Cizzle Biotechnology Holdings Plc

("Cizzle Biotechnology", "Cizzle" or the "Company")

Results for the year ended 31 December 2021

Cizzle Biotechnology, the UK-based diagnostics developer, is pleased to announce its audited results for the year ended 31 December 2021.

Chair's Statement

I am pleased to report on the Group's activities and results for 2021 during which we announced the acquisition of Cizzle Biotechnology Limited ("CBL") on 14 May 2021 and admission to trading on the London Stock Exchange by way of a Standard Listing, raising proceeds of £2,200,000 before expenses from the issue of new shares. We changed the company name from Bould Opportunities plc to Cizzle Biotechnology Holdings plc to better reflect the Group's ambitions to become a leading biotechnology business focussed on early-stage cancer detection through the commercialisation of its proprietary CIZ1B biomarker technology developed by Professor Dawn Coverley and her team at the University of York for the early detection of lung cancer.

The Group has made significant progress during 2021 and so far in 2022. In addition to implementing our strategy to develop a regulatory approved commercial, diagnostic laboratory immunoassay for early-stage lung cancer, we have broadened our interests in the detection of a range of other early-stage cancers, expanded our potential customer base to include the pharmaceutical industry through diagnostic tests that can help in the development of personalised medicines, so called "companion diagnostics" and secured royalty bearing rights to the sale of such drugs in the longer term.

To achieve this we have entered into a number of strategic supply agreements, extended our research and development programme with the University of York, secured an important companion diagnostic development project for autoimmune diseases worth up to £1m with St George Street Capital ("SGSC") and invested in royalty arrangements for their therapeutic asset (AZD1656) for the potential treatment of inflammatory diseases, including those linked with COVID 19.

The Group has also begun the process of selecting appropriate industrial development and distribution partners that will facilitate access to major markets globally and we are pleased to announce a royalty bearing strategic partnership in China to help address the country's challenge of reducing nearly 715,000 deaths caused by lung cancer in 2020.
(Source: https://www.statista.com/statistics/1053667/china-cancer-death-number-by-type/).

Research and Development

The Group is developing a blood test for the early detection of lung cancer. Its proof of concept prototype test is based on the ability to detect a stable plasma biomarker, a variant of CIZ1 known as CIZ1B. CIZ1 is a naturally occurring cell nuclear protein involved in DNA replication, and the targeted CIZ1B variant is highly correlated with early stage lung cancer. Currently the laboratory test developed by Professor Dawn Coverley at The University of York, has been used to validate the use of CIZ1B to detect lung cancer, and a proof of concept prototype test developed, which is compatible with potential use within a hospital laboratory setting.

In June 2021 we entered into a Collaboration Agreement with FairJourney Biologics to develop proprietary antibodies. Along with other key suppliers the Group expects to create a range of monoclonal antibodies and reagents that are the foundation for developing immunoassays, and in the future point of care tests not only for early-stage lung cancer but potentially also for other cancers with unmet clinical need.

In September 2021 we announced a new research agreement with The University of York for developing our blood test for the early detection of lung cancer, and potentially other forms of cancer. A further new agreement was announced in April 2022 that extended this work until June 2022.

A research and development agreement was finalised in October 2021 with "SGSC", the UK based biomedical charity to develop a companion diagnostic test for autoimmune disease. Its aim is to develop tests that will operate alongside SGSC's programme for the development of therapeutic assets licensed to SGSC from one of the world's largest pharmaceutical companies, Astra Zeneca. This seeks to address unmet clinical needs in a variety of autoimmune diseases which will significantly broaden the Company's product pipeline for which SGSC will pay the Group £200,000 upfront on commencement of the project and then further milestone payments totalling £1m.

China

One of the target markets identified for the Group is in China where we are aware there are serious challenges in being able to detect cancer early, and there is a great need for screening and diagnosing cancers among the Chinese population. Targeted testing can improve timely access to cancer care and save lives. The Group entered into a Memorandum of Understanding ("MOU") with the International Co-innovation Centre for Advanced Medical Technology ("iCCAMT") and Shenzhen Intelliphecy Life Technologies Co. Ltd ("Intelliphecy") to develop and market the Group's proprietary early lung cancer diagnostic tests based on the CIZ1B biomarker in China.

In February 2022 a full commercial agreement was executed to develop and market early lung cancer diagnostic tests in China. This agreement will generate future revenues for the Group via a 10% royalty on the sales of all products and services using its proprietary CIZ1B technology and from payment for monoclonal antibodies and reagents.

iCCAMT, founded with German Medical Valley, Robert Bosch GmbH and Sinopharm Group, aims to accelerate global med-tech innovation in the Chinese market, by bringing together world leading expertise. Intelliphecy is aiming to innovate technologies in the hope to win the war against cancer.

USA

On 6 May 2022 the Group announced that it had signed a heads of terms to partner with CorePath Laboratories (CorePath), a full service cancer reference laboratory, to develop and offer its proprietary early-stage lung cancer test throughout the USA. The proposal is that the Group would receive a 15% royalty and royalty sharing arrangements overall offering of products and services using CIZ1B via CorePath in the USA.

Lung cancer is the leading cause of cancer death in the USA, making up almost 25% of all cancer deaths. The American Cancer Society's estimates for lung cancer in the USA for 2022 are:

- About 236,740 new cases of lung cancer annually and about 130 - 180 deaths from lung cancer each year (Source**:** https://www.cancer.org/cancer/lung-cancer/about/key-statistics.html); and

- Currently, there are no simple specific blood tests to detect lung cancer early when targeted interventions can improve timely access to cancer care and save lives. Yet it is estimated that about 8 million Americans qualify as high risk of lung cancer and are recommended to receive annual screening with low-dose CT scans and if half of these high risk individuals were screened, over 12,000 lung cancer deaths could be prevented (Source: Cheung LC, Katki HA, Charurvedi AK, Jemal A, Berg CD. Preventing Lung Cancer Mortality by Computed Tomography Screening: The Effect of Risk-Based Versus U.S. Preventative Services Task Force Eligibility Criteria, 2005-2015. Anals of Internal Medicine. 2018; 168(3):229-32. Doi: 10.7326/M17-2067).

