27 April 2023

Cizzle Biotechnology Holdings Plc

("Cizzle Biotechnology", "Cizzle", the "Company" or the “Group”)

Results for the year ended 31 December 2022

Cizzle Biotechnology, the UK-based diagnostics developer, is pleased to announce its audited results for the year ended 31 December 2022.

Chair’s Statement

The Group has continued throughout 2022 in developing a blood test for the early detection of lung cancer. Its proof-of-concept protype test is based on the ability to measure a stable blood plasma biomarker, a variant of CIZ1. 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.

Published research led by Professor Coverley previously demonstrated that CIZ1B can be measured with high sensitivity via an ELISA process, which should allow for testing in a high-throughput, hospital-friendly format. The Directors believe that this development overcomes an important barrier to further clinical development and the application of this blood test for the early detection of lung cancer, which is essential to improve a patient’s chance of survival.

In addition to implementing a strategy to develop a regulatory approved commercial, diagnostic laboratory immunoassay for early-stage lung cancer, the Group has broadened its interests to include the detection of a range of other early-stage cancers. It has also expanded its potential customer base to include the pharmaceutical industry through a contract to develop a diagnostic test that can help in the development of personalised medicines, so called “companion diagnostics”, and has secured royalty bearing rights to the sale of such medicines in the longer term.

The Board intends for the Group’s initial product to be a diagnostic immunoassay that can be readily performed by hospitals and reference laboratories, but a potential follow-on product could be a point of care test provided by a primary health care provider.

Research and Development

Throughout 2022, the Company continued to work with external expert partners and suppliers to develop and supply of proprietary key monoclonal antibodies and other detector proteins for its assay platform, and in July 2022 the Company provided an update on the progress of this work. A key milestone was the characterisation of a mouse monoclonal antibody that specifically detects CIZ1B. Assay conditions for its use are being optimised, as well as further work to broaden access to other antibodies that can be used in its proprietary early lung cancer tests, and potentially for a range of other early-stage cancers.

On 11 April 2022 a new 12 month research agreement was signed with the University of York, a member of the Russell Group of research-intensive universities and one of the world’s premier institutions for inspirational and life-changing research, for the development of potential applications in cancer diagnosis and therapy. The agreement, commenced on 25 June 2022 for a period of 12 months, following the successful previous programme announced on 17 September 2021 for the development and validation of molecular tools with potential application in cancer diagnosis or therapy, and their configuration into assays for Cizzle’s proprietary cancer biomarker variants. On 24

April 2023, the Company announced that this research programme had met some critical milestones, especially in optimising the platform and antibodies required to scale up and bring to market our diagnostic tests for earlystage cancer detection. As such a further new agreement has been signed with the University lasting until 25 September 2024. This programme will continue development of its CIZ 1B biomarker technology for early-stage cancer diagnosis and with potential applications in cancer therapy. This includes the evaluation of the biomarker for detecting a range of other cancers in addition to the existing assay for early lung cancer detection.

As in previous agreements, Cizzle Biotechnology will own all intellectual property rights arising from the work which strengthens the Company's position in creating new solutions for early cancer diagnostics and therapeutic tools.

Development of new future revenue stream

On 14 February 2022 the Group announced a royalty acquisition agreement with Conduit and SGSC to acquire a 5% economic interest in the commercialisation of the AZD1656 asset or such other assets being developed by Conduit or SGSC to treat inflammatory pulmonary and cardiovascular disease, for a total consideration of £1.88m. The initial consideration of £1m was settled through the issue of 25,000,000 new ordinary shares at a price of 4.0p per share, with the remaining consideration of £0.88m settled in September 2022 through the issue of 22,000,000 new ordinary shares at 4.0p per share. Prior to this, 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.

In December 2022 the Company announced that it had agreed a put option to sell: (i) its 5% economic interest in the commercialisation of the AZD 1656 asset to treat inflammatory pulmonary and cardiovascular disease (the "Economic Interest"); and (ii) its royalty sharing agreement with St George Street Capital ("SGSC"), the UK-based biomedical charity (the "Royalty Sharing Agreement') to Conduit Pharmaceuticals Limited, a pharmaceutical company established to fund the development of successful deprioritized clinical assets licensed from large pharmaceutical companies ("Conduit") for a total consideration of £3.25 million to be satisfied through the issuance of new shares in Conduit (the "Option").

