

Pharmaceuticals & Biotechnology



Source: Refinitiv

Market data

EPIC/TKR	CIZ
Price (p)	4.6
12m high (p)	10.0
12m low (p)	4.2
Shares (m)	261.1
Mkt cap (£m)	11.7
EV (£m)	10.8
Free float	73%
Country of listing	UK
Market	LSE Main

Description

Cizzle Biotechnology (Cizzle) is a medical device company developing diagnostic tests for the early detection of cancer and companion diagnostics for autoimmune disease. Its first test will be used alongside a positive chest scan to confirm presence of lung cancer and reduce the high rate of false positives.

Company information

Executive Chair	Allan Syms
NED/Founder	Dawn Coverley
CFO	Nigel Lee
NED	John Treacy

www.cizzlebiotechnology.com

Key shareholders

Directors	5.3%
Yorkshire Cancer Research	12.8%
Finance Yorkshire	9.6%
University of Leeds	4.4%
University of Sheffield	4.4%
University of York	3.2%

Diary

Apr'22	Final results
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Analyst

Martin Hall	020 3693 7075
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CIZZLE BIOTECHNOLOGY

Expanding potential income streams

Cizzle, focused on cancer diagnostics, was spun out of the University of York to exploit the biomarker, variant CIZ1b, for early detection of lung cancer. There is high medical need for a simple blood test that allows early detection of lung cancer and potentially improve patient outcomes. Since listing, Cizzle is now considering how to develop a broader screening test, with the possibility of testing for other cancers and, in addition, developing a companion diagnostic for autoimmune disease. Cizzle continues to make progress and has expanded the number of potential income streams through strategic partnerships.

- **Strategy:** Cizzle is a diagnostic company that is progressing a biomarker diagnostic assay, which aims to deliver a simple blood test for lung cancer that can pick up the disease earlier to improve the chances of survival, and to greatly reduce the need for unnecessary follow-up tests and tissue biopsies.
- **Companion diagnostic:** Cizzle has converted its MoU with St. George Street Capital (SGSC), a UK medical charity, into a full R&D agreement for autoimmune disease testing, worth up to £1m. It aims to provide valuable diagnostic information on patients in relation to the proposed mechanism of action of AZD1656.
- **Royalty stream:** Separately, Cizzle has a commercial and royalty deal with SGSC, which could generate potential royalties of up to £5m on net sales of AZD1656, which had promising results in a recent ARCADIA trial in 150 diabetic patients with COVID-19 and is worthy of further late-stage development.
- **FairJourney:** The collaboration with FairJourney Biologics for the development and supply of proprietary monoclonal antibodies and reagents that will be the foundation for biomarker detection in its ELISA-based test continues to make progress. From this, a licensable antibody-complex could arise.
- **Investment summary:** Since listing, shares in Cizzle have drifted downwards despite the announcement of recent collaboration deals that could expand significantly the number of potential income streams. This has left the company trading on an EV of just £10.8m and suggests that Cizzle has considerable upside potential when investors become more aware of these deals and as development progress is reported.

Financial summary and valuation

Year-end Dec (£000)	2018	2019	2020	2021E	2022E	2023E
Sales	0	0	0	0	0	0
COGS	0	0	0	0	0	0
SG&A	-54	-22	-15	-300	-500	-550
R&D	0	0	0	-250	-500	-625
Underlying EBIT	-3	-22	-15	-370	-250	-1,425
Reported EBIT	-3	-22	-15	-3,594	-250	-1,425
Underlying PBT	-3	-22	-15	-371	-251	-1,426
Statutory PBT	-3	-22	-15	-3,595	-251	-1,426
Underlying EPS (p)	-0.9	-6.9	-4.8	-0.2	-0.1	-0.5
Statutory EPS (p)	-0.9	-6.9	-4.8	-2.2	-0.1	-0.5
Net (debt)/cash	20	13	-3	855	535	-684
Equity issues	0	0	0	2,200	0	0

Source: Hardman & Co Life Sciences Research