Royalty Investment in AZD1656
In September 2021 the Group entered into a royalty sharing agreement with SGSC to grant the Group potential royalty payments from the commercialisation of SGSC's therapeutic asset AZD1656 of up to £5m, plus potentially further payments from the use of a companion diagnostic. During the year the Group paid a total of £0.2m for this investment.

This supports the strategy of building a portfolio of early cancer detection tests, companion diagnostics and royalty bearing stakes in significant drug assets. SGSC has reported positive results from its ARCADIA clinical trial for diabetes patients with COVID19 and have indicated this may be through the regulation of the patients' immune system (via controlling Regulatory T Cells or "Tregs"). Tregs act to suppress immune response and combat damaging cells potentially reducing serious cardiovascular disease, and also lung diseases that are linked with the development of lung cancer.

In February 2022 the Group announced a further royalty deal in Inflammatory Pulmonary and Cardiovascular diseases with Conduit Pharmaceuticals Ltd ("Conduit") and SGSC to acquire an additional 5% economic interest in the commercialisation of the AZD 1656 asset or such other assets being developed by Conduit or SGSC to treat inflammatory pulmonary and cardiovascular disease. Under the agreement the Group will receive 5% of all sums received by SGSC pursuant to any AstraZeneca ("AZ") commercialisation or sub-licence commercialisation of the AZD 1656 asset in inflammatory pulmonary and cardiovascular diseases, after the deduction of certain sums. The consideration due to SGSC is £1.88m with the initial consideration of £1m being settled through the issue of 25,000,000 new ordinary shares at a price of 4.0p per share, which was a premium of 56.9% to the Company's closing mid-market price of 2.55p on 11 February 2022. The remaining consideration of £0.88m will be payable in new ordinary shares at 4.0p per share, on the earlier of receiving shareholder approval to issue the shares or the first anniversary of completion.

Financial overview
Due to reverse acquisition accounting principles, which are explained in more detail in Note 3 to the financial statements, these consolidated financial statements represent a continuation of the consolidated statements of Cizzle Biotechnology Holdings PLC ("the Company") and its subsidiaries (together referred to as "the Group") and include:

- The assets and liabilities of CBL at their pre-acquisition carrying value amounts and the results for all periods reported: and
- The assets and liabilities of the Company as at 14 May 2021 and its results from the date of reverse acquisition on 14 May 2021 to 31 December 2021.

As the new Group was not in existence in 2020 the comparative results under reverse acquisition rules are those of the existing company, CBL, that effectively completed the acquisition. The financial results for the period to 31 December 2021 are summarized below:

- Corporate expenses, before share option charge and exceptional items: £552,000 (2020 CBL: £14,000);
- Share option charge: £299,000 (2020 CBL: £Nil)
- Exceptional corporate expenses relating to the acquisition: £3,117,000 (2020 CBL: £Nil) which include transaction costs of £303,000 and a non-cash share-based expense of £2,804,000 (explained in Notes 3 and 5);
- Total comprehensive loss: £ 3,921,000 (2020 CBL Loss £ 14,000); and
- Loss per share 2.4 p (2020 CBL Loss 2.8) p.

Allan Syms
Executive Chair

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Notes to Editors:

About Cizzle Biotechnology

Cizzle Biotechnology is developing a blood test for the early detection of lung cancer. Cizzle Biotechnology is a spin- out from the University of York, founded in 2006 around the work of Professor Coverley and colleagues. Its proof-of-concept prototype test is based on the ability to detect a stable plasma biomarker, a variant of CIZ1 known as CIZ1B. CIZ1 is a naturally occurring cell nuclear protein involved in DNA replication, and the targeted CIZ1B variant is highly correlated with early-stage lung cancer.

For more information, please see https://cizzlebiotechnology.com

You can also follow the Company through its twitter account @CizzlePlc and on LinkedIn.

Consolidated Statement of Comprehensive Income
for the period year ended 31 December 2021

	Notes	Group	CBL

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Administrative expenses			
- on-going administrative costs	6	**(552)**	(14)
- share option charge	6	**(299)**	-
- transaction costs	6	**(303)**	-
- reverse acquisition expenses	6	**(2,804)**	-
Total administrative expenses		**(3,958)**	(14)
Operating (loss) and (loss) before income tax		**(3,958)**	(14)
Income tax	9	**37**	-
Loss and total comprehensive income for the year attributable to the equity shareholders of the parent		**(3,921)**	(14)
Earnings per ordinary share (pence) attributable to the equity shareholders:			
Continued operations basic and diluted	10	**(2.4p)**	(2.8p)
Earnings per ordinary share (pence) attributable to the equity shareholders of the parent	10	**(2.4p)**	(2.8p)

The Company has elected to take the exemption provided under section 408, Companies Act 2006 from presenting the Company statement of comprehensive income.