On 9 November 2022, it was announced that Conduit entered into a definitive business combination agreement with Murphy Canyon Acquisition Corp. (NASDAQ:MURF) ("Murphy"), a blank-check special purpose acquisition company. The combined company's common stock is anticipated to be listed on NASDAQ under the ticker symbol "CDT". The combined company is anticipated to have an estimated pro forma enterprise valuation of approximately $700.49 million with cash proceeds from the transactions expected to be the balance of $136.04 million of cash held in Murphy's trust account less any redemptions by Murphy's public stockholders and the payment of certain expenses, and approximately $27.00 million attributable to a private investment anchored by new and existing investors of Conduit (the "PIPE Investment").

The Economic Interest and Royalty Sharing Agreements are valued at cost, totalling £2,080,000, as at 31 December 2022. No profits or revenues were attributable to the assets subject to the Option. The Option is exercisable solely at the discretion of Cizzle and Cizzle has agreed to pay Conduit £120,000 in cash as the premium for the Option, which has a nine-month term.

Reaching Global Markets

During 2022 the Company extended its global reach of the Group's technology to both China and the USA, where there is much need for the use of the early detection of lung cancer tests:

- China — On 1 February 2022 a full commercial agreement with International Co-Innovation Center for Advanced Medical Technology ("iCCAMT") and Shenzen Intelliphecy Life Technologies Co. Ltd 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.

- 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 on the direct offering of products and services using CIZ1B via CorePath in the USA. On 16 June 2022 a marketing agreement was signed with Behnke Group, USA, to promote, identify and facilitate partnerships for Cizzle with healthcare providers and businesses in the USA.

Funding

In September 2022 the Company completed a fund raising providing gross proceeds of £500,000 by way of a subscription for its shares and secured a £500,000 facility to draw down on further funds for a term of 18 months, if required. The funds will be used to provide working capital for the Company and to continue development of a laboratory-developed test ("LDT") accredited service for the early detection of lung cancer and taking the Company's proprietary CIZ1B biomarker blood test through to UKCA, CE marking and/or FDA 510(k) clearance.

In December 2022 the Company raised net proceeds, before expenses, of £115,000 (gross proceeds: £118,000) to fund the purchase of an option (cost £120,000) to sell its AZD1656 assets as explained above.

Financial overview

The financial results for the year ended 31 December 2022 are summarized below:

- Corporate expenses, before share option charge and exceptional items: £823,000 (2021: £552,000);
- Share option charge: £140,000 (2021: £299,000)
- Exceptional corporate expenses relating to the acquisition: £Nil (2021: £3,107,000) which include transaction costs of £Nil (2021: £303,000) and a non-cash share-based expense of £Nil (2021: £2,804,000) (explained in Notes 3 and 5);
- Total comprehensive loss: £912,000 (2021 Loss £3,921,000); and
- Loss per share 0.3 p (2021: Loss 2.4 p).

Allan Syms
Executive Chair
26 April 2023

Enquiries:

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About the Company

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 year ended 31 December 2022

	Notes	**Group Year ended 31 December 2022 £'000**	Group Year ended 31 December 2021 £'000
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Administrative expenses			
- on-going administrative costs	6	**(823)**	(552)
- share option charge	6	**(140)**	(299)
- transaction costs	6	**-**	(303)
- reverse acquisition expenses	6	**-**	(2,804)
Total administrative expenses		**(963)**	(3,958)
Operating loss and loss before income tax		**(963)**	(3,958)
Income tax	9	**51**	37
Loss and total comprehensive income for the year attributable to the equity shareholders of the parent		**(912)**	(3,921)
Earnings per ordinary share (pence) attributable to the equity shareholders:			
Continued operations basic and diluted	10	**(0.3p)**	(2.4p)
Earnings per ordinary share (pence) attributable to the equity shareholders of the parent	10	**(0.3p)**	(2.4p)

