



Source: Refinitiv

Market data

EPIC/TKR	CIZ
Price (p)	3.2
12m high (p)	10.0
12m low (p)	2.8
Shares (m)	253.4
Mkt cap (£m)	8.1
EV (£m)	7.2
Free float	72%
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.cizzlebiotecnology.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

Apr22	Final results
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Analyst

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CIZZLE BIOTECHNOLOGY

2022: progress, partnerships and deals

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. In 2021, Cizzle began to consider 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. During 2022, Cizzle is expected to continue to make progress in its core diagnostics and to make more partnership deals to expand the number of potential income streams.

- ▶ **Strategy:** Cizzle is progressing a biomarker diagnostic assay for early detection of lung cancer, via a simple blood test, to improve the chances of survival, and to greatly reduce the need for unnecessary follow-up tests and tissue biopsies. Also, it is extending into related autoimmune disease with companion diagnostics.
- ▶ **Core diagnostic:** While continuing to develop its core lung cancer diagnostic for home markets, Cizzle recently signed a memorandum of understanding (MoU) with two local partners for its development, supply and commercialisation in China. A commercial deal, covering all aspects of this arrangement, is now being negotiated.
- ▶ **SGSC:** Cizzle has already converted an MoU with St. George Street Capital (SGSC), a UK-based medical charity, into two full deals. The first involves the development of a companion diagnostic for a late-stage clinical asset; the second involves a commercial and royalty deal, with potential to generate royalties of up to £5m.
- ▶ **FairJourney:** The collaboration with FairJourney Biologics for the development and supply of proprietary monoclonal antibodies and reagents that will be the foundation for protein detection in its ELISA-based lung cancer test continues to make progress. From this, a licensable antibody-complex could arise.
- ▶ **Investment summary:** Despite the deal news flow, which has expanded both the timing and interest in potential revenue streams, the shares have drifted since Cizzle was listed in May 2021, leaving the company trading on an EV of just £7.2m. This suggests that there is considerable upside potential when investors become more aware of the company, as further deals are announced 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