The notes are an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2021

	Notes	Group 2021 £'000	CBL 2020 £'000
Non-current assets			
Intangible asset	11	**200**	-
Tangible assets	11	**-**	-
		200	-
Current assets			

Trade and other receivables	12	**80**	3
Cash and cash equivalents	13	**875**	7
		955	10
Total assets		**1,155**	10
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	14	**3,493**	3
Share premium		**32,566**	1,585
Reverse acquisition reserve		**(40,021)**	-
Share capital reduction reserve		**10,081**	-
Share option reserve		**335**	-
Retained losses		**(5,517)**	(1,596)
Total equity		**937**	(8)
Liabilities			
Current liabilities			
Trade and other payables	15	**218**	8
Borrowings		**-**	10
Total liabilities		**218**	18
Total equity and liabilities		**1,155**	10

The notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 30 May 2022 and were signed on its behalf by:

Nigel Lee
Director

Company Statement of Financial Position
As at 31 December 2021

	Notes	**2021 £'000**	2020 £'000
Non-current assets			
Intangible asset	11	**200**	
Investments	11	**21,803**	-
		22,003	-
Current assets			
Trade and other receivables	12	**241**	6

Cash and cash equivalents	13	**848**	84
		1,089	90
Total assets		**23,092**	90
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	14	**3,493**	3,470
Share premium		**32,566**	8,852
Share capital reduction reserve		**10,081**	10,081
Share option reserve		**335**	-
Accumulated losses		**(23,516)**	(22,371)
Total equity		**22,959**	32
Liabilities			
Current liabilities			
Trade and other payables	15	**133**	58
Total liabilities		**133**	58
Total equity and liabilities		**23,092**	90

The notes are an integral part of these financial statements. The loss for the year of the Company was £1,145,000 (2020: loss of £306,000).

The financial statements were approved and authorised for issue by the board on 30 May 2022 and were signed on its behalf by:

Nigel Lee
Director

Consolidated Statement of Cash Flows for the year ended 31 December 2021

	Notes	**Group 2021 £'000**	CBL 2020 £'000
Cash flows from operating activities			
Operating (loss) before tax		**(3,958)**	(14)
Adjustment for:			
Reverse acquisition expense	3,6	**2,804**	-
Share option charge		**299**	-
Transaction costs settled through share issue		**32**	-
Share based payment to former director		**11**	-
Operating cash flow before working capital movements		**(812)**	(14)
Decrease in trade and other receivables	12	**7**	-
Decrease in trade and other payables	15	**(204)**	(2)

Net cash used in operating activities		**(1,009)**	(16)
Cash flows from investing activities			
Cash acquired on acquisition of subsidiary		**46**	-
Purchase of investment in intangible assets	11	**(200)**	-
Net cash used in investing activities		**(154)**	-
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	14	**2,041**	-
Borrowings received		**-**	10
Borrowings repaid		**(10)**	-
Net cash generated from financing activities		**2,031**	10
Net increase / (decrease) in cash and cash equivalents		**868**	(6)
Cash and cash equivalents at the start of the year	13	**7**	13
Cash and cash equivalents at the end of the year	13	**875**	7

The notes are an integral part of these financial statements.

Company Statement of Cash Flows for the year ended 31 December 2021

	Notes	**2021**	2020
		£'000	£'000
Cash flows from operating activities			
Loss before tax		**(1,145)**	(306)
Share option charge		**299**	-
Transaction costs settled through share issue		**32**	
Operating cash flow before working capital movements		**(814)**	(306)
Change in trade and other receivables	12	**(19)**	25
Change in trade and other payables	15	**75**	(13)
Net cash used in operating activities		**(758)**	(294)
Cash flows from investing activities			
Purchase of investment in intangible assets		**(200)**	-
Investment in subsidiary company	11	**(103)**	-
Change in intra group funding		**(216)**	-
Net cash used in investing activities		**(519)**	-
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	14	**2,041**	-
Net cash generated from financing activities		**2,041**	-
Net increase / (decrease) in cash and cash equivalents		**764**	(294)
Cash and cash equivalents at the start of the year	13	**84**	378
Cash and cash equivalents at the end of the year	13	**848**	84

The notes are an integral part of these financial statements.

Group statement of Changes in Equity
for the year ended 31 December 2021

Group	Ordinary Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Share Option Reserve £'000	Reverse Acquisition Reserve £'000	Retained Losses £'000	Total £'000
At 1 January 2021	3	1,585	-	-	-	(1,596)	(8)
Issue of shares	-	11	-	-	-	-	11
Transfer to reverse acquisition reserve	(3)	(1,596)	-	-	1,599	-	-
Recognition of plc equity at acquisition date	3,470	8,852	10,081	-	(22,621)	-	(218)
Issue of shares for acquisition of subsidiary	21	21,679	-	-	(21,803)	-	(103)
Reverse acquisition expense	-	-	-	-	2,804	-	2,804
Issue of shares for cash	2	2,198	-	-	-	-	2,200
Issue of shares in settlement of fees	-	32	-	-	-	-	32
Issue of warrants	-	(36)	-	36	-	-	-
Cost of share issue	-	(159)	-	-	-	-	(159)
Share option charge	-	-	-	299	-	-	299
	3,493	32,566	10,081	335	(40,021)	(1,596)	4,858
Comprehensive Loss for the year	-	-	-	-	-	(3,921)	(3,921)
At 31 December 2021	**3,493**	**32,566**	**10,081**	**335**	**(40,021)**	**(5,517)**	**937**

For the year ended 31 December 2020

CBL	Ordinary Share Capital £'000	Share Premium £’000	Retained Losses £’000	Total £’000

At 1 January 2020	3	1,585	(1,582)	6
Comprehensive loss for the year	-	-	(14)	(14)
At 31 December 2020	3	1,585	(1,596)	(8)

