainty that the application will be successful, a response is expected by the end of October 2020. If the application is successful, the Company intends to initiate studies as soon as possible thereafter.

These preliminary studies have been designed as a potential first step towards clinical studies, pending success and further funding.

Licensed Programmes

FLT3+Aurora Inhibitors

On 26 March 2020, Sareum announced it entered a global licensing deal for its FLT3+Aurora kinase inhibitor programme targeting blood cancers with a China-based specialty pharmaceutical company (the "Licensee"). Under the terms of the agreement, the Licensee will fund all future development activities for the licensed compounds and has been granted the sole rights to commercialise any resulting products worldwide.

Sareum received a small upfront payment on signing and is eligible for c.£0.90 million due on certain milestones being achieved within nine months of signing and receipt of programme data by the Licensee, with a subsequent payment due on the achievement of a pre-specified development milestone. The Licensee confirmed receipt of the programme materials on 7 April 2020 and is making progress in line with its development plan.

Sareum is also eligible to receive a further development-based milestone, and revenues upon the commercialisation of any resulting products. However, there can be no certainty that any milestones will be achieved and/or that any further payments will become due.

Licensed Programme – SRA737: A Selective Chk1 inhibitor

SRA737 is a potent, highly selective, orally bioavailable small molecule inhibitor of Checkpoint Kinase 1 (Chk1), a key regulator of important cell cycle checkpoints and central mediator of the DNA Damage Response (DDR) network.

SRA737 is licensed to Sierra Oncology, which has presented positive preliminary safety & efficacy data of the combination of SRA737+low-dose gemcitabine (LDG) from a broad Phase 1/2 clinical development programme, which potentially supports further development in anogenital cancer. As of 25 September 2020, both this combination trial and an SRA737 monotherapy study are now being reported as completed on the website www.clinicaltrials.gov and the final results are anticipated to be published in due course.

Sierra has also presented compelling preclinical data supporting the use of SRA737 in combination with novel targeted therapeutic approaches, including PARP inhibitors and immune checkpoint blockade.

Furthermore, in March 2020, new research published in the peer-reviewed journal *Cancer Research* highlighted the anti-cancer effect of SRA737 in multiple human lung and colorectal cancer cells, when used in combination with small molecules that block the function of a family of proteins involved in DNA replication and repair (B-family DNA polymerases).*

In June 2019, Sierra announced it was exploring non-dilutive strategic options to support the next stages of development of SRA737. Sierra has since appointed a new Chief Executive Officer, Dr Stephen Dilly, on 1 June 2020. On 6 August, in the notes to Sierra's 10-Q Quarterly Report, it stated that it is exploring options to support the continued development of SRA737.

The Company remains committed to updating the market when there are any meaningful developments announced by Sierra.

**R.F. Rogers et al. CHK1 inhibition is synthetically lethal with loss of B-family DNA polymerase function in human lung and colorectal cancer cells. (2020) Cancer Research https://cancerres.aacrjournals.org/*

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. At present, Sareum remains fully operational, although management's effectiveness may be impacted if restrictions are increased. To date there has been only minor impact on the Company's network of Contract Research Organisations, with some short delays in the delivery of chemical intermediates and solvents, and a slight increase in lead times when initiating experiments. Whilst this has not so far affected the Company's timelines to a large extent, there may be longer delays if further restrictions on work and movement are added.

FINANCIAL REVIEW

Sareum ended the year to 30 June 2020 with net assets of £1.80 million (2019: £1.09 million) of which £1.80 million (£1.00 million as of 31 December 2019; £0.92 million as of 30 June 2019) comprised cash at bank.

The cash balance includes proceeds from a placement that raised £1.02 million (gross) in June 2020, which comprised a placing by Hybridan LLP in conjunction with an offer *via* PrimaryBid, resulting in the issue of, in aggregate, 170,370,400 new ordinary shares of 0.025p each in the capital of the Company ("Ordinary Shares") at 0.6p per share.

The new funds are being deployed to progress the Company's TYK2/JAK1 drug development programmes as well as for working capital purposes.