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 2022

	Notes	Group 2022 £'000	Group 2021 £'000
Non-current assets			
Intangible asset	11	**2,080**	200
		2,080	200
Current assets			
Trade and other receivables	12	**227**	80
Cash and cash equivalents	13	**478**	875
		705	955
Total assets		**2,785**	1,155
Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	14	**3,502**	3,493
Share premium		**34,917**	32,566
Shares to be issued		**115**	-
Reverse acquisition reserve		**(40,021)**	(40,021)
Share capital reduction reserve		**10,081**	10,081
Share option reserve		**199**	335
Retained losses		**(6,153)**	(5,517)
Total equity		**2,640**	937
Liabilities			
Current liabilities			
Trade and other payables	15	**145**	218
Total liabilities		**145**	218
Total equity and liabilities		**2,785**	1,155

The notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 26 April 2023 and were signed on its behalf by:

Nigel Lee
Director

Company Statement of Financial Position
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Intangible asset	11	**2,080**	200
Investments	11	**21,803**	21,803
		23,883	22,003
Current assets			
Trade and other receivables	12	**726**	241
Cash and cash equivalents	13	**464**	848
		1,190	1,089
Total assets		**25,073**	23,092
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	14	**3,502**	3,493
Share premium		**34,917**	32,566
Share capital to be issued		**115**	-
Share capital reduction reserve		**10,081**	10,081
Share option reserve		**199**	335
Accumulated losses		**(23,867)**	(23,516)
Total equity		**24,947**	22,959
Liabilities			
Current liabilities			
Trade and other payables	15	**126**	133
Total liabilities		**126**	133
Total equity and liabilities		**25,073**	23,092

The notes are an integral part of these financial statements. The loss for the year of the Company was £627,000 (2021: loss of £1,145,000).

The financial statements were approved and authorised for issue by the board on 26 April 2023 and were signed on its behalf by:

Nigel Lee
Director

Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Notes	Group 2022 £'000	Group 2021 £'000
Cash flows from operating activities			
Operating (loss) before tax		**(963)**	(3,958)
Adjustment for:			
Reverse acquisition expense	3,6	**-**	2,804
Share option charge		**140**	299
Transaction costs settled through share issue		**-**	32
Share based adjustment/payment to former director		**8**	11
Operating cash flow before working capital movements		**(815)**	(812)
Decrease in trade and other receivables	12	**16**	7
Decrease in trade and other payables	15	**(73)**	(204)
Net cash used in operating activities		**(872)**	(1,009)
Cash flows from investing activities			
Cash acquired on acquisition of subsidiary		**-**	46
Purchase of investment in intangible assets	11	**-**	(200)
Purchase of a Put Option	12	**(120)**	-
Net cash used in investing activities		**(120)**	(154)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	14	**480**	2,041
Proceeds from shares to be issued		**115**	-
Borrowings repaid		**-**	(10)
Net cash generated from financing activities		**595**	2,031
Net increase / (decrease) in cash and cash equivalents		**(397)**	868
Cash and cash equivalents at the start of the year	13	**875**	7
Cash and cash equivalents at the end of the year	13	**478**	875

The notes are an integral part of these financial statements.

Company Statement of Cash Flows for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss before tax		**(627)**	(1,145)
Share option charge		**140**	299
Transaction costs settled through share issue		**-**	32
Operating cash flow before working capital movements		**(487)**	(814)
Change in trade and other receivables	12	**10**	(19)
Change in trade and other payables	15	**(8)**	75
Net cash used in operating activities		**(485)**	(758)
Cash flows from investing activities			
Purchase of investment in intangible assets	11	**-**	(200)
Purchase of Put Option	12	**(120)**	-
Investment in subsidiary company	11	**-**	(103)
Change in intra group funding		**(374)**	(216)
Net cash used in investing activities		**(494)**	(519)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	14	**480**	2,041
Proceeds from shares to be issued		**115**	-
Net cash generated from financing activities		**595**	2,041
Net (decrease) /increase in cash and cash equivalents		**(384)**	764
Cash and cash equivalents at the start of the year	13	**848**	84
Cash and cash equivalents at the end of the year	13	**464**	848

The notes are an integral part of these financial statements.