Company statement of Changes in Equity
for the year ended 31 December 2021

	Ordinary Share Capital £'000	Share premium £'000	Share capital reduction reserve £'000	Share option reserve £'000	Retained Losses £'000	Total £'000
At 1 January 2020	3,470	8,852	10,081	-	(22,065)	338
Comprehensive Loss for the year	-	-	-	-	(306)	(306)
At 31 December 2020	3,470	8,852	10,081	-	(22,371)	32
Issue of shares for acquisition of subsidiary	21	21,679	-	-	-	21,700
Issue of shares for cash	2	2,198	-	-	-	2,200
Issue of shares in settlement of fees	-	32	-	-	-	32
Cost of share issue	-	(159)	-	-	-	(159)
Issue of warrants	-	(36)	-	36	-	-
Share option charge	-	-	-	299	-	299
	3,493	32,566	10,081	335	(22,371)	24,104
Comprehensive Loss for the year	-	-	-	-	(1,145)	(1,145)
At 31 December 2021	**3,493**	**32,566**	**10,081**	**335**	**(23,516)**	**22,959**

The notes are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1 General information

Cizzle Biotechnology Holdings PLC ("the Company" of "the Group") (formerly Bould Opportunities PLC) is a public limited company with its shares traded on the Standard Listing of the London Stock Exchange. On 14 May 2021 the Company acquired through a share for share exchange the entire share capital of Cizzle Biotechnology Limited. The Company is a holding company of a group of companies ("the Group") whose principal activity is the early detection of lung cancer via the development of an immunoassay test for the CIZ1B biomarker.

The directors consider there to be no ultimate controlling shareholder of the Company.

The address of the registered office is 6th Floor, 60 Gracechurch Street, London, EC3V 0HR and the registered number of the Company is 06133765.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Cizzle Biotechnology Holdings PLC ("the Company") including subsidiary undertakings (together referred to as "the Group") have been prepared in accordance with UK-adopted international accounting standards, and the Companies Act 2006 on a historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The results for the year ended 31 December 2021 are the Group results following the acquisition of Cizzle Biotechnology Limited ("CBL") on 14 May 2021. The results for the comparative period to 31 December 2020 are the results of CBL prior to the creation of the new Group.

(a) New standards and interpretations

The IASB and IFRS Interpretations Committee have issued the following standards and interpretations with an effective date of implementation of 1 January 2021.

i) New standards and amendments – applicable 1 January 2021

The following standard and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

	Effective for accounting periods beginning on or after	**Impact**
Interest rate benchmark reform – Amendments to IFRS 17 "Insurance Contracts"	1 January 2021	None
Interest rate benchmark reform – Amendments to IFRS 16 "Leases"	1 January 2021	None
Interest rate benchmark reform – Amendments to IFRS 9 "Financial Instruments"	1 January 2021	None

Interest rate benchmark reform – Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”	1 January 2021	None
Interest rate benchmark reform – Amendments to IFRS 7 “Financial Instruments: Disclosures”	1 January 2021	None

ii) Forthcoming requirements

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021 and not early adopted.

	Effective for accounting periods beginning on or after	**Impact**
COVID-19 related Rent Concessions – Amendments to IFRS 16	1 March 2021	None
Income Taxes – Deferred tax amendments to IAS 12	1 May 2021	None
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022	None
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	None
Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	None
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	None
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2022	None

2.2 Going concern

The Directors have adopted the going concern basis in preparing the financial statements for the year to 31 December 2021. In reaching this conclusion, the Directors have considered current trading and the current and projected funding position for the period of just over 12 months from the date of approval of the financial statements through to 30 June 2023. The Company, as anticipated in the Company’s Prospectus announced on 23 April 2021, will need to generate finance through equity or debt in order to meet its committed liabilities as they fall due for the foreseeable future and progress its planned product research and development activities. The auditors have made reference to a material uncertainty in respect of going concern in their audit report. The assessment of the COVID-19 situation continues to be monitored by the directors. It’s impact to date on the Group’s operations has been minimal.

Current funding

The Company’s cash balance as at 31 December 2021 was £875,000 and there were no borrowing facilities at that date. On 14 May 2021 the Company raised £2,200,000, before share issue costs, through the placing of new ordinary shares in conjunction with the admission of its shares to trading on the London Stock Exchange by way of a Standard Listing.

Conclusion

After taking account of the Company’s current funding position, its cash flow projections and the risks and uncertainties associated with these, the directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

2.3 Segmental reporting

IFRS 8 requires that segmental information be disclosed on the basis of information reported to the chief operating decision maker. The Company considers that the role of chief operating decision maker is performed by the Company's Board of Directors. The Group's only business activity and single segment is the development of tests for the early detection of lung cancer.

2.4 Foreign currency translation

The functional currency of the Company is Sterling which is also the presentational currency of the financial statements. Foreign currency assets and liabilities are converted into Sterling at the rates of exchange ruling at the end of the financial year. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.5 Non-Current assets

Investments in intangible assets and subsidiaries are stated at cost less accumulated impairment. Plant and equipment are stated at costs less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to write off costs less estimated residual values on a straight-line basis over their estimated useful lives. Estimated useful lives are reviewed each year and amended if necessary.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less.

2.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Current and deferred income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.9 Share based payments

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense and credited to the share option reserve within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Options that lapse before vesting are credited back to income. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and, if applicable, share premium when the options are exercised.

2.10 Financial instruments

i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contracted terms of the cash flows. Financial assets are classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contracted cash flow and
- the contractual terms give rise to cash flows that are solely payments of principal ar interest.

Financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated income statement.

The Company applies the simplified approach in calculating the expected credit losses (ECLs) as permitted by IFRS 9. Changes in credit risk is not tracked but instead a loss allowance is recognised at each reporting date based on the financial asset's lifetime ECL.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

ii) Financial liabilities

Basic financial liabilities, being trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. The Company does not hold or issue derivative financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

2.11 Pensions

For defined contribution schemes the amount charged to the statement of comprehensive income is the contribution payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown either as accruals or prepayments.