Non-cash assets include a R&D tax credit of £135,000, which is expected to be received as cash in January 2021.

Operating expenses for the period at £1.14 million (2019: £1.68 million) have been significantly reduced compared to the previous 12-month period as the Company carefully manages its financial resources and focuses its research expenditure on its proprietary TYK2/JAK1 autoimmune disease and cancer programmes.

Loss on ordinary activities for the period (after taxation) was £0.99 million (2019: loss of £1.45 million), again reflecting the Company's careful management of cash resources.

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 which will be settled by the Company, through the issue of new Ordinary Shares (the "Deferred Salary Shares"). The issue of the Deferred Salary Shares had a positive effect of reducing the Company's accrued liabilities by an aggregate amount of £124,152 (including the cash settlement of applicable taxes).

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.

Outlook

The past year has seen Sareum advance the preclinical development of its proprietary dual TYK2/JAK1 inhibitor programmes. The Company has successfully developed a higher dose formulation of SDC-1801 in recent weeks, which is suitable to enable progression into the toxicology studies needed prior to applying to investigate SDC-1801 in human trials. This work is expected to be substantially complete in 2020 and, if successful, the CTA is expected to be submitted during Q1 2021.

The Company also awaits the outcome of its grant application to UK Research and Innovation (UKRI), and, whilst there can be no certainty that the application will be successful, a response is expected by the end of October 2020. If the application is successful, the Company intends to initiate studies as soon as possible thereafter.

The successful fundraise during the period is being deployed to advance Sareum's 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.

The Company's financial position could be strengthened further by January 2021, if continued positive progress in the licensed FLT3+Aurora inhibitor programme triggers the c.£0.90 million due on certain milestones being achieved. It should be noted though, that whilst the Licensee reports progress is being made, there can be no certainty that the milestone payment will become due.

Regarding SRA737, Sareum continues to monitor Sierra's activities as it explores options to, both internally and externally, fund the future development of this novel compound. With both clinical trials now reported to be complete, final results are anticipated in the future. Sareum is committed to providing further updates on this programme when information becomes available.

Overall, the Company expects to report on continued progress with its internal, proprietary programmes and its licensed programmes during the coming year. For 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.

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

Dr Stephen Parker
Chairman

Dr Tim Mitchell
Chief Executive Officer

Consolidated statement of comprehensive income for the year ended 30 June 2020

	Notes	**2020**	2019
		£	£
CONTINUING OPERATIONS			
Revenue		**47,204**	—
Other operating income		**—**	—
Administrative expenses		**(1,142,153)**	(1,676,439)
Share of (loss)/profit of associates		**(29,726)**	(10,016)
OPERATING LOSS		**(1,124,675)**	(1,686,455)
Finance income		**4,554**	4,085
LOSS BEFORE INCOME TAX	5	**(1,120,121)**	(1682,370)
Income tax	6	**134,208**	229,905
LOSS FOR THE YEAR		**(985,913)**	(1,452,465)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(985,913)**	(1,452,465)
Loss attributable to:			
Owners of the parent		**(985,913)**	(1,452,465)
Total comprehensive income attributable to:			
Owners of the parent		**(985,913)**	(1,452,465)
Earnings per share expressed in pence per share:	7		
Basic and diluted		**(0.03)p**	(0.05)p

Consolidated balance sheet as of 30 June 2020

	Notes	**2020** **£**	2019 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**2,628**	—
Investments in Associates	4	**1,633**	31,359
		4,261	31,359
CURRENT ASSETS			
Trade and other receivables		**59,768**	59,476
Tax receivable		**135,233**	230,933
Cash and cash equivalents	8	**1,802,857**	919,343
		1,997,858	1,209,752
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**198,537**	146,926
NET CURRENT ASSETS		**1,799,321**	1,062,826
NET ASSETS		**1,803,582**	1,094,185
SHAREHOLDERS' EQUITY			
Called up share capital		**810,433**	718,997
Share premium		**14,765,926**	13,162,052
Share-based compensation reserve		**407,872**	407,872
Merger reserve		**27**	27
Retained earnings		**(14,180,676)**	(13,194,763)
TOTAL EQUITY		**1,803,582**	1,094,185