Group statement of Changes in Equity
for the year ended 31 December 2022

Group	Ordinary Share Capital	Share Premium	Shares to be issued	Capital Redemption Reserve	Share Option Reserve	Reverse Acquisition Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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**
Issue of shares for acquisition of AZD 1656 intangible asset	5	1,875	-	-	-	-	-	1,880
Issue of shares for cash	4	500	-	-	-	-	-	504
Costs of share issue	-	(80)	-	-	-	-	-	(80)
Share options exercised	-	56	-	-	(276)	-	276	56
Shares to be issued	-	-	115	-	-	-	-	115
Share option charge	-	-	-	-	140	-	-	140
	3,502	34,917	115	10,081	199	(40,021)	(5,241)	3,552
Comprehensive Loss for the year	-	-	-	-	-	-	(912)	(912)
At 31 December 2022	**3,502**	**34,917**	**115**	**10,081**	**199**	**(40,021)**	**(6,153)**	**2,640**

The notes are an integral part of these financial statements.

Company statement of Changes in Equity
for the year ended 31 December 2022

	Ordinary Share Capital £'000	Share premium £'000	Shares to be issued £'000	Share capital reduction reserve £'000	Share option reserve £'000	Retained Losses £'000	Total £'000
At 1 January 2021	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**
Issue of shares for acquisition of AZD 1656 intangible asset	5	1,875	-	-	-	-	1,880
Issue of shares cash (net of expenses)	4	500	-	-	-	-	504
Costs of share issue	-	(80)	-	-	-	-	(80)
Share options exercised	-	56	-	-	(276)	276	56
Shares to be issued	-	-	115	-	-	-	115
Share option charge for year	-	-	-	-	140	-	140
	3,502	34,917	115	10,081	199	(23,240)	25,574
Comprehensive Loss for the year	-	-	-	-	-	(627)	(627)
At 31 December 2021	**3,502**	**34,917**	**115**	**10,081**	**199**	**(23,867)**	**24,947**

The notes are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2022

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 5.

The results for the year ended 31 December 2022 are the Group results. The results for the comparative period to 31 December 2021 are the results of the Group following the acquisition of Cizzle Biotechnology Limited ("CBL") on 14 May 2021.

(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 2022.

i) New standards and amendments – applicable 1 January 2022

The following standard and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

	Effective for accounting periods beginning on or after	**Impact**
Proceeds before Intended Use – Amendments to IAS 16 "Property, Plant and Equipment"	1 January 2022	None
Reference to the Conceptual Framework – Amendments to IFRS 3 "Business Combinations"	1 January 2022	None

Onerous contracts and costs of fulfilling a contract – Amendments to IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets"	1 January 2022	None

ii) Forthcoming requirements

As at 31 December 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022 and not early adopted.

	Effective for accounting periods beginning on or after	**Impact**
Definition of accounting estimates – Amendments to IAS 8 "Changes in Accounting Estimates and Errors"	1 January 2023	None
Disclosure of Accounting Policies – Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2	1 January 2023	None
Deferred Tax relates to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 "Income Taxes"	1 January 2023	None

2.2 Going concern

The Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2022. 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 April 2024. The Company, as anticipated in the Company's Prospectus announced on 22 September 2022, will need to raise additional funding should it wish to undertake development of additional future products beyond the core offering that is mentioned in this Prospectus and to further fund the corporate and operational overhead of the business. The forecasts have been prepared using two scenarios – a realistic one that assumes expected levels of income and a pessimistic one that assumes a reduced level of income and delays in accelerated research and development expenditure. Both forecasting scenarios show that the Group continues to be a going concern.