2.12 Exceptional items

The Company has separately identified certain net expenses that are exceptional by either their size or the fact that they do not normally occur in the Company's normal course of business. Such items are recorded separately in the Statement of Comprehensive Income and are explained further in Note 6.

3 Reverse acquisition

On 14 May 2021 the Company acquired through a share for share exchange the entire share capital of CBL whose principal activity is the early detection of lung cancer through the development of tests to detect CIZ1B variant protein.

Although the transaction resulted in CBL becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of CBL own a substantial majority of the shares of the Company.

In substance the shareholders of CBL acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were purely the maintenance of the AIM listing, acquiring CBL and raising equity finance to provide the required funding for the operations of the acquisition means it did not meet the definition of a business combination in accordance with IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination and was accounted for in accordance with IFRS 2 "Share-based Payments" and associated IFRIC guidance. Although the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The directors have prepared these financial statements using the reverse acquisition methodology, but rather than recognise goodwill, the difference between the equity value given up by the CBL shareholders is charged to the statement of comprehensive income as a share-based payment on reverse acquisition, and represents in substance the cost of acquiring a quoted company.

In accordance with the reverse acquisition principles, these consolidated financial statements represent a continuation of the consolidated statements of Cizzle Biotechnology Holdings Plc and its subsidiaries and include:
- The assets and liabilities of CBL at their pre-acquisition carrying value amounts and the results for all periods reported; and
- The assets and liabilities of the Company as at 14 May 2021 and its results from the date of reverse acquisition (14 May 2021 to 31 December 2021).

On 14 May 2021 the Company issued 206,310,903 ordinary shares to acquire the 313,932 ordinary shares of CBL Limited. At 14 May 2021 the valuation of the investment in CBL was £21,700,000.

Because the legal subsidiary, CBL, was treated on consolidation as the accounting acquirer and the legal parent company, Cizzle Biotechnology Holdings Plc, was treated as an accounting subsidiary, the fair value of the shares deemed to be issued by CBL was calculated at £2,587,000 based on an assessment of the purchase consideration for a 100% holding of Cizzle Biotechnology Holdings plc.

The fair value of the net liabilities of Cizzle Biotechnology Holdings Plc at acquisition was as follows:

	£'000
Cash and cash equivalents	46
Other assets	47
Liabilities	(310)
Net (Liabilities)	(217)

The difference between the deemed cost of £2,587,000 and the fair value of the net liabilities noted above of £(217,000) resulted in £2,804,000 being expensed as "reverse acquisition expenses" in accordance with IFRS2, Share- based Payments, reflecting the economic cost to CBL shareholders of acquiring a quoted entity.

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition equity[1]	(22,621)

CBL share capital at acquisition[2]	1,599
Investment in CBL[3]	(21,803)
Reverse acquisition expense[4]	2,804
	(40,021)

1. Pre-acquisition equity of Cizzle Biotechnology Holdings PLC at 14 May 2021.
2. CBL had issued share capital and share premium of £1,599,000. As these financial statements represent the capital structure of the legal parent entity, the equity of CBL is eliminated.
3. The value of the shares issued by the Company in exchange for the entire share capital of CBL plus stamp duty expenses.
4. The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by CBL to the Group.

Recognition of pre-acquisition equity of Cizzle Biotechnology Holdings PLC at 14 May 2021.
CBL had issued share capital and share premium of £1,599,000. As these financial statements represent the capital structure of the legal parent entity, the equity of CBL is eliminated.
The value of the shares issued by the Company in exchange for the entire share capital of CBL plus stamp duty expenses. The above entry is required to eliminate the balance sheet impact of this transaction.
The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by CBL to the Group.

4 Financial risk

The Group's principal risk factors are as follows:

4.1 Capital risk management

The Company monitors capital which comprises all components of equity (i.e. share capital, share premium, capital reduction reserve, share option reserve, and retained earnings/losses). Note 22 describes how capital is managed in respect of the debt to equity ratio.

4.2 Financial risk factors

The Group's operations exposed it to a variety of financial risks that had included the effects of credit risk, liquidity risk and interest rate risk. The Company had in place a risk management programme that attempted to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company did not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting was applied.

Given the size of the Company, the directors did not delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the board of directors were implemented by the Company's finance department.

a) Credit risk
The Company's credit risk was primarily attributable to its trade receivables balance. The amounts presented in the statement of financial position are net of allowances for impairment.

b) Liquidity risk
Liquidity risk was the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities included its trade and other payables shown in Note 15.

c) Interest rate cash flow risk
The Company had interest-bearing assets. Interest bearing assets comprised only cash balances, which earned interest at floating rates.

5 Critical accounting estimates and judgements

In the preparation of the financial statements the directors must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that the Board believes are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

a) Accounting judgement

There were no judgments made.

b) Accounting estimate

Share based payments
See Note 14 which explains the methods used to estimate the fair value of share options granted.

6 Operating expenses

	Group	CBL
	2021	2020
	£'000	£'000
Research and development	**161**	-
Professional advisers	**89**	-
Staff costs	**88**	-
Intellectual property renewal fees	**57**	14
Regulatory fees	**53**	-
Share based payment	**37**	-
Audit fees (Note 7)	**27**	-
Other expenditure	**40**	-
On-going administrative costs	**552**	14
Share option charge	**299**	-
Reverse acquisition expense	**2,804**	-
Transaction costs – IPO and reverse acquisition	**303**	
Total administrative expenses	**3,958**	14

7 Auditor's remuneration

	Group	CBL

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Group, Company and subsidiary financial statements	**27**	-
Non-audit services – reporting accountant for IPO	**38**	-
	65	-

8 Directors' emoluments

	Group 2021 £'000	CBL 2020 £'000	Company 2021 £'000	Company 2020 £'000
Wages and salaries	**125**	-	**105**	80
Social Security Costs	**10**	-	**11**	6
Pension Contributions	**3**	-	**2**	-
Share based payments	**299**	-	**299**	-
	437	-	**417**	86

The Group does not have any employees other than the directors. The average number of directors during the year was 4 (CBL 2020: 2).