Consolidated statement of changes in equity for the year ended 30 June 2020

	Called up share capital £	Retained earnings £	Share premium £	Share-based compensation reserve £	Merger reserve £	Total equity £
Balance at 30 June 2018	**686,305**	**(11,742,298)**	**12,395,744**	**292,811**	**27**	**1,632,589**
Changes in equity						
Issue of share capital	32,692	—	766,308	—	—	799,000
Total comprehensive income	—	(1,452,465)	—	—	—	(1,452,465)
Share-based compensation	—	—	—	115,061	—	115,061
Balance at 30 June 2019	**718,997**	**(13,194,763)**	**13,162,052**	**407,872**	**27**	**1,094,185**
Changes in equity						
Issue of share capital	91,436	—	1,603,874	—	—	1,695,310
Total comprehensive income	—	(985,913)	—	—	—	(985,913)
Share-based compensation	—	—	—	—	—	—
Balance at 30 June 2020	**810,433**	**(14,180,676)**	**14,765,926**	**407,872**	**27**	**1,803,582**

Consolidated cash flow statement for the year ended 30 June 2020

	Notes	**2020** **£**	2019 £
Cash flows from operating activities			
Cash generated from operations	9	**(1,042,995)**	(1,515,764)
Tax received		**229,908**	252,534
Net cash outflow from operating activities		**(813,087)**	(1,263,230)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(3,263)**	—
Interest received		**4,554**	4,085
Net cash from investing activities		**1,291**	4,085
Cash flows from financing activities			
Loan repayment by director		—	4,213
Share issue		**91,436**	32,692
Share premium on share issue		**1,603,874**	766,308
Net cash inflow from financing activities		**1,695,310**	803,213
Increase/(Decrease) in cash and cash equivalents		**883,514**	(455,932)
Cash and cash equivalents at beginning of year	8	**919,343**	1,375,275
Cash and cash equivalents at end of year	8	**1,802,857**	919,343

Notes to the consolidated financial statements for the year ended 30 June 2020

1. Basis of preparation

The consolidated financial statements of Sareum Holdings plc and its subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, with IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

IFRS comprise standards and interpretations approved by the IASB. IFRS as adopted by the European Union differ in certain respects from IFRS as issued by the IASB. However, consolidated financial statements for the financial years presented would be no different had IFRS as issued by the IASB been applied. References to IFRS hereafter should be construed as references to IFRS as adopted by the European Union.

Going concern

The Directors acknowledge that there is uncertainty concerning the outcome of the UK's negotiations to exit the EU, though do not currently consider that this represents a significant risk to the Group's prospects.

From an operational perspective, Sareum has remained fully functional during the Covid-19 pandemic and there has been limited impact on the Company's network of Contract Research Organisations. Therefore, the Directors do not expect the pandemic to significantly impact the operations of the Group.

The Directors consider that the cash held at the year-end will be sufficient to meet the forecast expenditure for at least one year from the date of signing of these 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 subsidiaries) 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 subsidiaries (the Group) 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 company, registered in England and Wales. The Company's registered number is 05147578 and the registered office address can be found in note 11 below.

3. Accounting policies

The principal accounting policies applied are set out below.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and computers - straight line over three or four years

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.

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 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.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Operating lease agreements

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Pension contributions

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

Employee share scheme

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.

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 Company. 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.

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.

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.

Accounting standards and interpretations not applied

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group that have not been applied in these financial statements were in issue but not yet effective:

Standard		**Effective for accounting periods starting on or after**
Amendments to IAS 1	Definition of material	1 January 2020
Amendments to IFRS 9	Interest Rate Benchmark Reform	1 January 2020
Amendments to IFRS 3	Definition of Business	1 January 2020
Conceptual Framework for Financial Reporting		1 January 2020

Amendments to IFRS10	Sale or Contribution of assets between an Investor and its Associates or Joint Venture	deferred indefinitely

The Directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the Group.