Current funding

The Group's cash balance as at 31 December 2022 was £478,000 and there were no borrowing facilities at that date. On 26 September 2022 the Company raised £535,000, before share issue costs, through the placing of new ordinary shares. Also a further facility of £500,000, which is available until 19 March 2024, was announced that is available to the Company, to provide further funds at a fixed price of 1.8p per ordinary share. On 19 December 2022 the Company raised £115,000, net of share issue costs, (gross proceeds:£118,000) and the ordinary shares relating to this subscription were admitted to trading on the London Stock Exchange in January 2023.

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. The Group's and Company's investment in intangible assets (currently AZD 1656) are considered to have indefinite lives due to the infancy of the assets and the fact that they are not yet revenue generating.

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. Research and Development tax credits are accounted for on an accruals basis.

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 flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and 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.

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.

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 is 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. The Group manages this risk through the preparation of cash flow forecasts which are regularly reviewed by the directors.

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

The Group's principal judgements relate to its impairment review of its's intangible assets (AZD 1656), the Company's investment in its subsidiary company, CBL. Following the review of these assets at 31 December 2022 the directors considered that no impairments of these assets had arisen. The directors also consider that the Group's intangible assets currently have an indefinite life, as mentioned in Note 2.5.

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 2022 £'000	Group 2021 £'000
Research and development	**280**	161
Professional advisers	**180**	89
Staff costs	**154**	88
Intellectual property renewal fees	**38**	57
Regulatory fees	**68**	53
Share based payment	**8**	37
Audit fees (Note 7)	**31**	27
Other expenditure	**64**	40
On-going administrative costs	**823**	552
Share option charge	**140**	299
Reverse acquisition expense	**-**	2,804
Transaction costs – IPO and reverse acquisition	**-**	303
Total administrative expenses	**963**	3,958

7 Auditor's remuneration

	Group 2022 £'000	Group 2021 £'000
Fees payable to the Company's auditor for the audit of the Group, Company and subsidiary financial statements	**31**	27
Non-audit services – reporting accountant for IPO	**-**	38
	31	65

8 Directors' emoluments

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Wages and salaries	**300**	125	**143**	105
Social Security Costs	**39**	10	**17**	11
Pension Contributions	**5**	3	**3**	2
Share based payments	**140**	299	**140**	299
	484	437	**303**	417

The Group does not have any employees other than the directors. The average number of directors during the year was 4 (2021: 4).

9 Income tax credit

The tax credit for the year was as follows:

	Group 2022 £'000	Group 2021 £'000
Research and development tax credits		
- Current year	**(47)**	(37)
- Prior year	**(4)**	-
	(51)	(37)

Research and Development tax credits are accounted for on an accruals basis.

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 as follows:

	Group 2022 £'000	Group 2021 £'000
Loss before tax on continuing operations	**(963)**	(3,958)
Tax calculated at the domestic rate applicable of 19% (2021: 19%)	**(183)**	(752)
Expenses not deductible for tax purposes	**27**	590
Tax losses for which no deferred tax credit was recognised	**156**	162
Research and development tax credit	**(51)**	(37)
Total income tax credit	**(51)**	(37)

10 Earnings per share

Basic loss per share

	Group 2022	Group 2021
Loss for the year	**(912,000)**	(£3,921,000)
Weighted average number of ordinary shares	**291,322,970**	160,516,450
Basic loss per share	**(0.3p)**	(2.4p)

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. In 2021 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 2022 and 31 December 2021 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 2022, there were share options outstanding over 19,742,945 shares (2021: 23,432,041 shares), which could potentially have a dilutive impact in the future.

11 Non- Current assets

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Investment in subsidiary undertakings	**-**	-	**21,803**	21,803
Intangible assets	**2,080**	200	**2,080**	200
Total investments	**2,080**	200	**23,883**	22,003

a. Investments in subsidiary undertakings - Company

	2022 £'000	2021 £'000
Opening balance	**21,803**	-
Acquisition during the year	**-**	21,803
Closing balance	**21,803**	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

	2022	2021
	£'000	£'000
Opening balance	**200**	-
Acquisition during the year	**1,880**	200
Closing balance	**2,080**	200

At 1 January 2022, Intangible assets represents the fair value of 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.

On 14 February 2022, the Company 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 (£1.88m) - non cash acquisition

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") was 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 was settled in new ordinary shares in the Company issued at 4.0 pence per share, on 29 September 2022.