9 Income tax credit

The tax credit for the year was as follows:

	Group 2021 £'000	CBL 2020 £'000
Research and development tax credits	**(37)**	-
	(37)	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to the losses of the group (2020: CBL) as follows:

	Group 2021 £'000	CBL 2020 £'000
Loss before tax on continuing operations	**(3,958)**	-
Tax calculated at the domestic rate applicable of 19% (2020: 19%)	**(752)**	-
Expenses not deductible for tax purposes	**590**	-
Tax losses for which no deferred tax credit was recognised	**162**	-
Research and development tax credit	**(37)**	-
Total income tax credit	**(37)**	-

10 Earnings per share

Basic loss per share

	Group 2021	CBL 2020
Loss for the year	**(£3,921,000)**	(£14,000)

Weighted average number of ordinary shares	**160,516,450**	493,844
Basic loss per share	**(2.4p)**	(2.8p)

The basic loss per share is derived by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares in issue. The weighted average number of shares is adjusted for the impact of the reverse acquisition as follows:

- Prior to the reverse acquisition, the number of shares is based on CBL, adjusted using the share exchange ratio arising on the reverse acquisition; and
- From the date of the reverse acquisition, the number of share is based on the Company.

Diluted earnings per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjusting these amounts for the effects of dilutive potential ordinary shares. As the results for the years ended 31 December 2021 and 31 December 2020 are a loss, any exercise of share options would have an anti-dilutive effect on earnings per share. Consequently, earnings per share and diluted earnings per share are the same and the calculation has not been included.

As at 31 December 2021, there were share options outstanding over 23,432,041 shares (CBL 2020: 14,928,864 shares), which could potentially have a dilutive impact in the future.

11 Non- Current assets

	Group 2021 £'000	**CBL 2020 £'000**	Company 2021 £'000	Company 2020 £'000
Investment in subsidiary undertakings	**-**	**-**	21,803	-
Intangible assets	**200**	**-**	200	-
Tangible assets	**-**	**-**	-	-
Total investments	**200**	**-**	22,003	-

a. Investments in subsidiary undertakings - Company

	2021 £'000	2020 £'000
Opening balance	**-**	-
Acquisition during the year	**21,803**	-
Closing balance	**21,803**	-

The investment in subsidiary undertakings is in the following companies:

Name	**Country of incorporation**	**Proportion of ownership interest**	**Principal activities/status**
Cizzle Biotechnology Limited	England and Wales	100% interest in ordinary share capital	Early detection of lung cancer
Cizzle Biotech Limited (formerly Enfis Limited)	England and Wales	100% interest in ordinary share capital	Dormant

The registered address for ongoing subsidiaries is 6th floor, 60 Gracechurch Street, London, EC3V 0HR.

Cizzle Biotechnology Limited - as mentioned in Note 3, this investment represents the value of the shares issued by the Company in exchange for the entire share capital of CBL (£21,700,000 plus stamp duty expenses of £103,000).

b. Intangible assets – Group and Company

Intangible assets represents the fair value an investment in a royalty sharing arrangement with St George Street Capital ("SGSC"), a UK-based medical charity. This agreement grants the Company potential future royalty payments from the commercialisation of St George Street's therapeutic asset AZD1656 of up to £5m, plus potentially further payments from the use of a companion diagnostic.

	2021	2020
	£'000	£'000
Opening balance	**-**	-
Acquisition during the year	**200**	-
Closing balance	**200**	-

c. Tangible assets - Group

	Laboratory equipment £'000	**Total £'000**
Cost		
At 1 January 2021	-	-
Acquired during the year	18	18
Write-off during the year	(18)	(18)
At 31 December 2021	-	-
Depreciation		
At 1 January 2020	-	-
Acquired during the year	18	18
Write-off during the year	(18)	(18)
At 31 December 2021	-	-
Net book value		
At 31 December 2021	-	-
At 31 December 2020	-	-

On 14 May 2021 the Group acquired laboratory equipment with a cost of £18,000 and a net book value of £Nil. This equipment was written off at 31 December 2021.

12 Trade and other receivables

	Group	CBL	**Company**	Company
	2021	2020	**2021**	2020

	£’000	£’000	£’000	£’000
Trade receivables	**-**	-	**-**	4
Less: provision for impairment	**-**	-	**-**	-
Trade receivables (net)	**-**	-	**-**	4
Amounts due from subsidiaries	**-**	-	**216**	-
Social security and other taxes	**14**	-	**7**	2
Corporation tax recoverable	**37**	-	**-**	-
Prepayments and other receivables	**29**	3	**18**	-
	80	3	**241**	6

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as ‘trade and other receivables’ in the statement of financial position and are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The value of trade receivables shown above, in addition to the value of cash balances on deposit with counterparties (see Note 17), represents the Company’s maximum exposure to credit risk. No collateral is held as security.

Amounts due from subsidiary undertakings at 31 December 2021 represented net amounts provided to the Company’s wholly owned subsidiary, Cizzle Biotechnology Limited.

The fair value of trade and other receivables approximate to the net book values stated above.

As of 31 December 2021, trade receivables of £Nil (2020: £Nil) were past their due date of receipt.