No standards or interpretations adopted in the year had any material impact on the financial statements of the Group.

4. Investments in associates

	Interest in associates £
Cost	
At 1 July 2019 and 30 June 2020	**1,138,125**
Impairment	
At 1 July 2019	1,106,766
Impairment for year	29,726
At 30 June 2020	**1,136,492**
Net book value	
At 30 June 2020	**1,633**
At 30 June 2019	31,359

Interest in joint venture

The Investment in Associates represents the investment by the Group in the partnership with the Cancer Research Technology Pioneer Fund to advance the Chk1 programme. The associate has been accounted for using the equity method in the consolidated financial statements. Sareum's interest in the associate partnership is 27.5%. As of 30 June 2020, the partnership had net assets of £13,102 (2019: £121,195) and had incurred cumulative losses of £660,118 (2019: £552,025)

5. (Loss)/profit before income tax

The (loss)/profit before income tax is stated after charging:

	2020	2019
	£	£
Other operating leases	**17,745**	18,420
Depreciation – owned assets	**635**	8,000
Research and development	**549,348**	939,174
Auditor's remuneration – see analysis below	**13,645**	13,375
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the annual accounts:		
Audit of the Company	**4,700**	4,600
Audit of subsidiaries	**7,600**	7,450
Total audit fees	**12300**	12,050
Fees payable to the Company's auditor for other services:		
Taxation services	**1,345**	1,325
Total fees payable to the Company's auditor	**13,645**	13,375

6. Income tax

	2020	2019
	£	£
Current tax:		
UK corporation tax credit on (losses)/profits of the period	**(134,208)**	(225,985)
Adjustments recognised in the current year in relation to the current tax of prior years	**-**	(3,920)
Tax credit to the income statement	**(134,208)**	(229,905)

The credit for the year can be reconciled to the accounting loss as follows:

	2020	**2019**
	£	**£**
(Loss)/profit before tax	**(1,120,121)**	**(1,682,370)**
At standard rate of 19%	**(212,823)**	**(319,650)**
Effects of:		
Capital allowances (less)/more of depreciation	**64**	**(699)**
Other timing differences	**(985)**	**633**
Unutilised tax losses	**137,283**	**192,869**
Losses surrendered for research and development tax credits (less uplift)	**76,461**	**126,847**
Research and development tax credits claimed	**(134,208)**	**(225,985)**
Prior year adjustments	**-**	**(3,920)**
Actual current tax credit in the year	**(134,208)**	**(229,905)**

7. Loss per share

The calculation of (loss)/profit per share is based on the following data:

Basic (loss)/profit per share:

	2020	2019
Loss on ordinary activities after tax	**£(985,913)**	£(1,452,465)
Weighted average number of shares for basic loss per share	**3,080,071,969**	2,826,717,857
Basic (loss)/profit per share	**(0.03)p**	(0.05)p

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

8. Cash and cash equivalents

	2020	2019
	£	£
Bank deposit account	**1,794,467**	908,676
Bank accounts	**8,390**	10,667
	1,802,857	919,343

9. Reconciliation of (loss)/profit before income tax to cash generated from operations

	2020	2019
	£	£
(Loss)/profit before income tax	**(1,120,121)**	(1,682,370)
Depreciation charges	**635**	8,000
Share-based compensation	**-**	115,061
Share of cost of associate	**29,726**	10,016
Finance income	**(4,554)**	(4,085)
	(1,094,314)	(1,553,378)
(Increase)/decrease in trade and other receivables	**(292)**	74,143
Increase/(decrease) in trade and other payables	**51,611**	(36,529)
Cash used in operations	**(1,042,995)**	(1,515,764)

10. Dividend

The Directors are not able to recommend payment of a dividend.

11. Copies of the report and accounts

Copies of the report and accounts will be posted to those shareholders that have requested them, will be available from the Company's registered office at 2a Langford Arch, London Road, Pampisford, Cambridge CB22 3FX, and will be placed on the Company's website at http://www.sareum.com/.