Consideration for Put Options (£0.12m)

On 19 December 2022 the Company agreed a put option to sell: (i) its 5% economic interest in the commercialisation of the AZD 1656 asset to treat inflammatory pulmonary and cardiovascular disease (the "Economic Interest"); and (ii) its royalty sharing agreement with St George Street Capital ("SGSC"), the UK-based biomedical charity (the "Royalty Sharing Agreement') to Conduit Pharmaceuticals Limited ("Conduit") for a total consideration of £3.25 million to be satisfied through the issuance of new shares in Conduit (the "Option"). The Economic Interest and Royalty Sharing Agreement are valued at cost, totalling £2,080,000. No profits or revenues were attributable to the assets subject to the Option. The Option is exercisable solely at the discretion of Cizzle and Cizzle has agreed to pay Conduit £120,000 in cash as the premium for the Option, which has a nine-month term. The Company also raised proceeds of £115,586, net of expenses, by way of a subscription for 7,371,557 new ordinary shares in the Company ("Ordinary Shares") at 1.6p per share (the "Issue Price") with existing investors (the "Subscription"), in order to provide funds to be put towards satisfying the Option premium.

This Put Option was paid for in cash and is accounted for under prepayments (see Note 12).

12 Trade and other receivables

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Trade receivables	**-**	-	**-**	-
Less: provision for impairment	**-**	-	**-**	-
Trade receivables (net)	**-**	-	**-**	-
Amounts due from subsidiaries	**-**	-	**590**	216
Social security and other taxes	**7**	14	**7**	7
Corporation tax recoverable	**88**	37	**-**	-
Prepayments and other receivables	**132**	29	**128**	18
	227	80	**725**	241

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 16), represents the Company's maximum exposure to credit risk. No collateral is held as security.

Prepayments include £120,000 (2021: £nil) for a Put Option that was acquired during the year and paid in cash. See Note 11 for further details.

Amounts due from subsidiary undertakings at 31 December 2022 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 2022, trade and other receivables of £Nil (2021: £Nil) were impaired.

13 Cash and cash equivalents

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Cash on hand and balances with banks	**478**	875	**464**	848
	478	875	**464**	848

14 Share capital

Numbers in 000s

	New Ordinary Shares	**Deferred 'A' shares**	**Deferred 'A' shares**
Nominal value per share	**0.01p**	**0.01p**	**0.99p**
At 1 January 2022	253,448	225,158	12,383,626
Issued	86,356	-	-
At 31 December 2022	**339,804**	**225,158**	**12,383,626**

The above table reflects the full authorised shares of the Company at 31 December 2022. In addition to this the directors had authorised the issue of 7,371,557 new ordinary shares of 0.01p each but these shares were not issued until 5 January 2023 when they had been approved by the London Stock Exchange for issue.

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 1 January 2022	26	1,238	2,229	3,493
Issued during the year	9	-	-	9
At 31 December 2022	**35**	**1,238**	**2,229**	**3,502**

During the year ended 31 December 2022, the following shares were issued:

	No of shares issued 000s	**Issue price per share Pence**
17 Feb 2022 - Acquisition of AZD1656 Intangible Asset	25,000	4.0p
26 Sept 2022 -Placing (cash)	35,667	1.5p
29 Sept 2022 – balance of acquisition of AZD1656 Intangible asset	22,000	4.0p
29 Sept 2022 – exercise of share options	3,689	1.53393p
Total issued	**86,356**	

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 was £36,000 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 42 to 43).

Employee share scheme

The Company has an Executive Share Option Scheme.

The exercise terms of all granted options as at 31 December 2022 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 2022 were 19,741,345 and 10.0p 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 2021	8.67	23,432,041
Exercised during year	1.53	(3,689,096)
At 31 December 2022	**10.00**	**19,742,945**

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 2022
2025	**5.02**	**300**
2026	**1.85**	**800**
2027	**1.00**	**500**
2031	**10.00**	**19,741,345**
		19,742,945

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 volatility of the Company's share price.