	Group 2021 £’000	CBL 2020 £’000	**Company 2021 £’000**	Company 2020 £’000
Up to two months past due	**-**	-	**-**	-
Over two months past due	**-**	-	**-**	4

As of 31 December 2021, trade receivables of £Nil (2020: £Nil) were impaired. The individually impaired receivables relate to balances where it has been assessed that the receivable is not expected to be recovered.

13 Cash and cash equivalents

	Group 2021 £’000	**CBL 2020 £’000**	Company 2021 £’000	Company 2020 £’000
Cash on hand and balances with banks	**875**	**7**	848	84
	875	**7**	848	84

14 Share capital

Numbers in 000s

Nominal value per share	New Ordinary Shares 0.01p	Deferred ‘A’ shares 0.01p	Deferred ‘A' shares 0.99p
At 31 December 2020	-	-	-
Recognition of PLC equity	24,817	225,158	12,383,626
Issued	228,631	-	-
At 31 December 2021	**253,448**	**225,158**	**12,383,626**

The following table reconciles the total nominal value of the shares in issue:

Nominal value per share	New Ordinary shares 0.01p £000	Deferred £0.01p ‘A’ shares 0.01p £’000	Deferred ‘A' shares 0.99p £000	Total £000
At 31 December 2020	-	-	-	-
On reverse takeover of Cizzle Biotechnology Limited				
- Recognition of PLC equity	3	1,238	2,229	3,470
- Consideration shares	21	-	-	21
- Placing of shares for cash	2	-	-	2
- Settlement of fees	-	-	-	-
At 31 December 2021	**26**	**1,238**	**2,229**	**3,493**

During the year ended 31 December 2021, the following shares were issued:

14 May 2021	**No of shares issued 000s**	**Issue price per share Pence**
Reverse takeover – Cizzle Biotechnology Ltd (non-cash)	206,311	10.0p
Placing (cash)	22,000	10.0p
Settlement of fees (non-cash)	320	10.0p
Total issued	**228,631**	

On 14 May 2021 the Company issued investor warrants to subscribe for 11,000,000 Ordinary Shares at a fixed price of 15p per share valid for three years until 13 May 2024.

On 14 May 2021 the Company issued broker and adviser warrants to subscribe for 1,350,000 Ordinary Shares at a fixed price of 10p per share valid for three years until 13 May 2024. 250,000 of these broker warrants are automatically exercisable upon the Company’s share price equalling 20p per share. The fair value of these warrants at 31 December 2021 is £5,000 and has been accounted for as a cost to the Company and a reduction of the share premium account (see statement of changes in equity on pages 37 to 38).

Employee share scheme

The Company has an Executive Share Option Scheme.

The exercise terms of all granted options as at 31 December 2021 are summarised below:

Date of grant	Number of options	Exercise price (pence per share)	Exercise dates from
2015	300	5.02	2017
2016	800	1.85	2017
2017	500	1.00	2018
2021	3,689,096	1.53	2021
2021	19,741,345	10.00	2021 (based on performance)

The number and weighted average exercise price of the options that were exercisable at 31 December 2021 were 23,432,041 and 8.67p respectively.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price (pence per share)	Options number
At 31 December 2020	-	
Acquired on reverse takeover	1.53	3,690,696
Issued during year	10.00	19,741,345
At 31 December 2021	**8.67**	**23,432,041**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price (pence per share)	Options 2021
2025	**5.02**	**300**
2026	**1.85**	**800**
2027	**1.00**	**500**
2027	**1.53**	**3,689,096**
2031	**10.00**	**19,741,345**
		23,432,041

The Company determines the fair value of its share option contracts on the grant date, adjusts this to reflect its expectation of the options that will ultimately vest, and then expenses the calculated balance on a straight-line basis through its statement of comprehensive income over the expected vesting period with a corresponding credit to its share option reserve. Subsequent changes to the expectation of number of options that will ultimately vest are dealt with prospectively such that the cumulative amount charged to the statement of comprehensive income is consistent with latest expectations. Subsequent changes in market conditions do not impact the amount charged to the statement of comprehensive income.

The Company determines the fair value of its share option contracts using a model based on the Black-Scholes-Merton methodology. In determining the fair value of its share option contracts, the Company made the following assumptions (ranges are provided where values differ across tranches). Expected volatility was determined by reference to historical experience.

Grant date	**Share Price Pence**	**Exercise Price Pence**	**Expected Option Life Years**	**Expected Volatility %**	**Expected Dividend Yield %**	**Risk free Interest Rate %**	**Fair Value At date of Grant Pence**
2021	9.38p	1.53p	10 years	68%	0%	0.83%	1.60p
2021	4.40p	10.00p	10 years	32%	0%	0.83%	3.00p

15 Trade and other payables

	Group 2021 £'000	CBL 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade payables	**111**	2	**73**	14
Social security and other taxes	**43**	-	**6**	5
Accruals and other payables	**64**	6	**54**	39
	218	8	**133**	58

	Group 2021 £'000	CBL 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Due or due in less than one month	**75**	2	**37**	14
Due between one and three months	**4**	-	**4**	8
Due in more than three months	**32**	-	**32**	(8)
	111	2	**73**	14

16 Borrowings

	Group 2021 £'000	**CBL 2020 £'000**	Company 2021 £'000	Company 2020 £'000
Loans repayable in less than one year	**-**	**10**	-	-
	-	**10**	-	-

17 Financial assets and liabilities

The tables below analyse the carrying value of financial assets and financial liabilities in the Group's and Company's statements of financial position. Further information on the classes that make up each category is provided in the notes indicated. The carrying value of each category is considered a reasonable approximation of its fair value. All amounts are due within one year.

	Group 2021	CBL 2020	**Company 2021**	Company 2020

	£'000	£'000	£'000	£'000
Trade receivables (Note 12)	**-**	-	**-**	4
Amounts due from subsidiaries (Note 12)	**-**	-	**216**	-
Prepayments and other receivables (Note 12)	**29**	3	**18**	-
Cash and cash equivalents (Note 13)	**875**	7	**848**	84
Financial assets at amortised cost	**904**	10	**1,082**	88

	Group 2021 £'000	CBL 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade payables (Note 15)	**111**	2	**73**	22
Accruals and other payables (Note 15)	**64**	6	**54**	36
Borrowings (Note 16)	**-**	10	**-**	-
Financial liabilities at amortised cost	**175**	18	**127**	58

18 Deferred income tax

There is an un-provided deferred tax asset arising on taxable losses of £0.47m (2020: £0.2m). In accordance with accounting standards, the deferred tax asset has not been recognised in the financial statements due to uncertainty over the availability of sufficient future profits against which it could be recovered.

At 31 December 2021 there was no deferred tax liability (2020: £nil).

19 Commitments

The Group has no commitments as at 31 December 2021 (2020: £Nil).

20 Related party transactions

Transactions with directors

Directors' emoluments as noted in note 8. The Group's Statement of Comprehensive Income includes an amount of £7,366 (2020: £20,000) paid to Experience Capital Limited in respect of non-executive director services provided by Martin Lampshire.

21 Controlling party

The directors consider there to be no ultimate controlling party.

22 Capital management

In managing its capital structure, the Company's objective is to safeguard the Company's ability to continue as a going concern, managing cash flows so that it can continue to provide returns for shareholders.

The Company makes adjustments to its capital structure in the light of changes in economic conditions and the requirements of the Company's businesses. The Board has sought to maintain low levels of borrowing to reflect the development stage of the Company's businesses. Over time as the Company's businesses mature and become profitable the Board is likely to make increased use of borrowing facilities to fund working capital. In order to maintain or adjust the capital structure, the Company may issue new shares or seek additional borrowing facilities. The Company monitors capital on several bases including the debt to equity ratio. This ratio is calculated as debt ÷ equity. Debt is calculated as total borrowings as shown in the consolidated statement of financial position.

Equity comprises all components of equity as shown in the consolidated statement of financial position. The debt-to-equity ratio at 31 December 2021 and 31 December 2020 was as follows:

	Group 2021 £'000	**CBL 2020 £'000**	Company 2021 £'000	Company 2020 £'000
Total debt	**-**	**10**	-	-
Total equity	**937**	**(8)**	22,959	32
Debt-to-equity ratio	**0.0%**	**125%**	0.0%	0.0%

23 Reserves

The following reserves describe the nature and purpose of each reserve within equity:

a. Capital reduction reserve

The capital reduction reserve set out in the Statement of Changes in Equity arose in 2014 when the nominal value of each share was reduced from 10p to 1p.

b. Share premium

The amount subscribed for each share in excess of nominal value.

c. Reverse acquisition reserve

The reverse acquisition reserve is explained in Note 3.

d. Share option

The accumulated expense arising during their vesting period of share options granted to directors and employees and warrants granted to third parties.

e. Accumulated losses

All other net losses and gains not recognised elsewhere.

24 Subsequent events

a) Royalty Investment in AZD 1656

On 14 February 2022 it was announced that the Company had entered into a definitive agreement (the "Agreement") with Conduit Pharmaceuticals Limited ("Conduit") and St George Street Capital Limited ("SGSC") to acquire a 5% economic interest in the commercialisation of the AZD 1656 asset or other such assets being developed by Conduit or SGSC to treat inflammatory pulmonary and cardiovascular disease (the “Economic Interest”).

Highlights of the Agreement are as follows:

- Agreement with Conduit and SGSC to acquire a 5% economic interest for a total consideration of £1.88 million, to be settled in new Cizzle ordinary shares at a price of 4.0p per share, a 56.9% premium to the closing mid-market price on 11 February 2022;
- The Agreement is in addition to the Company’s existing interest in AZD 1656 as announced on 20 September 2021:
- SGSC recently reported the successful completion of the AZD 1656 ARCADIA clinical trial in Covid-19 and SGSC and Conduit are in discussions with multiple pharmaceutical companies about licensing opportunities for AZD 1656 for Covid-19 and potentially for further indications; and
- The Agreement supports the Company’s ambitions to expand its target customer base into the pharmaceutical industry and is in line with its strategy of building a portfolio of early cancer detection tests, companion diagnostics and royalty bearing stakes in significant drug assets.

Consideration for the Agreement

Under the terms of the Agreement, Cizzle will pay consideration of £1.88 million to SGS for the Economic Interest. Of the consideration payable, £1.0 million (the “Initial Consideration”) will be satisfied by the issue of 25,000,000 new ordinary shares in the Company (the “Consideration Shares”), at a price of 4.0 pence per Consideration Share, being a premium of 56.9 per cent. to the Company’s closing mid-market price of 2.55 pence on 11 February 2022. The remaining consideration of £880,000 will be payable in new ordinary shares in the Company issued at 4.0 pence per share, on the earlier of receiving shareholder approval to issue the shares or the first anniversary of completion.

The transaction is considered to be a non-adjusting subsequent event as the decision to make this investment was not undertaken until just prior to the announcement. In 2022 the Group intends to account for this investment within intangible assets.

b) USA

On 6 May 2022 the Group announced that it had signed a heads of terms to partner with CorePath Laboratories (CorePath), a full service cancer reference laboratory, to develop and offer its proprietary early-stage lung cancer test throughout the USA. The proposal is that the Group would receive a 15% royalty and royalty sharing arrangements overall offering of products and services using CIZ1B via CorePath in the USA.