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 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Trade payables	**41**	111	**40**	73
Social security and other taxes	**8**	43	**8**	6
Accruals and other payables	**96**	64	**78**	54
	145	218	**126**	133

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Due or due in less than one month	**16**	75	**15**	37
Due between one and three months	**25**	4	**25**	4
Due in more than three months	**-**	32	**-**	32
	41	111	**40**	73

16 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 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
Trade receivables (Note 12)	**-**	-	**-**	-
Amounts due from subsidiaries (Note 12)	**-**	-	**590**	216
Prepayments and other receivables (Note 12)	**132**	29	**128**	18
Cash and cash equivalents (Note 13)	**478**	875	**464**	848
Financial assets at amortised cost	**610**	904	**1,182**	1,082

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade payables (Note 15)	**41**	111	**40**	73
Accruals and other payables (Note 15)	**96**	64	**78**	54
Borrowings (Note 16)	**-**	-	**-**	-
Financial liabilities at amortised cost	**137**	175	**118**	127

17 Deferred income tax

There is an un-provided deferred tax asset arising on taxable losses of £0.64m (2021: £0.47m). 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 2022 there was no deferred tax liability (2021: £Nil).

18 Commitments

The Group has no commitments as at 31 December 2022 (2021: £Nil).

19 Related party transactions

Transactions with directors

At 31 December 2022 there was a balance owed to the Company by Professor Dawn Coverley, a director of the Company, of £680 in respect of PAYE/NI arising on the exercise of share options. This amount was fully settled in January 2023. The maximum liability owed to the Company during the year was £2,582.

20 Controlling party

The directors consider there to be no ultimate controlling party.

21 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 2022 and 31 December 2021 was as follows:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Total debt	**-**	-	**-**	-

Total equity	**2,640**	937	**24,947**	22,959
Debt-to-equity ratio	**0.0%**	0.0%	**0.0%**	0.0%

22 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.

23 Subsequent events

a) Issue of equity

On 5 January 2023 the Company issued 7,371,557 ordinary shares of 0.01p each for a price of 1.6p per share to fund the purchase of a Put Option to dispose of AZD1656 assets referred to in Note 11. At 31 December 2022 the Company had received £115,000 (net of share issue costs) in relation to this share issue (gross proceeds: £118,000).

b) Issue of options in lieu of salary increases

In conducting a review of director remuneration, the Company's remuneration committee was of the view that the Company's directors' salaries are currently below market comparables. However, even in a period of high inflation, the directors remain fully committed to maintaining low overheads and maximising the funds available to the Company for the development of its CIZ1B early lung cancer test.

The directors have therefore agreed to waive any increase in basic salary for a period of two years from 3 March 2023. In compensation, and subject to shareholder approval at the next Annual General Meeting of the Company, the Company has conditionally granted share options over new ordinary shares in the Company (the "Options") to the directors, with an exercise price equivalent to the volume weighted average price of the Company's ordinary shares for the month of February 2023 at 2.19376p per share. 50% of the Options will vest and become exercisable after the 12-month anniversary of grant; the remaining 50% shall vest and become exercisable on the 24-month anniversary of grant. The Options will have a 10 year life from the date of grant and are subject to good and bad leaver provisions. The Options are unapproved for the purposes of the enterprise management incentive and have been granted outside of, and in addition to, grants made under the Company's existing share option schemes. Following the grant of the Options, the total number of ordinary shares under option is 48,685,443 ordinary shares representing 14.02% of the Company's current issued ordinary share capital.

The Options have been granted to the directors as follows:

Director	**Number of Options granted**	**Existing options held**	**Total number of options now held**	**Total number of options now held as % of current issued share capital**
Allan Syms	8,868,096	5,068,956	13,937,052	4.01%
Nigel Lee	6,224,233	2,000,000	8,224,233	2.37%
Dawn Coverley	7,614,540	12,672,389	20,286,929	5.84%
John Treacy	6,235,629	-	6,235,629	1.80%

c) Research and development contract

On 24 April 2023 the Group announced a further extension of its research and development contract with the University of York until 25 September 2024.